KPMG

Auditor’s Report on Auriga Capital Markets, S.L and Subsidiaries

(along with the Consolidated Annual Accounts and Directors’ Report of Auriga Capital Markets, S.L. and Subsidiaries for the year ended 31 December 2021).

Addressed to the Shareholders of Auriga Capital Markets, S.L.

Opinion

We have audited the Consolidated Annual Accounts of Auriga Capital Markets, S.L. (the parent "Company") and its subsidiaries (the "Group"), which comprise the balance sheet at 31 December 2021 and the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying Consolidated Annual Accounts give a true and fair view, in all material respects, of the equity and financial position of the Company at 31 December 2021 and its financial performance and cash flows, all consolidated, for the year then ended in accordance with the applicable financial reporting framework (identified in note 2 of the report) and, in particular, with the accounting principles and criteria set forth therein.

Grounds for our opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities according to those regulations are described below in the section *Responsibility of the Auditor with regard to the auditing of the Consolidated Annual Accounts* in our report.

We are independent from the Company as required by standards of ethics, including those for independence, which are applicable to our auditing of consolidated annual accounts in Spain, as required by the regulations governing the auditing of accounts. In this respect, we have not provided any services other than those of auditing accounts, nor have any situations or circumstances arisen which, under the provisions of those rules, could affect the required independence in such a way as to have been compromised.

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

Most relevant aspects of the audit

The most relevant aspects of the audit are those which, in our professional opinion, were considered as the most significant risks of material misstatement in our audit of the consolidated annual accounts for the current period. Those risks were treated in the context of our audit of the consolidated annual accounts taken as a whole and in the forming of our opinion on the accounts, and we do not express any separate opinion on those risks.

Recognition of income from commissions (see note 23 of the Notes to the Consolidated Annual Accounts)

The recognition of income from fees is the most relevant heading of the consolidated income statement of the Group. It mainly comprises the fees arising from the processing and implementation of customers instructions for buying and selling securities and portfolio management fees and from the management of collective investment undertakings (hereinafter, CIUs). This income is calculated on the basis of the transactions realised and the CIUs' assets managed. As part of our procedures, in the context of our audit, we have assessed the design and implementation of the Group's monitoring methods in respect of the integrity, assessment and existence of the securities transactions and the assets managed.

Furthermore, the main tests of detail carried out on the recognition of income from fees were as follows:

-We have recalculated the income from fees arising from the processing and implementation of customers' instructions for buying and selling securities for a sample of customers and for that sample we have checked that the rates used correspond with those established in the contracts signed with the customers.

-For a sample we verified the proper recording of income from fees in the corresponding period.

-For all the banks with which the Group carries out the processing and execution of customer' instructions for the purchase and sale of securities, we have requested confirmation of the assets that the Group has deposited in them at 31 December 2021, on behalf of its customers.

-We checked the reconciliations made by the Group between the customers' balances deposited according to its accounting records and those confirmed by the banks.

We checked that the national CIUs considered in the process for calculating portfolio management fees coincide with those which, according to the records of the Spanish National Securities Market Commission (hereinafter, CNMV), were managed by the Group during the year. In the case of foreign CIUs, we checked the existence of a management contract in force during the year.

For a sample we recalculated the management fee for each of the CIU managed and compared the fee percentages applied with the percentages established in the CIU brochures, and with the limits established by the regulator.

-For a sample we checked that the income earned by the Group for this item and the amounts yet to be received by the Group are recorded as an expense and amount payable, respectively, in the CIUs managed.

-For a sample we verified the proper recording of income from fees in the corresponding period.

-We have assessed whether the information in the annual accounts relating to income from fees meets the requirements under the regulatory framework applicable for financial reporting applicable to the Group.

Other information: Consolidated Directors’ Report

Other information comprises exclusively the consolidated director’s report for 2021, the preparation of which is the responsibility of the directors of the parent Company and does not form an integral part of the Consolidated Annual Accounts.

Our opinion for the audit of the Consolidated Annual Accounts does not extend to the consolidated director’s report. In accordance with the regulations governing the auditing of accounts, our responsibility in respect of the consolidated directors’ report consists of evaluating and informing on whether the director’s report is consistent with the consolidated annual accounts, based on the knowledge obtained on the entity from performing the audit of said consolidated annual accounts, and to evaluate and inform as to whether the content and presentation of the consolidated directors’ report is compliant with applicable regulations. If, on the basis of our work, we conclude that there is material misstatement, we are bound to inform on this.

On the basis of the work carried out, as described in the preceding paragraph, the information contained in the consolidated director’s report is consistent with that in the Consolidated Annual Accounts for the year 2021 and its content and presentation are in accordance with applicable regulations.

Directors' Responsibility for the Consolidated Annual Accounts

The Directors of the parent Company are responsible for drawing up the attached consolidated annual accounts in such a way as to express a true and fair image of the Group’s consolidated equity, consolidated financial position and consolidated profit/(loss) in accordance with the financial reporting framework applicable to the Group in Spain, and for such internal control as they deem necessary to permit the preparation of the consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In the preparation of the Consolidated Annual Accounts, the Directors of the parent Company are responsible for assessing the Group’s ability to continue operating as a going concern, disclosing, as appropriate, the issues related to a going concern, and using the accounting principle of a "going concern", except if the Directors intend to wind up the Group or to cease operations, or if there is no realistic alternative.

Responsibilities of the auditor in relation to the auditing of the Consolidated Annual Accounts

Our objectives are to obtain reasonable assurance about whether the Consolidated Annual Accounts as a whole are free from material misstatement due to fraud or error, and to issue an auditor’s report expressing our opinion. Reasonable assurance is a high degree of assurance but does not guarantee that an audit made in accordance with the regulations on the auditing of accounts in force in Spain will always identify a material misstatement if it exists. Misstatements can be due to fraud or error and are considered to be material if, individually or in aggregate, they can be reasonably expected to influence economic decisions that are taken by users on the basis of the Consolidated Annual Accounts.

As part of an audit performed in accordance with the regulations on the auditing of accounts in force in Spain, we use our professional judgement and maintain an attitude of professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement in the Consolidated Annual Accounts, due to fraud or error, we design and use auditing procedures to respond to those risks and obtain sufficient appropriate audit evidence to provide a reasonable basis for our opinion. The risk of not identifying a material misstatement due to fraud is higher than in the case of material misstatement due to error, as the fraud can involve collusion, falsification, deliberate omissions, intentionally inaccurate statements or the avoidance of internal control.

- We obtain knowledge from the relevant internal control for our audit, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made, and the information disclosed by the Directors of the parent Company.

- We conclude whether it is appropriate for the directors of the parent Company to use the principle of a going concern and, based on the audit evidence gathered, we conclude whether or not there is any material uncertainty related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern. If we conclude that material uncertainty does exist, we are required to draw attention in our report to the relevant information disclosed in the Annual Accounts or, if those disclosures are not appropriate, to express a modified opinion. Our conclusions are based on the audit evidence gathered up until the date of our auditor's report. However, any future events or conditions could be the reason for the Group ceasing to operate as a going concern.

- We evaluate the overall presentation, the structure and content of the annual accounts, including the information disclosed, and whether the annual accounts represent the underlying transactions and facts so as to present a true and fair view.

- We gather sufficient appropriate evidence in relation to the financial information on the companies or business activities within the Group in order to express an opinion on the Consolidated Annual Accounts. We are responsible for the management, supervision, and performance of the auditing of the Group. We are solely responsible for our audit opinion.

We are in communication with the directors of the parent Company in relation to, amongst other issues, planning the scope and the moment for carrying out the audit and the significant findings of the audit, as well as any significant shortcoming in the internal control that we may identify during the course of the audit.

Amongst the significant risks which we have communicated to the directors of Auriga Capital Markets, S.L, we indicate those which had most significance on the audit of the Consolidated Annual Accounts for the current year and which are therefore the risks considered to be most significant.

We describe those risks in our report, unless legal or regulatory provisions prohibit public disclosure of the issue.

KPMG Auditores, S.L.

Registered in the Official Registry of Auditors with no. S0702

Fernando Renedo Avilés

Registered in the Official Registry of Auditors with no. 22,478

20 May 2022

AURIGA CAPITAL MARKETS, S.L.,
AND SUBSIDIARIES

Consolidated Balance Sheets

31 December 2021 and 2020

(Expressed in Euros to two decimal places)

Assets	Note	31.12.21	31 December 2020
Cash		1,922.81	1,794.45
Financial assets held for trading	6		
Debt securities		649,308.00	575,245.11
Equity instruments		1,113,649.62	1,725,114.15
Memorandum item: Loaned or pledged		-	-
		1,762,957.62	2,300,359.26
Portfolio measured at fair value through equity	7		
Equity instruments		7,971,536.46	6,263,009.36
Memorandum item: Loaned or pledged		-	-
		7,971,536.46	6,263,009.36
Portfolio measured at amortised cost: Loans and receivables	8		
Due from financial intermediaries		21,220,738.36	18,213,688.67
Due from customers		14,065,564.33	14,386,736.51
		35,286,302.69	32,600,425.18
Equity investments	9		
Associates		6,054,841.78	5,752,259.30
Property, plant and equipment	10		
For own use		207,855.39	282,334.72
Intangible Assets	11		
Other intangible assets		63,765.24	84,139.12
Tax assets	13		
Current		18.17	5,509.46
Deferred		142,715.39	194,820.65
		142,733.56	200,330.11
Other assets	14	2,623,616.99	5,919,553.82
Total assets		54,115,532.54	53,404,205.32

The accompanying notes form an integral part of the consolidated annual accounts for 2021.

AURIGA CAPITAL MARKETS, S.L.,
AND SUBSIDIARIES

Consolidated Balance Sheets

31 December 2021 and 2020

(Expressed in Euros to two decimal places)

Liabilities and Equity	Note	31 December 2021	31 December 2020
Financial liabilities at amortised cost	15		
Due to financial intermediaries		5,392,820.63	6,571,904.47
Due to customers		24,836,664.74	26,680,047.35
Other financial liabilities		-	-
		30,229,485.37	33,251,951.82
Provisions			
Provisions for taxes and other legal contingencies	16	101,123.70	-
Tax liabilities	13		
Current		-	-
Deferred		38,463.11	51,107.05
		38,463.11	51,107.05
Other liabilities	14	2,348,479.41	2,287,640.44
Total liabilities		32,717,551.59	35,590,699.31
Equity	17		
Capital			
Registered capital		1,492,350.00	1,492,350.00
Reserves		14,179,868.66	11,880,171.06
Reserves (losses) of equity-accounted investees		406,213.25	(136,739.61)
Profit for the year attributable to the Parent		2,781,258.28	2,853,877.99
		18,859,690.19	16,089,659.44
Fair value adjustments	18		
Financial assets at fair value through equity		1,963,767.27	1,291,947.00
Exchange differences		-	-
		1,963,767.27	1,291,947.00
Equity attributable to the Parent Company		20,823,457.46	17,381,606.44
Minority interests		574,523.49	431,899.57
Total equity		21,397,980.95	17,813,506.01
Total liabilities and equity		54,115,532.54	53,404,205.32

MEMORANDUM ITEM

Risk and commitment accounts	19		
Bank and other guarantees extended		10,351.81	10,351.81
Forward securities sale-purchase commitments		70,516.16	3,109,678.83
		80,867.97	3,120,030.64
Other off-balance sheet items	19 and 20		
Portfolios managed		708,076,832.39	779,364,122.70
Assets marketed		39,936,151.32	-
Assets under advice		543,521,499.10	-
Other off-balance sheet items		300,455,700.63	250,158,065.37
		1,591,990,183.44	1,029,522,188.07
Total off-balance sheet items		1,592,071,051.41	1,032,642,218.71

The accompanying notes form an integral part of the consolidated annual accounts for 2021.

AURIGA CAPITAL MARKETS, S.L.,
AND SUBSIDIARIES

Consolidated Income Statements
for the years ended 31 December 2021 and 2020

(Expressed in Euros to two decimal places)

	Note	2021	2020
Interest and similar income	21	60,417.82	509,791.10
Interest expense and similar charges	22	(358,034.26)	(687,470.83)
Interest margin		(297,616.44)	(177,679.73)
Dividend income	21	153,301.98	157,507.53
Share of profit or loss of equity-accounted investees	9	1,581,618.66	4,412,863.45
Fee and commission income	23	16,428,926.64	12,683,008.17
Fee and commission expense	23	(4,209,312.10)	(3,090,268.22)
Profit/(loss) on financial transactions (net)			
Financial liabilities held for trading	6	4,873,982.39	5,259,620.50
Other financial instruments not measured at fair value through profit or loss	9	(6,727.49)	191,503.21
Other		-	-
Exchange differences (net)		257,783.34	(409,256.89)
Other operating income		224,357.30	404,808.88
Other operating expenses	24	(286,836.96)	(220,777.23)
Gross margin		18,719,477.32	19,211,329.67
Personnel expenses	25	(10,151,908.12)	(8,591,179.34)
Overheads	26	(5,254,550.84)	(4,376,291.36)
Depreciation and amortisation	10 and 11	(126,117.40)	(68,601.69)
Allocations to provisions (net)		(101,123.70)	-
Impairment losses on financial assets (net)			
Other financial instruments not measured at fair value through profit or loss	27	-	(12,000.00)
Loans and receivables	8	-	(3,267,009.05)
Profit/(loss) from operating activities		3,085,777.26	2,896,248.23
Impairment losses on the rest of assets (net)			
Property, plant and equipment		-	-
Other	7	-	-
Profit/(loss) on the derecognition of assets not classified as non-current and held for sale		-	-
Profit/(loss) before income tax		3,085,777.26	2,896,248.23
Income tax	28	(133,081.35)	43,020.51
Profit/(loss) for the year from continuing operations		2,952,695.91	2,939,268.74
Consolidated profit for the year		2,952,695.91	2,939,268.74
Profit attributable to the Parent Company		2,781,258.28	2,853,877.99
Profit attributable to minority interests		171,437.63	85,390.75
Earnings per share (Euros)			
Basic		-	-

The accompanying notes form an integral part of the consolidated annual accounts for 2021.

AURIGA CAPITAL MARKETS, S.L.,
AND SUBSIDIARIES

Consolidated Statements of Changes in Equity for the years ended 31 December 2021 and 2020

A) Consolidated Statements of Recognised Income and Expense for the years ended 31 December 2021 and 2020

(Expressed in Euros to two decimal places)

	2021	2020
Profit for the year	2,952,695.91	2,939,268.73
Income and expense recognised directly in equity		
By valuation of financial instruments		
Financial assets at fair value through equity	659,176.34	1,043,256.70
Tax effect	12,643.94	56,835.13
Exchange differences		
Revaluation gains	-	-
Amounts transferred to the income statement		
By valuation of financial instruments	-	(480,718.85)
	671,820.28	619,372.98
Total recognised income and expense	3,624,516.19	3,558,641.73
Attributable to the Parent Company	3,460,130.27	3,454,495.38
Attributable to minority interests	164,385.92	104,146.35

The accompanying notes form an integral part of the consolidated annual accounts for 2021.

AURIGA CAPITAL MARKETS, S.L.,
AND SUBSIDIARIES

Consolidated Statement of Changes in Equity for the year ended 31 December 2021

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

(Expressed in Euros to two decimal places)

	Registered capital	Share premium	Reserves	Profit/(loss) for the year attributable to the Parent	Total shareholders' equity	Valuation adjustments	Minority interests	Total equity
Balance at 31 December 2020	1,492,350.00	-	11,743,431.45	2,853,877.99	16,089,659.44	1,291,947.00	431,899.57	17,813,506.01
Other movements	-	-	-	-	-	-	-	-
Adjusted balance at 1 January 2021	1,492,350.00	-	11,743,431.45	2,853,877.99	16,089,659.44	1,291,947.00	431,899.57	17,813,506.01
Total recognised income and expense	-	-	-	2,781,258.28	2,781,258.28	678,871.98	164,385.92	3,624,516.19
Other changes in equity	-	-	-	-	-	-	-	-
Business derecognitions	-	-	-	-	-	-	(19,067.00)	(19,067.00)
Other movements	-	-	(11,227.54)	-	(11,227.54)	(7,051.71)	(2,695.00)	(20,974.25)
Appropriation of profit	-	-	2,853,877.99	(2,853,877.99)	-	-	-	-
Balance at 31 December 2021	1,492,350.00	-	14,586,081.90	2,781,258.28	18,859,690.18	1,963,767.27	574,523.49	21,397,980.95

The accompanying notes form an integral part of the consolidated annual accounts for 2021.

AURIGA CAPITAL MARKETS, S.L.,
AND SUBSIDIARIES

Consolidated Statement of Changes in Equity for the year ended 31 December 2020

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

(Expressed in Euros to two decimal places)

	Registered capital	Share premium	Reserves	Profit/(loss) for the year attributable to the Parent	Total shareholders' equity	Valuation adjustments	Minority interests	Total equity
Balance at 31 December 2019	1,500,000.00	-	15,248,755.36	(2,849,297.78)	13,899,457.58	672,574.03	214,824.24	14,786,855.85
Recognised income and expense	-	-	-	2,853,877.99	2,853,877.99	600,617.39	104,146.35	3,558,641.73
Other changes in equity								
Capital decrease (note 17)	(7,650.00)	-	(30,600.00)	-	(38,250.00)	-	-	(38,250.00)
Other movements	-	-	(625,426.13)	-	(625,426.13)	18,755.58	112,928.98	(493,741.57)
Appropriation of profit	-	-	(2,849,297.78)	(2,849,297.78)	-	-	-	-
Balance at 31 December 2020	1,492,350.00	-	11,743,431.45	2,853,877.99	16,089,659.44	1,291,947.00	431,899.57	17,813,506.01

AURIGA CAPITAL MARKETS, S.L.,
AND SUBSIDIARIES

Consolidated Statements of Cash Flows for the years ended 31 December 2021 and 2020

(Expressed in Euros to two decimal places)

	2021	2020
1. Cash flows from (used in) operating activities	2,683,102.75	2,657,921.87
Profit for the year	2,781,258.28	2,519,870.90
Adjustments to obtain cash flows from operating activities		
Depreciation and amortisation (+)	126,117.40	68,601.69
Net provisions for risks (+/–)	101,123.70	63,586.63
Profit/(loss) on sales of shareholdings (+/-)	-	-
Other items (+/-)	389,179.26	312,777.78
	616,420.36	444,966.10
Adjusted profit (+/-)	3,397,678.64	2,964,837.00
Net increase/(decrease) in operating assets		
Loans and receivables (+/-)	(781,050.03)	(2,066,619.54)
Financial assets held for trading (+/-)	537,401.64	99,726.02
Available-for-sale financial assets (+/-)	(850,189.44)	(2,768,659.76)
Other operating assets (+/-)	3,353,533.38	4,201,108.92
	2,259,695.55	(534,444.36)
Net increase/(decrease) in operating liabilities		
Financial liabilities at amortised cost (+/-)	(3,022,466.45)	(42,338.61)
Financial liabilities held for trading	-	-
Other operating liabilities	48,195.01	269,867.84
	(2,974,271.44)	227,529.23
2. Cash flows used in investing activities	(520,363.27)	(1,180,294.09)
Payments (-)		
Equity investments	(72,000.00)	-
Property, plant and equipment	(74,141.64)	(21,808.44)
Intangible assets	(96,991.77)	(2,146.74)
Non-current assets held for sale	(960,200.00)	-
	(1,203,333.41)	(23,955.18)
Receipts (+)		
Equity investments	543,100.14	(1,156,338.91)
Property, plant and equipment	75,635.00	-
Intangible assets	64,235.00	-
	682,970.14	(1,156,338.91)
3. Cash flows used in financing activities	-	-
Payments (-)		
Amortisation of equity instruments	-	-
4. Effect of exchange rate fluctuations on cash and cash equivalents	(257,783.34)	-
5. Net increase/(decrease) in cash and cash equivalents (1+2+3+4)	1,904,956.14	1,477,627.78
Cash and cash equivalents at beginning of year	12,400,151.32	10,922,523.54
Cash and cash equivalents at year end	14,305,107.46	12,400,151.32

The accompanying notes form an integral part of the consolidated annual accounts for 2021.

AURIGA GLOBAL INVESTORS,
SOCIEDAD DE VALORES, S.A.U.

Notes to the Annual Accounts

31 December 2021

(1) Nature and principal activities

Auriga Capital Markets, S.L. (hereinafter, the Company or the Parent Company) was incorporated in Madrid on 27 December 2018, as a limited liability company. Its corporate purpose is the acquisition, investment, holding, management, assignment and transfer of any kind of shares or ownership interests, quotas or other deeds representing rights over the share capital of resident and non-resident companies in Spanish territory, regardless of its nature or purpose, through subscription, undertaking or participation in the incorporation or in capital increases of such companies or through its acquisition by any means, without encroaching on the activities of Collective Investment Undertakings, Securities Companies and Agencies, or other Entities governed by special laws, as well as establishing its goals, strategies and priorities and coordinating the activities of the subsidiaries.

The Company's registered office is located at Calle Cuesta del Sagrado Corazón, 6, in Madrid.

On 29 June 2018, the Board of Directors of Auriga Capital Investments, S.L. (spun-off company) devised a Partial Spin-Off Project involving the creation of a new company, the Company, to be wholly owned and in equal proportion by the shareholders of the spun-off company. The partial spin-off was part of a reorganisation of the Group of companies headed by Auriga Capital Investments, S.L., the purpose of which was to group together, under a single company, all those regulated Spanish companies that are subject to the control and supervision of the Spanish National Securities Market Commission and to separate these investments from the rest of the Group's investments.

On 22 March 2021, Alternative Financing, Estructuración y Originación, S.L., as the owner of 100% of the share capital of Einicia Crowdfunding P.F.P., S.L., sold and transferred all of the shares it held to an entity outside the Group.

At 31 December 2021 and 2020, the Company belongs to a consolidated group of financial institutions, pursuant to Royal Decree 1332/2005, with the following entities:

- Auriga Global Investors, Sociedad de Valores, S.A., Sociedad Unipersonal

- Finalter, S.L.

- Quadriga Asset Managers S.G.I.I.C., S.A.

- Alternative Financing, Estructuración y Originación, S.L.

- Auriga Investments S.a.r.l.

- iBroker Global Markets, S.V., S.A.

- Auriga Sherpa I S.L.

- Quadriga Investments GP, S.a.r.l.

The Parent Company is the head of a group formed by subsidiaries (hereinafter, the Auriga Group or the Group) that have all been fully consolidated.

As required by the Spanish National Securities Market Commission (CNMV), Auriga Capital Markets, S.L. is responsible for ensuring compliance with the requirements of article 8 of Royal Decree 1332/2005 and, accordingly, prepares separate consolidated annual accounts, which are subject to an independent audit.

Appendix I attached hereto, which forms an integral part of this note, includes information on the fully consolidated companies and the percentage of interest held in each at 31 December 2021 and 2020.

Appendix II attached hereto, which forms an integral part of this note, includes information on the equity-accounted associates and the percentage of interest held in each at 31 December 2021 and 2020.

(2) Basis of presentation of the Consolidated Annual Accounts

(a) True and fair view

The accompanying consolidated annual accounts have been prepared on the basis of the accounting records of Auriga Capital Markets, S.L. and its subsidiaries, which comprise the Auriga Capital Markets Group in Spain.

The consolidated annual accounts for 2021 have been prepared in accordance with prevailing mercantile legislation and the provisions of CNMV Circular 1/2021, dated 25 March, concerning accounting standards, annual accounts and financial statements of investment services companies and its consolidable groups, management companies of collective investment institutions and management companies of closed-end entities, and subsequent amendments thereto (hereinafter, CNMV Circular 1/2021), so as to give a true and fair view of the consolidated equity and consolidated financial position at 31 December 2021 and consolidated profit or loss, changes in consolidated equity and consolidated cash flows for the year then ended.

The consolidated annual accounts were authorised for issue by the Parent's board of directors on 31 March 2022.

The consolidated annual accounts include certain adjustments and reclassifications necessary to harmonise the accounting and presentation principles applied by the subsidiaries with those used by the Group. These consolidated annual accounts are pending approval by the shareholders. Nevertheless, the board of directors of the Group's Parent considers that the consolidated annual accounts for 2021 will be approved with no significant changes.

(b) Comparative information

The consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows and the consolidated notes thereto for 2021 include comparative figures for 2020, which formed part of the 2020 consolidated annual accounts approved at the annual general meeting held on 14 June 2021.

Balances for the year 2020 were subject to certain non-material reclassifications to render them comparable with those for the year 2021.

On 31 December 2020, the Parent Company prepared its consolidated annual accounts in accordance, primarily, with the criteria set out in CNMV Circulars 7/2008 and 3/2017 of 26 November. On 16 April 2021, the National Securities Market Commission issued Circular 1/2021 of 25 March, repealing Circular 7/2008 of 26 November, from which date the Company began applying the criteria provided in the Spanish Chart of Accounts approved in 2007. The balances for the financial year 2020 have been adapted for comparative purposes due to the enactment of CNMV Circular 1/2021.

Issues arising from the transition to the new accounting standards

The accounting principles and the main measurement criteria used by the Company in preparing these annual accounts are the same as those applied in the previous year, except for the adoption of Royal Decree 1/2021, of 12 January, amending the Spanish Chart of Accounts approved by Royal Decree 1514/2007, of 16 November, as well as the adoption of the Spanish Accounting and Audit Institute Resolution of 10 February 2021, which provides rules for the recording, measurement and preparation of annual accounts for the recognition of income from the delivery of goods and services and for the recognition of financial instruments.

The Group has not made any adjustments to the carrying amount of financial assets and liabilities in reserves as at 1 January 2021 as a result of the application of the new accounting standards.

(c) Functional and presentation currency

The figures disclosed in the consolidated annual accounts are expressed in Euros, the Parent Company and the Group's functional and presentation currency, rounded off to two decimal places.

(d) Critical issues regarding the valuation and estimation of relevant uncertainties and judgements used when applying accounting principles

There have been no changes in the judgements and accounting estimates used by the Group in 2021.

Relevant accounting estimates and judgements and other estimates and assumptions have to be made when applying the Group's accounting principles to prepare the consolidated annual accounts. A summary of the items requiring a greater degree of judgement or which are more complex, or where the assumptions and estimates made are significant to the preparation of the consolidated annual accounts, is as follows:

The most significant estimates used in preparing these consolidated annual accounts are as follows:

- Estimates to calculate the fair value of the financial instruments held by the Group (see notes 5, 6 and 7).

- Estimates to calculate the bonus payable to Group employees.

- Estimates to calculate the income tax expense and deferred tax assets (see notes 13 and 28).

Although estimates are calculated by the Group's directors based on the best information available at 31 December 2021, future events may require changes to these estimates in subsequent years. Any effect on the consolidated annual accounts of adjustments to be made in subsequent years would be recognised prospectively.

(3) Distribution/Appropriation of profit/(loss) of the Parent Company

The Parent Company's proposed appropriation of profit for the year ended 31 December 2021 made by the Directors and pending approval by shareholders at the Annual General Meeting is as follows:

	Euros
Basis of appropriation	
Profit for the year	430,444.14
Distribution	
Legal reserve	43,044.41
Voluntary reserves	353,362.40
Capitalisation reserve	6,550.79
Offset of prior periods' losses	27,486.54
	430,444.14

The Parent Company's losses for the year ended 31 December 2020, approved by the Annual General Meeting on 16 June 2021, were transferred to prior years' profit/(loss).

Details of consolidated non-distributable reserves at 31 December 2021 and 2020 are as follows:

	Euros	
	31.12.2021	31.12.2020
Non-distributable reserves:		
Legal reserve	975,479.44	845,113.71

Distributable reserves and consolidated profit for the year are not subject to distribution limitations.

(4) Significant accounting policies

(a) Subsidiaries

Subsidiaries, including special purpose vehicles, are those entities over which the Company, either directly or indirectly, through subsidiaries, exercises control as defined in article 42 of the Spanish Code of Commerce.

For presentation and disclosure purposes, Group companies are those which are controlled, by any means, by one or more individuals or legal entities in conjunction or are solely managed in accordance with statutory clauses or agreements.

Control is the power to govern the financial and operating policies of an entity or business so as to obtain benefits from its activities. In assessing control, potential voting rights held by the Group or other entities that are exercisable or convertible at the end of each reporting period are considered.

Subsidiaries are fully consolidated.

Information on the Group's consolidated subsidiaries is provided in Appendix I.

The income, expenses and cash flows of subsidiaries are included in the consolidated annual accounts from the acquisition date, which is when the Group obtains effective control. Transactions and balances with subsidiaries have been eliminated on consolidation.

The annual accounts of subsidiaries used in the consolidation process have the same reporting date and are for the same reporting period as those of the Parent Company.

(b) Business combinations

The acquisition method is applied to business combinations. The acquisition date is the date on which the Group obtains control of the acquiree.

The cost of the business combination is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. Any additional consideration contingent on future events or the fulfilment of certain conditions is included in the cost of the combination provided that it is probable that an outflow of resources embodying economic benefits will be required and the fair value of the obligation can be reliably estimated.

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

The Group recognises the assets acquired and liabilities assumed at the acquisition date. Liabilities assumed include any contingent liabilities that represent present obligations arising from past events for which the fair value can be reliably measured.

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

Any excess of the consideration given over the value of net assets acquired and liabilities assumed is recognised as goodwill. Any shortfall, after assessing the consideration given and after identifying and measuring the net assets acquired, is recognised in profit or loss.

The measurement period is the period after the acquisition date during which the acquirer may adjust the provisional amounts recognised for a business combination. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

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

(c) Goodwill on consolidation

Goodwill on consolidation deriving from business combinations reflects the excess of the cost of the business combination over the acquisition-date value of the assets acquired, liabilities and contingent liabilities assumed from the acquired business, as explained in the preceding point.

Goodwill on consolidation is not amortised but tested for impairment annually or more frequently where events or circumstances indicate that an asset may be impaired.

Each cash generating unit (CGU) is tested for impairment on the same date each year.

Impairment tests are carried out by comparing the value of the net assets of each CGU with their recoverable amount, based on discounting future cash flows at the pre-tax discount rate applicable to the type of business. Cash flows are estimates made by management in its five-year financial and business plans. Management verifies the reasonableness of its plans through sensitivity analyses. The discount rate reflects the present value of money and the business risk rate associated with each CGU. Business risk is taken into account when determining cash flows. Neither the discount rate nor the business cash flows take the inflation rate into consideration.

After initial recognition, goodwill on consolidation is measured at cost less any accumulated impairment losses.

(d) Minority interests

Minority interests in subsidiaries are recognised at the acquisition date at the amount of the percentage ownership in the fair value of the identifiable net assets. Minority interests are recognised in equity in the consolidated balance sheet separately from equity attributable to the Parent Company. Minority interests in profit or loss for the year are also recognised separately in the consolidated income statement.

The profit or loss and changes in equity of the subsidiaries attributable to the Group and minority interests, after consolidation adjustments and eliminations, is determined based on percentage ownerships at year end, without considering the possible exercise or conversion of potential voting rights and after discounting the effect of dividends, agreed or otherwise, on preference shares with cumulative rights classified in equity accounts.

Profit or loss and income and expenses recognised in equity of subsidiaries are allocated to equity attributable to the Parent Company and minority interests in proportion to their respective percentage ownership, even if this results in a balance receivable from minority interests. Agreements entered into by the Group and minority interests are recognised as a separate transaction.

(e) Associates

Associates are companies over which the Parent Company, either directly, or indirectly through subsidiaries, exercises significant influence, and are not subsidiaries or jointly-controlled entities. Significant influence shall be deemed to exist, *inter alia*, in the following situations:

a) Representation on the board of directors or equivalent governing body of the investee;

b) Participation in the policy-making processes, including those relating to dividends and other distributions.

c) Material transactions between the investor and the investee.

d) Interchange of senior management personnel.

e) Provision of essential technical information.

When determining whether significant influence over an entity exists, the importance of the investment in the investee, the length of service on the governing bodies of the investee and the existence of potential voting rights convertible or exercisable on the reporting date shall also be taken into account.

Unless there is evidence to the contrary, significant influence shall be presumed to exist when the investor, on its own or together with the other entities of the Group, hold at least 20 per cent of the voting rights of the investee.

Investments in associates are initially recognised at cost at the acquisition date, and subsequently measured, by increasing or decreasing this amount, based on any changes in the entity's equity after that date and reflecting the share of the Parent Company. The Parent's income statement shall include its proportional share in the results of the investee.

The consolidated or individual financial statements of the investee shall be used when applying the equity method. On acquisition of the investment, any difference between the cost and the portion of the investee's equity attributable to the investor shall be treated as follows:

a) When positive, as goodwill on the acquisition of the investee, which, for presentation purposes, shall be included in the carrying amount of the investment. As this goodwill is not recognised separately, the analysis of its impairment shall form part of the analysis of the impairment of the whole investment.

b) When negative, the techniques and methods used as a basis for estimating the fair values of the assets and liabilities of the investee, and the resulting amounts, shall be reviewed. After this review, any remaining negative difference shall be recognised as a gain in the investor's income statement.

A proportion of the gain or loss arising from transactions between the associate and Group entities equal to that represented by the Group's interest in the associate shall be eliminated.

The profit or loss for the period of the associate after the elimination referred to in the previous subparagraph shall, as the case may be, increase or reduce the value of the investment in the consolidated financial statements. This increase or reduction shall be limited to that part of the profit or loss attributable to the investment concerned.

The amount of this profit or loss shall be recorded in the consolidated income statement under "Share of profit or loss of equity-accounted investees".

The changes in the valuation adjustments of the associate subsequent to the acquisition date, shall, as the case may be, increase or reduce the value of the investment. The amount of this profit or loss shall be recorded in the consolidated income statement under "Share of profit or loss of equity-accounted investees".

The profits distributed by the associate to other Group entities shall reduce the value of the investment in the consolidated financial statements.

The investment in the associate shall be increased by the amount of items which, on account of their substance, form part of the net investment in it, such as long-term loans, unless they have sufficient guarantee or collateral, but not including trade receivables or payables.

When the share of the losses of an associate relating to the investor or, as the case may be, the Group is equal to or exceeds the carrying amount of the investment therein, the latter shall reduce the value of its investment to zero, unless it has incurred some type of legal obligation or it has to make payments on behalf of the associate. In that case, they shall be applied to the other components of the net investment by order of priority in the settlement.

Details of equity-accounted investments are provided in Appendix II.

(f) Foreign currency transactions, balances and cash flows

i. Foreign currency transactions, balances and cash flows

Foreign currency transactions are translated into Euros using the exchange rates prevailing at the transaction date.

Monetary assets and liabilities denominated in foreign currencies have been translated into Euros at the closing rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rate prevailing at the transaction date. Non-monetary assets measured at fair value have been translated into Euros at the exchange rate at the date that the fair value was determined.

In the statement of cash flows, cash flows from foreign currency transactions have been translated into Euros at the exchange rates prevailing at the dates the cash flows occur. The effect of exchange rate fluctuations on cash and cash equivalents denominated in foreign currencies is recognised separately in the statement of cash flows as effect of exchange rate fluctuations on cash and cash equivalents.

Exchange gains and losses arising on the settlement of foreign currency transactions and the translation into Euros of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. However, exchange differences arising on monetary items forming part of a net investment in a foreign operation are recognised as translation differences in equity.

The Group uses the exchange rates published by the European Central Bank when translating foreign currency balances into Euros.

Exchange differences on monetary financial assets or liabilities denominated in foreign currencies are also recognised in profit or loss.

Foreign exchange gains or losses relating to non-monetary assets and liabilities are recognised in conjunction with the change in fair value. Nevertheless, the currency risk component of non-monetary financial assets denominated in foreign currencies classified as available-for-sale and as hedged items in fair value hedges of the component is recognised in the income statement.

ii. Translation of foreign operations

Foreign operations have been translated into Euros as follows:

- Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, are translated at the rate at the reporting date.
- Income and expenses are translated at the average exchange rate for the year.
- All resulting exchange differences are recognised as translation differences in consolidated equity.

In the consolidated statement of cash flows, foreign currency transaction cash flows have been translated into Euros at the average exchange rate for the year.

Translation differences recorded in consolidated equity are recognised in the consolidated income statement on disposal or partial disposal of the businesses or companies. Disposal may be carried out through liquidation, repayment of the investment or abandonment. Payment of a dividend constitutes a disposal insofar as it entails reimbursement of the investment. In transactions to reduce the interest in subsidiaries, exchange gains or losses are recognised in the consolidated income statement using the criteria described for income and expenses recognised in consolidated equity.

(g) Financial instruments

i) Definition

A financial instrument is a contract that gives rise to a financial asset at one entity and, simultaneously, a financial liability or equity instrument at another entity.

An equity instrument is any legal arrangement that evidences, or reflects, a residual interest in the assets of the issuing company after deducting all of its liabilities.

A financial derivative is a financial instrument whose value changes in response to changes in underlying variables (such as interest rates, prices of financial instruments and traded commodities, exchange rates, credit ratings and indices thereof) which, when not financial variables, need not be specific to a party to the contract, require no or less initial investment than other contracts that would be expected to have a similar response to changes in market conditions and are settled at a future date.

ii) Classification of financial assets

Financial assets are presented under the following headings on the asset side of the balance sheet:

- Cash: cash balances and, where applicable, immediately available balances with the Bank of Spain and other central banks.

- Receivables from financial intermediaries or individual customers: This category includes, where applicable, demand and term deposits, fees and commissions receivable, reverse repurchase agreements (repo transactions) and balances receivable from Group companies. Each of the assets included are detailed in the balance sheet according to their nature, including, where applicable, accrued interest not yet due and loan impairment allowances under the heading "Valuation adjustments". All these assets are included for measurement purposes in the category "Financial assets at amortised cost".

- Shares and equity investments:

  - Internal/external portfolio shares and equity investments: includes, where applicable, financial instruments issued by other entities, such as shares and equity investments or interests in mutual funds and collective investment undertakings, which for the issuer are equity instruments, unless they are holdings in subsidiaries, jointly-controlled companies and associates. All of these assets are included, where appropriate, for measurement purposes in the categories "Financial assets at fair value through profit or loss" and/or "Financial assets at cost".

  - Investments: includes, where applicable, the Group's investments in subsidiaries, jointly-controlled companies or associates. For measurement purposes, all of these assets are included in the category "Financial assets at cost". Group companies are those related to the Company by a controlling relationship, and associates are those over which the Company exercises significant influence. In addition, the category of jointly-controlled companies includes companies over which, pursuant to an agreement, joint control is exercised with one or more shareholders.

  - Financial assets at fair value through equity: includes, where applicable, financial instruments issued by other entities, such as shares and equity investments or interests in mutual funds and collective investment undertakings, which for the issuer are equity instruments, unless they are holdings in subsidiaries, jointly-controlled companies and associates. All these assets are included for measurement purposes in the category "Financial assets at fair value through equity".

- Debt securities: includes, where applicable, investments in debentures, bonds or other debt securities, including those whose yield is linked to indices or similar systems and other securities which represent a debt for their issuer and which accrue remuneration in the form of an implicit or explicit contractual rate of interest. Each of the assets included are detailed in the balance sheet according to their nature, including, where applicable, accrued interest not yet due and impairment allowances for debt instruments under the heading "Valuation adjustments". All of these assets are included, where appropriate, for measurement purposes in the categories "Financial assets at amortised cost", "Financial assets at fair value through profit or loss" and/or "Financial assets at fair value through equity".

- Derivatives: includes, where applicable, transactions involving financial derivatives with a favourable valuation for the Company. In particular, this caption includes, where applicable, premiums paid on options transactions, as well as, where applicable, generally, changes in the fair value of financial derivative assets with which the Company operates: options, futures, swaps, forward foreign currency sale-purchase, etc. All these assets are included, for measurement purposes, in the category "Financial assets at fair value through profit or loss". The Company had no derivatives at 31 December 2021 and 2020.

iii) Classification of financial liabilities

Financial liabilities are presented under the following captions on the liabilities side of the balance sheet:

- Payables to financial intermediaries or individual customers: includes, where applicable, balances payable in respect of outstanding obligations to financial intermediaries and individuals, such as unpaid commissions, payables to Group companies, if applicable, outstanding staff remuneration and other payables. Each of the liabilities included are detailed in the balance sheet according to their nature, including accrued interest not yet due, where applicable, under the heading "Valuation adjustments: accrued interest not yet due". All these liabilities are included, for measurement purposes, under "Financial liabilities at amortised cost".

- Derivatives: includes, where applicable, transactions involving financial derivatives with an unfavourable valuation for the Company. In particular, this caption includes, where applicable, premiums collected on options transactions, as well as, where applicable, generally, changes in the fair value of financial derivative liabilities with which the Company operates: options, futures, swaps, forward foreign currency sale-purchase, etc. All these liabilities are included, for measurement purposes, in the category "Financial liabilities at fair value through profit or loss". The Company had no derivatives at 31 December 2021 and 2020.

Measurement of financial instruments

i) Measurement of financial assets

Financial assets are classified for measurement purposes in the following categories:

a) Financial assets at amortised cost: includes financial assets, including those admitted to trading in an organised market, for which the Company holds the investment with the objective of receiving cash flows as a result of executing the contract, and whose contractual terms give rise, on specified dates, to cash flows that are solely collections of principal and interest on the outstanding principal amount.

b) Financial assets at fair value through equity: this category includes financial assets whose contractual terms give rise, on specified dates, to cash flows that are solely collections of principal and interest on the outstanding principal amount, and are not held for trading or classified in the previous category. Investments in equity instruments irrevocably designated by the Company on their initial recognition are also included in this category, provided that they are not held for trading and do not have to be measured at cost.

c) Financial assets at cost: this category includes the following investments, where applicable: a) equity instruments of Group companies, jointly-controlled entities and associates; b) equity instruments with no reliable fair value measurement, and the derivatives indexed to such instruments; c) hybrid financial assets whose fair value cannot be reliably estimated, unless the requirements for recognition at amortised cost are met; d) contributions to joint account agreements and similar contracts; e) participating loans with contingent interest; f) financial assets that should be classified in the following category (financial assets at fair value through profit or loss) but whose fair value cannot be reliably estimated.

d) Financial assets at fair value through profit or loss: includes financial assets held for trading and financial assets that have not been classified in any of the above categories. Also included in this category are financial assets that are optionally so designated by the Company at initial recognition, that would otherwise have been included in another category, since said designation removes or significantly reduces a measurement inconsistency or accounting mismatch that would otherwise arise.

Initial recognition

Financial assets are generally initially measured at the fair value of the consideration delivered, plus any directly attributable transaction costs. However, transaction costs directly attributable to assets included for measurement purposes in the category "Financial assets at fair value through profit or loss" are recognised in the income statement for the year.

Likewise, in the case of equity investments in Group companies that afford control over the subsidiary, fees paid to legal advisers or other professionals in connection with the acquisition of the investment are taken directly to the income statement.

Subsequent measurement

- Financial assets at amortised cost: financial assets classified in this category are measured at amortised cost, with accrued interest taken to income using the effective interest method. However, receivables maturing within one year and initially measured at its nominal value shall continue to be measured at that amount, unless they are impaired.

The amortised cost of a financial instrument is the amount at which a financial asset or financial liability was initially measured, less any principal repayments, plus or minus, as appropriate, the portion recognised in the income statement, using the effective interest method, of the difference between the initial amount and the redemption value at maturity and, for financial assets, less any impairment loss recognised either directly as a reduction in the carrying amount of the asset or by means of a valuation adjustment.

The effective interest rate is the rate that exactly equates the carrying amount of a financial instrument to the estimated future cash flows through the expected life of the instrument, based on its contractual terms and without regard to future credit risk losses, including any financial fees charged in advance when the financing is granted.

- Financial assets at fair value through equity: for measurement purposes, financial assets classified in this category are measured at fair value, without deducting any transaction costs that might be incurred upon its disposal. Changes in fair value are recognised, net of the related tax effect, directly in equity under "Valuation adjustments in equity" until the financial asset is derecognised or impaired, at which time the amount so recognised is taken to the income statement under "Gains on financial operations" or "Losses on financial operations", depending on whether the result is positive or negative, respectively.

- Financial assets at cost: Investments classified, for measurement purposes, in this category are measured at its cost, less any cumulative amount of impairment adjustments. Said adjustments are calculated as the difference between the carrying amount and the recoverable amount, which is the higher of the fair value less costs to sell and the present value of the future cash flows from the investment. Unless better evidence of the recoverable amount of the investment in equity instruments is available, the investee’s equity is taken into consideration, corrected for any unrealised gains existing at the measurement date, net of the tax effect.

- Financial assets at fair value through profit or loss: financial assets classified for measurement purposes in this category are measured at fair value and the result of changes in said fair value is recognised under "Gains on financial operations" or "Losses on financial operations" in the income statement, depending on whether the result is positive or negative, respectively.

Impairment

The Company tests those of its financial assets that are not carried at fair value through profit or loss for impairment at least at the end of each financial year. If the recoverable amount of the financial asset is lower than its carrying amount, objective evidence of impairment is deemed to exist.

- Financial assets at amortised cost: The amount of the impairment loss of these assets is equal to the difference between their carrying amount and the present value of the future cash flows they are likely to generate, including, as the case may be, those resulting from executing real and personal guarantees, discounted at the effective interest rate calculated at the time of the initial recognition of the asset. For financial assets bearing floating interest rates, the effective interest rate on the balance sheet date as per the contractual terms will be used.

Impairment losses and reversals of impairment losses when the amount of the impairment loss decreases due to a subsequent event shall be recognised as an expense or income, respectively, and under the appropriate heading depending on the nature of the asset, as "Impairment losses on financial assets" or "Impairment recoveries on impaired financial assets" in the income statement, with a balancing entry under "Valuation adjustments" on the assets side of the balance sheet. Impairment losses can only be reversed up to the limit of the carrying amount of the asset that would have been disclosed at the reversal date had the impairment not been recognised.

Nevertheless, the market value of the instrument may be used as a proxy for the present value of future cash flows, provided it is sufficiently reliable to be considered representative of the value that could be recovered by the company.

In particular, with regard to the valuation adjustments relating to these financial assets, the process for assessing possible impairment losses on these assets is conducted individually for all financial assets measured at amortised cost.

- Financial assets at fair value through equity: for equity instruments classified, for valuation purposes, in this category, impairment is presumed to exist if the market value of the asset has declined over a period of one and-a-half years or by 40% without the value having recovered. For debt instruments classified for measurement purposes in this category, impairment is presumed to exist when there has been a reduction or delay in the estimated future cash flows, which may be caused by the debtor's insolvency.

  Cumulative losses recognised in equity due to a decline in fair value, provided that there is objective evidence of impairment in the value of the asset, will be recognised in the income statement under "Impairment losses on financial assets", with a balancing entry under "Valuation adjustments" on the assets side of the balance sheet (in the case of debt instruments) or under "Impairment allowances on shares and equity instruments" on the assets side of the balance sheet (in the case of equity instruments). If the fair value increases in subsequent years, the impairment loss recognised in prior years shall be reversed with a credit to the income statement for the year, under the heading “Impairment recoveries on impaired financial assets”. However, in the event of an increase in the fair value of an equity instrument, the adjustment recognised in prior periods shall not be reversed through profit or loss and the increase in fair value shall be recognised directly in equity under "Valuation adjustments in equity".

- Financial assets at cost: The amount of the valuation adjustment will be the difference between its carrying amount and the recoverable amount, the latter being the higher of its fair value less costs to sell and the present value of the future cash flows from the investment, which, in the case of equity instruments, will be calculated either by estimating those expected to be received as a result of the distribution of dividends by the investee and the disposal or derecognition of the investment in the investee, or by estimating its share of the cash flows expected to be generated by the investee from its ordinary activities and from the disposal or derecognition of the investment.

Unless better evidence of the recoverable amount of the investment in equity instruments is available, the estimated impairment of these types of assets will be calculated as a function of the investee’s equity and any unrealised gains existing at the measurement date, net of the tax effect. In determining this value, and provided that the investee has itself invested in another company, the net assets included in the consolidated annual accounts prepared in accordance with the criteria set forth in the Commercial Code and its implementing regulations must be taken into account.

Impairment losses and, where applicable, their reversal, shall be recognised as an expense or income, respectively, under “Impairment losses on financial assets” or “Impairment recoveries on impaired financial assets” in the income statement, with a balancing entry under “Impairment allowances on shares and equity investments” on the assets side of the balance sheet. Impairment losses can only be reversed up to the limit of the carrying amount of the investment that would have been disclosed at the reversal date had the impairment not been recognised.

ii) Measurement of financial liabilities

Financial liabilities are classified for measurement purposes into one of the following categories:

a. Financial liabilities at amortised cost: The Group classifies all financial liabilities in this category, except in those cases when they must be measured at fair value through profit or loss in accordance with the criteria in the following paragraph.

b. Financial liabilities at fair value through profit or loss: includes, where appropriate, financial liabilities held for trading. Also included in this category are financial liabilities that are optionally so designated by the Company at initial recognition since said designation removes or significantly reduces a measurement inconsistency or accounting mismatch that would otherwise arise.

Initial recognition

Financial liabilities are generally initially recognised at the fair value of the consideration delivered, plus any directly attributable transaction costs. However, transaction costs directly attributable to liabilities included for measurement purposes in the category "Financial Liabilities at fair value through profit or loss" are recognised in the income statement for the year.

Subsequent measurement

- Financial liabilities at amortised cost: financial liabilities classified for measurement purposes in this category are measured at amortised cost (as defined in b.1 above), with accrued interest taken to income using the effective interest method (as defined in b.i above). However, payables maturing within one year and initially measured at its nominal value shall continue to be measured at that amount.

- Financial liabilities at fair value through profit or loss: financial liabilities classified for measurement purposes in this category are measured at fair value and the result of changes in said fair value is recognised under "Gains on financial operations" or "Losses on financial operations" in the income statement, depending on whether the result is positive or negative, respectively.

iii) Valuation techniques

To estimate the fair value of financial instruments measured at fair value, a fair value hierarchy is established, which allows estimates to be classified into three levels:

a) Level 1: estimates using unadjusted quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date.

b) Level 2: estimates using quoted prices in active markets for similar instruments or other valuation methodologies where all significant inputs are based on directly or indirectly observable market data.

c) Level 3: estimates where one or more significant input is not based on observable market data.

A fair value estimate is classified in the same level of the fair value hierarchy as the lowest level input that is significant to the result of the measurement. For this purpose, a significant input is an input that has a decisive influence on the estimation result. The assessment of the significance of a particular input for the estimate shall take into account the specific conditions of the asset or liability being measured.

With regard to financial instruments measured at fair value, the Company classifies interests in collective investment undertakings and private equity vehicles as level 2 and debt securities and equity instruments as level 1, with no transfers between levels taking place during the year.

The valuation technique applied by the Company to financial instruments measured at fair value is the net asset value in the case of interests in collective investment undertakings and private equity vehicles, and the quoted prices in active markets in the case of debt securities and equity instruments.

(h) Criteria for calculating the fair value of financial instruments

Fair value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The Group applies the following systematic criteria to determine the fair value of financial assets and financial liabilities:

- The Group first applies the quoted market price in the most advantageous active market to which it has immediate access, adjusted to reflect any difference in the credit risk between instruments traded in that market and the one being valued. The bid price is used for assets purchased or liabilities to be issued and the asking price is used for assets to be purchased or liabilities issued. If the Group has assets and liabilities with offsetting market risks, it uses mid-market prices for the offsetting risk positions and applies the bid or asking price to the net position, as appropriate.

- Where market prices are not available, the Company uses recent transaction prices adjusted to market conditions.

- Otherwise, for most derivatives the Group applies generally accepted valuation techniques that make maximum use of market inputs and rely as little as possible on entity-specific inputs.

(i) Transfers of financial assets

Financial asset transfers are measured as follows:

- When substantially all risks and rewards are transferred, the financial asset is derecognised and any right or obligation retained or created in the transfer is recognised.

- When substantially all risks and rewards are retained, the financial asset is not derecognised and a financial liability is recognised for an amount equal to the consideration received, which is subsequently measured at amortised cost.

- When substantially all risks and rewards are neither transferred nor retained and the Company does not retain control, the financial asset is derecognised and any right or obligation retained or created through the transfer is recognised. If the Entity retains control, the financial asset is not derecognised but remains on the consolidated balance sheet.

(j) Fees and commissions, interest and dividend income

- Fees and commissions

  Fees and commissions from activities and services rendered during a specific period of time are recognised in the consolidated income statement over the duration of the activities or services.

  Fees and commissions from activities and services rendered during a period of time that is not specific are recognised in the consolidated income statement in line with the stage of completion.

Fees and commissions from a service rendered in a single act are recognised in the consolidated income statement when the single act is carried out.

Variable management fees and commissions are recognised based on the best estimate at any given time. The Group adjusts these fees and commissions, retrospectively if appropriate, when it has access to information on trends in the calculation bases.

- Interest and dividend income

Interest is recognised using the effective interest method.

Dividends from investments in equity instruments are recognised when the Group is entitled to receive them. If the dividends are clearly derived from profits generated prior to the acquisition date because amounts higher than the profits generated by the investment since acquisition have been distributed, the carrying amount of the investment is reduced.

(k) Coverage of credit risk

Valuation allowances are calculated individually for overdue or doubtful debt instruments not measured at fair value through consolidated profit or loss, based on ageing, guarantees extended and recovery expectations for these balances.

(l) Financial futures and forward sale and purchase transactions

Financial futures and forward sale and purchase transactions are recognised in the relevant commitment account when arranged and until the position closes or the contract expires, at the effective amount arranged or the nominal amount committed, distinguishing between hedging and non-hedging transactions. Funds deposited in respect of the initial margin and additional guarantees are accounted for under assets in due from financial intermediaries.

(m) Options and warrants

Options and warrants over securities are recognised in commitment accounts when arranged and until the position closes or the contract expires, at the committed nominal amount of the underlying items in the sale and purchase agreements, distinguishing between hedging and non-hedging transactions. Funds deposited in respect of the initial margin and additional guarantees are accounted for under assets in due from financial intermediaries. Premiums for options and warrants purchased, and premiums deriving from options issued or warrants sold, are recognised in derivatives under consolidated assets or liabilities, respectively, at the date the transaction is arranged.

(n) Swaps

Swap transactions are recognised in the relevant commitment account when arranged and until the position closes or the contract expires, at the nominal amount committed, distinguishing between hedging and non-hedging transactions.

(o) Hedging transactions to reduce risks: Hedge accounting

The Group presents and measures individual hedges (distinguishing between hedged instruments and hedging instruments) based on their classification, using the following criteria:

- Fair value hedges: hedges of the exposure to changes in fair value. The gains or losses attributable to both the hedging instrument and the hedged risk are recognised immediately in the consolidated income statement.

- Cash flow hedges: hedges of the exposure to variations in cash flows that is attributable to a particular risk associated with an asset or liability or a forecast transaction. The gain or loss attributable to the portion of the hedging instrument that qualifies as an effective hedge is recognised temporarily under valuation adjustments in equity at the lower of the cumulative gain or loss on the hedging instrument from the inception of the hedge and the cumulative change in the present value of expected future cash flows of the hedged item from the inception of the hedge.

Hedges of a net investment in a foreign operation: hedges of currency risk of a subsidiary, associate or branch that operates in a different country or currency to that of the Group. The gain or loss attributable to the portion of the hedging instrument that qualifies as an effective hedge is recognised temporarily in equity, until the disposal or derecognition of the instruments, whereupon it is recognised in the consolidated income statement. The remaining gain or loss is immediately recognised in the consolidated income statement.

The cumulative gains or losses on each hedge are taken to the income statement in the periods in which the designated hedged items affect the consolidated income statement, unless the hedge relates to a forecast transaction that results in the recognition of a non-financial asset or liability, in which case the gains or losses are included in the cost of that asset or liability.

(p) Property, plant and equipment

Property, plant and equipment for own use are measured at cost, less any accumulated depreciation and impairment.

Depreciation is provided on a straight line basis over the estimated useful lives of the assets as follows:

	Years of useful life
Fixtures	5
IT equipment	3
Furniture	5
Motor vehicles	3
Other property, plant and equipment	5

Depreciation methods and useful lives of each item of property, plant and equipment are reviewed at least at each year end.

Repair and maintenance costs that do not improve the related assets or extend their useful lives are recognised in the consolidated income statement when incurred. Only those costs likely to generate future profits are capitalised, provided that the amount of such costs can be estimated reliably.

(q) Investment property

Investment property comprises property which is earmarked totally or partially to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services, for administrative purposes or for sale in the ordinary course of business.

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment under development until construction or development is complete. Nevertheless, redevelopment work to extend or improve property is classified as investment property.

The Group measures and recognises investment property following the policy for property, plant and equipment.

(r) Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and impairment.

Repair and maintenance costs that do not improve the related assets or extend their useful life are recognised in profit and loss when incurred.

The Group assesses whether the useful life of each intangible asset acquired is finite or indefinite. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset will generate net cash inflows.

Intangible assets with indefinite useful lives are not amortised, but are instead tested for impairment on an annual basis or whenever there is an indication that the intangible asset may be impaired.

Intangible assets with finite useful lives are amortised by allocating the depreciable amount of an asset on a systematic basis over its useful life, applying the following criteria:

	Amortisation method	Years of estimated useful life
Computer software	Straight-line	3
Other intangible assets	Straight-line	3

The depreciable amount of intangible assets is measured as the cost of the asset, less any residual value.

The Group reviews the residual value, useful life and amortisation method for intangible assets at each financial year end. Changes to initially established criteria are accounted for as a change in accounting estimates.

(s) Leases

The Group has rights to use certain assets through lease contracts.

Leases in which the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases, otherwise they are classified as operating leases.

- Finance leases

Finance leases are those in which substantially all the risks and rewards incidental to ownership of the leased asset are transferred to the lessee.

When the Group acts as lessor in a finance lease transaction, the sum of the present value of future lease payments and the guaranteed residual value, generally the exercise price of the purchase option available to the lessee on expiry of the contract, is recognised as financing to third parties under “Loans and receivables” in the consolidated balance sheet, based on the nature of the lessee.

When the Group acts as the lessee in a finance lease transaction, it presents the cost of the leased assets in the consolidated balance sheet according to the nature of the asset forming the subject-matter of the contract, and simultaneously recognises a liability for the same amount (which is the lower of the fair value of the leased asset and the sum of the present value of the lease payments to be made to the lessor plus the exercise price of the purchase option, where applicable). The depreciation policy for depreciable leased assets is consistent with that for property, plant and equipment for the Group's own use.

In both cases, finance income and costs originating from these contracts are respectively credited and debited to the consolidated income statement, as “Interest and similar income” and “Interest expense and similar charges”, using the effective interest rate method of the operations to determine their accrual.

- Operating leases

In operating leases, ownership of the leased asset and substantially all the risks and rewards incidental thereto remain with the lessor.

When the Group acts as the lessor in an operating lease transaction, the cost of acquisition of the leased assets is recognised under “Property, plant and equipment” as investment property or other assets leased out under an operating lease, depending on the nature of the leased asset. These assets are depreciated in accordance with the policies adopted for similar property, plant and equipment for own use. Income from operating leases is recognised on a straight-line basis under “Other operating income” in the consolidated income statement.

When the Group acts as the lessee in an operating lease transaction, lease expenses, including any incentives granted by the lessor, are charged to “Overheads” in the consolidated income statement on a straight-line basis.

(t) Security deposits

Security deposits paid in relation to lease contracts are measured using the same criteria as for financial assets. The difference between the amount extended and the fair value is classified as a prepayment and recognised in the consolidated income statement over the lease term.

(u) Termination benefits

Termination benefits are recognised as a liability when the Company has a detailed formal plan for the termination and there is a valid expectation among the affected employees that termination will arise either because the plan has already started to be implemented or because its main characteristics have been published.

When termination benefits fall due more than 12 months after the reporting date, they are discounted based on the market yield on high quality corporate bonds.

Termination benefits for voluntary redundancy are recognised when the Company has made an offer it cannot realistically withdraw, and are measured based on the number of employees expected to accept the offer.

(v) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) 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 the obligation.

The amount recognised as a provision in the consolidated balance is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated. The discount rate is a pre-tax rate that reflects the time value of money and the specific risks for which future cash flows associated with the provision have not been adjusted.

(w) Income tax

As a result of the spin-off, on 20 May 2019, the Auriga Capital Markets Group submitted an application to the Spanish Ministry of Economy and Finance, notifying the taxation authorities of its decision to avail itself of the special consolidated tax regime. On 18 July 2019 the taxation authorities notified the Group that it had been assigned tax group number 585/19. Moreover, the taxation authorities issued notification that the tax group was constituted retroactively as from 1 January 2019. Auriga Capital Markets, S.L. heads this consolidated tax group created in 2019.

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

Current tax is the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for a period.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences, while deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, tax loss carryforwards and unused tax credits. Temporary differences are differences between the carrying amount of an asset or liability and its tax base.

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

The Group recognises deferred tax assets in all cases, except those arising 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.

The Group recognises deferred tax assets provided that it is likely that sufficient taxable profits will be obtained in the future to offset those items, or when tax legislation allows for the future conversion of deferred tax assets into an enforceable credit in respect of the public entities.

The Group recognises the conversion of a deferred tax asset into a receivable from public entities when it becomes enforceable in accordance with prevailing tax legislation. In this connection, the deferred tax asset is derecognised against the deferred tax asset expense and the receivable is recognised against current income tax.

However, assets arising from the initial recognition of assets and liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income are not recognised.

Unless otherwise shown, it is not considered likely that the Group will have future tax profits when it is foreseeable that their future recovery will take place in a period exceeding ten years as from year-end, regardless of the nature of the deferred tax asset or, in the case of tax credits deriving from deductions and other tax benefits pending application due to insufficient tax rate, when, the activity having taken place or the return originating the deduction or credit having been obtained, there are reasonable doubts in regard to the compliance with the requirements for their enforcement.

The Group only recognises deferred tax assets deriving from tax loss carryforwards to the extent that it is probable that the Company will have future taxable profit against which the tax assets can be utilised within the legally established period, up to a maximum of ten years, unless they are likely to be recovered in a longer period, when tax legislation allows them to be utilised in a longer period or does not establish any time limits in this connection.

Conversely, it is considered likely that the Group will obtain sufficient taxable profits in the future to offset deferred tax assets, provided there are sufficient deductible temporary differences, relating to the same tax authority and referring to the same taxpayer, the reversal of which is expected in the same tax year as the deductible temporary differences are expected to be reversed or in years in which a tax loss emanating from a deductible temporary difference may be offset against prior or subsequent profit.

The Group recognises deferred tax assets that have not previously been recognised due to exceeding the ten-year recovery deadline, to the extent that the future reversal period does not exceed ten years as from the end of the period or when there are sufficient deductible temporary differences.

In determining future taxable profit, the Group takes into account tax planning opportunities, provided it intends to adopt them or is likely to adopt them.

(x) Contributions to the Investment Guarantee Fund

The Group forms part of the Investment Guarantee Fund and makes annual contributions to this fund in compliance with Royal Decree 948/2001 of 3 August 2001 governing investor indemnity systems, amended by Law 53/2002 of 30 December 2002 governing tax, administrative and social measures.

In 2021 and 2020, the Group accrued contributions to the fund of Euros 71,546.14 and Euros 74,165.80, respectively, recognised as other operating expenses in the consolidated income statement (see note 24).

(y) Off-balance sheet customer funds

The Group recognises off-balance sheet customer funds, notably the following, in memorandum accounts:

- Securities and other financial instruments held on deposit: own or third-party securities and other financial instruments, measured at market value at the reporting date or relevant consolidated statement date, for which the Group assumes the custody risk, except for the amount of assets entrusted to other entities for the purposes of custody, management or administration.

- Own or third-party securities and other instruments held by other entities: securities and other financial instruments held by the Group or received on deposit from third parties, measured at market value at the reporting date or relevant consolidated statement date, for which the Parent Company retains responsibility as custodian and which are entrusted to other entities for the purposes of custody, management or administration.

- Managed portfolios: third-party securities and other financial instruments managed by the Group under the terms of the contract signed with each customer, measured at market value at the reporting date or relevant consolidated statement date.

(z) Related party transactions

Transactions with Group companies and related parties are recognised at the fair value of the consideration given or received. The difference between this value and the amount agreed is recognised in line with the underlying economic substance of the transaction.

(aa) Statement of cash flows

The Group reports its consolidated cash flows using the indirect method, using the following expressions and classification criteria:

- Cash flows: inflows and outflows of cash and cash equivalents, the latter being short-term, highly liquid investments subject to a low risk of changes in value.

- Operating activities: typical activities of credit institutions and other activities that cannot be classified as investing or financing.

- Investing activities: the acquisition, sale or disposal by other means of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that result in changes in the size and composition of equity and of liabilities that do not form part of operating activities.

Cash and cash equivalents include cash on hand and demand deposits in financial institutions. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a maturity of less than three months from the date of acquisition.

The Group recognises cash payments and receipts for financial assets and financial liabilities in which turnover is quick on a net basis in the consolidated statement of cash flows. Turnover is considered to be quick when the period between the date of acquisition and maturity does not exceed six months.

In the consolidated statement of cash flows, bank overdrafts that are repayable on demand and do not form an integral part of the Group’s cash management are not included as a component of cash and cash equivalents. Bank overdrafts are recognised in the consolidated balance sheet as financial liabilities arising from loans and borrowings.

(bb) Statement of total changes in equity

This statement shows a reconciliation of the opening and closing carrying amounts of all items comprising equity, grouping movements according to their nature, as follows:

- Reclassifications, reflecting changes in equity due to the adjustment of balances in the financial statements as a result of changes in accounting principles or corrections of errors.

- Income and expenses recognised during the year, comprising the aggregate amount of the items recognised in the statement of recognised income and expense.

- Other changes in equity, comprising the remaining items recognised in equity, such as distribution of profit or application of losses, transactions with own equity instruments, equity-settled payments, transfers between equity line items and any other increases or decreases in equity.

(5) Financial assets by category

Details at 31 December 2021 and 2020 are as follows:

Financial assets:

Financial assets at amortised cost

	Thousands of euros	
	31 December 2021	31 December 2020
Portfolio measured at amortised cost: loans and receivables		
Receivables from financial intermediaries or individual customers (note 8)		
Demand deposits	14,303,184.35	12,398,356.87
Loans and advances for securities transactions	312,541.92	940,373.37
Receivables from transactions performed by the Company for its own account pending settlement		
With Grupo de Sistemas (Spanish Central Securities Depository)	2,140.11	1,022,458.30
Other loans and advances	11,200,844.25	11,165,863.67
Receivables for fees and commissions pending	4,879,012.26	3,413,739.37
Doubtful assets	1,254,437.02	1,254,437.02
Other receivables	3,334,142.78	2,405,196.58
	35,286,302.69	32,600,425.18
Fees and commissions and prepaid expenses (note 14)	236,369.54	112,884.23
Security deposits (note 14)	51,989.64	50,658.35
Other assets (note 14)	2,335,257.81	5,756,011.24
	2,623,616.99	5,919,553.82
Total financial assets at amortised cost	37,909,919.68	38,519,979.00

Financial assets at fair value through equity

Shares and equity investments in the internal or external portfolio (note 7)		
Equity instruments	7,971,536.46	6,263,009.36
Total financial assets at fair value through equity	7,971,536.46	6,263,009.36

Financial assets through profit or loss		
Held for trading (note 6)		
Equity instruments	1,113,649.62	1,725,114.15
Debt securities	649,308.00	575,245.11
Total financial assets at fair value through profit or loss	1,762,957.62	2,300,359.26
Financial assets at cost		
Equity investments (notes 9 and 29)		
Associates	6,054,841.78	5,752,259.30
Total financial assets at cost	6,054,841.78	5,752,259.30
Total financial assets	53,817,074.76	52,945,197.53

Financial liabilities:	Euros	
	31 December 2021	31 December 2020
Financial liabilities at amortised cost		
Payables to financial intermediaries or individual customers (note 15)		
Loans and credits	4,331,892.12	5,075,090.57
Other payables to financial intermediaries	53,182.08	147,904.87
Other intermediaries	4,254.23	7,400.48
Repurchase agreements	995,812.23	1,333,142.13
Temporary balances arising from securities transactions	7,867,726.55	8,649,483.32
Other	16,976,618.16	18,038,930.45
	30,229,485.37	33,251,951.82
Accrued expenses (note 14)	1,072,825.34	426,604.14
Public entities (note 14)	675,701.82	569,946.33
Other liabilities (note 14)	599,952.25	1,291,089.97
	2,348,479.41	2,287,640.44

Total financial liabilities	32,577,964.78	35,539,592.26

(6) Financial assets and liabilities held for trading

Details of financial assets held for trading at 31 December 2021 and 2020 are as follows:

	Euros	
	31 December 2021	31 December 2020
Debt securities		
Internal portfolio	111,957.16	405,713.90
External portfolio	537,350.84	169,531.21
	649,308.00	575,245.11
Shares and equity investments		
Internal portfolio	1,113,357.03	1,442,732.74
External portfolio	292.59	282,381.41
	1,113,649.62	1,725,114.15
	1,762,957.62	2,300,359.26
In Euros	1,422,971.48	1,861,632.24
In foreign currency	339,986.14	438,727.02
	1,762,957.62	2,300,359.26

At 31 December 2021, the company Auriga Global Investors, S.V., S.A.U. holds 7,049 thousand shares in the listed company Amper S.A., representing a 0.64% ownership interest in that company (3,150 thousand shares, 0.66% ownership interest in 2020), which have been booked at fair value through profit or loss. At 31 December 2021, these shares are in asset assignments (see note 15 (b)).

The Group did not transfer any financial instruments between portfolios in 2021 or 2020.

Details of the effect on the 2021 and 2020 consolidated income statements of changes in the fair value of financial assets held for trading, depending on the valuation method used, are as follows:

	Euros	
	31 December 2021	31 December 2020
Valuation method		
Listed prices in active markets	40,284.96	(69,658.19)

Effective interest rates by type of financial asset held for trading at 31 December 2021 and 2020 are as follows:

	Percentage	
	31 December 2021	31 December 2020
Debt securities	3.28%	3.74%

Details of interest, yield and net gains or losses on financial transactions (net), by type of instrument in the trading portfolio, recognised in the income statements for 2021 and 2020 are as follows:

	Euros					
	2021			2020		
	Interest	Yields	Profit/(loss) on financial transactions (net)	Interest	Yields	Profit/(loss) on financial transactions (net)
Debt securities	-	-	4,254,087.89	452,653.88	-	4,393,124.68
Shares and equity investments	-	17,006.71	619,894.50	-	9,720.77	866,495.82
Trading derivatives	-	-	-	-	-	-
Other assets at fair value	-	-	-	-	-	-
	-	17,006.71	4,873,982.39	452,653.88	9,720.77	5,259,620.50
	(note 19)	(note 21)		(note 19)	(note 21)	

(7) <u>Portfolio measured at fair value through equity</u>

Details at 31 December 2021 and 2020 are as follows:

	Euros	
	31 December 2021	31 December 2020
Shares and equity investments		
Internal portfolio		
Unlisted	7,007,511.08	6,193,619.82
Listed	-	-
External portfolio		
Unlisted	964,025.38	69,389.54
	7,971,536.46	6,263,009.36
In Euros	7,971,536.46	6,223,619.82
In foreign currency	-	39,389.54
	7,971,536.46	6,263,009.36

In 2021, the Group company Quadriga Asset Managers, Sociedad Gestora de Instituciones de Inversión Colectiva, S.A., realised an initial contribution for the incorporation of the fund Sherry Ventures Innovation I, FCR in the amount of Euros 165,000.00, which is the minimum amount required by law for the incorporation of private equity firms.

Likewise, the Group company Quadriga Asset Managers, Sociedad Gestora de Instituciones de Inversión Colectiva, S.A. invested in 5,576 shares in Az Total Return for a total amount of Euros 795,200.00. At 31 December 2021, the shares in Az Total Return are recognised at fair value in the amount of Euros 769,025.38, resulting in a loss of Euros 26,174.62. This amount is recognised under “Equity-Valuation adjustments” at 31 December 2021.

In December 2020, Auriga Sherpa I, S.L., a company associated with the Group, sold to the Parent Company 3,262 shares in the company Sherpa Capital 2, S.L. for Euros 3,303,949.32.

Private equity funds and equity instruments are measured and recognised at fair value. The fair value of private equity funds is calculated based on the net asset value of the fund provided by the management company at each month end, whereas the Group considers the best estimate of the fair value of equity instruments to be its carrying amount.

At 31 December 2021 and 2020, the subsidiaries Auriga Global Investors, S.A., Sociedad Unipersonal, as a securities firm, and Quadriga Asset Managers, S.G.I.I.C., S.A., as a collective investment undertaking management company, held equity investments in Gestora del Fondo General de Garantía de Inversiones, S.A. The equity investment in Gestora del Fondo General de Garantía de Inversiones, S.A. is recognised at cost.

The amounts of the net change in fair value over the course of 2021 and the cumulative change since the designation of the financial assets valued at fair value through equity were positive figures of Euros 671,820.28 and Euros 1,963,767.28, respectively (positive figures of Euros 619,372.98 and Euros 1,291,947.00, respectively, in 2020). These amounts are recognised in “Equity – Valuation adjustments” at 31 December 2021 and 2020 net of its tax effect (see note 18), while the related tax effect is accounted for under “Deferred tax liabilities” (see note 13).

All sales in 2020 and 2021 of financial assets classified under this category were settled prior to the end of the year.

In 2021, the Group has not recognised any impairment under “Impairment losses on the rest of assets” in the consolidated income statement for the year. No impairments were recognised in 2020.

At 31 December 2021 and 2020 the Group does not hold any assets under this heading of the consolidated balance sheet that have been loaned or borrowed or pledged as collateral.

In 2021 and 2020, the Company received dividends from financial assets through equity amounting to Euros 136,295.27 and Euros 24,786.76, respectively (see note 21).

(8) Loans and receivables

Details at 31 December 2021 and 2020 are as follows:

	Euros	
	31.12.2021	31.12.2020
Due from financial intermediaries		
Demand deposits	14,303,184.35	12,398,356.87
Receivables from transactions performed by the Company for its own account pending settlement		
With Grupo de Sistemas (Spanish Central Securities Depository)	2,140.11	1,022,458.30
With other financial intermediaries		-
Other loans	777,057.01	854,468.26
Receivables for fees and commissions pending	4,879,012.26	3,413,739.37
Other receivables	1,259,344.63	524,665.87
	21,220,738.36	18,213,688.67
Due from customers		
Loans and advances for securities transactions	312,541.92	940,373.37
Other loans and advances	10,423,787.24	10,311,395.41
Doubtful assets	1,254,437.02	1,254,437.02
Other receivables	2,074,798.15	1,880,530.71
Valuation adjustments		
Accrued interest	-	-
	14,065,564.33	14,386,736.51
	35,286,302.69	32,600,425.18
In Euros	33,500,403.84	31,992,060.49
In foreign currency	1,785,898.85	608,364.69
	35,286,302.69	32,600,425.18

(a) Demand deposits

At 31 December 2021 and 2020 “Demand deposits” comprise current account balances held with credit institutions at year end, which yield interest at a rate of between 0.00% and 1.90%.

At 31 December 2021 and 2020 this item includes balances deposited by the Group with financial intermediaries on behalf of customers, totalling Euros 10,443,542.17 and Euros 9,391,126.91, respectively.

In 2021, the company did not earn any income from demand deposits (Euros 10,107.07 in 2020) (note 21).

Customer deposits with the Company for these transactions are recognised in "Payables to individuals" (see note 15).

(b) Receivables from transactions performed by the Company for its own account pending settlement

Balances in respect of transactions performed by the Company for its own account pending settlement were settled in early January of the subsequent year.

(c) Receivables for fees and commissions pending

This amount includes management fees receivable from collective investment undertakings managed by the Group on 31 December 2021 and 2020.

(d) Other loans and advances

Details at 31 December 2021 and 2020 are as follows:

	Euros	
	31 December 2021	31 December 2020
Other loans		
Loans (note 29 (a))	748,566.13	748,566.13
Shareholders and senior management personnel (note 29 (a) and 29 (b))	301,806.85	329,800.05
Collection rights from factoring	8,507,012.82	8,507,012.82
Other	866,401.44	726,016.41
	10,423,787.24	10,311,395.41

At 31 December 2021, the Group recognised under "Loans" an amount of Euros 748,566.13 corresponding to a loan granted to Namaste Capital Investment, S.L. (Euros 748,566.13 at 31 December 2020) (note 29 (a)).

At 31 December 2021 and 2020, "Shareholders and members of senior management" primarily comprises balances receivable from two shareholders of the Parent Company.

"Collection rights from factoring" reflects receivables associated with invoices acquired from transferor entities by the subsidiary Finalter, S.L., under a factoring agreement, which have been conveyed to the fund IM AURIGA PYMES 1 EUR, Fondo de Titulización de Activos (hereinafter, the Fund), whose ultimate objective is the securitisation of these invoices for a bond issue. The fund was set up on 26 September 2014 by Intermoney Titulización, Sociedad Gestora de Fondos de Titulización, S.A. In 2017 Finalter, S.L. filed for voluntary protection from creditors.

Debt collection was managed by the subsidiary Finalter S.L., which recognised the balances receivable as well as the associated liability vis-à-vis the Fund for the amounts payable once collected (see note 15). The credit risk associated with the invoice amounts settled in advance was assumed by the Fund, pursuant to the agreement signed between the Group and the Fund. The Group recognised fee and commission income from acting as the factoring intermediary between the transferor of the invoices and the Fund (see note 23).

At 31 December 2021 and 2020, "Other" comprised balances receivable from related parties amounting to Euros 326,987.92 and Euros 319,839.92, respectively (see note 29 (a)).

Income obtained on loans and advances during 2021 and 2020 amounted to Euros 11,201.28 and Euros 41,010.24, respectively (see note 21).

At 31 December 2021, the Company had no asset impairments recognised under this heading. In 2020, the Group recorded impairment losses of Euros 3,267,009.05 on loans to individuals.

(9) Equity Investments

Details of this heading at 31 December 2021 and 2020 are as follows:

	Euros	
	31 December 2021	31 December 2020
Associates		
Auriga Sherpa I, S.L.	197,825.40	732,284.70
iBroker Global Markets, S.V., S.A.	5,857,016.38	5,019,974.60
	6,054,841.78	5,752,259.30
	(note 29 (a))	(note 29 (a))

At 2 July 2019, the Parent Company acquired from Auriga Capital Investments, S.L. 2,000,000 shares in iBroker Global Markets, S.V., S.A. for Euros 4,000,000.00, representing 50% of the share capital. These shares were acquired through a loan granted by Auriga Global Investors, S.V., S.A.U.

On 14 May 2021, the Company transferred 9.99% of the shares in iBroker Global Markets, S.V., S.A. to Auriga Global Investors, S.V., S.A. amounting to Euros 3,399,237.36, in partial payment of the loan between the Company and Auriga Global Investors, S.V., S.A.U.

In 2021, the Group recognised a profit of Euros 1,581,618.66 from equity-accounted investees (Euros 4,412,863.45 in 2020), details of which are as follows:

	Euros	
	31 December 2021	31 December 2020
Auriga Sherpa I, S.L. (note 17 (c))	(5,423.13)	3,170,858.07
iBroker Global Markets, S.V., S.A. (Note 17 (c))	1,587,041.79	1,242,005.38
	1,581,618.66	4,412,863.45

In December 2020, Auriga Sherpa I, S.L. distributed an interim dividend against the profit for 2021, the amount of which corresponding to the Group being Euros 3,133,524.55, which was booked against the value of the Group's shareholding in Auriga Sherpa I, S.L.

Appendix II attached hereto includes information on equity-accounted associates and joint ventures and the percentage of interest held by the Parent in each at 31 December 2021 and 2020.

(10) Property, plant and equipment

(a) For own use

Details of this consolidated balance sheet caption at 31 December 2021 and movement in the year then ended are as follows:

2021	Euros			
	Balance at 31 December 2020	Additions	Disposals	Balance at 31 December 2021
Fixtures	391,513.87	-	(30,385.96)	361,127.91
IT equipment	74,322.35	67,887.09	(97,438.80)	44,770.64
Furniture	3,787.13	-	(3,454.23)	332.90
Motor vehicles	-	-	-	-
Other property, plant and equipment	23,733.85	29,104.68	(23,313.90)	29,524.63
Total property, plant and equipment	493,357.20	96,991.77	(154,592.89)	435,756.08
Fixtures	(152,188.36)	(86,253.46)	34,310.61	(204,131.21)
IT equipment	(51,046.74)	(13,748.77)	51,894.80	(12,900.71)
Furniture	(2,357.05)	(66.01)	2,194.29	(228.77)
Motor vehicles	-	-	-	-
Other property, plant and equipment	(5,430.33)	(7,168.27)	1,958.60	(10,640.00)
Total accumulated depreciation	(211,022.48)	(107,236.51)	90,358.30	(227,900.69)
Net property, plant and equipment	282,334.72	(10,244.74)	(64,234.59)	207,855.39

Details of this consolidated balance sheet caption at 31 December 2020 and movement in the year then ended are as follows:

2020	Euros			
	Balance at 31 December 2019	Additions	Disposals	Balance at 31 December 2020
Fixtures	422,307.45	-	(30,793.58)	391,513.87
IT equipment	145,393.59	11,074.96	(82,146.20)	74,322.35
Furniture	3,787.13	-	-	3,787.13
Motor vehicles	27,271.90	-	(27,271.90)	-
Other property, plant and equipment	20,150.37	10,733.48	(7,150.00)	23,733.85
Total property, plant and equipment	618,910.44	21,808.44	(147,361.68)	493,357.20
Fixtures	(176,527.23)	(6,454.71)	30,793.58	(152,188.36)
IT equipment	(100,082.28)	(41,272.69)	90,308.23	(51,046.74)
Furniture	(2,146.46)	(210.59)	-	(2,357.05)
Motor vehicles	(19,109.87)	-	19,109.87	-
Other property, plant and equipment	(8,782.36)	(3,797.97)	7,150.00	(5,430.33)
Total accumulated depreciation	(306,648.20)	(51,735.96)	147,361.68	(211,022.48)
Net property, plant and equipment	312,262.24	(29,927.52)	-	282,334.72

At 31 December 2021 and 2020 disposals of property, plant and equipment include fully depreciated items derecognised during the year.

The Group did not recognise any gains or losses on disposals of property, plant and equipment in 2021 or 2020.

At 31 December 2021, the Group had fully depreciated items amounting to Euros 97,938.54 (Euros 147,361.68 at 31 December 2020).

The Group has taken out insurance policies to cover the risk of damage to its property, plant and equipment. The cover provided by these policies is considered sufficient.

(11) Intangible Assets

Details of this balance sheet caption at 31 December 2021 and movement in the year then ended are as follows:

	Euros			
2021	Balance at 31 December 2020	Additions	Disposals	Balance at 31 December 2021
Goodwill	-	-	-	-
Other intangible assets	8,924.84	-	(2,138.24)	6,786.60
Computer software	225,237.85	74,141.64	(222,881.59)	76,497.90
Other intangible assets	-	-	-	-
Total intangible assets	234,162.69	74,141.64	(225,019.83)	83,284.50
Computer software	(148,752.55)	(18,100.44)	149,144.43	(17,708.56)
Other intangible assets	(1,271.02)	(780.45)	240.77	(1,810.70)
Total accumulated depreciation	(150,023.57)	(18,880.89)	149,385.20	(19,519.26)
Net intangible assets	84,139.12	55,260.75	(75,634.63)	63,765.24

Details of this balance sheet caption at 31 December 2020 and movement in the year then ended are as follows:

	Euros			
2020	Balance at 31 December 2019	Additions	Disposals	Balance at 31 December 2020
Goodwill	-	-	-	-
Other intangible assets	8,924.84	-	-	8,924.84
Computer software	236,339.92	2,146.74	(13,248.81)	225,237.85
Other intangible assets	-	-	-	-
Total intangible assets	245,264.76	2,146.74	(13,248.81)	234,162.69
Computer software	(145,135.63)	(16,865.73)	13,248.81	(148,752.55)
Other intangible assets	(1,271.02)	-	-	(1,271.02)
Total accumulated depreciation	(146,406.65)	(16,865.73)	13,248.81	(150,023.57)
Net intangible assets	98,858.11	(14,718.99)	-	84,139.12

In 2021 and 2020 disposals of intangible assets include fully amortised items derecognised during the year.

At 31 December 2021, the Group had fully amortised items amounting to Euros 5,409.00 (Euros 622.25 at 31 December 2020).

In 2021 and 2020 the Group incurred no computer software or program development costs that did not qualify for recognition and therefore could not be capitalised.

At 31 December 2021 and 2020 the Group has no intangible assets with ownership restrictions or which have been pledged as collateral.

At 31 December 2021 and 2020, the Group has no commitments to purchase intangible assets from third parties.

(12) Operating leases - Lessee

At 31 December 2021 and 2020, the Group had leased the buildings in which it carries out its activities under operating leases

Details of the most relevant lease contracts at 31 December 2021 and 2020 are as follows:

Leases	Expiry/ Renewal	Penalties
C/ Cuesta del Sagrado Corazón, 6-8 Madrid	31/12/2022	Payment of full amount due under the contract until maturity date (*)
C/ Gobelas, 19, La Florida, Madrid	01.11.2022	No penalty with notice

(*) In the event of early termination of the contract subsequent to 1 December 2015, no penalties will be charged if 6 months' prior notice is given and all the contract terms are met.

Operating lease instalments recognised as expenses amount to Euros 539,212.60 and Euros 379,537.62 in 2021 and 2020 (see note 26).

Future minimum payments under non-cancellable operating leases are as follows:

	Euros	
	2021	2020
Minimum lease payments	139,790.00	139,790.00

At 31 December 2021 and 2020, the Group recognised Euros 51,989.64 and Euros 50,658.35, respectively, relating to lease security deposits, under "Other assets" (see note 14).

(13) Tax assets and liabilities

Details at 31 December 2021 and 2020 are as follows:

	Euros			
	31 December 2021		31 December 2020	
Tax assets	Current	Deferred	Current	Deferred
Public entities				
Value added tax	18.17	-	5,509.46	-
Temporary differences (note 28)	-	142,715.39	-	194,820.65
	18.17	142,715.39	5,509.46	194,820.65

	Euros			
	31 December 2021		31 December 2020	
Tax liabilities	Current	Deferred	Current	Deferred
Public entities				
Income tax				
Current year	-	-	-	-
Temporary differences (note 28)	-	-	-	-
Revaluation of financial instruments	-	38,463.11	-	51,107.05
Other	-	-	-	-
	-	38,463.11	-	51,107.05

These assets and liabilities are denominated in Euros at 31 December 2021 and 2020.

Deferred tax assets and liabilities arising from the revaluation of financial instruments reflect the effect on the Group's equity of the measurement of financial assets through equity. These balances will be realised or reversed in less than 12 months.

(14) Other assets and liabilities

Details at 31 December 2021 and 2020 are as follows:

Other assets	Euros 31 December 2021	Euros 31 December 2020
Fees and commissions and prepaid expenses	236,369.54	112,884.23
Other items		
Security deposits (note 12)	51,989.64	50,658.35
Other	2,335,257.81	5,756,011.24
	2,623,616.99	5,919,553.82
In Euros	2,623,616.99	5,919,553.82
In foreign currency	-	-
	2,623,616.99	5,919,553.82

Other liabilities	Euros 31 December 2021	Euros 31 December 2020
Accrued expenses	1,072,825.34	426,604.14
Public entities		
Taxation authorities, tax withholdings on salaries	343,411.53	403,605.59
Social Security contributions payable	109,900.07	99,913.11
Public entities, other	222,390.22	66,427.63
Balances payable on subscribed securities	-	-
Other payables unrelated to securities transactions	599,952.25	1,291,089.97
	2,348,479.41	2,287,640.44
In Euros	2,344,090.74	2,278,180.78
In foreign currency	4,388.67	9,459.66
	2,348,479.41	2,287,640.44

These assets and liabilities are on demand at 31 December 2021 and 2020.

(a) Other assets

At 31 December 2021 and 2020, this item comprises balances receivable from related parties amounting to Euros 163,250.10 and Euros 191,040.25, respectively (see note 29 (a)).

(b) Other payables unrelated to liability securities transactions

At 31 December 2021 and 2020, it recorded short-term balances payable amounting to Euros 198,251.85 and Euros 968,374.72, respectively.

(15) Financial liabilities at amortised cost

Details at 31 December 2021 and 2020 are as follows:

	Euros	
	31 December 2021	31 December 2020
Due to financial intermediaries		
Loans and credits	4,331,892.12	5,075,090.57
Other payables to financial intermediaries	53,182.08	147,904.87
Other intermediaries	4,254.23	7,400.48
Repurchase agreements (see note 6)	995,812.23	1,333,142.13
Other	7,679.97	8,366.42
	5,392,820.63	6,571,904.47
Due to customers		
Temporary balances arising from securities transactions	7,867,726.55	8,649,483.32
Other payables	16,968,938.19	18,030,564.03
	24,836,664.74	26,680,047.35
Other financial liabilities	-	-
	30,229,485.37	33,251,951.82

All balances under this heading are denominated in Euros.

(a) Loans and credits

Loans and credits reflect drawdowns on credit facilities at 31 December 2021 and 2020 and bank loans arranged in the following terms:

- Credit facilities

At 31 December 2021:

			Euros	
Bank	Maturity date	Interest rate	Limit	Amount drawn down
Banca March	20 January 2022	12-month Euribor + 1.90%	1,500,000.00	1,481,119.33
Cecabank (*)	Indefinite	Eonia + 2.5%	7,000,000.00	2,681,828.93
				4,162,948.26

At 31 December 2020:

			Euros	
Bank	Maturity date	Interest rate	Limit	Amount drawn down
Banca March	21 January 2021	12-month Euribor + 1.90%	1,500,000.00	1,496,332.51
Cecabank (*)	Indefinite	Eonia + 2.5%	7,000,000.00	3,145,302.02
				4,641,634.53

(*) This policy is not freely available.

- Loans

At 31 December 2021:

Bank	Maturity	Interest rate	Amount 31 December 2021	Maturity 2022
Banco Santander	05 September 2022	3.50%	168,943.86	168,943.86
			168,943.86	168,943.86

At 31 December 2020:

				Maturity	
Bank	Maturity	Interest rate	Amount 31 December 2020	2021	2022
Banco Santander	12 May 2021	2.95%	46,033.11	46,033.11	-
Banco Santander	05 September 2022	3.50%	387,422.93	228,556.20	158,866.73
			433,456.04	274,589.31	158,866.73

(b) Repurchase agreements

At 31 December 2021 and 2020, the Parent Company has arranged repos on shares in Amper, S.A. (see note 6). As a result of these repos, the Company has repurchase obligations amounting to a total of Euros 995,812.23 and Euros 1,333,142.13, respectively.

(c) Temporary balances arising from securities transactions

The majority of temporary balances arising from securities transactions at 31 December 2021 and 2020, were settled in the following years.

(d) Other payables

Other payables mainly consist of payables for factoring transactions carried out by Finalter, S.L. with the IM AURIGA PYMES 1 EUR securitisation fund, as well as payables to the transferors of these invoices (see note 8 (e)).

(16) Provisions for risks

At 31 December 2021 and 2020, details of the Group's provisions for risks are as follows:

	Euros	
	31 December 2021	31 December 2020
Provisions for taxes and other legal contingencies	101,123.70	-
	101,123.70	-

(17) Equity

Details of equity and movement during the year are shown in the consolidated statement of changes in equity.

(a) Registered capital

At 31 December 2021, the share capital of Auriga Capital Markets, S.L. is represented by 149,235 indivisible and cumulative shares, each with a par value of Euros 10.00, fully subscribed and paid (149,235 shares at 31 December 2020). These shares have the same voting and profit-sharing rights.

On 22 July 2020, the Company acquired 765 shares from one of the shareholders for Euros 38,250.00, as agreed by shareholders at the Extraordinary General Meeting held on 22 July 2020.

At 22 July 2020, the Company reduced its share capital by 765 shares, amounting to Euros 7,650.00, through share repurchases, as agreed by shareholders at the Extraordinary General Meeting held on that date. This reduction was registered in the Companies Registry on 10 August 2020.

At 31 December 2021 and 2020 the Parent's shareholder structure is as follows:

	31 December 2021		31 December 2020	
Shareholder	Number of shares	Percentage ownership	Number of shares	Percentage ownership
Marfeco, S.L.	44,500	29.82%	44,500	29.82%
Iresco Inversiones, S.L.	44,500	29.82%	44,500	29.82%
Mr Rodrigo Hernando Ortega	37,750	25.30%	37,750	25.30%
Mr Amadeo Hernández Bueno	7,500	5.03%	7,500	5.03%
Mr Ignacio Contreras González	3,016	2.02%	3,016	2.02%
Mr Francisco de Borja Torres Bruzón	7,492	5.02%	7,492	5.02%
Mr Alfredo Jiménez Fernández	1,500	1.01%	1,500	1.01%
Mr Vasco Manuel Ventura Machado	1,485	1.00%	1,485	1.00%
Ms Susan J. Richards	1,492	1.00%	1,492	1.00%
	149,235	100.00%	149,235	100.00%

At 31 December 2021 and 2020 neither the Parent Company nor any third party operating on its behalf holds any own shares. The Group's shares are not listed on the stock exchange.

(b) Reserves

The breakdown of Reserves at 31 December 2021 and 2020 is as follows:

	Euros	
	31 December 2021	31 December 2020
Auriga Capital Markets, S.L.	16,924,349.6	16,153,407.21
Auriga Global Investors, S.V., S.A.U.	(2,552,788.93)	(2,697,296.93)
Quadriga Asset Managers, S.G.I.I.C, S.A.	(114,733.52)	(1,274,988.48)
Quadriga investments GP SARL	(13,797.31)	(24,639.42)
Finalter, S.L.	(426,780.01)	(296,379.64)
iBroker Global Markets, S.V., S.A	269,524.60	(222,030.78)
Auriga Sherpa I, S.L.	136,688.66	85,291.17
Alternative Financing, Estructuración y Originación, S.L.	323,489.95	(18,761.01)
Einicia Crowdfunding PFP, S.L.	-	19,730.98
Auriga Investments, S.a.r.l.	40,128.86	19,098.35
	14,586,081.91	11,743,431.45

(i) Legal reserve

The legal reserve has been appropriated in compliance with article 274 of the Spanish Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital.

This reserve is not distributable to shareholders and may only be used to offset losses if no other reserves are available. This reserve may be used to increase share capital.

At 31 December 2021 and 2020 the Parent Company has appropriated to the legal reserve the minimum amount required by law.

(ii) Capitalisation reserve

The capitalisation reserve has been appropriated by the subsidiaries in accordance with articles 25 and 62 of the Spanish Income Tax Law, which require that an amount equal to the reduction in the tax group's taxable income for the year be allocated to the reserve. The amount by which the tax group is entitled to reduce taxable income is equal to 10% of the increase in its equity, as defined in the aforementioned article. In no case may this reduction exceed 10% of the tax group's taxable income for the tax period prior to the reduction, before the integration referred to in article 11.12 of the Law and before offsetting tax loss carryforwards.

However, if the reduction cannot be applied because the tax group does not generate sufficient taxable income, the outstanding amounts may be applied in the tax periods ending in the two years immediately after the end of the tax period in which the tax group became entitled to the reduction, together with any reduction applicable in that period, subject to the limit indicated. The reserve is restricted and the increase in the tax group's equity must be maintained for a five-year period from the end of the tax period in which the group became entitled to the reduction, unless accounting losses are incurred.

(iii) Voluntary reserves

These reserves are freely distributable.

(iv) Dividends

In 2021 and 2020 no dividends were distributed.

(c) Profit for the year attributable to the Parent Company

At 31 December 2021 and 2020, the contribution of each company to consolidated profit, after consolidation adjustments, is as follows:

	Euros	
	31 December 2021	31 December 2020
Auriga Capital Markets, S.L.	(219,655.86)	120,841.39
Auriga Global Investors, S.V., S.A.U.	(169,970.73)	(4,216,176.48)
Quadriga Asset Managers, S.G.I.I.C, S.A.	1,681,274.20	2,283,723.88
Quadriga investments GP SARL	11,444.73	9,522.11
Finalter, S.L.	(118,273.21)	(130,400.37)
iBroker Global Markets, S.V., S.A (note 8)	1,587,491.79	1,242,005.38
Auriga Sherpa I, S.L. (note 8)	(5,423.13)	3,170,858.07
Alternative Financing, Estructuración y Originación, S.L.	(3,506.40)	342,251.23
Einicia Crowdfunding PFP, S.L.	-	11,597.26
Auriga Investments, S.a.r.l.	17,876.88	19,655.52
	2,781,258.28	2,853,877.99

(d) Capital adequacy: Capital management

Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and Spanish National Securities Market Commission (CNMV) Circular 2/2014 of 23 June 2014, on the solvency of investment firms and their consolidable groups, regulate the capital requirements of these companies and their consolidable groups, how capital should be determined, the different capital self-assessment processes to be implemented by entities and the public information these entities should submit to the market.

Group management has drawn up the following strategic objectives in relation to its capital management:

- Consistently comply with applicable legislation on minimum capital requirements, at both individual and consolidated level.

- Seek maximum capital management efficiency in order for capital consumption to be considered, alongside other return and risk variables, as a fundamental variable in analyses associated with the Company's decision-making.

- Reinforce the proportion of Tier I capital with respect to the Company's capital as a whole.

The Group has implemented a number of capital management policies and processes to meet these objectives. The main guidelines of these policies are as follows:

- The Group carries out monitoring and controls that continuously analyse levels of compliance with capital regulations and are equipped with alerts to guarantee, at any given time, compliance with applicable legislation and the consistency of decisions made by the different areas and units of the Group with the objectives set, to ensure that minimum capital requirements are met. Contingency plans are also in place to ensure that limits stipulated in applicable legislation are respected. Details of these contingency plans are provided in the Capital Consumption Procedures Manual.

- The impact of the Group's decisions on its capital base and the consumption-return-risk ratio are considered a key decision-making factor in strategic and commercial planning and in the analysis and monitoring of Group transactions. The Group has parameters to serve as guidelines for its decision-making on minimum capital requirements or decisions affecting such requirements.

The Group therefore considers capital and the capital requirements established by the aforementioned legislation as a fundamental management aspect.

Regulation (EU) No. 2019/2033 of the European Parliament and of the Council of 27 November 2019 on prudential requirements for investment firms and CNMV Circular 2/2014, of 23 June, stipulate which items should be considered as shareholders' equity and the requirements that should be met at all times with respect to shareholders' equity. The Company must meet the following requirements with respect to shareholders' equity:

- a Common Equity Tier 1 capital ratio of 56%

- a Tier 1 capital ratio of 75%

- a total capital ratio of 100%

The Group must calculate its capital ratios as follows:

- The Common Equity Tier 1 capital ratio must be equal to the entity's Common Equity Tier 1 capital expressed as a percentage of the total shareholders' equity required.

- The Tier 1 capital ratio must be equal to the entity's Tier 1 capital expressed as a percentage of the total shareholders' equity required.

- The total capital ratio must be equal to the entity's shareholders' equity expressed as a percentage of the total shareholders' equity required.

The Company’s capital management follows the conceptual definitions provided in Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment services firms and CNMV Circular 2/2014, of 23 June. The minimum capital requirements stipulated in Regulation (EU) No. 575/2013 of the European Parliament and of the Council, of 26 June 2013, are calculated on the basis of the Company's exposure to credit, counterparty and dilution risks, free deliveries, settlement and delivery risks, position, currency, commodities and operational risks, and risks associated with large exposures in the trading book. The Company is also required to comply with the risk concentration limits set out in the Regulation and the capital self-assessment and interest rate risk measurement obligations, as well as obligations regarding public information to be issued to the market, also specified in this Regulation. To guarantee that these objectives are met, the Company has implemented an integrated risk management process based on the above-mentioned policies.

The Company is compliant with the solvency ratios required by applicable legislation.

(18) Valuation Adjustments

(a) Financial assets at fair value through equity

This heading of the consolidated balance sheet comprises the net amount of changes in the fair value of assets classified at fair value through equity, which should be included in the Group’s equity, in accordance with note 4 (g). These changes are taken to the consolidated income statement when the related assets are sold.

Movement in 2021 and 2020 is as follows:

	Euros
Balance at 01 January 2020	672,574.03
Changes in the fair value of financial assets at fair value through equity	1,100,091.83
Transfers to the income statement due to disposals	(480,718.85)
Balance at 31 December 2020	1,291,947.00
Changes in the fair value of financial assets at fair value through equity	671,820.26
Transfers to the income statement due to disposals	-
Balance at 31 December 2021	1,963,767.27

(19) Risk and commitment accounts and other off-balance sheet items

Details at 31 December 2021 and 2020 are as follows:

	Euros	
	31 December 2021	31 December 2020
Risk and commitment accounts		
Bank and other guarantees extended	10,351.81	10,351.81
Forward securities purchase commitments	34,188.02	1,043,610.27
Forward securities sale commitments	36,328.14	2,066,068.56
Total risk and commitment accounts	80,867.97	3,120,030.64
Other off-balance sheet items		
Credit facilities unconditionally available for drawdown	18,880.67	3,667.49
Customer purchase orders pending settlement	108,694.50	511,931.38
Customer sale orders pending settlement	36,753.32	611,817.89
Own and third-party financial instruments held by other entities		
Own	728,926.43	666,278.56
Third-party	295,244,274.64	244,509,672.07
	295,973,201.07	245,175,950.63
Other off-balance sheet items	4,318,171.07	3,854,697.98
	300,455,700.63	250,158,065.37
Managed portfolios (note 20)	708,076,832.39	779,364,122.70
Assets marketed	39,936,151.32	-
Assets under advice	543,521,499.10	-
Total other off-balance sheet items	1,591,990,183.44	1,029,522,188.07
TOTAL	1,592,071,051.41	1,032,642,218.71

Financial instruments held on deposit and own and third-party financial instruments held by other entities reflect the Group's own securities and customer securities deposited in the Group or with other custodians at 31 December 2021 and 2020, which were recognised at market value at those dates.

Details of own and third-party securities held by the Group or other entities are as follows:

	Euros	
	31 December 2021	31 December 2020
Variable income securities	178,524,916.94	185,119,496.26
Fixed income securities	117,448,284.13	60,056,454.37
	295,973,201.07	245,175,950.63

(20) Off-balance sheet customer funds

Portfolios managed

At 31 December 2021 and 2020 details of managed portfolios, by tranche, are as follows:

	Euros					
	31 December 2021			31 December 2020		
Tranche in thousands of euros	Number of contracts	Capital	Fees and commissions December 2021	Number of contracts	Capital	Fees and commissions December 2020
60	8	7,149.14	-	8	7,149.14	-
61-300	-	-	-	-	-	-
301-600	-	-	-	-	-	-
601-1,500	-	-	-	-	-	-
1,501-6,000	3	10,162,145.57	85,611.74	4	15,040,073.32	37,582.37
More than 6,000	16	697,907,537.68	7,999,942.73	19	764,316,900.24	8,438,713.96
	27	708,076,832.39	8,085,554.47	31	779,364,122.70	8,476,296.33
		(note 19)	(note 23)		(note 19)	(note 23)

In addition, in 2021 the Group ceased to manage six portfolios that generated Euros 1,513,771.46 in management fees (note 23).

(21) Interest and similar income – Dividend income

Details at 31 December 2021 and 2020, based on the nature of operations, are as follows:

	Euros	
Interest and similar income	2021	2020
Financial intermediaries		
Demand deposits (note 8 (a))	-	10,107.07
Resident individuals. Other (note 8)	17,011.57	47,030.00
Non-resident individuals. Other	-	-
Monetary assets and government debt	-	-
Other interest and similar income	43,406.25	452,654.03
	60,417.82	509,791.10

In 2021 and 2020 the Group's revenue was generated primarily in Spain.

Details of dividend income by type of portfolio are as follows:

	Euros	
	2021	2020
Dividend income		
Financial assets held for trading (note 6)	17,006.71	9,720.77
Financial assets at fair value through equity		
Dividends (note 7)	136,295.27	24,786.76
Equity investments (note 29 (a))	-	123,000.00
	153,301.98	157,507.53

(22) Interest expense and similar charges

Details at 31 December 2021 and 2020, based on the nature of operations, are as follows:

	Euros	
	2021	2020
Due to financial intermediaries	350,287.27	282,097.23
Other financial liabilities	7,746.99	405,373.60
	358,034.26	687,470.83

(23) Fee and commission income and expense

Details of fee and commission income and expense in 2021 and 2020, by nature, are as follows:

	Euros	
Fee and commission income	2021	2020

Processing and execution of customer orders for securities sales and purchases		
Variable income transactions	1,397,220.41	768,210.94
Fixed income transactions	26,124.19	43,186.24
Underwriting and placement	4,405.00	9,485.00
Marketing of collective investment undertakings	131,410.47	55,430.36
Securities held on deposit and book entries	64,767.27	53,883.20
Portfolio management (note 20)	9,599,325.93	8,476,296.33
Other fees and commissions	5,205,673.37	3,276,516.10
	16,428,926.64	12,683,008.17

	Euros	
Fee and commission expense	2021	2020
Securities transactions	-	7,188.17
Derivatives transactions	-	-
Fees and commissions paid to markets and clearing and settlement systems	692,199.00	359,261.78
Guarantees for collective market guarantee fund	972.92	144.92
Fees and commissions paid to representatives and other entities	1,537,824.32	36,389.94
Fees retro-assigned	21,318.41	175,211.20
Other fees and commissions	1,956,997.45	2,512,072.21
	4,209,312.10	3,090,268.22

(24) Other operating expenses

At 31 December 2021 and 2020, this heading of the consolidated income statement includes other expense linked to the operation of the business, as well as the Euros 71,546.14 and Euros 74,165.80 contribution, respectively, to the Investors Compensation Scheme (note 4 (t)).

(25) Personnel expenses

Details of personnel expenses for 2021 and 2020 are as follows:

	Euros	
	2021	2020
Salaries and wages	8,809,977.23	7,343,872.44
Employee benefits expense		
Social Security payable by the Company	1,076,580.08	954,892.87
Termination benefits	105,870.58	139,792.70
Training expenses	18,121.54	5,611.49
Other personnel expenses	141,358.69	147,009.84
	10,151,908.12	8,591,179.34

Distribution of Group employees, by category and gender, is as follows:

	Annual average 2021	31 December 2021			Annual average 2020	31 December 2020		
		Male	Female	Total		Male	Female	Total
Management	2	1	1	2	3	1	1	2
Qualified personnel	79	55	26	81	73.5	53	23	76
	81	56	27	83	76.5	54	24	78

The average number of Group employees with a disability rating of 33% or higher (or equivalent local rating) in 2021 and 2020, distributed by category, is as follows:

	31 December 2021	31 December 2020
Management	-	-
Qualified personnel	1	1
	1	1

(26) Overheads

Details at 31 December 2021 and 2020 are as follows:

	Euros	
	2021	2020
Rental of buildings and facilities (note 12)	539,212.60	379,537.62
Communications	976,375.32	978,595.08
IT Systems	729,743.17	600,454.12
Utilities	73,537.83	33,923.03
Repairs and maintenance	271,341.63	246,919.14
Advertising and publicity	231,537.00	472,531.62
Entertainment and travel expenses	51,193.61	38,933.63
Outsourced administrative services	7,605.18	56,782.35
Other independent professional services	1,249,188.81	890,108.56
Contributions and taxes	259,166.68	118,332.84
Other expenses	865,649.01	560,173.37
	5,254,550.84	4,376,291.36

(27) Impairment losses on financial assets

In 2021, the Group did not record any impairment losses on financial assets (in 2020 it recorded impairment losses of Euros 12,000.00 on loans to individuals (see note 8)).

(28) Taxation

There follows a reconciliation between the consolidated accounting profit/(loss) for the years 2021 and 2020 and the taxable income the Group expects to declare following approval of the consolidated annual accounts:

	Euros	
	2021	2020
Consolidated profit before income tax	3,085,777.26	2,896,248.23
Consolidation adjustments	-	-
Accounting result before tax and after consolidation adjustments	3,085,777.26	2,896,248.23
Permanent differences	(605,491.48)	(10,563,308.57)
Taxable accounting income	2,480,285.78	(7,667,060.34)
Timing differences on profits		
Originating in current period	(13,084.19)	(13,084.19)
Reversal of prior periods	(192,720.00)	222,075.92
Capitalisation reserve	(155,803.35)	-
Gross taxable income	2,118,678.24	(7,458,068.61)

Profit, determined in accordance with tax legislation, in 2021 and 2020 is subject to a rate of 25% of the taxable income for companies belonging to the consolidated tax group in Spain. Certain deductions may be applicable to the resulting amount.

The calculation of consolidated corporate income tax expense/revenue is as follows:

	Euros	
	2021	2020
Taxable accounting income at tax rate	-	-
Derecognition of deferred tax assets	-	-
Other	(133,081.35)	43,020.51
	(133,081.35)	43,020.51

In accordance with current legislation, taxes cannot be considered definitive until they have been inspected by the taxation authorities or before the inspection period of four years has elapsed. At 31 December 2021, the Parent Company has open for inspection by the tax authorities all the main applicable taxes filed since its incorporation, while the Spanish subsidiaries have open for inspection by the tax authorities all the main applicable taxes filed since 1 January 2018. The directors do not expect that any significant additional liabilities would arise in the event of an inspection.

In accordance with Spanish tax legislation, losses declared may be carried forward to be offset against profits of subsequent accounting periods, the amount being distributed as considered appropriate. Losses are offset when the tax returns are filed, without prejudice to the taxation authorities' power of inspection.

At 31 December 2021 and 2020, temporary differences reflect the difference between the depreciation charge for book and tax purposes of Euros 142,715.39 and Euros 194,820.65, respectively, recorded under "Tax Assets" in the consolidated balance sheet (see note 13).

In 2021, the tax group applied the capitalisation reserve incentive (art. 25 of the Corporate Income Tax Law), which resulted in a reduction of taxable income in the amount of Euros 155,803.35. As a result of the foregoing, in 2022 the Company will allocate a capitalisation reserve (restricted) in the amount of the reduction in taxable income, which must be properly shown on the balance sheet, separately and appropriately titled. The application of this incentive is subject to the condition that the increase in shareholders' equity is maintained for five years, unless accounting losses are incurred.

(29) Related parties

(a) Related party transactions and balances

At 31 December 2021 and 2020, in addition to the amounts indicated in note 15 on equity, the Group has the following balances payable to and receivable from related parties:

	Euros	
	31 December 2021	31 December 2020
Assets		
Loans and receivables		
Other loans and advances (note 8 (d))	1,075,554.05	1,068,406.05
Shareholders and senior management personnel (note 29 (b))	301,806.85	329,800.05
Equity interests (note 9)	6,054,841.78	5,752,259.30
Other assets (note 14)		
Other	163,250.10	191,040.25
	7,595,452.78	7,341,505.65

Income and expenses deriving from the Group's transactions with related parties are as follows:

	Euros	
	2021	2020
Income		
Dividends (note 21)	-	157,786.76

(b) Information on the Group's directors and senior management personnel

In 2021, the Board of Directors accrued remuneration of Euros 440,235.00 (Euros 365,059.08 accrued in 2020).

The Group's senior management personnel is comprised solely of members of the Board of Directors.

The Group's senior management personnel received remuneration in 2021 amounting to Euros 531,987.98 (Euros 735,334.34 in 2020).

At 31 December 2021, Euros 301,806.85 are receivable from former shareholders and members of senior management (Euros 329,800.05 at 31 December 2020) (see note 14). These debts accrue interest at market rates.

At 31 December 2021 and 2020 the Group has no pension obligations with former or current board members.

In 2021 or 2020 the Group did not extend any guarantees on their behalf. In 2021 and 2020 the Parent's directors did not perform any transactions other than ordinary business with the Parent or Group companies applying terms that differed from market conditions.

In 2021, civil liability insurance premiums amounting to Euros 108,478.51 were paid in respect of possible damage or loss caused by actions or omissions of the directors while exercising their duties (Euros 109,555.07 in insurance premiums paid in 2020).

At 31 December 2021, the Board of Directors of the Parent Company is comprised of 3 men (4 men in 2020).

(c) Conflicts of interest

The directors of the Group and their related parties have had no conflicts of interest requiring disclosure in accordance with article 229 of the Revised Spanish Companies Act.

(30) Environmental Information

The directors consider that the environmental risks deriving from the Group's activity are minimal and adequately covered and that no additional liabilities will arise therefrom. The Group did not incur any expenses or receive any environment-related grants during the years ended 31 December 2021 and 2020.

(31) Audit Fees

Fees relating to services provided by the firm KPMG Auditores, S.L, auditing the Group's annual accounts for the years ended 31 December 2021 and 2020, regardless of when they were invoiced, are as follows:

	Euros	
	2021	2020
Audit services	141,450.00	140,417.00
Other services	26,900.00	26,900.00
	168,350.00	167,317.00

In the years 2021 and 2020, no other professional services were provided to the Parent Company and subsidiaries by other entities affiliated with KPMG International.

(32) Customer service department

In 2007 the Group implemented the appropriate measures to comply with the requirements and obligations set out in Ministry of Economy Order ECO/734/2004 of 11 March 2004 on customer service departments and the financial institution ombudsman.

No complaints or claims were received from any of the Group's customers in 2021.

In 2020, one complaint was received by the customer service department of the subsidiary Auriga Global Investors, Sociedad de Valores, S.A.U., from a customer of the Auriga Bonos platform, and was dismissed.

(33) Representatives

At 31 December 2021, the Group operated with seven representatives authorised to deal with customers in the name and on behalf of the Company, to carry out transactions pertaining to securities dealers. A list of these representatives had been deposited with the Spanish National Securities Market Commission.

2021
Francisco Javier Bru Arce
Gestión Fondo Educativo, S.L.
Juan José Fernández Bardera
Cristina Torres-Quevedo Lopez-Bosh
Pedro Urbina García-Caro
Esteban Gridilla Ferrer
Velar Inversiones Global 72, S.L.

(34) Risk management policy

Auriga Capital Markets, S.L. implements comprehensive risk management, involving the Group’s various levels, for which it has defined its own philosophy for action based on solid control systems underpinned by the following principles:

- Independence of control processes.
- Protection of reputation and information.
- Control and review of extraordinary or unusual operations.
- Supervision of the development of new business areas.
- Continuous review of all management processes.
- Risk identification and spreading.
- Protection of profits through limits on risk-taking capacity.

Because of the type of business carried out by Auriga Capital Markets, S.L., the foremost primary risks to which the Group is exposed are the position risk of its own portfolio, the operational risk of its own brokerage activity and, to a lesser extent, credit risk. The Group's daily operations also take into account other risks inherent to a business established in the financial sphere, such as liquidity risk and structural balance sheet interest rate risk.

The following is a brief outline of each of the most important risks:

1. Risks pertaining to equity investments are the risks underlying the position in the securities held in the portfolio, generally referred to as market risk, which also reflects the credit, interest rate and currency risk of the assets invested.

   To keep this risk under control, the Group has developed:

   - Investment strategies and processes
   - Management structures and organisation
   - Measurement and reporting systems and procedures
   - Hedging and mitigation policies

2. Business risk, or operating risk, is the risk of losses derived from inefficiencies or failures in internal processes, human error or system failures during the brokerage activity. Losses may also be incurred as a result of external factors such as accidents, catastrophes or deliberate actions targeting the Group.

   The Group has strategies, policies and procedures to manage the proper execution of orders received from customers across the various branches of its business. Moreover, the Group has a Business Continuity Plan that guarantees continuity and regularity in the provision of services in the event of serious incidents.

3. Credit risk is defined as the risk of incurring losses deriving from the possibility of default on payment of the principal or interest linked to a credit operation. This risk is not prominent in the daily activity of Auriga Capital Markets, S.L., and its most significant aspects would relate to:

   - Credit institutions: demand deposits, term deposits and other investments.
   - Companies: security deposits, advances, credits and loans.
   - Individuals: credit and/or receivables from customers and employees
   - Advances to suppliers.

   Although this risk is not prominent in the Group's daily activities, there are procedures in place to regulate this type of secondary activities.

4. Liquidity risk is defined as the inability to meet payment obligations or liabilities when they fall due.

   In addition to its capital management, Auriga Capital Markets, S.L. implements a liquidity management policy, by maintaining products that allow access to financing based on the needs stemming from the Group's operations.

As previously detailed, each of the risks described above is covered by management and control processes emanating from the Group's various policies and procedures. Controlling all of these risks requires them to be identified, measured, quantified and monitored, for which purpose the group has the organisational, material and human resources to maintain an adequate internal risk control and monitoring system in keeping with the most exacting standards and current regulations.

(35) Late payments to suppliers. "Reporting Requirement" under Law 15/2010 of 5 July 2010

Pursuant to final provision two of Law 31/2014 of 3 December 2014, and in accordance with the Spanish Accounting and Auditing Institute (ICAC) Resolution of 29 January 2016, details of the average supplier payment period in 2021 and 2020 of Group subsidiaries located in Spain are as follows:

	Days	
	2021	2020
Average supplier payment period	18.03	18.70
Transactions paid ratio	18.03	18.70
Transactions payable ratio	18.03	18.70
	Amount (Euros)	
	2021	2020
Total payments made	7,902,676.70	5,311,475.53
Total payments outstanding	331,479.27	353,677.94

(36) Events after the reporting period

After a number of years of tensions between Russia and Ukraine, on 24 February 2022 the Kremlin commenced a military invasion of its western neighbour. In response to this military action, a number of countries announced severe economic sanctions against Russia and an increasing number of major public and private companies unveiled voluntary measures to restrict its commercial activities with Russia. These actions include plans to dispose of assets or halt operations in Russia, reduce imports and exports to and from the country and suspend services to the Russian state and businesses.

The Ukraine conflict is taking place at a time of global economic uncertainty and volatility and its impact is likely to interact with and even compound the current market conditions. The war brought with it a significant number of economic effects, such as higher energy prices, suspended trade relations, equity market volatility, supply chain disruption, etc.

At the date of authorising for issue these consolidated annual accounts, the Group has not been affected, nor does it expect to be significantly affected, by this situation.

Regardless of the information included in these consolidated notes, between the balance sheet date and the date of authorising for issue these consolidated annual accounts, no subsequent event has emerged that significantly affects them and that has not been included herein.

AURIGA CAPITAL MARKETS, S.L.,
AND SUBSIDIARIES

Details of Investments in Fully-Consolidated Group Companies

31 December 2021

				Percentage		Thousands of euros		
Company	Registered office	Activity	Listed company	Direct	Indirect	Assets	Profit/(loss)	Capital
Auriga Global Investors S.V., S.A., Sociedad Unipersonal (*)	C/ Cuesta del Sagrado Corazón, 6-8 (Madrid)	Financial intermediation	No	100.00%	-	20,753	(70)	6,040
Quadriga Asset Managers, S.G.I.I.C, S.A. (*)	C/ Cuesta del Sagrado Corazón, 6-8 (Madrid)	Sociedad Gestora de IIC's	No	89.00%	-	10,314	1,889	5,410
Finalter, S.L.	C/ Cuesta del Sagrado Corazón, 6-8 (Madrid)	Other lending activities	No	-	75.28%	11,212	157	724
Alternative Financing, Estructuración y Originación, S.L.	C/ Cuesta del Sagrado Corazón, 6-8 (Madrid)	Financial intermediation	No	75.28%	-	3,672	(5)	613
Auriga Investments S.a.r.l.	8832 Rombach-Martelange, 1-3, rue de la Sapinière Luxemburg	Sociedad Gestora de IIC's	No	-	89.00%	96	20	78
Einicia Crowdfunding PFP, S.L.	C/ Cuesta del Sagrado Corazón, 6-8 (Madrid)	Crowdfunding	No	-	0.00%	-	-	-
Quadriga Investments GP S.a.r.l	8832 Rombach-Martelange, 1-3, rue de la Sapinière Luxemburg	Sociedad Gestora de IIC's	No	-	89.00%	38	13	9

(*) Data obtained from the audited annual accounts of the companies at 31 December 2021.

This Appendix forms an integral part of note 1 to the consolidated annual accounts for 31 December 2021, in conjunction with which it should be read.

AURIGA CAPITAL MARKETS, S.L.,
AND SUBSIDIARIES

Details of Investments in Fully-Consolidated Group Companies

31 December 2020

Company	Registered office	Activity	Listed company	Percentage Direct	Percentage Indirect	Thousands of euros Assets	Thousands of euros Profit/(loss)	Thousands of euros Capital
Auriga Global Investors S.V., S.A., Sociedad Unipersonal (*)	C/ Cuesta del Sagrado Corazón, 6-8 (Madrid)	Financial intermediation	No	100.00%	-	22,538	1,146	6,110
Quadriga Asset Managers, S.G.I.I.C, S.A. (*)	C/ Cuesta del Sagrado Corazón, 6-8 (Madrid)	Sociedad Gestora de IIC's	No	89.00%	-	5,805	1,304	3,585
Finalter, S.L.	C/ Cuesta del Sagrado Corazón, 6-8 (Madrid)	Other lending activities	No	-	75.28%	15,296	(173)	(567)
Alternative Financing, Estructuración y Originación, S.L.	C/ Cuesta del Sagrado Corazón, 6-8 (Madrid)	Financial intermediation	No	75.28%	-	4,181	(102)	618
Auriga Investments S.a.r.l.	8832 Rombach-Martelange, 1-3, rue de la Sapinière Luxemburg	Sociedad Gestora de IIC's	No	-	89.00%	106	22	58
Einicia Crowdfunding PFP, S.L.	C/ Cuesta del Sagrado Corazón, 6-8 (Madrid)	Crowdfunding	No	-	63.99%	72	18	53
Quadriga Investments GP S.a.r.l	8832 Rombach-Martelange, 1-3, rue de la Sapinière Luxemburg	Sociedad Gestora de IIC's	No	-	89.00%	25	11	(4)

(*) Data obtained from the audited annual accounts of the companies at 31 December 2020.

This Appendix forms an integral part of note 1 to the consolidated annual accounts for 31 December 2021, in conjunction with which it should be read.

AURIGA CAPITAL MARKETS, S.L.,
AND SUBSIDIARIES

Breakdown of Investments in Equity-Accounted Associates

31 December 2021

				Percentage		Thousands of euros			
Company	Registered office	Activity	Listed company	Direct	Indirect	Assets	Liabilities	Profit/(loss)	Capital
iBroker Global Markets S.V., S.A. (*)	C/ Caleruega 102-104, Planta Baja (Madrid)	Financial intermediation	No	40.01%	9.99%	110,788	97,794	3,174	12,994
Auriga Sherpa I, S.L.	C/ Cuesta del Sagrado Corazón, 6-8 (Madrid)	Investing activities	No	-	28.99%	1,879	1,196	(19)	682

(*) Data obtained from the audited annual accounts of the companies at 31 December 2021.

AURIGA CAPITAL MARKETS, S.L.,
AND SUBSIDIARIES

Breakdown of Investments in Equity-Accounted Associates

31 December 2020

				Percentage		Thousands of euros			
Company	Registered office	Activity	Listed company	Direct	Indirect	Assets	Liabilities	Profit/(loss)	Capital
iBroker Global Markets S.V,. S.A.	C/ Caleruega 102-104, Planta Baja (Madrid)	Financial intermediation	No	50.00%	-	84,279	75,239	2,484	9,040
Auriga Sherpa I, S.L.	C/ Cuesta del Sagrado Corazón, 6-8 (Madrid)	Investing activities	No	-	28.99%	3,424	900	11,110	2,535

This Appendix forms an integral part of note 8 to the consolidated annual accounts for 31 December 2021, in conjunction with which it should be read.

AURIGA CAPITAL MARKETS, S.L.,
AND SUBSIDIARIES

Investment Firms Consolidated Annual Report
for 2021

GEOGRAPHICAL LOCATION

The Group mainly carries out its activity in Spain, although part of its activities are carried out in Luxembourg.

TURNOVER

Turnover, measured in terms of fee and commission income, amounted to Euros 16,429 at 31 December 2021.

NUMBER OF FULL-TIME EMPLOYEES

There are 83 full-time employees at 31 December 2021.

CONSOLIDATED PROFIT OR LOSS BEFORE TAX

Consolidated profit before tax amounts to Euros 3,086 thousand at 31 December 2021.

TAX ON PROFIT OR LOSS

The income tax expense amounts to Euros 133 thousand at 31 December 2021.

RETURN ON ASSETS

5,45% (net profit as a percentage of total consolidated assets) at 31 December 2021.

PUBLIC GRANTS OR SUBSIDIES RECEIVED

The Group has not received any public grants or subsidies.

AURIGA CAPITAL MARKETS, S.L.,
AND SUBSIDIARIES

Consolidated Directors' Report

2021

The previous year ended against a backdrop of severe economic contraction due to the Covid-19 pandemic, which forced very stringent restrictions to be imposed to contain the health situation. Accordingly, the leading economies posted sharp declines in GDP at year end: -6.6% in the case of the Eurozone, with the southern European countries being the worst affected due to its greater exposure to tourism. GDP shrank by 10.8% in Spain, 8.9% in Italy and 8.1% in France. Meanwhile, Germany, which is highly exposed to the manufacturing sector, and the United States, both held up better with declines of -4.9% and -3.5% respectively.

Conversely, 2021 was the year of economic recovery from the pandemic, underpinned by the mass vaccination drive, with close to 90% of eligible people vaccinated in Spain by the end of the year. As the vaccination progressed, consumer confidence was restored and the economy revived, especially from the second quarter onwards, attaining a strong pace of growth throughout the rest of the year. Thus, Spain's GDP rebounded by 5.1% year-on-year, slightly below the 5.3% of the Eurozone and the 5.6% of the United States.

Furthermore, the aggressive asset purchase programmes introduced by central banks last year remained in place, ensuring very favourable financing conditions and robust liquidity in the system. The Fed had been buying US$120 billion a month in Treasury bonds and mortgage-backed securities, and commenced tapering in November. The ECB, meanwhile, opted to keep the Pandemic Emergency Purchase Programme (PEPP) in place until March 2022, in addition to its ordinary Asset Purchase Programme (APP). Moreover, policy interest rates remain at historic lows: the ECB refinancing rate at 0% and the Fed Funds rate at 0%-0.25%. Over the course of 2022, the Fed is expected to start monetary policy normalisation, with some increase in policy rates already envisaged.

The economic forecasts for the coming years are upbeat, buoyed by the Next Generation Funds and the European Commission estimates that Spain's GDP will grow by 5.6% in 2022 and 4.4% in 2023; and Eurozone GDP by 4.0% and 2.8%, respectively. However, there are some concerns associated with both the strong monetary stimulus and the post-pandemic recovery, namely public debt at record highs and rising inflation. With regard to inflation, ECB president Christine Lagarde has said it is temporary and linked to the reopening of the economy, supply chain bottlenecks and rising energy prices, which will undermine economic growth in the short term.

On the trading side, equities built on its performance in the previous, pandemic year, where there was a significant increase in terms of trading volume, mainly due to the high market volatility generated by the atypical global situation.

In Fixed Income trading, the volume of operations surged by 50% on the back of opportunities generated by special situations linked to corporate and governmental issuers where our team provides excellent value to investors, both in terms of analysis and providing liquidity. Last year's recruitments are bearing fruit and new business lines and innovative business opportunities are opening up, contributing positively to the team's overall result. The margin per transaction has risen slightly due to the type of operations currently in focus.

Significant events occurring subsequent to the end of the year

Nothing to report other than as mentioned in the notes to the Consolidated Annual Accounts.

Acquisition of own shares

At 31 December 2021, the Parent Company did not hold any own shares, nor did it carry out any own share transactions during the year.

Research and development

There was no research and development activity during the year. The Group's consolidated annual accounts for 2021 do not contain any items that should be included in the separate document on environmental information.

Information on the average supplier payment period in commercial transactions

At 31 December 2021, the Parent Company's average supplier payment period was 18.03 days.

AUTHORISATION FOR ISSUE

The Board of Directors of Auriga Capital Markets, S.L. has prepared the Consolidated Annual Accounts, comprising the Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, the Notes to the Consolidated Annual Accounts and the Consolidated Directors' Report, for the year ended 31 December 2021, which form an integral part of this document.

Madrid, 31 March 2022

Mr Iñigo Resusta Covarrubias
Chairman of the Board of Directors and Director

Mr Enrique Martinavarro Ferrer
Deputy Chairman of the Board of Directors and Director

Mr Rodrigo Hernando Ortega
Director

Ms Caridad Bono Landaluce
Secretary (non-Director)