ANNUAL REPORT 2020

ALBA
GRUPO MARCH

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BOARD OF DIRECTORS AND MANAGEMENT

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BOARD OF DIRECTORS

Chairman
Mr Carlos March Delgado

Vice-Chairmen
Mr Juan March de la Lastra
Mr Juan March Juan

Board Members
Mr José Domingo de Ampuero y Osma
Mr Ramón Carné Casas
Ms María Eugenia Girón Dávila
Ms María Luisa Guibert Ucín
Mr Santos Martínez-Conde Gutiérrez-Barquín
Ms Claudia Pickholz
Ms Ana María Plaza Arregui
Mr Antón Pradera Jáuregui

Board Secretary and Director
Mr José Ramón del Caño Palop

AUDIT AND COMPLIANCE COMMITTEE

Chairwoman
Ms Ana María Plaza Arregui

Members
Ms María Eugenia Girón Dávila
Ms Claudia Pickholz

Secretary
Mr José Ramón del Caño Palop

APPOINTMENTS AND REMUNERATION COMMITTEE

Chairwoman
Ms María Eugenia Girón Dávila

Members
Mr José Domingo de Ampuero y Osma
Mr Carlos March Delgado

Secretary
Mr José Ramón del Caño Palop

Note: composition of the Board of Directors and its Committees as at 22 March 2021, the date of preparation of the 2020 Annual Accounts. Mr Santos Martínez-Conde Gutiérrez-Barquín was Chief Executive Officer until 16 November 2020, when he left his executive functions due to his retirement, but he remains a member of the Board.

INVESTMENT COMMITTEE

Chairman
Mr José Domingo de Ampuero y Osma

Members
Ms María Luisa Guibert Ucín
Mr Juan March Juan
Mr Juan March de la Lastra
Mr Santos Martínez-Conde Gutiérrez-Barquín
Mr Antón Pradera Jáuregui

Secretary
Mr José Ramón del Caño Palop

MANAGEMENT

General Directors
Mr Javier Fernández Alonso
Mr Carlos Ortega Arias-Paz

Directors
Mr José Ramón del Caño Palop
Mr Ignacio Martínez Santos
Mr Andrés Zunzunegui Ruano

Heads of department
Mr Diego Fernández Vidal
Mr Félix Montes Falagán
Mr José Ramón Pérez Ambrojo

Note: composition of the Board of Directors and its Committees as at 22 March 2021, the date of preparation of the 2020 Annual Accounts.

LETTER FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

LETTER FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Ladies and gentlemen, shareholders:

In spite of the difficult circumstances that we have been experiencing since the beginning of 2020, once again it is my pleasure to inform you of the performance of Alba and its investee companies in the past year and in the first months of 2021.

The year 2020 was, without a doubt, one of the most complex that can be recalled in peacetime, having had a brutal impact on all levels because of an absolutely unforeseen global pandemic, which has not yet been resolved and whose latest long-term consequences it is still too early to evaluate.

The emergence of COVID-19 at the end of 2019 in China and its subsequent spread throughout the planet in the following months, represented a serious health threat to the population and forced unprecedented measures to be taken in practically all countries. It resulted in a very significant stoppage of economic activity during the first half of the year and notable restrictions that still continue and threaten to extend for an undetermined period of time.

The months that have passed allow us to adopt a joint vision, without the need to detail the different stages of development of this unprecedented crisis.

First, the high human cost of this pandemic worldwide is evident. According to various sources based on official statistics and which, probably, underestimate the actual figures, at the end of March 2021, the number of confirmed cases of COVID-19 exceeded 128 million globally and the number of deaths was close to 3 million, with a very high proportion of older people. In the case of Spain, official figures of deaths exceeded 75,000, while the excess mortality over a normal year ranged from 80,000 to more than 100,000 deaths based on the sources consulted. To put these figures into context, the number of confirmed deaths in the United States – the country with the greatest number of confirmed deaths, with more than 560,000 at the indicated date – practically exceeds the total number of Americans who died in combat in all the wars in which this country participated in the entire 20th century.

However, the social impact extends, in our opinion, far beyond those who are ill and the deaths, and includes the suffering, to varying degrees of intensity, but which has practically affected the entire population, arising from, among other things, the worry for our own safety and for that of our family and friends, economic uncertainty and loneliness – suffering generated by both COVID-19 itself and by the impact that the necessary restrictions to try to control the pandemic have had on everyday life.

Despite everything, the constant progression of the vaccination rate and the improvements in the knowledge and treatment of the disease make us optimistic on the health side of this crisis. Although it is obvious that the virus will not disappear immediately and that we will continue to endure restrictions for a while, we think that, in the absence of significant mutations or new viruses, it is likely that the worst has already passed, at least in developed countries.

As for the **macroeconomic** side of the situation, we believe that it is not of much use to include this in the specific data of 2020 and it is better to focus more on the potential implications in the future.

The restrictions and lockdowns produced a strong global economic contraction in the second quarter, with huge declines in activity and international trade, which recovered to a large extent in the second half of the year with the partial lifting of these restrictions. However, recovery is generally occurring at a slower rate than expected due to the effect of the successive waves of the pandemic and the need to maintain restrictive measures for prolonged periods of time.

In the case of Spain, to give a nearby example, nominal GDP fell by 17.8% in the second quarter, growing 17.1% in the third quarter as a result of the end of the strictest lockdowns. However, the second wave of COVID-19 and the new restrictions led to nominal GDP becoming stagnant again in the fourth quarter. Overall, real GDP fell by 11.0% in Spain in 2020, a drop higher than that accumulated between 2008 and 2012 as a result of the financial and real estate crisis.

Faced with this dramatic situation, the main States and Central Banks have acted decisively with all types of stimuli and measures to support the economy. The most important thing, in our opinion, is that it was possible to prevent the sudden initial economic stoppage from becoming a widespread solvency and credit crisis, so that the liquidity of the economies and the stability of the financial system were guaranteed at all times. From then on, a multitude of measures of all kinds have been adopted, but there are two aspects that we consider very relevant: on the one hand, that it is necessary for the expansive monetary and fiscal policies to be maintained for a prolonged period and, on the other, that the rate of vaccination should accelerate is key for the recovery of normality, as is being demonstrated in these first months of 2021, for example, in the different developments in the United States or the United Kingdom compared to the European Union. It is also important to note that this different rate of recovery between countries may have an impact on a global level, given the high level of trading interrelationships between many of them.

In the short term, if the beneficial effect of vaccines is confirmed, there could be an increase in economic activity beyond the "bounce" effect of the second half of 2020 if the excess of accumulated savings by families during the months of lockdown and restrictions is channelled into consumption. The savings rate of families reached record levels in 2020 in almost all countries, including the United States, a country with a high tendency to spend.

In any case, even in the countries with the best progression, GDP is not expected to recover the levels of 2019 until 2022 or 2023.

Similar to what is indicated in the healthcare scenario, we believe that we can affirm that the worst of the pandemic is also over from a purely macroeconomic perspective. However, this does not mean that the recovery will be rapid, especially in countries such as Spain, or that there are no new economic challenges on the horizon, which are added to those already existing prior to COVID-19.

Specifically, we think there are three additional uncertainties in the short and medium term, which are: the impact of prolonged restrictions on employment and the permanent destruction of the industry's capital as support measures expire; the substantial increase in public debt and of some sectors such as tourism; and the potential reappearance of inflation in a context of ultra-expansive monetary policies, at a time when the withdrawal of stimuli or the rise in real interest rates could have a very significant impact on recovery.

In the case of Spain, the situation is especially delicate given our exposure to foreign tourism, the significant weight of SMEs in employment and our high public debt. In our opinion, in the short term, the greatest risk for our economy lies in the fact that the prolongation of restrictions on activity could end up resulting in an increase in the bankruptcy of small and mediumsized enterprises and in the conversion into unemployment of the multiple temporary furlough programmes (Expediente de Regulación Temporal de Empleo) carried out during the pandemic as a formula to reduce the impact of the crisis on employment. To understand the impact of COVID-19 on employment in Spain, it is sufficient to indicate that the number of unemployed as of 31 December 2020, according to the Active Population Survey, amounted to 3.7 million people, 16.5% more than a year before. This represents half a million more unemployed people, to which some 750,000 more people may need to be added from those on ERTE furlough programmes, a large proportion of whom, unfortunately, could go on to unemployment. In terms of public indebtedness, the necessary support measures adopted, the drop in revenue collection due to lower activity and the reduction of GDP have all led to the public deficit having risen to 11.0% of GDP in 2020 – the largest public deficit since the 2009 financial crisis – and public debt has increased by 10.3%, to 1.4 trillion euros, exceeding 117% of GDP, the largest percentage in more than a century. Although it is true that the 2020 data are affected by the sharp decline in GDP and should be reduced with its recovery, it is evident that these are concerning levels that will not improve in the coming years in absolute terms to the extent that public deficits will remain predictably at high levels, possibly higher than GDP growth. Although the increase in indebtedness has been widespread in all countries, we think that the pandemic has only worsened the weakness of our public accounts, which we have been drawing attention to in previous years, especially in the face of a possible rise in rates as a result of a rise in inflation.

From a more positive point of view, the significant allocation of European funds for recovery to Spain represents a good opportunity to accelerate the modernisation of our country in areas of new technologies, renewables, etc.

To conclude this macroeconomic section, it is worth remembering that COVID-19 has exacerbated some short-term problems, and has not reduced, but rather the opposite, some of the traditional problems of the Spanish economy that we had wanted to draw attention to in the past, such as the lack of flexibility in our job market, structural and juvenile unemployment, the sustainability of public pensions and, in general, the absence of structural reforms that provide greater agility to our economy. On this last point, we would like to include, for the first time, a mention of the need to reform and modernise our educational system in order to provide the next generations with the necessary knowledge and skills in the new labour market, relying on new technologies, and always with a long-term vision, setting aside partisan ideologies and visions.

For its part, the **performance of stock markets** was mixed in 2020, although generally more positive at the end of the year than we could have anticipated at the beginning of the pandemic. Thus, the annual positive performance of the Nasdaq 100 (+43.6%), China 300 (+27.2%), S&P 500 (+16.3%) and Nikkei 225 (+16.0%) stands out, while most of the European indexes ended the financial year between the +5.8% of the Stockholm Stock Exchange and -5.4% of the Italian Mibtel. The worst annual performance among the main global indexes occurred in the FTSE 100 (-14.3%) and in the Ibex 35 (-15.5%).

Despite the uneven final results, it is necessary to put into context that the minimum levels suffered in the second half of March – coinciding with the start of restrictions and lockdowns in most Western countries – in many cases experienced drops close to 35% in less than one month, with the recovery being one of the fastest and most extensive in history.

Despite these remarkable ups and downs, we think that, in perspective, the performance of the markets was as expected, given the unfolding of events: first, with violent falls in response to a very significant and unexpected shock in March and, then, with a rapid recovery in the securities least directly affected by the pandemic, to which the most exposed securities were added in the last part of the year with the approval of the first vaccines; all of this driven by the renewed and massive injections of liquidity at the global level.

This good mood in the market at the end of 2020 continued in the first few weeks of 2021, with a positive performance in practically all the main markets, some of which reached new historical peaks.

As a result, valuations have continued to rise on the whole, driven by low interest rates and a lack of profitable alternatives, increasing, in our opinion, the risk of a significant correction if business results do not meet expectations. This sensitivity of the stock markets was evident most notably at the beginning of 2021 with sudden falls in technology stocks and surges in volatility arising from moderate increases in returns on bonds in the United States and in reaction to any negative news about vaccines.

In relation to all of this, we would like to reiterate, once again, our usual advice to act prudently with regard to future market performance, maintaining, in the case of Alba, a long-term view, with low debt levels, an appropriate balance between profitability and risk and by giving priority to those companies with solid balance sheets and management models. The key to investment in the equity markets in the medium and long term ultimately lies in the growth of profits and cash flow of the companies and we believe that good long-term investment opportunities could be found even in the current context.

If we now focus on the performance of **Alba** in 2020, the Net Asset Value (NAV) fell by 2.1% in the year to 4,303.5 million euros at the end of the year. NAV per share grew by the same rate, ending the year at 73.89 euros per share.

In the first months of 2021, until 31 March, the NAV and NAV per share increased by 7.1%, up to 4,608.6 million euros and 79.13 euros per share, respectively.

Likewise, Alba's share price fell by 19.8% in 2020, to reach 38.95 euros per share at the end of the financial year. Alba's share price performed worse than that of the Eurostoxx 50 (-5.1%) and the Ibex 35 (-15.5%).

In the first quarter, Alba's share price increased by 8.7%, to 42.35 euros per share, compared to +6.3% for the Ibex 35 and +10.3% for Eurostoxx.

As for **Alba's results**, in 2020 it achieved consolidated losses of 102.4 million euros after tax, compared to profits of 179.2 million euros in the previous year. These losses were due to the lower results obtained by some of our investee companies, arising from the lower level of activity caused by the pandemic as well as from the significant impairment of assets recorded by several of them. However, we consider it important to highlight that these losses were concentrated in a very small number of our investee companies and were of a non-recurring nature, due largely to the extraordinary circumstances of demand resulting from COVID-19. For this reason, we trust there will be a rapid recovery of the results of these investee companies throughout 2021 and 2022, as activity returns to levels close to normal.

Per share, Alba made a net loss of 1.76 euros in the year, compared to a net profit of 3.08 euros in 2019.

LETTER FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

In this report, you can find a more detailed analysis of the various items that make up Alba's Profit and Loss Statement and the Balance Sheet, as well as information about the performance of our investee companies in the 2020 financial year.

In 2020, the volume of **investments** amounted to 67.3 million euros. This amount is substantially lower than the more than 640.0 million euros invested on average in the previous two years and is a result of the necessary prudence in an environment of high volatility and low visibility. Additionally, it is also important to remember that the data for 2018 and 2019 include the significant investments made in Rioja (Naturgy) and Verisure, respectively. Whereas in 2020, the most significant investment was the purchase of an extra 1.94% of CIE Automotive for 37.8 million euros, increasing the stake in this Company to 12.73% by the end of the year.

On the other hand, **divestments** were completed in 2020 for a total amount of 385.2 million euros, among which the following stand out:

- The sale of the 12.06% stake in BME for 332.6 million euros within the framework of the takeover bid of Six Group AG, announced in November 2019.

- The sale, through Deyá Capital, of the 7.5% stake in TRRG Holding, formerly Ros Roca, for 17.0 million euros.

- And the sale of real estate properties in Barcelona and Madrid for a total of 32.5 million euros.

As a result of these asset purchases and sales, Alba's net cash – excluding the impact of the global consolidation of Satlink, Nuadi and Preving – increased substantially, from 62.9 million euros at the end of 2019 to 522.8 million euros at the end of 2020. This cash position, together with Alba's prudent debt capacity, gives our Company an important financial capacity to undertake new investments. True to its philosophy of prudence and long-term vision, Alba continues to analyse new investment opportunities in listed and unlisted companies in both Spain and beyond.

Among the transactions announced or completed after the end of the fiscal year, and until 31 March 2021, it is worth noting the sale of a real estate property in Madrid for 9.0 million euros, as well as various short-to-medium-term financial investments.

To conclude with the most significant changes in the composition of our portfolio, due to their relevance it is necessary to note that, at the

end of March 2021, MásMóvil announced its intention to launch a voluntary takeover bid for all the shares of Euskaltel at a price of 11.17 euros per share, adjustable for the dividends distributed from then on. This bid has irrevocable acceptance commitments from Zegona, Kutxabank and Alba, the three largest shareholders in Euskaltel with a joint shareholding greater than 52%. As of the date of this report, the bid is pending on obtaining various regulatory approvals. However, if successfully completed in the current conditions, it will involve the sale of Alba's stake in Euskaltel for 219.5 million euros.

With regard to the **rules and practices of good corporate governance,** Alba has continued its efforts to incorporate into its internal regulations and practices both the new rules that have been introduced and the recommendations on good corporate governance.

With regard to internal regulations, it should be noted that, during 2020, in order to be able to accommodate situations in the future that may entail restrictions on the mobility of people or the holding of meetings, the possibility of attending the General Shareholders' Meetings online was incorporated into the Corporate Bylaws and the Regulations of the General Shareholders' Meeting, as permitted by the Capital Companies Act. Likewise, and with the main purpose of incorporating the recommendations introduced in the Code of Good Governance for Listed Companies, by agreement of the National Commission of the Securities Market of 26 June 2020, amendments were approved to the Regulations of the Board, the Auditing and Compliance Committee, the Appointments and Remuneration Committee, the Code of Ethics and Conduct and the Internal Regulations of Conduct in the Scope of the Securities Markets.

On the other hand, and taking into account the amendments of the Code of Good Governance for Listed Companies, approved by the CNMV (Comisión Nacional del Mercado de Valores [Spanish Stock Exchange Regulator]) on 26 June 2020, the Sustainability (which replaces the old Corporate Social Responsibility) and Communications policies have been updated – approving new versions –. With the same purpose, at the beginning of 2021, a new Corporate Governance Policy was approved, which takes into account the amendments of the other corporate policies and the organisational changes produced. In addition, as proposed by the Appointments and Remuneration Committee, an amendment was approved to the Policy for Remuneration of the Board of Directors approved in 2019, including some technical adjustments in the multiannual variable remuneration system and removing, for 2020, the minimum limit set at the initial value provided in the Policy for that system, given that the performance of the securities markets in the first months of that year exceeded what could be considered as an ordinary performance and the application of the minimum limit would considerably reduce its usefulness as an incentive.

With regards to the composition of the Board of Directors, this has not changed during the financial year, such that at the end of the year it was made up of twelve members, of whom only two were "executive" and the rest "external", three of whom were "proprietary", six "independent" and one "other external". With regard to gender diversity in the composition of the Board, since 2016, the Company had set itself the goal of having the least represented gender on the Board reach 30% of the total number of Board members in 2020, and this percentage was exceeded in 2019, it having had 33.33% female Board members since then. However, in accordance with the recommendations of the Code of Good Governance for Listed Companies, after the amendment approved by the CNMV on 26 June 2020, it has been agreed to raise this objective to 40% of the total of the members of the Board. There were no changes in the composition of the three Committees of the Board: Audit and Compliance, Appointments and Remunerations, and Investments.

Also at the proposal of the Appointments and Remuneration Committee, during 2020, the Board proceeded to conduct its evaluation according to the approved matrix of competencies, and proceeded to apply the succession plan for the chief executive, which implied the acceptance of the Chief Executive Officer's resignation, on the occasion of his retirement in the month of November, although maintaining the status of Board Member, and the appointment of two General Directors.

In this regard, I would like to express here, on my behalf and on that of the Board of Directors, our most sincere thanks to Mr Santos Martínez-Conde Gutiérrez-Barquín for all the years he has served as Chief Executive Officer of Alba, until his aforementioned retirement at the end of 2020. In any case, we will continue to have his invaluable support as a member of the Board of Directors, now as an "other external Board Member".

Likewise, in 2020 the Company complied with all the applicable recommendations of the Code of Good Governance for Listed

Companies, approved by the CNMV in 2015 and amended in 2020. Specifically, out of a total of 64 recommendations, 55 are applicable, 53 of which are fully complied with and only 2 partially.

The following reports and documents were also approved: the Annual Corporate Governance Report, the Report on Remuneration of Directors, the Non-Financial Information Report, the Related-Party Transactions Report and the Board's Evaluation, as well as other additional reports issued by the Board's Committees. Monitoring and internal audit reports on Risk Control and Management, Regulatory Compliance and Criminal Prevention functions have also been prepared and submitted to the relevant bodies.

With regard to the **distribution of profit for the year,** the Board of Directors has proposed to the General Shareholders' Meeting the distribution of an ordinary dividend of 1.00 euro gross per share for 2020, which will entail the payment, subject to prior approval by the General Shareholders' Meeting to be held at the end of June, of 0.50 euro gross per share. This dividend would be complementary to the one of the same amount paid in October last year.

Finally, as is customary, on behalf of the entire Board of Directors, I would like to finish this letter by thanking all of the employees of our Company and of all our investee companies for their professionalism, enthusiasm and dedication – especially in such a complex year as 2020, where it has been necessary to overcome significant personal and professional difficulties – and to all of you, our shareholders, for your trust and support.

Sincerely,
Carlos March Delgado

MOST SIGNIFICANT DATA

MOST SIGNIFICANT DATA

ECONOMIC – FINANCIAL

In millions of euros unless otherwise indicated	**2020**	2019	2018	2017
Share capital at the end of the year	58	58	58	58
Net equity at the end of the year	4,024	4,348	4,059	3,996
Shares outstanding (thousands)	58,240	58,240	58,240	58,240
Net income	(102)	179	154	474
Dividends	58	58	58	58
Earnings per share in euros	(1.76)	3.08	2.65	8.14
Dividend per share in euros	1.00	1.00	1.00	1.00

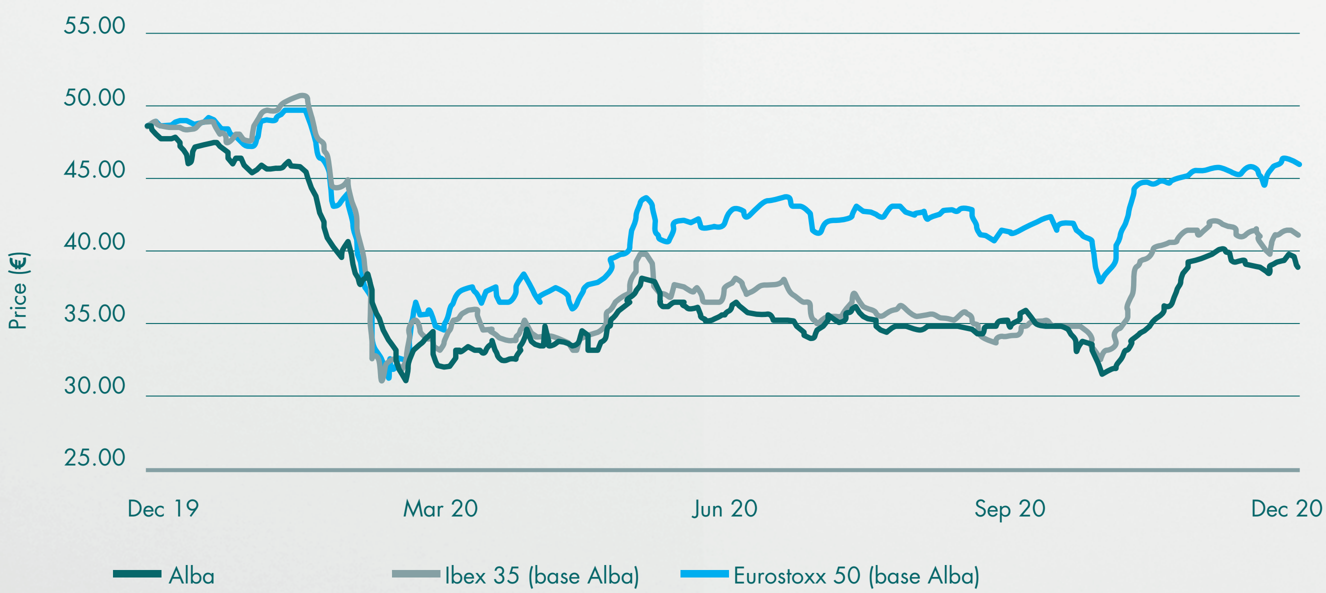
STOCK MARKETS

	2020	2019	2018	2017
Closing price in euros per share				
Maximum	48.55	49.75	51.90	54.80
Minimum	30.85	40.65	39.35	42.38
Last	38.95	48.55	42.50	47.72
Market capitalisation at 31/12 (millions of euros)	2,268	2,828	2,475	2,782
Volume traded				
Number of shares (thousands)	6,706	2,814	6,521	4,330
Millions of euros	244	129	290	213
Daily average (millions of euros)	0.9	0.5	1.1	0.8
Dividend yield (on last price)	2.6%	2.1%	2.4%	2.1%

MOST SIGNIFICANT DATA

The share price of Alba fell by 19.8% in 2020, a slightly worse performance than that of the Ibex 35, which decreased by 15.5%, and that of Eurostoxx 50, which fell by 5.1% in the year, all affected by the COVID-19 crisis.

ALBA'S STOCK MARKET PERFORMANCE IN 2020 AGAINST IBEX 35 AND EUROSTOXX 50



Source: Bloomberg.

However, the performance of Alba's shares on the stock exchange over the last ten years has been better than that of the Ibex 35, although it is significantly lower than the performance of Eurostoxx 50. From December 2010 to the end of 2020, the price of Alba's shares rose by 1.3%, while during the same period the Eurostoxx 50 rose by 27.2% and the Ibex 35 fell by 18.1%.

ALBA'S STOCK MARKET PERFORMANCE OVER THE LAST 10 YEARS COMPARED TO IBEX 35 AND EUROSTOXX 50

Source: Bloomberg.

MOST SIGNIFICANT DATA

NET ASSET VALUE

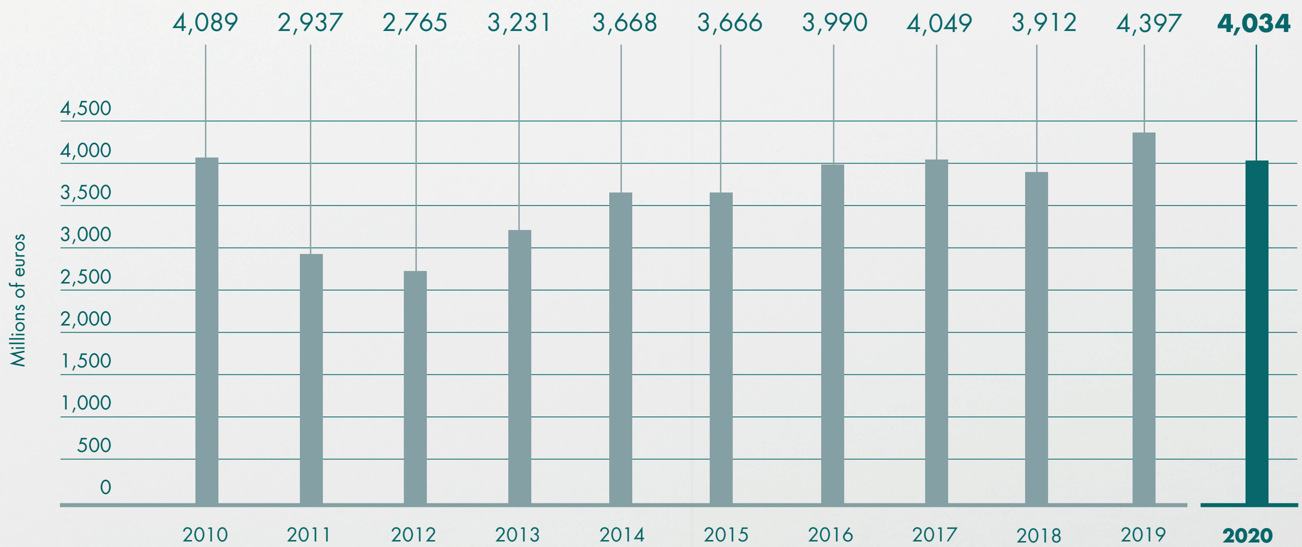
In millions of euros unless otherwise indicated	**2020**	2019	2018	2017
Data to 31/12				
Gross Asset Value (1)	4.234	4.274	3.661	3.823
Net Asset Value (2)	4.304	4.397	3.912	4.049
Net Asset Value in euros per share (2)	73,89	75,50	67,17	69,53

(1) Includes investments in listed and unlisted companies, real estate properties and, where applicable, the net cash position.
(2) Gross value of assets less, where applicable, net financial debt and other liabilities (assets).

Considering the amounts at the end of each financial year, the Net Asset Value (NAV) fell, despite the COVID-19 crisis, by only 2.1% in 2020, being the second highest value over the last 10 years.

The following chart shows the evolution of the NAV since the end of 2010, which shows, among other things, the significant fall in 2011 and the recovery of the NAV since the end of 2012, despite the slight drop during this financial year:

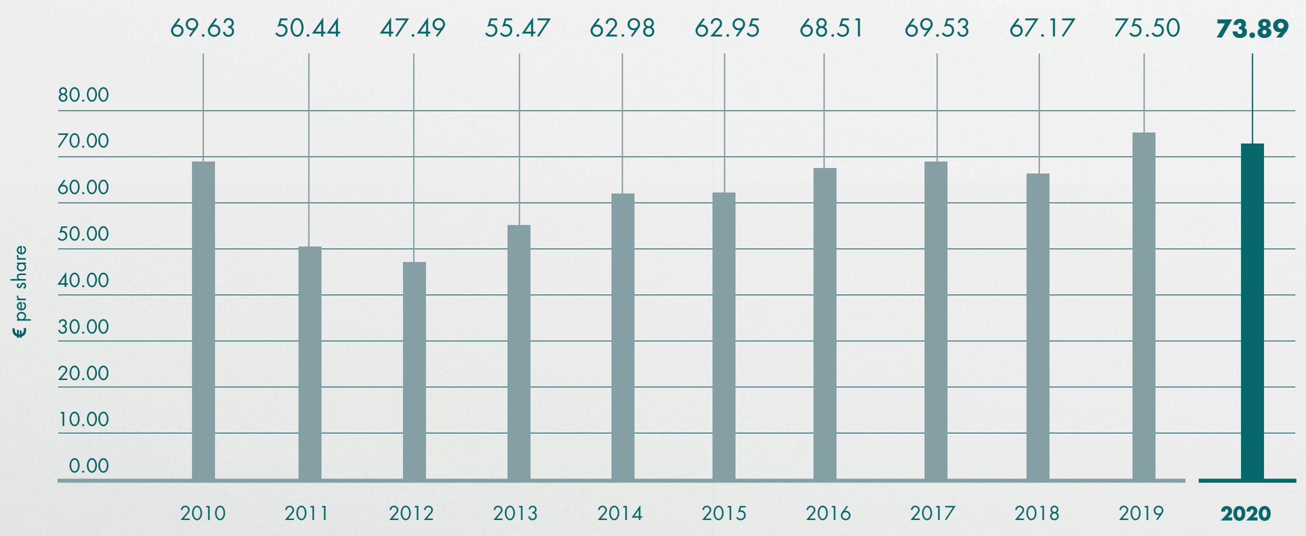
EVOLUTION OF THE NET ASSET VALUE BEFORE TAX (AT 31 DEC.)



MOST SIGNIFICANT DATA

The following table shows the evolution of the NAV per share in circulation over the same period, before tax, at 31 December of each year:

EVOLUTION OF THE NET ASSET VALUE PER SHARE BEFORE TAX (AT 31 DEC.)



In the last 10 years, Alba's NAV per share increased by 6.1%, compared to a rise of 27.2% in the Eurostoxx 50 and a fall of 18.1% in the Ibex 35.

Taking into account the dividends distributed to its shareholders in this period for a total of 13.00 euros gross per share – 10.00 euros per share in ordinary dividends and 3.00 euros per share in an extraordinary dividend in 2011 –, the NAV per share of Alba would have increased by 24.8% in the last 10 years.

MOST SIGNIFICANT DATA

INVESTMENT PORTFOLIO

Structure of the Investee Companies of Alba at 31 December 2020, including both direct and indirect holdings:

Naturgy

5.44%

Verisure

6.25%

Acerinox

19.35%

Ebro Foods

14.00%

Alvinesa

16.83%

Satlink

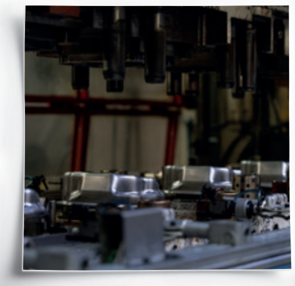
28.07%

ALBA GRUPO MARCH

CORPORACIÓN FINANCIERA ALBA

Viscofan

13.03%



CIE Automotive

12.73%

Euskaltel

11.00%

Parques Reunidos

24.98%

Indra

10.52%

Preving

24.81%

Alvic

7.76%

Nuadi

37.43%

in-Store Media

18.89%

MonBake

3.70%

Food Delivery Brands

3.27%

MOST SIGNIFICANT DATA

Value of the Portfolio at 31 December 2020:

Listed companies [2]	Market value on the Stock Exchange [1] Percentage of ownership	Millions of euros	Euros per share
Naturgy	5.44	578.5	18.960
Acerinox	19.35	472.8	9.034
Ebro Foods	14.00	408.1	18.940
Viscofan	13.03	351.8	58.050
CIE Automotive	12.73	344.1	22.060
Euskaltel	11.00	171.9	8.750
Indra	10.52	129.7	6.980
Others		72.8	
Total stock market value		**2,529.8**	
Total book value		2,336.3	
Unrealised capital gain		**193.6**	
Unlisted companies [3]		**868.0**	
Real estate properties [3]		**313.0**	

(1) Prices at the last exchange rate in December. All the investee listed companies are listed on the Continuous Market of the Spanish Stock Exchange Interconnection System.
(2) Shares consolidated by the equity method, except for "Others", which includes long-term financial stakes in listed companies, which are accounted for at fair value.
(3) Valuations made by independent experts or acquisition cost for the most recent investments (with an investment period less than one year).

The evolution of the investment portfolio in recent years is detailed below:

	Percentage of ownership (%)			
	31-12-2020	**2020 Variation**	31-12-2019	31-12-2018
Listed companies				
Naturgy	5.44	0.08	5.36	5.27
Acerinox	19.35	-	19.35	18.96
Ebro Foods	14.00	-	14.00	14.00
Viscofan	13.03	-	13.03	13.00
CIE Automotive	12.73	2.58	10.15	10.10
Euskaltel	11.00	-	11.00	11.00
Indra	10.52	-	10.52	10.52
Bolsas y Mercados Españoles	-	(12.06)	12.06	12.06
Unlisted companies				
Verisure (1)	6.25	0.11	6.14	-
Parques Reunidos	24.98	-	24.98	21.43
Alvinesa	16.83	-	16.83	16.83
Satlink	28.07	-	28.07	28.07
Preving	24.81	-	24.81	-
Alvic	7.76	(1.13)	8.89	-
Nuadi	37.43	-	37.43	-
in-Store Media	18.89	-	18.89	18.89
MonBake	3.70	-	3.70	3.70
Food Delivery Brands	3.27	-	3.27	-
TRRG Holding	-	(7.50)	7.50	7.50
Mecalux	-	-	-	24.38

(1) Shareholding, net of minority shareholders in Alba Investments, S.à r.l.

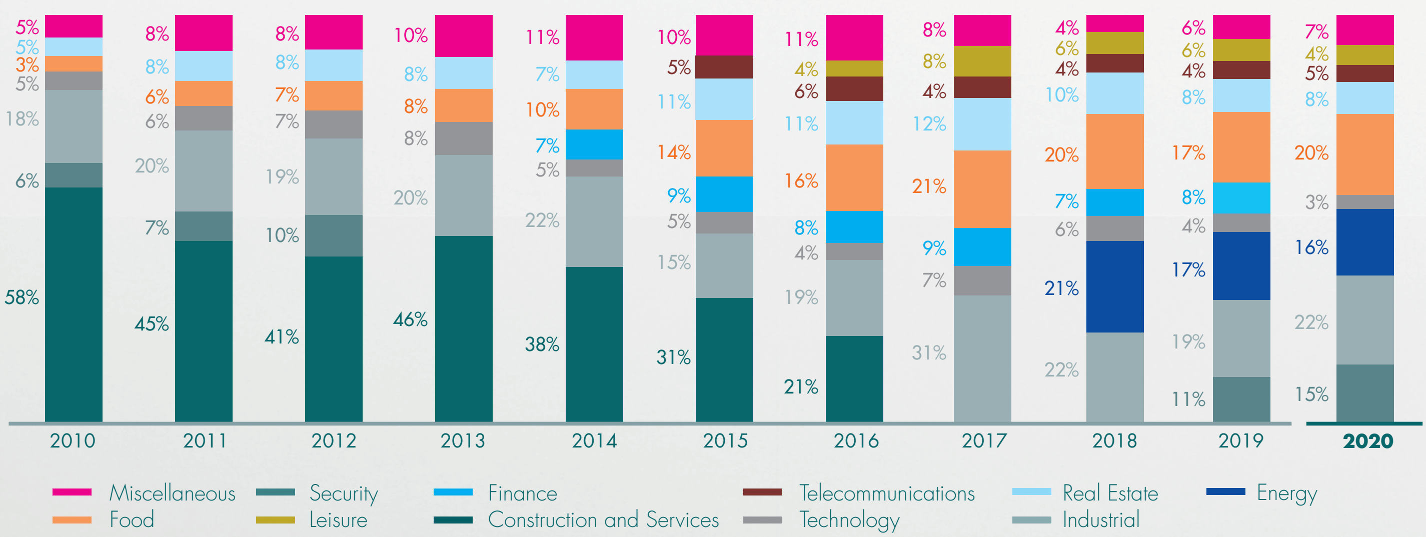
MOST SIGNIFICANT DATA

Apart from the already mentioned purchases and sales of shares, it should be noted that the increases in shareholdings in 2020 in Naturgy and partly in CIE Automotive were due to the amortisation of own shares carried out by these companies.

SECTOR DIVERSIFICATION

Adding together the market value of the holdings in listed and unlisted companies and real estate properties gives the following sectoral distribution of Alba's investments (in percentage terms):

SECTORAL BREAKDOWN OF ALBA'S PORTFOLIO (AT 31 DECEMBER)



The composition of Alba's portfolio has changed substantially in recent years, significantly increasing its diversification by sector.

From 2010 to 2020, Alba invested in new sectors such as Energy (Naturgy), Telecommunications (Euskaltel) and Leisure (Parques Reunidos) and significantly increased the weight of Industrial (Acerinox and CIE Automotive) and of Food (Ebro Foods and Viscofan). On the other hand, in that period it completely disinvested from the Construction and Services sector (ACS, in 2017) and the Financial sector (Bolsas y Mercados Españoles, in 2020). Within the Security sector, the shareholding in Prosegur was sold in 2013 and since 2019 it has again been present with the investment in Verisure. The "Miscellaneous" category mainly includes stakes in unlisted companies through the development capital vehicles Deyá Capital and Deyá Capital IV, varying its weight based on different investments and divestitures made, as well as the financial shareholdings in other listed companies.

CONSOLIDATED ECONOMIC AND FINANCIAL INFORMATION

- The consolidated financial information has been drawn up in accordance with International Financial Reporting Standards (IFRS-EU).

- The investee companies invested in through private equity capital vehicles – Grupo Satlink, S.L. ("Satlink"), Miralda Activos, S.L.U. ("Nuadi") and Marsala Activos, S.L.U. ("Preving") – were fully consolidated as at 31 December 2019 and 2020, due to Alba's majority shareholding in the managing company Artá Capital S.G.E.I.C, S.A.U.

The final part of this report includes the consolidated financial statements, audited by KPMG Auditores, S.L., with more detailed information.

CONSOLIDATED ECONOMIC AND FINANCIAL INFORMATION

CONSOLIDATED BALANCE SHEETS BEFORE PROFIT DISTRIBUTION

ASSETS

In millions of euros	On 31 of December 2020	On 31 of December 2019	On 31 of December 2018
Real estate investments	287.1	324.5	327.3
Tangible fixed assets	29.7	24.8	7.9
Goodwill	78.6	122.7	5.0
Other intangible assets	151.7	104.4	38.1
Investments in associate companies	2,844.9	3,253.1	2,994.4
Inv. at fair value with changes in Profit and Loss	171.0	150.4	201.1
Other financial assets	63.6	71.3	65.1
Non-current assets	**3,626.6**	**4,051.2**	**3,638.9**
Non-current assets held for sale	9.0	312.7	-
Cash and cash equivalents	676.0	192.0	390.7
Other current assets	104.6	136.1	238.5
Current assets	**789.6**	**640.8**	**629.2**
Total Assets	**4,416.2**	**4,692.0**	**4,268.1**

LIABILITIES

In millions of euros	On 31 of December 2020	On 31 of December 2019	On 31 of December 2018
Share capital	58.2	58.2	58.2
Retained earnings and others	3,811.4	4,124.5	4,012.4
Interim dividend	(29.1)	(29.1)	(29.1)
Minority shareholders	183.0	194.6	17.4
Total equity	**4,023.5**	**4,348.2**	**4,058.9**
Financial debt	202.2	202.0	128.9
Provisions and other debt	9.3	21.3	9.8
Other liabilities	69.7	54.8	39.0
Non-current liabilities	**281.2**	**278.1**	**177.7**
Financial debt	49.6	16.7	12.8
Other debts	61.9	49.0	18.7
Current liabilities	**111.5**	**65.7**	**31.5**
Total Equity and Liabilities	**4,416.2**	**4,692.0**	**4,268.1**

BALANCE SHEET

Changes in most of the items in Alba's consolidated accounts were affected in 2019 by the inclusion of Nuadi and Preving in the scope of consolidation, both fully consolidated, as well as Satlink (incorporated in 2017). This scope remained constant in 2020.

The *real estate investments* account, which records the real estate properties intended for rent, was reduced by 37.4 million euros in 2020, down to 287.1 million euros, mainly due to the following: the sale of two properties in Barcelona and two floors of offices in Madrid; the reclassification of a property under the *Non-current assets held for sale* section (9.0 million euros, sold at the beginning of 2021); and, to a lesser extent, the lowest estimated fair value of the rest of the real estate assets portfolio. The appraisal of real estate properties is carried out half-yearly by an independent expert, and the increase or decrease in value is recognised in the income statement under *Changes in the fair value of real state investment.*

Tangible fixed assets increased from 24.8 to 29.7 million euros, mainly due to the increase in the tangible fixed assets of companies that have been fully consolidated.

The variations in *Goodwill* and *Other intangible assets* headings are due, mainly, to the incorporation in 2019 of the goodwill of Nuadi, the valuation of which was completed in the fiscal year 2020.

Investments in associated companies fell by 408.2 million euros in 2020. This reduction is explained by the negative results of the investee companies (-162.2 million euros), the variations in their consolidated net equity (-149.8 million euros) and by the dividends accrued and returns of issue premium made by them (-142.1 million euros). On the other hand, the reduction in this item was lessened by the increase in the stake in CIE Automotive (37.8 million euros) and, to a lesser extent, by the increase in the stake in Verisure and by the reversal of impairments made in previous fiscal years to the stake in Euskaltel.

Financial investments at fair value through profit and loss increased from 150.4 to 171.0 million euros in 2020, mainly due to the acquisition of shareholdings in various listed companies and, to a lesser extent, in Food Delivery Brands, as well as to the higher estimated fair value of the stakes included under this heading (17.6 million euros), which was partially offset by the sale of the stake in TRRG Holding Limited and the reduction of the stake in Alvic. In this regard, it should be noted that in 2020 this account includes the shareholdings in *Other listed companies over the long term* and all the shareholdings in unlisted companies via the Deyá Capital vehicles, except those of Satlink, Nuadi and Preving, which are fully consolidated.

Other financial assets were reduced by *7.7* million euros due, among other things, to the collection of credits from third parties and other financial assets, offset in part by the investment in other long-term financial assets.

The item *Non-current assets held for sale* fell by 303.7 million euros in 2020, due to the sale of the stake in Bolsas y Mercados Españoles (312.7 million euros) and the incorporation of a real estate property sold at the beginning of 2021 (9.0 million euros).

Cash and cash equivalents increased in 2020 from 192.0 million euros to 676.0 million euros, due to divestments carried out and the dividends collected. As at 31 December 2020, Alba's net cash calculated as cash position minus short-term and long-term financial liabilities, excluding the full consolidation of Satlink, Nuadi and Preving, was 522.8 million euros, compared with 62.9 million euros of net cash at the end of the previous financial year.

In addition, the *Other current assets* item fell from 136.1 million euros to 104.6 million euros, mainly due to the collection of the refund of the instalments on account of Corporation Tax corresponding to the financial year 2018 (43.8 million euros).

The *Reserves for accumulated earnings and others* fell by 313.1 million euros, from 4,124.5 million to 3,811.4 million euros, mainly due to the fact that both the *Net profit/(loss)* for the financial year (-102.4 million euros) and the variations in the reserves of the investee companies (-149.8 million euros) were negative in the financial year. On the other hand, the decrease in the item was also due to dividends paid by Corporación Financiera Alba in the financial year.

The *Interim dividend* item amounted to 29.1 million euros at the end of 2020 and reflects the Ordinary Interim Dividend of 0.50 euros gross per share paid in October out of the 2020 profit.

The *Minority shareholders* item decreased from 194.6 million to 183.0 million euros in the financial year, mainly as a result of the payment of dividends from companies with minority shareholders.

As a result, ***Total equity***, including *Minority shareholders*, decreased by 7.5% in the year to 4,023.5 million euros.

Within the *Non-current liabilities* item, noteworthy are the financial debts with a maturity of more than one year amounting to 202.0 million euros, which remained stable during the financial year, and the deferred tax liabilities for 69.7 million euros, which increased by 14.9 million euros due to the inclusion of the Nuadi goodwill in 2019, whose valuation was completed in the financial year 2020.

Current liabilities, which include both bank loans maturing in less than one year and other short-term debts, increased from 65.7 million euros at the end of 2019 to 111.5 million euros at the end of 2020, due to the increase in accounts payable to suppliers of the investee companies that we fully consolidated and due to the increase in debts with short-term credit institutions.

CONSOLIDATED PROFIT AND LOSS STATEMENT [1]

In millions of euros	**2020**	2019	2018
Share of profit of associated companies	(162.2)	84.5	161.4
Revenue and other income	185.9	99.6	97.5
Change in fair value of real estate investment	(2.8)	2.8	0.2
Financial income	25.5	6.6	14.6
Impairment of assets and change in fair value of financial instruments	17.6	68.9	(41.0)
Results from asset sales	24.1	24.9	25.8
Total	**88.1**	**287.3**	**258.5**
Procurement	(45.1)	(23.7)	(29.6)
Operating expenses	(112.5)	(71.0)	(46.0)
Financial expenses	(7.2)	(2.6)	(6.5)
Depreciation	(26.0)	(11.0)	(11.9)
Corporate income tax	(3.2)	(0.7)	(1.9)
Minority shareholders	3.5	0.9	(8.2)
Total	**(190.5)**	**(108.1)**	**(104.1)**
Net profit/(loss)	**(102.4)**	**179.2**	**154.4**
Net Income per share (euros)	**(1.76)**	**3.08**	**2.65**

(1) This income statement is presented grouped according to management criteria, which explains the differences between certain chapters and the data included in the financial statements.

CONSOLIDATED ECONOMIC AND FINANCIAL INFORMATION

PROFIT AND LOSS STATEMENT

The *Net profit/(loss)* of Alba recorded a loss of -102.4 million euros in 2020, compared to a profit of 179.2 million euros the previous year. Consequently, the net income per share was -1.76 euros in the fiscal year, while a positive result was obtained in 2019 of 3.08 euros.

The result recorded in the heading *Share of profit of associated companies* was negative at -162.2 million euros, compared to a positive result of 84.5 million euros in 2019. This fall is mainly accounted for by the losses recorded by our investee companies as a result of lower activity, and by the asset impairments recorded by some of them, in both cases as a result of the COVID-19 crisis.

The *Revenue and other income* item increased by 86.3 million euros, to 185.9 million euros in the financial year, mainly because 2020 included for the first time the complete financial year of the full consolidation of Preving and Nuadi, while in 2019 only the results since their consolidation in the fourth quarter were included. This item includes the revenues of Alba's real estate investments, which were reduced by 4.7%, to 16.1 million euros, due to the reduction of the rentable floor space in the financial year arising from the sale of the real estate properties previously mentioned and due to the lower occupation. Thus, at the end of 2020, the total leasable area amounted to approximately 61,937 square metres, with an occupancy level of 80.6%, compared with 91.5% at the end of 2019.

According to the assessment made by an independent expert, the estimated value of the real estate assets decreased by 2.8 million euros in 2020, with this amount being accounted under the item *Variation in the fair value of real estate investments*. At 31 December 2020, the fair value of the investment property was 296.1 million euros.

Financial income was 25.5 million euros in 2020 compared to 6.6 million euros the previous financial year, due to higher interest and dividends received.

The heading *Impairment of assets and variation in fair value of financial instruments* showed a positive result of 17.6 million euros in the financial year, but lower than that reported in the previous year since in 2020 recoveries of past impairments and new impairments were practically offset, while in 2019 impairments in previous financial years were recovered for a value of 51.9 million euros. However, the variation in fair value of financial instruments amounted to 17.0 million euros.

The item *Results from asset sales* includes income of 24.1 million euros in 2020, slightly less than in the previous year, which corresponds mostly to the pre-tax gain obtained in the year from the sale of the stake in Bolsas y Mercados Españoles. The previous year this item included the gains earned in the sale of the stake in Mecalux.

Procurements and *Operating expenses* in 2020 amounted to 45.1 million euros and 112.5 million euros, respectively, up 90.3% and 58.5% more than in the previous financial year due to the aforementioned effect of the full consolidation of Preving and Nuadi for the full financial year in 2020.

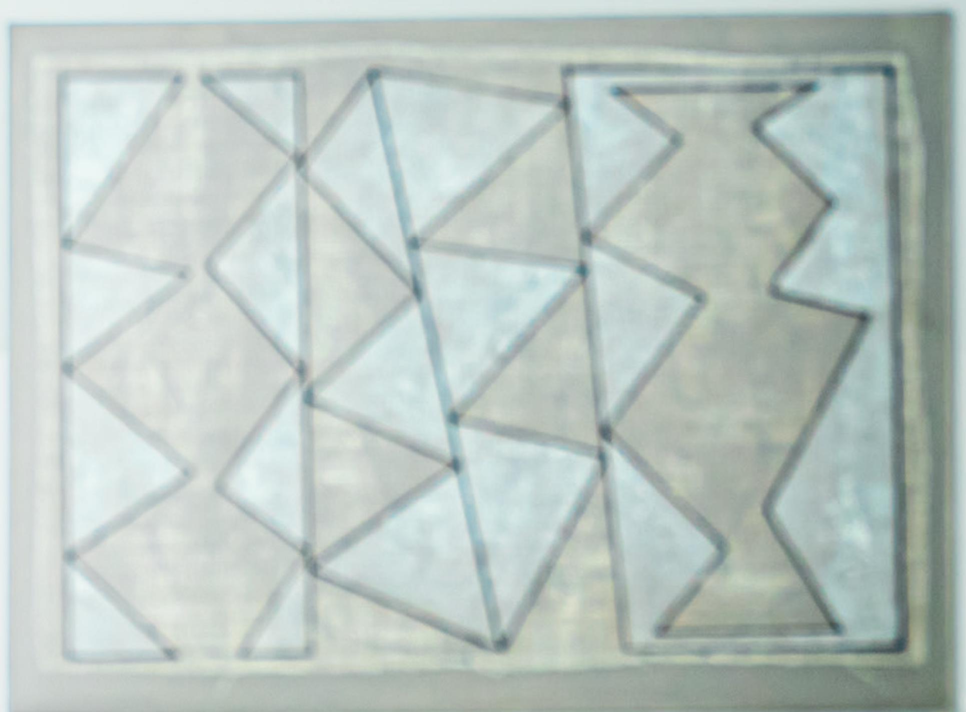
Overall, the *Operating expenses* directly attributable to Alba represented 0.61% of the Net Asset Value before tax at year-end.

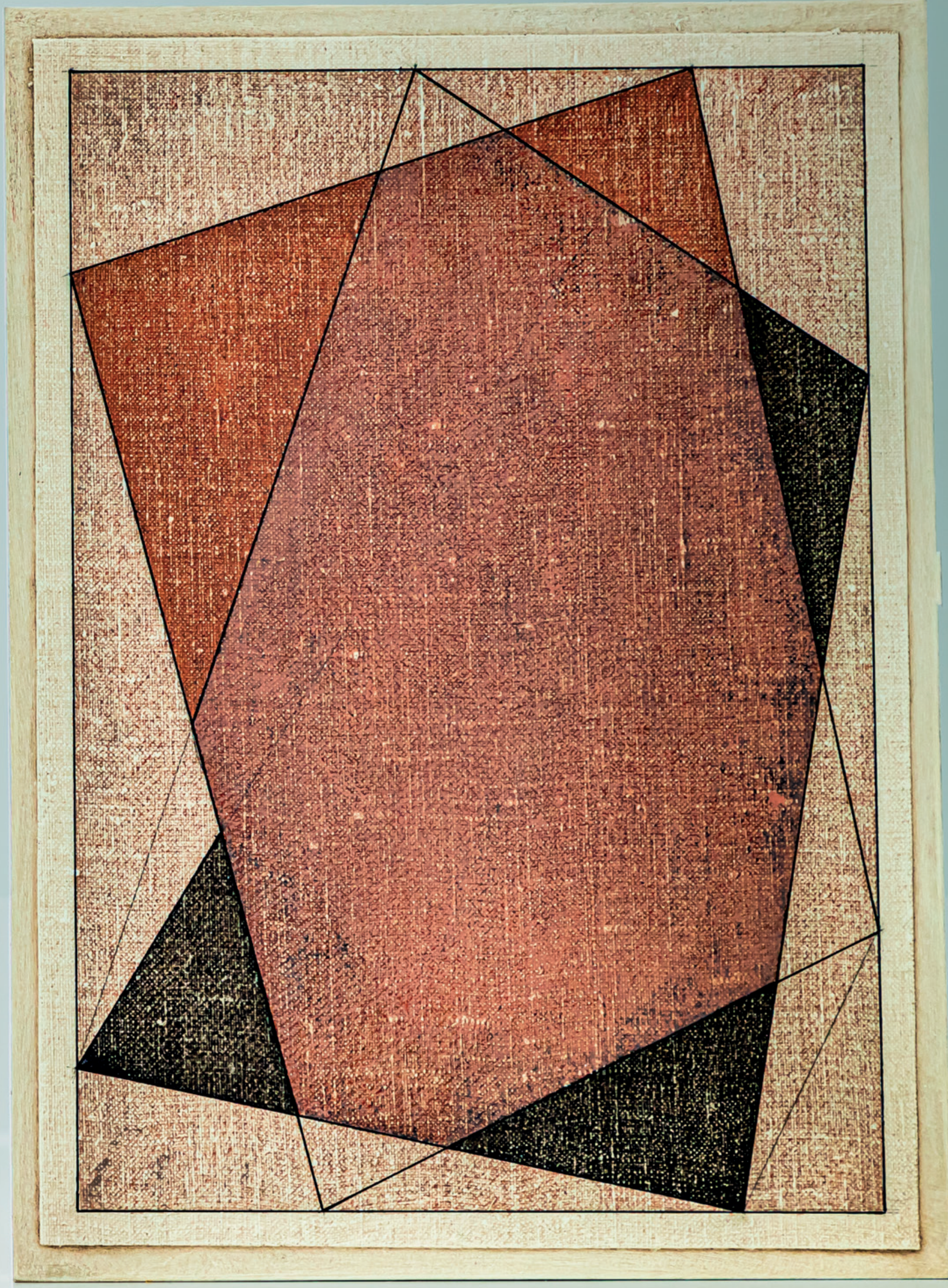
Financial expenses increased by 4.6 million euros in the fiscal year, up to 7.2 million euros, due to higher interest paid.

The changes in the scope of consolidation – full incorporation of Nuadi, Preving and Alba Investments (Verisure) of the whole financial year – also explain the change in the *Minority interests* item in the consolidated income statement in the financial year.

Corporate tax includes an expense of 3.2 million euros in 2020 compared to 0.7 million euros in 2019.

INFORMATION ON INVESTEE COMPANIES





LISTED COMPANIES

INFORMATION ON LISTED COMPANIES

NATURGY

www.naturgy.es

DESCRIPTION OF THE COMPANY

Naturgy is an integrated multinational energy company with a presence in the gas and electricity sector. It operates in over 30 countries, with a strong presence in Spain and Latin America. It is the third largest electricity company in Spain and the largest Liquefied Natural Gas (LNG) operator in the Atlantic Basin.

Naturgy is present in both regulated and liberalised businesses and performs gas and electricity distribution activities, infrastructure, supply and transport of gas and power generation, both conventional and renewable.

In 2020, in order to show better visibility of the performance by division, the Company reorganised its businesses around three strategic areas: Management of Energy and Networks, Renewables and New Businesses and Commercialisation.

In November 2020, Naturgy reached an agreement for the sale of its 96.04% stake in the capital of the electricity distributor in Chile, Compañía General de Electricidad, S.A. for an equity value of 2,570 million euros. The transaction is subject to regulatory approvals and approvals from competition bodies. In addition, during 2020, approval was received from the CNMC for the acquisition of the stake of 34.05% of

Medgaz to CEPSA. After exercising the option signed with BlackRock Global Energy & Power Infrastructure Fund (GEPIF), the operation was completed during the financial year.

On 26 January 2021, the Australian infrastructure fund IFM Investors announced its intention to put forward a voluntary and partial takeover bid on 22.69% of Naturgy's share capital at a price of 23.00 euros per share, from which the dividends distributed by the Company will be discounted after the announcement. At the end of March 2021, this bid was pending approval by the competent authorities.

COMMENT ON THE COMPANY'S ACTIVITIES IN 2020

The 2020 results were marked by the impact of the pandemic, having a direct effect on operational performance through lower demand for gas and electricity in Spain and Latin America, a drop in energy prices, a more complex environment in international LNG [Liquified Natural Gas] and a significant depreciation, compared to the euro, of local currencies in the main Latin American countries.

INFORMATION ON LISTED COMPANIES

MOST SIGNIFICANT DATA

In millions of euros unless otherwise indicated	**2020**	2019	2018
Sales	15,345	20,761	24,339
EBITDA	3,449	4,252	4,019
EBIT	466	2,634	(2,167)
Net profit/(loss)	(347)	1,401	(2,822)
Total assets	39,545	41,138	40,631
Net financial debt	13,612	15,268	13,667
Equity	11,265	13,976	14,595
Employees (31-Dec.)	10,540	11,847	12,700
Share price (closing 31-dec.) (in euros per share)	18.96	22.40	22.26
Market capitalisation (closing 31-dec.)	18,384	22,044	22,275
Gross dividend yield (on last price)	7.2%	6.0%	6.3%

Note: the results of the financial year 2019 have been restated to reflect the agreement to sell the Chilean subsidiary of electricity networks, Compañía General de Electricidad S.A. (CGE) in Chile, to State Grid International Development Limited. As a result and for comparability purposes, CGE has been classified as discontinued operations in consolidated accounts for both 2019 and 2020.

Net sales reached 15,345 million euros in 2020, 26.0% less than the previous year, mainly due to, as mentioned, lower prices and lower demand for energy during the period due to the effect of the pandemic, as well as the negative performance of Latin American currencies.

The reported EBITDA stood at 3,449 million euros, 18.9% lower than in 2019. With a constant scope of consolidation, the ordinary EBITDA would be 3,964 million euros, in line with the forecasts for 2020 despite the complex scenario.

SALES BY REGION

- Spain **52.0%**
- Latin America **28.8%**
- Rest of Europe **12.8%**
- Other **6.4%**

EBITDA BY DIVISION

- Management of Energy and Networks **80.8%**
- Renewables and new businesses **10.0%**
- Commercialisation **9.2%**

Note: EBITDA breakdown before structure costs, consolidation adjustments and others.

The net profit/(loss) was significantly affected by the impairment of assets that was incurred in the last quarter of the financial year, primarily in the book value of thermal generation assets in Spain. This impairment had an impact on the net income of 1,019 million euros, resulting in net losses of 347 million euros. Excluding non-ordinary elements, the recurring net income reached 872 million euros, 36.7% less than in the financial year 2019.

In 2020, Naturgy's total investments amounted to 1,279 million euros, 24.1% less than in 2019. However, it is worth highlighting the investments made in renewable energies: 115 million euros were allocated to the development of various projects of renewable energy generation in Spain, with 125 MW put into operation in the financial year; and 287 million euros to the development of 181 MW of wind power plants in Australia and 307 MW of wind and solar power plants in Chile.

The cash flow after minorities was 1,626 million euros in 2020, 17.0% less than the previous year. It should be noted that the drop in operating cash flow (-23.9%) was partially offset by lower investments and positive levels of working capital, whose management was a priority during the coronavirus pandemic. This cash flow was allocated primarily to the payment of dividends (1,370 million euros). The share repurchase programme (184 million euros) was suspended at the beginning of the pandemic as a precautionary measure.

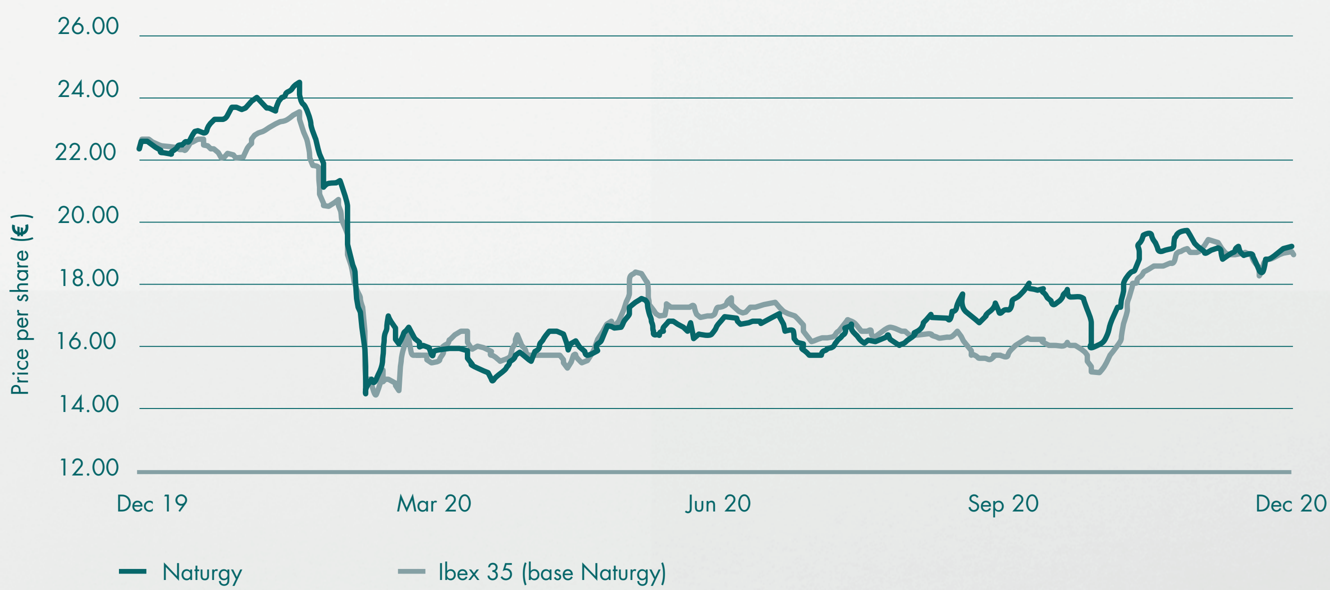
The Company's net financial debt in 2020 amounted to 13,612 million euros (not including the expected inflow of cash when the announced CGE sale was completed), which represents a ratio of 3.9 times EBITDA versus 3.6 times as of 31 December 2019. In addition, the average cost of debt stood at 2.5% (3.2% in 2019).

ALBA SHAREHOLDING

Alba is one of the Company's main shareholders, with a total stake of 5.44% of its share capital at 31 December 2020.

STOCK MARKET PERFORMANCE OF NATURGY IN 2020

In 2020, the Company's share price fell by 15.4%, in line with Ibex-35, to 18.96 euros per share. As at 31 December, the market capitalization of Naturgy was 18,384 million euros.



Source: Bloomberg.

INFORMATION ON LISTED COMPANIES

ACERINOX

www.acerinox.es

DESCRIPTION OF THE COMPANY

Acerinox is one of the world's leading stainless steel manufacturing companies, with a steel mill production capacity of 3.5 million tonnes per year, and a global leader in the production of special alloys through VDM Metals.

The Company has four flat product plants (Spain, the United States, South Africa and Malaysia), three long product plants (two in Spain and one in the United States) and an extensive sales network in over 50 countries. Acerinox sells its products in more than 80 countries across all five continents.

SALES BY REGION

- America **46.3%**
- Rest of Europe **30.8%**
- Asia **11.1%**
- Spain **7.1%**
- Africa **4.1%**
- Oceania **0.6%**

By market, the position of North American Stainless (NAS) in the United States stands out, where it is the market leader and has what is possibly the most efficient and profitable factory in the world. The United States was, in turn, the largest Acerinox market in terms of sales in 2020 (46% of the sales of the group).

In November 2019, Acerinox announced the acquisition of 100% of the German company VDM Metals Holding Gmbh, a world leader in the production of special alloys with a high nickel content. This acquisition is part of the Acerinox strategy to develop itself in new markets and growth sectors, such as aerospace, the chemical and medical industries or renewable energies. The incorporation of VDM Metals allows Acerinox to boost its diversification towards higher value-added sectors and to incorporate a business with less potential volatility in results. The acquisition became effective in March 2020 after receiving approval from the different regulators, so the contribution to the results of the year was limited to 10 months.

INFORMATION ON LISTED COMPANIES

COMMENT ON THE COMPANY'S ACTIVITIES IN 2020

The results of Acerinox were marked by lower activity at the beginning of the period, due to the global spread of the coronavirus, and a strong recovery in the last quarter.

MOST SIGNIFICANT DATA

In millions of euros unless otherwise indicated	**2020**	2019	2018
Sales	4,668	4,754	5,011
EBITDA	384	364	480
EBIT	163	23	312
Net profit/(loss)	49	(60)	237
Total assets	4,733	4,397	4,608
Net financial debt	772	495	552
Equity	1,615	1,929	2,119
Employees (31-Dec.)	8,195	6,605	6,709
Share price (closing 31-dec.) (in euros per share)	9.03	10.05	8.66
Market capitalisation (closing 31-dec.)	2,444	2,718	2,391
Gross dividend yield (on last price)	5.5%	5.0%	5.2%

Note: the results of the financial year 2020 consolidate the results of VDM Metals since 1 March 2020.

Despite the fact that the pandemic caused a decrease in apparent stainless steel consumption of 10% in the United States and 14% in Europe, the group's sales contracted by only 1.8% in the financial year, to 4,668 million euros, which was not higher partly due to the incorporation of VDM.

The reported EBITDA amounted to 384 million euros in 2020, 5.4% higher than that achieved in the previous financial year, thanks to the effective execution of the reduction and variability of costs and the diversification towards the high-performance alloy sector, which allowed it to neutralise, to a large extent, the impact of the pandemic.

Similarly, the EBIT reached 163 million euros, despite the impairment of assets incurred in Bahru Stainless (43 million euros) as a result of the economic impact generated by the pandemic. Discounting this impact, as well as the non-recurring expenses related to the purchase of VDM, the adjusted EBIT would amount to 220 million euros.

For its part, the Company presented a net profit/(loss) in 2020 of 49 million euros, compared to a net loss of 60 million euros in the previous year.

INFORMATION ON LISTED COMPANIES

With regard to cash generation, Acerinox recorded an excellent performance in 2020, thanks to the positive results obtained and the control of working capital. The operating cash flow amounted to 421 million euros, the highest reached since 2012, compared to 359 million euros in 2019. Of these, approximately 337 million euros correspond to the stainless steel division and 84 million euros to the 10 months of contribution from VDM.

As of 31 December 2020, Acerinox had its shareholders' equity of 1,615 million euros and a net debt of 772 million euros (2.0 times the EBITDA), including the acquisition of VDM and the consolidation of its debt for the amount of 398 million euros.

ALBA SHAREHOLDING

As of 31 December 2020, Alba was the leading shareholder in Acerinox, with a stake in its share capital of 19.35%.

STOCK MARKET PERFORMANCE OF ACERINOX IN 2020

The Acerinox share price ended 2020 at 9.03 euros per share, which represented a decrease of 10.1% in the year, a performance that, while negative, was better than the Ibex 35 (-15.5%). Its market capitalisation amounted to 2,444 million euros at the end of the year.

Source: Bloomberg.

INFORMATION ON LISTED COMPANIES

EBRO FOODS

Ebro

www.ebrofoods.es

DESCRIPTION OF THE COMPANY

Ebro Foods is a multinational food company, a world leader in the rice sector and one of the main producers of dry and fresh pasta in the world. It has an extensive network of subsidiaries and brands, has a commercial or industrial presence in more than 80 countries in Europe, North America, Asia and Africa.

The main markets of Ebro Foods are currently the US and France, while Spain represented 6.6% of sales in 2020.

In recent years, the Company has maintained a policy of complementing its investment effort in organic growth with selective acquisitions that enable it to access new markets and/or strengthen its presence in certain products and markets, while divesting its non-strategic businesses or those with less development potential.

In line with this strategy, in 2020 Ebro Foods sold the dry pasta business in North America to focus on the fresh, premium and convenience segments. This sale was finally made in three parts: the majority of the dry pasta business in the United States was sold to TreeHouse Foods for 243 million dollars; Catelli (Canada) was sold to Barilla for nearly 160 million Canadian

dollars (transaction closed in January 2021); and, in March 2021, the sale of the rest of the dry pasta business in the United States (the Ronzoni brand and a production plant) to 8th Avenue Foods & Provisions was agreed for 95 million dollars.

COMMENT ON THE COMPANY'S ACTIVITIES IN 2020

Ebro Food's annual sales in 2020 grew by 15.1% to 3,237 million euros, due to the good performance of the rice and pasta divisions during the pandemic across practically all of the countries in which they operate. The fear of shortage at the beginning of the lockdowns produced a substantial increase in the demand for rice and pasta. Likewise, the increase in household consumption compared to the HORECA segment, a channel in which Ebro Foods has a lower presence, also boosted the Company's sales.

For their part, EBITDA and EBIT increased by 26.9% and 34.5%, respectively, to 435 million and 311 million euros, with an improvement in margins in the case of EBITDA of +120 basis points and almost 140 basis points in the case of EBIT.

Net income amounted to 192 million euros, up 35.7% year-on-year.

INFORMATION ON LISTED COMPANIES

MOST SIGNIFICANT DATA

In millions of euros unless otherwise indicated	**2020**	2019	2018
Sales	3,237	2,813	2,614
EBITDA	435	343	307
EBIT	311	231	220
Net income	192	142	142
Total assets	4,036	4,381	3,832
Net financial debt	951	1,000	705
Equity	1,958	2,292	2,190
Employees (31-Dec.)	7,537	7,351	7,071
Share price (closing 31-dec.) (in euros per share)	18.94	19.29	17.44
Market capitalisation (closing 31-dec.)	2,914	2,968	2,683
Gross dividend yield (on last price)	13.3%	3.0%	3.3%

Note: the yield by gross dividends of 2020 includes 1.94 euros of the extraordinary dividend paid in December this year.

By business areas, sales of the Rice division grew by 16.1%, up to 1,818 million euros, due to the increase in household consumption caused by the pandemic and due to an appropriate reorganisation of production, which allowed for an efficient response to consumer demand. The EBITDA and EBIT increased by 22.6% and 24.8%, respectively, to 236 million and 179 million euros, with an improvement in margins due to lower promotional activity during lockdown, which offset the increase in the price of raw materials and, to a lesser extent, the negative impact of currencies.

Excluding the businesses sold in 2020 from both financial years, the sales of the Pasta division reached 1,502 million euros in the year, up 14.5% from 2019. For its part, EBITDA increased by 31.5%, to 214 million euros, while EBIT increased by 46.0%, ending 2020 at 148 million euros, all despite increases in raw material prices that mainly affected Panzani and Garofalo. The surplus production capacity existing in the US allowed Ebro Foods to meet the strong increase in the demand of households in this country throughout the financial year.

SALES BY ACTIVITY

- Rice **54.8%**
- Pasta **45.2%**

SALES BY GEOGRAPHICAL AREA

- Other European Union **57.4%**
- Other **36.0%**
- Spain **6.6%**

Note: breakdown of sales by activity before intra-group sales.

The Company's net financial debt decreased by 4.9% in 2020, to 951 million euros. It should be noted that Ebro Foods distributed 386 million euros of ordinary and extraordinary dividends to its shareholders during the financial year 2020. On the other hand, the divestment of the pasta business in the United States reported an income of close to 195 million euros.

The net debt to EBITDA ratio for the period was 2.2 times, lower than in 2019 (2.9 times), which allows Ebro Foods to continue with its selective acquisition strategy while maintaining an appropriate dividend policy.

ALBA SHAREHOLDING

In 2020, Alba kept its stake in the share capital of Ebro Foods constant at 14.00%, being one of its main shareholders.

STOCK MARKET PERFORMANCE OF EBRO FOODS IN 2020

During 2020, the share price of Ebro Foods fell by 1.8%, to 18.94 euros per share, outperforming the Ibex 35 (-15.5%). As at 31 December, the market capitalisation of Ebro Foods was 2,914 million euros.

Source: Bloomberg.

INFORMATION ON LISTED COMPANIES

VISCOFAN

Viscofan
The casing company

www.viscofan.com

DESCRIPTION OF THE COMPANY

Viscofan is the global leader in artificial casings for meat products, being the only world producer to manufacture all categories of casings: cellulose, collagen, fibrous and plastic.

The Company's revenue is broadly diversified, with some 2,000 customers in over 100 countries worldwide.

Viscofan has an extensive network of casing production centres in Europe (Spain, Germany, Belgium, Czech Republic and Serbia), North America (USA, Canada and Mexico), Latin America (Brazil and Uruguay), Asia (China), and Oceania (Australia and New Zealand).

COMMENT ON THE COMPANY'S ACTIVITIES IN 2020

After a 2020 marked by the pandemic and despite the weakness of the main currencies with which the Company operates against the euro, Viscofan reached new historical peaks in both revenues and EBITDA, with an increase in sales in all geographic regions and in all product families, in a context of strong growth in the packaging market, which offset the lower results obtained in the cogeneration activity. The results of the 2020 financial year demonstrate, once again, the robustness of the business model of Viscofan and reinforce its global leadership.

MOST SIGNIFICANT DATA

In millions of euros unless otherwise indicated	**2020**	2019	2018
Sales	912	850	786
EBITDA	234	201	209
EBIT	163	130	146
Net income	123	106	124
Total assets	1,040	1,085	1,034
Net financial debt	82	89	80
Equity	736	784	758
Employees (31-Dec.)	4,967	4,713	4,609
Share price (closing 31-dec.) (in euros per share)	58.05	47.10	48.12
Market capitalisation (closing 31-dec.)	2,699	2,188	2,243
Gross dividend yield (on last price)	4.1%	3.4%	3.5%

INFORMATION ON LISTED COMPANIES

Viscofan's sales grew by 7.4% in 2020, to 912 million euros, thanks to the higher volumes of packaging, the improvement in the mix of prices and the incorporation of Nitta Casings, all despite the impact of the pandemic and the weakness of the main currencies against the euro.

By activity, the sales of packaging showed significant growth (+8.8%) compared to the previous year, reaching 875 million euros. The revenues of the cogeneration segment decreased by 18.4%, compared to 2019, to nearly 37 million euros due to lower energy prices in Spain and lower electricity produced as a result of the shutdown for the installation of new cogeneration engines in Caseda. If we exclude the impact of foreign currency variations and the changes in the scope of consolidation, annual revenue would have increased 8.3% compared to 2019.

SALES BY ACTIVITY

- Casings **96.0%**
- Cogeneration **4.0%**

SALES BY GEOGRAPHICAL AREA

- Europe and Asia **55.2%**
- North America **30.6%**
- Latin America **14.2%**

By geographic area, all markets grew in both absolute and comparative terms. Europe and Asia revenues amounted to 503 million euros (+4.8%) due to higher volumes in China and other Asian countries. For their part, revenue in North America and Latin America grew by 15.0% and 2.3% to 279 million euros and 129 million euros, respectively. Eliminating the impact of variations in exchange rates, non-recurring results and changes in the scope of consolidation, revenues rose by 5.7% in Europe and Asia, 4.9% in North America and 24.8% in Latin America.

For its part, EBITDA rose by 16.7% in 2020, to 234 million euros, with a margin over sales of 25.7%, compared to 23.7% in 2019. EBIT amounted to 163 million euros, 25.0% higher than the previous year. This increase in EBITDA and EBIT margins is explained, in addition to the higher revenues in a context of high production activity, by the efficiencies achieved and the savings from the new cellulosic and fibrous technology in Spain.

Net income stood at close to 123 million euros, 16.0% more than in 2019 despite the increase in the effective tax rate.

Net bank debt, excluding IFRS 16 and other net financial liabilities, amounted to 38 million euros as of December 2020, compared to 42 million euros at the end of the previous year. The reported net financial debt amounts to 82 million euros (including IFRS 16).

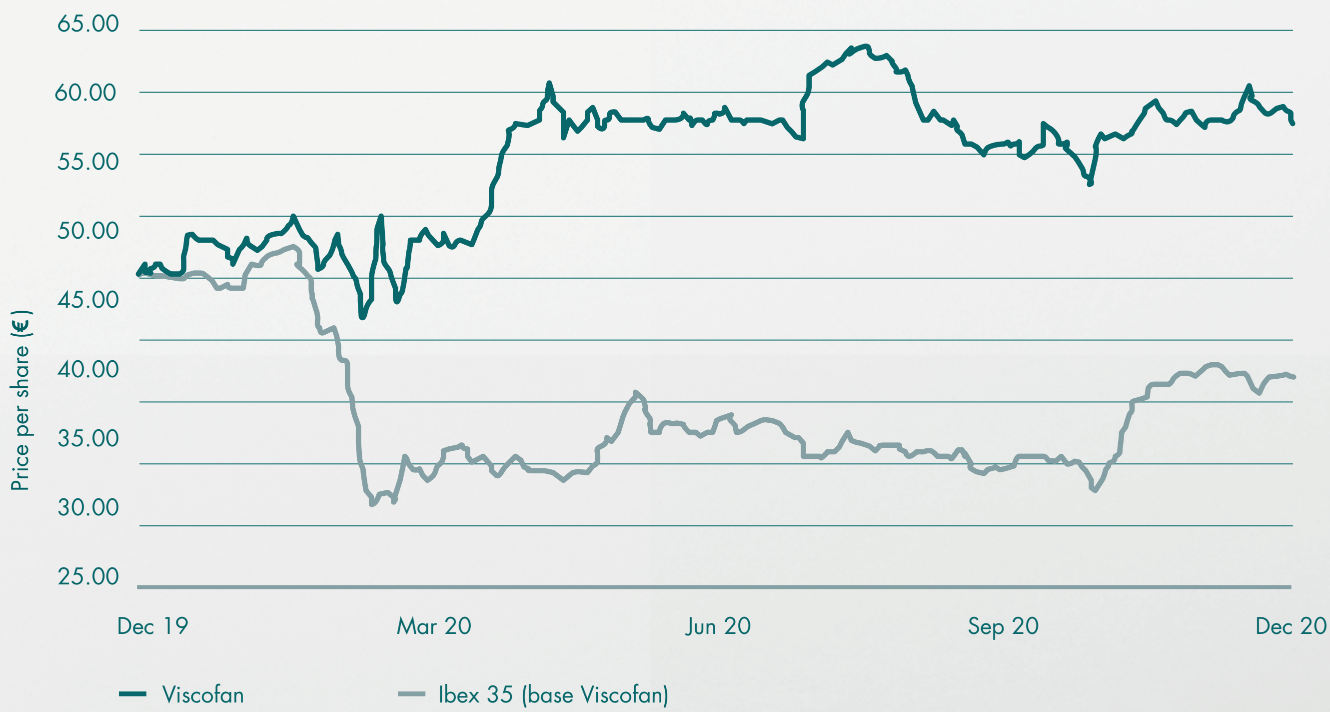
On the other hand, the proposal for full payment to shareholders from the results of the financial year 2020, was 1.70 euros per share and exceeded the ordinary payment of 1.62 euros per share in the previous financial year by 4.9%. In total, the proposed distribution to the shareholders of Viscofan amounted to 78.8 million euros in 2020, equivalent to the distribution of 64.3% of the group's net income.

ALBA SHAREHOLDING

Alba's stake in Viscofan as of 31 December 2020 was 13.03% of its share capital. Alba is currently the largest shareholder of Viscofan.

STOCK MARKET PERFORMANCE OF VISCOFAN IN 2020

Viscofan's share price rose by 23.2% in 2020, to 58.05 euros per share, with a market capitalisation of 2,699 million euros at the end of the year.



Source: Bloomberg.

INFORMATION ON LISTED COMPANIES

CIE AUTOMOTIVE

www.cieautomotive.com

DESCRIPTION OF THE COMPANY

CIE Automotive is a global supplier of components and subsets for the automotive industry. As a TIER 2 supplier, it focuses on the design, production and distribution of components for the global automotive market, with a presence in Europe, NAFTA, Asia and Brazil. It has a wide range of technologies to adapt to the needs of its clients, such as aluminium injection, metal stamping and tube forming, iron casting, machining, plastic, forging and roof systems.

In January 2020, CIE Automotive incorporated Italian company Somaschini S.p.A. into the scope of consolidation for 77 million euros. In addition, the Company expanded its stake in Mahindra CIE throughout the financial year, up to over 60% of the capital.

Within its acquisitions policy, the acquisition in May 2019 of 100% of the roof business of the US company Inteva (Inteva Roof Systems) for 742 million euros should be noted – with 2020 being Inteva's first full financial year within the scope of consolidation of CIE Automotive.

COMMENT ON THE COMPANY'S ACTIVITIES IN 2020

The restrictions imposed by almost all countries in the face of the spread of COVID-19 resulted in a very significant stoppage in the production and sale of automobiles worldwide. This unprecedented situation entailed a considerable decrease in sales and, therefore, in the results of CIE Automotive during the 2020 financial year, especially in the second quarter of the year with the temporary closing of plants.

However, the situation improved throughout the financial year, with the last quarter similar to the same period of 2019.

Despite the drop in activity, the group maintained solid results, due to its high levels of profitability and operating cash generation, thanks in part to the deployment of the "COVID-19 Action Plan" and the controlling of margins across its plants, which allowed it to control leverage and, at the same time, carry out a share repurchase programme and continue with the policy of distributing dividends to its shareholders.

INFORMATION ON LISTED COMPANIES

MOST SIGNIFICANT DATA

In millions of euros unless otherwise indicated	**2020**	2019	2018
Sales	2,882	3,461	3,029
EBITDA	431	594	529
EBIT	283	427	365
Net income	185	287	397
Total assets	4,984	5,067	3,664
Net financial debt	1,595	1,522	948
Equity	995	1,235	1,048
Employees (31-Dec.)	25,196	28,136	23,273
Share price (closing 31-dec.) (in euros per share)	22.06	21.08	21.44
Market capitalisation (closing 31-dec.)	2,704	2,719	2,766
Gross dividend yield (on last price)	3.4%	2.9%	16.9%

As already mentioned, 2020 was a complicated financial year for the automotive sector that saw global production of vehicles contracting by 16.2%, down to 74.5 million vehicles, and 20.7% considering the group of countries where the Company operates. Despite this, CIE Automotive sales reached 2,882 million euros, 16.7% below that of 2019. Eliminating the effect of the exchange rate, sales would have dropped by 13.2%. While all geographic regions contributed positively to the results of the group, it is worth noting the positive performance in China and North America.

SALES BY GEOGRAPHIC AREA

- Europe **29.2%**
- Asia **26.4%**
- North America **25.7%**
- Mahindra Europe **12.3%**
- Brazil **6.4%**

EBITDA BY GEOGRAPHIC AREA

- Europe **25.8%**
- Asia **25.7%**
- North America **35.3%**
- Mahindra Europe **6.4%**
- Brazil **6.8%**

INFORMATION ON LISTED COMPANIES

For their part, EBITDA and EBIT fell by 27.4% and 33.6% respectively, down to 431 million and 283 million euros, giving a margin of 15.0% and 9.8%. The business model of CIE Automotive, reinforced by the implementation of the "COVID-19 Action Plan" and the improvement of the margins of the recently integrated companies, enabled it to maintain solid operating margins for the exceptional environment in which the company operated.

The net income for 2020 was 185 million euros, 35.6% lower than the previous year's result.

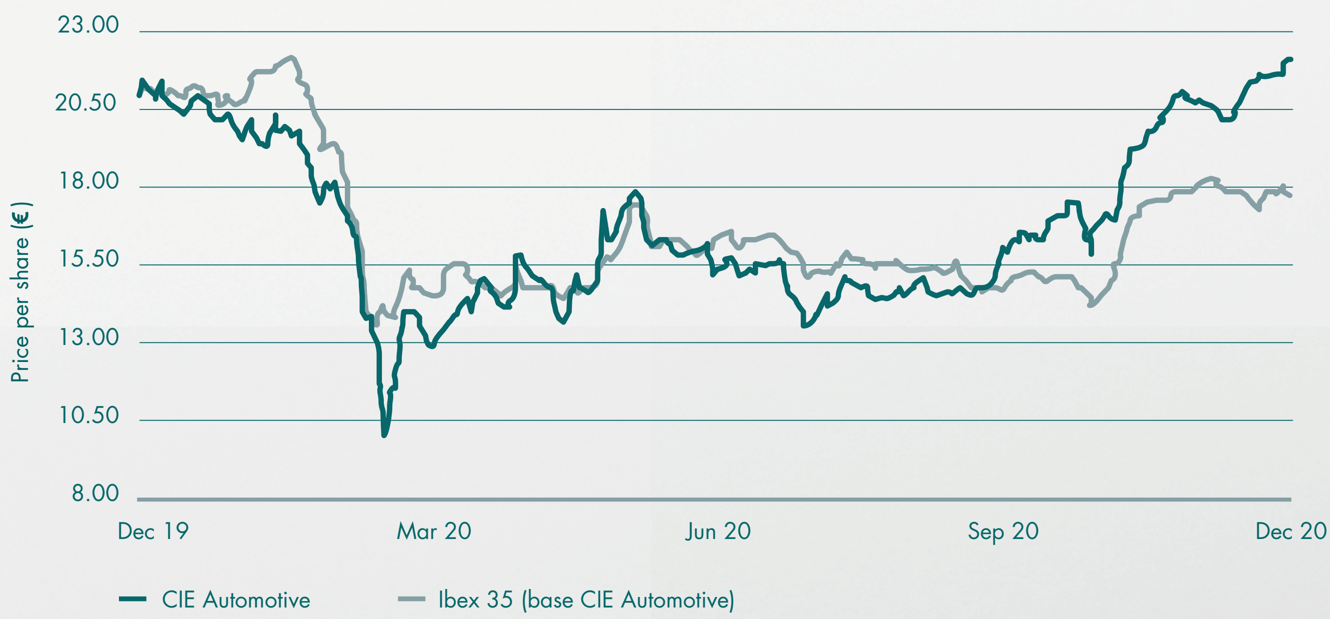
The Company's net financial debt increased slightly to 1,595 million euros, mainly due to non-operating disbursements such as the acquisition of Somaschini, the payment of the *earn-out* corresponding to the purchase of Inteva and the acquisition of 4% of Mahindra CIE, in addition to the payment of dividends and the share repurchase programme. Consequently, the net debt to EBITDA ratio was 3.7 times at the end of 2020, severely affected by the drop in activity associated with the pandemic. During the 2020 financial year, CIE Automotive expanded and improved the existing financing conditions.

ALBA SHAREHOLDING

Alba was the Company's second largest shareholder, holding 12.73% of its share capital at 31 December 2020. During the financial year, the stake increased by 2.58%, both due to the investment made and to the amortisation of own shares carried out by the Company.

STOCK MARKET PERFORMANCE OF CIE AUTOMOTIVE IN 2020

During 2020, the CIE Automotive share price rose by 4.6%, to 22.06 euros per share, in a year in which the Ibex 35 fell by more than 15.5%. As of 31 December, CIE Automotive's market capitalisation was 2,704 million euros.



Source: Bloomberg.

EUSKALTEL

euskaltel

www.euskaltel.com

DESCRIPTION OF THE COMPANY

Euskaltel is a regional telecommunications operator that offers high-speed broadband services, landline telephone, mobile telephone and pay television, to private and business customers. The Company, through its regional brands Euskaltel, R Cable and Telecable, is one of the leading operators, both in the residential and business markets, in its home regions - the Basque Country, Galicia and Asturias - having market shares of over 30% in several of the segments in which it operates.

In recent years, once the acquisitions of R Cable in Galicia and Telecable in Asturias were completed, Euskaltel has boosted its organic growth with the commercialisation of convergent products in Navarre, Catalonia, Cantabria, León and La Rioja. In May 2020, Euskaltel decided to take this strategy one step further, with the launch of the Virgin Telco brand at a national level.

The Company has its own fibre optic network, which, as at 31 December 2020, covered 2.5 million households in the Basque Country, Galicia and Asturias, whereas wholesale arrangements with other operators allowed it to reach a further 21 million households at a national level.

In March 2021, the MásMóvil Group announced a voluntary takeover bid on all Euskaltel shares, at a price of 11.17 euros per share, from which dividends distributed after that date will be discounted. Alba, like Zegona and Kutxabank, signed an irrevocable commitment to accept the bid. As of the date of preparation of this Annual Report, the operation is subject to obtaining the relevant regulatory approvals.

COMMENT ON THE COMPANY'S ACTIVITIES IN 2020

The results of Euskaltel remained practically stable, meeting the objectives of its strategic plan for the financial year, and all despite the strong competition existing in the market and the pandemic situation.

INFORMATION ON LISTED COMPANIES

MOST SIGNIFICANT DATA

In millions of euros unless otherwise indicated	**2020**	2019	2018
Sales	697	685	692
EBITDA	343	345	336
EBIT	136	142	142
Net income	79	62	63
Total assets	2,955	2,917	2,899
Net financial debt	1,455	1,486	1,532
Equity	1,009	982	975
Employees (31-Dec.)	581	588	697
Share price (closing 31-dec.) (in euros per share)	8.75	8.97	6.99
Market capitalisation (closing 31-dec.)	1,563	1,602	1,249
Gross dividend yield (on last price)	3.5%	3.5%	4.0%

Total sales increased by 1.7%, up to 697 million euros compared to the previous year. The successful launch of the Virgin Telco brand contributed to this growth. Since its launch in May, Virgin Telco reached more than 71,000 new customers in the year, surpassing the year's target by 50%.

The Mass market segment slightly increased its revenues, by 1.1%, up to 548 million euros. Despite the pandemic, the number of customers increased by about 7% thanks to domestic expansion, to more than 823,000. Meanwhile, the total number of services contracted by customers in this segment amounted to almost 3 million, representing an average of 3.6 services per customer, slightly lower than the 2019 data. Strong competition in the sector led to a slight decrease in monthly average revenues per customer in 2020.

For its part, the Business segment – which groups together SMEs and large accounts – achieved revenues of 114 million euros, 3.3% more than in the previous year, and 1.4% in its customer base (16,000 companies). For its part, the Wholesale and Others segment increased by 5.9% in 2020, to 34 million euros.

SALES BY SEGMENT

- Mass market **78.6%**
- Companies **16.4%**
- Wholesalers and others **4.9%**

Despite the impact of the pandemic, Euskaltel met the EBITDA objective established for the year, remaining at 343 million euros, in line with financial year 2019. Excluding the impact derived from the extraordinary expenses caused by the launch of Virgin Telco at the national level, EBITDA would have reached 352 million euros, 2.3% more than in the financial year 2019.

Net income amounted to 79 million euros, close to 28% more than in 2019, driven in part by the activation of certain tax credits.

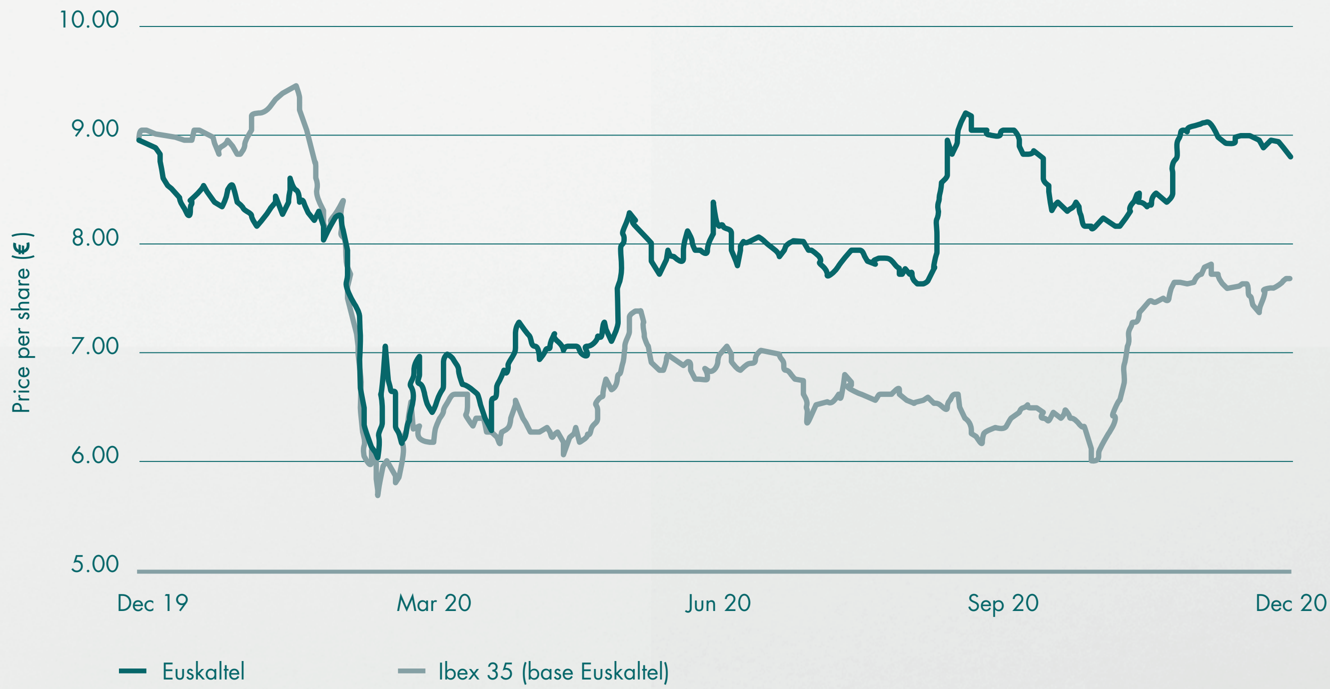
Despite the impact of the launch of Virgin Telco, Euskaltel slightly reduced its net financial debt to 1,455 million euros as of 31 December 2020, a net debt to EBITDA ratio of 4.2 times.

ALBA SHAREHOLDING

Alba held its stake of 11.00% in the share capital of Euskaltel during 2020, being the third largest shareholder at the end of the financial year.

STOCK MARKET PERFORMANCE OF EUSKALTEL IN 2020

In 2020, the Company's share price decreased by 2.5%, to 8.75 euros per share. As at 31 December, the market capitalisation was 1,563 million euros.



Source: Bloomberg.

INFORMATION ON LISTED COMPANIES

INDRA

www.indracompany.com

DESCRIPTION OF THE COMPANY

Indra is Spain's leading company in information technology and security and defence systems, and one of the leading companies in Europe and Latin America. It is a leading global provider of proprietary solutions in specific segments of the Transport and Defence markets, and the leading Digital Transformation and IT consulting company in Spain and Latin America through its Minsait subsidiary.

By 2020, the Company had a local presence in 46 countries and commercial operations in over 140 countries, with a workforce of 47,980 employees at year-end. Indra's international business represented 48.0% of total sales, with America's weight (19.5% of the total) being noteworthy.

In September 2020, it sold its Metrocall stake for 37 million euros. At the end of the financial year, it reinforced its focus in the Italian Business Process Outsourcing (BPO) market with the purchase of 70% of the company SmartPaper.

COMMENT ON THE COMPANY'S ACTIVITIES IN 2020

The results of the financial year 2020 were substantially affected by the pandemic, with a drop in activity and delays in ongoing projects in addition to, among other things, the impact of the provisions of the action plan that the Company put into effect in the middle of the financial year to deal with the crisis.

MOST SIGNIFICANT DATA

In millions of euros unless otherwise indicated	**2020**	2019	2018
Sales	3,043	3,204	3,104
EBITDA	77	346	293
EBIT	(33)	221	199
Net profit/(loss)	(65)	121	120
Total assets	4,463	4,316	4,041
Net financial debt	481	552	483
Equity	684	801	678
Employees (31-Dec.)	47,980	50,349	43,707
Share price (closing 31-dec.) (in euros per share)	6.98	10.18	8.24
Market capitalisation (closing 31-dec.)	1,233	1,798	1,455
Gross dividend yield (on last price)	0.0%	0.0%	0.0%

INFORMATION ON LISTED COMPANIES

Indra reported total sales of 3,043 million euros in 2020, 5.0% lower than the previous year. At the organic level, sales decreased by 3.5% (excluding the inorganic contribution from SIA and the effect of the exchange rate).

By divisions, revenue from Minsait remained stable in local currency (+0.1%) despite the pandemic, although it was negatively impacted by the performance of Latin American currencies (-4.5%). On the other hand, Transport and Defence recorded a 4.5% drop in sales in local currency (-5.8% reported), as a result of the lower activity derived from the coronavirus crisis.

With regard to the performance of the business by geographical areas, sales growth in the Americas (+5.0% in local currency) and Europe (+3.5% in local currency) stand out. On the other hand, Spain shows a slight decrease (-0.6%) and the region of Asia, the Middle East and Africa decreased by 23.0% in local currency, mainly affected by the Transport and Defence division and, to a lesser extent, by the Elections business.

The portfolio of orders was at the highest level in its history at the end of the year, reaching 5,229 million euros, which represented a growth of 15.9%. The portfolio to sales ratio for the last 12 months reaches a historical maximum of 1.72 x versus 1.41 x in 2019.

SALES BY DIVISION

- Minsait **63.2%**
- Transport and Defence **36.8%**

SALES BY GEOGRAPHIC AREA

- Spain **52.0%**
- America **19.5%**
- Europe **18.6%**
- Asia, Middle East and Africa **10.0%**

INFORMATION ON LISTED COMPANIES

With regard to the performance of the results, the reported EBIT decreased to -33 million euros compared to 221 million euros in 2019, mainly due to the delays and lower activity caused by the pandemic and the negative impact of the provisions of the action plan (189 million euros) implemented in the financial year. This decrease was despite the capital gain of 36 million euros from the sale of Metrocall.

For its part, net profit/(loss) was 65 million euros of losses in 2020, compared to the net income of 121 million euros from the previous financial year.

The free cash flow in 2020 stood at 83 million euros (121 million euros excluding the cash outflow of 38 million euros from the workforce transformation plan) compared to 8 million euros from the previous year, improving significantly thanks to the positive contribution of working capital.

Net financial debt reached 481 million euros on 31 December 2020, almost 12.8% lower than the debt on the same date in the previous year. This is the lowest level since 2010.

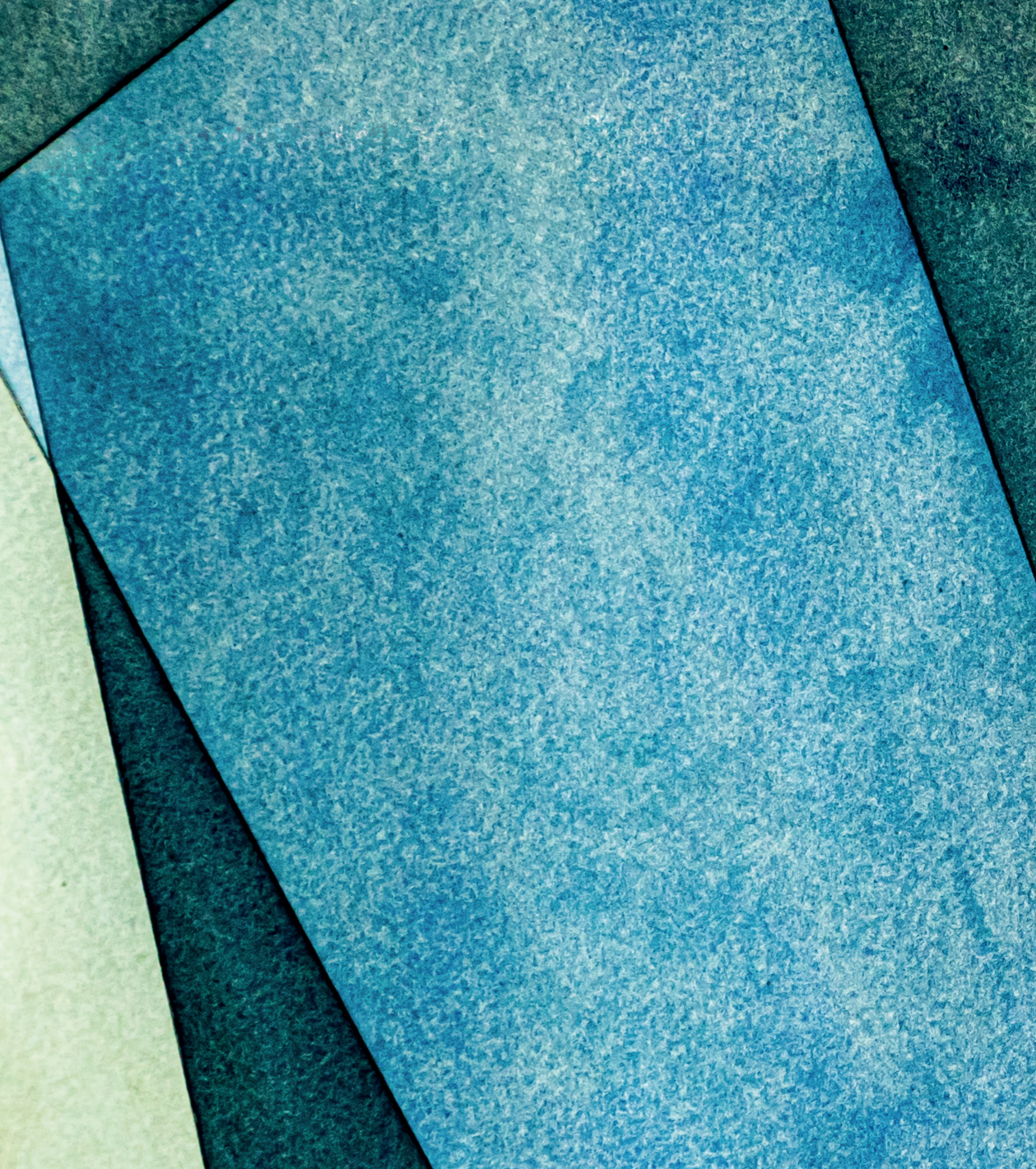
ALBA SHAREHOLDING

Alba's stake in Indra's share capital remained stable in 2020, at the current 10.52%, making it the company's second largest shareholder.

STOCK MARKET PERFORMANCE OF INDRA IN 2020

Indra's share price performed worse than the Ibex 35 in 2020, with a drop of 31.4% versus the 15.5% decline in the index. Thus, at the end of the year, Indra's share price and its market capitalisation were 6.98 euros per share and 1,233 million euros, respectively.

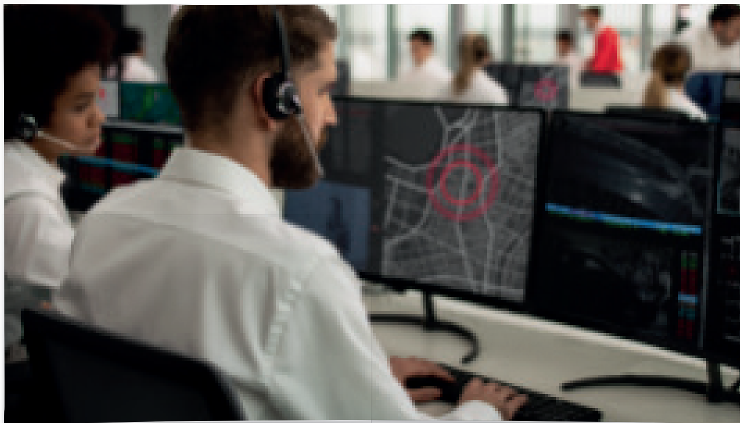
Source: Bloomberg.



UNLISTED COMPANIES

INFORMATION ON UNLISTED COMPANIES

VERISURE



www.verisure.com

DESCRIPTION OF THE COMPANY

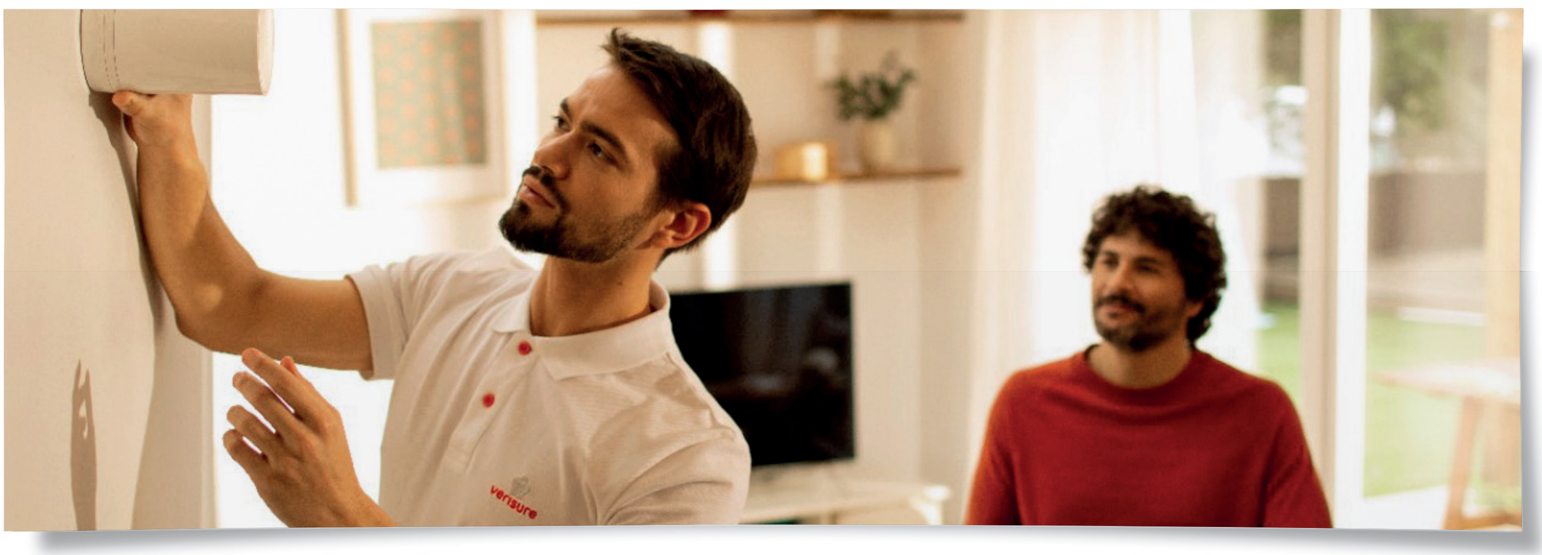
Verisure is the leading provider of monitored alarm solutions for homes and small businesses in Europe and Latin America. Verisure currently serves more than 3.5 million families and small businesses through the "Securitas Direct" and "Verisure" brands. In addition, it offers its customers integrated smart home services such as access control and temperature control, among others, and security services for the elderly.

Verisure has a broad international presence with operations in 12 countries in Europe and 4 countries in Latin America. It is the operator with the largest number of customers in almost all of the countries in which it operates and it has the lowest customer cancellation rate in the industry.

The company has a vertically integrated differentiated business model that has enabled it to become the benchmark operator in the industry. With more than 16,000 employees, Verisure has complete control of the value chain, from innovative product design and development to alarm monitoring (24/7) and customer service, to the commercialisation, installation and maintenance of each system. This is proven by the satisfaction rate of its customers, one of the highest in the sector.

As of December 2020, Verisure reported revenue of 2,139 million euros, 12.5% higher than the previous year, mainly due to an increased numbers of customers. The recurring EBITDA for the year amounted to 920 million euros, up 20.8% from 2019.

As at 31 December 2020, Alba had an indirect stake of 6.25% in Verisure's share capital, once the minority shareholders in Alba Investments, S.à r.l. are taken into account.



INFORMATION ON UNLISTED COMPANIES

PARQUES REUNIDOS

Parques Reunidos PASSION FOR LEISURE

www.parquesreunidos.com

DESCRIPTION OF THE COMPANY

Parques Reunidos is one of the largest leisure parks operators in the world. It currently manages more than 60 amusement parks in 14 different countries, including theme parks, water parks and animal parks.

The Company is primarily present in Europe and the US and also has limited activities in the Middle East and Australia.

Parques Reunidos is, in terms of visits, the second largest operator in Europe and the eighth largest in the world. It is also the world's leading water park operator.

Alba became a shareholder in the Company at its listing on the Stock Exchange in April 2016 and continues to be a significant shareholder following the EQT-led takeover bid, which resulted in the delisting of Parques Reunidos's shares in December 2019.

As at 31 December 2020, Alba had an indirect stake of 24.98% in the share capital of Parques Reunidos.

SATLINK

satlink

www.satlink.es

DESCRIPTION OF THE COMPANY

A leader in the satellite telecommunications sector, Satlink is an engineering company that develops mainly technological solutions in favour of sustainable fishing and better fisheries management.

Satlink also offers a wide range of satellite products and solutions for the maritime industry including, among others, telecommunications, tracking systems, electronic reporting and video surveillance from land to improve the traceability of fishing and sea transport.

Its agreements with the main satellite networks, such as Inmarsat, Thuraya and Iridium, give it the capacity to provide global coverage in voice and data transmission to any type of user, whether at sea or on land.

Thanks to its capacity for innovation, Satlink has successfully captured growth in its sector, generating nearly 80% of its activity in international markets.

As at 31 December 2020, Alba, through Deyá Capital IV, held a 28.07% stake in Satlink, which is accounted for as fully consolidated.

INFORMATION ON UNLISTED COMPANIES

PREVING

Grupo Preving
Juntos hacia una empresa saludable

www.preving.com

DESCRIPTION OF THE COMPANY

Preving Group is one of the leaders in the occupational risk prevention market in Spain, with a customer base of more than 70,000 companies, which have over 500,000 employees.

The Company has a complete portfolio of products and services that enable its clients to comply with national regulations on occupational risk prevention and, at the same time, improve the health and safety of their employees.

The Preving Group has a staff of over 1,000 employees and is present throughout the country with a network of over 65 operating centres, 300 occupational health centres and 30 mobile health-monitoring units.

As at 31 December 2020, Alba, through Deyá Capital IV, held a 24.81% stake in Grupo Preving, which is accounted for as fully consolidated.

ALVIC

Feel the innovation

www.grupoalvic.com

DESCRIPTION OF THE COMPANY

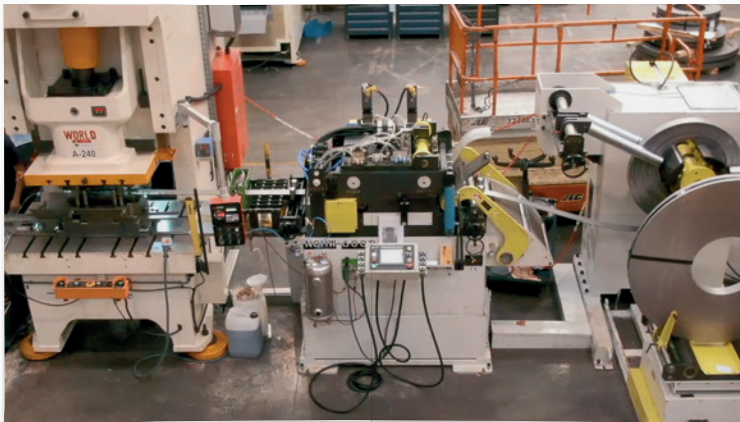
Alvic is a manufacturer of panels and added-value components for the kitchen furniture industry. It has a diversified portfolio of products including furniture panels, furniture components and finished furniture. Its main selling channels are the sale to kitchen furniture manufacturers, department stores and its own distribution network, mainly aimed at installers.

Alvic is the leading manufacturer in Spain and has a relevant international presence (70% of its revenues, mainly in France and the US). It has more than 900 employees and 5 production plants: Alcaudete, La Carolina and Vic in Spain and 2 newly-opened ones in Solsona and Florida (USA).

As at 31 December 2020, Alba, through Deyá Capital IV, held a 7.76% stake in Alvic.

INFORMATION ON UNLISTED COMPANIES

NUADI



www.nuadi.com

DESCRIPTION OF THE COMPANY

Nuadi is the largest independent manufacturer of braking system components (Tier-3), specifically metal brackets and anti-noise sheets for the aftermarket in Europe.

Founded in 1958, Nuadi was the European subsidiary of the Canadian company Nucap Industries for more than 10 years.

The company has nearly 225 employees in its main plant in Pamplona and about 50 employees in its Chinese subsidiary, with a plant in Shanghai.

As at 31 December 2020, Alba, through Deyá Capital IV, held a 37.43% stake in Grupo Nuadi, which is accounted for as fully consolidated.

IN-STORE MEDIA

in-Store Media

www.in-storemedia.com

DESCRIPTION OF THE COMPANY

In-Store Media, founded in 1998, is currently one of the world's leading companies in the operation of point-of-sale advertising media through exclusive agreements with retailers and the provision of services to advertisers.

The Company works with around 70 retailers and manages campaigns for more than 1,000 major brands.

In-Store Media has a strong international presence, with approximately 60% of its business generated outside Spain (Mexico, France, Portugal, Poland, Chile, Argentina, Uruguay and Philippines), being a leader in technology, innovation and turnover in all the aforementioned markets.

As at 31 December 2020, Alba's stake in in-Store Media through Deyá Capital, was 18.89%.

INFORMATION ON UNLISTED COMPANIES

MONBAKE

MONBAKE

www.monbake.com

DESCRIPTION OF THE COMPANY

Founded in 2018, MonBake Group was created by the simultaneous acquisition of Berlys and Bellsola, two of the most significant manufacturers of fresh and frozen bread, cakes and pastries for the Spanish market, giving rise to an industry-leading company and strengthening its leadership position in Spain.

MonBake, which has more than 700 complementary product references marketed across the different sales channels, is very focused on the traditional channel, thus taking advantage of its strong commercial capillarity in Spain. It has access directly to more than 25,000 customers, thanks to the fact that it has the largest network in the industry with over 25 delegations across Spain.

The Company has modern production facilities distributed across 10 factories, with a high level of automation, as well as a highly developed cold logistics network with 3 logistics hubs, over 20 regional logistics centres and more than 200 distributors.

As at 31 December 2020, Alba, through Deyá Capital IV, held a 3.70% stake in MonBake.

FOOD DELIVERY BRANDS

www.fooddeliverybrands.com

DESCRIPTION OF THE COMPANY

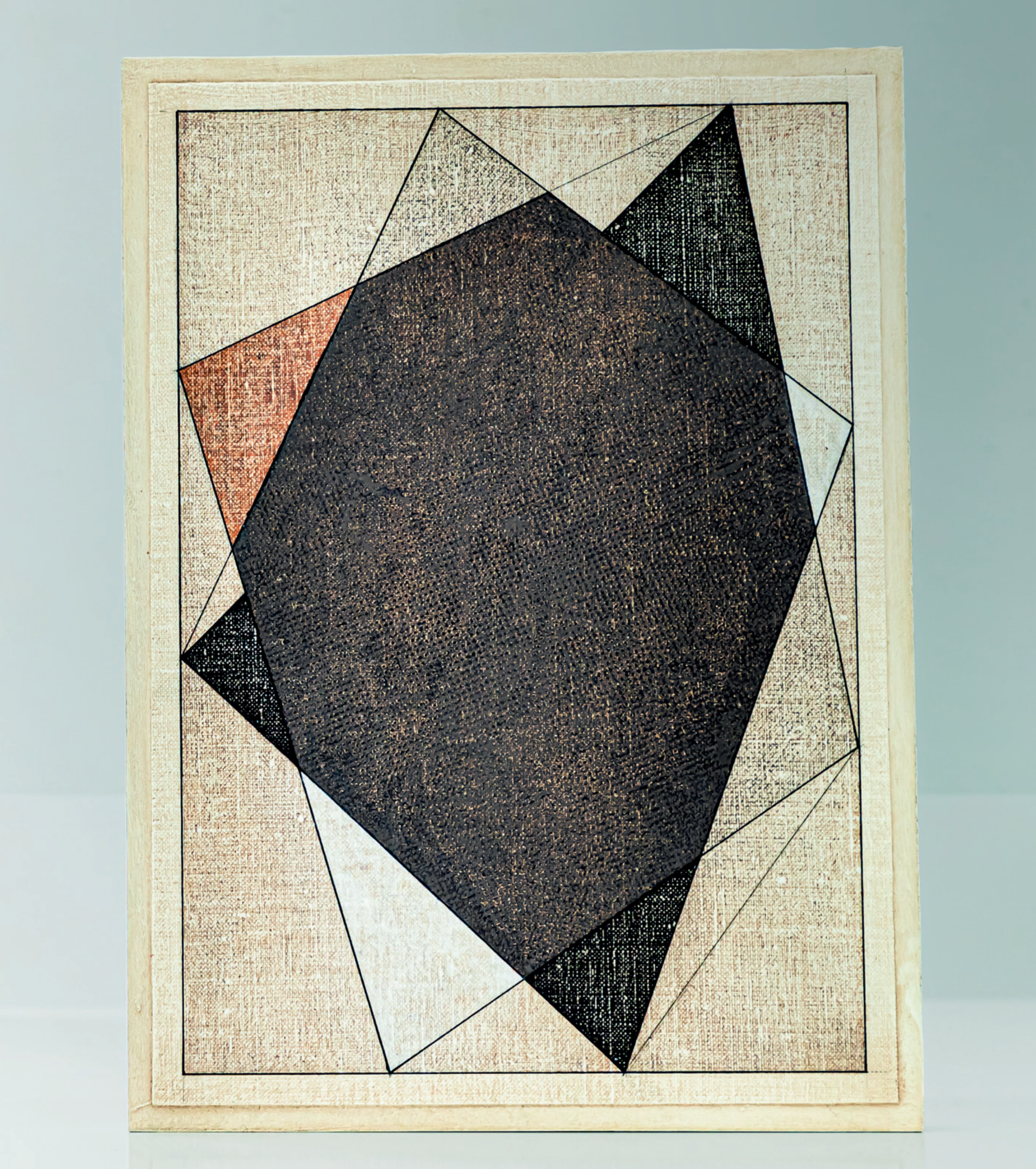
Food Delivery Brands is the main multi-brand operator of pizzerias worldwide, with a presence mainly in Iberia and Latin America. It has more than 2,500 establishments, of which approximately 540 are its own stores, and 1,960 are franchises.

It is the master franchisee of Pizza Hut and Telepizza in Iberia and Latin America. Other brands managed by the group are Jeno's (Colombia) and Apache (Ireland).

The group is vertically integrated with 5 factories (between Iberia and Latin America) for frozen mass production and has a workforce of more than 3,800 employees.

As at 31 December 2020, Alba, through Deyá Capital IV, held a 3.27% stake in Food Delivery Brands.

REAL ESTATE ACTIVITY



REAL ESTATE ACTIVITY

The pandemic, which has marked the year 2020, has strongly impacted all sectors of the economy, causing changes to life and work habits. In this context, the real estate market has had to adapt to new challenges such as teleworking, the greater use of office spaces per employee, preventive measures, provision of common areas to facilitate work coexistence, etc.

We believe that the influence of teleworking on office demand will be limited and will be progressively reduced. We may see a reduction in fixed positions, but this will be foreseeably offset with more surface area devoted to services and common, collaborative and creative spaces. Since the beginning of the health crisis, the average density of offices has been reduced to compensate for the greater proportion of employees who work at home, partially offset by the increase in space requirements per person.

The real estate activity of Alba is summarised in the following table:

In millions of euros unless otherwise indicated	**2020**	2019	Difference
Rentable floor space (square metres)			
Madrid	61,937	64,100	(2,163)
Barcelona	-	17,800	(17,800)
Floor space (excl. ground floor)	61,937	81,900	(19,963)
Garage spaces (number)	1,198	1,400	(202)
Rental income	16.1	16.9	(0.8)
Direct expenses	(4.2)	(5.6)	1.4
Office occupancy level	80.6%	91.5%	(10.9%)
Gross yield	5.7%	5.7%	0.0%
Real estate property appraisal	296.1	324.5	(28.4)
Capital gains on net investment	112.3	115.2	(2.9)
CAPEX	3.6	5.0	(1.4)
Real estate property sale	32.5	12.0	20.5
IRR	4.2% - 8.0%	8,.0% - 14.7%	
Years	18 - 30	17 - 20	

REAL ESTATE ACTIVITY

The Alba real estate investment policy focuses on real estate properties for office use in Madrid (CBD), complete buildings which are preferably rented to lessees of renowned solvency.

In 2020, Alba continued with its policy of disinvestment of non-strategic real estate properties. Two real estate properties were sold in Barcelona and several office floors were sold in Madrid. These sales generated a cash inflow of 32.5 million euros and reduced the rentable floor space by 19,963 m^2 and 202 garage spaces. In early 2021, a building was sold in Tres Cantos (Madrid), with a rentable floor space of 11,879 m^2 and 120 parking spaces. The sales price amounted to 9.0 million euros, with an IRR of 16.3% over 21 years.

The value of the real estate properties is updated every six months by an independent expert, who valued them on 31 December 2020 at 296.1 million euros, which, with a constant scope of consolidation, represents an increase of 0.5 million euros from the previous year.

The occupancy rate at the end of 2020 was 80.6%, 10.9 percentage points lower than at the end of 2019. This decrease in the occupancy rate occurred mainly due to the departure of a tenant who terminated the contract at the end of November 2020 and who represents 9.5 points of said vacancy rate.

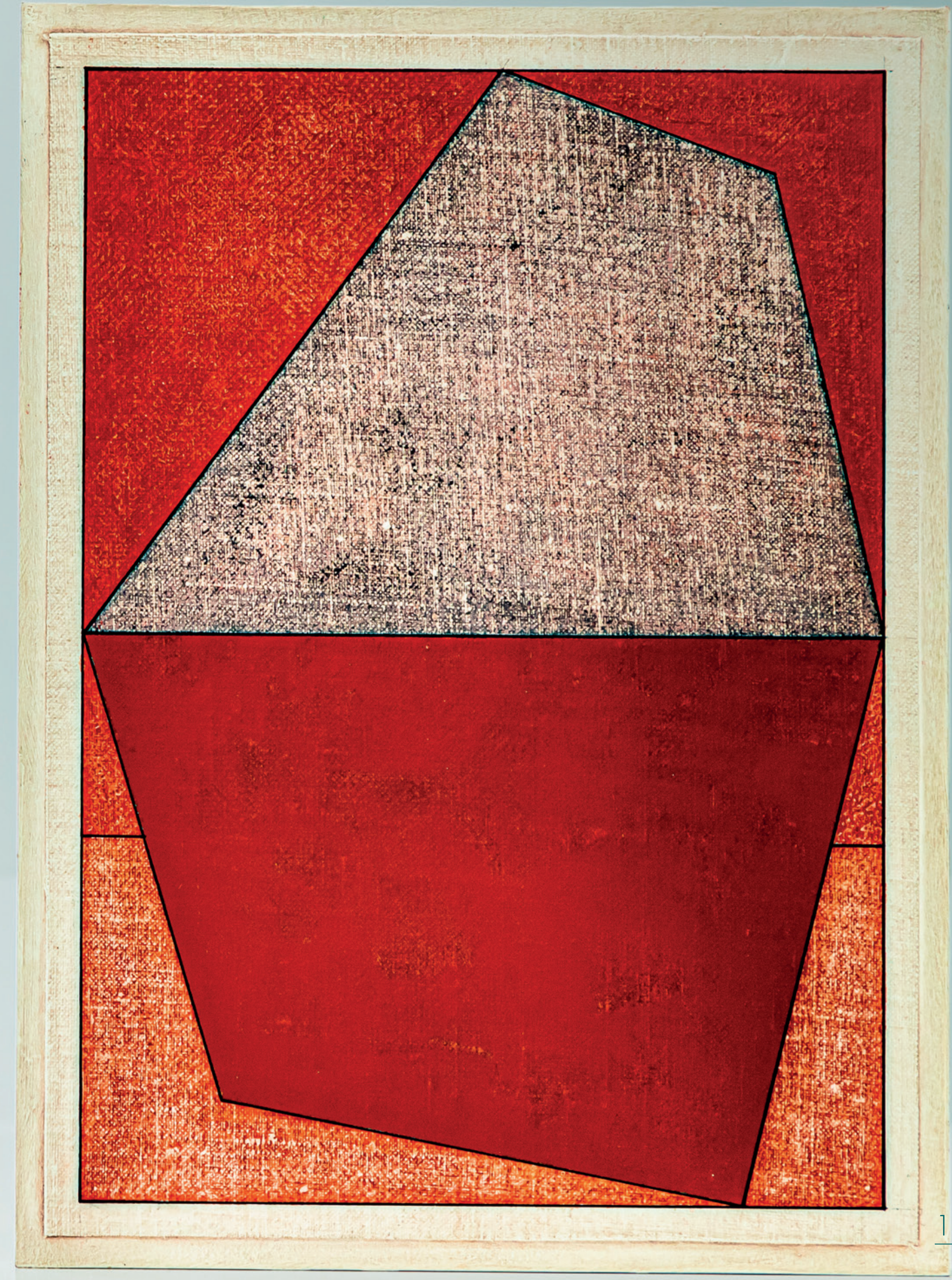
Income from real estate property leases decreased by 0.8 million euros in 2020, to 16.1 million euros, largely due to the reduction of the rentable floor space in the fiscal year. It should be noted that office contracts fell by 42% in Madrid during 2020, although a strong rebound is expected in 2021. The upward trend of rents in Madrid during the last six years stagnated in 2020 due to the pandemic, although the adjustment was residual, with a drop of around 1% in prime rents, which were around 36 euros per square meter.

Direct expenses fell by 1.4 million euros in the financial year, down to 4.2 million euros, due to the reduction of the rentable floor space and due to the optimisation of the supply contracts and common expenses of the buildings. Gross profitability, calculated on the investment made, remains at a level similar to that of the previous year.

During the financial year, 3.6 million euros were invested to update the rentable spaces, renovating real estate properties as required and modernising facilities, achieving greater efficiency and thus adding value to them. In particular, 0.3 million euros were invested in the refurbishment of the unoccupied floors in the building Castellana, No. 89 (Madrid), an investment that has continued in 2021 and which will facilitate the rental of the more than 5,000 m^2 available floor space in the building, as well as 0.4 million euros in general improvements and security facilities, the image of building identity and obtaining Gold LEED [Leadership in Energy and Environmental Design] certification at the beginning of 2021. The investment continued in the comprehensive updating of the exterior of the Oasis building (next to the A-6 motorway in Madrid), for an amount of 2.1 million euros, together with more than 0.2 million euros in the refurbishment of office spaces, 0.2 million euros to improve security and accessibility facilities, and an investment of 0.1 million euros in a photovoltaic plant for self-consumption that will significantly reduce electric energy expenditures, improving the building's carbon footprint and efficiency.

At the end of 2020, Alba acquired a stake in RENAZCA. This company was born as a result of the union of several companies owning tertiary buildings in the Azca area in Madrid, with a common objective: the renovation and revitalisation of an urban space that suffers from structural problems that can be improved, to make it a reference point for the city. RENAZCA aims to position Azca in the heart of Madrid and in the minds of Madrid residents through five axes of action: coexistence, sustainability, integration, culture and image. All of this includes the participation of the citizens and the businesspeople in the area. The result of all of this will strengthen Azca's identity, which means progress, sustainability, opportunities and growth, through the concerted effort of all the parties involved and a common direction.

AUDITOR'S REPORT



AUDITOR'S REPORT

KPMG

Auditor's Report on Corporación Financiera Alba, S.A. and subsidiaries

(Together with the consolidated annual accounts and consolidated directors' report of Corporación Financiera Alba, S.A. for the year ended 31 December 2020)

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

KPMG Auditores, S.L.
Paseo de la Castellana, 259C
28046 Madrid

Independent Auditor's Report on the Consolidated Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of Corporación Financiera Alba, S.A.

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of Corporación Financiera Alba, S.A. (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated balance sheet at 31 December 2020, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

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

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

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

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(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Key Audit Matters

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

Recoverable amount of investments in associates *See notes 4 e) and 10 to the consolidated annual accounts*	
Key audit matter	*How the matter was addressed in our audit*
The Group holds investments in associates amounting to Euros 2,845 million at 31 December 2020, which are accounted for using the equity method. There is a risk that the carrying amount associated with the net investment in the associate may exceed the recoverable amount, in particular in those entities whose listed price is lower than the carrying amount on the Group's consolidated balance sheet. At each reporting date the Group assesses the possible existence of impairment of the aforementioned investments and, where applicable, it estimates their recoverable amount and determines the need to recognise the corresponding impairment of investments. The recoverable amount of the investment is determined, taking into consideration its value in use, by applying valuation techniques that require management's judgement and the use of assumptions and estimates. Due to the uncertainty and judgement associated with these estimates, as well as the significance of the carrying amount of the investments in associates, we have considered this valuation to be a key audit matter.	Our audit procedures included the following: - We assessed the design and implementation of the key controls relating to the processes of identifying possible evidence of impairment and estimating the recoverable amount of investments in associates. - We assessed the criteria used by management in this respect. We contrasted the information on the share prices of the investments in associates used for this assessment. - We evaluated the reasonableness of the methodology and assumptions used when estimating the recoverable amount, with the involvement of our valuation specialists. - We contrasted the information contained in the valuation model with estimates and prospects of future growth of the industry to which the associates belong, based on external sources of information. - We evaluated the sensitivity of the estimated recoverable amount to changes in the relevant assumptions and judgements, such as the future cash flows, the discount rate and the expected future growth rate, for the purpose of assessing its impact on the valuation. - Finally, we assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

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(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Other Information: Consolidated Directors' Report

Other information solely comprises the 2020 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility regarding the information contained in the consolidated directors' report is defined in the legislation regulating the audit of accounts, as follows:

a) Determine, solely, whether the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report, as specified in the Spanish Audit Law, have been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.

b) Assess and report on the consistency of the rest of the information included in the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned consolidated annual accounts. Also, assess and report on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have verified that the information mentioned in section a) above has been provided in the consolidated directors' report, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2020, and that the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit Committee's Responsibility for the Consolidated Annual Accounts

The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

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

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

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts

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

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

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.

– Conclude on the appropriateness of the Parent's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

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

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

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

We also provide the Parent's audit committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Additional Report to the Audit Committee of the Parent

The opinion expressed in this report is consistent with our additional report to the Parent's audit committee dated 26 April 2021.

Contract Period

We were appointed as auditor of the Group by the shareholders at the ordinary general meeting on 18 June 2020 for a period of three years, from the year commenced 1 January 2020.

Previously, we had been appointed for a period of three years, by consensus of the shareholders at their general meeting, and have been auditing the annual accounts since the year ended 31 December 2017.

KPMG Auditores, S.L.
On the Spanish Official Register of
Auditors ("ROAC") with No. S0702

(*Signed on original in Spanish*)

Borja Guinea López
On the Spanish Official Register of Auditors ("ROAC") with No. 16210

26 April 2021

CONSOLIDATED ANNUAL ACCOUNTS

OF CORPORACIÓN FINANCIERA ALBA, S.A. AND SUBSIDIARIES FOR THE 2020 FINANCIAL YEAR

CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2020 AND 2019

ASSETS

In millions of euros	Notes	**31-12-20**	31-12-19
Investment property	6	287.1	324.5
Property, plant and equipment	7	29.7	24.8
Goodwill	8	78.6	122.7
Other intangible assets	9	151.7	104.4
Investments in associates	10	2,844.9	3,253,1
Investments at fair value through profit or loss	11	171.0	150.4
Other financial assets	12	60.8	69.2
Deferred tax assets	22	2.8	2.1
Non-current assets		**3,626.6**	**4,051.2**
Non-current assets held for sale	6 and 10	9.0	312.7
Inventories		17.3	18.1
Trade and other receivables	13	87.3	118.0
Other financial assets	14	379.7	114.2
Cash and cash equivalents	14	296.3	77.8
Current assets		**789.6**	**640.8**
Total Assets		**4,416.2**	**4,692.0**

The accompanying notes 1 to 30 form an integral part of the consolidated annual accounts at 31 December 2020.

EQUITY AND LIABILITIES

In millions of euros	Notes	**31-12-20**	31-12-19
Share capital	15	58.2	58.2
Retained earnings and other reserves		3,811.4	4,124.5
Interim dividend	3	(29.1)	(29.1)
Equity		**3,840.5**	**4,153.6**
Non-controlling interests	15	183.0	194.6
Total equity		**4,023.5**	**4,348.2**
Loans and borrowings	19	202.2	202.0
Other financial liabilities	12	8.2	20.3
Provisions	17	1.1	1.0
Deferred tax liabilities	22	69.7	54.8
Non-current liabilities		**281.2**	**278.1**
Trade and other payables	18	61.9	49.0
Loans and borrowings	19	49.6	16.7
Current liabilities		**111.5**	**65.7**
Total Equity and Liabilities		**4,416.2**	**4,692.0**

The accompanying notes 1 to 30 form an integral part of the consolidated annual accounts at 31 December 2020.

CONSOLIDATED INCOME STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

In millions of euros	Notes	**2020**	2019
Share of profit/(loss) of associates	10	(162.2)	84.5
Revenues	24	185.3	94.8
Other income		0.6	4.8
Supplies		(45.1)	(23.7)
Changes in fair value of investment property	6	(2.8)	2.8
Proceeds from disposal and income from assets	6, 10 and 11	24.1	24.9
Impairment	10 and 12	-	51.9
Personnel expenses	25.a	(72.7)	(40.8)
Other operating expenses	24	(39.8)	(30.2)
Depreciation and amortisation	7 and 9	(26.0)	(11.0)
Operating profit/(loss)		**(138.6)**	**158.0**
Finance income	25.b	25.5	6.6
Finance costs and exchange differences		(7.2)	(2.6)
Change in fair value of financial instruments	11 and 25.c	17.6	17.0
Net finance income		**35.9**	**21.0**
Profit/(Loss) before tax from continuing operations		**(102.7)**	**179.0**
Income tax expense	22	(3.2)	(0.7)
Profit/(loss) from continuing operations		**(105.9)**	**178.3**
Consolidated profit/(loss) for the year		**(105.9)**	**178.3**
Profit/(loss) attributable to non-controlling interests		(3.5)	(0.9)
Consolidated profit/(loss) attributable to the Group		**(102.4)**	**179.2**
Earnings/(loss) per share (Euros/share)	15	(1.76)	3.08

The accompanying notes 1 to 30 form an integral part of the consolidated annual accounts at 31 December 2020.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

In millions of euros	Notes	**2020**	2019
Consolidated profit/(loss) for the year		(105.9)	178.3
Income and expense recognised directly in equity			
Items that will not be reclassified to profit or loss	10	(14.5)	(18.0)
Share in other comprehensive income from investments in associates		(14.5)	(18.0)
Items that will be reclassified to profit or loss	10	(135.3)	8.1
Share in other comprehensive income from investments in associates		(135.3)	8.1
Total income and expense recognised directly in equity		(149.8)	(9.9)
Total comprehensive income		(255.7)	168.4
Attributable to the Parent		(252.2)	169.3
Attributable to non-controlling interests		(3.5)	(0.9)

The accompanying notes 1 to 30 form an integral part of the consolidated annual accounts at 31 December 2020.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

In millions of euros	Share capital	Retained earnings and other reserves
Balance at 1 January 2019	**58.2**	**4,012.4**
Changes in consolidated equity of associates (note 10)	-	(9.9)
Profit/(Loss) for the year	-	179.2
Total income and expense for the year	-	169.3
Interim dividend for the prior year (note 3)	-	(29.1)
Dividends paid in the year (note 3)	-	(29.1)
Increases due to business combinations	-	-
Other changes	-	1.0
Balance at 31 December 2019	**58.2**	**4,124.5**
Changes in consolidated equity of associates (note 10)	-	(149.8)
Profit/(Loss) for the year	-	(102.4)
Total income and expense for the year	-	(252.2)
Interim dividend for the prior year (note 3)	-	(29.1)
Dividends paid in the year (note 3)	-	(29.1)
Transactions with own shares (note 15)	-	-
Increases due to business combinations	-	-
Other changes	-	(2.7)
Balance at 31 December 2020	**58.2**	**3,811.4**

The accompanying notes 1 to 30 form an integral part of the consolidated annual accounts at 31 December 2020.

	Interim dividend	Equity	Non-controlling interests	Total equity
	(29.1)	4,041.5	17.4	4,058.9
	-	(9.9)	-	(9.9)
	-	179.2	(0.9)	178.3
	-	169.3	(0.9)	168.4
	29.1	-	-	-
	(29.1)	(58.2)	(1.7)	(59.9)
	-	-	179.8	179.8
	-	1.0	-	1.0
	(29.1)	4,153.6	194.6	4,348.2
	-	(149.8)	-	(149.8)
	-	(102.4)	(3.5)	(105.9)
	-	(252.2)	(3.5)	(255.7)
	29.1	-	-	-
	(29.1)	(58.2)	(10.9)	(69.1)
	-	-	-	-
	-	-	-	-
	-	(2.7)	2.8	0.1
	(29.1)	3,840.5	183.0	4,023.5

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

In millions of euros	Notes	**2020**	2019
Operating activities			
Profit/(Loss) for the year before tax		(102.7)	179.0
Adjustments for:			
Depreciation and amortisation		26.0	11.0
Changes in fair value of investment property	6	2.8	(2.8)
Share of profit/(loss) of associates	10	162.2	(84.5)
Income from assets	6, 10 and 11	(24.1)	(24.9)
Impairment	10 and 12	-	(51.9)
Change in fair value of financial instruments and other	11 and 25.c	(17.6)	(17.0)
Finance income	25.b	(25.5)	(6.6)
Finance costs		7.2	2.6
Other cash flows from/(used in) operating activities			
Dividends received		142.1	85.0
Working capital		(17.4)	40.7
Income tax payments on account		24.7	96.5
Interest received		25.5	6.6
Interest paid		(7.2)	(2.6)
Net cash flows from operating activities		**196.0**	**231.1**

The accompanying notes 1 to 30 form an integral part of the consolidated annual accounts at 31 December 2020.

In millions of euros	Notes	**2020**	2019
Investing activities			
Acquisition of interests in associates and other investments	10 and 11	(45.0)	(614.0)
Acquisition of subsidiaries, net of cash	5	-	(22.2)
Sale of interests in associates and other investments	11 and 14	332.6	259.2
Acquisition of investment property	6	(3.6)	(5.0)
Sale of investment property	6	32.5	12.0
Acquisition of other investments	14	(265.5)	-
Receipts from other financial assets		15.2	148.1
Acquisition of property, plant and equipment	7	(7.7)	(3.5)
Net cash flows from (used in) investing activity		58.5	(225.4)
Financing activities			
Dividends paid	3	(69.1)	(59.9)
Drawdowns on loans and borrowings	16	33.1	-
Repayment of loans and borrowings	19	-	(10.0)
Net cash flows used in financing activities		(36.0)	(69.9)
Increase/(decrease) in net cash		218.5	(64.2)
Cash and cash equivalents at 1 January		77.8	142.0
Cash and cash equivalents at 31 December	14	296.3	77.8

The accompanying notes 1 to 30 form an integral part of the consolidated annual accounts at 31 December 2020.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 venture capital 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 2020 were authorised for issue by the Board of Directors in the meeting held on 22 March 2021. 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 2020, 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 2020, authorised for issue on 22 March 2021, will be approved with no changes by the shareholders at their annual general meeting.

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

a) Standards and interpretations approved by the European Union that are applicable for the first time this year.

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 2019, except for the standards and amendments adopted by the European Union set out below, which are mandatory from 1 January 2020 onwards:

- Amendment to IAS 1 and IAS 8.
- Amendments to align the definition of "material" with that contained in the conceptual framework.
- Amendment to IFRS 9, IAS 39 and IFRS 12.
- Amendments relating to the Interest Rate Benchmark Reform currently being undertaken.
- Amendment to IFRS 3.
- Clarification of the definition of a business.
- Amendment to IFRS 16 (applicable from 1 June onwards).

Amendments through COVID-19 related rent concessions. The amendment provides a practical expedient for lessees, whereby they are not required to remeasure rental contracts in the event of rent concessions or negotiated payment deferrals that occur as a consequence of COVID-19.

None of the above-mentioned standards and amendments that came into effect in 2020 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 in 2019

<u>IFRS 16 Leases</u>

IFRS 16 was issued in January 2016 and replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases – Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 establishes the principles for the recognition, measurement, presentation and disclosure of leases and requires that lessees recognise all leases using a single balance sheet model similar to the one currently used for the recognition of finance leases under IAS 17. The standard includes two exemptions to the recognition of leases by lessees, namely leases for which the underlying asset is of low value (e.g. personal computers) and short-term leases (i.e. lease agreements for a term of 12 months or less).

At the lease commencement date, the lessee recognises a liability for the lease payments to be made (i.e. the liability due to the lease) and an asset that represents the right of use of the underlying asset over the lease period (i.e. the right-of-use asset). Lessees must recognise separately the cost of interest on the lease liability and the depreciation expense of the right of use.

The assets recognised under right-of-use assets at the commencement date are measured at the amortised cost of the contract and, subsequently, they are measured at cost less any accumulated depreciation and impairment.

Lease obligations consist of the fixed instalments agreed and the initial payments or future payments that are considered highly probable, excluding from this calculation variable rent tied to the future measurement of a parameter. The liability will be discounted using the interest rate implicit in the lease or, in the absence thereof, using the Group's incremental borrowing rate.

Lessees are also obliged to remeasure the lease liability if certain events occur (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or a rate used to determine those payments). The lessee generally recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

IFRS 16 does not substantially change lessor accounting compared to the current recognition under IAS 17. Lessors continue classifying leases using the same classification principles as in IAS 17 and recognise two types of leases: operating and finance leases.

At 1 January 2019, the date this standard entered into force, the Group was only a lessee with regard to certain vehicles and an amount at a subsidiary, these amounts not being relevant. Therefore, application of this standard has had no impact on the Group's financial statements.

Other modified standards that have no significant impact for the Group are as follows:

Amendment to IFRS 9 - Prepayment Features with Negative Compensation

This will permit measurement at amortised cost of some financial assets that may be cancelled early at a lower amount than the outstanding principal and the interest on this principal.

IFRIC 23 Uncertainty over Income Tax Treatments

This interpretation clarifies how to apply the recognition and measurement criteria in IAS 12 when there are uncertainties about the acceptability by a taxation authority of a particular tax treatment used by the entity.

Amendment to IAS 28 - Long-term Interests in Associates and Joint Ventures

This clarifies that IFRS 9 must be applied to long-term interests in an associate or joint venture if they are not accounted for using the equity method.

Improvements to IFRS 2015-2017 Cycle. Amendments to a number of standards

Amendment to IAS 19 - Plan Amendment, Curtailment or Settlement

This specifies how to calculate the current service cost and net interest for the rest of the annual period in the event of amendment, curtailment or settlement of a defined benefit plan.

Amendment to IFRS 3 Business Combinations

This specifies the accounting treatment for a business combination previously recognised as a joint operation.

None of the above-mentioned standards and interpretations that came into effect as of 1 January 2019 had a significant impact on the Group's consolidated financial statements.

2.2. Use of judgement and estimates in the preparation of 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.

In this regard, the current situation stemming from the outbreak of COVID-19, as reflected in note 2.5, must be taken into consideration. As a consequence of this situation, the relevant accounting estimates and the judgements used in applying the Group's accounting policies to prepare the consolidated annual accounts have been affected by a greater degree of uncertainty. The Group has assessed the impacts of the events associated with COVID-19 on the financial position, operations and cash flows of the Company and its investees. At 31 December 2020 the Group has adjusted the fair values of investments (see note 9) and investment property (see note 5), as well as the main assumptions used in calculating the value in use of investments for which there are indications of impairment (see note 10).

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 venture capital 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 venture capital 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 2020 and 2019 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, 5º planta 28006-Madrid	Investment property	2020 2019	100.00 100.00	180.9 180.9	201.8 214.1	15.5 11.2
Alba Europe S.à.r.l. Rue Eugène Ruppert 6 L-2453 Luxemburgo	Investment in transferable securities	2020 2019	100.00 100.00	1,242.3 1,154.9	1,195.1 1,231.8	(47.2) 12.1
Alba Investments, S.à.r.l. Rue Eugène Ruppert 6 L-2453 Luxemburgo	Investment in transferable securities	2020 2019	82.09 82.09	458.4 458.4	669.4 559.2	110.2 (0.1)
Artá Capital, SGEIC, S.A.U. Pza. Marqués de Salamanca, 10 28006-Madrid	Venture capital entities management company	2020 2019	77.41 77.40	1.7 1.7	0.9 0.6	3.8 5.1
Artá Partners, S.A. C/ Castelló, 77, 5º planta 28006-Madrid	Investment in transferable securities	2020 2019	77.41 77.40	1.6 1.6	2.1 2.1	3.5 7.4
Deyá Capital, SCR, S.A.U. C/ Castelló, 77, 5º planta 28006-Madrid	Venture capital company	2020 2019	100.00 100.00	0.7 47.2	19.5 92.7	2.8 18.8
Deyá Capital IV, SCR, S.A.U. C/ Castelló, 77, 5º planta 28006-Madrid	Venture capital company	2020 2019	100.00 100.00	92.7 92.7	90.3 92.5	(2.2) (2.1)
Nuadi Subgroup (Nuadi Components) (1) Polígono industrial Arazuri-Orcoyen Arazuri-Navarra	Industrial supplies	2020 2019	37.43 37.43	18.3 17.0	29.9 43.9	(0.2) (1.7)
Preving Subgroup (Marsala) (2) C/Joaquín Sánchez Valverde, 1-3-5 06006-Badajoz	Occupational health and safety solutions	2020 2019	24.81 24.81	16.9 16.9	49.3 61.4	4.0 (6.7)
Satlink Subgroup (3) Avda. de la Industria, 53 Nave 7 Alcobendas-Madrid	Technological solutions for the fishing sector	2020 2019	28.07 28.07	12.1 12.1	12.4 23.2	3.1 1.7

(1) This subgroup is formed by Nuadi Components and Nuadi.
(2) This subgroup is formed by Marsala, Preving Investments Group, Preving Investment, Preving Consultores, Salud, Vitaly, Auditoriza, Total Dat Prevenna, Egarsat, Icese Asifor and Asem.
(3) This subgroup is formed by 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) Alba's interests are held through Deyá Capital IV, SCR, S.A.U. Additionally, 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 Arta Capital, SGEIC, S.A.U., which exercises control over these vehicles, 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.

KPMG Auditores, S.L. was the auditor in 2020 and 2019, except for the Nuadi and Preving subgroups, which in 2019 were audited by EY and Deloitte, respectively.

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 or the possibility of appointing a director, involvement in establishing policies and the permanence of the interest.

The information in respect of 2020 and 2019 is as follows:

Associate / Auditor	Registered office	Activity	Percentage ownership At 31-12-20	At 31-12-19	Change	Representation on Board of directors at 31/12/2020
Acerinox, S.A. Auditor: PWC	Santiago de Compostela, 100 (Madrid)	Manufacture and sale of stainless steel	19.35	19.35	-	3
Aegis Lux 2, S.à.r.l. (Verisure) Auditor: PWC	15, Boulevard F.W. Raiffeisen L-2411 Luxemburgo	Investment in transferable securities	7.72	-	7.72	1
Shield Luxco 1.5, S.à.r.l. (Verisure) Auditor: PWC	15, Boulevard F.W. Raiffeisen L-2411 Luxemburgo	Investment in transferable securities	-	8.54	(8.54)	-
Bolsas y Mercados Españoles, Sociedad Holding De Mercados y Sistemas Financieros, S.A. Auditor: PWC	Plaza de la Lealtad, 1 (Madrid)	Operator of the stock markets and financial systems in Spain	-	12.06	(12.06)	-
CIE Automotive, S.A. Auditor: PWC	Alameda Mazarredo, 69 (Bilbao)	Automotive industry	12.73	10.15	2.58	1
Ebro Foods, S.A. Auditor: E&Y	Paseo de la Castellana, 20 (Madrid)	Food	14.00	14.00	-	2
Euskaltel, S.A. Auditor: KPMG	Parque Tecnológico, Edificio 809 (Derio-Vizcaya)	Telecommunications	11.00	11.00	-	1
Indra Sistemas, S.A. Auditor: Deloitte	Avda. de Bruselas, 35 (Alcobendas - Madrid)	New technologies	10.52	10.52	-	1
Piolin II, S.à.r.l. (Parques Reunidos) Auditor: KPMG	26A, Boulevard Royal L-2449 Luxemburgo	Recreational and entertainment activities	25.09	25.09	-	1
Rioja Luxembourg, S.à.r.l. (Naturgy) Auditor: E&Y	20, avenue Monterey L-2163 Luxemburgo	Investment in transferable securities	25.73	25.73	-	2
Viscofan, S.A. Auditor: PWC	Polígono Industrial Berroa (Tajonar-Navarra)	Manufacture of cellulose or artificial casings for cured meats	13.03	13.03	-	1

In 2020 the investment in the Verisure Group was reorganised by means of Alba contributing its interest in Shield Luxco 1.5 to Aegis Lux 2 while retaining, through the latter, its indirect interest in Verisure. The increase in the investment in CIE Automotive, S.A. is due to acquisitions during the year and a capital reduction through the redemption of own shares of the company.

In 2019 an 8.54% interest was acquired in Shield Luxco 1.5, S.à.r.l., which held 92.62% of Verisure, thus bringing Alba's indirect interest in Verisure to 7.91%. Furthermore, in 2019 Alba contributed its investment in Parques Reunidos Servicios Centrales, S.A. to Piolin II, S.à.r.l., resulting in a 25.09% interest in Piolin II, S.à.r.l. The increases in the ownership interest in Parques Reunidos Servicios Centrales, S.A. were due to acquisitions during the year (see note 10).

2.5. Impact of COVID-19

On 11 March 2020, the World Health Organization declared the public health crisis caused by COVID-19 to be a worldwide pandemic. The rapid pace at which events unfolded within the country and on an international scale, and the extraordinary surrounding circumstances, triggered a health crisis that is at once unprecedented and monumental. To confront the situation, the Spanish government deemed it necessary to declare a state of emergency by publishing Royal Decree 463/2020.

The economic impact of this declaration prompted the Spanish government and the European and international authorities to adopt financial stimulus measures aimed at mitigating the social and economic impacts of the crisis.

The Entity has likewise taken the necessary measures to ensure the continuity of its operations and businesses. To this end, it has provided its employees with IT equipment and mobile phones to enable them to carry out their functions as normal from their homes, via a remote connection to the Entity's systems. As regards people management, all in-person meetings have been replaced by video conferencing, in a bid to ensure personnel safety and unity.

Despite the exceptional circumstances, there has been no impact on management activity, regulatory compliance control and risk control. At the date of authorising these accounts for issue, normal service continues to be provided.

In addition to the impacts described above and in the note on judgements and estimates, the directors of the Parent have analysed other possible impacts of COVID-19, and conclude that any such effects would not be significant for the Group's financial information. Nonetheless, this situation has impacted negatively on the results of certain associates of the Group, which has in turn pushed the Group's results down with respect to previous years.

Although there is an effective vaccine against COVID-19 which is currently being rolled out on a massive scale, the emergence of new variants of the virus could impact on the Spanish and global macroeconomic scenario. This would have direct and immediate repercussions on the measurement of financial assets and, therefore, the portfolios managed, which could in turn affect the volume of business. At the date of authorising these annual accounts for issue, it is too soon to gauge the impact this situation may have on the years to come. Nevertheless, the directors of the Company consider these to be temporary circumstances that will not compromise the continuity of its businesses, and the effect of which will be accounted for prospectively. The directors of the Company are constantly monitoring the developments in this situation, with a view to reporting any change in this assessment where necessary.

3. DISTRIBUTION OF PROFIT

The distribution of Corporación Financiera Alba, S.A.'s profit for 2020 to be submitted by the Board of Directors for approval by the shareholders at their general meeting, and the distribution of profit for 2019 approved by the shareholders at their general meeting, are as follows (in millions of euros):

Basis of distribution	**2020**	2019
Profit for the year	208.1	183.3
Total	**208.1**	**183.3**

Distribution	**2020**	2019
Reserves	149.9	125.1
Dividends	58.2	58.2
Total	**208.1**	**183.3**

The dividends paid by the Parent in 2020 and 2019 were as follows:

	Number of shares with rights	Euros/Share	Millions of Euros
2020			
Interim dividend for 2020	58,240,000	0.50	29.1
Final dividend for 2019	58,240,000	0.50	29.1
2019			
Interim dividend for 2019	58,240,000	0.50	29.1
Final dividend for 2018	58,240,000	0.50	29.1

A final dividend from 2020 profit of Euros 0.50 per outstanding share at the date of payment will be proposed for approval by the shareholders at their general meeting.

The liquidity statement required under article 277 of the Spanish Companies Act in relation to the interim dividend is presented by the Board of Directors in the notes to the Parent's individual annual accounts.

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 value based on market conditions. 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 transition date were recognised in the amount of the proportionate share of the equity of the subsidiaries at the date of first consolidation.

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 investments 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 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 venture capital companies are included in this line item.

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 6 and 10)

Assets for which there is a sale offer or their sale is highly probable within the next 12 months are included in this line item. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

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 property investments 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; or

- 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 2020 and 2019 to measure defined benefit commitments were as follows:

	2020	2019
Mortality tables	PERM 2020_Col_1st rank	PERM/F 2000 NP
Technical interest agreed in the policies	2.00% – 3.70%	2.00% – 3.70%
CPI growth	1.00%	1.00%
Pay rises	2.50%	2.50%
Changes in Social Security	1.50%	1.50%
Discount rate of obligations and of assets intended to settle the commitments	0.50%	1.00%
Retirement age	65	65

The changes in defined benefit plan obligations and the fair value of the assets associated with the benefit in 2020 and 2019 are as follows:

		Cost of commitments recognised in the income statement					
	1/1	Cost of services	Net interest income/ (costs)	Subtotal included in profit/ (loss)	Obligations settled (paid)	Actuarial gains/ (losses)	31/12
2020							
Obligations under defined benefit plans	(26.2)	(1.6)	(0.3)	(1.9)	10.1	(1.6)	(19.6)
Fair value of assets associated with the benefit	26.2	1.1	0.5	1.6	(10.1)	1.9	19.6
(Obligations)/Rights under defined benefit plans, net	-						-
2019							
Obligations under defined benefit plans	(23.7)	(1.3)	(0.4)	(1.7)	0.2	(1.0)	(26.2)
Fair value of assets associated with the benefit	23.7	0.5	1.0	1.5	(0.2)	1.2	26.2
(Obligations)/Rights under defined benefit plans, net	-						-

The contribution expected to be made in 2021 in relation to defined benefit plans is Euros 1.1 million.

Sensitivity analysis:

	Discount rate		Future salary increases	
Sensitivity level	+0.50%	(0.50%)	+0.50%	(0.50%)
2020				
Impact on the (obligations)/rights under defined benefit plans, net	(6.69%)	8.05%	3.94%	(3.72%)
2019				
Impact on the (obligations)/rights under defined benefit plans, net	(3.73%)	4.43%	2.13%	(2.04%)

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

p) Share-based payment transactions

At 31 December 2020 and 2019 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 from sales of goods is recognised when all the significant risks and rewards of ownership have been transferred to the buyer, and the Company retains neither continuing managerial involvement nor effective control over the goods sold.

Revenue from services rendered is recognised by considering the period of time over which the Group must provide the agreed services, provided that the outcome of the transaction can be estimated reliably.

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 2020

Preving subgroup:

On 27 July 2020, through the Preving subgroup, the Group acquired control of the Preivicaman Group (composed of Previcaman, S.L.U. and Gabinete Previcam, S.L.U.) and Infobit, S.L.U. for a total amount of Euros 4,753 thousand, which included a variable price component of Euros 930 thousand, as specified in the sale-purchase agreement.

The acquiree generated revenue of Euros 4.8 million and a consolidated loss of Euros (0.8) million for Alba from the acquisition date to the reporting date.

Had the acquisition taken place at 1 January 2020, the Group's revenue and consolidated loss for the year ended 31 December 2020 would have amounted to Euros 10 million and Euros 2 million, respectively.

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

Purchase price	4.8
Fair value of net assets	0.1
Goodwill	**4.7**

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

	Carrying amont	Adjustments to fair value	Fair value
Intangible assets	0.1	-	0.1
Other property, plant and equipment	0.4	-	0.4
Cash	1.7	-	1.7
Receivables and other assets	2.4	-	2.4
Total assets	**4.6**	**-**	**4.6**
Financial liabilities	3.1	-	3.1
Other liabilities	1.4	-	1.4
Total liabilities	**4.5**	**-**	**4.5**
Total Net Assets	**0.1**	**-**	**0.1**

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 annual accounts at 31 December 2020 has been considered provisional, and any adjustments are to be made within one year from the date of acquisition.

GOODWILL GENERATED IN 2019 WITH MEASUREMENT COMPLETED IN 2020

Nuadi subgroup:

On 22 October 2019, through Deya Capital IV, SCR, S.A., Alba acquired 37.43% of the Nuadi subgroup, through Miralda Activos, S.L., which has its registered office in Spain, and whose principal activity is the manufacture and distribution of industrial supplies. The main reason for this business combination was that the venture capital management company, Arta Capital, SGEIC, SAU, held a majority interest. The acquiree generated revenue of Euros 6.6 million and a consolidated loss of Euros (0.2) million for Alba from the acquisition date to the reporting date.

Had the acquisition taken place at 1 January 2019, the Group's revenue and consolidated loss for the year ended 31 December 2019 would have amounted to Euros 51.5 million and Euros (1.1) million, respectively.

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

Cash paid	103.4
Fair value of net assets	79.2
Goodwill	**24.2**

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

	Carrying amont	Adjustments to fair value	Fair value
Intangible assets	0.1	61.9	62.0
Other property, plant and equipment	16.6	6.3	22.9
Cash	3.6	-	3.6
Receivables and other assets	21.5	-	3.6
Total assets	**41.8**	**68.2**	**110.0**
Liabilities derived from temporary differences	-	19.1	19.1
Other liabilities	11.7	-	11.7
Total liabilities	**11.7**	**19.1**	**30.8**
Total Net Assets			**79.2**

The fair value of intangible assets reflects the customer portfolio, which has a useful life of 15 years.

The estimated fair value of this business combination, calculated by Duff & Phelps, S.L.U., and the carrying amount recognised in the consolidated annual accounts at 31 December 2020 are considered definitive.

Duff and Phelps, S.L.U. used three basic valuation techniques for the fair value calculations, adopting the most appropriate in each case based on the characteristics of the assets and the data obtained.

The three methods used by the independent expert to estimate the fair value are summarised below:

1) Market approach: this method enables the value to be estimated on the basis of the prices agreed by other market buyers and sellers for comparable assets. This approach is based on the principle of substitution, which states that the upper limit for prices, rents and fees tends to be set in accordance with existing prices, rents and fees for an equally desirable alternative.

2) Risk-based approach: the fair value of assets is calculated on the basis of the forecast future cash flows of a financial asset over its remaining life, discounted at an appropriate discount rate that reflects the economic potential and profitability.

3) Cost approach: this method holds that an investor would not pay more for an asset than it would cost to replicate or replace it.

The customer portfolio was valued using the "Multi-period Excess Earnings Method" (MEEM), which considers the use of other assets that are necessary for the generation of the projected cash flows of a specific asset in order to isolate the economic benefit generated by the intangible asset in question. The contribution made to total cash flows by other assets is the contributory asset charge (CAC). Such contributory assets include fixed assets, working capital and the workforce.

The workforce was valued on the basis of the replacement cost.

To determine the fair value of the business and the intangible assets the independent experts used internal data provided by Company management.

Additionally, research was carried out on the industry and sector, as well as considering analysts' opinions on the main competitors. The following external sources of information were used:

- Standard and Poor's Capital IQ;
- Bloomberg database;
- MSCI Barra Betas;
- D&P Small Premium Analysis 2019–MergerMarket;
- IHS Global Insight;
- Sector reports: Statista and Technavio.

Preving subgroup:

On 2 October 2019, through Deya Capital IV, SCR, S.A., Alba acquired 24.81% of the Preving Group, through Marsala Directorship, S.L., which has its registered office in Spain, and whose principal activity is the provision of occupational health and safety advisory services and support. The main reason for this business combination was that the venture capital management company, Arta Capital, SGEIC, SAU, held a majority interest. The acquiree generated revenue of Euros 18.2 million and a consolidated loss of Euros (1.7) million for Alba from the acquisition date to the reporting date.

Had the acquisition taken place at 1 January 2019, the Group's revenue and consolidated loss for the year ended 31 December 2019 would have amounted to Euros 17.8 million and Euros (6.7) million, respectively.

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

Cash paid	86.8
Fair value of net assets	44.3
Goodwill	**42.5**

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

	Carrying amont	Adjustments to fair value	Fair value
Intangible assets	0.3	67.2	67.5
Other property, plant and equipment	2.6	-	2.6
Cash	5.8	-	5.8
Receivables and other assets	16.6	-	16.6
Total assets	**25.3**	**67.2**	**92.5**
Financial liabilities	10.0	-	10.0
Liabilities derived from temporary differences	-	16.8	16.8
Other liabilities	21.4	-	21.4
Total liabilities	**31.4**	**16.8**	**48.2**
Total Net Assets			**44.3**

Intangible assets comprise technology (Euros 7.8 million), the trademark (Euros 8.0 million) and the customer portfolio (Euros 51.4 million), with a useful life of between 8 and 20 years.

The estimated fair value of this business combination, calculated by Duff & Phelps, S.L.U., and the carrying amount recognised in the consolidated annual accounts at 31 December 2019 were considered definitive.

Duff and Phelps, S.L.U. used three basic valuation techniques for the fair value calculations, adopting the most appropriate in each case based on the characteristics of the assets and the data obtained. The three methods used are summarised below:

1) Market approach: the market approach consists of comparing the asset valued with other similar assets in the market, making the corresponding adjustments for use, scarcity and demand.

   - Relief from royalty method: in this method, the value of the asset is deemed to be the value of the royalty payments avoided by the company as a result of owning the asset. Therefore, the appropriate royalty rate must be determined, so that the cash inflows from future royalties can be estimated.

   This method was used to calculate the value of the brand and technology. The following market royalties were used for each intangible asset: trademarks (1%) and computer software (2.75%).

2) Cost approach: in the valuation of assets using the cost approach the new replacement cost of the asset is estimated, deducting the resulting depreciation for wear and tear and obsolescence (functional and economic). The new replacement cost is the cost necessary to replace this asset with another new and modern one that has similar characteristics and functionality and uses the most up-to-date technology.

3) Income approach: the value of the assets is established based on the future benefits they can produce (projections), discounted at an appropriate discount rate that reflects the economic potential and profitability.

   - Discounted cash flow method (DCF): this method assumes that the value of the business is established as the present value of the expected free cash flows, discounted at a rate that reflects the required market rate of return, the specific risk of the investment and the capital structure.

- Multi-period excess earnings method (MEEM): this method is based on the idea that the profit/loss 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 rents that would have to be paid.

  This method was used for the valuation of the customer portfolio, using a discount rate of 9.0% and a tax rate of 25.6%.

To determine the fair value of the business and the intangible assets the independent experts used both internal data provided by each of the companies and information obtained from external sources.

The internal documentation is mainly based on the budgets and business plans of the companies as well as the annual accounts and balance sheets at the acquisition date.

Additionally, research was carried out on the industry and sector, as well as considering analysts' opinions on the main competitors. The following external sources of information were used:

- Standard and Poor's Capital IQ;
- Bloomberg database;
- MSCI Barra Betas;
- D&P Small Premium Analysis 2019–MergerMarket;
- IHS Global Insight;
- Royalty Stat database;
- Royalty Source database;
- KtMine royalty database;
- Sector reports: Technavio.

6. INVESTMENT PROPERTY

This line item comprises buildings intended for lease. In 2020 and 2019 the valuation was performed by Savills Consultores Inmobiliarios, S.A., specialists in the appraisal of this type of investment, in accordance with the Property Appraisal and Valuation Standards and Observations Guide published by the UK's Royal Institution of Chartered Surveyors, and is based on the discounted cash flow method and on comparison.

The methodology used to calculate the market value of investment assets 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.

The geographical distribution of the valuation is as follows:

	2020	2019
Madrid	287.1	308.5
Barcelona	-	16.0
Total	**287.1**	**324.5**

Movement in this item is as follows:

Balance at 1-1-19	**327.3**
Increases	4.9
Decreases	(10.5)
Changes in fair value	2.8
Balance at 31-12-19	**324.5**
Balance at 1-1-20	**324.5**
Increases	3.6
Decreases	(29.2)
Transfer to non-current assets held for sale	(9.0)
Changes in fair value	(2.8)
Balance at 31-12-20	**287.1**

In 2020, the decreases are due to the sale of the buildings in Barcelona and of several floors of office space and parking spaces in Madrid at a gain of Euros 3.3 million, while the increases reflect improvements to the buildings. At 31 December 2020 the Company has transferred one building to non-current assets held for sale, as it met all the conditions for classification in this line item (see note 30).

In 2019, the decreases are due to the sale of several floors of office space and parking spaces at a gain of Euros 0.5 million, while the increases reflect improvements to the buildings.

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

	2020	2019
Area above ground (m^2)	61,937	81,944
Rented area (m^2)	49,933	74,938
Occupancy rate (%)	80.6%	91.5%

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% PPB	Exit yield (25%) PPB	+10% rent
2020	(9.39%)	(3.66%)	4.12%	9.39%
2019	(7.46%)	(3.47%)	3.91%	7.46%

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 2020 and 2019 lease income relating to the non-cancellable period, calculated up to expiry of the lease, is as follows:

	2020	2019
Up to 1 year	10.0	14.7
Between 1 and 5 years	13.6	19.6
More than 5 years	0.3	0.7
Total	23.9	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 1-1-19	19.6	6.0	25.6
Additions	0.5	1.3	1.8
Business combinations	8.8	7.9	16.7
Balance at 31-12-19	28.9	15.2	44.1
Accumulated depreciation			
Balance at 1-1-19	(14.0)	(3.3)	(17.3)
Additions	(0.8)	(0.9)	(1.7)
Balance at 31-12-19	(14.8)	(4.2)	(19.0)
Provisions			
Balance at 1-1-19	(0.3)	-	(0.3)
Reversals	-	-	-
Balance at 31-12-19	(0.3)	-	(0.3)
Balance at 31-12-19	13.8	11.0	24.8

	Buildings	Other property, plant and equipment	Total
Cost			
Balance at 1-1-20	28.9	15.2	44.1
Additions	0.5	7.2	7.7
Business combinations	-	6.3	6.3
Balance at 31-12-20	29.4	28.7	58.1
Accumulated depreciation			
Balance at 1-1-20	(14.8)	(4.2)	(19.0)
Additions	(1.7)	(7.4)	(9.1)
Balance at 31-12-20	(16.5)	(11.6)	(28.1)
Provisions			
Balance at 1-1-20	(0.3)	-	(0.3)
Balance at 31-12-20	(0.3)	-	(0.3)
Balance at 31-12-20	12.6	17.1	29.7

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 1-1-19	**5.0**
Entry CGU Nuadi Group	74.4
Entry CGU Preving Group	41.2
Entry CGU Satlink	2.1
Balance at 31-12-19	**122.7**
PPA Nuadi	(50.2)
Entry CGU Preving Group	6.0
Entry CGU Satlink	0.1
Balance at 31-12-20	**78.6**

Goodwill has been allocated to the cash-generating units (CGUs) of the Group. In the case of Preving and Satlink, in 2020 and 2019 this item reflects acquisitions carried out, which are not significant.

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 2020 and 2019.

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 an independent external valuer, specifically Duff & Phelps in 2020 and Deloitte in 2019. 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 comparables and the Group's own opinion based on its past experience. Financial projections are made for a five-year period.

The key valuation variables are as follows: 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.

9. OTHER INTANGIBLE ASSETS (NOTE 5)

Movement in intangible assets is as follows:

Balance at 1-1-19	**38.1**
Due to business combinations	70.0
Depreciation and amortisation	(3.7)
SBalance at 31-12-19	**104.4**
Additions	2.3
Due to business combinations	61.9
Depreciation and amortisation	(16.9)
Balance at 31-12-20	**151.7**

Details of intangible assets and movement in 2020 and 2019 are as follows:

In millions of euros	**2020**	2019	Estimated useful life (years)
Industrial designs	9.3	10.5	10
Computer software	7.0	9.6	3
Trademarks	9.1	10.6	10
Customer portfolio	118.4	67.8	10/15
Leaseholds	4.5	4.1	-
Other	3.4	1.8	-
Total	**151.7**	**104.4**	

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 2020 and 2019.

As indicated in note 2.1, the Group adopted IFRS 16 on 1 January 2019. At that date the Group was only a lessee with regard to certain vehicles and an amount at a subsidiary, these amounts not being relevant. Therefore, application of this standard has had no impact on the Group's financial statements at the transition date.

Details of the movements in right-of-use assets during the years ended 31 December 2020 and 2019 are as follows:

Cost	
Balance at 1-1-19	-
Additions due to business combinations	4.3
Balance at 31-12-19	4.3
Additions	1.7
Balance at 31-12-20	6.0

Amortisation	
Balance at 1-1-19	-
Additions due to business combinations	(0.2)
Balance at 31-12-19	(0.2)
Additions	(1.3)
Balance at 31-12-20	(1.5)
Carrying amount at 31-12-19	4.1
Carrying amount at 31-12-20	4.5

Leaseholds mainly relate to building rentals, although certain leaseholds are associated with vehicle rentals. 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 year ended 31 December 2020 are as follows:

Balance at 1-1-19	-
Additions due to business combinations	3.2
Balance at 31-12-19	3.2
Additions	0.2
Balance at 31-12-20	3.4

The analysis of the contractual maturity of lease liabilities is as follows:

Less than 1 year	1.2
From 1 to 2 years	0.9
From 2 to 3 years	0.6
More than 3 years	0.5

The average incremental discount rate used to calculate the present value of the rights of use and the lease liabilities recognised at the date of first-time application of IFRS 16 was 1.5%.

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.							
2020	2,663.6	2,069.5	1,291.2	1,827.0	4,668.5	49.1	(218.1)
2019	2,463.5	1,933.3	1,214.1	1,253.7	4,753.9	(59.5)	(38.2)
Aegis Lux 2, S.à.r.l.							
2020	540.9	15,894.4	985.3	6,718.0	2,098.6	(6.7)	-
2019	-	-	-	-	-	-	-
Shield Luxco 1.5, S.à.r.l.							
2020	-	-	-	-	-	(130.4)	-
2019	399.7	6,008.2	713.5	5,620.5	1,900.7	(105.6)	-
Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.							
2020	-	-	-	-	-	-	-
2019	12,687.9	197.7	12,440.3	61.7	291.2	122.8	0.5
CIE Automotive, S.A.							
2020	1,441.7	3,541.8	1,784.0	2,204.6	2,882.5	185.2	(231.8)
2019	1,430.1	3,636.9	1,703.3	2,128.7	3,461.1	287.5	(21.7)
Ebro Foods, S.A.							
2020	1,458.2	2,577.5	1,182.7	895.2	2,897.6	192.4	(105.1)
2019	1,398.2	2,982.8	900.4	1,188.9	2,510.4	141.8	56.0
Euskaltel, S.A.							
2020	233.8	2,721.0	402.1	1,543.4	677.8	79.4	-
2019	168.2	2,740.0	401.4	1,524.9	668.3	62.0	-
Indra Sistemas, S.A.							
2020	2,618.6	1,844.4	2,085.2	1,693.8	3,043.4	(65.2)	(46.5)
2019	2,441.6	1,874.9	1,863.0	1,652.7	3,203.9	121.4	(4.1)

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	Assets		Liabilities				
	Current	Non-current	Current	Non-current	Revenues	Consolidated profit/(loss) attributable to the Parent	Other comprehensive income
Piolin II. S.à.r.l.							
2020	243.5	2,199.5	401.1	1,735.1	249.4	(576.3)	(27.6)
2019	106.1	2,563.9	300.5	1,516.6	130.3	(81.8)	(3.8)
Rioja Luxembourg S.à.r.l.							
2020	74.0	2,930.0	24.0	1,693.0	-	(172.0)	(164.0)
2019	101.0	3,535.0	-	1,880.0	-	185.0	(78.0)
Viscofan, S.A.							
2020	516.6	523.8	185.6	118.6	912.2	122.5	(63.2)
2019	520.1	564.9	155.5	145.1	849.7	105.6	2.0

Notices of shareholding:

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 (%)	
	2020	2019	**2020**	2019
Aegis Lux 2, S.à.r.l. (*)	7.72	-	-	-
Shield Luxco 1,5, S.à.r.l. (*)	-	8.54	-	-
CIE Automotive, S.A.	1.94	0.05	-	-
Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A.	-	-	12.06	-
Piolín II, S.à.r.l.	-	25.09	-	-
Viscofan, S.A.	-	0.03	-	-

(*) In 2020 the interest in Shield Luxco 1.5, S.à.r.l. was contributed to Aegis Lux 2, S.à.r.l..

Variations in investments in associates in 2020 are as follows:

Company	Consolidated value at 1-1-20	Profit/(Loss) of associates	Dividends accrued and share premium reimbursement
Acerinox, S.A.	581.2	9.5	(26.2)
Aegis Lux 2, S.à.r..l. (Verisure)	-	(0.5)	-
Shield Luxco 1.5, S.à.r..l. (Verisure)	546.9	(52.0)	-
CIE Automotive, S.A.	307.0	24.7	(9.7)
Ebro Foods, S.A.	412.9	26.9	(54.1)
Euskaltel, S.A.	188.1	8.7	(6.1)
Indra Sistemas, S.A.	229.1	(6.9)	-
Piolin II, S.à.r.l. (Parques Reunidos)	220.2	(144.0)	-
Rioja Luxembourg, S.à.r.l. (Naturgy)	471.7	(44.6)	(31.6)
Viscofan, S.A.	296.0	16.0	(14.4)
Totals	**3,253.1**	**(162.2)**	**(142.1)**

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

Acquisitions/ (Disposals) and transfers	Changes in consolidated equity of the associates	Reversal/ (Impairment)	Consolidated value at 31-12-20	Stock market value at 31-12-20
-	(41.4)	-	523.1	472.8
501.1	(2.8)	-	497.8	-
(493.9)	(1.0)	-	-	-
37.8	(36.6)	-	323.2	344.1
-	(19.8)	-	365.9	408.1
-	0.4	0.9	192.0	171.9
-	(5.0)	-	217.2	129.7
-	7.5	-	83.7	-
-	(43.1)	-	352.4	578.5 (*)
-	(8.0)	-	289.6	351.8
45.0	**(149.8)**	**0.9**	**2,844.9**	

The variations in consolidated equity in 2020 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.

The associates whose quoted price at the 2020 year end is lower than their carrying amount are Acerinox, S.A., Euskaltel, S.A. and Indra Sistemas, 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 2020 were as follows:

	Acerinox, S.A.	Euskaltel, S.A.	Indra Sistemas, S.A.
Perpetual growth rate	2.0%	1.5%	1.5%
Discount rate (WACC)	8.0%	6.6%	8.6%
Capital structure			
Capital	80%	65%	85%
Debt	20%	35%	15%
Equity ratio	9.4%	8.9%	9.7%
Cost of debt after tax	2.3%	2.4%	2.7%
Estimated value in use (€/share)	14.05	11.37	12.52

At 31 December 2020 Alba has reversed all impairment recognised in respect of Euskaltel, S.A., amounting to Euros 0.9 million.

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.

- In the case of consensus estimates, when it is considered that the sample is not sufficiently representative because too few estimates are 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 this company or similar companies.

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

At 31 December 2020 financial estimates with a time horizon of five years (2021-2025) 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 (2021-2025) for Acerinox, S.A., Euskaltel, S.A. and Indra Sistemas, S.A. is as follows:

- Growth of income: for all the companies the expected cumulative annual growth rate of income 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 greater initial growth is because in 2021 the companies are expected to recover from the negative impact they suffered in 2020 due to COVID-19.

- EBITDA margins: these are in line with recent historical data (2017-2020) in Euskaltel and show a slight upward trend in Acerinox and Indra Sistemas due to the integration of the acquisitions made and improvements in efficiency, in both cases.

- Investments (expressed as a percentage of sales): these remain stable in the explicit period in all the companies considered, in line with the historical average, after adjustments in some cases for extraordinary investments, such as in Euskaltel (launch of Virgin). Acquisitions are not included in the calculation of the historical average, nor are additional acquisitions considered beyond those already communicated.

- The tax rate applied ranges from the general Spanish income tax rate of 25.0%, to 27.5% at those companies with activities in jurisdictions with higher tax rates, although in many of these countries, such as the United States, tax rates have been reduced in recent years.

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

The WACC rate is calculated on the basis of the capital asset pricing model (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 are 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 (4.5%-5.0%), 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 are also post-tax rates.

In the valuations carried out at 31 December 2020, the cost of equity varies by company, between 8.9% and 9.7%, while the WACC rate ranges from 6.6% to 8.6%. These discount rates were in line with those used in the previous year for the corresponding companies and are firstly contrasted with the available analyst estimates and, more generally, with the historical information and experience of Alba. In the valuations carried out at 31 December 2019, the cost of equity varies by company, between 9.3% and 10.0%, while the WACC rate ranges from 7.0% to 9.0%.

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 2020 and 2019, 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, which were performed either in December 2019 or June 2020. 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 2020, the following sensitivity analysis was performed:

	Acerinox, S.A.	Euskaltel, S.A.	Indra Sistemas, S.A.
Discount rate (WACC)			
Rate used in 2020	8.0%	6.6%	8.6%
Rate equal to carrying amount	9.9%	7.1%	9.0%
Perpetual growth			
Rate used in 2020	2.0%	1.5%	1.5%
Rate equal to carrying amount	(1.3%)	1.0%	1.0%
EBITDA margin used to calculate terminal value			
Rate used in 2020	10.2%	47.9%	10.8%
Margin equal to carrying amount	8.1%	44.8%	10.2%
Variation in total sales to equal carrying amount	(22.2%)	(7.2%)	(4.0%)
Variation in EBITDA margin to equal carrying amount	(0.9%)	(1.4%)	(0.2%)

In 2020, 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.	Euskaltel, S.A.	Indra Sistemas, S.A.
Weighted average cost of capital (WACC)			
+0.5%	(9.2%)	(15.2%)	(8.3%)
(0.5%)	10.9%	18.4%	9.5%
Perpetual growth			
+0.5%	7.4%	15.9%	7.2%
(0.5%)	(6.2%)	(13.1%)	(6.3%)
EBITDA margin			
+0.5%	6.8%	2.3%	5.6%
(0.5%)	(6.8%)	(2.3%)	(5.6%)

The variations in investments in associates in 2019 were as follows:

Company	Consolidated value at 1-1-19	Profit/(Loss) of associates	Dividends accrued and share premium reimbursement
Acerinox, S.A.	605.6	(11.8)	(26.2)
Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. (**)	278.8	14.7	(15.8)
CIE Automotive, S.A.	289.6	28.8	(8.9)
Ebro Foods, S.A.	398.9	19.9	(12.3)
Euskaltel, S.A.	179.3	6.8	(6.1)
Indra Sistemas, S.A.	216.4	12.8	-
Parques Reunidos Servicios Centrales, S.A.	248.5	(16.7)	(4.6)
Piolin II, S.à.r.l. (Parques Reunidos)	-	(21.1)	-
Rioja Luxembourg, S.à.r.l. (Naturgy)	484.8	44.9	(37.4)
Shield Luxco 1.5, S.à.r.l. (Verisure)	-	(7.6)	-
Viscofan, S.A.	292.5	13.8	(9.7)
Totals	**2,994.4**	**84.5**	**(121.0)**

(*) Reflects the value of the interest in Naturgy net of Rioja debt.
(**) At 31 December the Company has transferred its entire interest in "Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A." to non-current assets held for sale, in the context of a takeover bid for the shares of this company.

Acquisitions/ (Disposals) and transfers	Changes in consolidated equity of the associates	Reversal/ (Impairment)	Consolidated value at 31-12-19	Stock market value at 31-12-19
-	13.6	-	581.2	525.7
(312.7)	(1.1)	36.1	-	346.7
1.4	(3.9)	-	307.0	276.0
-	6.4	-	412.9	415.6
-	-	8.1	188.1	176.3
-	(0.1)	-	229.1	189.2
(227.2)	-	-	-	-
241.2	0.1	-	220.2	-
-	(20.6)	-	471.7	730.5 (*)
558.2	(3.7)	-	546.9	-
-	(0.6)	-	296.0	285.5
260.9	**(9.9)**	**44.2**	**3,253.1**	

The variations in consolidated equity in 2019 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.

The associates whose quoted price at the 2019 year end was lower than their carrying amount are Acerinox, S.A., CIE Automotive, S.A., Euskaltel, S.A., Indra Sistemas, S.A. and Viscofan, 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 is used, subsequently subtracting the value of net debt and non-controlling interests. The assumptions used in 2019 were as follows:

	Acerinox, S.A.	CIE Automotive, S.A.	Euskaltel, S.A.	Indra Sistemas, S.A.	Viscofan, S.A.
Perpetual growth rate	2.0%	2.0%	1.5%	1.5%	2.0%
Discount rate (WACC)	8.3%	7.9%	7.0%	9.0%	6.8%
Capital structure					
Capital	80%	80%	65%	85%	80%
Debt	20%	20%	35%	15%	20%
Equity ratio	9.8%	9.3%	9.3%	10.0%	8.0%
Cost of debt after tax	2.6%	2.3%	2.7%	2.9%	2.1%
Estimated value in use (€/share)	13.53	30.41	9.57	14.12	49.93

At 31 December 2019, Alba reversed the full amount of the impairment of its interest in Bolsas y Mercados, Sociedad Holding de Mercados y Sistemas Financieros, S.A., and partially reversed the impairment of Euskaltel, S.A., thus at year end accumulated impairment totalled Euros 0.9 million.

In 2019, the following sensitivity analysis was performed:

	Acerinox, S.A.	CIE Automotive, S.A.	Euskaltel, S.A.	Indra Sistemas, S.A.	Viscofan, S.A.
Discount rate (WACC)					
Rate used in 2019	8.3%	7.9%	7.0%	9.0%	6.8%
Rate equal to carrying amount	9.5%	9.0%	7.0%	9.8%	7.0%
Perpetual growth					
Rate used in 2019	2.0%	2.0%	1.5%	1.5%	2.0%
Rate equal to carrying amount	0.2%	0.6%	1.5%	0.4%	1.9%
EBITDA margin used to calculate terminal value					
Rate used in 2019	10.5%	17.6%	48.5%	11.0%	26.5%
Margin equal to carrying amount	9.1%	15.2%	48.5%	9.7%	26.0%
Variation in total sales to equal carrying amount	(12.1%)	(9.9%)	-	(9.2%)	(2.3%)
Variation in EBITDA margin to equal carrying amount	(0.6%)	(1.0%)	-	(0.9%)	(0.2%)

In 2019, 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.	Euskaltel, S.A.	Indra Sistemas, S.A.	Viscofan, S.A.
Weighted average cost of capital (WACC)					
+0.5%	(8.6%)	(11.6%)	(15.2%)	(7.8%)	(9.7%)
(0.5%)	10.1%	13.7%	18.3%	8.9%	11.9%
Perpetual growth					
+0.5%	6.8%	11.3%	15.6%	7.0%	8.7%
(0.5%)	(5.8%)	(9.6%)	(13.0%)	(6.1%)	(7.0%)
EBITDA margin					
+0.5%	6.3%	4.9%	2.3%	5.0%	2.4%
(0.5%)	(6.3%)	(4.9%)	(2.3%)	(5.0%)	(2.4%)

11. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

These investments at 31 December 2020 and 2019 are as follows:

	%	
	2020	2019
Non-current, unquoted		
Alvinesa, S.A.	16.83	16.83
Alvic, S.A. (through Folkstone, S.L.)	7.76	8.89
Monbake (through Tarasios Investments, S.L.)	3.70	3.70
Telepizza (through Tasty Topco, S.C.A.)	3.27	3.27
In-Store Media Group, S.A.	18.89	18.89
TRRG Holding Limited (formerly Ros Roca)	-	7.50
C.E. Extremadura S.A.	1.01	1.01
Non-current, quoted		
Global Dominion Access, S.A.	5.00	5.00
Befesa Holding S.à.r.l.	2.32	-
Dividends (quoted and unquoted)	6.1	3.2

In 2020 the investment in TRRG Holding Limited (formerly Ros Roca) was sold for Euros 17.3 million, at a gain of Euros 1.9 million. The investment in Alvic has been reduced through sales that did not give rise to any gains or losses.

In 2019 the investment in Mecalux, S.A. was sold for Euros 121.9 million with a return on investment of 1.5x since the original investment was made and an IRR of 4.8% per annum.

Movement during 2020 and 2019 was as follows:

Balance at 1-1-19	**201.1**
Additions	38.0
Disposals	(97.5)
Changes in fair value	8.8
Balance at 31-12-19	**150.4**
Additions	21.2
Sales	(18.2)
Changes in fair value	17.6
Balance at 31-12-20	**171.0**

Additions in 2020 comprise the acquisitions of investments in Befesa Holding, S.à.r.l. and Telepizza, S.A., while disposals reflect the sale of interests in TRRG Holding Limited and Alvic.

Additions in 2019 consisted of the acquisitions of interests in Alvic, S.A. and Telepizza, S.A. and disposals reflect the sale of the interest held in Mecalux generating a gain of Euros 24.4 million.

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

As regards the rest of the investments also managed by Artá Capital, S.G.I.C., S.A.U., in 2020 and 2019 the valuations were performed by an external valuer, specifically Duff & Phelps, S.L.U. and Deloitte Financial Advisory, S.L., respectively, both of which issued the pertinent report.

The method used to determine the fair value of these investments is based on discounted future cash flows.

Following the valuation criteria of Invest Europe, the investments in Telepizza, S.A. and Alvic, S.A. were valued at cost at 31 December 2019, since they had been in the portfolio for less than one year.

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.

The key valuation variables are as follows: 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.	Alvinesa, S.A.	InStore Media Group, S.A.	Monbake, S.A.	Telepizza, S.A.
2020					
Perpetual growth rate	1.9%	1.8%	1.0%	1.9%	1.9%
Weighted average costs of capital (WACC)	12.0%	9.9%	11.3%	7.6%	9.6%
2019					
Perpetual growth rate	-	1.8%	1.7%	1.8%	-
Weighted average costs of capital (WACC)	-	10.1%	9.8%	7.9%	-

Sensitivity analysis

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

	Grupo Alvic FR Mobiliario, S.A.	Alvinesa, S.A.	InStore Media Group, S.A.	Monbake, S.A.	Telepizza, S.A.
2020					
Weighted average cost of capital (WACC)					
+0.5%	(6.4%)	(5.9%)	(5.6%)	(16.3%)	(14.1%)
(0.5%)	7.0%	6.6%	6.1%	19.4%	16.1%
Perpetual growth rate					
+0.5%	4.6%	4.4%	2.7%	16.9%	11.7%
(0.5%)	(4.2%)	(3.9%)	(2.5%)	(14.2%)	(10.3%)
EBITDA					
+5.0%	4.5%	6.5%	10.5%	14.8%	13.6%
(5.0%)	(4.5%)	(6.5%)	(10.5%)	(14.8%)	(13.6%)
2019					
Weighted average cost of capital (WACC)					
+0.5%	-	(6.4%)	(5.9%)	(14.5%)	-
(0.5%)	-	7.3%	6.6%	17.0%	-
Perpetual growth rate					
+0.5%	-	4.8%	4.3%	13.7%	-
(0.5%)	-	(4.1%)	(3.8%)	(11.6%)	-
EBITDA					
+5.0%	-	11.8%	8.4%	22.4%	-
(5.0%)	-	(11.8%)	(8.4%)	(22.4%)	-

12. OTHER NON-CURRENT FINANCIAL ASSETS AND LIABILITIES

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

	2020	2019
Other non-current financial assets		
Loans to third parties	43.2	59.2
Guarantees deposited with public entities	1.9	2.3
Other financial assets	15.7	-
Other financial assets with related parties	-	7.7
Balance at 31 December	**60.8**	**69.2**
Other non-current financial liabilities		
Other financial liabilities	6.7	9.9
Guarantees received from customers	1.5	2.7
Other financial liabilities with related parties	-	7.7
Balance at 31 December	**8.2**	**20.3**

Loans to third parties mostly 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 entities, 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 bp. It is expected to be collected through a cash sweep and early repayments that will be mandatory if certain liquidity events occur. In 2020, Euros 15.1 million has been collected on these loans. In 2019, Euros 5.6 million was collected and impairment of Euros 7.7 million was reversed.

The balance at 31 December 2020 and 2019 is Euros 43.2 million and Euros 58.4 million, respectively.

Other financial assets reflect bonds that mature in more than 12 months.

13. TRADE AND OTHER RECEIVABLES

Details at 31 December 2020 and 2019 are as follows:

	2020	2019
Trade receivables	41.6	40.0
Income tax withholdings and payments on account	36.0	64.5
Accrued dividends receivable	6.7	7.6
Other receivables	2.8	5.7
Prepaid expenses	0.2	0.2
Balance at 31 December	87.3	118.0

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:

	2020	2019
Corporate promissory notes	377.9	114.2
Other financial assets	1.8	-
Balance at 31 December	**379.7**	**114.2**

All the promissory notes are issued by Spanish entities.

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

	2020	2019
Cash on hand and at banks	217.6	34.5
Highly liquid current deposits and investments	78.7	43.3
Balance at 31 December	**296.3**	**77.8**

Current deposits and 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.

15. EQUITY

At 31 December 2020 and 2019 the share capital comprised 58,240,000 shares, 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 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 approval 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 approval 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 2020 are as follows:

Shareholder	% ownership
D. Carlos March Delgado	20.138%
D. Juan March Delgado	19.772%
Banca March, S.A.	15.022%
D. Juan March de la Lastra	7.300%
D. Juan March Juan	4.730%
Dª. Catalina March Juan	4.270%
Dª. Gloria March Delgado	3.700%

There were no movements in Alba's own shares in 2020 or 2019.

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.

	2020	2019
Profit/(loss) attributable to ordinary shareholders of the Parent		
Continuing operations	(102.4)	179.2
Discontinued operations	-	-
Profit/(loss) attributable to ordinary shareholders of the Parent in respect of basic earnings	(102.4)	179.2
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	(102.4)	179.2
Average number of ordinary shares for basic earnings per share (*)	58,240,000	58,240,000
Dilution effect	-	-
Average number of ordinary shares adjusted for dilution effect (*)	58,240,000	58,240,000
Earnings/(loss) per share (Euros/share)	(1.76)	3.08

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

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.

Details of movement in non-controlling interests in 2020 are as follows:

	Balance at 31-12-2019	Profit/(loss)	Dividends	Other	Balance at 31-12-2020
Alba Investments, S.à.r.l.	99.0	(9.4)	-	-	89.6
Alba Partners, S.A.	0.3	0.8	(0.8)	-	0.3
Nuadi Subgroup	28.2	(0.1)	-	2.1	30.2
Preving Subgroup	46.1	3.0	-	0.7	49.8
Satlink Subgroup	21.0	2.2	(10.1)	-	13.1
Total	**194.6**	**(3.5)**	**(10.9)**	**2.8**	**183.0**

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 2020 and 2019 year ends was as follows:

	2020	2019
Loans and borrowings	251.8	218.7
Cash and cash equivalents	(296.3)	(77.8)
Total net debt	**(44.5)**	**140.9**
Equity	3,852.1	4,135.6
Equity + net debt	3,807.6	4,276.7
Leverage ratio	-	3.3%

There was no net financial debt in 2020, thus there is no leverage ratio.

17. PROVISIONS

Movement in this item in 2020 and 2019 is as follows:

	2020	2019
Balance at 1 January	**1.0**	**0.8**
Charges	0.1	0.2
Balance at 31 December	**1.1**	**1.0**

18. SUPPLIERS AND OTHER PAYABLES

Details at 31 December 2020 and 2019 are as follows:

	2020	2019
Suppliers	49.1	38.6
Public entities, other (note 22)	9.7	7.3
Salaries payable	3.1	3.1
Balance at 31 December	**61.9**	**49.0**

Details of the average payment period for Alba's suppliers in Spain are as follows:

	2020	2019
Days		
Average supplier payment period	42	42
Transactions paid ratio	44	45
Transactions payable ratio	41	40
In millions of euros		
Total payments made	31.4	23.8
Total payments outstanding	36.9	28.3

19. LOANS AND BORROWINGS

Current and non-current

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

Bank	At 31-12-20 Maturity	At 31-12-20 Balance drawn down	At 31-12-19 Maturity	At 31-12-19 Balance drawn down
Current loans and credit facilities (current)				
BBVA	2021	39.6	2020	9.5
Syndicated loan (Sabadell, Bankia, Bankinter, BBVA and DB)	2021	2.0	2020	4.1
Caixa	2021	0.5	2020	-
Syndicated loan (BBVA, CaixaBank and Bankia)	2021	3.3	2020	1.2
ICO loans (Bankinter, Ibercaja, Bankia, CaixaBank and Santander)	2021	1.1	-	-
Other	2021	0.2	-	-
Syndicated loan (Bankia and Santander)	2021	2.5	2020	1.9
ICO loan (Caja Rural)	2021	0.4	-	-
		49.6		**16.7**
Non-current loans and credit facilities (non-current)				
BBVA	2022 al 2025	89.8	2021 al 2025	99.5
Syndicated loan (Sabadell, Bankia, Bankinter, BBVA and DB)	2022 al 2026	28.0	2021 al 2026	19.0
Syndicated loan (BBVA, CaixaBank and Bankia)	2022 al 2025	31.3	2021 al 2025	34.6
ICO loans (Bankinter, Ibercaja, Bankia, CaixaBank and Santander)	2022 al 2025	6.1	-	-
Other	2022 al 2025	0.1	-	-
Syndicated loan (Bankia and Santander)	2022 al 2025	45.8	2021 al 2025	48.9
ICO loan (Caja Rural)	2022 al 2023	1.1	-	-
		202.2		**202.0**

Principal and interest payments are settled every six months. The borrowing cost ranges from 0.7%-3.0%.

Alba also has five undrawn lines of financing from BBVA, Bankinter, Kutxabank, Santander and Unicaja for a total amount of Euros 320.0 million.

An analysis of the maturities of non-current loans and borrowings (including interest) at 31 December 2020 and 2019 is as follows:

In millions of euros	2022	2023	2024	2025	2026	Total
2020						
BBVA	10.4	10.5	10.6	60.4	-	91.9
Syndicated loan (Sabadell, Bankia, Bankinter, BBVA and DB)	3.1	4.6	5.5	5.9	11.2	30.3
Syndicated loan (BBVA, CaixaBank and Bankia) ICO loans (Bankinter, Ibercaja, Bankia, CaixaBank and Santander)	6.6	6.9	7.8	18.8	-	40.1
Other	-	-	-	0.1	-	0.1
Syndicated loan (Bankia and Santander)	7.3	7.9	8.3	25.5	-	49.0
ICO loan (Caja Rural)	0.8	0.4	-	-	-	1.2
Total	**28.2**	**30.2**	**32.1**	**110.7**	**11.2**	**212.5**

In millions of euros	2021	2022	2023	2024	2025	Total
2019						
BBVA	10.3	10.4	10.5	10.6	60.4	102.3
Syndicated loan (Bankinter, BBVA, Caixabank and Sabadell)	6.6	5.4	7.1	-	-	19.1
Syndicated loan (Bankinter and Santander)	5.2	7.1	7.7	8.1	25.2	53.4
Syndicated loan (BBVA, Caixabank and Bankia)	1.4	4.7	5.0	6.0	18.3	35.4
Total	**23.6**	**27.6**	**30.3**	**24.7**	**103.9**	**210.1**

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 1-1-19	**141.7**
Business combinations	87.0
Cash flows from (used in) financing activities	(10.0)
Balance at 31-12-19	**218.7**
Saldo a 1-1-20	**218.7**
Cash flows from (used in) financing activities	33.1
Balance at 31-12-20	**251.8**

20. FAIR VALUE MEASUREMENT

Details of assets and liabilities and their fair value measurement hierarchy at 31 December 2020 and 2019 are as follows:

	Total	Quoted price in active markets (Level 1)	Significant unobservable inputs (Level 3)
2020			
Assets measured at fair value			
Investment property (note 6)	287.1	-	287.1
Investments at fair value through profit or loss (notes 11 and 14)	171.0	72.8	98.2
Assets whose fair value is disclosed			
Investments in associates and non-current assets held for sale (note 10)	3,038.4	2,456.9	581.5
Other financial assets (note 12)	60.8	-	60.8
Trade and other receivables (note 13)	87.3	-	87.3
Other financial assets (note 14)	379.7	-	379.7
Liabilities whose fair value is disclosed			
Loans and borrowings (note 19)	251.8	-	251.8

	Total	Quoted price in active markets (Level 1)	Significant unobservable inputs (Level 3)
2019			
Assets measured at fair value			
Investment property (note 6)	324.5	-	324.5
Investments at fair value through profit or loss (notes 11 and 14)	150.4	30.9	119.5
Assets whose fair value is disclosed			
Investments in associates and non-current assets held for sale (note 10)	3,565.8	2,798.7	767.1
Other financial assets (note 12)	69.2	-	69.2
Trade and other receivables (note 13)	118.0	-	118.0
Other financial assets (note 14)	114.2	-	114.2
Liabilities whose fair value is disclosed			
Loans and borrowings (note 19)	218.7	-	218.7

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 spaces.

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, mainly, to revenues, 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.

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 noteworthy that, in addition to the aforementioned Risk Control and Management Department, Corporación Financiera Alba has Regulatory Compliance processes which are performed 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 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 2020 and 2019 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 2020 and 2019 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/loss 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 2020 the Group's cash position amounted to Euros 296.3 million, of which Euros 217.7 million comprised cash in hand and at banks, and Euros 78.6 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. For the interim dividend distribution, the Board of Directors prepares an accounting statement demonstrating that sufficient cash is available for the distribution, that the profit available is greater than the dividend to be distributed, and that the Company's cash is greater than the dividend, in accordance with prevailing legislation.

The Group's exposure to liquidity risk at 31 December 2020 and 2019 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 2020 and 2019, by type of asset and maturity, are as follows (in millions of euros):

	2020		2019	
	Amount	Maturity	Amount	Maturity
Trade receivables	41.7	2021	40.0	2020
Other non-current financial assets	58.9	2021-2025	64.5	2020-2025
Other receivables	9.5	2021	13.5	2020

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, SCR, S.A.U., 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 2020 and 2019 are as follows:

	2020	2019
Income tax for the year		
Income tax expense for the year	4.8	0.4
Adjustments to income tax from prior years	-	-
Deferred tax		
Source and reversal of temporary differences	(1.6)	0.3
Income tax expenserecognised in the income statement	**3.2**	**0.7**
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 2020 and 2019 is as follows:

	2020	2019
Pre-tax accounting profit from continuing operations	275.6	166.1
Pre-tax profit or loss from discontinued operations	-	-
Pre-tax accounting profit	275.6	166.1
Consolidation differences	4.6	(69.3)
Permanent differences (article 21 of LIS)	(280.2)	(96.8)
Change in deferred tax assets and liabilities and difference in tax rates	(1.6)	0.3
Income tax expense/(income) in the consolidated income statement	3.2	0.7
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 includes certain amendments to the Corporate Income Tax Law ("LIS").

Such amendments to the LIS include the removal 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 has recognised temporary differences of Euros 1.1 million in relation to its investments. These deferred tax liabilities have been 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:

	1-1-19	Additions/ (Derecog-nitions)	Business combi-nations	31-12-19	Additions/ (Derecog-nitions)	Business combi-nations	31-12-20
Deferred tax assets							
Retirement plans and other expenses	1.3	-	0.8	2.1	0.7	-	2.8
Total deferred tax assets	**1.3**			**2.1**			**2.8**
Deferred tax liabilities							
Gains on investment property	28.5	0.3	-	28.8	0.1	-	28.9
Other deferred tax liabilities	10.5	(0.9)	16.3	26.0	(2.4)	17.2	40.8
Total deferred tax liabilities	**39.0**			**54.8**			**69.7**

At 31 December 2020 and 2019 tax loss carryforwards amounting to Euros 26.2 million and Euros 26.5 million have not been recognised in the accompanying balance sheet.

While 2020 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:

	2020	2019
Payment on account	4.5	4.5
Corporate income tax	3.7	1.3
Personal income tax withholdings	1.3	1.2
VAT and other	0.2	0.3
Total	9.7	7.3

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:

	2020			2019		
	Male	Female	Total	Male	Female	Total
Executive board members	7	-	7	6	-	6
Directors	30	8	38	15	3	18
Heads of department	104	21	125	56	9	65
Administration and other	708	778	1,486	232	196	428
Total	**849**	**807**	**1,656**	**309**	**207**	**516**

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

	2020			2019		
	Male	Female	Total	Male	Female	Total
Executive board members	7	-	7	3	-	3
Directors	30	6	36	12	9	21
Heads of department	100	20	120	97	9	106
Administration and other	754	866	1,620	676	756	1,432
Total	**891**	**892**	**1,783**	**788**	**774**	**1,562**

At 31 December 2020 the Company has 15 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 2020 and 2019 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 non-listed companies involving significant influence and generating gains through investments and subsequent sales.

- Venture capital investments: business segment identified by the Group comprising investments in funds or investment vehicles managed by Artá Capital, SGEIC, S.A. and generating gains through investments and subsequent sales.

No transactions are carried out between the different segments.

Segment reporting 2020

In millions of euros	Property rentals	Investment in transferable securities	Venture capital investment	Income and expenses not allocated to segment	Total Group
Direct income and expenses of the segment					
Revenues	16.1	-	169.2	-	185.3
Supplies	-	-	(45.1)	-	(45.1)
Gains on disposal	2.8	19.3	2.0	-	24.1
Share of the profit/(loss) for the year of associates	-	(162.2)	-	-	(162.2)
Change in fair value of financial instruments	(2.8)	-	(4.0)	21.6	14.8
Depreciation and amortisation	-	-	(24.6)	(1.4)	(26.0)
Personnel expenses	-	-	(57.3)	(15.4)	(72.7)
Other operating expenses	(4.2)	-	(29.0)	(6.6)	(39.8)
Other income/(expenses)	-	-	-	0.6	0.6
Net finance income	-	-	(5.4)	23.7	18.3
Profit/(Loss) before taxes and non-controlling interests	**11.9**	**(142.9)**	**5.8**	**22.5**	**(102.7)**
Income tax					(3.2)
Profit/(loss) from continuing operations					**(105.9)**
Profit/(loss) attributable to non-controlling interests					3.5
Consolidated profit/(loss) for the year attributable to the Group					**(102.4)**
Assets and Liabilities					
Segment assets	298.0	2,844.9	405.3	-	3,548.2
Unallocated assets					878.8
Total Assets					**4,427.0**
Segment liabilities	1.5	-	216.5	-	218.0
Unallocated liabilities					175.0
Total Liabilities					**393.0**

Segment reporting 2019

In millions of euros	Property rentals	Investment in transferable securities	Venture capital investment	Income and expenses not allocated to segment	Total Group
Direct income and expenses of the segment					
Revenues	16.9	-	76.5	1.4	94.8
Supplies	-	-	(23.7)	-	(23.7)
Gains on disposal	0.5	-	24.4	-	24.9
Share of the profit/(loss) for the year of associates	-	84.5	-	-	84.5
Change in fair value of financial instruments	2.8	2.6	14.4	-	19.8
Depreciation and amortisation	-	-	(10.4)	(0.6)	(11.0)
Impairment	-	51.9	-	-	51.9
Personnel expenses	-	-	(23.8)	(17.0)	(40.8)
Other operating expenses	(5.5)	-	(18.5)	(6.2)	(30.2)
Other income/(expenses)	-	-	-	4.8	4.8
Net finance income	-	-	(1.1)	5.1	4.0
Profit/(Loss) before taxes and non-controlling interests	**14.7**	**139.0**	**37.8**	**(12.5)**	**179.0**
Income tax					(0.7)
Profit/(loss) from continuing operations					**178.3**
Profit/(loss) attributable to non-controlling interests					0.9
Consolidated profit/(loss) for the year attributable to the Group					**179.2**
Assets and Liabilities					
Segment assets	326.8	3,548.0	401.7	-	4,276.5
Unallocated assets					(8.4)
Total Assets					**4,268.1**
Segment liabilities	(2.7)	-	186.6	-	183.9
Unallocated liabilities					25.3
Total Liabilities					**209.2**

In 2020 and 2019 Alba carried out its activity in Spain, except for the following (see note 5):

	2020		2019	
	Eurozone	Rest of world	Eurozone	Rest of world
CGU Satlink Group	14.3	33.5	3.7	39.4
CGU Nuadi Group	42.8	3.7	0.5	4.5
Total	57.1	37.2	4.2	43.9

Unallocated income and costs comprise overheads and other costs not considered to derive from any of the three businesses.

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

25. OTHER INCOME AND EXPENSES

Details for 2020 and 2019 are as follows.

a) Personnel expenses

	2020	2019
Salaries and wages	57.6	34.9
Social Security payable by the Company	13.2	2.4
Alternative pension plan schemes	1.5	3.3
Other employee benefits expenses	0.4	0.2
Balance at 31 December	**72.7**	**40.8**

b) Finance income

	2020	2019
Interest, dividends and other	25.7	6.6
Balance at 31 December	**25.7**	**6.6**

c) Change in fair value of financial instruments

At the 2020 and 2019 year ends this item reflects the change in fair value of investments at fair value through profit or loss (see note 11).

26. RELATED PARTIES

Details of transactions carried out in 2020 and 2019 are as follows:

Description of the transaction	Amount 2020	Amount 2019	Related party
With significant shareholders of the company			
Services	0.6	0.6	Banca March,S.A.
Dividend	8.7	8.7	Banca March,S.A.
With other related parties			
Dividends and other distributions	9.7	8.9	Cie Automotive, S.A.
	31.2	37.2	Rioja Luxembourg, S.à.r.l.
	26.2	26.2	Acerinox, S.A.
	-	15.8	BME
	54.1	12.3	Ebro Foods, S.A.
	14.4	9.8	Viscofan, S.A.
	6.1	6.1	Euskaltel, S.A.
	-	4.6	Parques Reunidos, S.A.
	0.8	1.5	InStore Media Group, S.A.
	4.1	1.7	Alvinesa, 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
2020				
External proprietary directors	3	-	1,075	-
Independent directors	6	-	835	-
Other external directors	1	1,253	130	-
Executive directors	2	777	200	-
Senior management	5	2,893	-	560
Total		**4,923**	**2,240**	**560**
2019				
External proprietary directors	3	579	704	-
External independent directors	8	-	688	-
Executive directors	3	2,283	276	-
Senior management	5	3,058	-	537
Total		**5,920**	**1,668**	**537**

At 31 December 2020 and 2019 the Board of Directors comprised 12 members.

No loans were extended to members of the Board of Directors or Senior Management in 2020 or 2019.

Details of the remuneration accrued by each board member in 2020 and 2019, including those who stepped down before 31 December are as follows:

2020 In thousands of euros	Fixed remuneration	Variable	Alba Group board meetings	Total remuneration	Contribution to retirement plan
De Ampuero y Osma, José Domingo	-	-	165	165	-
Carné Casas, Ramón	486	-	100	586	-
Del Caño Palop, José Ramón	256	35	100	391	-
Girón Dávila, Mª Eugenia	-	-	150	150	-
March de la Lastra, Juan	-	-	330	330	-
March Delgado, Carlos	-	-	415	415	-
March Juan, Juan	-	-	330	330	-
Martínez-Conde Gutiérrez-Barquín, Santos	1,100	153	130	1,383	-
Guibert Ucin, María Luisa	-	-	130	130	-
Pickholz, Claudia	-	-	125	125	-
Pradera Jáuregui, Antón	-	-	130	130	-
Plaza Arregui, Ana María			135	135	-
Total Board	**1,842**	**188**	**2,240**	**4,270**	**-**

2019 In thousands of euros	Fixed remuneration	Variable	Alba Group board meetings	Total remuneration	Contribution to retirement plan
De Ampuero y Osma, José Domingo	-	-	125	125	-
Carné Casas, Ramón	431	-	83	514	-
Del Caño Palop, José Ramón	270	207	83	560	-
Garmendia Mendizábal, Cristina	-	-	43	43	-
Girón Dávila, Mª Eugenia	-	-	128	128	-
González Fernández, Carlos Alfonso	-	-	47	47	-
March de la Lastra, Juan	138	247	210	595	-
March Delgado, Carlos	-	-	284	284	-
March Juan, Juan	29	165	210	404	-
Martínez-Conde Gutiérrez-Barquín, Santos	586	789	110	1,485	-
Guibert Ucin, María Luisa	-	-	65	65	-
Pickholz, Claudia	-	-	108	108	-
Pradera Jáuregui, Antón	-	-	105	105	-
Plaza Arregui, Ana María	-	-	67	67	-
Total Board	**1,454**	**1,408**	**1,668**	**4,530**	**-**

In 2020 and 2019 no remuneration was paid to individuals representing Alba on boards or committees of companies in which Alba acts as a director company. In 2020 and 2019, Euros 156 thousand and Euros 146 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 2020. In 2019 Ms María Luisa Guibert Ucín and Ms Ana María Plaza Arregui were appointed as members of the Board of Directors of Corporación Financiera Alba, S.A. for a term of four years and the directors Ms Cristina Garmendia Mendizábal and Mr Carlos González Fernández stepped down from the Board.

At the general meetings held in 2020, 2019 and 2018 the shareholders of Alba approved a variable remuneration scheme linked to the net asset value of the shares for Executive board members, 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	1/7/20	7/6/19	18/6/18
Maturity	30/6/23	6/6/22	17/6/21
Units assigned	246,500	232,500	283,000
Initial net asset value	64.97	73.66	75.79
Cap between initial and final net asset value	50%	50%	30%

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 additional 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, calculated on the basis of the net asset value (NAV) of the Company, which will come into effect, together with the dividend revaluation, in no less than five years as of the accrual date and no later than eight years after that date, whichever the beneficiary chooses. The amount of this variable remuneration for directors who performed executive duties in 2020 was Euros 188 thousand.

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 2020 and 2019 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 2020 KPMG Auditores, S.L., the auditor of the Group's annual accounts, accrued fees totalling Euros 174 thousand, of which Euros 139 thousand were for audit services and Euros 12 thousand for the limited review of the consolidated interim financial statements and the agreed-upon procedures report on the ICOFR description. In addition, in 2020 other affiliates of KPMG International invoiced fees of Euros 23 thousand for audit 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. EVENTS AFTER THE REPORTING PERIOD

The following significant events have occurred since 31 December 2020:

- The sale of a building in Madrid for Euros 9 million, generating an IRR of 16.26% over 21 years.

- Through its venture capital vehicle Deyá Capital IV, S.C.R., S.A., Alba has reached an agreement for the sale of its 16.8% interest in Alvinesa Natural Ingredients, S.A. The effective sale is subject to obtaining the pertinent authorisation for the buyer as provided for in article 7 bis of Law 19/2003 of 4 July 2003 on the legal regime for movements of funds, financial transactions abroad and certain measures for the prevention of money laundering.

DIRECTORS' REPORT

1. BUSINESS PERFORMANCE AND POSITION OF THE COMPANY

The consolidated annual accounts at 31 December 2020 give a true and fair view of the Group's equity, financial position, results of operations, changes in equity and cash flows for the year then ended, and have been authorised for issue by the Company's directors.

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

During 2020, the Alba Group's activities comprised the following:

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

The consolidated net loss of Euros 102 million in 2020 contrasts with the Euros 179 million profit posted in the prior year. This fall mainly reflects lower profits obtained by our investees due to a decline in activity, and impairment of assets in some of these companies, essentially as a result of the COVID-19 crisis.

Net asset value (NAV) decreased by 2.1% in the year to Euros 4,304 million at 31 December 2020, equivalent to Euros 73.89 per share. Alba's share price ended the year at Euros 38.95 per share.

During the year, Alba invested Euros 67 million and sold assets totalling Euros 385 million, which significantly increased its net cash position to Euros 523 million at 31 December 2020.

In October, Alba distributed a gross interim dividend of Euros 0.50 per share to its shareholders, with a charge against 2020 profit, representing a disbursement of Euros 29 million. Total dividends distributed during 2020 amounted to Euros 58 million.

2. MOST SIGNIFICANT TRANSACTIONS

Alba made the following investments in 2020:

- Purchase of a 1.94% interest in CIE Automotive for Euros 37.8 million. The Company's ownership interest at 31 December 2020 was 12.73% due to its acquisitions and the redemption of own shares.

- Several investments totalling Euros 29.6 million.

Divestments made during 2020 were as follows:

- Sale of its interest (12.06%) in the share capital of Bolsas y Mercados Españoles (BME) for Euros 332.6 million in the context of a takeover bid launched by SIX Group AG. Alba achieved an IRR of 6.2% p.a. on this investment over the six years in which it was a shareholder.

- Sale of two buildings in Barcelona and two floors of office space in Madrid for Euros 32.5 million.

- Sale, through Deyá Capital, of its entire 7.5% interest in the share capital of TRRG Holding Ltd. (formerly Ros Roca Environment) to the Terberg Group for Euros 17.3 million.

3. OUTLOOK FOR THE COMPANY

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

Performance of the main investees:

- Although VDM was brought into the consolidated Group in March, Acerinox's sales in 2020 dropped to Euros 4,668 million, 1.8% lower than in the preceding year due to the downturn in activity as a result of COVID-19. With respect to 2019, excluding VDM, steel production fell by 3.9% to 2.1 million tonnes, while cold rolling dropped by 13.9% to 1.4 million tonnes. Adjusted EBITDA for the year amounted to Euros 398 million, 1.0% less than in the previous year as neither VDM's inclusion nor the cost-cutting measures implemented were sufficient to offset the above-mentioned downturn in activity. However, after the net loss of Euros 60 million reported in 2019, 2020 brought a net profit of Euros 49 million, despite asset impairment. Net financial debt at 31 December 2020 stood at Euros 772 million (2.0 times EBITDA for the year), a level higher than the Euros 278 million recognised one year earlier, partly due to the acquisition of VDM and the consolidation of its debt.

- CIE Automotive's revenue amounted to Euros 2,883 million in 2020, a 16.7% fall on the prior year, due to the sharp impact of the COVID-19 crisis on the automotive sector. In 2020, automobile production contracted by 20.7% in those markets where CIE Automotive operates; nevertheless, CIE Automotive's production fell by a smaller amount than that of each regional market. EBITDA for the year fell by 27.5% compared to 2019, amounting to Euros 431 million, while net profit declined by 35.6% to Euros 185 million. Adjusted net financial debt at 31 December 2020 amounted to Euros 1,575 million, 3.6 times EBITDA for the year.

- Ebro Foods' sales reached Euros 3,237 million in 2020, 15.1% higher than in the prior year. This growth was driven by the healthy performance of both the Pasta division (+14.5%) and the Rice division (+16.1%) owing to the defensive nature of both products during the COVID-19 pandemic; and, to a lesser extent, by the consolidation of Tilda and the decreased relative weight of promotional activities. EBITDA for the year amounted to Euros 435 million, which is 26.9% higher than in 2019, while net profit grew by 35.7% to Euros 192 million. Net financial debt was lowered to Euros 951 million (2.2 times EBITDA for the year), as cash flow for the period and the sale of the pasta business in the USA more than offset the dividend payment (ordinary and extraordinary) and the operating investments made.

- Euskaltel's revenues in 2020 reached Euros 697 million, experiencing a 1.7% rise on the prior year due, among other things, to growth in the Business and Wholesale segments and the launch of the Virgin Telco brand throughout Spain in May 2020. Despite the COVID-19 crisis, the Mass Market segment experienced a net increase in customers as Virgin Telco's launch was well received. EBITDA for the year fell off slightly (-0.5%) vis-à-vis 2019 to Euros 343 million, partly owing to Virgin Telco's negative contribution during the launch phase, while net profit climbed to Euros 79 million, 28.0% more than in 2019. At 31 December 2020, reported net financial debt decreased to Euros 1,455 million (4.2 times EBITDA for the year), 2.1% less than in December of the previous year.

- Despite the inclusion of SIA in the consolidated group, Indra's sales amounted to Euros 3,043 million in 2020, which is 5.0% down on the prior year (-1.6% in local currency), due to the fall in sales in the Transportation & Defence division (-5.8% reported and -4.5% in local currency) and in Minsait (-4.5% reported and +0.1% in local currency), reflecting the downturn in activity due to COVID-19. Notwithstanding the capital gain of Euros 36 million on the sale of Metrocall, the Company posted negative EBIT of Euros 33 million (compared with Euros 221 million in 2019), due to impairment of intangible assets (Euros 95 million), the workforce restructuring plan (Euros 88 million) and the drop-off in activity due to the COVID-19 crisis. A net loss of Euros 65 million was also reported (net profit of Euros 121 million in 2019). At 31 December 2020, net financial debt stood at Euros 481 million (12.8% down on 2019), equivalent to 2.5 times annual EBITDA (excluding the impact of IFRS 16, impairment and the aforementioned capital gain).

- Naturgy achieved sales of Euros 15,345 million in 2020, down 26.1% on the prior year as a result of lower energy demand due to COVID-19, lower average energy prices and the negative impact of Latin American currencies against the Euro. Reported EBITDA in 2020 was Euros 3,449 million, 18.9% below that recognised in 2019 as growth in renewable energies was insufficient to offset a poor performance in the Energy Management and LatAm Networks lines of business, and also due to a slight drop in the Supply line. Excluding exceptional effects, mainly restructuring costs, EBITDA would have dropped by 14.6% to Euros 3,714 million. The net loss for the year was Euros 347 million, compared with a net profit of Euros 1,401 million reported in the prior year, due to the fall in results from operating activities and the significant impairment on the carrying amount of conventional generation assets in Spain (Euros 858 million) and gas activities in Argentina (Euros 152 million). At 31 December 2020, net financial debt stood at Euros 13,612 million (3.9 times EBITDA for the year), 10.8% less than at the end of the previous year.
- Verisure, a company that also operates under the "Securitas Direct" trademark, achieved revenues of Euros 2,139 million in 2020, up 12.5% on the previous year. This improvement was driven by growth in the customer base, which climbed to 3.8 million customers (+12.5%). The adjusted EBITDA of the customer portfolio amounted to Euros 1,256 million in the year, up 16.8% on the prior year. Total adjusted EBITDA reached Euros 920 million, which is 20.8% higher than in 2019. The result was a net loss of Euros 93 million, exceeding that of the previous year (Euros 60 million), mainly due to translation differences and hedge accounting, but having no impact on cash flow. Net financial debt at 31 December 2020 stood at Euros 5,108 million, practically the same as in the prior year.

- Viscofan's sales in 2020 grew 7.4% compared to the prior year, up to Euros 912 million, fuelled by larger volumes and higher prices across all product families, in addition to the incorporation of Nitta Casings into the consolidated group, which offset the negative effect of exchange rate trends and lower profits from cogeneration activities. In comparable terms, sales have increased by 8.3% on 2019. EBITDA for the year grew by 16.7% to Euros 234 million, reflecting higher revenues, production efficiency gains and savings from new cellulose and fibre technologies in Spain. Net profit totalled Euros 123 million, 16.0% up on 2019. At 31 December 2020, Viscofan's net bank debt stood at Euros 38 million (0.2 times EBITDA for the year), a reduction of 10.2% on the previous year (Euros 43 million).

4. INVESTMENT PORTFOLIO

Alba's investment portfolio at 31 December 2020 was as follows:

	Stake %	Value[1] in millions of euros
Listed holdings		2,530
Acerinox	19.35	473
CIE Automotive	12.73	344
Ebro Foods	14.00	408
Euskaltel	11.00	172
Indra	10.52	130
Naturgy [2]	5.44	579
Viscofan	13.03	352
Others		73
Total market value		**2,530**
Total book value		**2,336**
Unrealised gain		**194**

(1) Closing price at 31 December for listed companies, external valuation for non-listed companies, except for internal valuation for In-Store Media, and external appraisals for real estate.
(2) Includes an indirect 5.33% interest and a direct interest of 0.11%.

	Stake %	Value[1] in millions of euros
Unlisted holdings		868
Parques Reunidos	24.98	
Verisure (net of non-controlling interests)	6.25	
Through Deyá Capital:		
Alvic	7.76	
Alvinesa	16.83	
in-Store Media	18.89	
Monbake	3.70	
Nuadi [2]	37.43	
Preving [2]	24.81	
Satlink [2]	28.07	
Telepizza	3.27	

	Value[1] in millions of euros
Real Estate	313

(1) Closing price at 31 December for listed companies, external valuation for non-listed companies, except for internal valuation for In-Store Media, and external appraisals for real estate.
(2) Fully consolidated.

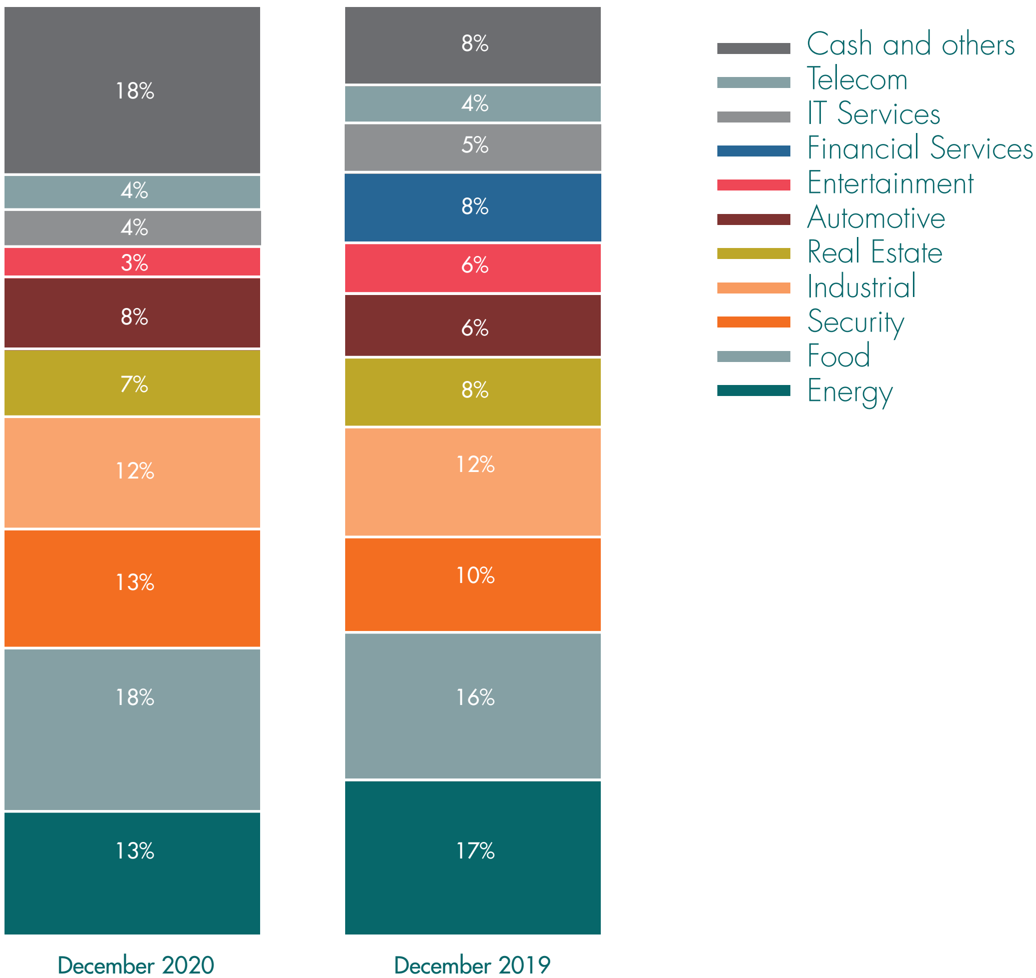
5. NET ASSET VALUE (NAV)

The most representative indicator for a company such as Alba is net asset value (NAV). Calculated based on criteria typically used in the market, the NAV of Alba at 31 December 2020 before taxes amounted to Euros 4,304 million or Euros 73.89 per share, which represents a 2.1% decline on the prior year.

In millions of euros	**31-12-20**	31-12-19
Listed holdings	2,530	2,976
Unlisted holdings	868	893
Real Estate	313	342
Other assets and liabilities	70	124
Net cash	523	63
Net asset value	**4,304**	**4,397**
Millions shares	58.24	58.24
Net asset value / share	**73.89 €**	**75.50 €**

Satlink, Nuadi and Prevuing are included at fair value and, consequently, their assets and liabilities are eliminated.
The relationship with the Consolidated balance Sheet is included in the footnote of section dedicated to the balance sheet (page 251).

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



(1) Closing price at 31 December for listed companies, external valuation for non-listed companies, except for internal valuation for In-Store Media, and external appraisals for real estate.

7. CONSOLIDATED RESULTS

CONSOLIDATED INCOME STATEMENT (1)

In millions of euros	**31-12-20**	31-12-19
Share of net results of associates	(162)	84
Rental income and other	186	95
Of leases and other	17	18
From other companies by global integration	169	77
Gains from fair value adjustments in Real Estete investments	(3)	3
Profit/(Loss) on asset sales	24	25
Variation in fair value of financial instruments	18	8
Net financial result	19	18
Deterioro de valor de los activos financieros	-	52
Sum	**82**	**285**
Operating expenses	(158)	(95)
From Alba	(28)	(29)
From other companies by global integration	(130)	(66)
Depreciation	(26)	(11)
From Alba	(1)	(1)
From other companies by global integration	(25)	(10)
Corporate income tax	(3)	(1)
Minority shareholders	3	1
Sum	**(184)**	**(106)**
Net result	**(102)**	**179**
Earnings per share (euros)	**(1.76)**	**3.08**

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

CONSOLIDATED BALANCE SHEET [1]

ASSETS

In millions of euros	**31-12-20**	31-12-19
Intangible assets	231	227
Goodwill	79	123
Other intangible assets	152	104
Real Estate investment [a]	287	325
Fixed assets [a]	30	25
Investments in associates [b]	2,845	3,253
Financial assets at fair value through profit or loss [b]	171	150
Other financial investments and other assets	61	69
Non-current assets	**3,625**	**4,049**
Non-current assets held for sale [b]	9	313
Stock	17	18
Outstanding tax refunds	36	64
Other financial assets [c]	380	157
Treasury and temporary financial investments [c]	296	35
Debtors and other assets	50	54
Current assets	**788**	**641**
Total Assets	**4,413**	**4,690**

(1) Satlink, Nuadi and Preving are fully consolidated. Shown at fair value in the NAV.
(a) Corresponds to "Buildings" in the NAV.
(b) Corresponds to "Listed securities" and "Unlisted securities" in the NAV.
(c) Corresponds to "Net cash" in the NAV.

EQUITY AND LIABILITIES

In millions of euros	**31-12-20**	31-12-19
Share capital	58	58
Reserves and treasury stock	3,885	3,916
Earnings for the year	(102)	179
Minority interests	183	195
Shareholder's Equity	**4,024**	**4,348**
Other non-current liabilities	9	14
Net deferred taxes	67	53
Long-terms debts with credit institutions [c]	202	210
Non-current liabilities	**278**	**277**
Short-terms debts with credit institutions [c]	50	18
Current payables	61	47
Current liabilities	**111**	**65**
Total Equity and Liabilities	**4,413**	**4,690**

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

8. SHARE PRICE PERFORMANCE

In 2020, the price of Alba's shares fell by 19.8%, from Euros 48.55 to Euros 38.95, while in the same period the IBEX 35 dropped by 15.5% to 8,074 points.

9. EVENTS AFTER THE REPORTING PERIOD

The following significant events have occurred since 31 December 2020:

- The sale of a building in Madrid for Euros 9 million, generating an IRR of 16.26% over 21 years.

- Through its venture capital vehicle Deyá Capital IV, S.C.R., S.A., Alba has reached an agreement for the sale of its 16.8% interest in Alvinesa Natural Ingredients, S.A. The effective sale is subject to obtaining the pertinent authorisation for the buyer as provided for in article 7 bis of Law 19/2003 of 4 July 2003 on the legal regime for movements of funds, financial transactions abroad and certain measures for the prevention of money laundering.

10. ACQUISITIONS AND DISPOSALS OF OWN SHARES

In 2020 and 2019 there was no movement in Alba own shares.

11. RESEARCH AND DEVELOPMENT ACTIVITIES

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

12. AVERAGE SUPPLIER PAYMENT PERIOD

Details of the average supplier payment period are as follows:

Days	**2020**	2019
Average supplier payment period	42	42
Transactions paid ratio	44	45
Transactions payable ratio	41	40

In millions of euros	**2020**	2019
Total payments made	31.4	14.8
Total payments outstanding	36.9	28.3

13. RISK MANAGEMENT AND CONTROL POLICY

The Board of Directors of Corporación Financiera Alba, S.A. has drawn up the following risk management and control policy:

1. Types of risk faced by the Company

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

Corporación Financiera Alba engages in two principal activities:

(i) investment in the capital of listed and unlisted companies, and

(ii) investment in buildings leased as office spaces.

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, mainly, to revenues, 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.

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 noteworthy that, in addition to the aforementioned Risk Control and Management Department, Corporación Financiera Alba has Regulatory Compliance processes which are performed 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.

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 Policy establishes the basic principles, guidelines and general framework for actions to control and manage the various types of risk (financial and non-financial) faced. The Group does not use derivatives to mitigate certain risks.

14. ANNUAL CORPORATE GOVERNANCE REPORT

This is attached as Appendix I.

15. NON-FINANCIAL INFORMATION STATEMENT

This is attached as Appendix II.

ANNUAL CORPORATE GOVERNANCE REPORT

TO GO TO THE ANNUAL CORPORATE GOVERNANCE REPORT AND THE AUDITOR'S REPORT ON THE "INTERNAL CONTROL OVER FINANCIAL REPORTING (ICOFR) INFORMATION" PLEASE CLICK ON THIS **LINK**

NON-FINANCIAL INFORMATION STATEMENT

OF CORPORACIÓN FINANCIERA ALBA, S.A. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2020

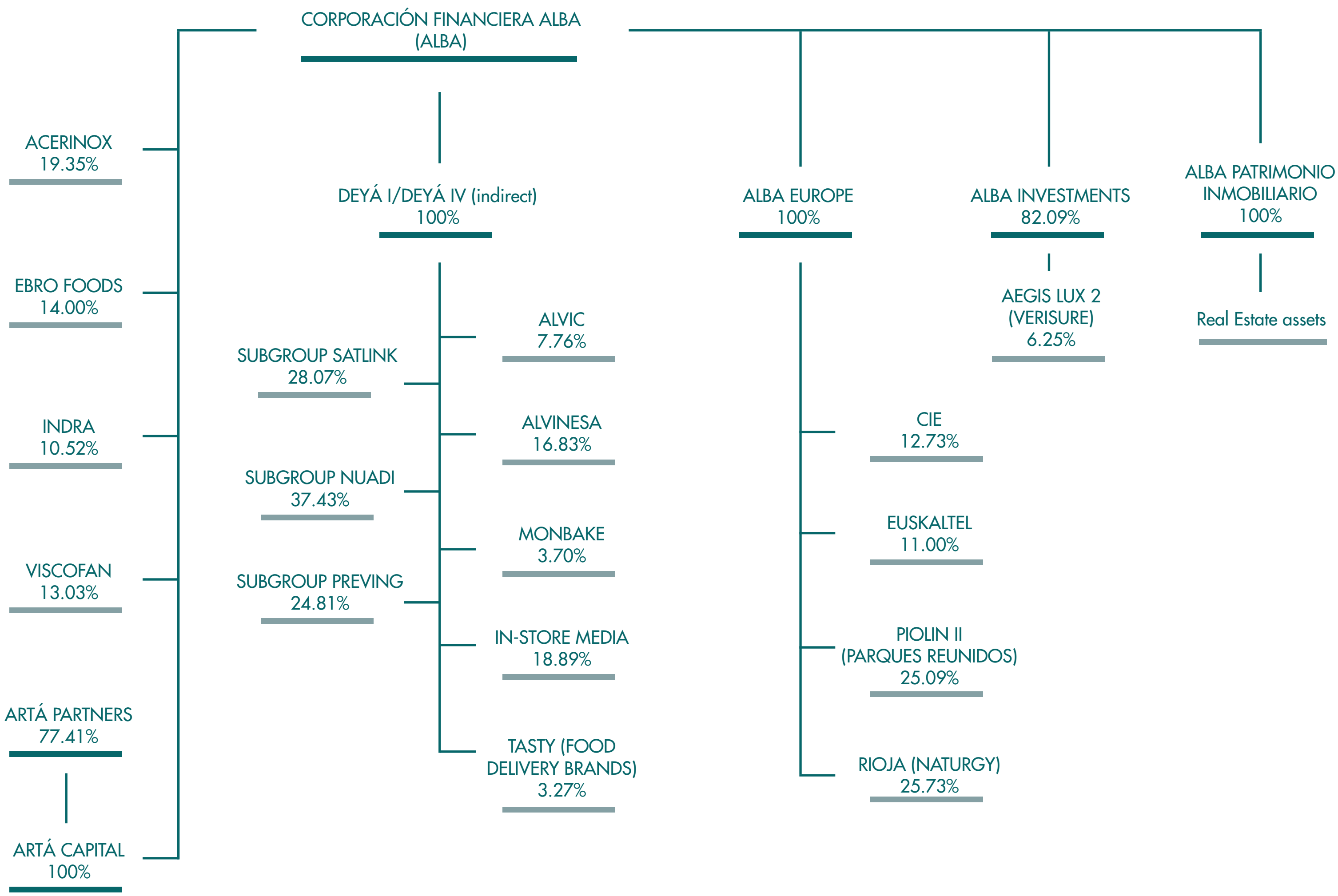
NON-FINANCIAL INFORMATION STATEMENT

1. INTRODUCTION

This Non-Financial Information Statement, which forms part of the Alba Group's consolidated directors' report, is published in compliance with Spanish Non-Financial Information and Diversity Law 11/2018, of 28 December, which amended the Spanish Commercial Code, the Consolidated Spanish Limited Liability Companies Law approved by Legislative Royal Decree 1/2010, of 2 July, and Spanish Audit Law 22/2015, of 20 July, in matters concerning Non-Financial Information and Diversity.

Corporación Financiera Alba, S.A. ("Alba") is an investment company holding significant ownership interests in various listed and unlisted companies with activities in diverse economic sectors. It also holds interests in companies through private equity activities.

The organisation chart of the Alba Group is as follows:



Alba and its Group: Corporación Financiera Alba, S.A., Deyá Capital SCR, S.A., Deyá Capital IV, SCR, S.A., Alba Europe, Sàrl., Alba Investments, Sàrl., Alba Patrimonio Inmobiliario, S.A., Artá Partners, S.A. and Artá Capital SGEIC, S.A.

NON-FINANCIAL INFORMATION STATEMENT

The scope of this Non-Financial Information Statement includes the Alba Group's activities, and the activities of the Satlink, Nuadi and Preving subgroups (its subsidiaries).

It was prepared using the most up-to-date version of the internationally recognised Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, i.e. the GRI Standards.

Also, the context and regulation of the industries in which the subgroups operate, the industry trends and best practices were taken into account to determine the non-financial matters that are relevant to the Alba Group. The main relevant matters identified were, therefore, as follows:

- Attraction and retention of talent.
- Compliance and business ethics.
- Diversity and equality.
- Occupational health and safety.
- Consumer satisfaction and safety.
- Company commitment to society.
- Energy efficiency and environmental management.

This Non-Financial Information Statement describes the main non-financial areas of performance in relation to:

- Personnel and human rights matters.
- Environmental and social matters.
- Anti-corruption and bribery matters.

2. BUSINESS MODEL

Alba is an investment company, established in 1986 and listed on the Spanish Stock Market Interconnection System, which has significant ownership interests in various listed and unlisted companies with activities in diverse economic sectors. It also engages in the lease of properties and holds interests in companies through private equity.

Alba, whose objective is to create value for its shareholders in the long term, has an Investment Policy that establishes a responsible investment philosophy based on a set of principles and criteria for carrying on its business activity.

One of these principles is the requirement to have in-depth knowledge of the investments, both at the initial analysis stage and in the ongoing monitoring of the company in which the investment is made, its industry and the markets in which it operates. Thus, Alba establishes the most appropriate procedures to gain an understanding of the quantitative and qualitative aspects defining the investees' activities, the latter being of special importance to Alba's long-term decision making. For this purpose, it engages external advisory services whenever necessary.

As regards the geographical sphere of its operations, the need to diversify risk has led the Group to opt for both Spanish and international investments, the aim being for investments to be made preferably in conjunction with local partners and in companies that are characterised by their stability, reliability and security. Active involvement in the companies and other assets in which the company invests is another key principle of Alba's responsible investment policy and entails the holding of a representative ownership interest within the shareholder structure, as well as responsibility for, engagement with and commitment to the investees.

The credibility and reputation of Alba is based on its long-term commitment and adherence to the good corporate governance principles and ethical behaviour promoted by the company. For this reason it encourages its investees to adopt advanced good governance, environmental, employment, social and tax policies. Potential conflicts of interest between investees are also avoided, as are investments in potentially conflictive industries from the legal or social standpoint.

The **Preving** subgroup has an extensive infrastructure in Spain and carries on its business activity in the following areas:

- Advisory services for occupational risk prevention plans.

- Services in the field of ergonomics to adapt the working environment to people.

- Occupational safety plans aimed at reducing or eliminating risks that could cause work-related injuries or ill health.

- Industrial Hygiene, an activity that involves the prevention of physical, chemical and biological risks that might arise in the working environment.

- Health Surveillance, which is one of the instruments employed in Occupational Healthcare to monitor the consequences of working conditions on the health of workers.

- Applied psychosociology: prevention of psychosocial risks defined as those resulting from the interactions between the organisational characteristics of the work and the capabilities, needs and expectations of the workers.

- Occupational Health Promotion (OHP): advisory services relating to strategies to prevent occupational risks and increase the ability of workers to maintain their health and quality of life.

- Business Activity Coordination (BAC), through advisory services for fulfilment of obligations in this area.

The main activity of the **Nuadi** subgroup is the manufacture and marketing of disc brake pad components for various applications: motorcycles, cars, road freight transport, public works and railways. Its products are aimed mainly at the spare parts market, which accounts for 94% of its total production. The remaining 6% relates to the original equipment and original replacement parts market.

The **Satlink** subgroup is a technology-based group and a leader in R&D solutions for sustainable fisheries and satellite communications services, with 98% of revenue generated by proprietary products. It is the world's number one producer of smart buoys for tuna fishing. It is also a leader in solutions for fisheries management and in satellite telecommunications for the maritime and defence industries.

3. INFORMATION ON SOCIAL - AND PERSONNEL - RELATED MATTERS

3.1. Policies

Alba promotes, both directly and indirectly through its investees, the values and ethics required to form trustworthy and competent teams capable of working to achieve the sustainability of companies. The commitment of Alba and its subsidiaries to equal opportunities for workers ensures that selection, hiring, employment and professional development conditions are based exclusively on merit and the skills required in each case, while excluding discriminatory criteria of any kind and fostering a working environment that promotes dignity and respect.

Alba and the subgroups referred to in this report have protocols and procedures in place that enable them to implement these principles and objectives.

This commitment to people is evidenced by the creation of stable employment, the professional development of workers, and the establishment of healthy working environments in which diversity, equal opportunities and the work-life balance are respected. The Alba Group's commitment to employment is mirrored directly by the number of employees it has, and indirectly by the total number of jobs created, both directly and indirectly, at all of its investees and subsidiaries, as well as by the promotion of good human resources-related practices.

Also, in 2020 the Alba Group's companies adapted to the scenarios resulting from the COVID-19 pandemic, with specific measures being taken at each of them to guarantee the minimisation of the impact of the pandemic on the workforce, both in terms of the levels of employment and in order to maintain the health and safety of their professionals.

Consequently, Alba adopted all the measures required to ensure that employees were able to comply with the health measures and mobility restrictions imposed by the competent authorities, through the preparation of a COVID-19 action protocol, which has been regularly updated. The main measure was the implementation of remote working.

In the case of the **Satlink** subgroup, in view of the connection of its business with fisheries, its business activity was deemed to be necessary during the pandemic, which allowed it to continue operating with the compulsory safety measures and the restrictions imposed by the public authorities. The maintenance of this subgroup's level of activity made it possible to avoid furlough-type arrangements and dismissals caused by COVID-19.

The **Nuadi** and **Preving** subgroups, for their part, centred their efforts in 2020 on public health and on the wellbeing of the society and communities in which they operate, through the implementation of specific measures to protect their workers.

3.2. Corporate management and performance

3.2.1. Employment and remuneration

Since it is aware of the value of human capital, **Alba** aims to maintain favourable employment policies that are in line with the needs of its employees, and with the company's specific operating requirements. Talent management and retention, and the provision of dignified employment, adequate professional development, good permanent employment contract conditions and employee benefits make it possible to keep workforce turnover rates low, year after year.

Alba and its subsidiaries had 1,717 employees in Spain at 2020 year-end. More than 86% of the employees have permanent contracts. The detail of the workforce at year-end, including the employees of Alba and its subsidiaries in Spain (the Alba Group), is as follows.

Workforce breakdown by gender	Men	Women	Total 2020	Total 2019
Permanent contract	742	741	1,483	1,402
Temporary contract	112	122	234	160
Total	**854**	**863**	**1,717**	**1,562**
Full-time	739	585	1,324	1,180
Part-time	115	278	393	382
Total	**854**	**863**	**1,717**	**1,562**
Average remuneration	36,975	23,844		
Number of dismissals	18	13	31	7

Workforce breakdown by age	<35 years old	35-50 years old	>50 years old	Total 2020	Total 2019
Permanent contract	154	1,006	323	1,483	1,402
Temporary contract	68	131	35	234	160
Total	**222**	**1,137**	**358**	**1,717**	**1,562**
Full-time	190	856	278	1,324	1,180
Part-time	32	281	80	393	382
Total	**222**	**1,137**	**358**	**1,717**	**1,562**
Average remuneration	22,330	28,653	40,833		
Number of dismissals	5	22	4	31	7

Workforce breakdown by professional category	Operatives and administrative staff	Middle management	Executives	Total 2020	Total 2019
Permanent contract	1,368	84	31	1,483	1,402
Temporary contract	233	1	-	234	160
Total	**1,601**	**85**	**31**	**1,717**	**1,562**
Full-time	1,215	79	30	1,324	1,180
Part-time	386	6	1	393	382
Total	**1,601**	**85**	**31**	**1,717**	**1,562**
Average remuneration	25,160	81,017	228,642		
Number of dismissals	30	1	0	31	7

Employees with a disability	Total 2020	Total 2019
Number of employees with disabilities at year-end	15	17

Also, the Satlink and Nuadi subgroups have workers who perform their activities in other countries, all of whom have indefinite-term full-time contracts, the detail being as follows:

Workforce breakdown by gender	Men	Women	Total 2020
China	23	23	46
Ecuador	4	2	6
Korea	3	3	6
Fiji	2	1	3
Taiwan	3	0	3
Seychelles	2	0	2
Total	**37**	**29**	**66**

Workforce breakdown by age	<35 years old	35-50 years old	>50 years old	Total 2020
China	11	34	1	46
Ecuador	4	1	1	6
Korea	2	4	0	6
Fiji	3	0	0	3
Taiwan	2	0	1	3
Seychelles	1	1	0	2
Total	**23**	**40**	**3**	**66**

Workforce breakdown by professional category	Operatives and administrative staff	Middle management	Executives	Total 2020
China	36	8	2	46
Ecuador	5	1	0	6
Korea	5	1	0	6
Fiji	2	1	0	3
Taiwan	2	1	0	3
Seychelles	2	0	0	2
Total	**52**	**12**	**2**	**66**

Both **Alba** and its subsidiaries are committed to maintaining a remuneration model for their employees that guarantees effective application of the principle of equal pay for work of equal value, as well as to the non-existence of salary differences due to gender or on any other discriminatory grounds, and they base the distribution of remuneration on salary brackets according to the level of responsibility, the type of work, alignment with market remuneration for positions with the same conditions, and taking into account the sustainability of the company in this regard.

The pay gap is measured as the difference between the average remuneration received by men and the average remuneration received by women. In carrying out the pay-gap exercise Alba included the data on its subsidiaries in Spain in order to encompass the remuneration received by all employees at the consolidated Group, and obtained a gross figure of 35.5%. This difference is due to the high percentage of men with long service records at the Parent in senior positions, and to the large number of technical and administrative positions held by women. As mentioned above, the remuneration models applied do not discriminate on the basis of gender; however, Alba is working to correct these differences through the effective application of the principle of equality.

3.2.2. Organisation of the work

Alba's Code of Ethics and Conduct addresses respect for the personal and family life of its professionals and implements measures aimed at facilitating flexibility and reconciliation to promote the necessary work-life balance of its employees.

In 2020, Alba did not have to adopt any measures in relation to furlough-type arrangements. Throughout the year, and in accordance with the various measures imposed or recommended by the authorities, employees were encouraged to organise their departments in such a way as to favour the work-life balance, with reduced attendance in person and, during lockdown, the performance of activities exclusively through remote working.

Alba's subsidiaries also have specific work-life balance and flexibility measures in place, which are adapted to the characteristics of each company. In 2020, as a result of the circumstances of the pandemic, these measures were strengthened at the subsidiaries, through the implementation of measures such as remote working for those positions and functions where it was possible and the reorganisation of working hours to avoid crowds of employees entering or leaving the workplace, the aim being to safeguard employee health and the health of their families, and to promote the work-life balance.

At the **Preving** subgroup, work-life balance policies are promoted to foster the necessary balance between the personal and professional lives of its employees, with specific measures such as 30 to 60 minutes of timetable flexibility for employee arrivals and departures, public holidays and paid leave days, and work-life balance days on Fridays, in holiday or summer periods and on the eve of public holidays. As a result of the implementation of this type of policies, the companies of the Preving subgroup received awards such as the *Sello Reconcilia* from the Association of Female Entrepreneurs and Executives of Navarre (AMEDNA) or the *Premio a la Conciliación* from the Alcobendas City Council. Furthermore, the main measure taken in the context of the pandemic was the reorganisation of positions for remote working, where this was possible, through the implementation of the remote working (TAD) mechanism allowing 20% of annual working hours to be completed remotely.

At the **Nuadi** subgroup, a specific working-time reorganisation protocol was established as result of the pandemic, which includes both COVID-19-related safety and prevention measures and shift flexibility measures to facilitate the work-life balance and reduce, for health reasons, the number of employees coinciding at the workplace. A remote working protocol was also established for those employees whose functions allowed it.

The organisation of working hours at the Satlink subgroup is determined on the basis of the applicable collective agreement and, in addition, promotes appropriate flexibility in terms of entry and exit times. Measures are also promoted to foster detachment from work and to enable employees to balance their personal lives with their professional development at the company. In this connection, over the course of the pandemic and due to the widespread implementation of remote working for employees whose functions allow it, special emphasis has been placed on the importance of employee rest between working days, through the promotion of flexibility as an element that benefits performance quality.

	Total 2020	Total 2019
Number of hours of absenteeism recorded in the year for all employees [1]	213,068	124,136

(1) Hours of absenteeism: total hours absent from workplace due to ordinary or professional contingencies.

The figure for absenteeism in 2020 increased exponentially due to the impact of COVID-19 on the employees, and to the absences related to the circumstances surrounding the evolution of the pandemic.

3.2.3. Health and Safety

Alba and the subgroups have measures in place to monitor and promote health and safety at the workplace, and conduct training activities for employees in this area, as well as health monitoring programmes and external audits to check that the established health and safety procedures, among others, are applied correctly.

In 2020, as a result of the COVID-19 pandemic, this area became especially important to the Alba Group's business activities, and was managed by each subgroup in accordance with the specific requirements and nature of their activities.

Alba sets out its specific health and safety commitments in its Code of Ethics and Conduct and in the procedures and manuals established for this purpose. In 2020, safeguarding the health and safety of employees was of paramount importance. A few days before the declaration of the state of emergency on 14 March 2020, remote working was imposed and the offices were disinfected as a preventive measure. Face-to-face activities did not resume until the end of May and were very limited in scope, with employees coming into the office no more than two days per week, and only in the mornings, with shifts to restrict face-to-face activity still further. Face-to-face activity was only fully resumed in the mornings from September onwards, still in conjunction with flexible timetables and shifts to ensure that employees were not all in the offices at the same time. At year-end, in view of the increase in rates of infection, office attendance was reduced once more. The return to work in May and September took place after all the employees were given PCR and serological tests at the company's expense.

In order to promote remote working, employees were equipped with the devices and applications required to do so. The following measures were adopted at Alba's offices: fitting-out of workstations to comply with the appropriate distances between people, and attendance in shifts; installation of the elements required in common areas and toilets to avoid touching surfaces; adaptation of windows to ventilate spaces; provision of masks and hand sanitiser to employees and measurement of employees' temperatures; restricting the access of external persons to the offices; holding of internal and external meetings remotely. The COVID-19 action protocol is available on the company's Intranet.

The rules prescribed by the building in which Alba's offices are located were also followed. These rules, which affect Alba employees directly, include deactivating the digital fingerprint for lift access and increasing the HVAC levels to improve air renewal throughout the building.

The **Preving** subgroup demonstrates its commitment to promoting the health and safety of its employees through training and information activities on healthy lifestyles in and outside working hours, and it promotes the wellbeing of its employees by fostering safe environments and healthy workplaces. This commitment is evidenced by the certification of the Health and Safety Management System implemented in accordance with ISO 45001. In relation to the pandemic situation beginning in March 2020, the Preving subgroup followed the guidelines for the prevention of infection and the protection of workers set by the health authorities at all times, and sought to safeguard the health of its employees in this regard. 2020 brought the sad news of the death of a Preving subgroup employee in an accident on the way to work.

The **Nuadi** subgroup has an Occupational Risk Prevention Management System the objective of which is to ensure compliance with its Health and Safety policy and the integration of preventive activities in all aspects of management and at every hierarchical level. In the framework of this system, a unified protocol was created for the company in response to the pandemic, which regulates the health and safety measures to be taken into account before, during and after work, including measures to prevent infection at workspace entrances and exits, when travelling or in common areas, and ergonomic and psychosocial measures for the correct adaptation of workers to remote working.

In the case of the **Satlink** subgroup, prevention measures were aligned with the health recommendations made by the Government and adapted to the nature of its activity. Therefore, in addition to the hygiene and infection prevention measures, PCR and antigen tests were conducted and extended to all personnel, both those returning to face-to-face activities, and those on secondment or attending essential meetings in person.

In addition, workstations were redistributed by area, department and working hours, and internal measures were taken in line with the evolution of the infection rate in each geographical region.

Health and Safety Indicators	Men	Women
Frequency rate [1]	11.25	16.54
Severity rate [2]	3.86	10.62
Occupational ill health	0	0
Number of deaths	1	0

(1) Frequency rate: number of work-related injuries with days away from work x 1,000,000/total number of hours actually worked.
(2) Severity rate: number of days not worked due to work-related injury x 1,000/total number of hours actually worked.

3.2.4. Labour Relations

At Alba and its subsidiaries, the aim is to manage labour relations with employees effectively and in detail, so as to ensure that the employment rights of all employees are observed. In addition, social dialogue is based on the various collective agreements in force, which guarantees respect for and adherence to the principles set forth in each of them:

- For **Alba**, the Madrid Collective Agreement for Offices.
- For the **Preving** subgroup, the Collective Agreement for Prevention Service Companies.
- For the **Nuadi** subgroup, the Navarre Collective Agreement for the Iron and Steel industry.
- For **Satlink**, the Collective Agreements for the Metal Trade in the Madrid Autonomous Community and Pontevedra, and the National Collective Agreement for Engineering Companies and Technical Studios.

In those companies in which it is applicable, there are Works Councils and/or trade union representatives who oversee compliance with the principles established in the applicable agreements and ensure the establishment of fluid lines of communication between all the workers and the relevant company bodies. In total, 88% of the employees of Alba and its subsidiaries in Spain (the Alba Group) are covered by collective agreements.

3.2.5. Training

Alba's training procedures are adapted to employees' needs and take into account the characteristics of the functions they perform, their careers and their professional development, so that resources are focused on the requirements of each position and the current market. In 2020, since employees were provided with the appropriate devices, they were able to access the training they required remotely.

The **Satlink** subgroup has a policy relating to Occupational Risk Prevention training for work performed on board ships, and to technical training for developers and technical staff. It also has specialised programmes in proprietary technologies for customers to improve efficiency in the use of the solutions and products offered by the company.

Detail, by professional category, of total number of hours of training provided to employees	Operatives and administrative staff	Middle management	Executives	Total
Hours of training 2020	40,791.00	483.80	299.80	41,816.00
Hours of training 2019	6,241.00	810.00	342.00	7,393.00

Of note in 2020 was the improvement in the systems for collecting information on training days at the companies making up the Alba Group, which gave rise to an exponential increase in the number of hours of training recorded, which was also due to the enhanced monitoring of these data given the digital nature of the activities carried on as a consequence of COVID-19.

3.2.6. Accessibility and equality

Alba's Code of Ethics and Conduct includes principles of non-discrimination and equal opportunity with which it aims to fulfil the commitment to create a working environment in which all employees enjoy fair treatment, respect and dignity, while rejecting any form of violence or harassment, abuse of authority or any other conduct that violates the rights of workers and people. Also, when holding general meetings, Alba facilitates the accessibility of people with disabilities and the elderly, both in terms of providing access to prior information and in making it easier for them to cast their vote, access the meeting room and follow the meetings.

In addition, pursuant to the regulations governing general meetings, in order to safeguard the general interests and health of shareholders and people involved in the preparation and holding of the general meeting, the meeting was held entirely remotely in 2020.

In addition to the measures ensuring regulatory compliance in the area of accessibility and equality, other measures included most notably those taken at the **Preving** subgroup, where 95% of its facilities have measures in place to improve accessibility for workers (elimination of steps or adapted washroom facilities). In relation to product and service accessibility, Preving has training materials adapted to the needs of workers (audio material for visually impaired workers, graphical documentation for the hearing impaired and training material in sign language).

4. INFORMATION ON ENVIRONMENTAL MATTERS

4.1. Policies

Alba's Code of Ethics and Conduct declares its respect for the environment, in terms of both the conduct resulting from its direct activities and the environmentally responsible behaviour of the companies in which it invests. In 2020, for the purpose of including the amendments introduced in the Code of Good Governance for Listed Companies by a resolution of the Spanish National Securities Market Commission (CNMV) on 26 June 2020, Alba replaced its Corporate Social Responsibility Policy with a new Sustainability Policy. The policy approved continues to evidence Alba's firm commitment to conserve the environment and reduce the negative impact of its activities, and places emphasis on the fight against climate change. On the basis of the commitments defined, the Alba Group's response focuses on preventing contamination, and on the responsible and sustainable use of resources, together with proper waste management. Furthermore, since 2017 Alba's Investment Policy has included criteria to assess responsible investment from an environmental perspective.

For its part, **Nuadi** has a department dedicated solely to environmental issues and has in place an ISO 14001-certified environmental management system. This subgroup also takes out third-party liability insurance providing warranty coverage for any type of environmental incident.

The **Preving** subgroup also has a specific ISO 14001-certified environmental management system in place. The framework of this system provides a procedure for the identification and assessment of environmental issues associated with the Group's activities, products and services that may affect its environmental behaviour from a life cycle perspective. Responsibility for the Integrated Management System has been assigned to a person who is in charge of identifying and assessing the company's environmental matters and impacts in this regard.

In addition, the **Satlink** subgroup acknowledges its role in the challenge posed by climate change and, to this end, it has implemented a Quality and Environment Policy focused on ensuring compliance with a series of measures to protect biodiversity, reduce consumption of water, energy and other resources, prevent waste generation and combat climate change. Satlink's policy enshrines its resolve to continue improving its environmental behaviour, not only in terms of its modus operandi, but also with regard to its internal management processes, the training provided to employees of the companies in the Satlink subgroup and the subgroup's image. Company management is committed to communicating, explaining and upholding, with all the means at its disposal, the content of the policy with respect to employees, customers and suppliers, as well as Spanish or international public and private institutions, To put this policy into practice it has a quality system in place in compliance with the UNE-EN-ISO 9001 and UNE-EN 9100 standards.

4.2. Environmental management and performance

4.2.1. Energy and Climate Change

At **Alba** energy consumption refers basically to the use of lighting and HVAC systems, and computer hardware in the offices and buildings owned by it. To reduce consumption in this connection, various different energy efficiency measures have been adopted, such as replacing traditional incandescent light bulbs with LEDs, carrying our refurbishment work in buildings to increase energy efficiency and conducting external energy efficiency controls and audits, all of which help the Alba Group to reduce its impact on the environment. In 2020, the company underwent a process to obtain sustainability certification for its building at Castellana 89, which culminated in January 2021 with the award of the LEED Gold Seal by the US Green Building Council (USGB).

At Alba, the emissions generated also arise from use of vehicles in the company's own fleet. With a view to reducing these emissions and its carbon footprint, Alba replaces its petrol or diesel-driven vehicles with electric or hybrid models.

The **Preving** subgroup uses electricity as a natural resource when engaging in its activities at its facilities and, accordingly, in order to optimise its use the subgroup encourages its employees to adopt specific measures to avoid unnecessary power consumption, and it has conducted an energy audit at its centres in Andalusia, Extremadura and Madrid with the aim of achieving greater energy efficiency.

In the case of the industrial installations of the **Nuadi** subgroup, energy consumption reduction measures have been implemented based on the scheduling of statutory servicing and energy inspections of boilers and coolers, and the conduct of energy audits.

As regards the **Satlink** subgroup, following its expansion into new offices in 2020, a zone-by-zone heating and air conditioning system has been installed using energy-efficient equipment. The company is fully aware that the pressure on the world's natural resources and the challenge posed by climate change require a rapid response from all concerned, and its energy- and emission-related impacts are controlled by personnel assigned with environmental responsibility at each facility. Noteworthy in this connection are the actions of the companies in the subgroup to reduce the emissions of their products throughout their entire life cycle, the latest development in this connection being the sonar-equipped smart buoys for tuna fishing, whose software, developed by Satlink, optimises fleet movements through the detection of optimal shoals of fish, thereby resulting in fuel savings and reductions in CO_2 emissions.

Energy consumption within the organisation	Total 2020*	Total 2019
Electricity consumption (MWh)	6,634.29	7,986.35
Natural gas consumption (MWh)	3,819.85	3,739.14
Diesel consumption (litres)**	355,589.59	136,774.00

*Note: the result for 2020 includes the scope of the figures of the companies in the Satlink subgroup which operate outside Spain.

**The increase in diesel consumption is due to an improvement in data gathering and to an increase in the consumption of this type of fuel by the Preving subgroup as a result of the journeys required during the reporting period.

Greenhouse gas emissions (t CO_2eq.)	Total 2020*	Total 2019
Scope		
Scope 1	1,829.81	1,100.02
Scope 2	1,260.52	3,274.40
Total	**3,090.32**	**4,374.43**

*Note: the result for 2020 includes the scope of the figures of the companies in the Satlink subgroup which operate outside Spain.

4.2.2. Sustainable use of resources and circular economy

Alba has adopted a series of measures which, as stated above, aim to improve efficiency and its sustainable and responsible use of resources. Given that paper is the main material used in the performance of its activities, in order to minimise its consumption, Alba has a digital archive for all its departments that enables consultation, download and sharing of files with minimum paper consumption. Moreover, all the paper used is Forest Stewardship Council (FSC) certified. The efforts made to maximise the use of remote working solutions and the reduction of the physical presence of employees at offices as a result of the COVID-19 pandemic led to a decrease in paper consumption in 2020.

The main materials used in the **Preving** subgroup relate to the healthcare consumables used to perform medical check-ups. However, one of the resources used the most in the subgroup's offices is paper; therefore, rationalising its use and reducing its consumption constitute one of the main objectives pursued. To this end, Preving carries out internal campaigns to encourage responsible and sustainable use of paper in its offices.

The main incoming raw material used in the **Nuadi** subgroup's manufacturing process is steel, in coils of varying sizes, and the metal scrap arising as a result of the manufacturing process is sent to a metal waste manager. Steel is the raw material used the most by the subgroup's companies and in 2020 consumption amounted to 18,683 tonnes. The optimisation of water consumption is envisaged in the phases of the established Waste Reduction plan that include proposals for improvement at the main sources of water discharges. The launch of one of the main phases is scheduled for 2021 and, as a result, the companies will be able to substantially reduce their water consumption and the associated discharges.

Lastly, the **Satlink** subgroup is endeavouring to minimise the impact that its product designs and the facilities used in its manufacturing processes might have. Noteworthy in this connection is the design of the solar buoy, which does not require battery replacement during its useful life, thereby avoiding the use of lead batteries in its manufacture; and, in addition, the advances achieved in reducing the amount of materials used in buoy production.

Consumption of materials	Total 2020*	Total 2019
Sanitary water consumption (m^3)	31,064.41	46,415.00
Paper consumption (kg)	21,378.44	31,577.50

*Note: the result for 2020 includes the scope of the figures of the companies in the Satlink subgroup which operate outside Spain.

Alba continues to implement specific measures to reduce waste generation and ensure proper waste treatment and management at each of its subsidiaries. Alba's offices use water fountains, and each employee has a glass bottle to avoid the use of single-use cups. Improvements continue in the management of waste such as coffee capsules, batteries and other office waste, as well in the recycling of pollutant waste such as printer toner cartridges. In 2020, due to the pandemic, remote working was prioritised and office attendance was limited, giving rise to a reduction in the waste generated in the offices.

The types of waste generated by the **Preving** subgroup as a consequence of its activities are mainly bio-sanitary, cytostatic and chemical in nature. To ensure proper management of this waste, collection services are outsourced to certified external waste management providers.

Roll-out of the Waste Reduction Plan prepared by the **Nuadi** subgroup commenced in 2020. The subgroup's main source of waste is the scrap metal arising as a result of the manufacturing process. Steel, in coils of varying sizes, is Nuadi's incoming raw material and, following the manufacturing process, the metal scrap is sent to a metal waste manager. The small size of the surplus trimmings make them adequate for use in automatic dosers at steel foundries and works, to control the composition of the melt. The waste manager sends most of the surplus metal produced to a foundry to be recycled in automotive industry manufacturing processes.

The **Satlink** subgroup reuses the components rejected during the production process by repairing them. Any components that cannot be recycled are collected by an authorised waste management company. Satlink has also assisted, by taking part in various projects, in the collection of marine debris and beach litter.

The detail of the waste generated by Corporación Financiera Alba and its subsidiaries is as follows:

Waste generated - Alba Group	Total 2020*	Total 2019
Type of waste		
Hazardous (tonnes)	334.05	323.66
Non-hazardous (tonnes)	7,135.00	9,039.43
Total	**7,469.05**	**9,363.09**

*Note: the result for 2020 includes the scope of the figures of the companies in the Satlink subgroup which operate outside Spain.

5. ETHICS, HUMAN RIGHTS AND COMBATING CORRUPTION

5.1. Ethical behaviour and respect for Human Rights:

Alba's Code of Ethics and Conduct includes the values and principles that must govern its conduct and which are extended to all those individuals who, in the discharge of their duties, or in their labour, professional or commercial relations, have dealings with the Alba Group. These values include most notably:

- Respect for human rights and commitment to the UN Global Compact, with which Alba is actively engaged as a signatory partner.

- Ethical behaviour in accordance with the law.

- Fair and respectful treatment based on equal opportunity and non-discrimination.

- Respect for the environment.

- Respect for the interests of others related to the Company.

- Prudence when performing business activities and assuming risks, and in relationships with customers.

- Rigour, integrity and transparency in data processing.

Alba's Code of Ethics and Conduct includes principles of non-discrimination and equal opportunity with which it aims to fulfil the commitment to create a working environment in which all employees enjoy fair treatment, respect and dignity, while rejecting any form of violence or harassment, abuse of authority or any other conduct that violates the rights of workers and people. Also, when holding general meetings, Alba facilitates the accessibility of people with disabilities and the elderly, both in terms of providing access to prior information and in making it easier for them to cast their vote, access the meeting room and follow the meetings.

The Code of Ethics and Conduct sets out rules of conduct that must be complied with by Alba's employees and the members of its managing bodies and its Board of Directors alike, and by any third parties that have a relationship with Alba or with any of the companies in its group.

In view of the importance being attached to internal whistleblowing channels, a more detailed procedure for processing reports was established; this procedure facilitates communication, in a confidential manner, of any acts or conduct that may contravene the applicable legislation or the Code of Ethics and Conduct, either within the company or perpetrated by third parties that enter into contracts with the company or whose actions prove detrimental to it. The whistleblowing channel may be used by all internal personnel and individuals outside the Company, the latter including Alba's suppliers, contractors and cooperating entities.

Each year Alba reminds the persons subject to the Code of Ethics and Conduct that it remains in force. The communication sent in 2020 contained a reminder of the general rules of conduct to be followed, the functions of the Monitoring Committee, the procedure for controlling compliance with the Code, and the Whistleblowing Channel, which guarantees the confidentiality of the whistleblower's identity. In 2020, in accordance with the recommendations introduced in the Code of Good Governance for Listed Companies by a resolution of the Spanish National Securities Market Commission (CNMV) on 26 June 2020, the circumstances in which anonymous reports are permissible were included in the Whistleblowing Channel regulated by the Code of Ethics and Conduct.

No reports, suggestions or consultations relating to the Code of Ethics and Conduct were received in 2020.

In its Code of Conduct the **Preving** subgroup undertakes to create areas of trust with its employees as the cornerstone of long-term relationships and the facilitator of greater personal and professional development. It also undertakes to defend, observe and protect basic workers' rights through compliance with prevailing employment legislation and the elimination of forced labour, child labour and work carried out under arduous, extreme, inhuman or degrading circumstances.

The **Nuadi** subgroup also has a Code of Ethics in place that lays down the bases for professional conduct and the associated values, both for the persons who form part of the entity and for the third parties related to it at any given time, based on ongoing observance of human rights and the regulations established in each case.

The Code of Ethics of the **Satlink** subgroup explicitly states, in its general rules of conduct, Satlink's commitment to human rights, making reference to its adherence to and respect for the United Nations Global Compact and the declarations of the International Labour Organisation. Any information received through formal and informal channels with respect to any practice (or suspected practice) contrary to the company's Code of Ethics shall be dealt with promptly with regard to the mitigation of that practice or the denunciation of any parties that might be involved. This includes personnel, customers and suppliers alike.

5.2. Combating corruption and bribery

Alba adopts the measures required to ensure compliance with its duties of surveillance to prevent the offences envisaged in its Criminal Risk Prevention Model from being committed. Ethical values and responsible behaviour are observed in the day-to-day actions of all the persons who form part of Alba. To safeguard those values and, in particular, to combat corruption in any of its forms, the Board of Directors approved a Criminal Risk and Fraud Prevention Policy in 2015.

This policy resulted in the creation of a Crime Prevention Model and a Crime Prevention Manual, which comprise a series of effective measures aimed at preventing, detecting and responding to criminal behaviours. The Model, which applies to directors, executives and employees, allows Alba to control situations in which irregularities may potentially be committed. It is founded on a series of principles – coordination and involvement of all professionals, transparency and communication, effective action, training, etc.– that ensure the proper implementation, monitoring and improvement of the Model. Agreements with third parties are also subject to clauses whereby the third parties undertake to control any situations in which there is a risk that serious crimes, offences or irregularities may be committed, and to reject corruption and fraud, including extortion, bribery or bribery of a public official.

The general rules of conduct laid down in Alba's Code of Ethics and Conduct make a specific mention of bribes, commissions and gifts, and express its opposition to any attempt to sway the decisions of people outside Alba in order to obtain a benefit through unethical practices. The Code also prohibits other persons or entities from using such practices with Alba employees. Corporate hospitality and courtesy to civil servants in public tenders in which Alba participates, facilitation payments and donations to trade unions and political parties, and donations or sponsorships to secure preferential treatment for Alba are prohibited. Gifts may only be accepted if they are not of significant economic value.

The Code of Ethics and Conduct also envisages compliance with legal provisions for the prevention of money laundering and of terrorist financing.

For its part, the **Preving** subgroup has a Crime Prevention Policy and, in relation to gifts, handouts, invitations and other types of remuneration, establishes specific guidelines which tend to limit and, in certain cases, prohibit gifts and invitations made or received by professionals of the subgroup.

The **Nuadi** subgroup has various documents, supplementary to the aforementioned Code of Ethics, which regulate and control any conflicts of interest that may arise in the conduct of its operations, or in relation to intellectual property and the confidentiality of information handled by the subgroup.

6. INFORMATION ON THE COMPANY

6.1. The company's sustainable development commitments

In 2020, **Alba** replaced its Corporate Social Responsibility Policy with the Sustainability Policy. This policy lays down the principles and areas involved in contributing to people's well-being and fostering the economic and social development of the communities in which the Group has a presence, while creating value for the various internal and external stakeholders. Alba's principal responsibility in terms of sustainability is to ensure the utmost diligence and integrity throughout the investment process. To achieve this, Alba's Sustainability Policy is founded on applying three principles to its investments:

- Long-term view.

- Responsible management, selecting assets over which it has the greatest capacity to exercise influence and achieve transformation.

- Mitigation of non-financial risks, which include social, environmental and good governance-related risks.

Other noteworthy general principles and guidelines of conduct at Alba include the quest for excellence and the adoption of best corporate governance practices, respect for and promotion of Human Rights, a safe and healthy work environment and a firm commitment to environmental conservation.

Alba is also focused on its stakeholders, establishing the communication channels required to be able to respond to all their needs and expectations. The scope of application of Alba's pledges to act responsibly includes both the Company and the companies in its subgroups. In addition, the Company strives to ensure that its representatives extend the adoption of these guidelines and principles of responsible conduct to all of its investees. Through its investments, its own activities and the activities carried on by its investees, Alba signals its commitment to achieving the Sustainable Development Goals. As part of its commitment to Spain's UN Global Compact Initiative, Alba also participates in the training activities organised by this platform and submits the required Communication on Progress report. In 2020 Alba attended three meetings at which sustainable development-related issues were addressed.

In addition, with the aim of helping those who are suffering most from the serious economic and social impact of COVID-19, Alba has participated, together with other companies, public authorities and social welfare agencies, in the "Súmate, Operación Solidaria" (SOS) initiative, which has made it possible to respond to the basic needs of vulnerable groups. Alba made a cash donation of EUR 50,000 to the Food Bank.

Alba has formed part of Emisores Españoles since its foundation in 2009; this association, which comprises Spanish listed companies representing more than 70% of the Spanish equity market and 75% of the IBEX 35 index, fosters the development of high standards of good governance at listed companies.

Furthermore, in 2020 Alba adhered to the Spanish Tax Agency's Code of Good Tax Practices promoted by the Forum of Large Companies.

In addition to its cash contribution to Emisores Españoles, in 2020 Alba made economic contributions to Fundación Instituto Juan March de Estudios e Investigaciones and to Fundación de Estudios de Economía Aplicada (FEDEA) totalling EUR 356,000.

The **Preving** subgroup participates in social organisations in the areas in which it has a presence, through the sponsorship of sports activities and collaboration with chambers of commerce, associations of labour and social security practitioners, teams and talented individuals, brotherhoods and other societies, business associations, stakeholders and professional associations. The subgroup has entered into agreements with organisations that promote employment of groups with specific needs, and work-experience agreements with the most important educational institutions in the areas in which it operates, such as IESE, various universities and *dual* training centres (combining traditional lessons with training in-situ at companies). Preving also participates regularly in social events that contribute value to society; the most noteworthy in 2020 included the projects with Agora, El Cluster del Conocimiento, the engineers' association, Asociación Aedipe Centro and Fundación Primera Fila. In 2020 Preving made contributions to foundations and non-profit entities totalling EUR 105,000.

The **Satlink** subgroup demonstrates its commitment to Alba's corporate social responsibility principles by actively and voluntarily promoting and contributing to social and economic development. Given the social and economic impact of the subgroup due to the nature of its activities in local communities, one of the main values and principles of Satlink's business project is to ensure the social inclusion of groups with particular difficulties in gaining access to employment, and the integration in the labour market of people with disabilities and groups at risk of social exclusion. To this end, a portion of its initiatives focus on local recruitment in the geographical areas in which its operates, i.e., in Spanish coastal areas (Vigo, Vizcaya), and through its foreign subsidiaries (Manta in Ecuador, Fiji and the Seychelles).

Satlink's participation in associations and sponsorships is also worthy of mention. In 2020, Satlink became involved with the Spanish Fisheries Confederation (CEPESCA), the Bermeo Tuna World Capital (BTWC) association, the Organisation of Producers of Frozen Tuna (OPAGAC), Infofish and the Bermeo Rowing association. It is also actively involved in the World Wildlife Fund, Tierra Creativa, Atuna, Sociedad Geográfica, Orpagu and Opromar. In 2020 Satlink made contributions totalling EUR 74,791.

In 2020 the **Nuadi** subgroup focused its efforts on public health and the well-being of society and the communities in which it operates. In the course of the COVID-19 pandemic, Nuadi has donated a large quantity of masks and protective equipment to various public entities in order to collaborate with the local communities in preventing and minimising the spread of COVID-19.

6.2. Subcontracting and suppliers

Alba applies the principles and values defined in its Code of Ethics and Conduct to its entire value chain, including all the contractors, suppliers and cooperating entities that have a commercial relationship with Alba. Accordingly, the agreements and the terms and conditions established in the relationships managed with each of these third parties clearly evidence their commitment to observe and comply with Alba's principles of respect for Human Rights, the environment and regulatory compliance.

The **Preving** subgroup engages local suppliers and has a Compliance Agreement which governs its relationships with suppliers and how they are managed by subgroup personnel, thus ensuring compliance with the principles and values established by the company in its Code of Ethics and Conduct. Preving currently has Corporate Responsibility certification.

The **Nuadi** subgroup has an internal procurement procedure in place for the suppliers affecting its product and manufacturing process. Each supplier's performance and associated risk is assessed annually, through a system of regular audits based on the German Automotive Industry Association (VDA) standard, and suppliers that are proactive in identifying the impacts of environmental issues and in achieving the goals established are viewed positively.

Lastly, on the basis of its responsible procurement programme, the **Satlink** subgroup carries out an ongoing assessment of its suppliers and contractors with regard to their compliance with environmental, quality and occupational safety requirements; suppliers and contractors are assessed in terms of product and process quality, as well as social and environmental responsibility. Also, Satlink's Code of Ethics explicitly states, in its general rules of conduct, the company's commitment to gender equality policies and environmental guidelines, with regard to both their definition and the principles of action for its stakeholders, including its suppliers. In its Code, Satlink underlines its adherence and commitment to the United Nations Global Compact and to the declarations of the International Labour Organisation.

6.3. Consumers

Alba and its subsidiaries apply the required consumer Health and Safety procedures and provide consumers with the appropriate communication mechanisms in each case to lodge complaints and make claims, adapting the mechanism to the type of activity carried on at each entity.

With respect to its real estate business, Alba implements all the necessary Health and Safety measures and provides all the resources required to coordinate business activities in the buildings owned by it. The leases with tenants and the internal regulations of the buildings establish the appropriate channels for processing the various requirements that may arise and an ongoing and seamless relationship is maintained with tenants.

In 2020, within the context of the COVID-19 pandemic, Alba adopted all the measures required in the buildings owned by it to enable it to conduct its activities in those buildings in accordance with the health authority recommendations, and it acted with the utmost prudence in order to safeguard users' Health and Safety. Thus, a series of action protocols have been put in place, some of which can be accessed using the QR codes in the buildings themselves or can be found on Alba's corporate website. These protocols relate to the movement of people within the buildings, and regulate user access and the use of lifts, as well as implementing temperature checks on access to the buildings. They also consider the hygiene measures adopted: use of a mask and hydroalcoholic hand sanitiser gel, dividing screens at reception, more intense and more frequent cleaning, among others. Lastly, the protocols provide recommendations that are in line with the instructions and prevention measures issued by the public health authorities.

The **Preving** subgroup has specific measures in place to guarantee the Health and Safety of the customers of the services offered; there is a complaint management system on the intranet that is accessible to all employees and through which they must submit all the complaints and claims made by customers. Preving also offers a centralised customer care service that handles complaints and claims over the telephone. Complaints are managed in real time and reported on a monthly basis. Half-yearly customer loyalty reports, detailing the action plans implemented, are prepared and shared with subgroup management. To ensure good service provision, Preving employs an NPS satisfaction survey system through which it conducts regular surveys with customers and stakeholders.

Compliance with the occupational risk prevention legislation is also a priority for Preving, and it conducts strict monitoring and control of the related preventive planning. 2020 saw the adaptation of training rooms and furniture in health surveillance offices to meet ergonomic requirements, as well as to ensure appropriate ambient temperature and relative humidity conditions for both external and internal clients. Preving's commitment to customer data protection is evidenced by its compliance with the legislation of the Spanish Data Protection Agency and all other relevant legislation.

The **Nuadi** subgroup has implemented a certified management system based on the IATF (International Automotive Task Force) standard. This standard is fully customer oriented and the claim management and customer satisfaction monitoring processes are key in order to achieve certification.

One of the **Satlink** subgroup's distinguishing strengths is its knowledge of customers' needs. This knowledge is achieved through its close relationship with customers and the speed of its response to customers' needs, complaints and claims, which it provides by means of an open communication channel, frequent visits and a professional service – a service that sets up installations all around the world and has a 24/7 call centre service. In addition, Satlink's sales departments systematically conduct customer satisfaction surveys at least once a year. Satlink also guarantees consumer, customer and user security, ensuring compliance with the General Data Protection Regulation (GDPR) by means of an agreement with Secure IT.

7. TABLE OF CONTENTS OF NON-FINANCIAL STATEMENTS

Contents of the Law 11/2018 on Non-Financial Information Statements		Standard employed	Section of the Report
Business Model			
Description of the Group's business model	• Description of the business model. • Geographical presence. • Objectives and strategies. • Main factors and trends affecting future development.	GRI 102-2, GRI 102-4, GRI 102-6, GRI 102-7, GRI 102-15	2. Business Model
Main risks	• Main risks and impacts derived from Group activities, and how they are handled.	GRI 102-11, GRI 102-15	2. Business Model
Information regarding environmental issues			
Policies	• Management focus.	GRI 103-2, GRI 103-3	4.1 Information on environmental matters - Policies
General	• Effects of company activities on the environment, health and safety.	GRI 102-15, GRI 102-29, GRI 102-31	4.1 Information on environmental matters - Policies
	• Environmental certification or evaluation procedures.	GRI 102-11, GRI 102-29, GRI 102-30	4.1 Information on environmental matters - Policies
	• Resources dedicated to environmental risk prevention.	GRI 102-29	4.1 Information on environmental matters - Policies
	• Application of the principle of foresight.	GRI 102-11	4.1 Information on environmental matters - Policies
	• Provisions and guarantees for environmental risks.	GRI 307-1	Note 1 on the Consolidated Annual Accounts of Corporación Financiera Alba, S.A. and Subsidiaries for the financial year 2020

Contents of the Law 11/2018 on Non-Financial Information Statements		Standard employed	Section of the Report
Information regarding environmental issues (cont.)			
Pollution	• Measures to prevent pollution.	GRI 103-2, GRI 302-4, GRI 305-5	4.2.1 Energy and Climate Change
Circular economy and prevention and management of waste	• Measures to prevent and manage waste.	GRI 103-2, GRI 301-1, GRI 303-3, GRI 306-2	4.2.2 Sustainable use of resources and circular economy
Sustainable use of resources	• Water consumption.	GRI 303-3	4.2.2 Sustainable use of resources and circular economy
	• Raw materials consumption.	GRI 301-1	4.2.2 Sustainable use of resources and circular economy
	• Direct and indirect energy consumption. • Measures taken to improve energy efficiency. • Use of renewable energies.	GRI 103-2, GRI 302-1, GRI 302-2, GRI 302-4	4.2.1 Energy and Climate Change
Climate Change	• Greenhouse Gas (GHG) emissions.	GRI 305-1, GRI 305-2	4.2.1 Energy and Climate Change
	• Measures to adapt to Climate Change.	GRI 102-15, GRI 103-2, GRI 201-2, GRI 305-5	4.2.1 Energy and Climate Change
	• GHG emissions reduction targets.	GRI 103-2	4.2.1 Energy and Climate Change
Protection of biodiversity	• Measures to preserve or restore biodiversity.	GRI 103-2, GRI 304-3	Not material
	• Impacts caused by the activity.	GRI 304-2	Not material

Contents of the Law 11/2018 on Non-Financial Information Statements		Standard employed	Section of the Report
Information regarding social issues and staff			
Policies	• Management focus.	GRI103-2, GRI 103-3	3.1 Information on social - and personnel-related matters - Policies
Employment	• Total number and distribution of employees by gender, age, country and professional classification.	GRI 102-7, GRI 102-8, GRI 401-1, GRI 405-1	3.2.1 Employment and remuneration
	• Total number and distribution of employment contract types.		3.2.1 Employment and remuneration
	• Average annual number of permanent, temporary and part-time contracts, by gender, age and professional classification.		3.2.1 Employment and remuneration
	• Number of dismissals by gender, age and professional classification.		3.2.1 Employment and remuneration
	• Average remuneration by gender, age and professional classification or equal value.	GRI 102-35, GRI 102-36, GRI 201-3, GRI 202-1, GRI 405-2	3.2.1 Employment and remuneration
	• Salary Gap.		3.2.1 Employment and remuneration
	• Remuneration of equal jobs or company average.		3.2.1 Employment and remuneration
	• Average remuneration of directors and executives, with gender breakdown.		Note 27 on the Consolidated Annual Accounts of Corporación Financiera Alba, S.A. and Subsidiaries for the financial year 2020. There were four female Board members at Alba during the 2020 financial year.
	• Work switch-off measures.	GRI 103-2	3.2.2 Organisation of the work
	• Employees with disability.	GRI 405-1	3.2.1 Employment and remuneration

Contents of the Law 11/2018 on Non-Financial Information Statements		Standard employed	Section of the Report
Information regarding social issues and staff (cont.)			
Organisation of work	• Organisation of working hours.	GRI 102-8, GRI 103-2	3.2.2 Organisation of the work
	• Number of hours of absence.	GRI 403-2	3.2.2 Organisation of the work
	• Work-life balance measures.	GRI 103-2	3.2.2 Organisation of the work
Health and Safety	• Health and safety at work conditions.	GRI 103-2 , GRI 403-1	3.2.3 Health and Safety
	• Accident rate indicators separated by gender.	GRI 103-2	3.2.3 Health and Safety
	• Occupational illnesses.	GRI 403-10	3.2.3 Health and Safety
Labour Relations	• Organisation of social dialogue.	GRI 102-43, GRI 402-1, GRI 403-4	3.2.4 Labour relations
	• Percentage of employees covered by collective agreement.	GRI 102-41	3.2.4 Labour relations
	• Overview of collective agreements in the field of Health and Safety at work.	GRI 403-4	3.2.4 Labour relations
Training	• Training policies.	GRI 103-2, GRI 404-2	3.2.5 Training
	• Total training hours by professional category.	GRI 404-1	3.2.5 Training
Accessibility	• Universal accessibility for people with disability.	GRI 103-2	3.2.6 Accessibility and equality
Equality	• Gender equality measures.	GRI 103-2	3.2.6 Accessibility and equality
	• Equality plans.		3.2.6 Accessibility and equality
	• Employment development measures.		3.2.6 Accessibility and equality
	• Sexual and gender harassment protocols.		3.2.6 Accessibility and equality
	• Universal accessibility of people with disability.		3.2.6 Accessibility and equality
	• Anti-discrimination and diversity management policy.	GRI 103-2, GRI 406-1	3.2.6 Accessibility and equality

Contents of the Law 11/2018 on Non-Financial Information Statements		Standard employed	Section of the Report
Information regarding respect for Human Rights			
Policies	• Management focus.	GRI 103-2, GRI 103-3, GRI 412-2	5.1 Ethical behaviour and respect for Human Rights
Human Rights	• Application of due diligence procedures.	GRI 102-17, GRI 103-2, GRI 419-1	5.1 Ethical behaviour and respect for Human Rights
	• Measures to prevent and handle any possible abuses committed.		
	• Complaints of cases of human rights violations.		
	• Promotion and fulfilment of ILO provisions.		5.1 Ethical behaviour and respect for Human Rights
Information on combating corruption and bribery			
Policies	• Management focus.	GRI 103-2, GRI 103-3, GRI 205-2	5.2 Combating corruption and bribery
Corruption and bribery	• Anti-corruption and anti-bribery measures.	GRI 103-2	5.2 Combating corruption and bribery
	• Measures to combat money laundering.		5.2 Combating corruption and bribery
	• Contributions to foundations and non-profit entities.	GRI 103-2, GRI 201-1, GRI 203-3, GRI 415-1	6.1 The company's sustainable development commitments

NON-FINANCIAL INFORMATION STATEMENT

Contents of the Law 11/2018 on Non-Financial Information Statements		Standard employed	Section of the Report
Information about the company			
Policies	• Management focus.	GRI 103-2, GRI 103-3	6.1 The company's sustainable development commitments
Company commitments to sustainable development	• Impact of the company's activity on employment and local development.	GRI 203-1, GRI 203-2, GRI 204-1, GRI 413-1, GRI 413-2	6.1 The company's sustainable development commitments
	• Impact of company activities on the local population and region.		
	• Ongoing relations with local communities.	GRI 102-43, GRI 413-1	6.1 The company's sustainable development commitments
	• Actions for partnership.	GRI 102-13, GRI 203-1, GRI 201-1	6.1 The company's sustainable development commitments
Subcontractors and suppliers	• Inclusion of ESG aspects in the purchasing policy.	GRI 102-9, GRI 103-3, GRI 407-1, GRI 409-1, GRI 414-2	6.2 Subcontracting and suppliers
	• Consideration in the relationship with suppliers and subcontractors of their social and environmental responsibility.		6.2 Subcontracting and suppliers
	• Systems for supervision and audits, and the corresponding results.		6.2 Subcontracting and suppliers

Contents of the Law 11/2018 on Non-Financial Information Statements		Standard employed	Section of the Report
Information about the company (cont.)			
Consumers	• Consumer health and safety measures.	GRI 103-2, GRI 416-1, GRI 416-2, GRI 417-1	6.3 Consumers
	• System for handling complaints and grievances received.	GRI 102-17, GRI 103-2, GRI 418-1	6.3 Consumers
Tax information	• Profits earned, by country.	GRI 201-1	Note 22 on the Consolidated Annual Accounts of Corporación Financiera Alba, S.A. and Subsidiaries for the financial year 2020
	• Profits taxes paid.		
	• Public grants received.	GRI 201-4	No Public Authority grants were received during 2020.

NON-FINANCIAL INFORMATION STATEMENT

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT

Corporación Financiera Alba, S.A.
and Subsidiaries

Independent limited assurance report on the Consolidated Non-Financial Statement for the fiscal year ended 31 December 2020.

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

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INDEPENDENT LIMITED ASSURANCE REPORT

To the shareholders of Corporación Financiera Alba, S.A.:

In accordance with Article 49 of the Spanish Commercial Code, we have performed the verification, with a scope of limited assurance, of the Non-Financial Information Statement (NFIS) for the fiscal year ended 31 December 2020 of Corporación Financiera Alba, S.A. and subsidiaries ("Corporación Financiera Alba"), which forms part of Consolidated Directors' Report of Corporación Financiera Alba.

The NFIS includes information, additional to that required by current Spanish corporate legislation relating to non-financial, that has not been the subject of our verification work. Accordingly, our work has been limited exclusively to the verification of the information identified in the section 7 "Table of contents of the Non-Financial Information Statements" on the NFIS.

Responsibilities of the Shareholders and the Directors

The preparation and content of the NFIS are the responsibility of the Directors of Corporación Financiera Alba. The NFIS was prepared in accordance with the content specified in current Spanish corporate legislation and following the criteria of the Sustainability Reporting Standards de Global Reporting Initiative (GRI standards) selected, as well as other criteria according to the mention for each matter in the section 7 "Table of contents of the Non-Financial Information Statements" on the NFIS.

This responsibility also includes the design, implementation and maintenance of such internal control as is determined to be necessary to enable the NFIS to be free from material misstatement, whether due to fraud or error.

The Directors of Corporación Financiera Alba are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFIS is obtained.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 (ISQC 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement team consisted of professionals who are experts in reviews of non-financial information and, specifically, in information about economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed, which relates exclusively to the financial year 2020.

We conducted our review in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information, currently in force, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines published by the Spanish institute of Certified Public Accountants on attestation engagements on regarding non-financial information statements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement and, consequently, the level of assurance provided is also lower.

Our work consisted in requesting information from management and the various units of Corporación Financiera Alba that participated in the preparation of the NFIS, reviewing the processes used to compile and validate the information presented in the NFIS, and carrying out the following analytical procedures and sample-based review tests:

- Meetings held with Corporación Financiera Alba personnel to ascertain the business model, policies and management approaches applied, and the main risks relating to these matters, and to obtain the information required for the external verification.
- Analysis of the scope, relevance and completeness of the contents included in 2020 NFIS according to the business, sector and nature of Corporación Financiera Alba's operations, considering the contents required by the mercantile regulations in force.
- Analysis of the processes used to compile and validate the data presented in the 2020 NFIS.
- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters described in the NFIS of 2020.
- Verification, by means of sample-based review tests, of the information relating to the contents identified in the NFIS of 2020 and the appropriate compilation thereof based on the data furnished by the information sources.
- Obtainment of a representation letter from the directors and management.

Conclusion

Based on the procedures performed and the evidence obtained, no aspect has been revealed that makes us believe that the NFIS corresponding to the annual year ended on December 31 of 2020 has not been prepared, in all its significant aspects, in accordance with the contents contained in current commercial regulations and following the criteria of the GRI standards selected, as well as those other criteria described according to what is mentioned for each subject in the section 7 "Table of contents of the Non-Financial Information Statements" on the NFIS.

Use and distribution

This report has been prepared in response to the requirement established in the commercial regulations in force in Spain, so it may not be suitable for other purposes and jurisdictions.

DELOITTE, S.L.

Ignacio Ramirez
April 26th, 2021

REPORT ON ACTIONS

OF THE AUDIT AND COMPLIANCE COMMITTEE FOR THE YEAR 2020

REPORT ON ACTIONS OF THE AUDIT AND COMPLIANCE COMMITTEE

I. INTRODUCTION

This report on the functions and activities of the Audit and Compliance Committee of Corporación Financiera Alba, S.A., has been drawn up in accordance with the recommendations on the corporate good governance of listed companies, and in particular those set out in the Good Governance Code of Listed Companies, approved by the National Securities Market Commission on 18 February 2015, and partially reformed by resolution of the same Commission on 26 June 2020, in order to update and adapt the text in accordance with the latest legal changes, incorporating new aspects regarding non-financial risks and information, aspects of sustainability (ESG), diversity of boards and remuneration, as well as Technical Guide 3/2017 of the CNMV, on Audit Committees of Entities of Public Interest.

The Audit Committee was created by the Board of Directors on 29 March 2000, following the recommendations of the so-called "Olivencia Code" (Good Governance Code).

Subsequently, Law 44/2002, of 22 November, on Reform Measures of the Financial System ("Financial Law"), established the mandatory existence of this Committee in listed companies and certain requirements related to its composition, powers and standards of operation.

In fulfilment of the provisions of said Law, Corporación Financiera Alba, S.A. modified its Articles of Association and the Regulation of its Board of Directors, defining and responsibilities of the Committee and its functional rules.

As a result of the approval of Law 12/2010, of 30 June, which amended the Audit Law, the Spanish Securities Market Act, extending the powers of the Audit Committees, the Regulations of the Board of Directors were amended to adapt them to the legal provisions in relation to the Audit Committee, but, in addition, this modification was used to introduce into the Regulations of the Board of Directors the recommendations derived from the document of the National Securities Market Commission regarding "Internal control over financial information in listed companies" (June 2010).

Law 31/2014, of 3 December, which amended the Capital Companies Act to improve Corporate Governance, introduced into the Capital Companies Act – Ley de Sociedades de Capital ("LSC") – Article 529 quaterdecies, relating to the Audit Committee, including provisions relating to its composition, organisation and functions, which were incorporated into the Regulations of the Board of Directors by means of the amendment agreed on 5 May 2015.

Meanwhile, Law 22/2015, of 20 July, on Account Auditing, modified, in its Final Provision 4, Article 529 quaterdecies of the LSC, relating, as has been indicated, to Audit Committee, in aspects that mainly affect the composition of this Committee and its functions, and therefore, once it came into effect, the Regulations of the Board of Directors were amended once again, by resolution of 3 May 2016, to reflect these changes and, likewise, the name was changed to the Audit and Compliance Committee (the Board's resolution was reported to the General Shareholders' Meeting held on 8 June 2016, and it was registered in the Mercantile Registry on 15 July 2016).

Lastly, in accordance with Recommendation 19 of Technical Guide 3/2017 of the CNMV, on Audit Committees of Entities of Public Interest, in 2017 the Board of Directors approved a Regulation of the Audit and Compliance Committee, amended by resolution of the Board of Directors on 26 October 2020, in order to align it with the revision of the Good Governance Code of Listed Companies approved by the National Securities Market Commission on 26 June 2020.

II. FUNCTIONS OF THE AUDIT AND COMPLIANCE COMMITTEE

In Article 3 of the Regulations of the Audit and Compliance Committee of Corporación Financiera Alba, SA, as well as in the Regulations of the Board, in its Article 22, following the provisions of the Article 529 quaterdecies of the LSC, the following functions are entrusted to the Audit and Compliance Committee, without prejudice to those others that may be assigned by the Board of Directors:

a) Report to the General Shareholders' Meeting as to any issues raised in connection with those matters that lie within the competency of the Committee, and in particular the results of the audit, explaining how this has contributed to the integrity of financial information, and the function that the Committee performed in this process.

b) Supervise the efficacy of internal control of the Company, internal auditing and risk management systems, and discuss with the accounts auditor any significant weaknesses in the internal control system that might be detected in the development of the audit, all the above without undermining its independence. To this end, and as applicable, they may submit recommendations or proposals to the governing body, and the corresponding period for the follow-up thereof.

c) Supervise and evaluate the process of preparation and presentation of the required financial and non-financial information, and present recommendations or proposals to the governing body in order to safeguard its integrity.

d) Refer to the Board of Directors proposals as to the selection, appointment, re-election and replacement of the accounts auditor, taking responsibility for the selection process in accordance with the provisions of Articles 16, subsections 2, 3 and 5, and 17.5 of Regulation (EU) No 537/2014, of 16 April 2014, in addition to the contractual conditions, and regularly receive information from it as to the audit plan and execution thereof, while also maintaining its independence in the performance of its functions.

e) Establish the appropriate relations with the external auditor to receive information on those issues that may pose a threat to their independence, for examination by the Committee, and any others related to the process of carrying out the audit of accounts, and, where appropriate, the authorisation of services other than those prohibited, under the terms set out in Articles 5, Section 4, and 6.2.b) of Regulation (EU) No. 537/2014, of 16 April, and as foreseen in Section 3 of Chapter IV of Title I of Law 22/2015, of 20 July, on the Auditing of Accounts, on the independence regime, as well as those other communications provided for in the account auditing legislation and in the auditing standards. It must in all cases each year receive from the external auditors the declaration of their independence with regard to the organisation or organisations directly or indirectly related to it, in addition to detailed and individual information on additional services of any class that are provided, and the corresponding fees received from said organisations by the external auditor or the persons or entities related to it, in accordance with the provisions of the regulations governing accounts auditing operations.

f) Issue each year, prior to the issuance of the accounts auditing report, a report stating an opinion as to whether the independence of the accounts auditor or auditing firms has been compromised. This report must in all cases contain the evaluation of the performance of each and every one of the additional services referred to in the above section, taken individually and as a whole, other than the legal audit, and with regard to the regime of independence or the regulations governing accounts auditing operations.

g) Report to the Board of Directors in advance as to all matters set out in Law, the Corporate Bylaws and the Board Regulation, and in particular with regard to:

   1.º the financial information that the Company is required periodically to publish,

   2.º the creation or acquisition of stakes in special-purpose vehicles or any domiciled in countries or territories classified as tax havens

   3.º operations with related parties.

h) Supervise compliance with the rules of corporate governance, internal codes of conduct and the sustainability policy.

i) Supervise the application of the economic/financial and non-financial reporting policy, and the processes for relations and communication with shareholders, investors, proxy advisers and other stakeholders.

III. COMPOSITION

The Audit and Compliance Committee is an internal body of the Board and, therefore, is composed of Directors of the Company. The members are appointed by the Board of Directors and, in accordance with the provisions of the LSC, following the amendment made by Law 22/2015, of 20 July, all the members of this Committee must be external or non-executive directors, the majority of whom must be independent directors and at least one of whom must be appointed on the basis of his or her knowledge of accounting and/or auditing matters. As a whole, the members of the Committee must have the relevant technical knowledge in relation to the sector of activity to which the Company belongs.

REPORT ON ACTIONS OF THE AUDIT AND COMPLIANCE COMMITTEE

The Chairman of the Committee must be an independent Director and, in accordance with the provisions of the Law and the Company Bylaws, the Chairman must be replaced every four years and may be re-elected after a period of one year has elapsed since his removal.

The composition of the Audit and Compliance Committee of Corporación Financiera Alba, S.A. fulfils the legal demands, as it comprises three Directors, all of whom are independent.

The composition of this Committee as of 31 December 2020 was as follows: Ms. Ana María Plaza Arregui, as Chair, Ms. Claudia Pickholz and Ms. María Eugenia Girón Dávila, as Board Members. All of its members have the status of Independent Directors, with Ms. Plaza having been appointed in 2019 and Ms. Pickholz and Ms. Girón re-elected in 2020.

In accordance with the recommendations of the Unified Good Governance Code of Listed Companies, the information on the profile of all the Directors of Corporación Financiera Alba is made available on the company's website. In accordance with the recommendations of CNMV Technical Guide 3/2017, we would highlight that Ms. Plaza has considerable experience in the world of auditing and financial management at companies in a range of sectors, both nationally and internationally, along with extensive knowledge of the field of technology, that Ms. Pickholz has held management positions at major multinationals in a range of sectors, in particular with responsibilities in the areas of marketing and strategy, and that Ms. Girón has considerable experience in the world of business, strategy design, brand building, international growth and sustainable development.

IV. FUNCTIONING AND ACTIVITY

The internal functioning of the Audit and Compliance Committee is governed by the provisions of Article 47 of the Bylaws and by the provisions of Articles 29 to 34 of the Regulations of the Board and Articles 12 to 18 of the Regulations of the Audit Committee and Compliance, which regulate everything related to its meetings, calls, quorum, adoption of resolutions, minutes, relations with the Board, with the Company's Management, and with the auditor and the internal auditor, and the powers to request information on any aspect of the Company and to seek the advice of external professionals.

During the year 2020, the Audit and Compliance Committee held seven meetings, in which it worked, within the functions mentioned above, in the areas indicated below, and for which it had the necessary information and documentation at its disposal:

- Review of the periodic financial information to be submitted to the National Securities Market Commission.
- External audit of the financial statements and relations with the external auditors.
- Risk identification and internal control system.
- Internal audit.
- Review of non-financial information.
- Compliance with the legal provisions and internal regulations.

The meetings of the Audit and Compliance Committee were attended, by invitation, by the external and internal auditors, the Chief Financial Officer and the Company's risk managers, to discuss the items on the agenda that were their responsibility. As for the external auditors of the company, they have been invited to participate in four meetings. As for the internal auditors, in 2020 they were invited to participate in three sessions of the Audit and Compliance Committee.

In connection with the management of risks that may affect the Company, the Audit and Compliance Committee regularly includes a point in the agenda of its meetings dedicated to this matter, either to conduct the relevant monitoring of risks or to have the person in charge of this area within the company present the this to the Committee. During 2020, all its meetings addressed matters connected with the risk management and monitoring, and some of them specifically addressed risks derived from COVID-19.

At the end of each year, the Audit and Compliance Committee approves its Activities Schedule for the next year, in relation to the areas mentioned above and follows these up accordingly.

a) Review of Periodic Financial Information

In relation to the periodic financial information, the Audit and Compliance Committee has analysed, prior to its presentation, the quarterly and half-yearly financial information sent to the National Securities Market Commission and made public, as well as the complementary information leaflets that are published, in accordance with the requirements established by Royal Decree 1362/2007, of 19 October (modified by Royal Decree 875/2015, of 2 October), and by CNMV Circular 3/2018, of 28 June.

This analysis is carried out by the Company's Chief Financial Officer, who is responsible for the preparation of the information mentioned above, in order to explain to the Commission the accounting process followed to prepare said financial information, and the decisions and criteria adopted.

The Commission gave its approval to this information, after the introduction of certain suggestions raised by it.

A meeting was also held to examine the Financial Statements prior to their preparation by the Board of Directors.

Finally, in accordance with the provisions of recommendation 43 of the CNMV 3/2017 Technical Guide, the Committee ensures that the financial information published on the company's website is up to date and in line with that prepared by the Board of Directors and made public.

b) External Audit of the Financial Statements and Relations with the External auditors

As regards the External Audit, it is worth mentioning that the Auditors attended the meetings of the Committee at which they examined the financial information corresponding to the close of the 2019 financial year and the Financial Statements for said year. The External Auditors reported at length to the Committee, as they did at the Board meeting in which annual accounts were drawn up, on their auditing work performed, the most important issues raised and the criteria followed. In particular, the financial statements were the subject of an unqualified report, without any significant risks being detected in the company, and the internal control of the company was considered adequate. The external auditors were assisted in the performance of their duties by the persons responsible within the Company. The planning of the audit work for 2020 was also explained.

External auditors submitted to the Audit and Compliance Committee the limited review of the financial statements in the first half of 2020 and the audit planning for the fiscal year 2020.

In addition, and in accordance with the provisions of Article 529 quaterdecies of the Capital Companies Act, the Audit and Compliance Committee received written confirmation from the auditors of their independence from the related entity or entities and issued a report expressing its opinion on the independence of the auditors.

c) Risk Identification and Internal Control System

With regard to the risk identification and internal control system, it should be noted that the Finance Department is in charge, within the Company, of the internal control of the same, which has a series of operating rules that establish the internal control criteria. These standards refer, among other matters, to: Accounting and Reporting, Investments and Disinvestments, Short-Term Investments; Management of Real Estate and Accounts Receivable; Accounts Payable and Relations with the CNMV, Cash Management Placements, Granting and Revocation of Powers of Attorney.

The Audit and Compliance Committee has powers in this area and evaluates whether the Company has the adequate organisation, personnel and processes to identify and control its main operational, financial and legal risks, and is authorised to investigate any aspect of the risk identification system and internal control that it considers appropriate.

In this regard, in the Additional Report that the auditor submitted to the Audit and Compliance Committee for the year 2019, it was stated that while undergoing the risk assessments due consideration was given to the internal control with regard to the company's preparation of their annual accounts and the accounting system, in order to design adequate auditing procedures and not to express an opinion on the effectiveness of the internal control of the company. However, it was noted that there were no internal control deficiencies assessed as significant or which needed to be reported to the company.

Likewise, in 2015, following the recommendations of the Code of Good Governance of Listed Companies, the Board of Directors, at the proposal of the Audit Committee, resolved to establish a Risk Control and Management Unit as an advisory and control body at the service of the Audit Committee, independent of the business, and aimed at ensuring the establishment of adequate control and efficient and prudent risk management. The Risk Control and Management Function Statute was approved by the Board of Directors on 26 October 2015 and, in addition, a Risk Management Methodology and Monitoring Model have been adopted.

The Company has in this regard defined an Integrated Risk Management System with the following key functions: allow the identification and proactive and efficient evaluation of risks at the Company level, and the constant monitoring and follow-up thereof; integrate, coordinate and direct the various efforts being made by the Company in the field of risk management; allow responsible risk acceptance to be obtained, and underpin the responsibility of Company employees; ensure that the control systems are aligned with the real risks facing the Company; facilitate and streamline the application of corrective measures.

This Integrated Risk Management System has been implemented to mitigate the risks to which the Group is exposed, given the nature and degree of complexity of its operations and the environment in which it operates, and it consists of three key elements:

- The continuous process of risk management, understood as those activities carried out by all the people of the Company focused on identifying potential risk events that may affect them, managing the risks identified, and providing reasonable assurance on the achievement of the Company's objectives. In this regard, the Company's Risk Map has also been reviewed in order to confirm that it continues to represent the company's risk profile.

- An organisational approach with clearly defined roles and responsibilities, to ensure that although integrated risk affects and involves all staff of the Company, the main participants are: the risk supervisors, the Risk Management and Control Unit, the Audit and Compliance Committee and the Board of Directors.

- A monitoring model, which defines and provides the necessary and timely information so that all participants in the risk management process can make informed decisions regarding the same.

The Audit and Compliance Committee, as part of this Integrated Risk Management System, is responsible for supervising the effectiveness of the company's internal control, internal audit and risk management systems, assessing whether the Group has adequate organisation, personnel, policies and processes to identify and control its main risks and, in particular, operational, financial, non-financial and legal risks.

In relation to risk management processes, in addition to the Risk Control and Management Unit mentioned above, Corporación Financiera Alba has compliance processes, which are mentioned below, as well as the Internal Audit Service, to which reference has already been made.

In 2020, two Business Risk Monitoring Reports were prepared and presented (corresponding to the second half of 2019 and the full year and the first half of 2020, respectively), in accordance with the approved Risk Management Methodology and Monitoring Model. These Reports examine the aggregate risk situation and the individual analysis of the risks (the ten most critical risks, according to the Risk Map, reviewed in October 2019). To assist in their preparation, meetings are held with those responsible for the risks, the defined controls and indicators are checked, and the assessment being monitored is reviewed and analysed. The conclusion drawn from the Reports is that the controls have been effective (although some did not apply during the stated periods), and those indicators requiring some attention gave rise to the relevant explanations or clarifications being obtained, with special action plans being proposed to increase the level of safety in certain fields.

During the 2020 financial year there was periodic monitoring of the impacts of COVID-19 on the investee companies, as well as the internal measures adopted with reference to this crisis. In this regard, a report was also drawn up to assess the level of response of the organisation to the challenges raised by COVID-19 in terms of the Company's business model, and hence with reference to the corporate risk management and compliance systems.

Mention should lastly be made within this area of the review and analysis conducted together with the various risk owners, and with a particular emphasis on the impact of COVID-19, as to the risk assessment (impact and probability), so as to ascertain if this remained valid during the year in question, essentially on the basis of the types of risk, the assessment scale, the inherent risks of the group (with regard to control activities), residual risks (after the controls) and a comparison with the inherent and residual risks noted in 2020. Following this analysis, the conclusion reached was that the evaluation of critical risks properly reflects the position of the Company, and no modification or update is therefore required.

d) Internal Audit

In 2011, and following the recommendations of the CNMV document "Internal Control Over Financial Information in Listed Companies" (June 2010), the Audit Committee proposed, and the Board of Directors agreed, to establish an Internal Audit service as an instrument for the better development of the functions entrusted to the Board of Directors and the Audit Committee, in relation to the control and management of risks and the monitoring of the internal information and control systems. The person in charge of this service was also appointed and it was decided that an audit firm would support the performance of the Internal Audit functions. In 2020, Deloitte Advisory, S.L. continued to perform the internal audit function, coordination between the firm and the Company being handled by the General Secretary, answering to this Committee, with approval by the Board of Directors. This contributes to the independence of internal audits.

In relation to the internal audit, it is worth mentioning that it has a Statute approved by the Board (the last one, by agreement of 27 February 2017), which has drawn up a Risk Map of the Company, (at the inherent and residual level and as regards the degree of effectiveness of internal control)

- which has already been reviewed four times, most recently in 2019 - and which follows the Business Plan approved by the Audit and Compliance Committee.

In 2020, in accordance with the Internal Audit and Compliance Plan that was submitted to the Audit and Compliance Committee, some internal procedures were audited, no significant issues were found, and suggestions for improvement were made for some of them.

Likewise, in the 2020 financial year the Committee registered its approval of the ongoing application of the Manual on the Internal Financial Information Control System ('SCIIF') of the Company following examination of the certificates issued by those responsible for the SCIIF. During this financial year these provisions were followed and reported to the Audit and Compliance Committee, which in turn informed the Board of the outcome of the internal audits and compliance with the SCIIF.

e) Review of Non-Financial Information

The Audit and Compliance Committee has overseen the Corporate Social Responsibility Policy and, in this area, pursuant to Recommendation 55 of the Code of Good Government of the Listed Companies, since 2016 the Company has been reporting on corporate social responsibility issues through the Sustainability Annual Report, which is reported by the Audit and Compliance Committee prior to its approval by the Board of Directors and made available to the convening of the General Shareholders' Meeting.

By Law 11/2018 of 28 November on Non-Financial Information and Diversity, applying to the fiscal years started on 1 January 2018, several precepts of the Code of Commerce, the Capital Companies Act and the Audit Law were changed, entering the obligation to include a non-financial information status if the companies met a number of requirements.

In the 2019 financial year, Corporación Financiera Alba, S.A. fulfilled for the first time the requirements established by the aforementioned Law 11/2018, thus requiring the mandatory formulation of the Non-Financial Reporting Statement established in this Act (which replaces the Sustainability Report presented in previous financial years).

REPORT ON ACTIONS OF THE AUDIT AND COMPLIANCE COMMITTEE

The Non-Financial Reporting Statement includes significant information regarding the following, in accordance with the terms of Law 11/2018: environmental matters; social and staff-related matters; respect for Human Rights; anti-corruption and anti-bribery; and Society.

It has been prepared on the basis of the Global Reporting Initiative (GRI) guidelines for the preparation of sustainability reports, this being the internationally recognised standard, fulfilling the principles and content defined by the most up-to-date version of the GRI Standards guide.

Consideration was likewise given to the context and regulations of the sectors in which the subgroups operate, sectoral trends and best practices, so as to determine those aspects that are not relevant for Alba. Consideration was also given to the following key aspects of relevance: talent attraction and retention; compliance and business ethics; diversity and equality; health and safety at work; commitment to society; and energy efficiency and environmental management.

This Non-Financial Reporting Statement covers the activities of the Alba Group and those of the Satlink, Nuadi and Preving subgroups (its dependent companies).

Reference is similarly made to the monitoring of the Corporate Social Responsibility Policy approved by the Board of Directors on 17 June 2019 (to replace that initially approved on 26 October 2015) and the information corresponding to it, in particular by means of the Non-Financial Reporting Statement (as in previous years, by means of the Sustainability Report).

f) Regulatory Compliance and Others

With regard to compliance with the legal system and internal regulations, a more detailed statement is made than in the previous points, since, in accordance with the provisions of both the Regulations of the Board of Directors and the Regulations of the Audit and Compliance Committee (Articles 26.c and 9.c, respectively), the Audit and Compliance Committee must prepare a report on this matter.

Internal regulations

First of all, it should be pointed out that the Company, in order to ensure compliance with the applicable regulations, has an appropriate organisation, which includes a Legal Department, a Tax Department and a Finance Department, each of which, in its own area of competence, ensures compliance with current regulations (external and internal). Likewise, within the scope of the Board, its Regulations provide that the Secretary shall be responsible for ensuring the formal and material legality of its actions, for the statutory regularity thereof and for compliance with its procedures and rules of governance.

In this regard, during the 2019 financial year the Committee completed the tasks required to adapt to Law 11/2018, of 28 December 2018, with regard to non-financial reporting and diversity.

On 26 June 2020 the National Securities Market Commission approved a partial reform of the Good Governance Code of Listed Companies. As a consequence, this Committee analysed the degree of compliance by the Company with the recommendations as amended, reporting on proposals to modify the following corporate documents: Regulation of the Board of Directors, Regulation of the Audit and Compliance Committee, Code of Ethics and Conduct, Sustainability Policy (replacing the Corporate Social Responsibility Policy), and Communication Policy, which were approved by the Board of Directors.

Meanwhile, one of the functions of this Committee is to ensure the existence of an effective internal system to monitor the Company's compliance with the laws and regulations governing its activity, and to verify that the necessary procedures have been established to ensure that the management team and the employees comply with the internal regulations. It should also be noted that the meetings of the Committee are attended, when required and at the invitation of the Chairman, by the Chief Financial Officer responsible for the company's internal control, who reports on developments relating to this matter.

In addition, as indicated above, the Company has an Internal Audit Service and a Risk Control and Management Unit, and a Risk Management Methodology and Monitoring Model have been adopted.

In the same sense, in 2016 the Company formalised and implemented a function of the Compliance Regulation, and in terms of health and safety it has a Crime Prevention Manual since 2015. More detailed information is provided in later sections of this Report.

The Company currently has in place the following Policies as indicated in the various provisions or corporate good governance recommendations: Corporate Governance Policy; Sustainability Policy; Communication Policy; Dividends Policy; Treasury Stock Policy; Investments Policy; Tax Policy; Board Remuneration Policy; Policy for Selection of Candidates for Director; Risk Management Policy; and Criminal Risk Prevention and Anti-Fraud Policy. These Policies are periodically reviewed in case they might need to be amended. During the 2020 financial year, following a report by this Committee, updates were made to the Regulation of the Board of Directors, Regulation of the Audit and Compliance Committee, Code of Ethics and Conduct, Sustainability Policy (replacing the Corporate Social Responsibility Policy), and Communication Policy.

In 2017, the Audit and Compliance Committee approved a Policy for the Provision by the External Auditor of Services other than Statutory Audit, in accordance with the provisions of article 529 quaterdecies4 (e) of the Law on Capital Companies, as amended, which entered into force on 17 June 2016.

As regards the existence of internal procedures, as mentioned above, the Company has a series of operating rules that establish the internal control criteria, as well as the Manuals of the Internal Control over Financial Reporting System, Risk Management Methodology and Monitoring Model, and Crime Prevention.

A new Code of Ethics and Conduct was approved in 2018, taking into account in particular the evolution of the legal regulations regarding the liability of legal entities. In addition, given the importance of internal reporting channels, an annex to the Code of Ethics and Conduct approved in 2018 is now included, which outlines a more detailed procedure for handling reports that allows you to communicate, in a confidential manner, any acts or conduct committed that may be contrary to applicable regulations or the Code of Ethics and Conduct within the company, in the performance of third parties that are in contract with the company or to its detriment. This Code of Ethics and Conduct was amended by resolution of the Board of Directors on 26 October 2020 in order to adapt it to the revised Good Governance Code of Listed Companies approved by the National Securities Market Commission on 26 June 2020, in particular to allow anonymous complaints where these are of particular accounting or financial significance.

During 2020 there were no grievances reported.

In addition, since 2016, the company has had Internal Rules of Conduct related to the Securities Market, aligned with market abuse regulations. During the 2020 financial year the Committee reported on the proposed modification to these Internal Rules of Conduct related to the Securities Market, in order to require prior notification of personal operations involving financial instruments or securities issued by listed companies admitted for trading on Spanish securities markets by the personnel of Corporación Financiera Alba, S.A. This modification was approved by the Board of Directors at its meeting held on 30 March 2020.

Compliance with regulations

In addition to the internal regulations mentioned in the previous paragraphs, Corporación Financiera Alba, as a complement to other actions that have been carried out in recent years to adapt to new requirements and best practices in corporate governance matters (such as, for example, the Internal Audit Service, the Financial Information Control System, the creation of the Risk Control and Management Unit, or the development of a crime prevention model and manual), in 2016, carried out the formalisation and implementation of a Regulatory Compliance function within the General Secretariat in order to coordinate, systematise and monitor the different actions and efforts it had been making in this area, with the collaboration of external consultants.

The purpose of this function is to provide reasonable certainty that Alba complies with its key legal and regulatory requirements, with the following actions being taken to this end: (i) the main legislative and regulatory obligations that must be fulfilled by the Company have been identified; (ii) a compliance model has been designed (with activities and tasks to be performed, dates and owners); and (iii) a monitoring and follow-up model has been established for Compliance activities, with early warnings and twice-yearly reviews, so as to avoid potential breaches.

In the monitoring reports, the identified requirements are verified, with details of which have been met, those that have not been applied, and, where appropriate, the opportunities for improvement.

During 2020, the Regulatory Compliance Monitoring Reports for the second half of 2019 and the full year were prepared, as well as for the first half of 2020. The latter places on record confirmation with regard to the 74 requirements identified that 58 of them were fulfilled, while 16 proved inapplicable during this half-year, as they were associated with transactions which did not take place during the period.

In 2018, in a further step of action and compliance culture in the Company's activity, with the favourable report of the Audit and Compliance Committee, the Company's Board of Directors approved the Regulatory Compliance Function Charter, and mandated the Secretary of the Board of Directors for Management of the Regulatory Compliance Unit, reporting to the Audit and Compliance Committee and with the external collaboration of Deloitte Advisory, S.L., from May 2019 onwards.

Crime Prevention

As a result of the regulations on the criminal liability of legal persons, especially following the reform of the Criminal Code by Organic Law 1/2015, a new Manual on Crime Prevention was approved (26 October 2015) and, during 2015 and 2016, various initiatives were launched, particularly regarding the application of the new corporate regulations and the means of monitoring, detection and response. In this respect, monitoring reports have been drawn up analysing various risks and their controls in accordance with the strategic plan and the annual plan, and general compliance with them has been observed and only a few recommendations have been made. In the 2020 financial year an update to the Crime Prevention Manual was approved, in order to adjust it to the current situation of the company's governance model and related policies, and align it with best market practice.

In 2020, the effectiveness of the Crime Prevention Model was monitored accordingly, with two reports being submitted, one for the full year 2019 and another in the first half of 2020, resulting in an overall situation of compliance regarding the risks analysed, with some recommendations being put forward.

The Audit and Compliance Committee has considered the monitoring to be satisfactory.

Related-party operations

In addition, within this area of regulatory compliance, reference should also be made to the examination of transactions with Directors, significant shareholders or their representatives, or persons linked to them, or with investees ("transactions with related parties"), which have been reported favourably, as they meet the conditions for doing so. In addition, in accordance with the provisions of the Good Governance Code of Listed Companies (recommendation 6), the Audit and Compliance Committee approved a report on the aforementioned transactions with related parties and published it on the company's website.

Other

The Audit and Compliance Committee also examined the draft Annual Corporate Governance Report, which was subsequently approved by the Board of Directors, and the monitoring reports prepared by the control bodies of the Internal Rules of Conduct, the Code of Ethics and Conduct and the Crime Prevention Manual on the actions taken to comply with them.

Specific mention should be made of the monitoring of tax risk, which prompted the Audit and Compliance Committee to examine the Company's tax situation with reference to its tax obligations in general, the most significant aspects with regard to Corporation Tax, VAT and local taxes, and compliance with the various reporting obligations. In 2020 the Company signed up to the Code of Good Taxation Practice promoted by the Large Companies Forum (20 July 2010).

With respect to communications with the National Securities Market Commission (CNMV), which include the communications of financial information, inside information and other relevant information and other requests for information, all the necessary communications were made during the year.

The Audit and Compliance Committee kept track of the functionality and content of the website. Furthermore, during the 2020 financial year the situation with Information Technologies was monitored, with security tests being performed and a report drawn up on "ethical hacking" and "internal hacking".

Assessment of the External Audit, the Internal Audit and the Audit and Compliance Committee

Following the Recommendation 71 of the CNMV Technical Guide 3/2017, the Audit and Compliance Committee evaluated the external auditor, reviewing its submissions to the Committee and the various reports issued, with consideration given to the fact that during 2019 the external auditor successfully completed its role in compliance with the Plan established for the year, without any incidents and contributing to the integrity of the Company's financial information.

In connection with the internal audit, and following Recommendation 58 of the CNMV Technical Guide 3/2017, the Committee has assessed this area of the Company, and in view of the presentations made and the Annual Report of the Internal Audit Service, it considers that during 2019 the Internal Audit Service successfully completed its function, meeting the objectives of the Plan established for the year, and with no incidents occurring. It was likewise deemed that the head of Internal Auditing had properly performed his function.

Following Recommendation 76 of the CNMV Technical Guide 3/2017, as part of the Board's annual assessment (compiled in the Board's Evaluation Questionnaire and its Evaluation Report), the Audit and Compliance Committee evaluated its performance in 2019. The Board's Evaluation Questionnaire contained the opinion of all Directors on the performance of this Committee, informing the Board of the assessed aspects and the outcome thereof. The assessment of the Audit and Compliance Committee has not resulted in any changes to the internal organisation and procedures of company.

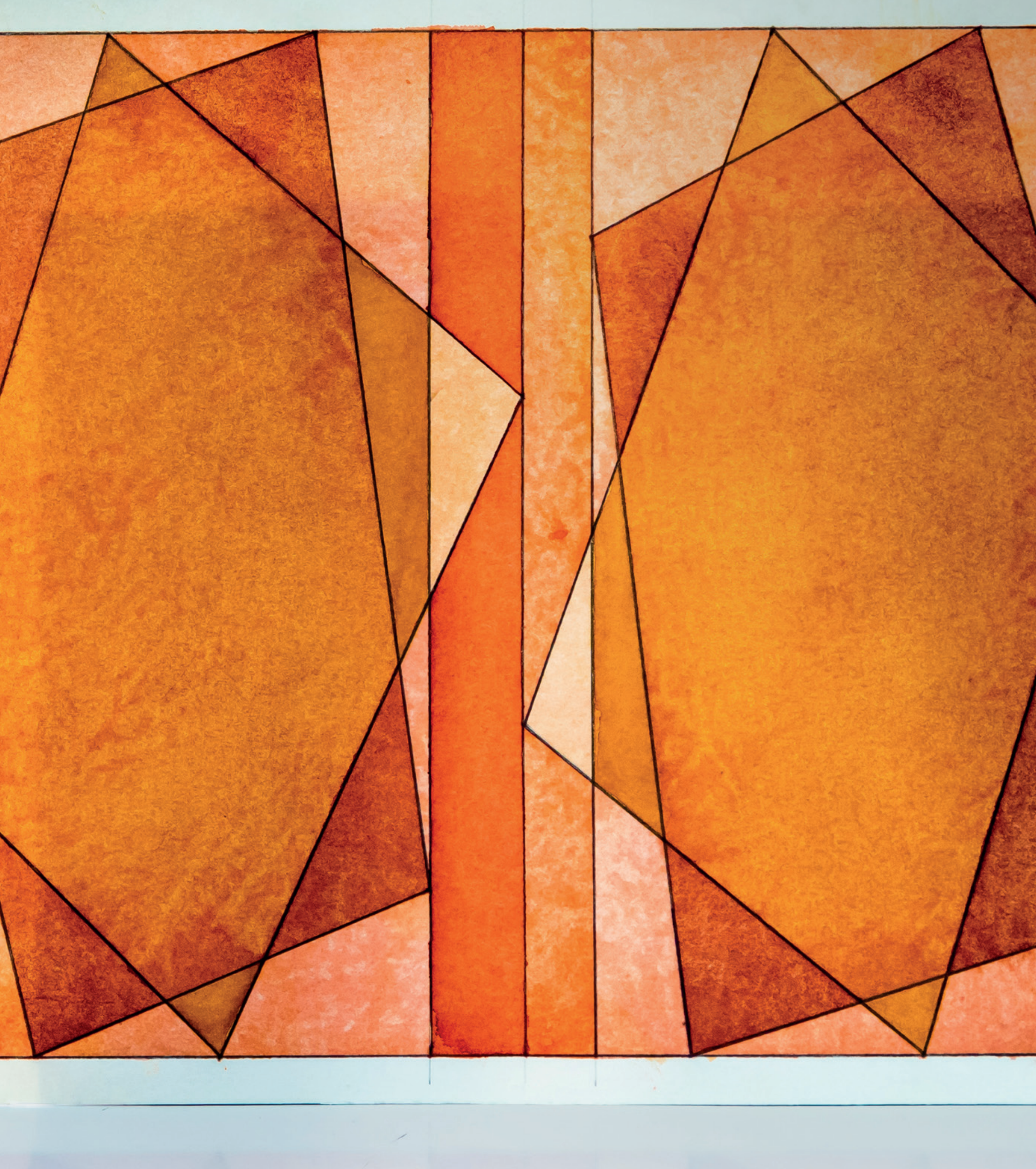
V. CONCLUSIONS

In view of the foregoing, the Audit and Compliance Committee considers that the Company has an adequate organisation and a sufficient regulatory framework to ensure satisfactory compliance with the regulations, and that effective compliance by the Company with the external and internal regulations applicable to it, as well as the provisions and recommendations on good corporate governance, is satisfactory.

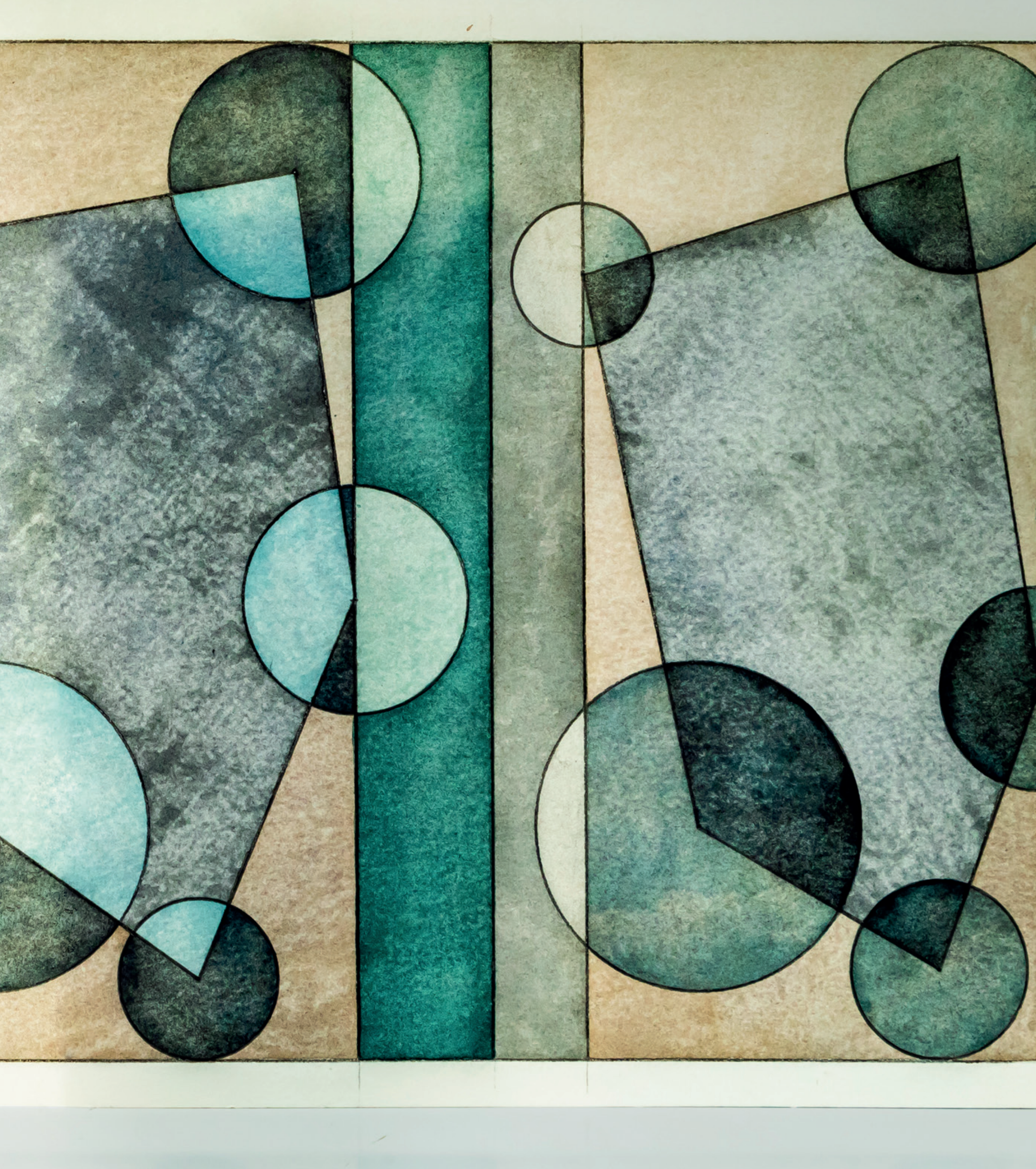
In addition, it considers the Company to have adequate mechanisms for the Audit and Compliance Committee to properly exercise the functions it has legally assigned and in the internal regulations of the company, in connection with periodic reporting of financial information, the external audit, internal audit, non-financial information and the internal control and risk identification systems, and that compliance on behalf of the Company in relation to these matters is satisfactory.

ANNUAL REPORT ON REMUNERATION OF DIRECTORS

TO GO TO THE ANNUAL REPORT ON REMUNERATION OF DIRECTORS PLEASE CLICK ON THIS LINK



PROPOSED RESOLUTIONS



PROPOSED RESOLUTIONS

The Board of Directors of Corporación Financiera Alba, S.A. submits to the Annual General Shareholders' Meeting the following proposal of resolutions for its consideration:

1. Approval of the annual accounts, both individual and consolidated, for the financial year ending 31 December 2020.

2. Approval of the management by the Board of Directors during the same financial year.

3. Approval of the Statement of non-Financial Information, for the financial year ending 31 December 2020.

4. Approval of the distribution of profit and payment of dividends proposal.

5. Appointment of Director and category: Mr. Ignacio de Colmenares Brunet, as Independent Director.

6. Modification of the Company Bylaws: 6.1. Article 15, concerning the General Shareholders' Meeting. 6.2. Article 22 "Announcement". 6.3. Article 39 "Remunerations". 6.4. Article 44 "Powers and Authorisations".

7. Modification of the Regulations of the General Shareholders´ Meeting (Articles 5, 8, 11, 14, 25 and 28).

8. Report on the amendment of the Regulations of the Board of Directors.

9. Approval, in an advisory capacity, the Remuneration Report of the Board of Directors for the year 2020.

10. Approval, pursuant to Article 219 of the Spanish Corporate Enterprises Act and Article 39 of the Bylaws, of a variable remuneration based on the evolution of the net asset value of the Company, for the executive directors and personnel determined by the Board of Directors, in order to bind them directly to the shareholder value creation process.

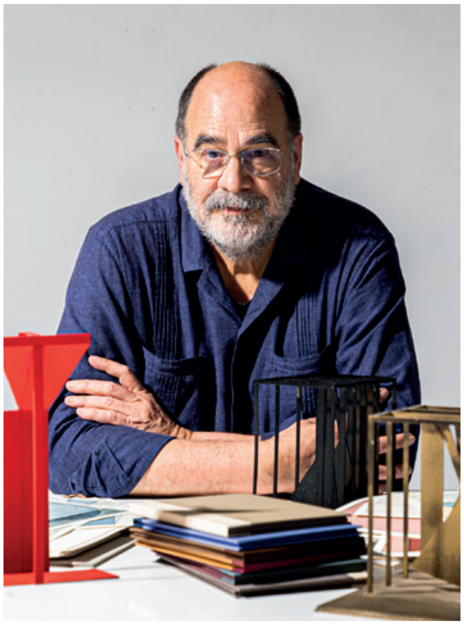
11. Authorisation for the acquisition of treasury stock, within the maximum limits permitted at a given time and in compliance with the requirements established in the Spanish Corporate Enterprises Act, and the use of the shares acquired by virtue of this authorisation and prior authorisations, for the allotment of remuneration plan of executive directors, executives and employees consisting of the delivery of shares or options thereon, and authorise the Board of Directors to reduce the share capital, where applicable.

12. Authorisation to the Board of Directors to execute the resolutions adopted at the General Meeting.

13. Approval the minutes of the General Meeting.

DENIS LONG

San Francisco, California ,1951



Sight/ A museum of things seen.
Wallace Stevens

I came to Madrid in 1973 and I am still living here. I studied drawing, painting, ceramics and etching. I have worked as an etching printer since 1974. I spent some time in the Taller Grupo 15 in Madrid as well as other workshops, and in 1980 I opened my own etching workshop and founded Ediciones Denis Long . I have been lucky enough to work with most of the top Spanish artists, as well as with many great international artists. I have also published several of them, editing many portfolios and books with etchings in collaboration with writers and poets.

As an artist, I work in painting, watercolour, sculpture and of course etching. My work is clearly geometric, a sort of game of construction and reconstruction. In the end a search of form and beauty. The North American painter Edward Hopper said: "If I could say it in words, there would be no reason to paint". That resonates with me, because the difficulty of explaining, translating a visual language into words has the risk of getting lost in the translation. The theory is in the painting.

The poet Wallace Stevens once wrote that the problems of poets are the problems of painters. And taking this into account, it would be a mistake to read a poem in a hurry as if it were an email or a tweet. You have to take time, make time to see, to hear, to touch…

In many of his books, writer John Berger wrote about the difficulty in creating and the difficulty in explaining. The following quote is his: "Maybe no poet writes more than one and it takes a lifetime. He thinks he is writing different short stories, but really they are all part of the same long poem".

I could offer this as an answer, an explanation for my work. All the works are part of my jigsaw puzzle and my history.

"To see and to know are not necessarily the same thing… those who know intellectually without seeing intuitively fail to understand the mystery of art", as Soetsu Yanagi said.

The making is the meaning. / El hacer es el sentido.

Denis Long
Madrid 2021

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