Kompuestos™

OTHER RELEVANT INFORMATION

PLÁSTICOS COMPUESTOS, S.A.

29 April 2022

In accordance with the provisions of article 17 of Regulation (EU) no. 596/2014 on market abuse and article 228 of the consolidated text of the Securities Market Law, approved by Royal Legislative Decree 4/2015, of 23 October, and related provisions, Plásticos Compuestos, S.A. ("**Kompuestos**" or the "**Company**") hereby informs you of the following information:

- Audit report and annual accounts of Plásticos Compuestos, S.A. for the year ended 31 December 2021 and management report.

In accordance with BME MTF Equity Circular 3/2020, it is hereby stated that the information provided herein has been prepared under the sole responsibility of the Company and its directors.

We remain at your disposal for any clarification you may require.

In Palau-Solità i Plegamans (Barcelona), on 29 April 2022.

Corporation Chimique International S.P.R.L.
P.p. Mr. Ignacio Duch Tuesta
Chairman of the Board of Directors

PLÁSTICOS COMPUESTOS, S.A.

Financial Statements as at 31 December 2021

Directors' Report 2021

SARA JANE CALLEJO PATERSON
Traductora-Intérprete Jurada de INGLÉS
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INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL ACCOUNTS

(Translation of a report and annual accounts originally issued in Spanish and prepared in accordance with Spanish generally accepted accounting principles. In the event of a discrepancy, the Spanish-language version prevails.)

To the shareholders of PLÁSTICOS COMPUESTOS, S.A.:

Report on the Annual Accounts

Qualified opinion

We have audited the annual accounts of PLÁSTICOS COMPUESTOS, S.A. (the Company) which comprise the balance sheet as of December 31, 2021, the income statement, the statement of changes in equity, the statement of cash flows and the notes to the annual accounts for the year then ended.

In our opinion, except for the effects of the matters described in the *Basis for qualified opinion* section of our report, the accompanying annual accounts present, in all material respects, a true and fair view of the equity and the financial position of the Company as of December 31, 2021, and of the results of its operations and cash flows for the year then ended, in accordance with the applicable framework of financial reporting standards (which is identified in note 2 to the annual accounts) and, in particular, in compliance with the accounting principles and criteria contained in that framework.

Basis for qualified opinion

As stated in note 16 to the attached annual accounts, as of December 31, 2021, the Company has a syndicated financing agreement that includes, in addition to a loan, a working capital framework agreement, with the total balance disposed as of December 31, 2021, of 2,853 and 1,508 thousand euros, respectively. Of these, an amount of 2,265 thousand euros is due in the long-term. Syndicated financing is subject to compliance with certain financial ratios. Although the Company's directors have concluded that as of December 31, 2021, it complies with the required ratios, according to the audit evidence available as of the date of this report, one of the ratios was not complied with. The Company requested, and obtained, a single and exceptional temporary authorisation after December 31, 2021, not reporting all of this in the attached annual accounts. Consequently, as of December 31, 2021, the Company had no guarantee that the early cancellation of the financing would not be executed by the lenders. Consequently, both the financing contract of the syndicated loan and the working capital framework agreement are fully required in the short term. Thus, in accordance with the applicable financial reporting regulatory framework, the Company should record under the heading "Short-term debts" the amount of the debt that would be required by the lenders as of December 31, 2021, which amounts to 2,265 thousand euros, classified in the attached annual accounts under the heading "Long-term debts".

We conducted our audit in accordance with the current Spanish standards for auditing accounts. Our responsibilities under those standards are further described in the *Auditor´s responsibilities for the audit of the annual accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those relating to independence, that are applicable to our audit of the annual accounts in Spain, as required by the regulations governing the auditing of accounts. In this regard, we have not provided any services different to the audit of accounts and no situations or circumstances have arisen that, based on said regulations, might have affected the required independence in such a way that it could have been compromised.

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

Key audit matters

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

In addition to the matters described in the *Basis for qualified opinion* section, we have determined that the matters described below are the key audit matters to communicate in our report.

<u>Research and development expenses</u>

The Company dedicates part of its resources to carrying out research and development projects, using internal resources for this purpose and on certain occasions subcontracting part of the activities to third parties. As of December 31, 2021, the balance of the heading "Research and development" amounts to 3,651 thousand euros. As described in Note 4.a to the attached annual accounts the Company maintains the criterion of capitalising research and development expenses that meet the requirements established in the applicable financial information framework, which requires, in some cases, of the application of significant judgments and estimates, especially in the evaluation of the costs that must be capitalised, as well as in the evaluation of the technical, economic, and commercial profitability of the projects in progress.

Given the high degree of judgment required in making the above estimates, we have considered the recording and valuation of research and development expenses to be a key matter in our audit.

In this regard, our audit procedures in response to this key matter have included, among others, the following procedures:

- Review of the activation process and analysis of the recoverability of these costs, including the criteria applied in the process of identifying research and development work, as well as obtaining an understanding of the related internal controls implemented by the Company.

- Additionally, we have verified that the different projects recognised in the balance sheet were specifically individualised and their costs clearly established and calculated in accordance with the direct and indirect cost allocation method implemented by the Company. In this regard, we have obtained an adequate understanding of said method and we have evaluated the reasonableness of the criteria applied to distinguish between direct costs attributable to research projects and direct costs attributable to development projects.

- We have verified, on a selective basis, that the capitalised amounts meet the requirements so that they can be capitalised, and we have obtained and reviewed the analysis carried out by the Company on the existence of well-founded reasons for technical success and economic-commercial profitability, the reasonableness of the hypotheses considered as well as the existence of sufficient funds to be able to complete the projects. Additionally, our specialists have reviewed the mathematical model of the cash flow projections for each project prepared by the Company.

- Additionally, we have evaluated that the disclosures of information included in the report in relation to this aspect are adequate with the requirements of the applicable accounting regulations.

Stock valuation

Under the stock heading of the balance sheet as of December 31, 2021, the Company has registered raw materials, other supplies, and finished products for a total amount of 7,456 thousand euros.

In accordance with the regulatory framework for financial information that is applicable and as indicated in note 4.g to the attached annual accounts, stocks are valued at their acquisition price, production cost or net realizable value, whichever is lower. The net realizable value represents the estimate of the sale price minus the estimated costs to complete its manufacture and the costs that will be incurred in the marketing, sale, and distribution processes.

Given the complexity of the process to determine the production cost of stocks and the estimation of their recoverable value, we have considered this aspect as a key audit matter.

In this regard, our audit procedures in response to this key matter have included, among others, the following procedures:

- Evaluation of the consistency of the accounting principles and criteria applied by the Company for the valuation of stocks as of December 31, 2021, with the regulatory framework for financial information that is applicable to it and with those applied in the previous year.

- Obtaining the production costs for the year 2021 and carrying out a critical evaluation of the nature of the items included and checking their inclusion in the profit and loss account for said year, checking for a sample of statistically selected references, their correct assessment.

- Review of the estimates made by the Company's Management to determine the net realizable value and its consistency with the Company's policy and with other available information, such as sales and subsequent returns, having statistically selected a sample of references for which we have reviewed their correct net valuation.

- Obtaining and reviewing information on the rotation of products in stock and carrying out a critical review of the judgments and criteria applied by Management in determining the provision for recorded obsolescence.

- Additionally, we have evaluated that the disclosures of information included in the annual accounts in relation to this aspect are adequate with the requirements of the applicable accounting regulations.

Other information: Directors' report

Other information comprises exclusively the directors' report for the 2021 financial year. The directors of the Company are responsible for preparing this report, which does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the directors' report. In accordance with the regulations governing the auditing of accounts, our responsibility regarding the directors' report includes evaluating and reporting on the consistency of the directors' report with the annual accounts, based on the knowledge of the Company obtained during our audit of those accounts, as well as evaluating and reporting on whether the content and presentation of the directors' report meet the requirements of the applicable regulations. If, because of our work, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described in the preceding paragraph, except for the qualification on the scope described in the following paragraph, the information contained in the directors' report is consistent with that disclosed in the annual accounts for the year 2021 and its content and presentation meet the requirements of the applicable regulations.

As described in the *Basis for qualified opinion* section above, there is a material misstatement of classification in the accompanying annual accounts. We have concluded that this circumstance affects the Directors' report in the same way and to the same extent.

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

The directors are responsible for the preparation of the accompanying annual accounts, so that they show a true and fair view of the equity, the financial position, and the results of the Company, in accordance with the framework of financial reporting standards applicable to the Company in Spain and for such internal control that they consider necessary to enable the preparation of annual accounts that are free from material misstatements, whether due to fraud or error.

In preparing the annual accounts, the directors are responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Audit committee is responsible for overseeing the process of preparing and presenting the annual accounts.

Auditor´s responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the 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 the current Spanish regulations for auditing accounts 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 based on these annual accounts.

As part of an audit in accordance with current Spanish regulations for auditing accounts, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures to respond 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to this in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.

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

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

We also provide the audit committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and have communicated with the audit committee those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

Additional report for the audit committee

The opinion expressed in this report is consistent with the content of our additional report to the audit committee dated on April 29, 2022.

Appointment period

We were appointed as auditors for a period of 3 years, counted from the year ended December 31, 2020, by the Ordinary General Meeting of Shareholders held on June 25, 2020.

Grant Thornton, S.L.P. Sociedad Unipersonal

ROAC nº S0231

Isabel Perea Gaviria

ROAC nº 20226

April 29, 2022

PLÁSTICOS COMPUESTOS, S.A.

Balance Sheet

31 December 2021

(Stated in Euros)

Assets	*Note*	*2021*	*Restated 2020*
Intangible fixed assets	**Note 5**	**4,059,561**	**3,647,449**
Research & Development		3,651,016	3,184,684
Patents, licences, brands and similar		170,905	182,337
Computer software		237,640	280,428
Property, plant and equipment	**Note 6**	**21,053,955**	**21,248,533**
Land and buildings		182,737	195,389
Technical plant, machinery, tools, furnishings and other PPE		20,222,282	21,008,051
Work in progress and advances		648,936	45,093
Long-term financial investments	**Note 11**	**191,516**	**147,515**
Loans to third parties		50,000	50,000
Other financial assets		141,516	97,515
Deferred tax assets	**Note 18**	**851,348**	**683,078**
Total non-current assets		**26,156,380**	**25,726,575**
Inventories	**Note 12**	**7,803,086**	**7,773,243**
Commodities and other short-term supplies		2,951,954	2,562,527
Finished short-cycle products		4,504,129	5,210,716
Advances to suppliers		347,003	-
Trade and other accounts receivable.	**Note 11**	**3,254,396**	**2,110,464**
Short-term trade receivables		1,799,482	893,603
Personnel		20,214	27,550
Other receivables from Public Entities	**Note 18**	1,434,700	1,189,311
Short-term financial investments	**Note 11**	**826,163**	**610,276**
Equity instruments		30,000	14,701
Other financial assets		796,163	595,575
Short-term accruals		**92,917**	**55,261**
Cash and cash equivalents		**3,393,863**	**4,024,944**
Cash and banks		3,393,863	4,024,944
Total current assets		**15,370,425**	**14,574,188**
Total Assets		**41,526,805**	**40,300,763**

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PLÁSTICOS COMPUESTOS, S.A.

Balance Sheet

31 December 2021

(Stated in Euros)

Equity and Liabilities	*Note*	*2021*	*Restated 2020*
Shareholders' equity	**Note 13**	**14,547,101**	**14,922,106**
Capital			
Issued capital		7,293,420	7,293,420
Share premium		8,773,675	8,773,675
Reserves			
Legal and statutory		355,102	355,102
Other reserves		413,998	408,567
(Treasury shares and equity instruments)		(336,462)	(323,833)
Loss from previous years		(1,584,825)	-
Year's profit/(loss)		(367,807)	(1,584,825)
Subsidies, donations and bequests received	**Note 14**	258,471	267,137
Total Equity		**14,805,572**	**15,189,243**
Long-term provisions		**185,504**	**184,641**
Other provisions		185,504	184,641
Long-term debt		**11,873,504**	**13,176,845**
Payables to credit entities	**Note 15-16**	6,926,138	7,448,422
Finance lease payables	**Note 7**	1,428,937	1,472,471
Other financial liabilities	**Note 15-16**	3,518,429	4,255,952
Deferred tax liabilities	**Note 18**	**158,141**	**149,635**
Total non-current liabilities		**12,217,149**	**13,511,121**
Short-term provisions		**69,251**	**84,259**
Other provisions		69,251	84,259
Short-term debt		**4,114,245**	**2,366,064**
Payables to credit entities	**Note 15-16**	3,633,808	1,714,229
Finance lease payables	**Note 7**	380,732	605,797
Other financial liabilities		99,705	46,038
Trade and other accounts payable	**Note 15-16**	**10,320,588**	**9,150,076**
Short-term suppliers		6,471,988	5,667,001
Sundry accounts payable		3,435,887	3,038,697
Personnel (outstanding salaries)		170,192	252,174
Other payables to Public Entities	**Note 18**	165,541	153,801
Customer advances		76,980	38,403
Total current liabilities		**14,504,084**	**11,600,399**
Total Equity and Liabilities		**41,526,805**	**40,300,763**

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PLÁSTICOS COMPUESTOS, S.A.

Income Statement
for the year ended
31 December 2021

(Stated in Euros)

	Note	2021	Restated 2020
Net turnover	**Note 21**	**58,914,038**	**43,142,136**
Sales		58,914,038	43,142,136
Changes in inventories of finished goods and work in progress		**(631,824)**	**245,525**
Work carried out by the company for its assets	**Note 5 and 6**	**1,316,650**	**1,243,286**
Supplies	**Note 21**	**(41,654,995)**	**(30,469,680)**
Commodities and other consumables used		(41,628,618)	(30,454,098)
Outsourced work		(26,377)	(15,582)
Other operating income		**11,877**	**24,953**
Non-trading and other operating income		11,877	24,953
Personnel expenses		**(4,010,532)**	**(3,593,170)**
Salaries, wages and similar		(3,128,699)	(2,762,103)
Employee benefits expense	**Note 21**	(881,833)	(831,067)
Other operating expenses		**(10,698,777)**	**(8,230,362)**
Outsourced Services	**Note 21**	(10,648,757)	(8,156,295)
Taxes		(76,809)	(74,067)
Losses, impairment and changes in provisions for trade operations	**Note 10**	26,789	-
Amortisation/depreciation of fixed assets	**Note 5 and 6**	**(2,706,494)**	**(2,595,954)**
Subsidies received on non-financial and other fixed assets	**Note 14**	**31,926**	**28,382**
Impairment and profit/(loss) from fixed asset disposals		**-**	**(410,163)**
Profit/loss from disposals and other operations		-	(410,163)
Other profit/(loss)	**Note 21**	**(14,345)**	**(211,887)**
Operating profit/(loss)		**557,524**	**(826,934)**
Financial revenue		**2,299**	**318**
From negotiable securities and other financial instruments			
From third parties		2,299	318
Financial expenses		**(1,158,260)**	**(1,133,635)**
For debts with third parties		(1,158,260)	(1,133,635)
Variation in fair value of financial instruments		-	**(20,237)**
Trading portfolio and others		-	(20,237)
Currency exchange differences		**22,672**	**(44,231)**
Financial profit/(loss)		**(1,133,289)**	**(1,197,785)**
Profit/(Loss) before tax		(575,765)	(2,024,719)
Corporation tax	**Note 18**	207,958	439,894
Year's Profit/(Loss)		**(367,807)**	**(1,584,825)**

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PLÁSTICOS COMPUESTOS, S.A.

Statement of Changes In Equity
for the year ended
31 December 2021

A) Statement of Recognised Income and Expenses
for the year ended
31 December 2021

(Stated in Euros)

	Note	*2021*	*Restated 2020*
Profit/(Loss) in the Income Statement		**(367,807)**	**(1,584,825)**
Income and expenses recognised directly in Equity			
Subsidies, donations and bequests	**Note 14**	16,828	57,028
Tax Effect		(4,207)	(14,257)
Total income and expense recognised directly in Equity		**12,621**	**42,771**
Transfers to the Income Statement			
Subsidies, donations and bequests	**Note 14**	(31,926)	(28,382)
Tax Effect		7,982	7,096
Total transfers to the Income Statement		**(23,944)**	**(21,286)**
Total recognised income and expenses		**(379,130)**	**(1,563,340)**

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PLÁSTICOS COMPUESTOS, S.A.

Statement of Changes In Equity
for the year ended
31 December 2021

B) Statement of Total Changes in Equity for the year ended
31 December 2021

(Stated in Euros)

	Issued capital	Share premium	Reserves	Loss from previous years	Treasury shares and equity instruments	Year's profit/(loss)	Subsidies, donations and bequests received	Total
Adjusted balance on 31 December 2020	**7,293,420**	**8,773,675**	**763,669**	**-**	**(323,833)**	**(1,584,825)**	**267,137**	**15,189,243**
Recognised income and expenses	-	-	-	-	-	(367,807)	(8,666)	**(376,473)**
Transactions with shareholders or owners								
Treasury shares (note 13)	-	-	5,431	-	(12,629)	-	-	**(7,198)**
Profit/loss distribution 2020 (note 3)	-	-	-	(1,584,825)	-	1,584,825	-	-
Balance as at 31 December 2021	**7,293,420**	**8,773,675**	**769,100**	**(1,584,825)**	**(336,462)**	**(367,807)**	**258,471**	**14,805,572**

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PLÁSTICOS COMPUESTOS, S.A.

Statement of Changes In Equity
for the year ended
31 December 2020

B) Statement of Total Changes in Equity for the year ended
31 December 2020

(Stated in Euros)

Restated movement	Issued capital	Share premium	Reserves	Treasury shares and equity instruments	Year's profit/(loss)	Subsidies, donations and bequests received	Total
Balance as at 31 December 2019	**7,293,420**	**8,773,675**	**673,396**	**(291,667)**	**212,576**	**245,652**	**16,907,052**
Recognised income and expenses	-	-	-	-	(1,278,552)	21,485	**(1,257,067)**
Adjustments due to errors in 2019 and previous years.			(134,331)				**(134,331)**
Transactions with shareholders or owners							
Treasury shares (note 13)	-	-	12,028	(32,166)	-	-	**(20,138)**
Distribution of profit for 2019 (note 13)	-	-	212,576	-	(212,576)	-	**-**
Balance as at 31 December 2020	**7,293,420**	**8,773,675**	**763,669**	**(323,833)**	**(1,278,552)**	**267,137**	**15,495,516**
Adjustments due to errors in 2020 (note 2e)	**-**	**-**	**-**	**-**	(306,273)		**(306,273)**
Balance as at 31 December 2020, adjusted	**7,293,420**	**8,773,675**	**763,669**	**(323,833)**	**(1,584,825)**	**267,137**	**15,189,243**

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PLÁSTICOS COMPUESTOS, S.A.

Cash Flow Statement
for the year ended
31 December 2021

(Stated in Euros)

	Note	*2021*	*Restated 2020*
Cash flows from operating activities			
Year's profit/(loss) before tax		**(575,765)**	**(2,024,719)**
Adjustments to profit/(loss)			
Amortisation/depreciation of fixed assets	**Notes 5 and 6**	2,706,494	2,595,952
Adjustments of value due to impairment	**Notes 5 and 6**	58,290	410,163
Variation in provisions		863	182,268
Subsidy allocation		(31,926)	
Financial revenue		(2,299)	-
Financial expenses		1,158,260	1,197,785
Currency exchange differences		22,672	-
Other income and expenses	**Notes 5 and 6**	(1,318,056)	(1,243,285)
Changes in working capital			
Inventories		(114,922)	(700,264)
Debtors and other accounts receivable		(1,325,974)	2,177,225
Other current liabilities		(37,655)	-
Creditors and other accounts payable		1,196,093	959,693
Other cash flows from operating activities			
Interest payments		(1,154,716)	(1,197,785)
Interest received		-	-
Corporation tax received (paid)		-	54,383
Other amounts received (paid)		-	-
Cash flows (used in)/ from operating activities		**1,157,123**	**2,411,416**
Cash flows from investment activities			
Payments on investments			
Intangible fixed assets	**Note 5**	(103,348)	(128,438)
Property, plant and equipment	**Note 6**	(1,504,743)	(1,777,927)
Other financial assets		(74,001)	(208,919)
Income from divestments			
Other assets		27,361	187,120
Cash flows used in investment activities		**(1,654,731)**	**(1,928,164)**
Cash Flows from financing activities			
Collections and payments for equity instruments			
Capital increase and share premium	**Note 13**	-	12,028
Acquisition of own equity instruments	**Note 13**	(4,682)	(32,166)
Amortisation of equity instruments		-	(134,331)
Subsidies, donations and bequests received	**Note 14**	-	21,485
Collections and payments for financial liability instruments			
Issue			
Payables to credit entities		2,593,384	6,450,576
Other debts	**Note 16**	272,848	-
Repayment and amortisation of			
Payables to credit entities		(1,349,806)	(3,019,489)
Other debts		(1,046,780)	(830,373)
Cash Flows from financing activities		**464,964**	**2,467,730**
Impact from exchange rate variations		(22,672)	-
Net increase on cash and cash equivalents		(631,081)	2,950,982
Cash and cash equivalents at the start of the year		4,024,944	1,073,962
Cash and cash equivalents at year-end		3,393,863	4,024,944

(1) Company's Nature and Activities

Plásticos Compuestos, S.A (hereinafter the Company), is a company incorporated in Spain under the Spanish Capital Companies Law. The Company's main activity is the design and manufacture of mineral loads and "masterbatches" of colour and additive concentrates and other compounds for the plastic processing industry, including components to produce environmentally sustainable plastics.
Its registered address is at Calle Orfebrería 3, Palau Solità i Plegamans (Barcelona) where it operates its business.

Following the capital increase approved by the Extraordinary General Meeting of Shareholders on 24 July 2019 (see note 13), the Company ceased to form part of the group headed by CCP Masterbatch, S.L.

Plásticos Compuestos, S.A began listing its shares on BME Growth, the Spanish securities market for growing SMEs, on 12 August 2019.

On 19 July 2021, the Company listed all its shares on Euronext Paris, the French securities market.

As a result, the Company's shares are listed on both markets as at 31 December 2021.

The Company has a stake in 3D Masterbatch, S.L., a company that has been inoperative since 2008, with an investment of one thousand euros, and which is fully impaired. As the Company's only stake is in a subsidiary with no significant interest, the Company is not required to file consolidated annual accounts because of its size.

As at 31 December 2021 and 2020, Plásticos Compuestos, S.A. does not constitute a decision-making unit under the provisions of Standard 13 of the Financial Statement Standards with other companies having their registered offices in Spain.

(2) Reporting standards

(a) True and Fair View

The Financial Statements, made up of the Balance Sheet, Income Statement, the Statement of Changes in Equity, Cash Flow Statement and the Annual Report including notes 1 to 25, are based on the accountancy records, having applied the current legal provisions on accountancy, specifically the Spanish Accounting System passed by Royal Decree 1514/2007 of 16 November 2007 and its amendments passed by Royal Decree 1159/2010 of 17 September, by Royal Decree 602/2016 of 2 December and by Royal Decree 1/2021 of 12 January, in order to provide a true view of the equity, the financial situation, the profit or loss, the changes in equity and the cash flows for the year.

The Company's Directors estimate that these 2021 Financial Statements will be approved at the Annual General Meeting without changes.

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(b) Going concern principle

The Company's Directors have prepared these 2021 Financial Statements under the "Going Concern" principle. Below is a list of impacts and countermeasures:

- In 2021, the Company posted a loss of 367,807 euros (1,584,825 euros in 2020).

This loss was due to the following causes:

- In 2021, the Company's return was hit by higher energy prices, especially in the fourth quarter, and saw its operating results fall by one million euros, according to the management's forecasts.

- General hike in commodity prices due to their shortage in the market.

- Generally speaking, the Company is sensitive to different external factors related to the socio-economic environment where it operates, mostly effects resulting from possible fluctuations in commodities, especially oil.

- After being harshly hit by the coronavirus pandemic in 2020, the chemicals industry has gradually recovered and the markets have begun to rally. Despite all this, Plásticos Compuestos, S.A. increased its business turnover by 36.5% and the Company's loss was 1,217,018 euros less than a year ago.

- Effects caused by the Russian-Ukrainian conflict (Note 25).

- Higher interest rates and funding difficulties.

Countermeasures:

- The impact from the higher prices in commodities was absorbed by the gross margin by implementing an effective sales strategy in the second half of the year, which involved strengthening our focus on higher quality sales. This policy will continue in 2022 and thereafter.

- The Company decided to optimise its business through efficiency and the support of a good sales policy. These initiatives improved the Company's return, which became especially visible in the fourth quarter and will continue throughout 2022.

- The Company has a positive working capital.

- The price hikes applied in 2021 to offset the higher prices in commodities proved to be effective and improved the return considerably in the fourth quarter compared to 2020.

- Following the impact of the higher cost of energy and commodities in 2021, the Company's outlook for 2022, taking into account the forecasts for the market the Company operates in, is a year-over-year increase of its net turnover in 2022. All this bearing in mind the market volatility caused by the Russia-Ukraine war and the soaring prices of energy and supplies in general.

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In view of the Company's business, the impact of the Russia-Ukraine war could mainly impact the sourcing of certain commodities and an increase in the energy and gas spend. In order to minimise these potential risks, some of which had already begun in 2021, the Company has a series of countermeasures to ease the impact and achieve its 2022 targets:

- For the sourcing of commodities, the Company will offset this impact by seeking other sources, minimising the stockout risk to keep the business running smoothly.

The Company controls this risk by constantly monitoring its margins, not only on its average purchase prices, which are used to value the inventory, but also on its restocking prices.

- Higher energy costs: in order to ease and reduce the energy cost, the Company has taken out an insurance on the electricity price, thus reducing the cost overrun caused by the hikes. This will help the Company meet its estimates for the 2022 results.

The uncertainty surrounding today's socio-economic landscape and its effects on the global economy, at the time of these Financial Statements, is expected to affect global growth and the price index and, consequently, the Company's business growth in 2022. This situation and its impact on the Company could become worse if Spain and the rest of Europe were to slide into a recession due to the war between Russia and Ukraine.

The extent of its repercussions on the Company's business and operating results will depend on future developments, which are wrapped in uncertainty and completely unpredictable, including future economic conditions and the measures to contain and face the consequences, among other factors. The Company's Directors and the management team are implementing the aforementioned measures and will continue to take the necessary actions to successfully tackle any potential difficulties, financial or non-financial, hoping to be able to meet all the financial liabilities and ratios in 2022 and the following years.

The Company considers that the economic and financial actions taken in 2020 and 2021, as well as the ones planned for 2022, along with the foundations of its strategic plan, will help build a stronger, more efficient and more competitive Company that continues to grow and improve its performance targets, hoping to be able to meet all its financial liabilities and ratios from 2022 onwards.

(c) Comparison of the information

In accordance with Spanish trade laws, the Financial Statements show the figures for 2021 and the previous year to enable their comparison for every item in the Balance Sheet, Income Statement, Statement of Changes in Equity and Cash Flow Statement. The Annual Report also includes quantitative information on the previous year, unless the accountancy standard specifically establishes that this is not necessary. The statements for 2020 were approved at the Annual General Meeting held on 14 May 2021 and show some differences due to the correction of errors detailed in note 2e.

Spanish Royal Decree 1/2021 of 12 January amended Spanish recognition and measurement standards (NRV) number 9 on financial instruments and number 14 on revenue from sales and services in the Spanish Accounting System passed by Royal Decree 1514/2007 of 16 November 2007. The Transitional Provisions Two and Three of said Royal Decree set forth the transitional recognition and measurement standards to be applied on the date of first-time implementation, for financial instruments and Transitional Provision Five, the transitional recognition and measurement standards to revenue from sales and services. Said provisions, as an exception to the general criterion set forth by NRV 22 on changes to accountancy criteria, errors and accounting estimates, exempt the Company from the duty to restate the comparative figures shown in these Financial Statements. For this reason, when comparing the figures in the statements, one must bear in mind the impacts of applying said changes for the first time, which are detailed in note 2.d.

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(d) Transition

The passing of Royal Decree 1/2021 of 12 January modified the Spanish Accounting System passed by Spanish Royal Decree 1514/2007 of 16 November 2007 and by doing so, the accounting method for several elements in the Financial Statements. Pursuant to Transitional Provision One of the aforementioned Royal Decree, we include the following information on transition:

<u>Financial instruments</u>

The changes introduced by Spanish Royal Decree 1/2021 of 12 January, come into force for all years starting on 1 January 2021 or after, including the new NRV 9 on financial instruments. Transitional Provision Two of the aforementioned standard sets forth the rules on the date the standard is first implemented, essentially allowing two transition models:

- Full retrospective model, which involves the restatement of comparative figures according to the new NRV 22 “Changes to accounting principles, errors and accounting estimates” of the Spanish Accounting System, with a series of practical exemptions that simplify the adjustment of comparative figures to the new NRV 9 of the Spanish Accounting System.

- Simplified retrospective model, which means introducing an adjustment to adapt the opening balances for the year when the aforementioned standard is first implemented, without having to restate the comparative figures, thus benefiting from a series of practical simplifications that help apply it on the date of its implementation.

The Company chose to apply the simplified retrospective model.

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Restated balances	Non-current financial assets				Current financial assets			
	31.12.2020	Transition adjustment (with no impact on Equity)	Transition adjustment (with impact on Equity)	**01.01.2021**	**31.12.2020**	Transition adjustment (with no impact on Equity)	Transition adjustment (with impact on Equity)	**01.01.2021**
Old Categories NRV 9 Spanish Accounting System								
Assets at fair value held for trading through the Income Statement	-	-	-	-	14,701	(14,701)	-	-
Held for trading	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Investments in group, jointly controlled and affiliated companies	-	-	-	-	-	-	-	-
Investments held until maturity	-	-	-	-	-	-	-	-
Loans and receivables	147,515	(147,515)	-	-	1,516,728	(1,516,728)	-	-
Assets available for sale:								
Measured at fair value	-	-	-	-	-	-	-	-
Measured at cost	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-	-
New Categories NRV 9 Spanish Accounting System								
Assets at fair value held for trading through the Income Statement	-	-	-	-	-	14,701	-	14,701
Held for trading	-	-	-	-	-	14,701	-	14,701
Others	-	-	-	-	-	-	-	-
Financial assets at amortised cost.	-	147,515	-	147,515	-	1,516,728		1,516,728
Financial assets at fair value through the Equity	-	-	-	-	-	-	-	-
Financial assets at cost	-	-	-	-	-	-	-	-
	147,515	**-**	**-**	**147,515**	**1,531,429**	**-**	**-**	**1,531,429**

The Company classified under the "Financial assets at amortised cost" category any financial assets that accrue cash flows as principal and interest and for which the Company, on the transition date, was applying a business model aimed at managing the collection of said cash flows. The Company has classified in said category all financial assets that used to be under the "Loans and receivables" category.

The Company has applied the business model it applied to financial assets on the date the standard was implemented for the first time, for the purposes of classifying them according to the new categories established by the new NRV 9 of the Spanish Accounting System.

Financial Liabilities

Below is the reconciliation between the classification and measurement of the financial liabilities as at 1 January 2021 recorded according to the old NRV 9 on financial instruments of the Spanish Accounting System and the classification and measurement of those same financial liabilities when recorded under the new standard on financial instruments:

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Restated balances	Non-current financial liabilities				Current financial liabilities			
	31.12.2020	Transition adjustment (with no impact on Equity)	Transition adjustment (with impact on Equity)	**01.01.2021**	**31.12.2020**	Transition adjustment (with no impact on Equity)	Transition adjustment (with impact on Equity)	**01.01.2021**
Old Categories NRV 9 Spanish Accounting System								
Debits and payables	13,176,845	(13,176,845)	-	-	11,362,339	(11,362,339)	-	-
Financial liabilities held for trading	-	-	-	-	-	-	-	-
Other financial liabilities at fair value through the Income Statement	-	-	-	-	-	-	-	-
New Categories NRV 9 Spanish Accounting System								
Financial liabilities at amortised cost	-	13,176,845	-	13,176,845	-	11,362,339	-	11,362,339
Financial liabilities at fair value through the Income Statement	-	-	-	-	-	-	-	-
	13,176,845	**-**	**-**	**13,176,845**	**11,362,339**	**-**	**-**	**11,362,339**

Revenue from sales

The changes introduced by Spanish Royal Decree 1/2021 of 12 January, come into force for all years starting on 1 January 2021 or after, including the new NRV 14 on “revenue from sales and services” Transitional Provision Two of the aforementioned standard sets forth the rules on the date the standard is first implemented, essentially allowing two transition models:

- Full retrospective model, which involves the restatement of comparative figures according to the new NRV 22 “Changes to accounting principles, errors and accounting estimates” of the Spanish Accounting System, with a series of practical exemptions that simplify the adjustment of comparative figures to the new NRV 14 of the Spanish Accounting System.

- Simplified retrospective model, which means introducing an adjustment to adapt the opening balances for the year when the aforementioned standard is first implemented, without having to restate the comparative figures, thus benefiting from a series of practical simplifications that help apply it on the date of its implementation.

- Practical solution: for which only the contracts with customers signed on or after the first-implementation date will be subject to the criteria set forth in the new NRV 14 on “revenue from sales and services”.

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The Company has chosen to apply the simplified retrospective model and this did not require introducing any adjustments to adapt the opening balances of the year said standard was first implemented.

(e) Correction of errors

In 2021, we observed that a few expenses had been recorded in the wrong period. The Company corrected these errors by recording them according to their nature and restating the opening balances from the previous year. The effects of these corrections are as follows:

	2020	**Total**
Net turnover.- Incoterm	(561,906)	(561,906)
Changes in inventories.- Incoterm	375,044	375,044
Outsourced services	(71,824)	(71,824)
Other profit/(loss)	(150,260)	(150,260)
Corporation tax	102,673	102,673
	(306,273)	**(306,273)**

Basically, the adjustments detailed above are due to:

- Appropriate recognition in the item Revenue from sales and volume discounts.
- Invoices to be received that accrued in 2020.
- Recognition of provisions for risks and expenses related to the Company's operations.

The corrections identified for the comparative figures of each item in the Financial Statement documents are as follows:

Balance Sheet as at 31 December 2020

Assets	**Euros**
Deferred tax assets - Increase	102,673
Inventories. - Finished products	375,044
Receivables from sales and services	(561,906)
	(84,189)

Liabilities	**Euros**
Profit/(Loss) for the period - Decrease	**(306,273)**
Trade and other accounts payable - Increase	71,824
Other payables to Public Entities - Increase	150,260
	(84,189)

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Income Statement for the year ended 31 December 2020

	Euros
Net turnover- Incoterm	(421,044)
Changes in inventories	375,044
Volume discount 2020	(140,862)
External services - Increase	(71,824)
Other profits/(loss) - Increase	(150,260)
Corporation tax - Decrease	102,673
Year's profit/(loss)	**(306,273)**

(d) Operating currency and reporting currency

The Financial Statements are stated in euros, which is the Company's operating and reporting currency.

(g) Critical aspects regarding the measurement and estimation of relevant uncertainties and judgements used when applying accounting principles

Preparing the Financial Statements involves relevant accounting estimates and judgements and other estimates and assumptions in applying the Company's accounting principles. In this regard, we summarise the aspects that have required a higher degree of judgement or complexity or in which the assumptions and estimates are significant for the preparation of the Financial Statements:

- Useful life of intangible and tangible fixed assets. (See Note 5 and 6)
- Recoverability of the value of R&D projects. (See Note 5)
- Recoverability of deferred tax assets. (See Note 18)
- Ratio estimates (See Note 16)

Despite the fact that the estimates made by the Company's Directors have been based on the best information available as at 31 December 2021, it is possible that future events may require changes in coming years. The effect on the Financial Statements of any alterations that may arise from adjustments to be made in coming years would be recorded prospectively.

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(3) Distribution of Profit or Loss

The distribution of the Company's profit or loss for the year ended 31 December 2021, prepared by its Directors on 31 March 2022, is as follows:

	Euros
Basis for distribution	
Loss for the year	(367,807)
Allocation	
Loss from previous years	(367,807)
	(367,807)

The distribution of the Company's profit or loss for the year ended 31 December 2020, approved by the Annual General Meeting on 14 May 2021, is as follows:

	Euros
Basis for distribution	
Loss for the year	(1,278,552)*
Allocation	
Loss from previous years	(1,278,552)
	(1,278,552)

*This result is different from the accounting result in the Statement of Changes in Equity for 2020, after correcting the errors shown in note 2e.

As at 31 December 2021 and 2020, the amounts of the restricted reserves are as follows:

	Euros	
	31 December 2021	31 December 2020
Restricted reserves:		
Legal Reserve	355,102	355,102

The Company's reserves designated as unrestricted are, however, subject to the distribution limitations described below:

Until the item of R&D expenses has been fully amortised, no dividends may be distributed, unless the amount of the unrestricted reserves is at least equal to the amount of the unamortised balances. As at 31 December 2021 the Company had recorded R&D expenses of 3,651,016 euros (3,184,684 euros in 2020). In addition, the distribution of dividends is linked to the fulfilment of the ratios described in note 16 herein.

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(4) Measuring and Reporting Principles

(a) Intangible fixed assets

Items included in Intangible fixed assets are measured at their purchase price or production cost, following the same principles as those established to calculate the production cost of the inventories. Capitalised production costs are recognised under the heading "Work carried out by the company for its assets" in the Income Statement. Intangible fixed assets are recognised on the Balance Sheet at cost, minus any accrued amortisation and impairment adjustments.

(i) Research & Development

The expenses related to research activities are recorded as an expense on the Income Statement when they are incurred.

The Company capitalises the Research expenditure incurred in a specific, individual project when the expenditure meets the following conditions:

* The cost is clearly established so that it can be distributed over time.

* A tight connection can be established between research "projects" and goals pursued and achieved. The assessment of this requisite will be made generically for each set of activities that are interlinked due to the existence of a common goal.

The Company capitalises the Development expenditure in a specific, individual project when the expenditure meets the following conditions:

* The expenditure attributable to implementing the project can be reliably measured.

* The assignment, allocation and recognition of the costs of each project are clearly established.

* There are sound reasons to foresee the technical success of these projects, either to operate it directly or to sell the project output to a third party once it is finished, if there is a market for it.

* The project's financial-commercial return is reasonably guaranteed.

* The funding to complete the project, the availability of adequate technical and other resources to complete it and to use or sell the intangible asset are all reasonably assured.

* The Company intends to finish the intangible asset for its use or sale.

If the Company cannot separate the Research phase from the Development phase, the costs incurred are treated as Research expenditure.

The expenses allocated to profit or loss in previous years cannot be subsequently capitalised once the conditions have been met.

Once the asset is entered into the appropriate Public Registry, the development expenses are reclassified under the item Patents, licences, brands and similar.

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(ii) Computer software

Computer software purchased and developed by the company itself, including expenses for web development, are recognised insofar as they meet the conditions described for development expenses. Computer software maintenance costs are expensed when incurred.

(iii) Subsequent costs

Any subsequent costs incurred in intangible fixed assets are recorded as expenditure, unless they increase the future profits expected from the assets.

(iv) Useful life and amortisation

Intangible fixed assets are amortised on a systematic basis over their useful life by applying the following principles:

	Amortisation method	**Years of estimated useful life**
Research & Development	Straight-line	2-5
Patents, licences, brands and similar	Straight-line	5
Computer software	Straight-line	4

Research expenses are amortised on a straight-line basis from the when they are capitalised and development expenses are amortised on a straight-line basis from the project termination date.

The Company reassesses the residual value, useful life and amortisation method for intangible assets at the end of each reporting period. Any modifications to the initially established criteria are recognised as a change of estimate.

(iii) Impairment loss on fixed assets

The Company measures and determines impairment losses and the reversal of such losses on its intangible assets based on the criteria set forth in section (c) Impairment loss on non-financial assets subject to amortisation or depreciation.

(b) Property, plant and equipment

(i) Initial recognition

The assets included in Property, plant and equipment are recognised at their purchase price or production cost, following the same principles as those established to determine the production cost of inventories. Capitalised production costs are recognised under the heading "Work carried out by the company for its assets" in the Income Statement. Intangible fixed assets are recorded on the Balance Sheet at cost, minus any accrued amortisation and impairment adjustments.

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(ii) Depreciation

Items in Property, plant and equipment are depreciated by allocating the depreciable amount of the asset on a systematic basis over its useful life. For these purposes, the depreciable amount is the purchase cost minus its residual value. The Company determines the depreciation expense separately for each part that has a significant cost in relation to the total cost of the element and a different useful life from the rest of the element.

The depreciation of items in Property, plant and equipment is calculated applying the criteria outlined below:

	Depreciation method	**Years of estimated useful life**
Buildings	Straight-line	25
Technical plant and equipment	Straight-line	18
Other fixtures, fittings, tools and furnishings	Straight-line	5-20
Other property, plant and equipment	Straight-line	4
Data processing equipment	Straight-line	4

The Group reassesses the residual value, useful life and depreciation method for Property, plant and equipment at the end of each reporting period. Any modifications to the initially established criteria are recognised as a change of estimate.

(iii) Subsequent costs

After the initial recognition of an asset, the only costs capitalised are those incurred which lead to increased capacity or productivity, or to a lengthening of the useful lives of the assets with the derecognition of the carrying amount of replaced items. In this regard, only the costs of day-to-day maintenance of Property, plant and equipment are recognised in the Income Statement when incurred.

Replacements of Property, plant and equipment which meet the requirements for capitalisation imply a reduction of the carrying amount of the items replaced. When the cost of the items replaced has not been depreciated separately and it is not practical to determine their carrying amount, the replacement cost is used as an indication of the cost of the items at the time of their acquisition or construction.

(iv) Value impairment of assets

The Company measures and determines impairment losses and the reversal of such losses on its Property, plant and equipment based on the criteria set forth in section (c) Impairment loss on non-financial assets subject to amortisation or depreciation.

(c) Impairment loss on non-financial assets subject to amortisation or depreciation

The Company evaluates whether there are signs of impairment loss on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount, this being understood as the higher between the fair value of an asset minus its costs of sale and its value in use.

Similarly, and irrespective of whether there are signs of impairment, the Company verifies at least once a year any possible impairment losses that could affect the intangible fixed assets that are not yet ready to use.

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An asset's value in use is calculated based on the expected future cash flows deriving from the use of the assets, expectations of possible variations in the amount or timing of those future cash flows, the time value of money, the price for bearing the uncertainty inherent in the asset and other factors that market participants would reflect in measuring the future cash flows associated with the asset.

Impairment losses are recognised in the Income Statement.

Meanwhile, if the Company has any reasonable doubts as to the technical success or financial-commercial return on the R&D projects under way, the amounts recorded on the Balance Sheet are recognised directly under losses arising from the intangible fixed assets on the Income Statement, and are not reversible.

The reversal of an impairment loss is credited to the Income Statement. However, the reversal of the loss cannot increase the carrying amount of the asset in excess of the carrying amount which would have been obtained, net of amortisation/depreciation, had no impairment loss been recorded.

Once the valuation adjustments for impairment or their reversal are recognised, the amortisations/depreciations for the following years are adjusted taking the new carrying amount into consideration.

Notwithstanding the above, if the specific circumstances of the assets reveal an irreversible loss, it is directly recognised under losses on fixed assets in the Income Statement.

(d) Leases

(i) Accounting by the lessee

Lease contracts in which, at inception, all the risks and benefits of ownership of the assets are substantially transferred to the Company, are classified as finance leases, otherwise they are classified as operating leases.

* *Finance Leases*

At the commencement of the lease term, the Company recognises an asset and a liability for the lower of the fair value of the leased asset and the current value of the minimum lease payments. The initial direct costs are included as increased value of the asset. The minimum payments are divided between the reduction of the outstanding liability and the financial burden. Financial expenses are recorded on the Income Statement using the effective interest rate method.

The accounting principles that are applied to the assets used by the Company under the signed lease agreements classified as finance leases are the same as those described in section (b) (Property, plant and equipment).

* *Operating leases*

Lease payments under an operating lease, net of any incentives received, are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefits from the lease.

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(e) Financial instruments

(i) Recognition

The Company classifies financial instruments, when firstly recognised, as a financial asset, a financial liability or an equity instrument based on the economic value of the transaction and bearing in mind the definitions of financial asset, financial liability and equity instrument in the applicable financial reporting framework, which is described in note 2.a.

Recognition of a financial instrument takes place as soon as the Company becomes a liable party to said instrument, as its acquirer, holder or issuer.

(ii) Classification and separation of financial instruments

The Company classifies its financial assets based on the business model applied to them and the characteristics of the cash flows of the instrument.

The business model is determined by the Company's Management and shows how they jointly manage each group of financial assets to reach a specific business goal. The business model applied by the Company to each group of financial assets is the way it manages them in order to gain cash flows.

When classifying the assets, the Company also takes into account the characteristics of the cash flows accrued by the assets. Specifically, it distinguishes between financial assets whose contractual conditions produce, on preset dates, cash flows that are solely payments of principal and interest on the amount of the principal amounts outstanding (hereinafter, assets that meet the SPPI criterion), and all other financial assets (hereinafter, assets that do not meet the SPPI criterion).

Specifically, the Company's financial assets are mainly classified under the following category:

- Financial assets at amortised cost

These are financial assets to which the Company applies a business model that aims to earn cash flows from executing the contract, and the contractual conditions of the financial asset produce, on preset dates, cash flows that are solely payments of principal and interest, on the principal amounts outstanding, even if the asset is traded on an organised market, which means that they are assets that meet the SPPI criterion (financial assets whose contractual conditions produce, on preset dates, cash flows that are solely payments of principal and interest on the principal amounts outstanding).

The Company considers that the contractual cash flows of a financial asset are solely payments of principal and interest on the principal amounts outstanding when they belong to an ordinary or normal loan, without prejudice to them being interest-free or having a below-market interest rate. The Company believes that the following do not meet said criterion and are therefore not classified under that category: financial assets that are convertible into the issuer's equity instruments, loans with reversal variable interest rates (i.e. a rate that has a reverse relation with the market interest rates); or those where the issuer can defer the payment of interest if such payment would affect its solvency, without the deferred interest accruing extra interest.

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When assessing whether the Company is applying a business model based on the collection of contractual cash flows to a group of financial assets or it is applying a different business model, it takes into account the calendar, the frequency and the value of current and past sales within said group of financial assets. The actual sales do not determine the business model. Therefore, they cannot be considered separately. For this reason, the existence of occasional sales within a same group of financial assets does not determine the change of business model for all other financial assets included in that group. To assess if said sales warrant a change of business model, the Company bears in mind the existing information on past and forecast sales for a same group of financial assets. The Company also takes into account the conditions at the time of the past sales and the current conditions when assessing the business model applied to a group of financial assets.

This category generally includes loans for commercial and non-commercial operations:

- Loans for commercial operations: These are financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company's business due to a deferred payment.

- Loans for non-commercial operations: These are financial assets which, while not being of commercial origin, are not equity instruments or derivatives, have fixed or determinable payments and arise from loan or credit facilities granted by the Company.

These are initially recorded at the fair value of the consideration given plus the costs that are directly attributable to the transaction.

Nevertheless, loans for commercial operations with a maturity of no more than one year and which do not have a contractual interest rate are initially measured at their par value when the effect of not updating the cash flows is insignificant. In this case, they will continue to be measured for said amount, unless they have experienced an impairment loss.

After their initial recognition, they are measured at amortised cost. Accrued interest is recognised in the Income Statement.

Year-end, the Company makes the necessary value adjustments for impairment loss, as long as there is objective evidence that the value of a financial asset or group of financial assets with similar risk features when measured collectively, has suffered an impairment loss as a result of one or more events having occurred after their initial recognition and causing a reduction or delay in the collection of estimated future cash flows due to the debtor’s insolvency.

Impairment losses are recorded based on the difference between its carrying amount and the current year-end value of forecast cash flows (including those from enforcing security and/or personal guarantees), discounted at the effective interest rate calculated at the time of their initial recognition. For financial assets at variable interest rate, the Company uses the effective interest rate which, according to the contractual conditions of the instrument, is to be applied at year-end. These adjustments are recognised in the Income Statement.

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(iii) Derecognition of financial assets

Financial assets are derecognised from the Balance Sheet as instructed in the Conceptual Accounting Framework of the Spanish Accounting System passed by Royal Decree 1514/2007 of 16 November, taking into account the economic reality of the transactions and not only the legal form of the transaction contracts. In particular, a financial asset is derecognised, partly or fully, when the contractual rights on the cash flows from the financial asset have expired or when they are transferred, provided the risks and benefits inherent to their ownership are also substantially transferred. The Company considers that the risks and benefits of ownership of a financial asset have been substantially transferred if its exposure to the variation of cash flows is no longer significant in relation to the total fluctuations in the current value of the future net cash flows linked to the financial asset (such as definitive sales of assets, assignments of commercial credit on factoring operations in which the company does not withhold any credit risk or interest, sales of financial assets with a buy-back clauses at their fair value, or securitisation of financial assets in which the transferor does not retain subordinated financing or grant any type of guarantee or take on any other type of risks).

If the Company has not substantially transferred or retained the risks and benefits attached to the financial asset, it will be derecognised once the Company has lost its control over it. If the Company has retained control of the transferred asset, it will continue to recognise it for the amount for which the Company is exposed to the value fluctuations of the asset transferred, that is, for its continued involvement, and shall recognise an associated liability.

The difference between the consideration received net of any attributable transaction costs, considering any new assets obtained minus any liabilities assumed, and the carrying amount of the transferred financial asset, plus any accrued amount that has been recognised directly in the Equity, will determine the resulting gain or loss on the derecognition of that asset, and will be part of the profit or loss for the period in which it is generated.

The Company does not derecognise financial assets for assignments where the risks and benefits inherent to their ownership have been substantially retained, such as in discounting bills, factoring with recourse, sales of financial assets with buy-back clauses at a fixed price or at a selling price plus interest, and securitisation of financial assets where the Companies retain subordinate financing or another kind of guarantee that substantially absorbs all the expected losses. In these cases, the Companies recognise a financial liability for an amount equal to the consideration received.

(iv) Reclassification of financial asset

The Company reclassifies a financial asset when the business model applied to it changes.

The Company considers that there are no reclassifications and, therefore, does not apply these policies in the following cases:

- A designated and effective hedging instrument in a cash flow hedge or in a net investment hedge in a foreign operation that has stopped meeting the requirements set forth in the applicable financial reporting regulations to be considered as such.

- When a financial asset becomes a designated and effective hedging instrument in a cash flow hedge or in a net investment hedge in a foreign operation.

The Company records reclassifications prospectively, under the following criteria:

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<u>Reclassification of financial assets at amortised cost to the category of financial assets at fair value through the Income Statement and vice versa.</u>

When the Company reclassifies a financial asset from the category of assets at amortised cost to assets at fair value through the Income Statement, it records it at its fair value on the date of said reclassification. Any profit or loss arising from the difference between the prior amortised cost of the financial asset and its fair value, is recognised in the Income Statement.

On the other hand, when the Company reclassifies a financial asset from the category of assets at fair value through the Income Statement to assets at amortised cost, their fair value at the date of their reclassification will become their new carrying amount.

<u>Reclassification of financial assets at amortised cost to the category of financial assets at fair value through the Equity and vice versa.</u>

When the Company reclassifies a financial asset from the category of assets at amortised cost to assets at fair value through the Equity, it records it at its fair value on the date of said reclassification.

Any profit or loss arising from the difference between the prior amortised cost of the financial asset and its fair value, is recognised directly in the Equity.

On the other hand, when the Company reclassifies a financial asset from the category of assets measured at fair value through the Equity to measured at amortised cost, it will be recognised at its fair value on that date. Any profit or loss accrued in the Equity is adjusted against the fair value of the financial asset on the date it is reclassified. Consequently, the financial asset is measured on the reclassification date as if it had been measured at amortised cost from its initial recognition.

<u>Reclassification of financial assets at fair value through the Income Statement to the category of financial assets at fair value through the Equity and vice versa.</u>

When the Company reclassifies a financial asset from the category of fair value through the income Statement to fair value through the Equity, the financial asset continues to be recognised at its fair value.

On the other hand, when the Company reclassifies a financial asset from the category of fair value through the Equity to fair value through the Income Statement, the financial asset continues to be recognised at its fair value, but the profit or loss accrued directly in the Equity is allocated to the Income Statement on said date.

<u>Reclassification of investments in equity instruments measured at cost to the category of financial assets at fair value through the Income Statement and vice versa.</u>

When an investment in the Equity of a group, jointly controlled or affiliated company is no longer qualifies to be classified as such, the financial investment retained in such company will be reclassified under the category of financial assets at fair value through the Income Statement if the fair value of the shares can be estimated reliably, unless the Company decides to include the investment in the category of financial assets at fair value through the Equity at the time.

In this case, its fair value will be measured on the reclassification date recognising any profit or loss resulting from the difference between the carrying amount of the asset before the reclassification and the fair value, in the Income Statement, unless the Company chooses the aforementioned option. Then, the difference will be directly allocated to the Equity. This criterion is also applied to investments in other equity instruments that can be measured reliably.

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On the other hand, if the fair value of an equity instrument is no longer reliable, its fair value on the reclassification date will become its new carrying amount.

(v) Financial liabilities

A financial liability is recognised in the Balance Sheet when the Company becomes a liable party to the contract or legal business pursuant to its provisions. To be precise, the financial instruments issued are classified, partly or fully, as a financial liability when, in accordance with its economic reality, this entails a direct or indirect contractual liability, whereby the Company has to deliver cash or another financial asset or exchange financial assets or liabilities with third parties under unfavourable conditions.

Any contract that will or may be settled with the Company's own equity instruments will also be classified as a financial liability, provided that:

- It is a non-derivative for which the Company is or may be obliged to deliver a variable number of its own equity instruments.

- In the case of a derivative that is unfavourable to the Company, it may be settled in a way other than by exchanging a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments. For this purpose, the Company's own equity instruments do not include those which are contracts for the future receipt or delivery of its own equity instruments.

Furthermore, any rights, options or warrants that provide a fixed number of the Company's equity instruments are recorded as equity instruments when the Company offers said rights, options or warrants proportionately to all its shareholders within the same class of equity instruments. However, if the instruments provide the holder the right to settle them in cash or by delivering equity instruments based on their fair value or at a fixed price, these are classified as financial liabilities.

Contributions made as a result of an equity account or similar account agreement are measured at cost, plus or minus the profit or loss, respectively, allocated to the non-managing account holder and minus any accrued impairment loss, as appropriate. In this case, when the cost of the equity account is fully impaired, the additional losses arising from the account are classified as a liability.

The same applies to convertible loans accruing contingent interest, whether due to agreeing a fixed or variable interest rate conditioned to the borrowing company achieving a specific target (e.g. earning profits) or due to calculating them exclusively based on the performance of the borrowing company's business. Financial expenses incurred by the convertible loan are recognised in the Income Statement according to the accrual principle and transaction costs will be allocated to the Income Statement according to the financial criterion or, if not applicable, on a straight-line basis over the term of the convertible loan.

In those cases where the Company does not transfer the risks and benefits attached to a financial asset, it recognises a financial liability for an amount equal to the consideration received.

The categories used by the Company to classify financial liabilities are as follows:

- Financial liabilities at amortised cost.
- Financial liabilities at fair value through the Income Statement.

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(vi) Financial liabilities at amortised cost

The Company generally classifies the following financial liabilities under this category:

- Payables from commercial operations are financial liabilities arising from the purchase of goods and services in the ordinary course of business with deferred payment, and
- Payables from non-commercial operations are financial liabilities which, while not being equity instruments or derivatives, are not of commercial origin but originate from loan arrangements or credit facilities received by the Company.

Convertible loans whose characteristics are those of an ordinary or normal loan are also classified under this category.

Likewise, this category will also include any financial liabilities that do not meet the criteria to be classified as financial liabilities at fair value through the Income Statement.

Financial liabilities at amortised cost are initially measured at the fair value of the consideration received, adjusted by any costs directly attributed to the transaction.

Nevertheless, payables from commercial operations with a maturity of no more than one year and which do not have a contractual interest rate, as well as disbursements demanded by third parties on holdings, the amount of which is expected to be paid short term, can be initially measured at their nominal value if the effect of not updating the cash flows is insignificant.

Later, they will be measured at amortised cost using the effective interest rate. Those measured initially at their par value in accordance with the above will continue to be measured by said amount.

(vii) Derecognition and changes to financial liabilities

The Company derecognises a financial liability once the liability has ended. The Company also derecognises its own financial liabilities acquired (even if it intends to sell them in the future).

When debt instruments are exchanged with a lender, as long as these have substantially different conditions, the Company derecognises the original financial liability and recognises the new one. A substantial change to the current conditions of a financial liability is recorded in the same way.

The difference between the carrying amount of the financial liability or the part thereof that has been derecognised, and the consideration paid, including the attributable transaction costs, and which includes any asset assigned other than the cash amount or liability assumed, is recorded in the Income Statement of the financial year it takes place in.

In the event of an exchange of instruments with no substantially different conditions, the original financial liability is not derecognised from the Balance Sheet, but the fees paid are recognised as an adjustment to its carrying amount. The new amortised cost of the financial liability is determined by applying the effective interest rate, which is the rate that makes the carrying amount of the financial liability on the date the conditions change equal to the payable cash flows according to the new conditions.

For these purposes, the contract conditions are considered as substantially different when the lender is the same as the one who granted the initial loan and the current value of the cash flows of the new financial liability, including net fees, is at least 10% different from the current value of the cash flows outstanding for the original financial liability, both updated at the effective interest rate of the original liability. Furthermore, the Company, in those cases where this difference is below 10%, also considers that the conditions of the new financial liability are substantially different when there is another type of substantial qualitative change to the liability, including: change of fixed interest rate to variable interest rate or vice versa, the restatement of the liability in another currency, an ordinary loan that becomes a convertible loan, etc.

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(vii) Deposits/bonds

Bonds issued are measured following the criteria set out for financial assets. The difference between the amount delivered and the fair value is recognised as an advance payment in the Income Statement during the lease period (during the period the service is provided). Advances to be applied over a long term are updated financially at year-end based on the market interest rate at the time of their initial recognition.

(f) Equity instruments held by the Company

The Company's acquisition of equity instruments is recognised separately at acquisition cost in the Balance Sheet as a reduction in equity. No gain or loss is recognised in the Income Statement for transactions carried out with the Company's equity instruments.

Shares purchased by the Company are recognised at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration paid, and a reserve is created in accordance with applicable legislation.

The subsequent amortisation of the instruments will result in a decrease in share capital for the par value of those shares and positive or negative differences between the purchase price and the par value of the shares are debited or credited to reserve accounts.

Transaction costs related to equity instruments, including issue costs related to a business combination, are recorded

as a decrease in the reserves, after factoring in any tax effects.

(g) Inventories

(i) General

Goods, services and other assets included in Inventories are measured at cost, whether this is their acquisition or production cost.

The cost of commodities and other supplies, merchandise and conversion costs are assigned to the different inventory units by using the average weighted price method. Advances on account of inventories are measured at their cost.

The cost of inventories is adjusted when the cost exceeds the net realisable value. For these purposes, the net realisable value is taken to be:

* For commodities and other supplies, their restocking price. The Company does not recognise valuation adjustments where the finished products containing the commodities and other supplies are expected to be sold for a price equivalent to or higher than their production cost;
* For merchandise and finished products, their estimated selling price minus the costs involved in selling them;
* For partly-finished products, the estimated selling price of the corresponding finished products, minus the costs estimated for completing their production and those related to their sale;

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The previously recognised valuation adjustment is reversed against profit or loss if the circumstances that caused the write-down no longer exist or when there is clear evidence of an increase in the net realisable value because of a change in the economic circumstances. The reversal of the valuation adjustment is limited to the lower of the cost and the new net realisable value of the inventories.

Valuation adjustments and reversals due to impairment losses on inventories are recognised against the headings Changes in inventories of finished goods and work in progress and Supplies, depending on the type of inventories.

(h) Subsidies

Subsidies are recorded as income and expenses recognised in the Equity when they are officially granted and the conditions for their granting have been met, or there are no reasonable doubts that they will be received.

Subsidies awarded for purchasing an asset: if the terms of the award require maintaining the investment during a specific number of years, it will be considered as non-refundable if at year-end, the investment has been made and there are no reasonable doubts that it will be maintained for the period established in the terms of the award.

Subsidies of a monetary nature are measured for the fair value of the amount awarded and those of a non-monetary nature for the fair value of the asset received.

In subsequent years, subsidies and donations are taken to profit or loss depending on the use to which they will be put.

Capital subsidies are attributed to the year’s profit/loss in proportion to the amortisation for the assets financed with them or, as appropriate, when they are sold, derecognised or subject to an impairment loss.

In the case of non-depreciable assets, the grant is taken to profit or loss for the year when they are disposed of, derecognised or a valuation adjustment for their impairment is made.

Grants that are granted to fund specific expenses are allocated to income in the year in which the expenses funded were incurred.

(i) Provisions

Provisions are recognised when the Company has a present obligation, whether legal, contractual, tacit or implied, as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of said obligation.

(j) Expense recognition

Expenses are recognised on an accrual basis. In other words, when the actual flow of the related goods and services takes place, regardless of when the resulting monetary or financial flow arises.

Expenses are measured at the fair value of the consideration received, minus discounts and taxes.

(k) Revenue from the sale of goods

Revenue from the sale of goods mainly comes from the sale of “masterbatches” in their different formats and varieties of colours, additives and other compounds for the plastic processing industry.

To determine whether revenue should be recognised, the Company follows five steps:

1. Identify the contract with a client.
2. Identify the performance obligations.
3. Determine the price of the transaction.

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4. Apportion the transaction price to the performance obligations.
5. Recognise revenue once the performance obligations are met.

In all cases, the total transaction price of a contract will be divided between the different performance obligations based on their relative separate sale prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Ordinary revenues are recognised at a specific point in time, when the Company fulfils the performance obligations by delivering the promised goods or services to its customers.

The Company sells products under Incoterm rules. The Company recognises revenue when the Incoterm rule is met, as this is when the Company hands over the control of its products. The financial effect is not discounted from the global price of the transaction as the Directors consider that this is not significant.

(I) Corporation tax

The corporation tax expense or revenue for the year comprises current tax and deferred tax.

Current corporation tax assets or liabilities are measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted at year-end.

Current or deferred corporation tax is recognised in the Income Statement, unless it arises from a transaction or economic event recognised in the same or another reporting period against equity or a business combination.

(i) Recognition of deferred tax liabilities

The Company recognises deferred tax liabilities in all cases except where they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.

(ii) Recognition of deferred tax assets

The Company recognises deferred tax assets insofar as it is likely that there will be future taxable income to offset timing differences, or if tax legislation provides for the future conversion of tax assets into a receivable to be claimed from Public Entities.

The Company recognises the conversion of a deferred tax asset into a receivable to be claimed from Public Entities when it is due for payment according to the provisions of the tax laws in force. In this regard, a deferred tax asset is derecognised with a debit entry under the deferred corporation tax expense and the receivable is recognised with a credit entry under the current corporation tax expense.

However, assets are not recognised if they arise from the initial recognition of an asset or liability in a transaction that is not a business combination and affect neither accounting nor taxable profit on the date of the transaction.

The Company only recognises deferred tax assets arising from offsettable tax losses to the extent that it is likely to obtain future taxable profit against which to offset them within a period of time not exceeding that provided by applicable tax legislation. This is limited to a maximum of ten years, unless there is evidence that the recovery period is likely to be longer, if tax legislation allows them to be offset within a longer period of time or establishes no time limit for offsetting.

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Conversely, the Company is considered likely to have sufficient taxable profits to allow the deferred tax assets to be recovered, when there are sufficient taxable timing differences relating to the same taxation authority and referring to the same taxable entity which are expected to reverse in the same period as the expected reversal of the deductible timing difference, or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. When the only future taxable profits arise from taxable timing differences, the deferred tax assets arising from offsettable tax losses are limited to 70% of the amount of deferred tax liabilities recognised.

The Company recognises deferred tax assets that have not been recognised due to exceeding the ten-year recovery period, to the extent that the future reversal period does not exceed 10 years from year end, or when there are sufficient taxable timing differences.

(iii) Measurement of deferred tax assets and liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted, and after factoring in the consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets or liabilities.

(iv) Offsetting and classification

The Company only offsets tax assets and liabilities if it has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Deferred tax assets and liabilities are recognised in the balance sheet as non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

(m) Classification of assets and liabilities as current and non-current

The Company presents the balance sheet classifying assets and liabilities as current and non-current. In this respect, current assets and liabilities are those which meet the following criteria:

* Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Company's normal operating cycle, they are held primarily for the purpose of trading or they are expected to be realised within twelve months of year-end.

* Liabilities are classified as current when they are expected to be settled in the Company's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within twelve months after year-end or the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after year-end.

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(n) Environment

Property, plant and equipment acquired for the purpose of long-term use in the Company's activity and whose primary purpose is to minimise the environmental impact and to protect and improve the environment, including the reduction or elimination of any future pollution that may be caused by the Company's operations, are recognised as assets by applying criteria for measurement, reporting and breakdown that are consistent with those mentioned in section (b) Property, plant and equipment.

(ñ) Related-party transactions

Transactions between related parties, except those connected to mergers, spin-offs and non-monetary business contributions, are recognised at the fair value of the consideration given or received. The difference between that value and the amount agreed is posted in accordance with the underlying economic substance.

(o) Cash-Flow Statement

The Cash-flow Statement has been drawn up using the indirect method with the following expressions and the meanings given below:

- Operating Activities: activities that make up the company's main source of ordinary income, as well as activities that cannot be classified as investment or financing activities.
- Investment Activities: activities comprising the purchase, sale or otherwise disposal of non-current assets and other investments not included under cash and cash equivalents.
- Financing Activities: activities that produce changes in the size and composition of equity and liabilities that are not operating activities.

(p) Transactions in foreign currency

Year-end, these transactions will be measured applying the closing exchange rate, understood as the average spot exchange rate for that date.

Exchange differences, whether positive or negative, arising from this process, as well as those arising from settling said equity elements, are recognised in the Income Statement for the year in which they take place.

For monetary financial assets classified under the fair value through equity category, any exchange differences produced by the exchange rate fluctuations between the transaction date and the year-end date will be determined as if said assets were measured at amortised cost in the foreign currency, which means that the exchange differences will be those resulting from the variations in said amortised cost as a result of the exchange rate fluctuations, regardless of their fair value. Exchange differences calculated this way will be recognised in the Income Statement for the year when they arise, whereas all other variations in the carrying amount of these financial assets will be recognised directly in the Equity.

(q) Personnel

(i) Severance pay

In accordance with the current employment regulations, the Company is obliged to compensate employees with severance pay when they have been laid off under certain circumstances.

A severance pay that can be fairly quantified is recorded as an expense in the year when the Company decides to lay off the employee, provided the party involved has been formally notified of this intention and therefore, has a valid expectation that the Company will end the employment contract.

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(ii) Incentive Plans

The Company records a liability and an expense for bonuses when obliged by contract or in the event of an implicit obligation.

(r) Equity

The share capital is made up of ordinary shares. The cost arising from issuing new shares or options is directly charged against the Equity, as less reserves.

Regarding the purchase of the Company's treasury shares, the consideration paid for said shares, including any incremental costs that are directly attributable to the purchase, is deducted from the Equity until cancelled, re-issued or disposed of. When these shares are sold or re-issued later on, any amounts received, minus the incremental cost that is directly attributable to the transaction, is added to the Equity.

(5) Intangible Fixed Assets

The composition and changes in the accounts included under Intangible Fixed Assets were as follows:

	Euros			
2021	**Research & Development**	**Patents, licences, brands and similar**	**Computer software**	**Total**
Cost as at 01 January 2021	4,264,597	233,014	757,048	**5,254,659**
Additions	-	11,785	90,850	**102,635**
Additions generated internally	1,227,243	-	-	**1,227,243**
Cost as at 31 December 2021	5,491,840	244,799	847,898	**6,584,537**
Accrued amortisation as at 01 January 2021	(1,079,913)	(50,677)	(476,620)	**(1,607,210)**
Amortisation	(760,911)	(23,217)	(133,638)	**(917,766)**
Accrued amortisation as at 31 December 2021	(1,840,824)	(73,894)	(610,258)	**(2,524,976)**
Net carrying amount as at 31 December 2021	**3,651,016**	**170,905**	**237,640**	**4,059,561**

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	Euros			
2020	**Research & Development**	**Patents, licences, brands and similar**	**Computer software**	**Total**
Cost as at 01 January 2020	4,606,799	211,358	650,265	**5,468,422**
Additions	-	21,656	106,783	**128,439**
Additions generated internally	1,163,603	-	-	**1,163,603**
Derecognitions	(1,505,805)	-	-	**(1,505,805)**
Cost as at 31 December 2020	4,264,597	233,014	757,048	**5,254,659**
Accrued amortisation as at 01 January 2020	(1,439,529)	(29,131)	(354,131)	**(1,822,791)**
Amortisation	(736,026)	(21,546)	(122,489)	**(880,061)**
Derecognitions	1,095,642	-	-	**1,095,642**
Accrued amortisation as at 31 December 2020	**(1,079,913)**	**(50,677)**	**(476,620)**	**(1,607,210)**
Net carrying amount as at 31 December 2020	**3,184,684**	**182,337**	**280,428**	**3,647,449**

(a) Research & Development

Capitalised R&D costs are recognised under the heading “Work carried out by the company for its assets” in the Income Statement. The item of R&D is reported on the Balance Sheet at cost, minus any accrued amortisation and impairment losses.

In 2021, an amount of 1,227,243 euros was capitalised (1,163,603 euros in 2020) in projects mainly related to developing biodegradable and compostable resins, and other biopolymers from renewable sources that can be processed using conventional extrusion lines.

The Company has other projects in the pipeline supported by European programmes (Eurostars) and through international cooperation to achieve solutions for plastic cling film with encapsulated active substances that benefit the natural environment.

The Company also participates in the strategic programme of National Business Research Consortiums (CIEN) 2018 under the Centre for Industrial Technological Development (CDTI) for a project based on the circular economy using Smart Society technologies. The grants associated to R&D activities are shown in note 14.

R&D projects are amortised on a straight-line basis with an estimated useful life of two to five years. For Research expenses, the Company amortises the project from the moment they are capitalised and Development expenses are amortised from the project termination date. Amortisation as at 31 December 2021 stood at 760,911 euros (736,026 euros as at 31 December 2020).

The Company also assesses and determines the valuation adjustments for impairment and reversals of the impairment losses. Once the valuation adjustments for impairment or their reversal are recognised, the amortisations/depreciations for the following years are adjusted taking the new carrying amount into consideration.

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If the Company has any reasonable doubts as to the technical success or financial-commercial return on the R&D projects in the pipeline, the amounts recorded on the Balance Sheet are recognised directly as losses arising from the intangible fixed assets on the Income Statement, and are not reversible.

In 2020, several projects were permanently derecognised for a net amount of 410,163 euros as the Company had estimated an uncertain success and its economic-financial return was low. These different projects mostly focused on specific developments for new uses within the fillers product line. Given the nature of its business, the Company is constantly working on R&D projects.

As at 31 December 2021 and 2020, the Company did not record any impairment loss, given that it considered it had met the requirements set forth in the accounting standard to estimate said impairment loss.

(b) Computer software

The balance of “Computer Software” mostly comes from costs related to the Company’s IT infrastructures.

(c) Fully amortised assets

The cost of the fully amortised intangible assets still in use on 31 December is as follows:

	Euros	
	2021	**2020**
Patents, licences, brands and similar	3,608	3,608
Computer software	205,263	205,263
Research & Development	107,703	29,434
	316,574	**238,305**

There is no impairment loss in the intangible fixed assets for the year ended 31 December 2021, or the year ended 31 December 2020.

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(6) Property, Plant and Equipment

The composition and changes in the accounts included under Property, plant and equipment were as follows:

	Euros					
2021	**Buildings**	**Technical plant and equipment**	**Other fixtures, fittings, tools and furnishings**	**Work in progress and advances**	**Other fixed assets**	**Total**
Cost as at 01 January 2021	331,239	35,982,665	5,656,605	45,093	471,971	**42,487,573**
Additions	-	411,168	469,743	603,843	19,989	**1,504,743**
Additions generated internally	-	89,407	-	-	-	**89,407**
Derecognitions	-	-	-	-	-	**-**
Cost as at 31 December 2021	331,239	36,483,240	6,126,348	648,936	491,960	**44,081,723**
Accrued amortisation as at 01 January 2021	(135,850)	(18,222,923)	(2,430,037)	-	(450,230)	**(21,239,040)**
Amortisation	(12,652)	(1,457,291)	(305,126)	-	(13,659)	**(1,788,728)**
Accrued amortisation as at 31 December 2021	(148,502)	(19,680,214)	(2,735,163)	-	(463,889)	**(23,027,768)**
Net carrying amount as at 31 December 2021	**182,737**	**16,803,026**	**3,391,185**	**648,936**	**28,071**	**21,053,955**

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	Euros					
2020	**Buildings**	**Technical plant and equipment**	**Other fixtures, fittings, tools and furnishings**	**Work in progress and advances**	**Other fixed assets**	**Total**
Cost as at 01 January 2020	331,239	34,335,618	5,192,687	258,000	458,865	**40,576,410**
Additions	-	1,676,788	463,917	45,093	13,106	**2,198,904**
Additions generated internally	-	79,684	-	-	-	**79,684**
Derecognitions	-	-	-	(258,000)	-	**(258,000)**
Other changes	-	(109,425)	-	-	-	**(109,425)**
Cost as at 31 December 2020	331,239	35,982,665	5,656,604	45,093	471,971	**42,487,573**
Accrued amortisation as at 01 January 2020	(123,198)	(16,755,466)	(2,156,615)	-	(434,316)	**(19,469,595)**
Amortisation	(12,652)	(1,413,905)	(273,422)	-	(15,914)	**(1,715,893)**
Other changes	-	(53,552)	-	-	-	**(53,552)**
Accrued amortisation as at 31 December 2020	(135,850)	(18,222,923)	(2,430,037)	-	(450,230)	**(21,239,040)**
Net carrying amount as at 31 December 2020	**195,389**	**17,759,742**	**3,226,568**	**45,093**	**21,741**	**21,248,533**

(a) General

Year-end 2021, the significant additions were investments made under the heading of machinery and technical installations used to increase the bagging and storage capacity for finished products and commodities. The Company paid advances for a total 47,966 euros in 2021 and has work in progress amounting to 600,970 euros.

Year-end 2020, the most relevant additions were investments made under the heading of machinery for use in the production process, as well as investments made in technical installations to adapt new equipment. The Company paid advances for 45,093 euros in 2020.

(b) Fully depreciated assets

The cost of the fully depreciated items of Property, plant and equipment still in use on 31 December is as follows:

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	Euros	
	2021	2020
Buildings	18,796	18,796
Technical plant and equipment	8,240,144	6,189,272
Other fixtures, fittings, tools and furnishings	616,621	603,257
Other fixed assets	428,410	423,310
	9,303,971	**7,234,635**

(c) Impairment loss

There is no impairment loss on the property, plant and equipment at year-end 2021 and 2020.

(d) Insurance

The Company has taken out several insurance policies to cover the risks to which its property, plant and equipment are exposed. Those policies amply cover the entire net carrying amount of the Company's assets.

(e) Assets under financial leasing

As at 31 December 2021 and 2020, the Company has agreements in place for various financial leasing operations on its property, plant and equipment (see notes 7 and 16).

(f) Other

As at 31 December 2021 and 2020, according to the clauses in the financing agreement described in note 16, some of the Company's machinery was given as security for a mortgage loan.

(7) Finance Leases - Lessee

The Company has the following classes of assets under finance lease agreements:

	Euros		
	Technical plant	**Machinery**	**Total**
Initially recognised at:			
Fair value	-	3,390,263	**3,390,263**
Accrued depreciation	-	(289,424)	**(289,424)**
Net carrying amount as at 31 December 2020	-	3,100,839	**3,100,839**
Initially recognised at:			
Fair value	52,305	3,460,542	**3,512,847**
Accrued depreciation	(3,661)	(625,914)	**(629,575)**
Net carrying amount as at 31 December 2021	48,644	2,834,628	**2,883,272**

No contingent payments for finance leases have been recognised as an expense in 2021 or 2020.

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The reconciliation between the amount of the future minimum lease payments and the current value is as follows:

	Euros 2021	Euros 2020
Future minimum payments	1,944,666	2,123,832
Purchase option	101,306	123,411
Unaccrued financial expenses	(253,915)	(168,975)
Present Value	**1,792,057**	**2,078,268**

There is no impairment loss in assets hired under a finance lease at year-end 2021 and 2020.

The breakdown of the minimum payments and present value of finance lease liabilities broken down per maturity period is as follows:

	Euros 2021		Euros 2020	
	Minimum payments	Present Value	Minimum payments	Present Value
Up to one year	445,713	380,732	675,254	605,797
From one to five years	1,600,259	1,428,937	1,571,989	1,472,471
	2,045,972	1,809,669	2,247,243	2,078,268
Minus current portion	(445,713)	(380,732)	(675,254)	(605,797)
Non-current total	**1,600,259**	**1,428,937**	**1,571,989**	**1,472,471**

(8) Operating Leases - Lessee

Below is a description of the most relevant lease agreements:

- Lease of a series of industrial warehouses, owned by a related party, where the Company engages in its business, located in Palau Solità i Plegamans (Barcelona), with a total surface area of 10,602.72 m2. This agreement is for a 15-year term, of which 10 years must be necessarily completed. It may be extended until 31 March 2035.

- Lease of an industrial building and offices owned by a related party located in Palau-Solità i Plegamans (Barcelona), with a total surface area of 8,643 m2. This agreement is for a 15-year term, of which 10 years must be necessarily completed. It may be extended until 20 September 2034.

The amount of payments under operating leases recognised as expenses is as follows:

	Euros 2021	Euros 2020
Lease expenses	1,427,792	1,322,504

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The future minimum payments under non-cancellable operating leases, which are mainly for the industrial warehouses in Palau- Solità i Plegamans (Barcelona), within the mandatory period, are as follows:

	Euros	
	2021	**2020**
Up to one year	967,761	969,281
From one to five years	2,464,737	2,956,679
Over five years	-	-
	3,432,498	**3,925,960**

(9) Risk Control and Management Policy

(a) Financial risk factors

The Company's activities are exposed to various financial risks: market risk (including foreign exchange risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management programme focuses on the uncertainty of the financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and compliance with limits. Risk management policies and procedures are regularly reviewed to reflect changes in market conditions and the Company's activities. The Company, through its management standards and procedures, seeks to implement an atmosphere of strict, constructive control where all employees understand their functions and duties.

The Audit Committee oversees how the management monitors compliance with risk management policies and procedures and reviews whether the risk management policy is appropriately tailored to the risks faced by the Company.

The main risks faced by the Company are as follows:

(i) Exchange rate risk

The Company operates on an international level and is therefore exposed to the exchange rate risk in currency operations.

Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are stated in a currency that is not the Company's operating currency. The Treasury Department is responsible for managing the net position in each foreign currency.

(ii) Credit Risk

Credit risk is the risk of financial loss if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from trade receivables and investments in debt instruments.

The Company has taken out lines of credit to insure sales of products to customers with an adequate credit history and previously authorised by the insurers. These lines of credit, where appropriate, provide 90% coverage both domestically and internationally, and therefore cover almost the entire risk.

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The Company does not have significant concentrations of credit risk.

In addition, the Company has contracted non-recourse factoring products with certain financial entities, which considerably reduces credit risk.

(iii) Liquidity risk

"Liquidity risk" is the risk that the Company will encounter difficulties in meeting the obligations linked to its financial liabilities that are settled in cash or other financial assets. When managing liquidity, the Company's objective is to ensure, to the greatest extent possible, that it has sufficient liquidity to meet its liabilities when due, without risking non-payment or damage to the Company's reputation.

The Company uses available analytical information to calculate the cost of its products and services, which helps when reviewing the Company's cash requirements and optimising the return on its investments.

The classification of financial liabilities by category is shown in Annex II. Also, the classification of financial liabilities by maturity is shown in Annex III.

(iv) Interest rate risk in cash flows and fair value

As the Company does not have any relevant interest-bearing assets, income and cash flows from operating activities are not significantly affected by fluctuations in market interest rates. The Company’s interest rate risk arises from non-current leveraged funds. Leveraged funds issued at variable interest rates expose the Company to the cash flow interest rate risk. Fixed interest rate loans expose the Company to fair value interest rate risk. Most of the debt taken on by the Company bears a fixed rate interest rate (see the breakdown in note 16)

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10 Financial Assets by Category

(a) Classification of financial assets by category

The classification of financial assets into categories and classes is as follows:

Restated figures in 2020	Equity instruments		Debt securities		Credits, derivatives and other		Total	
In Euros	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Non-current financial assets								
Assets at fair value through the Income Statement	-	-	-	-	-	-	-	-
Trading portfolio	-	-	-	-	-	-	-	-
Designated	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Financial assets at amortised cost.	-	-			191,516	147,515	191,516	147,515
Assets at fair value through the Equity	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-	-
NON-CURRENT TOTAL	-	-	-	-	**191,516**	**147,515**	**191,516**	**147,515**
Current financial assets								
Assets at fair value through the Income Statement	30,000	14,701	-	-	-	-	30,000	14,701
Trading portfolio	-	-	-	-	-	-	-	-
Designated	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Financial assets at amortised cost.	-	-	-	-	2,615,859	1,516,728	2,615,859	1,516,728
Financial assets at cost	-	-	-	-	-	-	-	-
Assets at fair value through the Equity					-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-	-
CURRENT TOTAL	**30,000**	**14,701**	-	-	**2,615,859**	**1,516,728**	**2,645,859**	**1,531,429**
TOTAL	**30,000**	**14,701**	-	-	**2,807,375**	**1,664,243**	**2,837,375**	**1,678,944**

The fair value of financial assets does not differ significantly from their carrying amount.

(b) Impairment loss from credit risk

The changes in the adjusting entries for the impairment loss of the financial instruments due to their credit risk, sorted by financial instruments, are as follows:

	Balance as at 01.01.2021	Allocations	Balance as at 31.12.2021
Financial assets at amortised cost.			
Trade and other accounts receivable	40,187	(26,789)	**13,398**
Total	**40,187**	**(26,789)**	**13,398**

As at 31 December 2020, the Company had not registered any impairment loss for accounts receivable.

	Balance as at 01.01.2020	Allocations Provisions	Balance as at 31.12.2020
Financial assets at amortised cost.			
Trade and other accounts receivable	40,187	-	**40,187**
Total	**40,187**	-	**40,187**

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(c) Net profit/(loss) by category

The net profit/(loss) produced by each category of financial assets was:

	2021			2020		
In Euros	Assets at fair value through the Income Statement	Financial assets at amortised cost.	Total	Assets at fair value through the Income Statement	Financial assets at amortised cost.	Total
Financial revenue applying the effective interest rate method	2,299	-	2,299	318	-	318
Dividends	-	-	-	-	-	-
Variation in fair value	-	-	-	(20,237)	-	(20,237)
Impairment loss	-	-	-	-	-	-
Reversal of impairment loss		26,789	26,789	-	-	-
Proceeds from disposals	-	-	-	-	-	-
Loss from disposals	-	-	-	-	-	-
Currency exchange differences	-	18,621	18,621	-	(26,615)	(26,615)
Net profit/(loss) recorded in the Income Statement	**2,299**	**45,410**	**47,709**	**(19,919)**	**(26,615)**	**(46,534)**

(11) Investments and Trade Receivables

(a) Financial Investments

The breakdown of financial investments is as follows:

	Euros			
	2021		2020	
	Non-current	Current	Non-current	Current
Equity instruments	-	30,000	-	14,701
Loans to third parties	50,000	-	50,000	-
Deposits and bonds	141,516	-	97,515	-
Other financial assets	-	796,163	-	595,575
Total	**191,516**	**826,163**	**147,515**	**610,276**

The Company has long term deposits mainly related to the lease agreements for the premises where it operates (see note 8). The heading Other short-term financial assets includes part of the credits given as security for factoring balances that become due in under 90 days.

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(b) Trade and other accounts receivable

The breakdown of Trade and other accounts receivables is as follows:

	Euros	
	2021	*Restated* 2020
	Current	Current
Related		
Customers (note 20)	226,876	231,686
Non-related		
Customers	1,572,606	661,917
Personnel	20,214	27,550
Other receivables from Public Entities (note 18)	1,434,700	1,189,311
Total	**3,254,396**	**2,110,464**

(c) Classification by maturity

The classification of financial liabilities by maturity is shown in Annex I.

(12) Inventories

(a) General

The breakdown for Inventories is as follows:

	Euros	
	2021	*Restated* 2020
Commodities and other supplies	2,951,954	2,562,527
Finished products	4,504,129	5,210,716
Advances	347,003	-
	7,803,086	**7,773,243**

As at 31 December 2021, the Company has recorded provisions for impairment loss in inventories for a total 114,598 euros to cover any possible risks of obsolescence. As at 31 December 2020, there was a provision for this same item amounting to 66,000 euros.

(b) Insurance

The Company has taken out various insurance policies that are enough to cover the risks related to inventories.

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(13) Shareholders' Equity

The composition and changes in Equity are shown in the Statement of Changes in Equity.

(a) Share Capital

On 4 April 2019 the Universal and Extraordinary General Meeting of Shareholders approved a capital decrease of 10,131.50 euros, by reducing the par value of each of the 202,630 shares by 0.50 euros per share. The share capital was therefore established at 6,078,900 euros, each share having a par value of 30.00 euros.

Once that capital decrease was approved, on that same date, the Meeting decided to approve an operation to reduce the par value of the shares from 1 to 50, which meant that the par value dropped from 30.00 euros per share to a new par value of 0.60 euros per share.

As a result of this decision, the share capital was established as 10,131,500 shares each with a par value of 0.60 euros, numbered consecutively from 1 to 10,131,500, both inclusive.

On 24 July 2019 the Universal and Extraordinary General Meeting of Shareholders decided to increase the Company capital by 4,999,774 euros, with 1,214,520 euros relating to share capital and 3,785,254 relating to share premium, by creating 2,024,200 new company shares, each with a par value of 0.60 euros, all belonging to a single class and series, which were fully subscribed and paid up. The subscription price of each new share was 2.47 euros.

As a result of this last capital increase, on 31 December 2020 and 2021, the share capital was 7,293,420 euros, divided into 12,155,700 shares with a par value of 0.60 euros each, numbered consecutively from 1 to 12,155,700.

On 12 August 2019, the Company listed all its shares on BME Growth, the Spanish securities market for growing SMEs.

Furthermore, on 19 July 2021, the Company listed all its shares on the Euronext Paris securities market.

The companies having a direct or indirect shareholding in the Company's share capital with a percentage of 10% or more are as follows (percentages calculated without taking treasury shares into account):

Company	2021 Shareholding (%)	2020 Shareholding (%)
CCP Masterbatch, S.L.	35.53%	42.44%
CCI, S.P.R.L.	26.63%	20.81%
	62.16%	**63.25%**

The Spanish Capital Companies Law specifically allows using the balance of the share premium for a capital increase and does not establish any specific restrictions on using said amount other than that described in note 3 herein.

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(b) Reserves

(i) Legal reserve

The legal reserve was funded in accordance with article 274 of the Recast Text of the Spanish Capital Companies Law, which states that in all cases a sum equivalent to 10% of the year's profit will be set aside for that purpose until the reserve reaches at least 20% of the share capital.

This may not be distributed and if it is used to offset losses, in the absence of other reserves available for that purpose, then it must be topped up with future profits.

As at 31 December 2021 and 2020, the Company had not reached the minimum limit established for this reserve by the Recast Text of the Spanish Capital Companies Law.

(ii) Treasury shares

As at 31 December 2021, the Company has 138,574 treasury shares (126,694 in 2020) deposited in the liquidity account for an amount of 336,462 euros (323,833 euros in 2020).

In 2021, the Company bought and sold treasury shares for 230,773 and 218,145 euros respectively. During this period, the Company has not launched any special operations for the purchase or sale of treasury sales. In 2020, the Company bought and sold treasury sales for 177,253 and 145,087 euros respectively.

The changes in the treasury share portfolio in 2021 were as follows:

		Euros	
	Number	**Par value**	**Average buying price**
Balance as at 31.12.2020	126,694	76,016	323,833
Acquisitions	98,665	59,199	230,774
Disposals	(86,785)	(52,071)	(218,145)
Balance as at 31.12.2021	**138,574**	**83,144**	**336,462**

As a result of the disposals made in 2021, the reserves were increased by 5,430 euros (12,028 euros in 2020).

		Euros	
	Number	**Par value**	**Average buying price**
Balance as at 31.12.2019	118,042	70,825	291,667
Acquisitions	65,866	39,519	177,253
Disposals	(57,214)	(34,328)	(145,087)
Balance as at 31.12.2020	**126,694**	**76,016**	**323,833**

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(iii) Voluntary Reserves

The voluntary reserves are freely available. However, they are subject to the limitations described in note 3 herein.

(14) Subsidies

Changes in non-refundable government subsidies received are as follows:

	Euros 2021	Euros 2020
Balance on 1 January	267,137	245,652
Subsidies awarded during the year	15,279	42,771
Transfers to the Income Statement	(23,945)	(21,286)
Balance on 31 December	**258,471**	**267,137**

The breakdown of the amounts recognised in the Income Statement by type of subsidy is as follows:

Euros 2021	Euros 2020
31,926	**28,382**

(15) Financial Liabilities by Category

(a) Classification of financial liabilities by category

The carrying amount of each financial instrument category established by the "Financial instruments" measuring and reporting standard is as follows:

Restated figures in 2020	Payables to credit entities		Debentures and other securities		Derivatives and other		Total	
In Euros	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Non-current financial liabilities								
Financial liabilities at amortised cost	8,355,075	8,920,893			3,518,429	4,255,952	11,873,504	13,176,845
Financial liabilities at fair value through the Income Statement	-	-	-	-	-		-	
Trading portfolio	-	-	-	-	-	-	-	-
Designated	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Hedging derivatives	-	-						
Total	**8,355,075**	**8,920,893**	**-**	**-**	**3,518,429**	**4,255,952**	**11,873,504**	**13,176,845**
Current financial liabilities								
Short-term financial liabilities at amortised cost	4,014,540	2,320,026	-	-	10,254,752	9,042,313	14,269,292	11,362,339
Financial liabilities at fair value through the Income Statement	-	-	-	-	-	-	-	-
Trading portfolio	-	-	-	-	-	-	-	-
Designated	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-				
Total	**4,014,540**	**2,320,026**	**-**	**-**	**10,254,752**	**9,042,313**	**14,269,292**	**11,362,339**
	12,369,615	**11,240,919**	**-**	**-**	**13,773,181**	**13,298,265**	**26,142,796**	**24,540,184**

The fair value of financial liabilities does not differ significantly from their carrying amount.

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(b) Net profit/(loss) by financial liability category

	2021		2020	
In Euros	**Financial liabilities at amortised cost**	**Total**	**Financial liabilities at amortised cost**	**Total**
Financial expenses applying the amortised cost method	(1,158,260)	(1,158,260)	(1,133,635)	(1,133,635)
Variation in fair value	-	-	-	-
Financial liabilities at fair value through the Income Statement	-	-	-	-
Currency exchange differences	6,051	6,051	(14,939)	(14,939)
Net profit/(loss) recorded in the Income Statement	**(1,152,209)**	**(1,152,209)**	**(1,148,574)**	**(1,148,574)**

(16) Financial Debts and Trade Creditors

(a) Debts

The breakdown of debts is as follows:

	Euros			
	2021		2020	
	Non-current	Current	Non-current	Current
Non-related				
Payables to credit entities	6,926,138	3,633,808	7,448,422	1,714,229
Finance lease payables	1,428,937	380,732	1,472,471	605,797
Other financial liabilities	3,518,429	99,705	4,255,952	46,038
Total	**11,873,504**	**4,114,245**	**13,176,845**	**2,366,064**

The heading of Long-term and short-term payables to credit entities includes a syndicated loan formalised by the Company on 7 March 2019 for a total 10,000,000 euros, distributed in two tranches: the first of 4,000,000 euros, arranged as a 7-year loan with quarterly repayments and a six-month grace period.

The second, of 6,000,000 euros, as a committed credit line for three years, plus the possibility of two further yearly extensions, in the form of short term drawdowns. This syndicated financing is linked to the achievement of certain financial ratios at year-end (leverage of debt servicing and the maximum CAPEX; considering for the latter that there is no limit to the CAPEX for the amount of a possible injection of capital or funding given by the shareholders). In addition, the possibility of distributing dividends is linked to the achievement of financial ratios and may not exceed 50% of the net profit for the year, charged to the year when the distribution is made. The achievement of those financial ratios is on a yearly basis. As at 31 December 2021 and 2020, the Company had achieved all the ratios required. The outstanding balance as at 31 December 2021 is 2,854,036 euros (3,293,520 euros in 2020).

The required ratios must be met to renew the B tranche and continue with the A tranche.

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On 7 March 2022, the B tranche linked to the syndicated financing agreement for a total six million euros, was tacitly renewed upon meeting the ratios by 31 December 2021.

The heading of Payables to credit entities also includes loans formalised in 2020 and backed by the Spanish Official Credit Institute's COVID-19 Loan Programme, which amounted to 5,178,768 euros (5,025,000 euros in 2020) on 31 December 2021. In 2021, the term of these loans was extended to 8 years at an average rate of 2.37% (5-year maturity at an average rate of 1.92% at year-end 2020). These loans were obtained with a one- to two-year grace period.

The heading of Other financial liabilities includes the loan granted by Alteralia, S.C.A., SICAR on 20 December 2018, for 5,000,000 euros, maturing on 20 December 2025. Ordinary amortisation will take place entirely upon maturity. This loan is linked to Euribor plus a spread ranging between 6%-7% depending on the leverage ratio. During the term of the contract, the possibility of distributing dividends will be linked to achieving a certain leverage level. In addition, the syndicated financing agreement is linked to the achievement of the financial ratio, debt servicing and maximum CAPEX; considering for the latter that there is no limit to the CAPEX for the amount of a possible injection of capital or funding given by the shareholders. The achievement of those financial ratios is on a half-yearly and annual basis.

As at 31 December 2021, the Company had met all the ratios linked to the loan granted by Alteralia, S.C.A., SICAR.

In addition, in 2021, the Company made an early repayment of 1,000,000 euros, along with that made in 2020 for 1,000,000 euros, leaving an outstanding balance of 3,000,000 that matures on 20 December 2025 (4,000,000 in 2020).

Under the terms of the agreement there is machinery belonging to the Company that is mortgaged, and will remain so during the entire life of the financing up to 10,000,000 euros. The net carrying amount of those assets as at 31 December 2021 is 3,090,242.65 euros (3,252,887 euros as at 31 December 2020).

Furthermore, the section of other financial liabilities includes the loans granted by the Centre for Industrial Technological Development (CDTI) associated with the R&D projects (see note 5) amounting to 691,663 euros (461,051 euros as at 31 December 2020).

Finance lease creditors relate to long term financing operations linked to investments in property, plant and equipment, mainly machinery (see note 7) with an interest rate between 1.25% and 2.75%.

(b) Other information on payables

(i) Main features of the payables

The Company has the following lines of credit and working capital as at 31 December:

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	Euros			
	2021		2020	
	Drawn down	Limit	Drawn down	Limit
Line of credit	-	825,000	509,642	825,000
Discount lines				
National discount	421,819	2,550,000	5,980	2,044,833
Advances on Exports/Imports	2,164,900	5,825,000	83,182	5,818,867
Confirming	-	600,000	-	600,000
	2,586,719	**9,800,000**	**598,804**	**9,288,700**

As at 31 December 2021, the amount drawn down is for the use of the different discount lines, advances on invoices, confirming, advances on imports and exports, the amount of which stands at 2,586,719 euros that is included in the heading Short-term payables to credit entities. As at 31 December 2020, the amount was 598,804 euros.

(c) Trade and other payables

The breakdown of Trade and other payables is as follows:

Restated figures in 2020	Euros	
	2021	2020
	Current	Current
Related		
Suppliers (note 20)	121,106	702,340
Non-related		
Suppliers	6,350,882	4,964,661
Creditors	3,435,887	3,038,697
Personnel	170,192	252,174
Other payables to Public Entities (note 18)	165,541	153,801
Advances	76,980	38,403
Total	**10,320,588**	**9,150,076**

(d) Classification by maturity

The classification of financial liabilities by maturity is shown in Annex III.

The fair value of financial liabilities does not differ significantly from their carrying amount.

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(17) Information on the days payable outstanding. Third additional provision. “Reporting duty” under Spanish Law 15/2010 of 5 July.

The days payable outstanding ratio for the year ended 31 December 2021 was 69 days (72 days for the year ended 31 December 2020). This average is obtained by dividing the amount resulting from weighting the number of days elapsed between the payment date and the issue date of each invoice with the amount of each invoice, by the invoice total.

In 2021, payments were made for a total 53,395,044 euros (39,074,607 euros in the year ended 31 December 2020). In 2021, the ratio of operations paid was 56 days and the ratio of the operations outstanding was 38 days (81 days and 34 days respectively in the year ended 31 December 2020). The total payments outstanding on 31 December 2021 was 9,642,164.01 euros (8,907,696 euros on 31 December 2020).

(18) Tax Situation

The breakdown of balances with the Public Entities is as follows:

	Euros			
	2021		2020	
	Non-current	Current	Non-current	Current
Assets				
Deferred tax assets	851,348	-	683,078	-
Value Added Tax and similar taxes	-	1,434,700	-	1,189,311
	851,348	**1,434,700**	**683,078**	**1,189,311**
Liabilities				
Deferred tax liabilities	158,141	6,006	149,635	-
Value Added Tax and similar taxes	-	-	-	-
Social Security	-	82,728	-	75,668
Withholdings	-	76,807	-	78,133
	158,141	**165,541**	**149,635**	**153,801**

As set forth in the current tax laws, the Company may be subject to tax inspections for any taxes applicable to the Company for the four years leading up to the latest filing year.

(a) Corporation tax

Corporation Tax is calculated on the basis of accounting profit or loss, which does not necessarily coincide with the taxable profit or loss, this being understood as the taxable base.

The reconciliation between the net amount of revenue and expenses in the financial year and the tax base is itemised in Annex IV.

The relationship between the corporation tax expense/(income) and the profit / (loss) for the year is detailed in Annex V.

The breakdown of the corporation tax expense/(revenue) on the Income Statement is as follows:

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	Euros	
	2021	2020*
Current tax		
for the year	-	-
	-	-
Deferred tax		
Origin and reversal of timing differences		
Property, plant and equipment	(32,214)	(24,418)
Capitalisation of tax credits	240,172	464,312
	207,958	**439,894**

* In 2020, the Corporation Tax does not match the result after restating the opening balance to correct errors. See note 2e.

The breakdown of deferred tax assets and liabilities by type of assets and liabilities is as follows:

	Euros			
	Assets		Liabilities	
	2021	2020	2021	2020
Property, plant and equipment	102,931	174,837	82,229	60,621
Subsidies	-	-	75,912	85,004
Results of transactions with treasury shares	-	-	-	4,010
Losses available for carryforward	704,368	464,193	-	-
Deductions and allowances	44,049	44,049	-	-
Total assets/liabilities	**851,348**	**683,078**	**158,141**	**149,635**

The Company has deductions which have not been capitalised, the amounts and reversal periods of which are as follows:

	Euros		
Year	2021	2020	Final year
2006	2,186	2,186	2024
2007	3,249	3,249	2022
2008	1,088	1,088	2023
2009	84	84	2024
2010	4,310	4,310	2025
2011	307	307	2026
2012	8609	8,609	2026
2013	2303	2,303	2027
2014	9,792	9,792	2032
2015	23,717	23,717	2032
2016	107,933	107,933	2033
2017	155,607	155,607	2035
2018	188,137	188,137	2036
2019	354,467	354,467	2037
2020	256,566	-	2038
	1,118,355	**861,789**	

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The Company also has capitalised deductions on account of a reversal of temporary measures (Transitional Provision 37.1 of the Spanish Corporation Tax Law) amounting to 44,048 euros in 2021 and 2020.

The breakdown of the negative tax bases filed by the Company at year-end 2021 and 2020 are as follows:

	Euros	
Year	**2021**	**2020**
2015	71,438	71,438
2019	25,783	25,783
2020	1,759,563	1,759,563
2021	960,689	-
	2,817,473	**1,856,784**

As set out in the accounting policies, the Company only recognises the deferred tax assets on the Balance Sheet if they can be recovered in a reasonable period of time, also taking into consideration the legally defined limitations on their application. To be specific, the requirements under the regulatory framework for financial reporting applicable for recognising a tax credit are as follows:

- The Company is likely to earn sufficient future taxable profit to be able to use those tax credits.
- The earning of sufficient future taxable profit will be considered as unlikely when:
    - The future recovery is expected to take more than ten years from year-end, regardless of the nature of the tax credit.
    - It is unlikely that the requirements established under tax regulations for their recovery will be met at the time when they are expected to be recovered.

To verify the recoverability of the unused tax credits, the Company draws up a business plan with the necessary adjustments to determine the future taxable profit against which those tax credits can be offset. Furthermore, the Company considers the limitations on offsetting tax losses established by law. The Company also assess the existence of deferred tax liabilities to be used to offset those tax losses in the future.
When drawing up business plans, the Company considers the financial and macroeconomic circumstances that match its operating environment. Parameters such as expected growth, use of installed production capacity, prices, etc., are planned considering forecasts, and also historical data and the targets set by the Management.

(19) Environmental Information

Given the Company's business, it has no responsibilities, expenses, assets or provisions or contingencies of an environmental nature that could have any relevance with respect to its equity, financial position and results. For this reason, no specific disclosures relating to environmental issues are included in this report.

At present there are no contingencies of an environmental nature that could arise for the Company, and if there were any, it is covered by a specific environmental insurance which, amongst other contingencies, covers those arising from this fact.

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(20) Related-Party Balances and Transactions

(a) Balances with related parties

The breakdown of balances by category is as follows:

2021	Other related parties	Total
Trade and other accounts receivable. Short-term client related parties (note 11)	226,876	226,876
Total current assets	226,876	226,876
Total Assets	226,876	226,876
Trade and other accounts payable Supplier related parties (note 16)	121,106	121,106
Total current liabilities	121,106	121,106
Total liabilities	121,106	121,106

2020	Other related parties	Total
Trade and other accounts receivable. Short-term client related parties (note 11)	231,686	231,686
Total current assets	231,686	231,686
Total Assets	231,686	231,686
Trade and other accounts payable Supplier related parties (note 16)	702,340	702,340
Total current liabilities	702,340	702,340
Total liabilities	702,340	702,340

(b) Transactions between the Company and related parties

The amounts of the Company's transactions with related parties are as follows:

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2021	Other related parties (Euros)	Total (Euros)
Income		
Net sales		
Sales	956,411	956,411
Total income	956,411	956,411
Expenses		
Net purchases		
Purchases	(8,331,143)	(8,331,143)
Operating lease expenses	(967,761)	(967,761)
Other services received	(120,000)	(120,000)
Total Expenses	(9,418,904)	(9,418,904)

Restated

2020	Other related parties (Euros)	Total (Euros)
Income		
Net sales		
Sales	914,991	914,991
Total income	914,991	914,991
Expenses		
Net purchases		
Purchases	(3,994,701)	(3,964,651)
Operating lease expenses	(969,281)	(969,281)
Other services received	(120,000)	(120,000)
Total Expenses	(5,083,982)	(5,083,982)

As at 31 December 2021 and 2020, for reporting purposes, the following are considered as other related parties:

- Melnik S.L.
- Advance Color Systems S.L.
- Ferlevel S.L.
- Sotal Premium S.L.
- CCP Masterbatch, S.L
- Corporation Chimique International , S.P.R.L

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(c) Information on the Company's Directors and Senior Management

The retribution for members of the Board of Directors in 2021 was 120,383 euros in total for the Directors' membership (110,608 euros in 2020).

The total remuneration paid in 31 December 2021 to the General Manager, who was part of the Company's Senior Management and also a member of the Board of Directors, was 230,463 euros in total, as wages, including severance pay and retribution for sitting on the Board of Directors until his termination (117,536 in 2020). The Company has a CEO whose remuneration was 25,361 euros in 2021.

In 2021 and 2020, the Company's Directors were granted advances or loans for an aggregate 46,420 euros. In 2021, the Company has pension or life insurance liabilities for the current Company Directors amounting to 19,988 euros (4,292 euros in 2020).

In 2021, the Company paid insurance premiums to cover civil liability resulting from acts or omissions in the course of their duties, for a total 27,037 euros (8,575 euros in 2020), and they remain in force on 31 December 2021.

(b) Transactions other than usual business or under terms differing from market conditions carried out by the Directors and Senior Executives of the Company.

In 2021 and 2020, the Directors and Senior Executives did not carry out operations that fall outside the usual business or in conditions other than those prevailing in the market.

(e) Conflicts of interest involving the Directors

The Company's Directors and persons related to them have not been involved in any conflicts of interest that should be reported under the provisions of art. 229 of the Recast Text of the Spanish Capital Companies Law.

(21) Income and Expenses

(a) Business turnover

The breakdown of the business turnover per business category and geographical market is shown in Annex VI.

(b) Supplies

The breakdown of the consumption of commodities and other supplies is as follows:

	Euros	
	2021	*Restated figures in* 2020
Consumption of commodities and other consumables		
Purchases	(42,425,643)	(30,960,653)
Discounts and refunds on purchases	407,578	39,816
Changes in inventories	389,427	466,739
	(41,628,618)	**(30,454,098)**

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(c) Employee benefits expense

The breakdown of the employee benefits expense is as follows:

	Euros	
	2021	2020
Employee benefits expense		
Social Security payable by the Company	(853,843)	(799,685)
Other employee benefit expenses	(27,990)	(31,382)
	(881,833)	**(831,067)**

The Wages and salaries item in the Income Statement includes 204,281 euros for severance packages (165,544 euros in 2020).

(d) Outsourced services

The breakdown of Outsourced services in 2021 and 2020, itemised by its different headings, is as follows:

	Euros	
	2021	*Restated figures in* 2020
R&D expenses	(451,258)	(351,317)
Leases	(1,427,887)	(1,322,504)
Maintenance	(591,217)	(449,162)
Independent prof. services	(948,481)	(682,406)
Transport	(3,906,353)	(3,281,666)
Insurance premiums	(321,763)	(302,546)
Bank services and similar	(66,291)	(59,968)
Supplies	(2,612,877)	(1,390,093)
Other services	(322,630)	(316,633)
	(10,648,757)	**(8,156,295)**

The increased expense in independent professional services is due to the expenses incurred by the Company to list its shares on the French Euronext securities market in July 2021.

The increased expense in supplies in 2021 (impact of one million euros) is mostly due to a higher cost per unit of energy, which rose in the last quarter of 2021.

On the other hand, the higher fuel prices in the market affected the heading Transport expenses considerably.

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(22) Employee Information

The Company's average headcount in 2021 and 2020 is broken down by category as follows:

	Number	
	2021	2020
Senior Management	1	1
Technical staff and middle management	13	14
Marketing and sales staff, and similar	10	8
Administrative and other staff	56	55
	80	**78**

The distribution by gender at year-end 2021 and 2020 of the Company's employees and Directors is as follows:

	Number			
	2021		2020	
	Women	Men	Women	Men
Directors	2	8	2	7
Technical staff and middle management	3	9	2	9
Marketing and sales staff, and similar	2	5	2	5
Administrative and other staff	9	42	9	42
	16	**64**	**15**	**63**

As at 31 December 2021 and 31 December 2020 the Company had no workers recruited with a disability of 33% or more.

(23) Audit Fees

The fees for the services rendered by the auditing firm Grant Thornton S.L.P for 2020 and 2021, regardless of their invoicing, are as follows:

	Euros	
	2021	2020
For auditing services	24,000	24,000
For other audit-related services	14,600	14,600
	38,600	38,600

Other audit-related services are fees related to the limited examination of the interim financial statements for the period ended 30 June 2021, translation services and Grant Thornton's Reports on procedures agreed for the compliance of covenants.

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(25) Subsequent Events

On the date of these annual financial statements, there are no subsequent events after year-end 2021 that reveal circumstances that already existed on such date and, under the measuring and reporting standard, would have entailed an adjustment to the figures shown in the documents that make up these interim financial statements, or that would influence the going concern principle.

Nevertheless, on 7 March 2022, the B tranche linked to the syndicated financing agreement amounting to a total six million euros, was tacitly renewed upon meeting the required ratios.

On 24 February 2022, Russia invaded Ukraine and began an armed conflict. This event has caused an unprecedented global crisis that has impacted the macroeconomic environment and business progress. It has caused major hikes in commodity and energy prices and a shortage in certain goods and products.

The repercussions of this conflict on the Company's general economy and future operations are unknown and will greatly depend on the developments and outcome of this conflict. The Directors have assessed the existence of risks arising from this situation that may affect the 2021 financial statements and, according to their analysis, there is no relevant effect that should be considered in the statements.

At the date of these financial statements, there have been no other material subsequent events since 31 December 2021 that would involve changing or extending the information in the statements.

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PLÁSTICOS COMPUESTOS, S.A.

Classification of financial assets by maturity for the year ended 31 December 2021

2021	**2022**	**Subsequent years**	**Minus current portion**	**Non-current total**
	Euros			
Financial investments				
Financial assets held for trading	30,000	-	(30,000)	-
Deposits and bonds	-	141,516	-	141,516
Other financial assets	796,163	-	(796,163)	-
Loans to third parties	-	50,000	-	50,000
Trade and other accounts receivable.				
Receivables from sales and services	1,572,606	-	(1,572,606)	-
Client related parties	226,876	-	(226,876)	-
Personnel	20,214	-	(20,214)	-
Receivables from Public Entities	1,434,700		(1,434,700)	
Total	**4,080,559**	**191,516**	**(4,080,559)**	**191,516**

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PLÁSTICOS COMPUESTOS, S.A.

**Classification of financial assets by maturity
for the year ended 31 December 2020**

	Euros			
2020	Restated **2020**	**Subsequent years**	**Minus current portion**	Restated **Non-current total**
Financial investments				
Financial assets held for trading	14,701	-	(14,701)	-
Deposits and bonds	-	97,515	-	97,515
Other financial assets	595,575	-	(595,575)	-
Loans to third parties	-	50,000	-	50,000
Trade and other accounts receivable.				
Receivables from sales and services	661,917	-	(661,917)	-
Client related parties	231,686	-	(231,846)	-
Personnel	27,550	-	(27,550)	-
Receivables from Public Entities	1,189,311	-	(1,189,311)	-
Total	**2,720,740**	**147,515**	**(2,720,740)**	**147,515**

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PLÁSTICOS COMPUESTOS, S.A.

Financial Liabilities by Category
for the year ended 31 December 2021

2021	**Euros**			
	Non-current		**Current**	
	Carrying amount	**Total**	**Carrying amount**	**Total**
Debits and payables				
Payables				
to credit entities	6,926,138	6,926,138	3,633,808	3,633,808
Finance lease payables	1,428,937	1,428,937	380,732	380,732
Other financial liabilities	3,518,429	3,518,429	99,705	99,705
Trade and other accounts payable				
Suppliers	-	-	6,471,988	6,471,988
Other accounts payable	-	-	3,683,059	3,683,059
Other payables to Public Entities	-	-	165,541	165,541
Total financial liabilities	**11,873,504**	**11,873,504**	**14,434,833**	**14,434,833**

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PLÁSTICOS COMPUESTOS, S.A.

Financial Liabilities by Category
for the year ended 31 December 2020

	Euros			
	Non-current		Current	
Restated figures in 2020	**Carrying amount**	**Total**	**Carrying amount**	**Total**
Debits and payables				
Payables				
to credit entities	7,448,422	7,448,422	1,714,229	1,714,229
Finance lease payables	1,472,471	1,472,471	605,797	605,797
Other financial liabilities	4,255,952	4,255,952	46,038	46,038
Trade and other accounts payable				
Suppliers	-	-	5,667,001	5,667,001
Other accounts payable	-	-	3,290,871	3,290,871
Other payables to Public Entities	-	-	153,801	153,801
Total financial liabilities	**13,176,845**	**13,176,845**	**11,516,140**	**11,516,140**

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PLÁSTICOS COMPUESTOS, S.A.

Classification of Financial Liabilities by Maturity Date
for the years ended 31 December 2021 and after

	Euros							
	2021							
	2022	**2023**	**2024**	**2025**	**2026**	**Subsequent years**	**Minus current portion**	**Non-current total**
Payables								
Payables to credit entities	3,633,808	1,742,293	1,833,290	1,827,670	784,896	737,989	(3,633,808)	6,926,138
Finance lease payables	380,732	301,796	262,345	274,758	287,760	302,277	(380,732)	1,428,937
Other financial liabilities	99,705	46,038	46,038	97,772	2,971,184	357,396	(99,705)	3,518,429
Trade and other accounts payable								
Suppliers	6,471,988	-	-	-	-	-	(6,471,988)	-
Sundry accounts payable	3,435,887	-	-	-	-	-	(3,435,887)	-
Personnel	170,192	-	-	-	-	-	(170,192)	-
Customer advances	76,980	-	-	-	-	-	(76,980)	-
Total financial liabilities	**14,269,292**	**2,090,127**	**2,141,674**	**2,200,200**	**4,043,840**	**1,397,663**	**(14,269,292)**	**11,873,504**

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PLÁSTICOS COMPUESTOS, S.A.

Classification of Financial Liabilities by Maturity Date
for the years ended 31 December 2020 and after

	Euros							
	2020							
Restated balances	**2021**	**2022**	**2023**	**2024**	**2025**	**Subsequent years**	**Minus current portion**	**Non-current total**
Payables								
Payables to credit entities	1,714,229	1,800,702	1,931,979	2,035,212	1,495,809	184,720	(1,714,229)	7,448,422
Finance lease payables	605,797	488,696	413,472	375,992	194,311	-	(605,797)	1,472,471
Other financial liabilities	46,038	46,038	46,038	60,374	3,901,312	202,190	(46,038)	4,255,952
Trade and other accounts payable								
Suppliers	5,667,001	-	-	-	-	-	(5,667,001)	-
Sundry accounts payable	3,038,697	-	-	-	-	-	(3,038,697)	-
Personnel	252,174	-	-	-	-	-	(252,174)	-
Customer advances	38,403	-	-	-	-	-	(38,403)	-
Total financial liabilities	**11,362,339**	**2,335,436**	**2,391,489**	**2,471,578**	**5,591,432**	**386,910**	**(11,362,339)**	**13,176,845**

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PLÁSTICOS COMPUESTOS, S.A.

Reconciliation between net amount of income and expenses for the year and the tax base for the year ended 31 December 2021

	Income Statement			Recognised income and expenses			
31 December 2021	**Increases**	**Decreases**	**Net**	**Increases**	**Decreases**	**Net**	**Total**
Balance of income and expenses for the year			(367,807)			28,581	(339,226)
Corporation tax			207,958			9,527	217,485
Profit/(Loss) before tax			(575,765)			38,108	(537,657)
Permanent differences			(258,686)				(258,686)
For the individual Company	2,619		2,619				2,619
Timing differences:							
For the individual Company							
originating in previous years	173,473	(302,330)	(128,857)		(38,108)	(38,108)	(166,965)
Taxable base (taxable profit/(loss))							**(960,689)**

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This annex is an integral part of note 18 of the Annual Report, to be read altogether.

PLÁSTICOS COMPUESTOS, S.A.

Reconciliation between net amount of income and expenses for the year and the tax base for the year ended 31 December 2020

	Income Statement			Recognised income and expenses			Reserves			
31 December 2020	**Increases**	**Decreases**	**Net**	**Increases**	**Decreases**	**Net**	**Increases**	**Decreases**	**Net**	**Total**
Balance of income and expenses for the year			(1,278,552)			21,485				(1,257,067)
Corporation tax			337,221			7,161				344,382
Profit/(Loss) before tax			(1,615,773)			28,646				(1,587,127)
Permanent differences										
For the individual Company	410,692	9,477	401,215					134,331	(134,331)	266,884
Timing differences:										
For the individual Company										
originating in previous years	161,232	258,900	(97,668)		28,646	(28,646)				(126,314)
Taxable base (taxable profit/(loss))										**(1,446,557)**

* In 2020, the Corporation Tax does not correspond to the result after restating the opening balance. See note 2e.

This annex is an integral part of note 18 of the Annual Report, to be read altogether.

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PLÁSTICOS COMPUESTOS, S.A.

**Relation between corporation tax expense/(revenue) and profit/(loss)
for the year ended 31 December 2021**

	Euros		
	Income Statement	**Recognised income and expenses**	**Total**
Balance of income and expenses before tax for the year	(575,765)	16,828	(558,386)
Tax at 25%	143,941	(4,207)	139,597
Permanent differences	63,362	-	63,361
Non-deductible expenses	655	-	655
Total corporation tax expense/(revenue) For ongoing operations	**207,958**	**(4,207)**	**203,613**

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PLÁSTICOS COMPUESTOS, S.A.

Relation between corporation tax expense/(revenue) and profit/(loss) for the year ended 31 December 2020

	Euros		
	Income Statement	**Recognised income and expenses**	**Total**
Balance of income and expenses before tax for the year	(1,615,773)	28,646	(1,996,073)
Tax at 25%	(403,943)	7,161	(499,019)
Permanent differences	66,589		66,153
Non-deductible expenses	133	-	133
Total corporation tax expense/(revenue) For ongoing operations	**(337,221)**	**7,161**	**(330,060)**

* In 2020, the Corporation Tax does not correspond to the result after restating the opening balance. See note 2e.

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This annex is an integral part of note 18 of the Annual Report, to be read altogether.

PLÁSTICOS COMPUESTOS, S.A.

Breakdown of the business turnover by business category and geographical markets for the years ended 31 December 2021 and 31 December 2020

(Stated in Euros)

	National		Rest of Europe		Other Exports		Total	
	2021	Restated 2020	2021	Restated 2020	2021	Restated 2020	2021	Restated 2020
Revenue from the sale of goods	20,653,880	16,387,811	30,759,353	23,324,735	7,500,805	3,429,590	58,914,038	43,142,136
	20,653,880	**16,387,811**	**30,759,353**	**23,324,735**	**7,500,805**	**3,429,590**	**58,914,038**	**43,142,136**

	Traditional		Specialities		Commodities		Total	
	2021	Restated 2020	2021	Restated 2020	2021	Restated 2020	2021	Restated 2020
Revenue from the sale of goods	46,521,554	35,290,808	11,552,834	7,011,302	839,650	850,026	58,914,038	43,142,136
	20,653,880	**16,387,811**	**30,759,353**	**23,324,735**	**7,500,805**	**3,429,590**	**58,914,038**	**43,142,136**

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This annex is an integral part of note 21 of the Annual Report, to be read altogether.

PLÁSTICOS COMPUESTOS, S.A.

Directors' Report

2021

Plásticos Compuestos, S.A. is an industrial company that specialises in designing, producing and selling mineral concentrates (fillers) and colour and additive concentrates (masterbatches) for the plastic processing industry. Given its extensive experience in adding value to plastics and shrinking the carbon footprint, this is a leading company in biodegradable plastics with a strong focus on constantly improving and developing all plastic recycling processes.

Plásticos Compuestos is known for its commitment to protecting the environment. For the past years, it has been developing its own technology and know-how in connection with the circular economy of plastics, including biodegradable and compostable resins (bioplastics) and processes to reuse plastics. We work with a long-term approach to make our products and activity sustainable. Sustainability is embedded in our Company's DNA.

As a company, we aim to bring value to our stakeholders through lasting and trustworthy relationships. Also, with our products we help ensure a responsible environment on the back of our product composition, among other aspects. With a lasting outlook, we aim to keep the business values and culture alive supported by innovation, competitiveness and sustainability.

In the coming years, Plásticos Compuestos intends to keep expanding its traditional business (fillers and masterbatches) significantly and hopes to experience considerable growth on the back of the great opportunities available in two new markets: biodegradable plastics and recycled plastics.

In 2021, Plásticos Compuestos, S.A. increased its sales by 36.5%, a total 58,914,038 euros.

On the other hand, in 2021, the Company experienced a loss of 367,807 euros (loss of 1,584,825 euros in 2020).

This loss was due to the following causes:

- In 2021, the Company's return was hit by higher energy prices, especially in the fourth quarter of said year, and saw its operating results drop by a million euros.

- General hike in commodity prices due to their shortage in the market.

- Generally speaking, the Company is sensitive to different external factors related to the socio-economic environment where it operates, mostly effects resulting from possible fluctuations in commodities, especially oil.

- After being harshly hit by the coronavirus pandemic in 2020, the chemicals industry has recovered and the markets have begun to rally. Despite all this, Plásticos Compuestos, S.A. increased its business turnover by 36.5% and the Company's loss was 1,217,018 euros less than a year ago.

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Countermeasures:

- The impact of the higher commodity prices has been absorbed by the gross margin (i.e. *net turnover + other operating income +/- variation of inventories - supplies*), –which increased by 3,696,162 euros– by implementing an effective sales strategy in the second half of the year that involved focusing our efforts on carefully selecting our customers. Therefore, the Company has focused on customers who were able to pass on the major unavoidable price hikes to their own customers. This policy will continue in 2022.

- The Company decided to optimise its business through efficiency and the support of a good sales policy. These initiatives improved the Company's return, which became especially visible in the fourth quarter and will continue throughout 2022.

- The Company has a positive working capital.

- The price increase applied in 2021 to offset this event proved to be effective and greatly improved the return in the fourth quarter compared to 2020.

- Following the impact of the higher cost of energy and commodities in 2021, the Company's outlook for 2022, taking into account the forecasts for the market the Company operates in, is a year-over-year increase of its net turnover in 2022. All this bearing in mind the market volatility caused by the Russia-Ukraine war and the soaring prices of energy and supplies in general.

  In view of the Company's business, the impact of the Russia-Ukraine war could mainly impact the sourcing of certain commodities and an increase in the energy and gas spend. In order to minimise these potential risks, some of which had already begun in 2021, the Company has a series of countermeasures to ease the impact and achieve its 2022 targets:

  - For the sourcing of commodities, the Company will offset this impact by seeking other sources, minimising the stockout risk to keep the business running smoothly.

  The Company controls this risk by constantly monitoring its margins, not only on its average purchase prices, which are used to value the inventory, but also on its restocking prices.

The Company's Management structure and organisation has been conceived to ensure the existence of the control mechanisms required to assess, monitor and counteract those risks.

R&D is a priority for our Company, especially focusing on sustainable biopolymers and compounds and this will continue in the coming years.

The distribution of dividends is linked to complying with the ratios established for the Company's payables.

The days payable outstanding ratio has been shortened to 69 days (72 days in 2021). The Company plans to implement a new cash and banks scheme to shorten this ratio further.

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RISK CONTROL AND MANAGEMENT POLICY

(a) Financial risk factors

The Company's activities are exposed to various financial risks: market risk (including foreign exchange risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management programme focuses on the uncertainty of the financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and compliance with limits. Risk management policies and procedures are regularly reviewed to reflect changes in market conditions and the Company's activities. The Company, through its management standards and procedures, seeks to implement an atmosphere of strict, constructive control where all employees understand their functions and duties.

The Audit Committee oversees how the management monitors compliance with risk management policies and procedures and reviews whether the risk management policy is appropriately tailored to the risks faced by the Company.

The main risks faced by the Company are as follows:

(i) Exchange rate risk

The Company operates on an international level and is therefore exposed to the exchange rate risk in currency operations.

Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are stated in a currency that is not the Company's operating currency. The Treasury Department is responsible for managing the net position in each foreign currency.

(ii) Credit Risk

Credit risk is the risk of financial loss if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from trade receivables and investments in debt instruments.

The Company has taken out lines of credit to insure sales of products to customers with an adequate credit history and previously authorised by the insurers. These lines of credit, where appropriate, provide 90% coverage both domestically and internationally, and therefore cover almost the entire risk.

The Company does not have significant concentrations of credit risk.

In addition, the Company has contracted non-recourse factoring products with certain financial entities, which considerably reduces credit risk.

(iii) Liquidity risk

"Liquidity risk" is the risk that the Company will encounter difficulties in meeting the obligations linked to its financial liabilities that are settled in cash or other financial assets. When managing liquidity, the Company's objective is to ensure, to the greatest extent possible, that it has sufficient liquidity to meet its liabilities when due, without risking non-payment or damage to the Company's reputation.

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The Company uses available analytical information to calculate the cost of its products and services, which helps when reviewing the Company's cash requirements and optimising the return on its investments.

The classification of financial liabilities by category is shown in Annex II. Also, the classification of financial liabilities by maturity is shown in Annex III.

(iv) Interest rate risk in cash flows and fair value

As the Company does not have any relevant interest-bearing assets, income and cash flows from operating activities are not significantly affected by fluctuations in market interest rates. The Company's interest rate risk arises from non-current leveraged funds. Leveraged funds issued at variable interest rates expose the Company to the cash flow interest rate risk. Fixed interest rate loans expose the Company to fair value interest rate risk. Most of the debt taken on by the Company bears a fixed rate interest rate (see the breakdown in note 16)

(b) Environmental factors

Given the Company's business, it has no responsibilities, expenses, assets or provisions or contingencies of an environmental nature that could have any relevance with respect to its equity, financial position and results.

At present there are no contingencies of an environmental nature that could arise for the Company, and if there were any, it is covered by a specific environmental insurance which, amongst other contingencies, covers those arising from this fact.

(c) Subsequent events

On the date of these annual financial statements, there are no subsequent events after year-end 2021 that reveal circumstances that already existed on such date and, under the measuring and reporting standard, would have entailed an adjustment to the figures shown in the documents that make up these interim financial statements, or that would influence the going concern principle.

Nevertheless, on 7 March 2022, the B tranche linked to the syndicated financing agreement amounting to a total six million euros, was tacitly renewed upon meeting the required ratios.

On 24 February 2022, Russia invaded Ukraine and began an armed conflict. This event has caused an unprecedented global crisis that has impacted the macroeconomic environment and business progress. It has caused major hikes in commodity and energy prices and a shortage in certain goods and products.

The repercussions of this conflict on the Company's general economy and future operations are unknown and will greatly depend on the developments and outcome of this conflict. The Directors have assessed the existence of risks arising from this situation that may affect the 2021 financial statements and, according to their analysis, there is no relevant effect that should be considered in the statements.

(d) Average workforce

The Company's average workforce in 2021 was 80 persons (78 in 2020).

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(e) Treasury shares

As at 31 December 2021, the Company has 138,574 treasury shares (126,694 in 2020) deposited in the liquidity account for an amount of 336,462 euros (323,833 euros in 2020).

In 2021, the Company bought and sold treasury shares for 230,773 and 218,145 euros respectively. During this period, the Company has not launched any special operations for the purchase or sale of treasury sales. In 2020, the Company bought and sold treasury sales for 177,253 and 145,087 euros respectively.

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PLÁSTICOS COMPUESTOS, S.A.

2021

At the Board meeting of Sociedad Plásticos Compuestos, S.A. held on 31 March 2022, pursuant to Article 253.2 of the Recast Text of the Spanish Capital Companies Law and Article 37 of the Spanish Commercial Code, the Directors drew up the Financial Statements and the Directors' Report for the year started on 1 January 2021 and ended on 31 December 2021. The Financial Statements comprise the foregoing documents.

Signed by:

[Signature]	[Signature]	[Signature]
CORPORATION CHIMIQUE INTERNATIONAL S.P.R.L. represented by Ignacio Duch Tuesta, Chairman of the Board of Directors of PLÁSTICOS COMPUESTOS, S.A.	CCP MASTERBATCH, S.L. represented by Pablo Duch from PLÁSTICOS COMPUESTOS, S.A.	Mr Albert de la Riva, Director of PLÁSTICOS COMPUESTOS S.A.
[Signature]	[Signature]	[Signature]
Ms Clara Duch Tuesta, Director of PLÁSTICOS COMPUESTOS, S.A.	Ms Sandra Duch Balust, Director of PLÁSTICOS COMPUESTOS, S.A	Mr Guillem Ferrer, Director of PLÁSTICOS COMPUESTOS S.A.
[Signature]	[Signature]	
GESTIÓN Y ADMINISTRACIÓN MOBILIARIA, S.A., represented by Mr LLuís Clusella, Director of PLÁSTICOS COMPUESTOS, S.A.	GANT FINANCE, S.A., represented by Mr Luis Vázquez Antas, Director of PLÁSTICOS COMPUESTOS, S.A.	

SARA JANE CALLEJO PATERSON, TRADUCTORA-INTÉRPRETE JURADA DE INGLÉS, CON NÚMERO 3912, NOMBRADA POR EL MINISTERIO DE ASUNTOS EXTERIORES, UNIÓN EUROPEA Y COOPERACIÓN, CERTIFICO QUE LA QUE ANTECEDE ES TRADUCCIÓN FIEL Y COMPLETA AL ESPAÑOL DE UN DOCUMENTO REDACTADO EN ESPAÑOL.

I, SARA JANE CALLEJO PATERSON, SWORN TRANSLATOR-INTERPRETER OF ENGLISH, WITH NUMBER 3912, DULY APPOINTED BY THE SPANISH MINISTRY OF FOREIGN AFFAIRS, CERTIFY THAT THE FOREGOING TEXT IS A TRUE AND COMPLETE TRANSLATION INTO SPANISH OF A DOCUMENT WRITTEN IN SPANISH.

MADRID, 21 DE APRIL DE 2022 / MADRID 21 APRIL 2022.

FIRMADO Y SELLADO/SIGNED AND STAMPED BY SARA JANE CALLEJO PATERSON

SARA JANE CALLEJO PATERSON
Traductora-Intérprete Jurada de INGLÉS
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