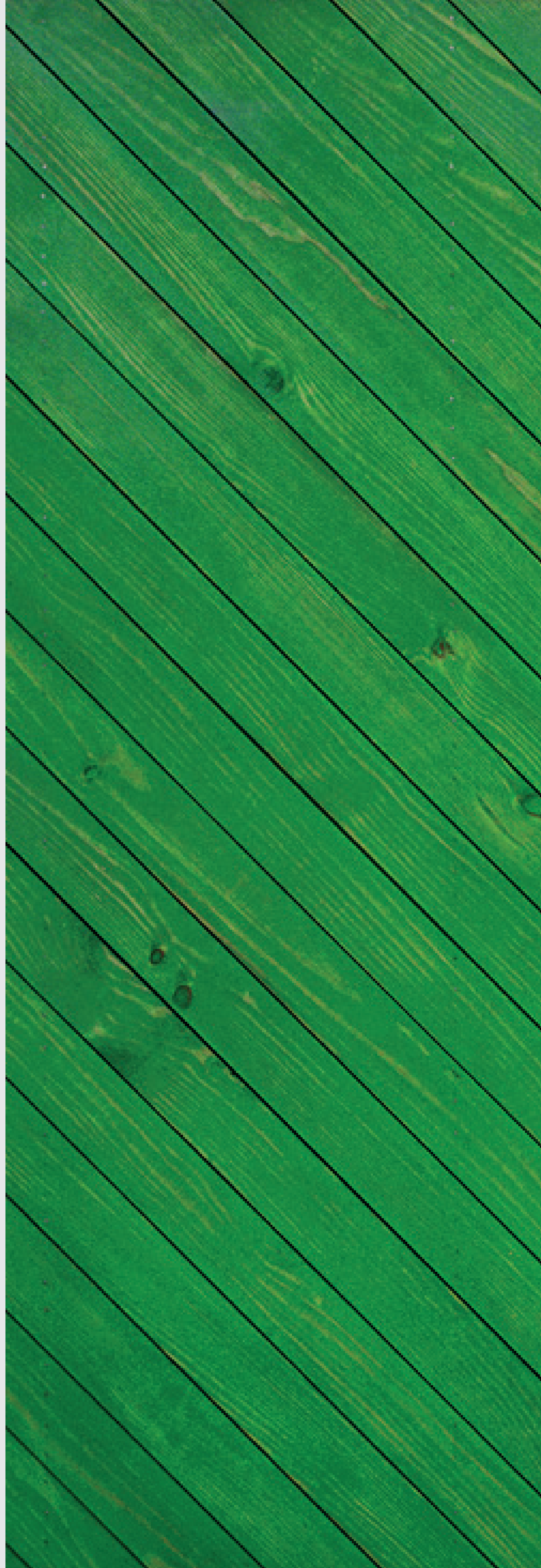
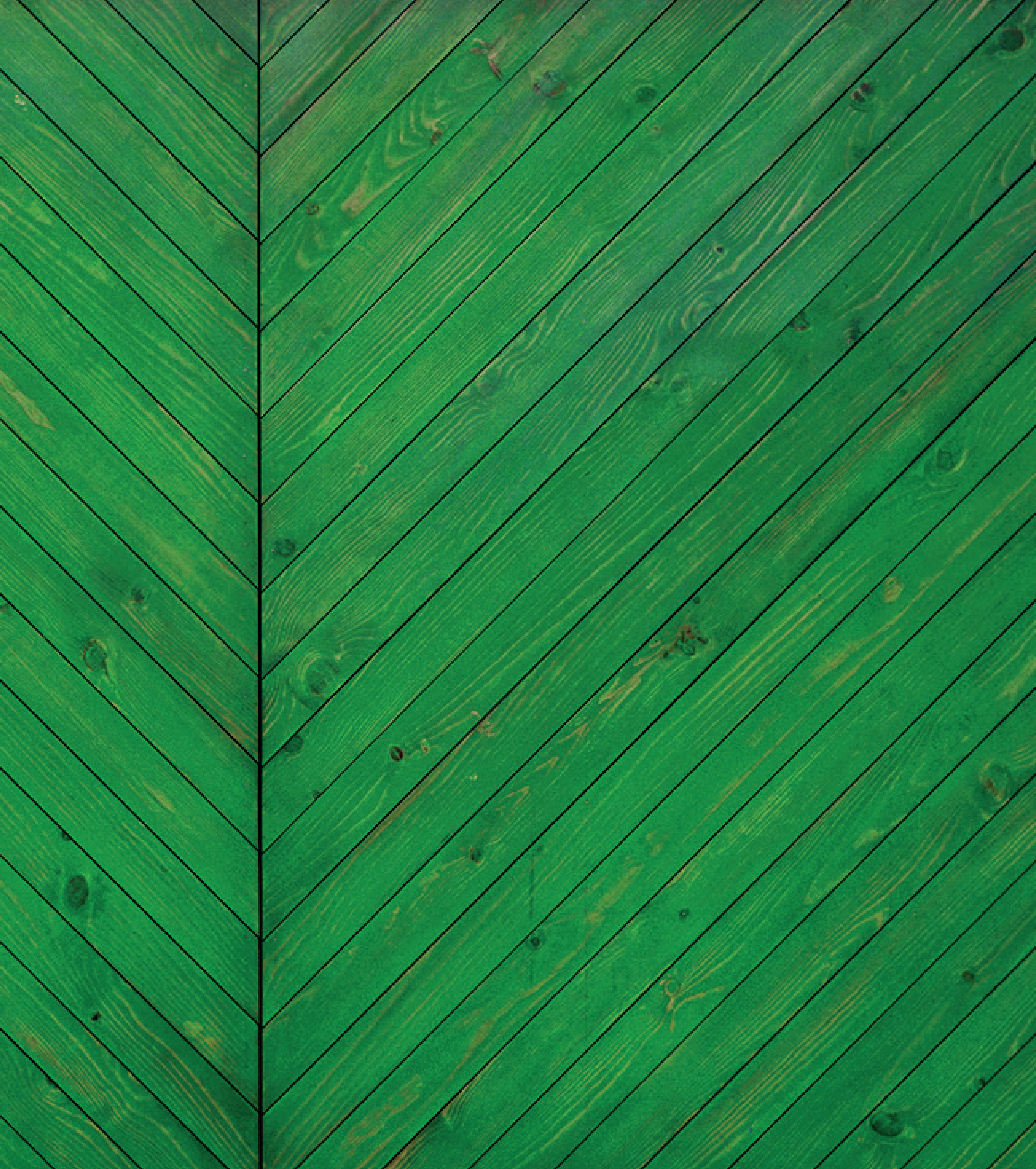
CONSOLIDATED ANNUAL ACCOUNTS

OF CORPORACIÓN FINANCIERA ALBA, S.A. AND SUBSIDIARIES FOR THE 2022 FINANCIAL YEAR





CONSOLIDATED ANNUAL ACCOUNTS

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

CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2022 AND 2021

ASSETS

In millions of euros	Notes	**31-12-22**	31-12-21
Investment property	6	317.5	334.8
Property, plant and equipment	7	22.5	31.5
Goodwill	8	75.3	79.6
Other intangible assets	9	123.7	119.9
Investments in associates	10	2,651.7	2,453.3
Investments at fair value through profit or loss	11	1,364.2	973.3
Other financial assets	12	72.3	64.2
Deferred tax assets	22	0.9	2.5
Non-current assets		**4,628.1**	**4,059.1**
Non-current assets held for sale	11 and 30	3.6	134.8
Inventories		26.1	23.2
Trade and other receivables	13	93.0	81.5
Other financial assets	14	374.0	532.8
Cash and cash equivalents	14	198.3	176.7
Current assets		**695.0**	**949.0**
Total Assets		**5,323.1**	**5,008.1**

The accompanying notes 1 to 31 form an integral part of the consolidated annual accounts at 31 December 2022.

EQUITY AND LIABILITIES

In millions of euros	Notes	**31-12-22**	31-12-21
Share capital	15	59.2	58.2
Retained earnings and other reserves		4,421.5	4,011.0
Interim dividend	3	-	(29.1)
Equity		**4,480.7**	**4,040.1**
Non-controlling interests	15	138.4	164.5
Total equity		**4,619.1**	**4,204.6**
Loans and borrowings	19	161.7	247.2
Other financial liabilities	12	22.8	13.4
Provisions	17	0.4	0.6
Deferred tax liabilities	22	55.6	61.9
Non-current liabilities		**240.5**	**323.1**
Non-current liabilities held for sale	30	1.4	57.5
Suppliers and other payables	18	73.1	75.5
Loans and borrowings	19	389.0	347.4
Current liabilities		**463.5**	**480.4**
Total Equity and Liabilities		**5,323.1**	**5,008.1**

The accompanying notes 1 to 31 form an integral part of the consolidated annual accounts at 31 December 2022.

CONSOLIDATED INCOME STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

In millions of euros	Notes	**2022**	2021
Share of profit/(loss) of associates	10	231.4	245.0
Revenues	24	166.4	235.4
Other income		0.5	0.5
Supplies		(61.9)	(66.0)
Changes in fair value of investment property	6	1.1	(0.8)
Proceeds from disposal and income from assets	6, 10 and 11	47.5	1.0
Impairment	10 and 30	(3.1)	(16.6)
Personnel expenses	25.a	(53.6)	(92.2)
Other operating expenses	24	(56.7)	(45.8)
Depreciation and amortisation	7 and 9	(18.1)	(29.2)
Operating profit/(loss)		**253.5**	**231.3**
Finance income	25.b	21.5	17.6
Finance costs and exchange differences		(6.3)	(5.4)
Change in fair value of financial instruments	11,12,14 and 25.c	176.5	82.7
Net finance income		**191.7**	**94.9**
Profit/(Loss) before tax from continuing operations		**445.2**	**326.2**
Income tax expense	22	(0.6)	(13.1)
Profit/(Loss) from continuing operations		**444.6**	**313.1**
Consolidated profit/(loss) for the year		**444.6**	**313.1**
Profit/(Loss) attributable to non-controlling interests	15	8.2	10.4
Consolidated profit/(loss) attributable to the Group		**436.4**	**302.7**
Earnings/(Loss) per share (Euros/share)	15	7.37	5.20

The accompanying notes 1 to 31 form an integral part of the consolidated annual accounts at 31 December 2022.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

In millions of euros	Notes	**2022**	2021
Consolidated profit/(loss) for the year		444.6	313.1
Income and expense recognised directly in equity			
Items that will not be reclassified to profit or loss	10	7.0	-
Share in other comprehensive income from investments in associates		7.0	-
Items that will be reclassified to profit or loss		38.0	(48.2)
Share in other comprehensive income from investments in associates	10	38.0	(60.8)
Amounts transferred to the income statement		-	12.6
Total income and expense recognised directly in equity		489.6	264.9
Total comprehensive income		489.6	264.9
Attributable to the parent		481.4	254.5
Attributable to non-controlling interests		8.2	10.4

The accompanying notes 1 to 31 form an integral part of the consolidated annual accounts at 31 December 2022.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

In millions of euros	Share capital	Retained earnings and other reserves
Balance at 1 January 2021	**58.2**	**3,811.4**
Changes in consolidated equity of associates (note 10)	-	(60.8)
Amounts transferred to the income statement	-	12.6
Profit/(Loss) for the year	-	302.7
Total income and expense for the year	**-**	**254.5**
Interim dividend for the prior year (note 3)	-	(29.1)
Dividends paid in the year (note 3)	-	(29.1)
Other changes	-	3.3
Balance at 31 December 2021	**58.2**	**4,011.0**
Changes in consolidated equity of associates (note 10)	-	45.0
Profit/(Loss) for the year	-	436.4
Total income and expense for the year	**-**	**481.4**
Interim dividend for the prior year (note 3)	-	(29.1)
Dividends paid in the year (note 3)	-	(41.0)
Capital increases (note 15)	1.0	(1.0)
Other changes	-	0.2
Balance at 31 December 2022	**59.2**	**4,421.5**

The accompanying notes 1 to 31 form an integral part of the consolidated annual accounts at 31 December 2022.

Interim dividend	Equity	Non-controlling interests	Total equity
(29.1)	**3,840.5**	**183.0**	**4,023.5**
-	(60.8)	-	(60.8)
-	12.6	-	12.6
-	302.7	10.4	313.1
-	**254.5**	**10.4**	**264.9**
29.1	-	-	-
(29.1)	(58.2)	(6.8)	(65.0)
-	3.3	(22.1)	(18.8)
(29.1)	**4,040.1**	**164.5**	**4,204.6**
-	45.0	-	45.0
-	436.4	8.2	444.6
-	**481.4**	**8.2**	**489.6**
29.1	-	(0.8)	(0.8)
-	(41.0)	-	(41.0)
-	-	-	-
-	0.2	(33.5)	(33.3)
-	**4,480.7**	**138.4**	**4,619.1**

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

In millions of euros	Notes	**2022**	2021
Operating activities			
Profit/(Loss) for the year before tax		445.2	326.2
Adjustments for:			
Depreciation and amortisation	7 and 9	18.1	29.2
Changes in fair value of investment property	6	(1.1)	0.8
Share of profit of associates	10	(231.4)	(245.0)
Income from assets	6, 10 and 11	(47.5)	(1.0)
Impairment	10 and 12	3.1	16.6
Change in fair value of financial instruments and other	11, 12, 14 and 25.c	(176.5)	(82.7)
Finance income	25.b	(21.5)	(17.6)
Finance costs		6.3	5.4
Other cash flows from operating activities			
Dividends received		88.8	112.3
Working capital		25.2	30.2
Income tax payments on account		(14.2)	(3.1)
Interest received		10.1	17.6
Interest paid		(6.3)	(5.4)
Net cash flows from operating activities		**98.3**	**183.5**

The accompanying notes 1 to 31 form an integral part of the consolidated annual accounts at 31 December 2022.

In millions of euros	Notes	**2022**	2021
Investing activities			
Acquisition of interests in associates and other investments	10	(23.8)	(150.7)
Acquisition of subsidiaries, net of cash	5	(20.7)	-
Sale of interests in associates and other investments	11 and 14	-	493.4
Acquisition of investment property	6	(2.0)	(59.7)
Sale of investment property	6	22.0	20.5
Acquisition of other investments	14	(243.0)	(946.9)
Receipts from other financial assets		175.4	74.5
Sales of property, plant and equipment and intangible assets		15.2	-
Purchases of property, plant and equipment and intangible assets	7	(20.7)	(11.9)
Sales of non-current assets held for sale		110.8	-
Net cash flows from/(used in) investing activity		**13.2**	**(580.8)**
Financing activities			
Dividends paid	3	(41.0)	(65.1)
Payments for loans and borrowings	16	(117.2)	(68.7)
Proceeds from loans and borrowings	16	70.0	411.5
Payments for other debts		(1.7)	-
Net cash flows from/(used in) financing activities		**(89.9)**	**277.7**
Net increase/(decrease) in cash		**21.6**	**(119.6)**
Cash and cash equivalents at 1 January	**14**	**176.7**	**296.3**
Cash and cash equivalents at 31 December	**14**	**198.3**	**176.7**

The accompanying notes 1 to 31 form an integral part of the consolidated annual accounts at 31 December 2022.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. ACTIVITIES

Corporación Financiera Alba, S.A. (Alba) is a company domiciled in Madrid (Spain) that owns significant interests in several companies operating in different sectors of the economy. Details of these companies are provided below. Their basic activities include the operation of buildings under lease agreements and holding interests in companies through private equity activity.

Given Alba's activities, it does not have any environmental liabilities, expenses, assets, provisions or contingencies that could be material with respect to its equity, financial position or results. Consequently, these consolidated annual accounts do not disclose any specific information relating to environmental issues.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED ANNUAL ACCOUNTS

2.1. Accounting principles

Alba's consolidated annual accounts for the year ended 31 December 2022 were authorised for issue by the Board of Directors in the meeting held on 27 March 2023. They have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union in conformity with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002, as well as subsequent amendments, to provide a true and fair view of Alba's consolidated equity and consolidated financial position at 31 December 2022, the consolidated results of its operations and changes in consolidated equity and consolidated cash flows of the Group for the year then ended.

The figures disclosed in the consolidated annual accounts are expressed in millions of Euros except where otherwise stated.

These consolidated annual accounts have been prepared on a historical cost basis, except for the following (IAS 1-117 and 1-118):

- investment property is measured at fair value;
- financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income;
- non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs of disposal.

The measurement criteria and principles applied are described in note 4 of these notes to the consolidated annual accounts. All mandatory accounting principles and measurement criteria with a significant effect on the consolidated annual accounts have been applied.

The Parent's directors consider that the consolidated annual accounts for 2022, authorised for issue on 27 March 2023, will be approved with no changes by the shareholders at their annual general meeting.

Comparative information

These consolidated annual accounts include comparative figures for the prior year.

The following change in the classification criteria of the statement of cash flows has been included in this comparative information to better present proceeds from and payments for loans and borrowings. These proceeds and payments had been presented net in the consolidated statement of cash flows for 2021 under financing activities, amounting to Euros 342.8 million. In the accompanying financial statements, this amount has been presented separately within financing activities under proceeds from loans and borrowings and payments for loans and borrowings, amounting to Euros 411.5 million and Euros 68.7 million, respectively. In addition, a change has been included in the consolidated balance sheet, specifically in non-current assets, in relation to the classification criteria of the sale option held by the Group for its ownership interest in Profand (see note 12). This option had been presented under investments in associates, amounting to Euros 23.2 million, and in these consolidated financial statements it has been presented under other non-current financial assets for the same amount.

New standards, amendments and interpretations of existing standards

a) Mandatory standards, amendments and interpretations for all years beginning on or after 1 January 2022

These consolidated annual accounts have been prepared using the same accounting principles as those applied in the consolidated annual accounts for the year ended 31 December 2021, except for the standards and amendments adopted by the European Union set out below and, therefore, applied for the first time this year, which are mandatory from 1 January 2022 onwards:

- Amendments to IFRS 3 Reference to the Conceptual Framework – intended to align the definitions of assets and liabilities in a business combination with the definitions in the conceptual framework. Certain clarifications have also been introduced with respect to the recognition of contingent liabilities and contingent assets.

- Amendments to IAS 16 Proceeds before Intended Use – the amendments would prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use.

- Amendments to IAS 37 Onerous Contracts – the amendments explain that the direct costs of fulfilling a contract include incremental costs and an allocation of other costs related to fulfilling the contract.

None of the above-mentioned standards and amendments that came into effect in 2022 have had a significant impact on the Group's consolidated financial statements.

b) Standards and interpretations approved by the European Union applied for the first time on or after 1 January 2023

- Amendment to IAS 1 – Amendments to adequately identify information on significant accounting policies that must be disclosed in the financial statements.

- Amendment to IAS 8 – Amendments and clarifications on the definition of accounting estimates.

- Amendment to IAS 12 – Clarifications on how companies account for deferred tax on leases and decommissioning obligations.

- Amendment to IFRS 17 – Amendments to the transition requirements of IFRS 17 for insurers that first apply IFRS 17 and IFRS 9 at the same time.

- IFRS 9 – This replaces IFRS 4 and lays down the principles for the recognition, measurement, presentation and disclosure of insurance contracts so that an entity may provide relevant and reliable financial information about the insurance contracts in the financial statements.

The Group's directors do not expect significant future impacts from the application of the standards and amendments summarised above.

c) Standards and interpretations published by the IASB but not yet approved by the European Union

- Amendment to IAS 1 – Clarifications regarding the presentation of liabilities as current or non-current, particularly with settlement subject to compliance with covenants.

- Amendment to IFRS 16 – This amendment clarifies the subsequent accounting of lease liabilities arising from sale and leaseback transactions.

The Group's directors do not expect significant future impacts from the application of the standards and amendments summarised above.

2.2. Use of judgement and estimates in the preparation of the consolidated annual accounts

The preparation of certain information included in these consolidated annual accounts has required the use of judgements and estimates based on assumptions that affect the application of accounting criteria and policies and the reported amounts of assets and liabilities, income and expenses and obligations. The most significant estimates used in preparing these consolidated annual accounts are as follows:

- The estimate of the recoverable amount of interests in associates with indications of impairment.

- The assumptions used to calculate the fair value of certain unlisted financial assets and investment property.

- The determination of the fair values in business combinations and the assessment of possible impairment losses on certain assets.

The estimates and assumptions used are periodically reviewed. Any change in accounting estimates following such a review or due to future events is recognised in the consolidated income statement for that and successive periods, in accordance with IAS 8.

2.3. Subsidiaries

Subsidiaries are fully consolidated. The Group obtains control when it is exposed, or has rights, to variable returns from its involvement with a subsidiary and it has the ability to affect those returns through its power over the subsidiary. Specifically, the Group controls a subsidiary if and only if, the Group has:

- Power over the subsidiary (existing rights that give it the current ability to direct the relevant activities of the subsidiary).

- Exposure, or rights, to variable returns from its involvement with the subsidiary.

- The ability to use its power over the subsidiary to affect the amount of the returns.

It is generally assumed that a majority of voting rights amounts to control. In cases where the Group manages private equity entities or holds investments therein, internal procedures and criteria that take into consideration IFRS 10 are applied to determine whether control exists and, therefore, whether or not the entity should be fully consolidated. These methods take into consideration, among other aspects, the scope of its decision-making authority, the rights held by other parties, the remuneration to which it is entitled in accordance with the remuneration agreement(s) or the decision-maker's exposure to variability of returns from other interests that it holds in the investee. These entities include private equity entities that are either managed by or are investees of the Group and their investments.

The assets and liabilities of subsidiaries are measured initially at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the fair values of the identifiable net assets acquired (i.e. a bargain purchase) the difference is recognised in profit or loss on the acquisition date.

Third-party interests in the Group's equity and profit or loss for the year are recognised as non-controlling interests within total equity in the consolidated balance sheet and as profit or loss attributable to non-controlling interests in the consolidated income statement.

In accordance with International Financial Reporting Standards, Group companies and business combinations are fully consolidated and all their assets, liabilities, income, expenses and cash flows are included in the consolidated annual accounts after making the adjustments and eliminations relating to intra-Group transactions.

Details at 31 December 2022 and 2021 are as follows:

Subsidiary	Activity	Year	Percentage ownership	Carrying amount before consolidation	Equity	Profit/(Loss) for the year
Alba Patrimonio Inmobiliario, S.A.U. C/ Castelló, 77, 5ª planta 28006 - Madrid	Investment property	2022 2021	100.00 100.00	180.9 194.9	229.7 229.1	14.2 13.8
Alba Europe S.à.r.l. 46A Av. J.F.Kennedy L-1855 Luxembourg	Investment in transferable securities	2022 2021	100.00 100.00	1,306.5 1,156.3	1,484.7 1,226.9	44.3 117.9
Alba Investments, S.à.r.l. 46A Av. J.F.Kennedy L-1855 Luxembourg	Investment in transferable securities	2022 2021	82.09 82.09	358.0 358.0	546.8 546.9	(0.1) (0.1)
Artá Capital, SGEIC, S.A.U. Pza. Marqués de Salamanca, 10 28006 - Madrid	Management company of private equity entities	2022 2021	77.14 77.14	1.8 1.8	1.6 2.3	0.8 2.8
Artá Partners, S.A. C/ Castelló, 77, 5ª planta 28006 - Madrid	Investment in transferable securities	2022 2021	77.14 77.14	1.6 1.6	2.1 2.1	1.5 1.6
Deyá Capital IV, SCR, S.A.U. C/ Castelló, 77, 5ª planta 28006 - Madrid	Private equity firm	2022 2021	100.00 100.00	57.8 69.3	121.3 104.3	28.6 37.5
Alba KKR Core International, S.C.A. 2, rue Edward Steichen L-2540 Luxembourg	Private equity firm	2022 2021	99.99 99.99	562.1 561.7	737.1 561.7	152.8 -
Alba KKR Core International Blocker, S.à.r.l. 2, rue Edward Steichen L-2540 Luxembourg	Private equity firm	2022 2021	99.99 99.99	323.6 323.6	355.0 323.6	31.4 -
Subgrupo Nuadi (Nuadi Components)[1] Polígono industrial Arazuri-Orcoyen Arazuri - Navarra	Industrial supplies	2022 2021	37.43 37.43	20.5 18.3	43.6 37.8	2.1 0.8
Subgrupo Facundo [2] Ctra. N-611, Villamuriel 34190 - Palencia	Production and distribution of nuts, dried fruit and snacks	2022 2021	31.92 -	18.7 -	36.4 -	7.8 -
Gesdocument y Gestión, S.A. [3] Roc Boronat 147,10ª planta 08005 - Barcelona	Provision of legal, employment and financial advisory services	2022 2021	46.53 -	8.2 -	3.4 -	0.3 -
Subgrupo Preving (Marsala) [4] C/Joaquín Sánchez Valverde, 1-3-5 06006 - Badajoz	Occupational health and safety solutions	2022 2021	- 24.81	- 16.9	- 58.0	- 2.5
Subgrupo Satlink [5] Avda. de la Industria, 53 Nave 7 Alcobendas - Madrid	Technological solutions for the fishing sector	2022 2021	- 28.07	- 12.1	- 11.3	- 2.1

(1) This subgroup is made up of Nuadi Components, S.L., Nuadi Europe, S.L. and Shanghai Nuadi China, Co. Ltd.

(2) This subgroup is made up of Disfasa, S.A., Facundo Blancos, S.A.U., Los Girasoles, S.A.U., Incofasa, S.L.U. and PDV Gesfasa D.S.L.U.

(4) At 31 December 2021, this subgroup was made up of Preving Investments Group, S.L., Preving Investment, S.L.U., Preving Consultores, S.L.U. and related group, Formalia Salud, S.L.U. and related group, Gabinete de Medicia Preventiva y Salud Laboral, S.L.U., Adeplus Consultores, S.L.U., Excelencia y Garantía para la Salud en el Trabajo, S.L.U. and Ozonovid 2020, S.L.U.

(5) At 31 December 2021 this subgroup is made up of Grupo Satlink, S.L., Satlink, S.L., Satlink, LTD, Linksat Solutions, S.A., Digital Observer Services, S.L., Satlink WCPO Limited and Satlink WCPO Solomon.

(1) (2) (3) (4) (5) Alba's interests are held through Deyá Capital IV, SCR, S.A.U.

Additionally, at 31 December 2022, 53.21% of Gesdocument and 42.57% of the Nuadi subgroup and the Facundo subgroup (at 31 December 2021, 31.93% of the Satlink subgroup, 42.57% of the Nuadi subgroup and 28.13% of the Preving subgroup) belongs to other vehicles managed by Artá Capital, SGEIC, S.A.U., which exercises control over these vehicle and determines what investments are made; there are no restrictions regarding management and they are exposed to variable returns. As a result of the foregoing, Alba has considered that it has control over these subgroups.

The main changes in the scope of consolidation in 2022 relating to subsidiaries are as follows:

Sale of the entire ownership interest in the Satlink subgroup

On 31 March 2022, the sale of the Group's entire ownership interest in the Satlink Group, which at the time of the sale amounted to 28.07%, was completed. The sale amounted to Euros 48.5 million, giving rise to a gain of Euros 36.4 million recognised under proceeds from disposal of non-current assets.

At 31 December 2021 the assets and liabilities of the Satlink subgroup were classified as held for sale.

Loss of control of the Preving subgroup

In May 2022, the Preving Group acquired all the shares of Cualtis, S.L.U.; concurrent to the acquisition, a capital increase was carried out at Preving to allow new shareholders to join the subgroup. As a result of these transactions and the entry of new shareholders, the Alba Group's interest in Preving has been diluted from 24.81% to 21.41%, and it lost control over the Preving Group as a result of the loss of control of the majority interest by the private equity management company Artá Capital SGEIC, S.A.U. and the new shareholders' agreements between the parties.

Since the Alba Group's loss of control, the Group's 21.41% ownership interest in Preving has been recognised at fair value under investments at fair value through profit or loss (see note 11), giving rise to a gain of Euros 16.1 million.

Acquisition of 37.43% of the Facundo Group

In June 2022, through Deyá Capital IV, SCR, S.A., Alba acquired 37.43% of the share capital of Disfasa, S.A. (parent of the Facundo Group) for Euros 21.9 million. The Facundo Group is based in Spain, and its principal activity is the production and distribution of nuts, dried fruit and snacks. The main reason for control over this group was that the private equity management company Artá Capital SGEIC, S.A.U. manages a majority ownership interest (see business combination in note 5). Subsequently, in December, the Group sold its 5.51% interest in the Facundo Group for Euros 3.3 million, giving rise to a gain of Euros 0.1 million. At 31 December 2022, Alba held 31.92% of the Facundo Group.

Acquisition of 46.79% of Gesdocument y Gestión, S.A.

In June 2022, through Deyá Capital IV, SCR, S.A., Alba acquired 46.79% of the share capital of Gesdocument y Gestión, S.A. for Euros 8.2 million. Gesdocument y Gestión, S.A. has its registered office in Spain, and its principal activity is the provision of tax, economic, financial, administrative, employment and accounting advisory services. The main reason for control over this group was that the private equity management company Artá Capital SGEIC, S.A.U. manages a majority ownership interest (see business combination in note 5).

In 2022 and 2021 KPMG Auditores, S.L. was the auditor of all of the companies mentioned except for Alba Europe, S.à r.l. and Alba Investments, S.à.r.l., which were audited by Audit Consell Services, S.à r.l., Alba KKR Core International, S.C.A., Alba KKR Core International Blocker, S.à r.l., the Preving subgroup, and the Facundo subgroup, which were audited by Deloitte, S.L., and the Nuadi subgroup, whose auditor was Ernst&Young, S.L.

2.4. Associates

Entities over which Alba exercises significant influence even though its interest therein is less than 20% are considered associates. To determine whether significant influence exists, among other situations the Parent considers representation on the Board of Directors, involvement in establishing policies and the permanence of the interest.

The information in respect of 2022 and 2021 is as follows:

Associate/Auditor	Registered office	Activity	Percentage ownership At 31-12-22	At 31-12-21	Change	Representation on Board of Directors at 31-12-22
Acerinox, S.A. Auditor: PWC	Santiago de Compostela, 100 (Madrid)	Manufacture and sale of stainless steel	18.52	17.78	0.74	3
Aegis Lux 2, S.à.r.l. (Verisure) [1] Auditor: PWC	15, Boulevard F.W. Raiffeisen L-2411 Luxembourg	Connected alarms	7.59	7.59	-	1
CIE Automotive, S.A. Auditor: PWC	Alameda Mazarredo, 69 (Bilbao)	Automotive industry	13.35	12.73	0.62	1
Ebro Foods, S.A. Auditor: E&Y	Paseo de la Castellana, 20 (Madrid)	Food	14.52	14.44	0.08	2
Profand Fishing Holding, S.L. Auditor: Deloitte	Avda. García Barbón, 62 Bloque 1, Vigo	Sale of fish and seafood products	23.71	23.71	-	2
Piolin II, S.à.r.l. (Parques Reunidos) [2] Auditor: KPMG	26A, Boulevard Royal L-2449 Luxembourg	Recreational and entertainment activities	25.09	25.09	-	1
Rioja Luxembourg, S.à.r.l. (Naturgy) [3] Auditor: E&Y	20, Avenue Monterey L-2163 Luxembourg	Businesses relating to gas, electricity and any other energy source	25.73	25.73	-	-
Viscofan, S.A. Auditor: PWC	Polígono Industrial Berroa (Tajonar-Navarra)	Manufacture of cellulose or artificial casings for cured meats	14.25	13.97	0.28	1

(1) Through this company, Alba holds a 7.59% indirect ownership interest in Verisure, which also operates under the trademark "Securitas Direct".
(2) Through this company, Alba holds a 24.98% indirect ownership interest in Parques Reunidos.
(3) Through this company, Alba holds a 5.33% indirect ownership interest in Naturgy; added to the 0.11% direct ownership interest held by Alba, this yields a total interest of 5.44% in Naturgy. Alba sits on the Board of Directors of Rioja Acqusition, S.à.r.l., a subsidiary of Rioja Luxembourg, S.à.r.l. and direct shareholder of Naturgy.

In 2022 Alba saw its ownership interest in Acerinox, S.A. increase as a result of Acerinox's redemption of own shares. As a result of this transaction, Acerinox, S.A. reduced its share capital by 4% and, therefore, Alba's ownership interest has increased by 0.74%. The ownership interests in CIE Automotive, S.A., Ebro Foods, S.A. and Viscofan, S.A. increased through new acquisitions.

In 2021, the ownership interests in Ebro Foods, S.A. and Viscofan, S.A. were increased by 0.44% and 0.94%, respectively, and the ownership interests in Acerinox, S.A. and Indra Sistemas, S.A. were reduced by 1.57% and 7.31%, respectively. In addition, a 23.71% ownership interest was acquired in Profand Fishing Holding, S.L., and the entire stake held in Euskaltel, S.A. was sold, in the context of a takeover bid launched by the MasMovil Group.

3. DISTRIBUTION OF PROFIT

The distribution of Corporación Financiera Alba, S.A.'s profit for 2022 to be submitted by the Board of Directors for approval by the shareholders at their general meeting, and the distribution of profit for 2021 approved by the shareholders at their general meeting, are as follows (in millions of Euros):

Basis of allocation	**2022**	2021
Profit for the year	41.2	28.7
Reserves	-	29.5
Total	**41.2**	**58.2**

Distribution	**2022**	2021
Reserves	41.2	-
Dividends	-	58.2
Total	**41.2**	**58.2**

The dividends paid by the Parent in 2022 and 2021 were as follows:

	No. of shares with rights	Euros/Share	Millions of Euros
2022			
Scrip dividend 2022 (note 15)	12,001,907	0.99	11.9
Final dividend for 2021	58,240,000	0.50	29.1
2021			
Interim dividend for 2021	58,240,000	0.50	29.1
Final dividend for 2020	58,240,000	0.50	29.1

In addition, Alba's Board of Directors plans to propose for approval by the shareholders at the Annual General Meeting in 2023 a scrip dividend of up to Euros 58,060,270.52 (equivalent to Euros 0.98 per share), whereby the Company's shareholders may choose between (i) receiving newly issued bonus shares; (ii) obtaining an equivalent amount in cash by transferring to the Company the free allotment rights they receive for the shares they hold; and/or (iii) obtaining the cash value by transferring such rights on the market.

4. SIGNIFICANT ACCOUNTING PRINCIPLES

The main accounting policies used in preparing the accompanying consolidated annual accounts were as follows:

a) Business combinations and non-controlling interests (minority interests) (note 5)

Business combinations

Alba applies the acquisition method for business combinations. The acquisition date is the date on which Alba obtains control of the acquiree.

The consideration transferred in a business combination is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed, the equity instruments issued and any consideration contingent on future events or compliance with certain conditions in exchange for control of the acquiree.

The consideration transferred excludes any payment that does not form part of the exchange for the acquired business. Acquisition costs are recognised as an expense when incurred.

The Group recognises the assets acquired and liabilities assumed at their acquisition-date fair value. Non-controlling interests in the acquiree are recognised at the amount of the proportionate interest in the fair value of the net assets acquired. This criterion is only applicable for non-controlling interests which grant present access to economic benefits and entitlement to a proportionate share of the acquiree's net assets in the event of liquidation. Otherwise, non-controlling interests are measured at fair value or market value. Liabilities assumed include any contingent liabilities that represent present obligations arising from past events for which the fair value can be reliably measured. The Group also recognises indemnification assets transferred by the seller at the same time and following the same measurement criteria as the item that is subject to indemnification from the acquiree, taking into consideration, where applicable, the insolvency risk and any contractual limitations on the indemnified amount.

With the exception of lease and insurance contracts, the assets acquired and liabilities assumed are classified and designated for subsequent measurement based on contractual agreements, economic terms, accounting and operating policies and any other conditions existing at the acquisition date.

Any excess of the consideration given, plus the value assigned to non-controlling interests, over the value of net assets acquired and liabilities assumed is recognised as goodwill. Any shortfall, after evaluating the consideration given, the value assigned to non-controlling interests and the identification and measurement of net assets acquired, is recognised in profit or loss.

If it has only been possible to determine a business combination provisionally at the end of the reporting period, the identifiable net assets are initially recognised at their provisional amounts and adjustments made during the measurement period are recognised as if they had been known at that date. Comparative figures for the previous year are restated where applicable. In any event, adjustments to provisional amounts only reflect information obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognised at that date.

The potential benefit of the acquiree's income tax loss carryforwards and other deferred tax assets, which are not recognised as they did not qualify for recognition at the acquisition date, is accounted for as income tax income provided that it does not arise from a measurement period adjustment.

The contingent consideration is classified in accordance with the underlying contractual terms as a financial asset or financial liability, equity instrument or provision. Subsequent changes in the fair value of a financial asset or financial liability are recognised in consolidated profit or loss or other comprehensive income, provided that they do not arise from a measurement period adjustment. Contingent consideration classified as equity is not remeasured, and subsequent settlement is accounted for in equity.

Contingent consideration classified as a provision is subsequently recognised in accordance with the relevant measurement standard.

The cost of the business combination includes contingent consideration, if this is probable at the acquisition date and can be reliably estimated. Subsequent accounting for or changes to contingent consideration are recognised as a prospective adjustment to the cost of the business combination.

Non-controlling interests (minority interests)

Non-controlling interests in subsidiaries are recognised at the acquisition date in the amount of the proportionate share of the fair value of the identifiable net assets. Non-controlling interests in subsidiaries acquired prior to the date of first-time consolidation were recognised in the amount of the proportionate share of the equity of those subsidiaries at that date.

The consolidated profit for the year and changes in equity of the subsidiaries attributable to Alba and to non-controlling interests after consolidation adjustments and eliminations is determined in accordance with the percentage ownership at year end, without considering the possible exercise or conversion of potential voting rights and after discounting the effect of dividends, agreed or not, on cumulative preference shares classified in equity accounts. However, Group and non-controlling interests are calculated taking into account the possible exercise of potential voting rights and other derivative financial instruments which, in substance, currently allow access to the economic benefits associated with the interests held, such as entitlement to a share in future dividends and changes in the value of subsidiaries.

Profit or loss and each component of other comprehensive income are allocated to equity attributable to shareholders of the Parent and to non-controlling interests in proportion to their investment, even if this results in a balance receivable from non-controlling interests. Agreements entered into between the Group and non-controlling interests are recognised as a separate transaction.

b) Investment property (note 6)

Investment property, buildings used for rental purposes, is initially recognised at cost, including transaction costs. These assets are subsequently measured at fair value, determined by independent experts in accordance with the following definition: "The price at which the building could be sold under private contract between a willing seller and an arm's length buyer on the date of valuation, it being assumed that the property is publicly exposed to the market, that market conditions permit orderly disposal and that a normal period, having regard to the nature of the property, is available for the negotiation of the sale". Changes in fair value are recognised in the income statement for the period in which they arise. These investments are not depreciated.

b.1) Leases

Determination of whether a contract is, or contains, a lease is based on the economic substance of the agreement at the inception date thereof. The contract is analysed to determine whether its fulfilment depends on the use of an asset or specific assets or the agreement implies the right of use of an asset or assets, even though this right is not explicitly specified in the contract.

Leases in which the Group maintains substantially all the risks and rewards incidental to ownership are classified as operating leases. Contingent rents are recognised as income in the year in which they are obtained.

c) Property, plant and equipment (note 7)

In application of IFRS 1 – First-time adoption of International Financial Reporting Standards, buildings for own use were recognised on 1 January 2004 at fair value, determined by independent experts as defined in the previous note, considering this amount to be the cost of acquisition. This increase in value was credited to equity in the consolidated balance sheet.

The remaining property, plant and equipment are valued at cost of acquisition; interest and exchange differences are not included. Costs of expansion, modernisation or improvements which increase the productivity, capacity or efficiency or extend the useful lives of assets are capitalised as an increase in the cost of those assets.

Depreciation is provided on a straight-line basis, distributing the carrying amount of the assets over their estimated useful lives, in accordance with the following percentages:

	Percentage of annual depreciation
Buildings and constructions	2
Technical installations	8
Furniture and fixtures	10
Information technology equipment	25

If the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and its carrying amount is immediately written down to its recoverable amount.

d) Intangible assets

d.1) Goodwill

Goodwill is determined using the same criteria as for business combinations (see note 5).

Goodwill is not amortised but is tested for impairment annually or more frequently where events or circumstances indicate that an asset may be impaired. Goodwill on business combinations is allocated to the cash-generating units (CGUs) or groups of CGUs which are expected to benefit from the synergies of the business combination and the criteria described in note 8 are applied. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

The recoverable amount of the assets is the higher of their fair value less costs of disposal and their value in use.

If the recoverable amount is less than the carrying amount of the asset, the difference is recognised under impairment losses in the consolidated income statement.

d.2) Customer portfolio

The relationships with customers that Alba recognises under customer portfolios are separable and based on a contractual relationship, thus meeting the requirements set out in prevailing legislation for consideration as intangible assets separate from goodwill. In general, these are customer service contracts that have been recognised in the allocation of fair values in business combinations.

The fair value allocated to customer contract portfolios acquired from third parties is the acquisition price.

The income approach was used to determine the fair value of intangible assets allocated in business combinations in the form of customer relationships; discounting the cash flows generated by these relationships at the date of acquisition of the subsidiary. Cash flows are estimated based on the sales, operating investments and EBITDA margins projected in the company's business plans.

Customer portfolios are amortised on a straight-line basis over their estimated useful lives. The useful life is estimated based on indicators such as average length of relationship with customers or the average annual customer churn rate. The useful lives allocated to these intangible assets are reviewed at the end of each reporting period. The useful life of customer portfolios is between 10 and 15 years.

Customer portfolios are allocated to cash-generating units (CGUs) in accordance with their respective business segment and the country of operation.

d.3) Other intangible assets

These are intangible assets that were recognised in business combinations.

They are amortised on a straight-line basis over their estimated useful life, which is between 3 and 60 years.

Other intangible assets are allocated to cash-generating units (CGUs) in accordance with their respective business segment and the country of operation.

If an event or change in circumstances indicates that the carrying amount of assets subject to amortisation may not be recoverable, Alba determines whether impairment losses have been incurred. An impairment loss is recognised as the difference between the carrying amount of the asset and its recoverable amount. The recoverable amount is the higher of the fair value of the asset less costs of disposal, and value in use. For impairment testing purposes, assets are grouped at the lowest level for which separate identifiable cash flows can be identified (cash-generating unit, CGU). Impaired non-financial assets other than goodwill are reviewed at the end of each reporting period to assess whether the loss has been reversed.

e) Investments in associates (note 10)

Investments in associates are accounted for using the equity method from the date significant influence commences until the date significant influence ceases. However, if on the acquisition date all or part of the investment qualifies for recognition as non-current assets or disposal groups held for sale, it is recognised at fair value less costs of disposal.

Investments in associates are initially recognised at cost of acquisition, including any cost directly attributable to the acquisition and any consideration receivable or payable contingent on future events or on compliance with certain conditions.

The excess of the cost of the investment over the Group's share of the fair values of the identifiable net assets is recognised as goodwill, which is included in the carrying amount of the investment.

The Group's share of the profit or loss of associates is recognised as an increase or decrease in the value of the investments, with a credit or debit to share of the profit or loss for the year of associates. The Group's share of other comprehensive income of associates from the date of acquisition is recognised as an increase or decrease in the value of the investments in associates with a balancing entry in other comprehensive income based on the nature of the investment. The distribution of dividends is recognised as a decrease in the value of the investment. The Group's share of profit or loss, including impairment losses recognised by the associates, is calculated based on income and expenses arising from application of the acquisition method.

The Group's share of the profit or loss of an associate and of changes in equity is calculated without considering the possible exercise or conversion of potential voting rights.

Impairment is calculated by comparing the carrying amount of the net investment in the associate with its recoverable amount. The recoverable amount is the higher of value in use and fair value less costs of disposal. Accordingly, value in use is calculated based on the Group's share in the present value of estimated cash flows from ordinary operations and the income generated on final disposal of the associate.

Impairment losses are not allocated to goodwill or other assets implicit in the investment in associates derived from application of the acquisition method. In subsequent years, reversals of impairment of investments are recognised in profit or loss to the extent of any increase in the recoverable amount. Impairment losses are presented separately from the Group's share of profit or loss of associates.

f) Investments at fair value through profit or loss (note 11)

Investments held with the intention of not selling them in the short term and those held through private equity companies are included in this line item pursuant to IAS 28.18.

They are recognised at fair value through profit or loss.

The fair value of investments in unlisted companies was determined using either the analysis of multiples of comparable companies or the discounted cash flow method, whichever was the most suitable method for each investment.

g) Non-current assets held for sale (notes 11 and 30)

Alba classifies non-current assets or disposal groups as non-current assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets or disposal groups are classified as held for sale, provided that they are available for sale in their present condition subject to terms that are usual and customary for sales of such assets and that the transaction is highly probable.

Alba does not depreciate non-current assets or disposal groups classified as held for sale, rather it measures them at the lower of the carrying amount and fair value less the costs of disposal.

Impairment losses on initial classification and subsequent remeasurement of assets classified as held for sale are recognised under profit or loss from continuing operations in the consolidated income statement, unless it is a discontinued operation. Impairment losses are allocated first to reduce the carrying amount of goodwill and then to reduce pro rata the carrying amounts of other assets in the unit.

Alba recognises gains arising from increases in the fair value less costs of disposal in profit or loss to the extent of the cumulative impairment previously recognised due to measurement at fair value less costs of disposal or to impairment of non-current assets.

h) Calculation of fair value (notes 6, 11 and 20)

Alba measures financial instruments and non-financial assets such as investment property at their fair value at the reporting date of the financial statements. Details of the fair value of financial assets measured at amortised cost are provided in note 20. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market must be a market that is accessible for Alba.

The fair value of an asset or a liability is calculated using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Alba uses valuation techniques appropriate to the circumstances and for which sufficient information is available to calculate the fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All the assets and liabilities for which calculations or disclosures of their fair value are made in the financial statements are categorised within the fair value hierarchy described below, based on the lowest level input necessary for the calculation of the fair value measurement in its entirety:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 – Valuation techniques for which the lowest level input used that is significant for the calculation is directly or indirectly observable.

- Level 3 – Valuation techniques for which the lowest level input used that is significant for the calculation is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, at the end of each year Alba reviews their categorisation (based on the lowest level input that is significant for the calculation of fair value as a whole) to determine whether there have been any transfers between the different levels of the hierarchy.

Alba determines the policies and procedures for recurring fair value calculations, such as investment property and unlisted financial assets.

For the valuation of significant assets and liabilities, such as investment property, financial assets and contingent consideration, internal and external valuers are used.

For the purposes of the required disclosures of fair value, the Group has determined the different classes of assets and liabilities based on their nature, characteristics, risks and fair value hierarchy as explained previously.

i) Loans and receivables (notes 12 and 13)

The Group initially measures the financial assets included in this category (other financial assets and trade and other receivables) at fair value, which is the transaction price. In transactions with a due date within one year for which there is no contractual interest rate, dividends receivable and receivables on called-up equity instruments expected to be collected in the short term are measured at their nominal amount, as the effect of not discounting the cash flows is immaterial.

Subsequently these financial assets are measured at amortised cost and the interest accrued is recognised in the income statement using the effective interest method. At least once a year, and whenever there is objective evidence that a loan or receivable is impaired, Alba carries out impairment testing. Based on this analysis, Alba recognises the corresponding impairment losses where applicable.

The impairment loss on these financial assets is calculated as the difference between their carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate.

Impairment and reversals thereof are recognised as an expense or income, respectively, in the income statement. The loss can only be reversed up to the limit of the carrying amount of the receivable that would have been recorded at the reversal date had the impairment loss not been recognised.

j) Cash and cash equivalents (note 14)

This line item of the balance sheet includes cash on hand, demand deposits and other current highly liquid investments that are readily convertible to cash and subject to an insignificant risk of changes in value.

k) Financial liabilities (note 19)

Financial liabilities generally include loans and borrowings that are initially recognised at the cash amount received, less transaction costs. In subsequent periods they are carried at amortised cost using the effective interest method.

l) Own shares (note 15)

Own shares are recognised as a reduction in equity. No gain or loss is recognised for the purchase, sale, issue, redemption or cancellation of Alba's own equity instruments.

m) Provisions (note 17)

Provisions are recognised for present obligations arising from a past event when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect of the time value of money is significant, the provision is discounted using a pre-tax rate. When discounted, increases in the provision due to the passage of time are recognised as a finance cost.

n) Income tax (note 22)

The income tax expense is calculated as the sum of current tax, calculated by applying the relevant tax rate to the taxable income or tax loss for the period, less any existing deductions and credits, plus any changes in recognised deferred tax assets and liabilities during the period. The income tax expense is recognised in the income statement except when it relates to transactions recognised directly in equity, in which case the associated tax is also recognised in equity, or as part of a business combination with a charge or credit to goodwill.

o) Alternative pension plan schemes

Alba has three plans – two defined benefit plans and one defined contribution plan – which are externalised to insurance companies and require that contributions be made to a separately managed fund.

The Group recognises the contributions payable to a defined contribution plan in exchange for a service when an employee has rendered service to the Group. The amount of the contributions accrued are recognised as personnel expenses. If the contribution already paid exceeds the accrued expense, the Group only recognises the corresponding asset to the extent that the prepayments will lead to a reduction in future payments or a cash refund.

When contributions to a defined contribution plan are not expected to be paid in full within the 12 months after the end of the year in which the employees render the related service, they are discounted using the market yield on high quality corporate bonds.

The projected unit credit method was used to measure the obligation derived from pension commitments. With this method the benefits are financed as and when they are generated, based on the employee's years of service at the Company, so that the commitment is fully funded by the end of the employee's working life when they reach retirement age.

Past service cost is recognised in the consolidated income statement at the earlier of the following dates:

- when the plan amendment or curtailment occurs; and
- when the Group recognises related restructuring costs or termination benefits.

The discount rate of obligations and of assets intended to settle the commitments was determined considering the return on high quality corporate bonds with a similar maturity to the commitments measured, using German public debt as a benchmark.

The main assumptions used in 2022 and 2021 to measure defined benefit commitments were as follows:

	2022	2021
Mortality tables	PERM 2020_Col_1st. rank	PERM 2020_Col_1st. rank
Technical interest agreed in the policies	2.50%	2.00% – 3.70%
CPI growth	2.00%	1.00%
Pay rises	2.50%	2.50%
Changes in Social Security base	2.00%	1.50%
Discount rate of obligations and of assets intended to settle the commit-ments	3.74%	0.50%
Retirement age	65	65

The changes in defined benefit plan obligations and the fair value of the assets associated with the benefit in 2022 and 2021 are as follows:

		Cost of commitments recognised in the income statement					
	1/1	Service cost	Interest income/ (expense), net	Subtotal included in profit/ (loss)	Obligations met (paid)	Actuarial gains/ (losses)	31/12
2022							
Obligations under defined benefit plans	(18.8)	(0.9)	(0.2)	(1.1)	4.2	4.8	(10.9)
Fair value of plan assets	18.8	1.3	0.4	1.7	(4.2)	(5.4)	10.9
(Obligations)/Rights under defined benefit plans, net	-						-
2021							
Obligations under defined benefit plans	(19.6)	(1.4)	(0.1)	(1.5)	-	2.3	(18.8)
Fair value of plan assets	19.6	0.1	0.4	0.5	-	(1.3)	18.8
(Obligations)/Rights under defined benefit plans, net	-						-

The contribution expected to be made in 2023 in relation to defined benefit plans is Euros 0.6 million.

Sensitivity analysis:

	Discount rate		Future salary increases	
Sensitivity level	+0.50%	(0.50%)	+0.50%	(0.50%)
2022				
Impact on the (obligations)/rights under defined benefit plans, net	(4.88%)	5.70%	1.05%	(1.16%)
2021				
Impact on the (obligations)/rights under defined benefit plans, net	(6.75%)	8.08%	4.71%	(4.89%)

The contributions related to both plans are recognised in the income statement and disclosed in note 25.a.

p) Share-based payment transactions

At 31 December 2022 and 2021 Alba has no share option schemes.

q) Recognition of income and expenses

Income and expenses are allocated on an accruals basis, irrespective of the timing of collections and payments and always taking into account the economic substance of the transaction.

Revenue represents amounts receivable for goods delivered and services rendered in the ordinary course of business, net of returns and discounts, and amounts received on behalf of third parties, such as value added tax. Revenue is recognised when it can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group. It is measured at the fair value of the consideration received or receivable.

Revenue is recognised when the customer obtains control of the goods or services sold, i.e. when the customer has the ability to direct the use of and obtain benefits from the goods or services. Depending on the commercial terms of sale, the transfer of control and risk relating to the goods may occur when the materials are dispatched from the Group's facilities or delivered to the customer. The Group takes these terms of sale into account in determining the timing of revenue recognition. Revenue from the sale of goods is recognised when control over the goods is transferred to the customer. Revenues associated with the rendering of services are recognised by reference to the stage of completion of the service at the reporting date; this occurs when revenues can be estimated reliably, it is probable that the benefits of the transaction will flow to the company and the stage of completion and the costs already incurred can be measured reliably.

Purchases, consumables used and changes in merchandise and raw materials, as well as work carried out by other companies, are included under supplies.

The Group has not made any significant judgements in determining the recognition of the revenue any of its subgroups.

The Group uses the five-step model to determine when revenue should be recognised and how much revenue should be recognised.

1. Identify the contract with the customer.

2. Identify the performance obligations in the contract.

3. Determine the transaction price.

4. Allocate the transaction price to the performance obligations.

5. Recognise revenue when a performance obligation is satisfied.

Revenue associated with the rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period, provided the outcome of the transaction can be estimated reliably.

Lease income from investment property is recognised in the income statement on a straight-line basis over the term of the lease.

Interest income is recognised applying financial criteria, based on the outstanding portion of the principal, the time to maturity and the applicable effective interest rate.

Dividend income from investments is recognised when the right to receive it is recognised.

In addition to the income from the lease of Alba's properties, the amount recorded under revenue includes the income contributed by the Satlink, Nuadi, Preving, Facundo and Gesdocument subgroups, over which Alba exercises control.

The nature of the revenue of each of these subgroups is as follows:

- Satlink subgroup: revenues are generated primarily from the sale of buoys for fishing activities and the provision of communications services.

- Nuadi subgroup: revenues are generated primarily from the sale of stamped metal components, plates, electrical wiring and other brake accessories in the automotive sector.

- Preving subgroup: revenues are generated primarily from the provision of occupational risk prevention services.

- Facundo subgroup: revenues are generated primarily from the sale of nuts, dried fruit and snacks.

- Gesdocument: revenues are generated primarily from the provision of legal, employment and financial advisory services.

r) Right-of-use assets and lease liabilities

Assets are recognised under right-of-use assets and are classified based on the nature of the underlying asset. At the commencement date they are measured at the amortised cost of the contract, and subsequently they are measured at cost less any accumulated depreciation and impairment. These assets are depreciated on a straight-line basis over the term of the contract.

The lease liability reflects the fixed instalments agreed and the initial or future payments that are considered highly probable (direct costs related to start-up or penalties, among others), excluding from this calculation variable rent tied to the future measurement of a parameter. The liability is measured at amortised cost using the interest rate implicit

in the lease agreement or, if this rate cannot be easily determined, the incremental interest rate payable by the Group for such an agreement.

The liability is discounted using the effective interest method and decreased by the payments made.

The Group remeasures the lease liability by discounting the lease payments at a revised discount rate, if there has been a change in the lease term or a change in the assessment of an option to purchase the underlying asset.

The Group accounts for a lease modification as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets; and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

5. BUSINESS COMBINATIONS

Goodwill generated in 2022

Acquisition of 37.43% of the Facundo Group

In June 2022, through Deyá Capital IV, SCR, S.A., Alba acquired 37.43% of the share capital of Disfasa, S.A. (parent of the Facundo Group) for Euros 21.9 million. The Facundo Group is based in Spain, and its principal activity is the production and distribution of nuts, dried fruit and snacks. The main reason for this business combination was that the private equity management company, Artá Capital, SGEIC, S.A.U., holds a majority interest.

Details of the consideration given, the fair value of the net assets acquired and goodwill are as follows:

Cash paid	21.9
Fair value of net assets acquired	19.0
Goodwill	**2.9**

The amounts recognised at the acquisition date, by significant class of assets and liabilities, were as follows:

	Carrying amount	Fair value adjustments	Fair value
Intangible assets (goodwill)	40.1	-	40.1
Other intangible assets	24.0	33.5	57.5
Other property, plant and equipment	2.1	-	2.1
Cash	5.0	-	5.0
Receivables and other assets	8.3	-	8.3
Total assets	**79.5**	**33.5**	**113.0**
Loans and borrowings	(42.5)	-	(42.5)
Deferred tax liabilities	(6.0)	(8.4)	(14.4)
Payables and other liabilities	(5.4)	-	(5.4)
Total liabilities	**(53.9)**	**(8.4)**	**(62.3)**
Net assets			**50.7**
Non-controlling interest			**(31.7)**
Net assets acquired			**19.0**

The intangible assets generated in the business combination relate in full to customer portfolios with useful lives ranging from 7 to 16 years.

The acquiree generated revenue of Euros 14.9 million and consolidated profit of Euros 1.2 million for Alba from the acquisition date to the reporting date. Had the acquisition taken place at 1 January 2022, the Group's revenue and consolidated profit for the year ended 31 December 2022 would have amounted to Euros 29.8 million and Euros 7.8 million, respectively.

The fair value of this business combination was estimated by an independent third party and should be considered as definitive at 31 December 2022, since at the date of preparation of these consolidated annual accounts the valuation has been finalised.

Kroll Advisory, S.L. has used the multiperiod excess earnings method (MEEM) to calculate the fair value of intangible assets, which determines the value of an asset based on the cash flows that are generated exclusively by the asset in question. The MEEM estimates value as the present value of the earnings anticipated from ownership of the intangible asset in excess of the returns required on the investment in the contributory assets necessary to realise those earnings. It is based on the theory that all operating assets contribute to a company's profitability. Accordingly, if the estimated earnings associated with a company's specific asset are dependent on the use of the company's other assets, then the estimated excess earnings of the asset should include charges for the use of these contributory assets. This method was applied for the valuation of the customer portfolio, using a discount rate of 11.50%.

Acquisition of 46.79% of Gesdocument y Gestión, S.A.

In June 2022, through Deyá Capital IV, SCR, S.A., Alba acquired 46.79% of the share capital of Gesdocument y Gestión, S.A. for Euros 8 million. Gesdocument y Gestión, S.A. has its registered office in Spain, and its principal activity is the provision of tax, economic, financial, administrative, employment and accounting advisory services. The main reason for this business combination was that the private equity management company, Artá Capital, SGEIC, S.A.U., controls the entire ownership interest in this company.

Details of the consideration given, the fair value of the net assets acquired and goodwill are as follows:

Cash paid	8.2
Fair value of net assets acquired	2.1
Goodwill	**6.1**

The amounts recognised at the acquisition date, by significant class of assets and liabilities, were as follows:

	Carrying amount	Fair value adjustments	Fair value
Intangible assets	4.3	-	4.3
Other property, plant and equipment	1.2	-	1.2
Cash	4.4	-	4.4
Receivables and other assets	3.1	-	3.1
Total assets	**13.0**	**-**	**13.0**
Loans and borrowings	(1.0)	-	(1.0)
Payables and other liabilities	(7.5)	-	(7.5)
Total liabilities	**(8.5)**	**-**	**(8.5)**
Net assets			**4.5**
Non-controlling interest			**(2.4)**
Net assets acquired			**2.1**

The acquiree generated revenue of Euros 7.3 million and consolidated profit of Euros 0.7 million for Alba from the acquisition date to the reporting date. Had the acquisition taken place at 1 January 2022, the Group's revenue and consolidated profit for the year ended 31 December 2022 would have amounted to Euros 13.8 million and Euros 0.2 million, respectively.

The estimate of the fair value of this business combination was calculated internally by Company management, considering that there are no differences between the carrying amount and the fair value of the assets acquired and liabilities assumed. The recognition of this business combination in the consolidated financial statements at 31 December 2022 has been considered provisional, and any adjustments are to be made within one year from the date of acquisition.

Goodwill generated in 2021

Preving subgroup:

In 2021, through the Preving subgroup, the Group obtained control of Serviprein Servicio de Prevención, S.L.U. and Prevensal Ingenieros, S.L.U. for a total amount of Euros 9.3 million.

Details of the consideration given, the fair value of the net assets acquired and goodwill are as follows:

Purchase price	9.3
Fair value of net assets	2.2
Goodwill	**7.1**

The amounts recognised at the acquisition date of the assets, liabilities and contingent liabilities, by significant class, are as follows:

	Carrying amount	Adjustments to fair value	Fair value
Intangible assets	0.2	-	0.2
Other property, plant and equipment	0.5	-	0.5
Cash	1.9	-	1.9
Receivables and other assets	1.4	-	1.4
Total assets	**4.0**	**-**	**4.0**
Other liabilities	1.8	-	1.8
Total liabilities	**1.8**	**-**	**1.8**
Total net assets	**2.2**	**-**	**2.2**

The acquiree generated revenue of Euros 7.0 million and a consolidated loss of Euros -0.1 million for Alba from the acquisition date to the reporting date. Had the acquisition taken place on 1 January 2021, the Group's revenue and consolidated loss for the year ended 31 December 2021 would have totalled Euros 8.6 million and Euros -0.5 million, respectively.

The estimate of the fair value of this business combination was calculated internally by Company management, considering that there were no differences between the carrying amount and the fair value of the assets acquired and liabilities assumed. The recognition of this business combination in the consolidated annual accounts at 31 December 2021 was considered provisional, and any adjustments were to be made within one year from the

date of acquisition. In 2022 Company management did not modify the fair value of the assets acquired, considering such values as definitive.

Nuadi subgroup:

In 2021, through the Nuadi subgroup, the Group obtained control of Sadeca Systems, S.L.U. for Euros 10.3 million.

Details of the consideration given, the fair value of the net assets acquired and goodwill are as follows:

Purchase price	10.3
Fair value of net assets	9.3
Goodwill	**1.0**

The amounts recognised at the acquisition date of the assets, liabilities and contingent liabilities, by significant class, are as follows:

	Carrying amount	Adjustments to fair value	Fair value
Intangible assets	0.1	7.1	7.2
Other property, plant and equipment	2.8	-	2.8
Cash	1.0	-	1.0
Receivables and other assets	12.7	2.1	14.8
Total assets	**16.6**	**9.2**	**25.8**
Financial liabilities	8.1	-	8.1
Other liabilities	4.7	3.7	8.4
Total liabilities	**12.9**	**3.7**	**16.5**
Total net assets	**3.7**	**5.5**	**9.3**

The intangible assets acquired comprised a customer portfolio amounting to Euros 7.1 million, with a useful life of 15 years.

The acquiree generated revenue of Euros 15.0 million and consolidated profit of Euros 0.8 million for Alba from the acquisition date to the reporting date. Had the acquisition taken place on 1 January 2021, the Group's revenue and consolidated profit for the year ended 31 December 2021 would have totalled Euros 22.8 million and Euros 1.2 million, respectively.

The fair value of this business combination was estimated by PKF Attest, and the carrying amount recognised in the consolidated annual accounts at 31 December 2021 was considered definitive; accordingly, it was not modified in 2022.

PKF Attest used the MEEM to calculate the fair value of intangible assets, which is based on the idea that the returns obtained by the company can be attributed to specific groups of assets. Thus, the results that can be allocated to a specific intangible asset will be obtained as the difference between total profit/loss and the charges or fees that would have to be paid. This method was used for the valuation of the customer portfolio, applying a discount rate of 11.42% and a tax rate of 25%.

6. INVESTMENT PROPERTY

This line item comprises buildings intended for lease. CBRE Valuation Advisory, S.A., a specialist in appraisals of this type of investments, valued these properties at 31 December 2022 (Savills Consultores Inmobiliarios, S.A. carried out the valuation at 31 December 2021). The valuation was performed according to the Property Appraisal and Valuation Standards and Observations Guide published by the Royal Institution of Chartered Surveyors in the United Kingdom, and is based on the discounted cash flow and comparables method.

The methodology used to calculate the market value consists of preparing 10 years' worth of income and expense projections for each asset, which will subsequently be updated at the reporting date using a market discount rate. The residual amount at the end of year 10 is calculated applying a rate of return ("exit yield" or "cap rate") to the net income projections for year 11. The market values thus obtained are analysed by calculating and analysing the yield capitalisation implicit in these values. The projections are aimed at reflecting the best estimate of future income and expenses of the real estate assets. Both the rate of return and the discount rate are defined in accordance with the domestic market and considering the conditions prevailing in the institutional market.

The valuation method used considers each property on an individual basis, without contemplating any adjustments in respect of the asset belonging to a large portfolio of properties. For each property a rent capitalisation rate considered to be a market rate has been assumed, which was subsequently adjusted based on the following parameters:

- The duration of the lease contract and the solvency of the tenant.
- The location of the premises within the municipality (centre, metropolitan area or periphery).
- The immediate surroundings of the property.
- The state of conservation of the property (external and internal).
- The distribution of the property's surface area between below ground and above ground.
- The facade looks onto one or more streets (corner, chamfer).
- The rental situation compared to market rent.

All of the Group's investment property is located in Madrid.

Movement in this item is as follows:

Balance at 1-1-21	**287.1**
Increases	59.7
Decreases	(11.2)
Change in fair value	(0.8)
Balance at 31-12-21	**334.8**
Balance at 1-1-22	**334.8**
Increases	2.0
Decreases	(20.4)
Change in fair value	1.1
Balance at 31-12-22	**317.5**

In 2022 the increases mainly related to improvements to the properties and the acquisition of several parking spaces amounting to Euros 0.2 million. In 2022 the Group sold a building in Madrid for Euros 22 million; this sale gave rise to a gain of Euros 1.6 million.

In 2021 the decreases related to the sale at the carrying amount of an office building and several parking spaces. The increases related to the purchase of a building in Madrid for Euros 54.5 million, as well as building improvements.

The most significant information regarding the leasable area at 31 December is as follows:

	2022	2021
Above ground surface area (m^2)	42,420	45,617
Rented area (m^2)	37,484	35,549
Occupancy rate (%)	88.4%	77.9%

A sensitivity analysis of the main variables taken into account when valuing all of Alba's investment property is provided below. The following table shows the potential variation in fair value of all the investment property in the event of a 10% decrease/increase in rent of all the buildings and in the event of a 25 b.p. decrease/increase in the rate of return ("exit yield"):

Year	(10%) rent	*Exit yield* +25% BP	*Exit yield* (25%) BP	+10% rent
2022	(8.4%)	(6.4%)	4.9%	8.3%
2021	(11.9%)	(4.3%)	4.8%	11.9%

The expenses related to the vacant area are not significant enough for disclosure.

Details of lease income are provided in note 24. At 31 December 2022 and 2021 lease income relating to the non-cancellable period, calculated up to expiry of the lease, is as follows:

	2022	2021
Up to 1 year	11.4	14.7
Between 1 and 5 years	14.5	19.6
More than 5 years	2.1	0.7
Total	28.0	35.0

Insurance policies are arranged to cover the risk of damage to these assets.

7. PROPERTY, PLANT AND EQUIPMENT

Movement in this balance sheet item is as follows:

	Buildings	Other property, plant and equipment	Total
Cost			
Balance at 1-1-21	**29.4**	**28.7**	**58.1**
Increases	-	11.9	11.9
Transfer of Satlink CGU to non-current assets held for sale	-	(6.6)	(6.6)
Business combinations	-	3.3	3.3
Balance at 31-12-21	**29.4**	**37.3**	**66.7**
Accumulated depreciation			
Balance at 1-1-21	**(16.5)**	**(11.6)**	**(28.1)**
Increases	(2.0)	(7.0)	(9.0)
Transfer of Satlink CGU to non-current assets held for sale	-	2.2	2.2
Balance at 31-12-21	**(18.5)**	**(16.4)**	**(34.9)**
Provisions			
Balance at 1-1-21	**(0.3)**	**-**	**(0.3)**
Balance at 31-12-21	**(0.3)**	**-**	**(0.3)**
Balance at 31-12-21	**10.6**	**20.9**	**31.5**

	Buildings	Other property, plant and equipment	Total
Cost			
Balance at 1-1-22	**29.4**	**37.3**	**66.7**
Increases	3.2	8.6	11.8
Disposals	(3.0)	(9.3)	(12.3)
Business combinations (note 5)	2.1	1.2	3.3
Other movements (loss of control of Preving) (note 5)	(20.1)	-	(20.1)
Balance at 31-12-22	**11.6**	**37.8**	**49.4**
Accumulated depreciation			
Balance at 1-1-22	**(18.5)**	**(16.4)**	**(34.9)**
Increases	(3.7)	(6.2)	(9.9)
Disposals	0.8	1.5	2.3
Other movements (loss of control of Preving) (note 5)	15.9	-	15.9
Balance at 31-12-22	**(5.5)**	**(21.1)**	**(26.6)**
Provisions			
Balance at 1-1-22	**(0.3)**	-	**(0.3)**
Balance at 31-12-22	**(0.3)**	-	**(0.3)**
Balance at 31-12-22	**5.8**	**16.7**	**22.5**

Insurance policies are arranged to cover the risk of damage to the various items of property, plant and equipment.

8. GOODWILL (NOTE 5)

Movement in goodwill is as follows:

Balance at 1-1-21	**78.6**
Entry of Preving Group CGU	7.1
Entry of Nuadi Group CGU	1.0
Transfer of Satlink CGU to non-current assets held for sale	(7.1)
Balance at 31-12-21	**79.6**
Acquisition of Gesdocument y Gestión, S.A. (note 5)	6.1
Acquisition of Facundo Group (note 5)	43.0
Loss of control of Preving subgroup (note 2.3)	(54.5)
Entry of Nuadi Group CGU	1.1
Balance at 31-12-22	**75.3**

Goodwill arising from new acquisitions in 2022 has been allocated to new cash-generating units (CGUs) arising as a result of these acquisitions. Acquisitions in 2021 were allocated to the Preving and Nuadi CGUs.

Goodwill is allocated to CGUs for impairment testing purposes. Goodwill is allocated to the CGUs that are expected to benefit from the business combination from which the goodwill arose.

The assets included when determining the carrying amount of each cash-generating unit are property, plant and equipment, goodwill, other intangible assets and working capital.

No impairment losses were recognised on goodwill in 2022 and 2021.

The Group tests goodwill for impairment at the end of each reporting period, or earlier if there are indications of impairment, in accordance with the accounting policy described in note 4.d.1.

The recoverable amount of a CGU is determined based on calculations of its fair value on the basis of the valuation report drawn up by the independent external valuer Kroll Advisory, S.L. (formerly Duff & Phelps. S.L.U.) in 2022 and 2021. The method used to determine the recoverable amount is based on discounted future cash flows.

Financial projections (sales, EBITDA, investments, etc.) are based on the budgets and business plans of the companies themselves (which are the same as the CGUs) approved by their respective boards of directors. These projections are not published and are presented to the Group at board meetings. In any case, the reasonableness of the projections prepared by the companies is contrasted with different market comparable and the Group's own opinion based on its past experience. Financial projections are made for a five-year period.

Key valuation variables: discount rate (WACC) and perpetual growth rate (g):

- The WACC is calculated using the capital asset pricing model (CAPM) generally accepted by the financial community, and on the basis of market variables obtained through Bloomberg, such as the rate of return on the 10-year bond or levered beta with respect to the benchmark stock market index. In addition, various internal estimates are used, such as: the spread for the Company's non-current debt in respect of the 10-year bond, the tax rate (same as for the cash flows used in the terminal value calculation) or the target capital structure.

- The perpetual growth rate is calculated based on each company and the market in which it operates.

9. OTHER INTANGIBLE ASSETS (NOTE 5)

Movement in intangible assets is as follows:

	Trademarks	Customer portfolio	Other intangible assets	Total
Balance at 1-1-21	**9.1**	**118.4**	**24.2**	**151.7**
Additions	-	-	7.1	7.1
Due to business combination	-	7.1	0.3	7.4
Transfer of Satlink CGU to non-current assets held for sale	(2.7)	(12.9)	(11.5)	(27.1)
Amortisation	-	(11.1)	(8.1)	(19.2)
Balance at 31-12-21	**6.4**	**101.5**	**12.0**	**119.9**
Additions	-	-	8.5	8.5
Due to business combination	12.1	43.7	6.0	61.8
Other movements (loss of control of Preving)	-	(51.2)	(7.1)	(58.3)
Amortisation	-	(7.2)	(1.0)	(8.2)
Balance at 31-12-22	**18.5**	**86.8**	**18.4**	**123.7**

There are no other intangible assets subject to restrictions on title or pledged as security for particular transactions.

The Group has no fully amortised intangible assets.

Other intangible assets are tested for impairment as described in note 4.d. No impairment losses were recognised or reversed in 2022 and 2021.

Details of the movements in right-of-use assets during the years ended 31 December 2022 and 2021 are as follows:

Cost	
Balance at 1-1-21	**6.0**
Transfers to non-current assets held for sale	(6.0)
Balance at 31-12-21	**-**
Business combination	3.1
Additions	8.4
Balance at 31-12-22	**11.5**
Amortisation	
Balance at 1-1-21	**(1.5)**
Transfers to non-current assets held for sale	1.5
Balance at 31-12-21	**-**
Additions	(0.7)
Balance at 31-12-22	**(0.7)**

These transfer rights relate mainly to the rental of buildings and facilities of the Nuadi subgroup. The right of use has been defined based on the term of the lease in force for each asset.

Details of the movements in lease liabilities during the years ended 31 December 2022 and 2021 are as follows:

Balance at 1-1-21	**3.4**
Transfers to non-current assets held for sale	(3.1)
Balance at 31-12-21	**0.3**
Business combination	3.1
Additions	8.4
Disposals	(0.9)
Balance at 31-12-22	**10.9**

10. INVESTMENTS IN ASSOCIATES

The relevant information on companies included in this item is as follows:

	Assets		Liabilities				
	Current	Non-current	Current	Non-current	Revenues	Consolidated profit/(loss) attributable to the Parent	Other comprehensive income
Acerinox, S.A.							
2022	4,415.7	1,902.4	1,947.1	1,823.3	8,688.5	556.1	172.5
2021	3,916.8	2,067.4	1,967.6	1,801.8	6,705.7	571.9	139.8
Aegis Lux 2, S.à.r.l.							
2022	732.2	15,459.4	1,157.9	8,634.6	2,827.0	(239.7)	-
2021	567.1	15,825.0	1,086.3	8,445.4	2,508.8	(193.2)	-
CIE Automotive, S.A.							
2022	1,848.4	3,795.0	1,990.5	2,148.3	3,838.6	300.1	24.2
2021	1,644.6	3,753.5	1,849.0	2,181.5	3,093.3	267.5	167.7
Ebro Foods, S.A.							
2022	1,669.2	2,231.0	869.9	832.1	2,967.7	122.1	40.3
2021	1,733.3	2,205.3	923.8	881.7	2,427.1	238.6	113.7
Piolin II. S.à.r.l.							
2022	149.7	2,369.9	297.5	1,830.7	820.5	8.9	(4.1)
2021	168.8	2,310.8	271.4	1,822.5	585.3	53.0	-
Profand Fishing Holding, S.L.							
2022	385.6	338.6	278.6	269.6	929.0	14.6	-
2021	326.5	285.3	204.8	263.8	804.3	13.4	-
Rioja Luxembourg S.à.r.l.							
2022	100.0	2,818.0	28.0	1,576.0	-	260.0	249.0
2021	53.0	2,482.0	3.0	1,644.0	-	171.0	(427.0)
Viscofan, S.A.							
2022	720.5	624.2	325.7	112.1	1,201.0	139.4	40.8
2021	606.5	562.3	219.1	126.9	969.2	133.0	35.0

Notification of shareholdings:

Notifications were issued concerning the acquisition, modification and disposal of interests in the share capital of the companies, in accordance with prevailing legislation.

	Purchases (%)		Sales (%)	
	2022	2021	**2022**	2021
CIE Automotive, S.A.	0.62	-	-	-
Ebro Foods, S.A.	0.08	0.44	-	-
Profand Fishing Holding, S.L.	-	23.71	-	-
Viscofan, S.A.	-	0.93	-	-
Acerinox, S.A.	-	-	-	1.57
Euskaltel, S.A.	-	-	-	11.00
Indra Sistemas, S.A. (*)	-	-	3.21	7.32
Viscofan, S.A.	0.28	-	-	-

(*) In 2021 this interest was classified under "Non-current assets held for sale".

In addition, the Group has increased its interest in Acerinox, S.A. by 0.74% as a result of the company's redemption of own shares.

Variations in investments in associates in 2022 are as follows:

Company	Consolidated value at 1-1-22	Profit/(Loss) of investees	Dividends accrued
Acerinox, S.A.	583.9	98.4	(38.5)
Aegis Lux 2, S.à.r.l. (Verisure)	345.8	(18.2)	-
CIE Automotive, S.A.	366.2	39.5	(12.6)
Ebro Foods, S.A.	401.9	17.7	(12.7)
Piolin II, S.à.r.l. (Parques Reunidos)	104.2	2.1	-
Profand Fishing Holding, S.L.	77.8	3.4	-
Rioja Luxembourg, S.à.r.l. (Naturgy)	247.5	68.7	(22.8)
Viscofan, S.A.	326.0	19.8	(12.1)
Total	**2,453.3**	**231.4**	**(98.7)**

(*) Reflects the value of the interest in Naturgy, net of Rioja debt.

	Acquisitions/ (Disposals) and transfers	Changes in consolidated equity of associates	Impairment	Consolidated value at 31-12-22	Stock market value at 31-12-22
	-	(6.9)	-	636.9	444.6
	-	(16.8)	-	310.8	-
	14.9	(6.9)	-	401.1	393.7
	1.9	4.1	-	412.9	327.6
	-	(0.9)	-	105.4	-
	0.4	2.7	(3.1)	81.2	-
	-	65.4	-	358.8	896.0 (*)
	6.6	4.3	-	344.6	398.9
	23.8	**45.0**	**(3.1)**	**2,651.7**	

The variations in consolidated equity in 2022 are due primarily to adjustments derived from currency translation, changes in the value of financial assets through equity, variations in own shares and transition adjustments resulting from the application of new accounting standards.

At 31 December 2022, Alba recognised an impairment loss of Euros 3.1 million on the ownership interest in Profand Fishing Holding, S.L.

Profand Fishing Holding, S.L. was valued by Kroll Advisory, S.L., an independent expert, which has issued its corresponding report. The method used by the independent expert to determine the recoverable amount of this investment is based on discounted future cash flows.

Financial projections (sales, EBITDA, investments, etc.) are based on the budgets and business plans of the company itself, approved by its Board of Directors. These projections are not published and are presented to Alba at board meetings. The financial projections used in the valuation were for five years. In addition, the reasonableness of the Company's projections has been tested against various market comparables.

Key valuation variables: discount rate (WACC) and perpetual growth rate (g).

- The WACC rate has been calculated using the capital asset pricing model (CAPM) adjusted by an additional risk premium. The discount rate was calculated after tax.
- The perpetual growth rate has been calculated on the basis of a normalised cash flow based on the explicit projection of the last year (2027).

The most significant assumptions used in the valuation of Profand Fishing Holding, S.L. in 2022 were as follows:

	Profand Fishing Holding, S.L.
Perpetual growth rate	2.0%
Discount rate (WACC)	9.3%
Capital structure	
Capital	63.0%
Debt	37.0%
Equity ratio	11.9%
Cost of debt after tax	4.7%
Estimated value in use (€/share)	15.78

In 2022, a variation of +0.5 and -0.5 points in the assumptions used to calculate the recoverable amount would have had the following effect on this value:

Change	Profand Fishing Holding, S.L.
Weighted average cost of capital (WACC)	
+0.5%	(13.5%)
(0.5%)	15.5%
Perpetual growth	
+0.5%	3.7%
(0.5%)	(3.2%)

The associates whose quoted price at 2022 year end is lower than their carrying amount are as follows: Acerinox, S.A., CIE Automotive, S.A. and Ebro Foods, S.A. In these cases Alba's Investment Department calculates the value in use of each investment, which is reviewed by the Finance Department without involving any independent experts. The discounted cash flow method is used, subsequently subtracting the value of net debt and non-controlling interests. The assumptions used in 2022 were as follows:

	Acerinox, S.A.	CIE Automotive, S.A..	Ebro Foods, S.A.
Perpetual growth rate	2.0%	2.0%	1.5%
Discount rate (WACC)	9.4%	8.6%	7.1%
Capital structure			
Capital	80.0%	80.0%	80.0%
Debt	20.0%	20.0%	20.0%
Equity ratio	10.6%	9.6%	7.8%
Cost of debt after tax	4.6%	4.8%	4.1%
Estimated value in use (€/share)	15.54	33.17	18.64

Financial projections (sales, EBITDA, investments, etc.) are based, where available, on the annual budgets and business plans of the investees themselves approved by their respective boards of directors. In the event of any subsequent updates or reviews of these business plans by the companies themselves, the latest available version is used. In most cases the budgets and business plans of the investees are internal and have not been communicated to the market. In any case, the reasonableness of the projections prepared by the companies is contrasted with the market consensus, historical data and the opinion of Alba's own team based on its past experience. If the companies have either not prepared projections or their projections are out of date, values are based on consensus estimates available through platforms such as Bloomberg or Factset.

In theory, no adjustments are made to the projections prepared by the companies or to consensus estimates. However, it may be necessary to use internal estimates prepared by Alba in certain situations:

- When the existing projections, either those prepared by the companies themselves or consensus estimates, do not cover the minimum projected period required, established as at least five years, and it is necessary to extend the estimate to this minimum period.

- When the analysts' consensus sample is considered to be insufficiently representative because it consists of too few estimates. In general, the number of analysts that contribute to consensus estimates declines as the period gets longer and the consensus ceases to be representative in the final years of the explicit period.

- Moreover, consensus estimates tend to be significant for sales and EBITDA, but less so for other relevant cash flow variables such as investments, the tax rate or the change in working capital. For these variables, own estimates are prepared based on a representative sample of analysts' estimates, the company's history, and the knowledge acquired by Alba through its presence on the respective boards of directors and its past experience in the company or similar companies.

- All internal estimates are contrasted with the Company's historical data and analysts' reports, where appropriate.

At 31 December 2022 financial estimates with a time horizon of five years (2023-2027) have been used for all the associates analysed, subsequently calculating a terminal value on the basis of this explicit five year period.

A summary of the main assumptions applied in the financial projections used in the explicit valuation period (2023-2027) for Acerinox, S.A., CIE Automotive, S.A. and Ebro Foods, S.A. is as follows:

- Revenue growth: CIE Automotive, S.A. and Ebro Foods, S.A. show moderate growth in the projected period. Their expected cumulative annual revenue growth in the explicit period is slightly higher than the perpetual growth rate used in each case; growth is higher at the start of the period and converges with the perpetual growth rate in subsequent years. The higher initial growth at CIE Automotive, S.A. is due to the expected recovery in global car production, while at Ebro Foods, S.A. it is due to the strength of particularly resilient demand in periods of macroeconomic uncertainty, as well as the expected rise in prices in the first few years in an inflationary environment. On the contrary, Acerinox, operating in a cyclical sector and having reached its all-time sales record last year, expects a progressive fall in revenues until normal levels are reached.

- EBITDA margins: at Ebro Foods, S.A., after the drop in profitability recorded in 2022 in an environment of high raw material prices and other costs (energy, transport, etc.), slight growth is projected to reach a normalised level in line with the historical period (2015–2021) and at CIE Automotive, S.A., as it is currently at historical average profitability, margins are projected to remain stable. At Acerinox, S.A., the margin is expected to contract sharply in 2023 to a normalised level and remain stable in the following years.

- Investments (expressed as a percentage of sales): these are projected to remain stable in the explicit period in the three companies, in line with the historical average. Historical averages do not include acquisitions and, likewise, the financial projections do not take into consideration acquisitions or sales of businesses.

- The tax rate applied ranged from the general Spanish income tax rate of 25.0% to 27.5% at companies operating in jurisdictions with higher tax rates.

- The variation in working capital generally has little impact on these projections, and in any case remains in line with historical data.

The WACC rate is calculated on the basis of the CAPM generally accepted by the financial community and based on the calculation of the following parameters:

- The CAPM – a method generally accepted by the investment community to calculate the expected return on an investment in an asset based on the risk assumed – was used to calculate the equity ratio. The variables necessary to calculate the return on equity were determined as follows:

  - Risk-free rate: since the companies under analysis are of Spanish origin (CIE Automotive, Acerinox and Ebro Foods), the yield on the Spanish 10-year bond at the time of valuation was taken as reference.

  - Beta: calculated as the average of the betas of each of the companies with respect to the benchmark index (Ibex 35). The average of the betas calculated for different periods (one, three and five years) and different time frames (daily, weekly or monthly correlation) were used for the calculation.

- Market risk premium: historically calculated as a spread of 500 basis points over the risk-free rate used.

- Specific risk premium: an additional risk premium was added to the equity ratio in order to capture the higher risk of low liquidity of shares, for example. This additional risk premium is strictly based on Alba's internal estimates and contributes to raising the cost of equity to levels higher than would have resulted from the direct application of the WACC formula which, in Alba's view, would result in discount rates that are too low in an environment of rising interest rates and macroeconomic uncertainty. This risk premium has a similar effect to using an average historical return versus present value in the risk-free rate.

• The variables necessary to calculate the cost of debt after tax were calculated as follows:

- Risk-free rate: the greater of the yield of the Spanish 10-year bond or the Euribor 10-year swap is conservatively used to calculate the cost of debt. Both figures were obtained from public market sources (Bloomberg and/or Factset) when performing the valuations.

- Long-term credit spread: Drawing on its experience, Alba used a different spread for each company based on its level of risk. This spread ranges between 200 and 350 basis points depending on the company. In addition, the resulting cost of debt was compared with the actual data of the investees (always lower than Alba's estimates) and with the available analysts' consensus.

- Tax rate: To calculate the cost of debt after tax, the same tax rate was used as the rate used to calculate the free cash flows and especially the terminal value of discounted cash flows. This rate is normally the general corporate income tax rate applicable to each company in Spain, adjusted in some cases for the estimated weight of activities in different jurisdictions.

• Based on the calculation of the equity ratio and the cost of debt after tax, the WACC is calculated by assuming a weighting of debt and equity following a target capital structure for each company.

In the valuations carried out at 31 December 2022, the cost of equity varies by company, between 7.8% (Ebro Foods, S.A.) and 10.6% (Acerinox S.A.), while the WACC rate ranges from 7.1% (Ebro Foods, S.A.) to 9.4% (Acerinox S.A.). In the case of CIE Automotive, S.A., both figures were within the indicated ranges, with a cost of equity of 9.6% and a WACC of 8.6%. These discount rates are in line with those used in previous years' valuations for these companies and have first been contrasted with the available analyst estimates and, more generally, with the historical information and experience of Alba.

In order to calculate the terminal value, a normalised cash flow is used based on the explicit projection for the last year. This normalisation focuses exclusively on the long-term sustainable EBITDA margin assumption, since the other variables either do not have an impact (for example, it is always assumed that investments and depreciation are equal in the terminal value), they do not vary with respect to the explicit projections (for example, the tax rate remains constant throughout the explicit period) or they have a limited impact given that there are no significant variations between both periods (variation in working capital).

The long-term sustainable EBITDA margin is estimated internally based on the projections used in the explicit period, the historical information available (for comparison) and the experience of Alba's team. The margin used in estimating cash flows for the terminal value is lower or, at most, stable with respect to the explicit period. If the estimate of the cash flow margin used to calculate long-term sustainable EBITDA were substantially higher than that of the last explicit year, it would indicate that the Company has not reached a sufficient level of maturity or stability and would lead us to reconsider our estimate of the terminal EBITDA margin or to expand the explicit projection period until that level were reached.

As in the case of all the estimates used for these valuations, the estimation and justification of these variables is contrasted with historical information and with a significant sample of recent analyst reports.

At 31 December 2022, the perpetual growth rate ranged from 1.5% to 2.0% per annum, with no variations compared to the most recent valuations of these same companies in the past. This variable was also contrasted with a significant sample of recent analyst reports and, as previously commented, there were no significant variations compared to previous valuations.

In 2022, the following sensitivity analysis was performed:

	Acerinox, S.A.	CIE Automotive, S.A.	Ebro Foods, S.A.
Discount rate (WACC)			
Rate used in 2022	9.4%	8.6%	7.1%
Rate equal to carrying amount	10.9%	10.2%	7.1%
Perpetual growth			
Rate used in 2022	2.0%	2.0%	1.5%
Rate equal to carrying amount	(1.0%)	0.0%	1.4%
EBITDA margin used to calculate terminal value			
Rate used in 2022	9.0%	16.5%	13.0%
Margin equal to carrying amount	7.5%	13.8%	12.9%
Variation in total sales to equal carrying amount	**(14.1%)**	**(15.9%)**	**(0.5%)**
Variation in EBITDA margin to equal carrying amount	**(1.0%)**	**(2.0%)**	**(0.1%)**

In 2022, a variation of +0.5 and -0.5 points in the assumptions used to calculate the value in use would have had the following effect on this value:

Change	Acerinox, S.A.	CIE Automotive, S.A.	Ebro Foods, S.A.
Weighted average cost of capital (WACC)			
+0.5%	(5.5%)	(9.6%)	(10.3%)
(0.5%)	6.3%	11.1%	12.4%
Perpetual growth			
+0.5%	3.7%	9.2%	8.3%
(0.5%)	(3.2%)	(7.9%)	(7.0%)
EBITDA margin			
+0.5%	5.1%	4.9%	5.5%
(0.5%)	(5.1%)	(4.9%)	(5.5%)

The variations in investments in associates in 2021 were as follows:

Company	Consolidated value at 1-1-21	Profit/(Loss) of investees	Dividends accrued and reimbursement of share premium
Acerinox, S.A.	523.1	103.6	(25.2)
Aegis Lux 2, S.à.r..l. (Verisure)	497.8	(14.7)	(129.2)
CIE Automotive, S.A.	323.2	33.7	(9.5)
Ebro Foods, S.A.	365.9	33.8	(25.0)
Euskaltel, S.A.	192.0	(0.6)	(3.3)
Indra Sistemas, S.A.	217.2	11.9	-
Piolin II, S.à.r.l. (Parques Reunidos)	83.7	13.9	-
Profand Fishing Holding, S.L.	-	-	-
Rioja Luxembourg, S.à.r.l. (Naturgy)	352.4	45.4	(38.2)
Viscofan, S.A.	289.6	18.0	(11.0)
Total	**2,844.9**	**245.0**	**(241.4)**

(*) Reflects the value of the interest in Naturgy, net of Rioja debt.

Acquisitions/ (Disposals) and transfers	Changes in consolidated equity of associates	Consolidated value at 31-12-21	Stock market value at 31-12-21
(43.6)	26.0	583.9	547.6
-	(8.1)	345.8	-
-	18.8	366.2	426.7
11.4	15.8	401.9	375.1
(188.4)	0.3	-	-
(229.8)	0.7	-	-
13.2	(6.6)	104.2	-
77.8	-	77.8	-
-	(112.1)	247.5	1,106.9 (*)
25.0	4.4	326.0	369.5
(334.4)	**(60.8)**	**2,453.3**	

The changes in consolidated equity in 2021 were due primarily to adjustments derived from currency translation, changes in the value of financial assets through equity, variations in own shares and transition adjustments resulting from the application of new accounting standards.

The associates whose quoted price at 2021 year end was lower than their carrying amount are as follows: Acerinox, S.A. and Ebro Foods, S.A. In these cases Alba's Investment Department calculated the value in use of each investment, which was reviewed by the Finance Department without involving any independent experts. The discounted cash flow method was used, subsequently subtracting the value of net debt and non-controlling interests. The assumptions used in 2021 were as follows:

	Acerinox, S.A.	Ebro Foods, S.A.
Perpetual growth rate	2.0%	1.5%
Discount rate (WACC)	8.6%	6.5%
Capital structure		
Capital	80.0%	80.0%
Debt	20.0%	20.0%
Equity ratio	10.0%	7.5%
Cost of debt after tax	2.7%	2.2%
Estimated value in use (€/share)	17.31	21.55

Financial projections (sales, EBITDA, investments, etc.) were based, where available, on the annual budgets and business plans of the investees themselves approved by their respective boards of directors. In the event of any subsequent updates or reviews of these business plans by the companies themselves, the latest available version was used. In most cases the budgets and business plans of the investees were internal and had not been announced to the market. In any case, the reasonableness of the projections prepared by the companies is contrasted with the market consensus, historical data and the opinion of Alba's own team based on its past experience. If the companies had either not prepared projections or their projections were out of date, values were based on consensus estimates available through platforms such as Bloomberg or Factset.

In theory, no adjustments were made to the projections prepared by the companies or to consensus estimates. However, internal estimates prepared by Alba were used in certain situations:

- When the existing projections, either those prepared by the companies themselves or consensus estimates, did not cover the minimum projected period required, established as at least five years, and it was necessary to extend the estimate to this minimum period.

- In the case of consensus estimates, when it was considered that the sample was not sufficiently representative because too few estimates were included. In general, the number of analysts that contribute to consensus estimates declines as the period gets longer and the consensus ceases to be representative in the final years of the explicit period.

- Moreover, consensus estimates tend to be significant for sales and EBITDA, but less so for other relevant cash flow variables such as investments, the tax rate or the change in working capital. For these variables, own estimates are prepared based on a representative sample of analysts' estimates, the company's history, and the knowledge acquired by Alba through its presence on the respective boards of directors and its past experience in the company or similar companies.

- All internal estimates are contrasted with the Company's historical data and analysts' reports, where appropriate.

At 31 December 2021 financial estimates with a time horizon of five years (2022–2026) were used for all the associates analysed, subsequently calculating a terminal value on the basis of this explicit five-year period.

A summary of the main assumptions applied in the financial projections used in the explicit valuation period (2022-2026) for Acerinox, S.A. and Ebro Foods, S.A. is as follows:

- Revenue growth: the expected cumulative annual revenue growth rate in the explicit period was negative for these two companies. In Acerinox, this was because significant revenue growth was forecast for 2022, before returning to normalised levels in subsequent years. In the case of Ebro Foods, S.A. revenue was expected to decline in 2022, essentially due to the sale and deconsolidation of various businesses in France and North America, with a slight uptick from then on, but which would fail to offset the effect of the divestments.

- EBITDA margins: these were forecast to remain stable in Acerinox in 2022 with respect to 2021, declining in subsequent years to settle at a normalised margin. In Ebro Foods, S.A., having posted a reduction in profitability in 2021–2022 against a backdrop of high commodity prices, slight growth was projected, which should take the margins to levels seen in the historical period (2015–2021).

- Investments (expressed as a percentage of sales): these were projected to remain stable in the explicit period in both companies, in line with the historical average. Historical averages did not include acquisitions and, likewise, the financial projections did not take into consideration acquisitions or sales of businesses.

- The tax rate applied in both cases was around 27.0%–27.5%, which was above the general corporate income tax rate in Spain (25.0%), as these companies carry out significant activities in jurisdictions with higher tax rates.

- The variation in working capital generally had little impact on these projections, and is in any case in line with historical data.

The WACC discount rate is calculated on the basis of the CAPM generally accepted by the financial community and based on:

- Market variables obtained through Bloomberg, such as the rate of return on the 10-year bond or levered beta with respect to the benchmark stock market index.

- Various internal estimates were used, such as: the spread between the Company's non-current debt and the 10-year bond, the tax rate (this is the same as for the cash flows used in the terminal value calculation and is usually the marginal income tax rate weighted for the different countries in which the Company operates), the target capital structure, the market risk premium (historically a fixed rate of 5% has been used) or the additional specific risk premium (3.5%–4.5%), which is added to the cost of equity. The aim of this additional risk premium is to include issues such as the different liquidity of the shares of these companies in the market and is based strictly on internal estimates performed by Alba. This additional risk premium serves to raise the cost of equity to higher levels than would result from the direct application of the WACC formula, which in the opinion of Alba's Investment Department would at present generate discount rates that are too low, and therefore valuations that are too high, due to the low interest rate environment.

- All of the discount rates used are post-tax, in line with those used in the estimation of future cash flows, which were also post-tax rates.

In the valuations carried out at 31 December 2021, the cost of equity varied by company, between 7.5% (Ebro Foods, S.A.) and 10.0% (Acerinox, S.A.), while the WACC rate ranged from 6.5% (Ebro Foods, S.A.) to 8.6% (Acerinox, S.A.). These discount rates were in line with those used in previous years' valuations for these companies and have first been contrasted

with the available analyst estimates and, more generally, with the historical information and experience of Alba.

In order to calculate the terminal value, a normalised cash flow was used based on the explicit projection for the last year. This normalisation focused exclusively on the long-term sustainable EBITDA margin assumption, since the other variables either do not have an impact (for example, it is always assumed that investments and depreciation are equal in the terminal value), they do not vary with respect to the explicit projections (for example, the tax rate remains constant throughout the explicit period) or they have a limited impact given that there are no significant variations between both periods (variation in working capital).

The long-term sustainable EBITDA margin was estimated internally based on the projections used in the explicit period, the historical information available (for comparison) and the experience of Alba's team. The margin used in estimating cash flows for the terminal value was lower or, at most, stable with respect to the explicit period. If the estimate of the cash flow margin used to calculate long-term sustainable EBITDA were substantially higher than that of the last explicit year, it would indicate that the Company has not reached a sufficient level of maturity or stability and would lead us to reconsider our estimate of the terminal EBITDA margin or to expand the explicit projection period until that level were reached.

As in the case of all the estimates used for these valuations, the estimation and justification of these variables was contrasted with historical information and with a significant sample of recent analyst reports.

At 31 December 2022, the perpetual growth rate ranged from 1.5% to 2.0% per annum, with no variations compared to the most recent valuations of these same companies. This variable was also contrasted with a significant sample of recent analyst reports and, as previously commented, there were no significant variations compared to previous valuations.

In 2021, the following sensitivity analysis was performed:

	Acerinox, S.A.	Ebro Foods, S.A.
Discount rate (WACC)		
Rate used in 2021	8.6%	6.5%
Rate equal to carrying amount	11.9%	7.4%
Perpetual growth		
Rate used in 2021	2.0%	1.5%
Rate equal to carrying amount	(5.6%)	0.2%
EBITDA margin used to calculate terminal value		
Rate used in 2021	10.5%	13.3%
Margin equal to carrying amount	7.0%	11.4%
Variation in total sales to equal carrying amount	(50.1%)	(17.1%)
Variation in EBITDA margin to equal carrying amount	(2.4%)	(0.8%)

In 2021, a variation of +0.5 and -0.5 points in the assumptions used to calculate the value in use would have had the following effect on this value:

Change	Acerinox, S.A.	Ebro Foods, S.A.
Weighted average cost of capital (WACC)		
+0.5%	(6.7%)	(10.3%)
(0.5%)	7.7%	12.6%
Perpetual growth		
+0.5%	4.9%	9.3%
(0.5%)	(4.2%)	(7.6%)
EBITDA margin		
+0.5%	4.6%	21.4%
(0.5%)	(4.6%)	(21.4%)

11. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The percentage ownership interest in investments at fair value through profit or loss at 31 December 2022 and 2021 is as follows:

	%	
	2022	2021
Non-current, unquoted		
Atlantic Aviation FBO Inc. (through Alba-KKR Core I., S.C.A.)	9.47	12.28
C. E. Extremadura, S.A.	1.01	1.01
ERM Group Limited (through Alba-KKR Core I., S.C.A.)	14.68	14.68
Food Delivery Brands, S.A. (through Tasty Topco, S.C.A.)	3.13	3.13
Grupo Alvic FR Mobiliario, S.A. (through Folkstone, S.L.)	7.76	7.76
In-Store Media Group, S.A.	18.89	18.89
March PE Global, SCR, S.A.	33.33	33.33
Marsala Activos, S.L.U. (Preving)	21.41	-
Monbake Grupo empresarial, S.A.A. (through Tarasios Investments, S.L.)	3.70	3.70
Topco Satlink, S.L.	7.20	-
Non-current, quoted		
Befesa Holding, S.à.r.l.	8.66	5.10
Global Dominion Access, S.A.	5.55	5.27
Technoprobe, Spa	3.26	-

Dividends amounting to Euros 7.8 million (Euros 4.3 million in 2021) were received from these listed and unlisted investments in 2022.

Movement during 2022 and 2021 was as follows:

Balance at 1-1-21	**171.0**
Additions	770.5
Disposals	(36.6)
Changes in fair value	68.4
Balance at 31-12-21	**973.3**
Additions	210.3
Changes in fair value	164.5
Other movements	16.1
Balance at 31-12-22	**1,364.2**

In 2022 the additions relate mainly to the acquisitions of shares in Technoprobe, Spa and Befesa Holding, S.á.r.l. for Euros 115.2 million and Euros 57.5 million, respectively. Other movements include the recognition of the ownership interest in the Preving subgroup as a result of the loss of control over it (see note 2.3).

Also, during the first half of 2022 the Group sold its entire 3.21% equity investment in Indra Sistemas, S.A. At 31 December 2021 this equity investment was classified under non-current assets held for sale. Up to the sale date, the change in the fair value of this equity investment amounted to Euros 3.5 million, and the sale generated a gain of Euros 4.8 million, which is recognised under proceeds from disposal of and income from assets.

Additions in 2021 primarily reflected the acquisition of interests in Atlantic Aviation FBO Inc. and ERM I Group Limited, the increased stake in Befesa Holding, S.à r.l., as well as other investments. In addition, in 2021 the entire investment in Alvinesa, S.A. was sold for Euros 48.4 million, at a gain of Euros 11.8 million.

The valuation in InStore Media Group, S.A. is prepared by the personnel responsible for this function in Artá Capital, SGEIC, S.A.U. and reviewed and approved by the Investment Committee, without any involvement of independent experts in the valuations.

Also, in relation to the other investments held by the Group through Deya Capital IV, SCR, S.A.U. and which are also managed by Artá Capital, SGEIC, S.A.U., in 2022 and 2021 the valuations were carried out by Kroll Advisory, S.L. (formerly Duff & Phelps. S.L.U.), an independent expert, which issued the related report. One exception is the ownership interest in Topco Satlink, S.L., which was acquired in 2022 and was valued at year-end at its acquisition value (which coincides with its fair value), since no events have taken place that have caused the value of the investment to change in the short period of time between the purchase and end of year.

In 2022, the method used by the independent expert to determine the fair value of these investments, with the exception of the valuation of Food Delivery Brands, S.A., is based on discounted future cash flows. In the valuation of Food Delivery Brands, S.A., since at year-end it is in talks for a possible restructuring process that could lead to a dilution of the shareholders' ownership interest, instead of a discounted cash flow valuation, the ownership interest has been valued using the Monte Carlo simulation valuation model.

In 2021 all investments were valued using discounted future cash flows.

Financial projections (sales, EBITDA, investments, etc.) are based on the budgets and business plans of the companies themselves approved by their respective boards of directors. These projections are not published and are presented to Artá at board meetings. In any case, the reasonableness of the projections prepared by the companies is contrasted with different market comparables and Artá's own opinion based on its past experience. The financial projections have a five-year time frame for all the valuations performed.

Key valuation variables: discount rate (WACC) and perpetual growth rate (g).

- The WACC is calculated using the capital asset pricing model (CAPM) generally accepted by the financial community, and on the basis of market variables obtained through Bloomberg, such as the rate of return on the 10-year bond or levered beta with respect to the benchmark stock market index.

  In addition, various internal estimates are used, such as: the spread between the non-current debt of the Company and the 10-year bond, the tax rate (same as for the cash flows used in the terminal value calculation) or the target capital structure.

- The perpetual growth rate is calculated based on each company and the market in which they operate.

The fair value of the investments has been calculated using the discounted cash flow method. The assumptions used are as follows:

	Grupo Alvic FR Mobiliario, S.A.	Marsala Activos, S.L.U. (Preving)	InStore Media Group, S.A.	Monbake, S.A.	Food Delivery Brands, S.A.
2022					
Perpetual growth rate	2.0%	2.0%	2.0%	2.0%	n.a.
Weighted average cost of capital (WACC)	11.7%	12.0%	12.6%	10.0%	n.a.
2021					
Perpetual growth rate	2.0%	n.a.	1.3%	2.0%	2.0%
Weighted average cost of capital (WACC)	11.0%	n.a.	7.5%	7.5%	9.3%

Sensitivity analysis

A variation in the assumptions used to calculate fair value would have the following effects thereon:

	Grupo Alvic FR Mobiliario, S.A.	Marsala Activos, S.L.U. (Preving)	InStore Media Group, S.A.	Monbake, S.A.	Food Delivery Brands, S.A.
2022					
Weighted average cost of capital (WACC)					
+0.5%	(6.0%)	(7.8%)	(7.5%)	(9.8%)	n.a.
(0.5%)	6.6%	8.6%	8.5%	11.1%	n.a.
Perpetual growth rate					
+0.5%	4.6%	5.7%	0.5%	8.2%	n.a.
(0.5%)	(4.1%)	(5.1%)	(0.5%)	(7.3%)	n.a.
EBITDA					
+5.0%	7.8%	9.3%	6.0%	11.1%	n.a.
(5.0%)	(7.7%)	(9.3%)	(7.0%)	(9.8%)	n.a.
2021					
Weighted average cost of capital (WACC)					
+0.5%	(6.5%)	-	(6.1%)	(15.8%)	(15.8%)
(0.5%)	7.2%	-	7.2%	18.6%	18.1%
Perpetual growth rate					
+0.5%	5.5%	-	4.8%	16.0%	14.4%
(0.5%)	(4.9%)	-	(4.1%)	(13.6%)	(12.5%)
EBITDA					
+5.0%	7.8%	-	13.3%	3.7%	15.2%
(5.0%)	(7.8%)	-	(13.3%)	(3.7%)	(15.2%)

For the valuation of the investment in Food Delivery Brands, S.A. the independent expert used the Monte Carlo simulation valuation model, which consists of carrying out numerous simulations of price changes over time, and the average of these simulations is converted into the value of the underlying share discounted at the valuation date. The main assumptions used in the valuation were a volatility of 40% and an unleveraged beta of 0.77.

As regards the valuations held by the Group through Alba-KKR Core I., S.C.A., which have been performed by an external party, information relating to the methodology and assumptions used to calculate the fair value is shown below:

	Weighted average (1)	Range
2022		
Weighted average cost of capital (WACC)	10.5%	9.5% – 11.6%
Enterprise Value / LTM(2) EBITDA Exit Multiple	15.5x	15.0x –16.0x
2021		
Weighted average cost of capital (WACC)	n.a.	n.a.
Enterprise Value / LTM(2) EBITDA Exit Multiple	n.a.	n.a.

(1) Data is weighted by the fair value of the investments included in the range.
(2) LTM means "Last Twelve Months".

In determining these variables, a number of factors have been considered and evaluated, including economic conditions, industry and market performance, market valuations of comparable companies and Company performance, including exit strategies and realisation opportunities.

12. OTHER NON-CURRENT FINANCIAL ASSETS AND LIABILITIES

Details of these items at 31 December 2022 and 2021 are as follows:

	2022	2021
Other non-current financial assets		
Loans to third parties	30.0	38.8
Guarantees deposited with public entities	1.6	1.5
Other financial assets	40.7	23.9
Balance at 31 December	72.3	64.2
Other non-current financial liabilities		
Other financial liabilities	20.6	11.3
Guarantees received from customers	2.2	2.1
Balance at 31 December	22.8	13.4

Loans to third parties comprise the value of the outstanding amounts receivable from the Bergé Group. In March 2020, a syndicated financing agreement was signed between several Bergé Group companies and a syndicate of companies, including Corporación Financiera Alba, S.A. This debt is repayable in half-yearly instalments between June 2020 and March 2025 and accrues a market rate of interest, namely Euribor +250/200 bps. It is expected to be collected through a cash sweep and early repayments that are mandatory if certain liquidity events occur. Euros 8.8 million and Euros 4.4 million were collected on these loans in 2022 and 2021, respectively.

As shown in note 10, in 2021 the Group acquired 23.71% of the share capital of Profand Fishing Holding, S.L. As a result of this transaction, Alba and the other shareholder of Profand Fishing Holding, S.L. – the previous

holder of Alba's current ownership interest – entered into a shareholders' agreement setting out a number of binding covenants and conditions relating to their rights and obligations, the terms on which Profand would be managed and governed and the arrangement to transfer the shares. In relation to the latter, among other agreements, Alba was granted a put option on all of its shares in Profand Fishing Holding, S.L., such that from 28 October 2029, if Alba continues to hold an ownership interest in Profand, it will have a unilateral put option on this interest vis-à-vis the other shareholder of Profand Fishing Holding, S.L. for an amount agreed in advance. This put option will remain in force for a period of 24 months as from when it can be exercised, i.e. until 28 October 2031. This option was valued at year-end by an independent expert, Kroll Advisory, S.L., and is recorded under other non-current financial assets in the consolidated balance sheet amounting to Euros 33.9 million (Euros 23.3 million at 31 December 2021), which generated an impact on the consolidated income statement for 2022 of Euros 10.6 million, recognised under change in fair value of financial instruments.

13. TRADE AND OTHER RECEIVABLES

Details at 31 December 2022 and 2021 are as follows:

	2022	2021
Trade receivables	23.9	32.7
Income tax withholdings and payments on account	45.1	39.2
Accrued dividends receivable	21.1	5.6
Other receivables	0.2	0.8
Prepaid expenses	2.7	3.2
Balance at 31 December	**93.0**	**81.5**

14. OTHER CURRENT FINANCIAL ASSETS AND CASH AND CASH EQUIVALENTS

Financial assets reflect current cash placements (maturity of over 3 months) in the form of:

	2022	2021
Corporate promissory notes	267.6	392.8
Other financial assets	106.4	140.0
Balance at 31 December	**374.0**	**532.8**

All the promissory notes are issued by Spanish entities.

Details of cash and cash equivalents at 31 December 2022 and 2021 are as follows:

	2022	2021
Cash on hand and at banks	47.9	126.1
Highly liquid current investments	150.4	50.6
Balance at 31 December	**198.3**	**176.7**

Current investments can be quickly converted to cash and do not pose a risk of a change in value. The amounts in this item accrue variable interest based on the interbank market interest rate.

The change in fair value of the financial assets recognised in these categories amounts to an expense of Euros 14.7 million.

15. EQUITY

At 31 December 2022 the share capital comprised 59,245,174 shares (58,240,000 shares at 31 December 2021), all of the same class and represented by book entries. The par value of each share is Euros 1, they are subscribed and fully paid, and have all been listed on the Spanish Stock Exchange Interconnection System (SIBE).

At their extraordinary meeting held on 29 November 2022, the shareholders of Corporación Financiera Alba, S.A. approved a bonus share capital increase at the Company to implement a scrip dividend. On 15 December 2022, the trading period for the allotment rights ended, through which the Company purchased 12,001,907 free allotment rights for Euros 11.9 million. This option was accepted by 20.6% of the holders of these rights.

The final number of ordinary shares of Euros 1 par value each that were issued in the capital increase was 1,005,174 shares. As a result of this capital increase, the share capital of Corporación Financiera Alba, S.A. at 31 December 2022 is 59,245,174 shares of Euros 1 par value each. In this respect, the new Company shares were admitted to trading on the stock exchange on 27 December 2022.

At the general meeting of Corporación Financiera Alba, S.A. held on 17 June 2019, the shareholders agreed to delegate the following powers to the Board of Directors:

- Approval of one or more increases in share capital, up to a total amount equal to half of the share capital, i.e. a maximum amount of Euros 29,120,000. The increases approved as a result of this delegation must be made through cash contributions within a maximum of five (5) years from the present day and must include pre-emptive rights. To date this power has not been used.

- Approval of one or more increases in share capital, up to a total amount equal to twenty per cent of the share capital, i.e. for a maximum amount of Euros 11,648,000. The increases approved as a result of this delegation must be made through cash contributions within a maximum of five (5) years from the present day and the Board of Directors has the power to remove the pre-emptive rights, provided the legal requirements in this respect are met. To date this power has not been used.

In no circumstances may the Board of Directors exceed the maximum amounts stipulated in the prevailing Spanish Companies Act.

Details of the direct and indirect interests of at least 3% reported to the Spanish National Securities Market Commission (CNMV) at 31 December 2022 are as follows:

Shareholder	% ownership
Mr. Carlos March Delgado	21.05%
Mr. Juan March Delgado	20.56%
Banca March, S.A.	15.03%
Mr. Juan March de la Lastra	8.76%
Mr. Juan March Juan	5.10%
Ms. Catalina March Juan	4.63%
Ms. Gloria March Delgado	3.72%

Basic earnings per share are calculated by dividing profit for the year attributable to the ordinary shareholders of the Parent by the average number of outstanding shares in that year.

Diluted earnings per share are calculated by dividing profit for the year attributable to the ordinary shareholders of the Parent by the average number of outstanding shares in that year, plus the average number of ordinary shares that would be issued if all the financial instruments convertible into potentially ordinary shares were converted into those shares. Given that there are no financial instruments of this kind, basic earnings per share are the same as diluted earnings per share.

There have been no transactions involving ordinary or potentially ordinary shares between the reporting date and the date on which these consolidated annual accounts were authorised for issue.

	2022	2021
Profit/(Loss) attributable to ordinary shareholders of the Parent		
Continuing operations	436.4	302.7
Discontinued operations	-	-
Profit/(Loss) attributable to ordinary shareholders of the Parent in respect of basic earnings	436.4	302.7
Interest of the holders of financial instruments convertible into ordinary shares	-	-
Profit/(Loss) attributable to ordinary shareholders of the Parent in respect of diluted earnings	436.4	302.7
Number of ordinary shares for basic earnings per share (*)	59,245,174	58,240,000
Dilution effect	-	-
Number of ordinary shares adjusted for dilution effect (*)	59,245,174	58,240,000
Earnings/(Loss) per share (Euros/share)	7.37	5.20

(*) The average number of ordinary shares takes into account the weighted effect of changes in own shares during the year.

Details of movement in non-controlling interests in 2022 are as follows:

	Balance at 31-12-2021	Business combination	Profit/ (Loss)	Dividends	Loss of control	Other	Balance at 31-12-2022
Alba Investments, S.à.r.l.	64.9	-	(3.3)	-	-	1.3	62.9
Arta Partners, S.A.	0.5	-	0.5	(0.8)	-	-	0.2
Nuadi subgroup	32.0	-	4.6	-	-	-	36.6
Preving subgroup	55.0	-	2.8	-	(57.8)	-	-
Facundo subgroup	-	31.7	0.7	-	-	3.5	35.9
Gesdocument y Gestión, S.A.	-	2.4	0.4	-	-	-	2.8
Satlink subgroup	12.1	-	2.5	-	(14.6)	-	-
Total	**164.5**	**34.1**	**8.2**	**(0.8)**	**(72.4)**	**4.8**	**138.4**

16. CAPITAL MANAGEMENT POLICY

Alba manages its capital with a view to ensuring its subsidiaries have sufficient economic resources to carry out their activities. In addition to managing the capital needed to cover the inherent risks of its activity in a rational and objective manner, capital is managed in such a way as to maximise shareholder return via an adequate balance between capital and debt.

Alba's leverage ratio at the 2022 and 2021 year ends was as follows:

	2022	2021
Loans and borrowings	550.7	594.6
Cash and cash equivalents	(198.3)	(176.7)
Total net debt	**352.4**	**417.9**
Equity	4,480.7	4,040.1
Equity + net debt	4,833.1	4,458.0
Leverage ratio	7.29%	9.37%

17. PROVISIONS

Movement in this item in 2022 and 2021 is as follows:

	2022	2021
Balance at 1 January	**0.6**	**1.0**
Applications and releases	(0.2)	(0.4)
Balance at 31 December	**0.4**	**0.6**

18. SUPPLIERS AND OTHER PAYABLES

Details at 31 December 2022 and 2021 are as follows:

	2022	2021
Suppliers	54.4	47.1
Public entities, other (note 22)	8.6	17.1
Salaries payable	10.1	11.3
Balance at 31 December	**73.1**	**75.5**

Details of payments for commercial transactions made during the year and outstanding at year end in relation to the maximum legal payment terms established in Law 15/2010, amended by Law 11/2013 and Law 18/2022 are as follows:

	2022	2021
Days		
Average supplier payment period	56	57
Transactions paid ratio	59	60
Transactions payable ratio	45	48
In millions of euros		
Total payments made	91.7	136.9
Total payments outstanding	61.8	63.2

In thousands of euros	**2022**
Amount of invoices paid within 60 days	46,162
Number of invoices paid within 60 days	16,712
Number of invoices paid within 60 days as % of total invoices paid	56.73%
Amount of invoices paid within 60 days as % of amount of invoices paid	66.38%

19. LOANS AND BORROWINGS

Current and non-current

Details of current loans and borrowings, which mature annually, by maturity are as follows:

	At 31-12-22		At 31-12-21	
Bank	Maturity	Balance drawn down	Maturity	Balance drawn down
Current loans and credit facilities (current)				
Loans and credit facilities	2023	389.0	2022	347.4
		389.0		**347.4**
Non-current loans and credit facilities (non-current)				
Syndicated loans and credit facilities	2024 to 2028	161.7	2023 to 2028	247.2
		161.7		**247.2**

Principal and interest payments are settled every six months. Bank borrowings cost from 0.2%–5.0% per annum.

Alba also has undrawn lines of financing at 31 December 2022 for a total amount of Euros 116.6 million.

An analysis of the maturities of non-current loans and borrowings (including interest) at 31 December 2022 and 2021 (in millions of Euros) is as follows:

In millions of euros	2023	2024	2025	2026	2027	2028	2029	Total
2022	-	21.2	97.5	3.9	14.3	10.9	13.9	161.7
2021	80.2	16.2	146.1	0.2	0.2	10.0	-	253.0

Loans and borrowings are reconciled to cash flows used in financing activities in the statement of cash flows as follows:

	Loans and borrowings
Balance at 1-1-21	251.8
Cash flows from (used in) financing activities	342.8
Balance at 31-12-21	594.6
Balance at 1-1-22	594.6
Additions to/exits from the consolidated Group	3.3
Cash flows from (used in) financing activities	(47.2)
Balance at 31-12-22	550.7

20. FAIR VALUE MEASUREMENT

Details of assets and liabilities and their fair value measurement hierarchy at 31 December 2022 and 2021 are as follows:

	Total	Quoted price in active markets (Level 1)	Significant unobservable inputs (Level 3)
2022			
Assets measured at fair value			
Investment property (note 6)	317.5	-	317.5
Investments at fair value through profit or loss (note 11)	1,364.2	317.7	1,046.5
Assets whose fair value is disclosed			
Investments in associates (note 10)	3,483.6	2,460.8	1,022.8
Other non-current financial assets (note 12)	72.3	-	72.3
Trade and other receivables (note 13)	93.0	-	93.0
Other current financial assets (note 14)	374.0	106.4	267.6
Liabilities whose fair value is disclosed			
Loans and borrowings (note 19)	550.7	-	550.7

	Total	Quoted price in active markets (Level 1)	Significant unobservable inputs (Level 3)
2021			
Assets measured at fair value			
Investment property (note 6)	334.8	-	334.8
Investments at fair value through profit or loss (notes 11 and 14)	973.3	312.0	661.3
Assets whose fair value is disclosed			
Investments in associates and Non-current assets held for sale (note 10)	3,376.8	2,825.8	551.0
Other non-current financial assets (note 12)	64.2	-	64.2
Trade and other receivables (note 13)	81.5	-	81.5
Other current financial assets (note 14)	532.8	132.8	400.0
Liabilities whose fair value is disclosed			
Loans and borrowings (note 19)	594.6	-	594.6

21. RISK MANAGEMENT OBJECTIVES AND POLICIES

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.

Market risk

Given the Group's activities, the exposure to market risk depends on the performance of the investees, whether listed or not.

- Currency risk

  The Group does not usually operate internationally and is therefore not exposed to currency risk by operating with foreign currencies. Currency risk is associated with future commercial transactions, recognised assets and liabilities, and net investments in foreign operations that are presented in a currency other than the Group's functional currency.

  At 31 December 2022 and 2021 the Group has no significant direct investments in companies whose currency is not the Euro and whose net assets are exposed to currency risk.

- Price risk

  The Group is exposed to price risk relating to equity instruments designated at fair value through profit or loss. To manage price risk derived from investments in equity instruments the Group diversifies its portfolio.

- Cash flow and fair value interest rate risks

  The Group's interest rate risk arises from non-current borrowings. Borrowings at variable interest rates expose the Group to cash flow interest rate risk. Fixed interest loans expose the Group to fair value interest rate risk.

The Group holds almost 100% of borrowings at variable interest rates.

At 31 December 2022 and 2021 the Group had not arranged any interest rate swaps.

A 0.5 percentage point rise in interest rates on variable rate loans would have reduced profit after tax by Euros 1 million.

Liquidity risk

The Group applies a prudent policy to cover its liquidity risks, based on having sufficient cash to settle all payments derived from its activity and to assure its objectives are met, underpinned by providing its subsidiaries with sufficient economic resources to carry out their activities.

The Group has a significant amount of cash and cash equivalents, as well as high positive working capital.

Its liquidity management is based on forecasting and analysing cash inflows and outflows.

At 31 December 2022 the Group's cash position amounted to Euros 198.3 million, of which Euros 47.9 million comprised cash in hand and at banks, and Euros 150.4 million reflected current deposits and investments that are readily convertible into cash and not subject to risk of change in value.

The most significant cash outflows of the Group not related to expenses and investments are distributions of dividends to shareholders.

The Group's exposure to liquidity risk at 31 December 2022 and 2021 is shown in the debt maturity table in note 19.

Credit risk

The Group does not have significant concentrations of credit risk as its principal activity consists of investing in the capital of different companies. Credit risk arises from potential losses derived from customers or counterparties failing to meet, in part or in full, their financial obligations with the Group.

Details of credit risk exposure at 31 December 2022 and 2021, by type of asset and maturity, are as follows (in millions of Euros):

	2022		2021	
	Amount	Maturity	Amount	Maturity
Trade receivables	23.9	2023	32.7	2022
Other non-current financial assets	72.3	2023-2029	64.2	2022-2029
Other receivables	21.3	2023	6.4	2022

22. TAXATION

Corporación Financiera Alba, S.A., Alba Patrimonio Inmobiliario, S.A.U., Alba Europe, S.à.r.l., Alba Investments, S.à.r.l., Deyá Capital IV, SCR, S.A.U., Artá Capital, SGEIC, S.A.U. and Artá Partners, S.A. file taxes under the tax regime for groups of companies. The rest of the Group's subsidiaries file tax returns in accordance with the tax legislation applicable in each country.

The main components of income tax for the years ended 31 December 2022 and 2021 are as follows:

	2022	2021
Income tax for the year		
Income tax expense for the year	0.6	5.8
Adjustments to income tax from prior years	-	-
Deferred tax		
Source and reversal of temporary differences	-	7.3
Income tax expense recognised in the income statement	**0.6**	**13.1**
Consolidated statement of comprehensive income	-	-
Deferred tax related to items recognised directly in equity during the year	-	-

A reconciliation of the tax expense to the accounting profit multiplied by the tax rate applicable to Alba for the years ended 31 December 2022 and 2021 is as follows:

	2022	2021
Pre-tax accounting profit from continuing operations	93.3	201.7
Pre-tax profit/(loss) of discontinued operations	-	-
Pre-tax accounting profit	93.3	201.7
Consolidation differences	-	9.1
Permanent differences (article 21 of LIS)	(146.3)	(206.1)
Change in deferred tax assets and liabilities	(6.1)	7.3
Income tax expense/(income) in the consolidated income statement	0.6	13.1
Income tax attributable to discontinued operations	-	-

The most significant consolidation and permanent differences correspond to the share of the profit or loss for the year of associates, dividends received from associates, and the fair value of unlisted companies and investment property.

On 31 December 2020, Law 11/2020 of 30 December 2020 passing the General State Budgets for 2021 ("LPGE") was published in the Official State Gazette ("BOE"). Among other aspects, this Law included certain amendments to the Corporate Income Tax Law ("LIS"). Such amendments to the LIS included the reduction of the full tax exemption of dividends and capital gains (article 21 of the LIS), these items now being 95% exempt rather than 100% as previously.

As a result of this Law, the Group recognised temporary differences of Euros 1.1 million in relation to its investments. These deferred tax liabilities were determined as the difference between the value of the investments for tax purposes and the carrying amount in the consolidated accounts of the underlying assets and liabilities or of the value of investments accounted for using the equity method.

Movement in deferred tax assets and liabilities is as follows:

	1-1-21	Additions/ (Derecognitions)	Business combination	31-12-21	Additions/ (Derecognitions)	31-12-22
Deferred tax assets						
Retirement plans and other expenses	2.8	0.2	(0.5)	2.5	(1.6)	0.9
Total deferred tax assets	**2.8**			**2.5**		**0.9**
Deferred tax liabilities						
Gains on investment property	28.9	2.5	-	31.4	(5.2)	26.2
Other deferred tax liabilities	40.8	4.6	(14.9)	30.5	(1.1)	29.4
Total deferred tax liabilities	**69.7**			**61.9**		**55.6**

At 31 December 2022 and 2021 tax loss carryforwards amounting to Euros 23.8 million and Euros 26.2 million, respectively, have not been recognised in the accompanying balance sheet.

While 2022 and the four preceding years are open to tax inspection, any additional taxes that may arise from such inspections are not expected to be significant.

Details of the balance under Public entities, other, in note 18 Suppliers and Other Payables, are as follows:

	2022	2021
Payment on account	1.0	4.2
Corporate income tax	3.7	11.7
Personal income tax withholdings	0.9	1.0
VAT and other	3.0	0.2
Total	8.6	17.1

The Group is taxed at a nominal rate of 25%.

23. WORKFORCE

The average number of employees in each year, by category, is as follows:

	2022			2021		
	Male	Female	Total	Male	Female	Total
Executive board members	-	-	-	-	-	-
Directors	34	7	41	43	12	55
Heads of department	67	19	86	122	22	144
Administration and other	436	499	935	848	1,101	1,949
Total	**537**	**525**	**1,062**	**1,013**	**1,135**	**2,148**

The number of employees at each year end, by category, is as follows:

	2022			2021		
	Male	Female	Total	Male	Female	Total
Executive board members	-	-	-	-	-	-
Directors	32	7	39	44	11	55
Heads of department	58	22	80	120	24	144
Administration and other	350	356	706	844	1,107	1,951
Total	**440**	**385**	**825**	**1,008**	**1,142**	**2,150**

At 31 December 2022 the Company has 13 employees with a disability rating of 33% or more.

24. SEGMENT REPORTING

Details of the revenues, profit/loss, assets and liabilities of the business segments for the years ended 31 December 2022 and 2021 are presented below.

The main segments reported by the Group are:

- Property rental: management, rental, and sale-purchase of the Group's investment property.

- Investments in transferable securities: business segment identified by the Group comprising investments in listed and unlisted companies involving significant influence and the generation of gains through investments and subsequent sales.

- Private equity investments entailing control: business segment defined as the sum of the various activities carried out by the companies over which the Group has control. Specifically, they relate to the activities carried out by companies in which the Group has a direct ownership interest and which belong to vehicles managed by Artá Capital, SGEIC, S.A.U., which exercises control over said vehicle and determines what investments are made, whether there are no restrictions on management and whether they have exposure to variable returns.

No transactions are carried out between the different segments.

Segment reporting 2022

In millions of euros	Rental of buildings	Investment property	Private equity investments entailing control	Income and expenses not allocated to segments	Total Group
Direct income and expenses of the segment					
Revenues	12.9	-	153.5	-	166.4
Supplies	-	-	(61.9)	-	(61.9)
Gains on disposal	1.8	9.3	36.4	-	47.5
Share of the profit/(loss) for the year of associates	-	231.4	-	-	231.4
Changes in fair value	1.1	191.6	-	(15.1)	177.6
Depreciation and amortisation	-	-	(17.0)	(1.1)	(18.1)
Impairment	-	(3.1)	-	-	(3.1)
Personnel expenses	-	-	(35.5)	(18.1)	(53.6)
Other operating expenses	(6.3)	-	(42.0)	(8.4)	(56.7)
Other income/(expenses)	-	-	-	0.5	0.5
Net finance income	-	-	(6.1)	21.3	15.2
Profit/(Loss) before taxes and non-controlling interests	**9.5**	**429.2**	**27.4**	**(20.9)**	**445.2**
Income tax					(0.6)
Profit/(Loss) from continuing operations					**444.6**
Profit/(Loss) attributable to non-controlling interests					(8.2)
Consolidated profit/(loss) for the year attributable to the Group					**436.4**
Assets and Liabilities					
Segment assets	319.0	3,759.4	264.1	-	4,342.5
Unallocated assets					980.6
Total assets					**5,323.1**
Segment liabilities	2.2	-	179.0	-	181.2
Unallocated liabilities					522.8
Total liabilities					**704.0**

Segment reporting 2021

In millions of euros	Rental of buildings	Investment property	Private equity investments entailing control	Income and expenses not allocated to segments	Total Group
Direct income and expenses of the segment					
Revenues	12.1	-	223.3	-	235.4
Supplies	-	-	(66.0)	-	(66.0)
Gains on disposal	(1.0)	(9.8)	11.8	-	1.0
Share of the profit/(loss) for the year of associates	-	245.0	-	-	245.0
Changes in fair value	(0.8)	33.9	-	48.8	81.9
Depreciation and amortisation	-	-	(28.2)	(1.0)	(29.2)
Impairment	-	(16.6)	-	-	(16.6)
Personnel expenses	-	-	(69.9)	(22.3)	(92.2)
Other operating expenses	(4.7)	-	(33.9)	(7.2)	(45.8)
Other income/(expenses)	-	-	-	0.5	0.5
Net finance income	-	-	(3.8)	16.0	12.2
Profit/(Loss) before taxes and non-controlling interests	**5.6**	**252.5**	**33.3**	**34.8**	**326.2**
Income tax					(13.1)
Profit/(Loss) from continuing operations					**313.1**
Profit/(Loss) attributable to non-controlling interests					(10.4)
Consolidated profit/(loss) for the year attributable to the Group					**302.7**
Assets and Liabilities					
Segment assets	336.2	2,450.0	345.4	-	3,131.6
Unallocated assets					1,876.5
Total assets					**5,008.1**
Segment liabilities	2.1	-	241.5	-	243.6
Unallocated liabilities					559.9
Total liabilities					**803.5**

Unallocated income and costs comprise overheads and other costs that cannot be allocated as pertaining to any of the three businesses.

Unallocated assets and liabilities mainly reflect other current financial assets and cash and cash equivalents.

Ordinary income relates to revenues from customer contracts. The breakdown of Group revenue by line of business for 2022 and 2021 is as follows:

In millions of euros	**2022**	2021
Rentals	12.8	12.1
Electronic equipment and buoy communication in the fishing sector	16.1	56.1
Automotive brake accessories	90.0	77.4
Occupational risk prevention	25.3	89.8
Food	14.9	-
Consulting services	7.3	-
Total	**166.4**	**235.4**

The breakdown of Group revenue by line of business and geographical market for the 2022 and 2021 is as follows:

	2022		2021	
In millions of euros	Spain	Rest of the world	Spain	Rest of the world
Rentals	12.8	-	12.1	-
Electronic equipment and buoy communication in the fishing sector	12.0	4.1	16.9	39.2
Automotive brake accessories	28.6	61.4	23.2	54.2
Occupational risk prevention	25.3	-	89.8	-
Food	14.9	-	-	-
Consulting services	7.3	-	-	-
Total	**100.9**	**65.5**	**142.0**	**93.4**

25. OTHER INCOME AND EXPENSES

Details for 2022 and 2021 are as follows.

a) Personnel expenses

In millions of euros	**2022**	2021
Salaries and wages	46.6	74.9
Social Security payable by the Company	5.7	16.3
Alternative pension plan schemes	1.3	0.5
Other employee benefits expenses	-	0.5
Balance at 31 December	53.6	92.2

b) Finance income

In millions of euros	**2022**	2021
Interest, dividends and other	21.5	17.6
Balance at 31 December	21.5	17.6

c) Change in fair value of financial instruments

At the 2022 and 2021 year ends this item reflects the change in fair value of investments at fair value through profit or loss (see note 11) and other financial assets recognised at fair value (see notes 12 and 14).

26. RELATED PARTIES

Details of transactions carried out in 2022 and 2021 are as follows:

	Amount		
Description of the transaction	**2022**	**2021**	**Related party**
With significant shareholders of the Company			
Services	0.8	1.4	Banca March, S.A.
Dividends	5.9	8.7	Banca March, S.A.
With other related parties			
Dividends and other distributions	12.6	9.5	CIE Automotive, S.A.
	22.8	38.2	Rioja Luxembourg, S.à.r.l.
	38.5	25.2	Acerinox, S.A.
	12.7	25.0	Ebro Foods, S.A.
	12.2	11.0	Viscofan, S.A.
	-	3.3	Euskaltel, S.A.
	-	1.7	InStore Media Group, S.A.
Collaboration agreements	0.3	0.3	Fundación Juan March

27. REMUNERATION OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The Company and its subsidiaries have recorded the following remuneration accrued by the members of the Board of Directors and Senior Management of Corporación Financiera Alba, S.A.:

In thousands of euros	No. of people	Salaries and other	Alba Board Meetings	Alternative pension plan schemes and insurance
2022				
External proprietary directors	3	915	1,450	-
External independent directors	6	-	835	-
Other external directors	1	915	145	-
Senior management	7	5,227	-	678
Total		**7,057**	**2,430**	**678**
2021				
External proprietary directors	3	292	1,075	-
External independent directors	6	-	835	-
Other external directors	1	409	137	-
Executive directors (*)	2	538	100	-
Senior management (*)	7	4,223	-	1,411
Total		**5,462**	**2,147**	**1,411**

(*) These two executive directors are only present for half the year; in the other half of the year they form part of senior management.

At 31 December 2022 and 2021 the Board of Directors comprised 10 members.

No loans were extended to members of the Board of Directors or Senior Management in 2022 or 2021.

Details of the remuneration accrued by each board member in 2022 and 2021, including those who stepped down before 31 December are as follows:

2022 In thousands of euros	Fixed remuneration	Variable	Alba Group board meetings	Total remuneration
De Colmenares Brunet, Ignacio	-	-	130	130
Girón Dávila, Mª Eugenia	-	-	150	150
Guibert Ucin, María Luisa	-	-	130	130
March de la Lastra, Juan	-	549	455	1,004
March Delgado, Carlos	-	-	540	540
March Juan, Juan	-	366	455	821
Martínez-Conde Gutiérrez-Barquín, Santos	-	915	145	1,060
Pickholz, Claudia	-	-	140	140
Plaza Arregui, Ana María	-	-	135	135
Pradera Jáuregui, Antón	-	-	150	150
Total Board	**-**	**1,830**	**2,430**	**4,260**

2021 In thousands of euros	Fixed remuneration	Variable	Alba Group board meetings	Total remuneration
De Ampuero y Osma, José Domingo	-	-	83	83
Carné Casas, Ramón	268	-	50	318
De Colmenares Brunet, Ignacio	-	-	65	65
Del Caño Palop, José Ramón	153	117	50	320
Girón Dávila, Mª Eugenia	-	-	150	150
Guibert Ucin, María Luisa	-	-	130	130
March de la Lastra, Juan	-	175	330	505
March Delgado, Carlos	-	-	415	415
March Juan, Juan	-	117	330	447
Martínez-Conde Gutiérrez-Barquín, Santos	-	409	137	546
Pickholz, Claudia	-	-	132	132
Plaza Arregui, Ana María	-	-	135	135
Pradera Jáuregui, Antón	-	-	140	140
Total Board	**421**	**818**	**2,147**	**3,386**

In 2022 and 2021 no remuneration was paid to individuals representing Alba on boards or committees of companies in which Alba acts as a director company. In 2022 and 2021, Euros 170 thousand and Euros 178 thousand, respectively, were paid in respect of public liability insurance premiums on behalf of the directors.

There were no changes in the Board of Directors in 2022. In 2021 Mr. Ignacio de Colmenares Brunet was appointed as a member of the Board of Directors of Corporación Financiera Alba, S.A. for a term of four years, while the directors Mr. José Ramón del Caño Palop, Mr. Ramón Carné Casas and Mr. Jose Domingo de Ampuero y Osma stepped down from the board.

At the general meetings held in 2022, 2021 and 2020 the shareholders of Alba approved a variable remuneration scheme linked to the net asset value of the shares for executive board members (as appropriate), directors representing Alba on the boards of subsidiaries, investees or related parties and certain Company personnel selected by the Board of Directors, in order to foster more direct engagement in the process of creating value for the Company's shareholders. The basic features of the scheme are as follows:

Approval	20/6/22	21/6/21	18/6/20
Maturity	30/6/25	30/6/24	30/6/23
Units assigned	164,050	204,500	246,500
Initial net asset value	89.37	80.42	64.97
Cap between initial and final net asset value	50%	50%	50%

The Company has assigned units to the beneficiaries which, upon maturity, will entitle them to receive remuneration equal to the result of multiplying these units by the difference between the "initial" and "final" net asset value of the shares of Corporación Financiera Alba S.A. This calculation will be performed excluding own shares and without taking into account taxes resulting from the theoretical settlement.

There is also an annual variable remuneration component based on a number of parameters that enable an assessment of performance and the degree of fulfilment, as well as deferral of half of the accrued remuneration, which will be payable, together with the revaluation and dividends, in no less than five years as of the accrual date and no later than eight years after that date, whichever the beneficiary chooses.

Pursuant to the provisions of articles 227, 228, 229 and 231 of the Spanish Companies Act ("LSC"), as per the wording of Law 31/2014 of 3 December 2014, which amended the LSC in order to improve corporate governance, the Directors of Alba have informed Alba that, during the years ended 31 December 2022 and 2021 they had no conflicts of interest with Alba and, to the best of their knowledge and based on the information which they have been able to obtain with the utmost due diligence, nor did any parties related to them.

28. AUDIT FEES

In 2022 KPMG Auditores, S.L., the auditor of the Group's annual accounts, accrued fees totalling Euros 117 thousand, of which Euros 96 thousand were for audit services and Euros 24 thousand for the limited review of the half-yearly consolidated financial statements, the agreed-upon procedures report on the ICOFR description and translations of annual accounts previously authorised for issue by the Board of Directors and for which an audit opinion had already been issued. In addition, in 2022 other affiliates of KPMG invoiced fees of Euros 3 thousand for other services.

29. STATEMENT OF CASH FLOWS

This statement has been prepared in accordance with International Accounting Standard 7.

The statement comprises three types of cash flow:

- Net cash flows from operating activities: operating cash flows of all the businesses managed by the Group.
- Net cash flows from investing activities: cash flows related to non-current investments in assets and the acquisition and disposal of equity instruments issued by other entities.
- Net cash flows from financing activities: cash flows used to purchase own shares, cash inflows from the use of external sources of financing, cash outflows as a result of the repayment of external financing, and dividend distributions.

30. ASSETS AND LIABILITIES HELD FOR SALE

At 31 December 2022, the Group has classified all the assets and liabilities of Artá Capital, SGEIC, S.A.U. and Artá Partners, S.A. as non-current assets and liabilities held for sale. Although the sale took place in the first quarter of 2023, the decision was taken earlier.

The disposal group consisted of assets of Euros 3.6 million (of which Euros 2.9 million was in cash and Euros 0.7 million in trade and other receivables) and liabilities of Euros 1.4 million (entirely composed of trade and other payables). The Group has not recognised any impairment losses due to the carrying amounts being lower than fair value less costs to sell.

At 31 December 2021 the Group classified the assets and liabilities of the Satlink Group as held for sale, as the decision to sell was made in 2021 even though the transaction took place in the first months of 2022. The disposal group comprised assets amounting to Euros 80.9 million and liabilities totalling Euros 57.5 million. Thus, the carrying amounts of the assets held for sale at 31 December 2021 was Euros 23.4 million without including non-controlling interests. On 31 March 2022, the Group's entire ownership interest in the Satlink

Group was sold. The sale amounted to Euros 48.5 million, giving rise to a gain of Euros 36.4 million recognised under proceeds from disposal of non-current assets.

31. EVENTS AFTER THE REPORTING PERIOD

In March 2023, the Group sold all shares it held in the subsidiary Artá Partners, S.A., the owner of 100% of the shares of Artá Capital, SGEIC, S.A.U., for Euros 6 million. At 31 December 2022 the assets and liabilities of these two companies were classified as held for sale (see note 30). As a result of the sale, the Group no longer exercises control over the Nuadi, Facundo and Gesdocument subgroups and, from the date of the sale onwards, these subgroups will no longer be fully consolidated.