MUTUA DE SEGUROS DE ARMADORES DE BUQUES DE PESCA DE ESPAÑA, SOCIEDAD MUTUA A PRIMA FIJA – FISCAL YEAR 2021

This document contains:

AUDIT REPORT

FINANCIAL STATEMENTS FOR FISCAL YEAR 2021

MANAGEMENT REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

IMPORTANT NOTE: This is a free and unofficial translation, merely indicative and non-binding, so if in doubt, you should go to the original in Spanish, which will prevail in any case.

Audit report on the financial statements issued by an independent auditor

To the Members of the **Mutua de Seguros de Armadores de Buques de Pesca de España, Sociedad Mutua a Prima Fija:**

Opinion

We have audited the financial statements of **Mutua de Seguros de Armadores de Buques de Pesca de España, Sociedad Mutua a Prima Fija** (Mutuapesca), comprising the balance sheet as at 31 December 2021, the profit and loss account, the statement of changes in equity, the cash flow statement and the notes on the financial statements corresponding to the financial year ended on that date.

In our opinion, the accompanying financial statements give, in all material respects, a true and fair view of the Company's equity and financial position as at 31 December 2021, as well as its results and cash flows for the financial year ending on said date, in accordance with the regulatory framework that applies to financial information (identified in note 2 of the report) and, in particular, with the accounting principles and criteria contained therein.

Basis for opinion

We have performed our audit in accordance with the current regulations governing the auditing of accounts in Spain. Our responsibilities in accordance with these regulations are described later in the section *Auditor's Responsibilities relating to the audit of the financial statements* of our report.

We are independent of Mutuapesca in accordance with the ethical requirements, including those of independence, which are applicable to our audit of financial statements in Spain as required by the regulations governing the auditing accounts. We have not provided services other than those of the audit of accounts nor have any situations or circumstances arisen that, in accordance with the provisions of the aforementioned regulations, have compromised the necessary independence.

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

Key audit matters

The key audit matters are matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and in the formation of our opinion on these and we do not express a separate opinion on those matters.

Key audit matters	Audit response
Risk of impairment of property, plant and equipment and investment property: The subsequent valuation of property, plant and equipment and property investments requires the application of significant judgment and estimation	*We have carried out, amongst others, the following audit procedures:* - Understanding the Entity's accounting policies in relation to the analysis of the impairment of assets included in Property, Plant and Equipment and Property Investments.

Key audit matters	Audit response
of assets with major importance, 15% of total assets. Mutuapesca uses third parties that are not associated with the Entity as independent experts to determine the market value of these assets. The information relating to these assets is set out in notes 5 and 6 to the annual accounts.	- Verification of the competence, technical expertise and independence of the experts used by the company. - Comparison of the net book value of property, plant and equipment and property investments with the fair value obtained from the reports by experts contracted by the company. - The adequacy of the disclosures in the financial statements relating to these assets and the requirements of the applicable financial reporting framework have been evaluated.
Valuation of provisions for non-life insurance benefits and of the participation in them of reinsurance. As indicated in the attached notes to the financial statements, Mutuapesca operates mainly in the hull and goods classes. The valuation of provisions includes an estimate of the obligations assumed by the Entity arising from its insurance and reinsurance contracts. The estimate of this provision at the close of the financial year amounts to 12,271 thousand euros, at the same time requiring a provision of the opposite sign in the assets for participation in the reinsurance ceded for the sum of 10,837 thousand euros. Note 9.3.6 of the notes to the accounts describes the arrangement used by Mutuapesca to transfer the risk assumed by means of reinsurance policies. These provisions use both individualised estimates and actuarial projection methods, based on both historical information and assumptions about their future valuation. These estimates are complex and require actuarial calculations, which are based on significant judgements and assumptions, especially in cases where the settlement period may exceed one year. These provisions estimate the total or certain cost of the benefits for	*We have carried out, among others, the following audit procedures:* - Understanding the accounting policies, which we have evaluated by testing the design and implementation of key controls established by Mutuapesca in the processes of estimating the provision for benefits, including checking the definition of key assumptions, and the completeness and accuracy of the databases used for estimating provisions. - We obtained a representative sample selected on the basis of risk assessment and significance, in order to validate the completeness and accuracy of the databases used in the actuarial calculations, market assumptions and historical trends. - Verification of the competence, technical expertise and independence of the company's external actuary. - Participation by an actuary hired by the Auditor as independent expert to review the conformity and accuracy of the calculations of the technical provisions and their compliance with the Entity’s technical bases. - We carried out an evaluation of the estimate of the provision for benefits, based on our experience and simulation, determining a range for its reasonability.

Key audit matters	Audit response
covering claims, and in view of their nature there is a significant degree of uncertainty and therefore any change in the assumptions on which they are calculated could affect the financial statements.	- We evaluated the adequacy of the detailed information in the financial statements relating to the provision for benefits and the requirements of the applicable financial reporting framework.

Other information: Management report

The other information consists solely of the management report for 2021, the preparation of which is the responsibility of Mutuapesca's management and is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. Our responsibility with regard to the management report, in accordance with the auditing regulations, consists of assessing and reporting on the consistency of the management report with the financial statements, based on our knowledge of the Entity obtained from auditing said financial statements and without including information other than that obtained as evidence during the audit. Likewise, our responsibility is to evaluate and report on whether the content and presentation of the management report are in accordance with the applicable regulations. If, based on the work we have done, we conclude that there are material misstatements, we are obliged to report them.

On the basis of the work performed, as described in the preceding paragraph, we have found the information contained in the management report to be consistent with that in the financial statements for 2021 and its contents and presentation comply with the applicable regulations.

The responsibility of the management and the audit committee with regard to the financial statements

The management is responsible for formulating the accompanying financial statements, so that they give a true image of the assets, the financial situation and the results of the Company, in accordance with the regulatory framework on financial information applicable to the Entity in Spain, and for the internal control that it considers necessary to allow the preparation of the financial statements free of material misstatement, due to fraud or error.

In the preparation of the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, revealing, as appropriate, the issues related to the company in operation and using the accounting principle of a going concern unless the management intends to liquidate the Entity or cease operations, or if there is no other realistic alternative.

The audit committee is responsible for supervising the process of preparing and presenting the annual accounts.

The auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, due to fraud or error, and to issue an audit report that contains our opinion.

Reasonable assurance is a high degree of assurance, but is not a guarantee that an audit conducted in accordance with the regulations governing the audit activity in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit, in accordance with the current regulations governing the auditing of financial statements in Spain, we exercise professional judgment and maintain an attitude of professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement in the financial statements, due to fraud or error, design and perform audit procedures to respond to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or circumvention of internal control.

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

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and disclosures made by management.

We conclude whether the management's use of the accounting principle of treating the entity as a going concern is appropriate and, based on the audit evidence obtained, we conclude on whether or not there is a material uncertainty related to events or conditions that can generate significant doubts about the ability of the Company to continue as a going concern. If we conclude that there is material uncertainty, we are required to draw attention in our audit report to the relevant information disclosed in the financial statements or, if such disclosures are inadequate, we express a modified opinion. Our conclusions are based on the audit evidence obtained at the date of our audit report. However, future events or conditions may cause the Company to cease to be a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are required to communicate with the Entity's audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during the course of the audit.

We have also provided the Entity's audit committee with a declaration stating that we have complied with applicable ethical requirements, including those concerning independence, and have provided it with information concerning matters that might reasonably imply a threat to our independence and, where applicable, the relevant safeguards.

Amongst the matters that have been communicated to the Entity's audit committee, we determine those that have been of the greatest significance in the audit of the financial statements of the current period and that are, consequently, the key matters of the audit.

We describe those matters in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

Report on other legal and reglementary requirements

Additional report for the audit committee

The opinion expressed in this report is consistent with that stated in our additional report for the Mutua's audit committee dated 05 April 2022.

Contract period

Our first appointment as auditors dates from the Ordinary General Meeting held on 29 May 2018, where we were appointed as auditors for an initial period of 3 years, as from the financial year commencing 1 January 2018. Our engagement as account auditors has been renewed regularly ever since.

Services rendered

The services other than Auditing the accounts are set out in note 17 of the Notes to the annual accounts.

Moore Ibérica de Auditoria, S.L.P..
(ROAC S359)

Francisco Martinez Casado (ROAC 15.991)
Audit-Partner

5 April 2022

MUTUA DE SEGUROS DE ARMADORES DE BUQUES DE PESCA DE ESPAÑA, SOCIEDAD MUTUA A PRIMA FIJA

FINANCIAL STATEMENTS FOR FISCAL YEAR 2021

MUTUA DE SEGUROS DE ARMADORES DE BUQUES DE PESCA DE ESPAÑA, SOCIEDAD MUTUA A PRIMA FIJA

BALANCE SHEETS AT DECEMBER 31, 2021 AND 2020

(Stated in Euros)

ASSETS	12/31/2021	12/31/2020
A-1 Cash and cash equivalents	**2.834.486,89**	**2.040.995,82**
A-2 Held-for-trading financial assets	**-**	**-**
A-3 Other financial assets at fair value through profit or loss	**-**	**-**
A-4 Financial assets classified as available for sale	**2.381.430,03**	**2.104.983,87**
I. Equity instruments	1.812.673,16	1.435.721,46
II. Debt securities	568.756,87	669.262,41
A-5 Loans and accounts receivable	**2.466.135,07**	**2.573.567,38**
III. Deposits at credit institutions		-
V. Accounts receivable for direct insurance operations	1.654.826,95	1.339.573,74
1. Insurance policyholders	1.646.198,90	1.174.686,30
2. Insurance Intermediaries	8.628,05	164.887,44
VI. Accounts receivable for reinsurance operations	511.348,93	878.172,64
VII. Accounts receivable for co-insurance operations	59.023,03	25.496,23
IX. Other accounts receivable	240.936,16	330.324,77
2. Rest of accounts receivable	240.936,16	330.324,77
A-6 Investments held until maturity	**-**	**-**
A-7 Derivative hedging instruments	**-**	**-**
A-8 Reinsurers' share of technical provisions	**10.837.166,53**	**8.266.292,97**
I. Provision for premiums not consumed	983.531,29	798.660,04
III. Provision for benefits	9.853.635,24	7.467.632,93

A-9 Property, plant and equipment, and real estate investments	**3.322.049,50**	**3.404.984,43**
I. Property, plant and equipment	1.625.703,46	1,653.881,81
II. Real estate investments	1.696.346,04	1.751.102,62
A-10 Intangible fixed assets	**0,00**	**8.894,46**
III. Other intangible fixed assets	0,00	8.894,46
A-11 Investments in Group companies and associates	**-**	**-**
A-12 Tax assets	**101.030,86**	**36.265,15**
I. Current tax assets	81.830,71	7.430,93
II. Deferred tax assets	19.200,15	28.834,22
A-13 Other assets	**163.235,01**	**121.831,18**
III. Accrual accounts	165.481,18	118.314,54
IV. Rest of assets	(2.246,17)	3.516,64
A-14 Assets classified as held for sale	**-**	**-**
TOTAL ASSETS	**22.105.533,89**	**18.557.815,26**

The Company’s Financial Statements, which form a single unit, are made up of the Balance Sheet, the Statement of Income, the Statement of Changes in Equity and the Statement of Cash Flows (enclosed) plus the enclosed Notes to the Financial Statements, which are 21 in number.

MUTUA DE SEGUROS DE ARMADORES DE BUQUES DE PESCA DE ESPAÑA, SOCIEDAD MUTUA A PRIMA FIJA

BALANCE SHEETS AT DECEMBER 31, 2021 AND 2020

(Stated in Euros)

EQUITY AND LIABILITIES	12/31/2021	12/31/2020
A) LIABILITIES		
A-1 Held-for-trading financial liabilities	**-**	**-**
A-2 Other financial liabilities at fair value through profit or loss	**-**	**-**
A-3 Debts and accounts payable	**1.643.436,83**	**1.357.846,21**
III. Debts from insurance operations	829.668,02	621.909,52
1. Debts to insureds	10.731,78	25.037,92
2. Debts to intermediaries	1.710,67	17.508,99
3. Conditioned debts	817.225,57	579.362,61
IV. Debts from reinsurance operations	598.964,38	344.305,79
V. Debts from coinsurance operations	35.632,68	9.604,82
IX. Other debts:	179.171,75	382.026,08
1. Debts to Public Authorities	49.959,12	47.460,09
3. Rest of other debts	129.212,63	334.565,99
A-4 Derivative hedging instruments	**-**	**-**
A-5 Technical provisions	**12.271.423,36**	**9.347.420,66**
I. Provision for premiums not consumed	1.108.789,88	894.896,62
II. Unexpired risk reserve	197,93	-
IV. Provision for benefits	11.162.435,55	8.452.524,04
A-6 Non-technical provisions	**-**	**-**
A-7 Tax liabilities	**476.879,41**	**474.557,10**

II. Deferred tax liabilities	476.879,41	474.557,10
A-8 Rest of liabilities	**228.850,56**	**192.650,96**
1. Accrual accounts	228.850,56	192.650,96
IV. Other liabilities		
A-9 Liabilities associated with assets held for sale	**-**	**-**
TOTAL LIABILITIES	**14.620.590,16**	**11.372.474,93**
B) EQUITY		
B-1 Shareholders' equity	**7.458.144,58**	**7.202.092,32**
I. Capital or mutual fund	2.331.193,65	2.331.193.65
1. Subscribed capital or mutual fund	2.331.193,65	2.331.193.65
2. (Uncalled capital)	-	-
III. Reserves	4.870.898,67	4.783.109,13
3. Oher reserves	4.870.898,67	4.783.109,13
VII. Profit/(loss) for the year	256.052,26	87.789,54
B-2 Valuation adjustments	**26.799,15**	**(16.751,99)**
I. Financial assets classified as available for sale	26.799.15	(16.751,99)
B-3 Grants, donations and legacies received		
TOTAL EQUITY	**7.484.943,73**	**7.185.340,33**
TOTAL EQUITY AND LIABILITIES	**22.105.533,89**	**18.557.815,26**

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MUTUA DE SEGUROS DE ARMADORES DE BUQUES DE PESCA DE ESPAÑA, SOCIEDAD MUTUA A PRIMA FIJA

STATEMENTS OF INCOME FOR FISCAL YEARS 2021 AND 2020

(Stated in Euros)

TECHNICAL ACCOUNT – NON-LIFE INSURANCE	2021	2020
I.1 Premiums allocated to the fiscal year, Net of Reinsurance	**1.406.391,47**	**1.292.660,43**
a) Premiums accrued	12.867.633,44	11.579.115,86
a1) Direct insurance	11.841.340,70	10.661.656,01
a2) Reinsurance accepted	1.045.225,83	907.749,89
a3) Variation in the provision for premiums pending receipt	(18.933,09)	9.709.96
b) Premiums of ceded reinsurance (-)	(11.432.022,03)	(10.276.095,06)
c) Variation in direct insurance and ceded reinsurance premiums not consumed	(29.219,94)	(10.360,37)
I.2 Income from property, plant and equipment and investments	**82.356,80**	**110.114,86**
b) Income from financial investments	40.185,11	83.510,59
d) Profits on the sale of property, plant and equipment and investments	42.171,69	26.604,27
d2) From financial investments	42.171,69	26.604,27
I.3 Other technical income	**-**	**-**
I.4 Losses of the fiscal year. Net of Reinsurance	**(1.296.842,40)**	**(1.371.548,76)**
a) Benefits and expenses paid	(751.539,77)	(1.069.480,45)
a1) Direct insurance	(4.796.220,63)	(6.062.290,90)
a2) Reinsurance accepted	(798.779,95)	(2.144.064,66)
a3) Reinsurance ceded (-)	4.843.460,81	(7.136.865,11)
b) Variation in the provision for benefits	(323.909,20)	(90.112,41)
b1) Direct insurance	(1.282.281,31)	(2.484.240,19)
b2) Reinsurance accepted	(1.427.630,20)	797.201,94
b3) Reinsurance ceded (-)	2.386.002,31	1.596.925,84
c) Expenses chargeable to benefits	(221.393,43)	(211.955,90)
I.7 Net operating expenses	**429.085,45**	**450.547,68**

a) Acquisition costs	(1.574.258,58)	(1.380.380,87)
b) Administrative expenses	(214.250,05)	(203.895,24)
c) Commissions and participation in ceded and retroceded reinsurance (-)	2.217.594,08	2.034.823,79
I.8 Other Technical Expenses	**(39.217,69)**	**(39.609,50)**
a) Variation in impairment losses due to insolvency		-
d) Others	(39.217,69)	(39.609,50)
I.9 Expenses of property, plant and equipment and investments	**(155.320,78)**	**(197.178,65)**
a) Investment management expenses	(124.525,80)	(136.711,44)
a2) Investment and financial accounts expenses	(124.525,80)	(136.711,44)
c) Losses derived from property, plant and equipment and investments	(30.794,98)	(60.467,21)
c1) From financial investments	(30.794,98)	(60.467,21)
I.10 Subtotal (Result of the Non-Life Technical Account)	**426.453,27**	**244.986,06**

(Continued)

MUTUA DE SEGUROS DE ARMADORES DE BUQUES DE PESCA DE ESPAÑA, SOCIEDAD MUTUA A PRIMA FIJA

STATEMENTS OF INCOME FOR FISCAL YEARS 2021 AND 2020

(Stated in Euros)

NON-TECHNICAL ACCOUNT	2021	2020
III.1 Result of the Non-Life Insurance Technical Account	**426.453,27**	**244.986,06**
III.2 Result of the Life Insurance Technical Account	**-**	**-**
III.3 Income from property, plant and equipment and investments	**145.835,53**	**178.421,14**
a) Income from real estate investments	93.606,82	93.538,92
b) Income from financial investments	24.577,48	64.374,28
c) Application of valuation adjustments for impairment losses on property, plant and equipment and investments	1.858,76	-
c1) Of property, plant and equipment and real estate investments	1.858,76	-
d) Profits on the sale of property, plant and equipment and investments	25.792,47	20.507,94
d2) Of financial investments	25.792,47	20.507,94
III.4 Expenses of property, plant and equipment and investments	**(138.543,53)**	**(140.173,18)**
a) Investment management expenses	(30.715,53)	(49.980,52)
a1) Investment and financial accounts expenses	(30.715,53)	(49.980,52)
b) Valuation adjustments to property, plant and equipment and investments	(88.993,69)	(43.581,40)
b1) Depreciation of property, plant and equipment and real estate investments	(42.763,91)	(43.581,40)
B2) Impairment of property, plant and equipment and real estate investments		
B3) Impairment of financial investments	(4.200,00)	-
c) Losses derived from property, plant and equipment and investments	(18.834,31)	(46.611,26)
c2) Of financial investments	(42.029,78)	(46.611,26)
III.5 Other income	**105.547,96**	**98.366,73**
b) Rest of income	105.547,96	98.366,73
III.6 Other expenses	**(285.801,62)**	**(296.371,88)**
b) Rest of expenses	(285.801,62)	(296.371,88)

III.7 Profit/(loss) before tax	**253.491,61**	**85.228,89**
III.8 Corporate income tax	**2.560,65**	**2.560,65**
III.11 Profit/(loss) for the year	**256.052,26**	**87.789,54**

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MUTUA DE SEGUROS DE ARMADORES DE BUQUES DE PESCA DE ESPAÑA, SOCIEDAD MUTUA A PRIMA FIJA

STATEMENT OF CHANGES IN EQUITY

3) STATEMENTS OF RECOGNIZED INCOME AND EXPENSES FOR FISCAL YEARS 2021 AND 2020

(Stated in Euros)

	2021	2020
I) PROFIT/(LOSS) FOR THE YEAR	**256.052,26**	**87.789,54**
II) OTHER RECOGNIZED INCOME AND EXPENSES	**43.551,14**	**11.842,10**
II.1. Financial assets classified as available for sale	**58.068,17**	**15.789,46**
Gains and losses for valuation	74.453.77	(40.095,04)
Total transfers to the statement of income	(16.385,60)	55.884,50
II.9. Corporate income tax	**(14.517,03)**	**(3.947,37)**
III) TOTAL RECOGNIZED INCOME AND EXPENSES	**299.603,40**	**99.631,64**

The Company's Financial Statements, which form a single unit, are made up of the Balance Sheet, the Statement of Income, the Statement of Changes in Equity and the Statement of Cash Flows (enclosed) plus the enclosed Notes to the Financial Statements, which are 21 in number.

MUTUA DE SEGUROS DE ARMADORES DE BUQUES DE PESCA DE ESPAÑA, SOCIEDAD MUTUA A PRIMA FIJA

STATEMENT OF CHANGES IN EQUITY

B) STATEMENTS OF CHANGES IN EQUITY FOR FISCAL YEARS 2021 AND 2020

(Stated in Euros)

	Subscribed Capital	Reserves	Profit/(loss) for the Year	Adjustments for Changes in Value	Total
BALANCE AT YEAR'S END 2020	**2.331.193,65**	**4.767.642,33**	**15.466,80**	**(28.594,09)**	**7.085.708,69**
I. Total recognized income and expenses	-	-	87.789,54	11.842,10	99.631,64
III. Other variations in equity	-	15.466,80	(15.466,80)	-	-
2. *Transfers between equity items*	-	15.466,80	(15.466,80)	-	-
BALANCE AT YEAR'S END 2020	**2.331.193,65**	**4.783.109,13**	**87.789,54**	**(16.751,99)**	**7.185.340,33**
I. Total recognized income and expenses	-	-	256.052,26	43.551,14	299.603,40
III. Other variations in equity	-	87.789,54	(87.789,54)	-	-
2. *Transfers between equity items*	-	87.789,54	(87.789,54)	-	-
BALANCE AT YEAR'S END 2021	**2.331.193,65**	**4.870.898,67**	**256.052,26**	**26.799,15**	**7.484.943,73**

The Company's Financial Statements, which form a single unit, are made up of the Balance Sheet, the Statement of Income, the Statement of Changes in Equity and the Statement of Cash Flows (enclosed) plus the enclosed Notes to the Financial Statements, which are 21 in number.

MUTUA DE SEGUROS DE ARMADORES DE BUQUES DE PESCA DE ESPAÑA, SOCIEDAD MUTUA A PRIMA FIJA

STATEMENTS OF CASH FLOWS FOR FISCAL YEARS 2021 AND 2020

(Stated in Euros)

	2021	2020
A) CASH FLOWS FROM OPERATING ACTIVITIES		
A.1) Insurance activity		
1. Receipts from direct and coinsurance premiums	13.145.278,07	12.491.082,03
2. Payment for direct and coinsurance benefits	8.893.120,96	9.209.678,09
3. Receipts reinsurance ceded	993.919,59	989.539,12
4. Payments reinsurance ceded	4.137.002,55	2.031.882,74
5. Recovery of benefits	1.980.953,13	237.703,05
6. Payment of intermediaries' fees	888.917,92	1.090.314,68
7. Other operating receipts	53.656,05	1.624,54
8. Other operating payments	1.808.131,75	1.162.353,05
9. Total cash receipts from insurance activity (1+3+5+7) = I	16.173.806,84	13.719.948,74
10. Total cash payments for insurance activity (2+4+6+8) = II	15.727.173,18	13.494.228,56
A.2) Other cash flows from operating activities		
1. Receipts from pension fund management activities	-	-
2. Payments for pension fund management activities	(6.956,56)	(6.869,89)
5. Total cash receipts from other operating activities (1+3) = III		-
6. Total cash payments for other operating activities (2+4) = IV	(6.956,56)	(6.869,89)
7. Receipts and payments in respect of corporate income tax (V) (+/-)	4.716,52	4.472,04
A.3) Total net cash flows from operating activities (I-II+III-IV+V)	**444.393,62**	**223.322,33**
B) CASH FLOWS FROM INVESTING ACTIVITIES		
B.1) Proceeds from investing activities		
2. Real estate investments	101.948,24	113.186,91
4. Financial instruments	647.319,44	545.648,40

6. Interest received	20.838,74	22.146,13
7. Dividends received	11.140,98	11.553,55
10. Total cash collections from investing activities VI	781.247,40	692.534,99
B.2) Payments for investing activities		
2. Real estate investments	12.367,62	8.734,37
3. Intangible assets	20.963,25	13.007,50
4. Financial instruments	407.541,65	727.755,63
8. Total cash payments for investing activities VII	440.872,52	749.497,50
B.3) Total cash flows from investing activities (VI – VII)	**340.374,88**	**(56.962,51)**

(Continued)

	2021	2020
C) CASH FLOWS FROM FINANCING ACTIVITIES		
C.1) Proceeds from financing activities	-	-
C.2) Payments for financing activities	-	-
C.3) Total net cash flows of financing activities (VIII - IX)	-	-
Effect of foreign exchange rate changes (X) (+/-)	**8.722,57**	**(30.857,05)**
Total increase/decrease in cash and cash equivalents (A.3 + B.3 + C.3 + X)	**793.491,07**	**135.502,77**
Cash and cash equivalents at beginning of year	**2.040.995,82**	**1.905.493,05**
Cash and cash equivalents at end of year	**2.834.486,89**	**2.040.995,82**

Components of cash and cash equivalents at end of year	2021	2020
1. Cash and banks	2.834.486,89	2.040.995,82
Total cash and cash equivalents at end of year (1+2-3)	**2.834.486,89**	**2.040.995,82**

The Company's Financial Statements, which form a single unit, are made up of the Balance Sheet, the Statement of Income, the Statement of Changes in Equity and the Statement of Cash Flows (enclosed) plus the enclosed Notes to the Financial Statements, which are 21 in numb

MUTUA DE SEGUROS DE ARMADORES DE BUQUES DE PESCA DE ESPAÑA, SOCIEDAD MUTUA A PRIMA FIJA

NOTES ON THE FINANCIAL STATEMENTS FOR THE 2021 FINANCIAL YEAR

NOTE 1. ACTIVITY

a) Incorporation and Registered office

MUTUA DE SEGUROS DE ARMADORES DE BUQUES DE PESCA DE ESPAÑA, SOCIEDAD MUTUA A PRIMA FIJA (hereinafter the Entity or MUTUAPESCA) is authorised to operate in the Ships, Merchandise and Equivalent Risks class by R.O. of 16 November 1928 and has been registered since that date in the Register of Insurance Companies under number M-0046.

Its registered office is in Madrid, at calle Claudio Coello 78, 1º izquierda. D.P. 28001 (Edificio José Ortega y Gasset, 10), and it has representatives in the major Spanish ports.

b) Activity

MUTUAPESCA is a not-for-profit commercial entity whose objects are to cover insured risks for its members, whether natural or legal persons, by means of a fixed premium payable at the beginning of the risk period, in accordance with Article 41, Section 3 ("Mutual insurance entities, insurance cooperatives and mutual social welfare associations") of Act 20/2015 of 14 July on the organisation, supervision and solvency of insurance and reinsurance entities.

MUTUAPESCA has extended its business to the worldwide coverage of hulls and other insurable interests of fishing vessels and their cargoes, merchant vessels and pleasure craft. Since 1993 it has also been operating in the reinsurance of the aforementioned risks, as authorised by the provisions in force.

c) **Functional currency**

The main economic environment in which the Company operates is the Spanish market. For this reason, its functional currency is the euro.

NOTE 2. BASES FOR THE PRESENTATION OF THE FINANCIAL STATEMENTS

a) **True and fair view**

The accompanying financial statements for 2021 have been prepared by the directors from the Entity's accounting records at 31 December 2021, in accordance with the provisions of the Commercial Code and Royal Decree 1317/2008 of 24 July and the amendments incorporated therein by Royal Decree 1736/2010 approving the General Chart of Accounts for Insurance Entities, and are also presented in accordance with the rules of the Consolidated Corporate Enterprises Act, to give a true and fair view of the Entity's equity and financial position at 31 December 2021, the results of its operations and the veracity of the cash flows in the Entity in the period ending on that date.

On 15 July 2015, Act 20/2015, of 14 July, on the Regulation, Supervision and Solvency of Insurance and Reinsurance Companies ("LOSSEAR") was approved, and Act 30/1995, of 8 November, on the Regulation and Supervision of Private Insurance, enacted by Legislative Royal Decree 6/2004, of 29 October, was repealed as of 1 January 2016.

In addition, on 2 December 2015, Royal Decree 1060/2015 on the Regulation, Supervision and Solvency of Insurance Entities and Reinsurers ("ROSSEAR") was published. The purpose of this Royal Decree is to implement the regulation of private insurance and reinsurance enacted in Act 20/2015, of 14 July, on the Regulation and Solvency of Insurance and Reinsurance Companies, and also completes the transposition into Spanish law of Directive 2009/138/EC of the European Parliament and of the Council, of 25 November 2009, on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II Directive). The Royal Decree came into force on 1 January 2016 and repeals the ROSSP, with the exception of certain articles.

These Financial Statements will be submitted for the approval of the General Meeting of Members, and the Board of Directors considers that they will be approved without any changes.

b) **Applicable accounting principles**

The accompanying Financial Statements have been prepared in accordance with the accounting principles set out in the Commercial Code and the General Chart of Accounts for Insurance Entities.

c) <u>Critical aspects of the Assessment and Estimation of Uncertainty</u>

The information contained in these Financial Statements is the responsibility of the Entity's Directors.

In preparing the accompanying financial statements, estimates made by the Entity's management have been used to quantify certain of the assets, liabilities, income, expenses and commitments reported herein. Basically, these estimates relate to:

- The valuation of assets to determine whether impairment losses exist.
- The assumptions used in the actuarial calculation of pension and redundancy liabilities and commitments.
- The useful life of property, plant and equipment and intangible fixed assets.
- The assumptions used to calculate the fair value of financial instruments.
- The probability of the occurrence and amount of indeterminate liabilities and/or contingent liabilities.
- The recoverability of deferred tax assets on the basis of estimated future results.

Although these estimates of the assets analysed were made on the basis of the best information available at the date of preparing these financial statements, it is possible that future events might make it necessary to modify them (upwards or downwards) in future financial years, which would be done prospectively, recognising the effects of the estimate amended in the future financial statements concerned.

d) <u>Comparison of Information</u>

The financial statements for 2021 were prepared in accordance with the General Chart of Accounts for Insurance Entities, approved by Royal Decree 1317/2008 of 24 July, and the amendments thereto introduced by Royal Decree 1736/2010.

In accordance with the commercial legislation, the Board of Directors presents, for the purposes of comparison, in addition to the figures for 2021 for each of the items on the Balance Sheet, Profit and Loss Account, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Statements, those for to the previous financial year. The items for both years are comparable and homogeneous.

e) Changes in Accounting Principles

No changes have been made to the Entity's accounting principles.

f) Correction of Errors

No errors were detected at the close of the financial year that would require restatement of the statements or correction of the information on the company's financial situation in previous years.

g) Criteria for the Allocation of Income and Expenditure

The Chart of Accounts for Insurance Entities requires the reclassification of expenses according to their nature into the purpose for which said expenses are incurred. The income and expenses attributable to non-life classes are those that relate to the assets assigned to each of these activities.

The Company operates exclusively in non-life branches.

As established in the Chart of Accounts for Insurance Entities, approved by Royal Decree 1317/2008, of 24 July, expenses must be classified on the basis of their purpose: expenses attributable to benefits, acquisition, administration, investments and other technical or non-technical expenses. The criteria followed by Mutuapesca for reclassifying expenses according to their nature into expenses according to their purpose are indicated in note 4 f) below.

NOTE 3. APPLICATION OF THE RESULTS

The proposal for the application of the results of the 2021 financial year prepared by the Entity's Board of Directors for submission to the approval of the General Assembly of Mutualists is shown below:

	Euros	
	2021	**2020**
Base of Distribution:		
Profit and Losses	256,052.26	87,789.54
Application:		
To reserves	256,052.26	87,789.54

NOTE 4. RECORDING AND VALUATION RULES

The principal valuation rules used by the Entity in the preparation of the Financial Statements, in accordance with those established by the Chart of Accounts for Insurance Entities, are as follows:

a) Intangible fixed assets

1. Initial valuation

Intangible assets are measured at cost, either cost of acquisition or cost of production.

Indirect taxes on intangible assets are only included in the acquisition price or cost of production when they cannot be recovered directly from the tax authorities.

2. Subsequent valuation

After initial recognition, intangible assets are measured at their cost of acquisition or production cost less accumulated amortisation, where applicable, and any valuation adjustments for impairment recognised.

2.1 Amortisation

Amortisation is established systematically and rationally on the basis of the useful life of intangible assets and their residual value, taking into account the depreciation they normally suffer.

2.2. Impairment

The Entity determines when the carrying amount of an intangible asset exceeds its recoverable amount, which is its fair value less costs of sale or its value in use, whichever is higher.

Accordingly, at the close of the financial year the Entity determines whether any of its intangible assets are impaired, and if so it estimates the recoverable amounts by making the appropriate valuation adjustments.

3. Derecognition

Intangible assets are derecognised when they are sold or disposed of in any other way or when no future profits or economic benefits are expected from them.

The difference between the amount, if any, that is obtained from an intangible asset, net of costs of sale, and its carrying amount determines the gain or loss resulting from its derecognition, which is allocated to the profit and loss account for the financial year in which it arises.

b) Property, plant and equipment and property investments

1. Initial valuation

Property, plant and equipment and property investments are measured at cost, either the cost of acquisition or production cost.

Indirect taxes on property, plant and equipment and property investments are only included in the purchase price or cost of production when they cannot be recovered directly from the tax authorities.

The value of property, plant and equipment and property investments also includes the initial estimate of the present value of the obligations assumed as a result of dismantling or retirement and other obligations associated with such assets, such as the costs of rehabilitation of the site on which they are located, provided that these obligations give rise to the recognition of provisions.

In the case of fixed assets and investments that require a period of more than a year to be made ready for use, the acquisition price or production cost includes the financial expenses accrued before the property, plant and equipment is ready to go into operation and which have been drawn down by the supplier or relate to loans or other types of specific or general external financing directly attributable to the acquisition, manufacture or construction.

The purchase price is understood to be, in addition to the amount invoiced by the seller after deduction of any discount or rebate on the price, all additional and directly related costs incurred until it is ready to go into operation, including its placement on the site and any other condition necessary for it to operate in the way intended; among others: costs of excavation and demolition, transport, customs duties, insurance, installation, assembly and other similar costs.

The cost of production means the purchase price of raw materials and other consumables and other costs directly attributable to said assets. It also includes the reasonable part of the costs indirectly attributable to the assets in question to the extent that such costs relate to the period of manufacture or construction and are necessary to prepare the asset for use.

In the case of the building that constitutes the Entity's head office, located in Madrid, at Calle Claudio Coello 78, 1st left. Post Code 28001 (Edificio José Ortega y Gasset, 10), this was revalued on 31 December 2008, as permitted by current accounting regulations on the transition to the new chart of accounts for insurance entities.

2. Subsequent valuation

After initial recognition, property, plant and equipment and property investments are valued at their acquisition price or cost of production or revalued amount at 31 December 2008, less accumulated depreciation and any impairment losses recognised.

The Entity restated its balance sheets as provided for in Chapter III of Act 16/2012 of 27 December, enacting various tax measures designed to consolidate public finances and encourage economic activity.

2.1 Depreciation

Depreciation is established systematically and rationally on the basis of the useful life of assets and their residual value, taking into account the depreciation normally suffered due to their operation, use and enjoyment, without prejudice to the possibility of also taking any technical or commercial obsolescence that might affect them into account.

Each part of an item property, plant and equipment that has a significant cost in relation to its total cost and a useful life different from the rest of that item is depreciated separately.

The Entity estimates that the useful life of the items comprising property, plant and equipment and property investments is as follows:

	Annual Percentage	**Years of Estimated Useful life**
Buildings	2.5%	40
Furniture and technical plant	20%-10%	5-10
IT equipment	25%	4

2.2. Impairment

The Entity recognises an impairment loss when the carrying amount of an item of property, plant and equipment or investment exceeds its recoverable amount, which is its fair value less costs of sale or its value in use, whichever is higher.

Accordingly, at the close of the financial year the Entity assesses whether there is any indication that any items of property, plant and equipment or property investment, or cash-generating unit are impaired, and if so it estimates their recoverable amounts by making the necessary valuation adjustments.

A cash-generating unit is the smallest identifiable group of assets that generates cash flows that are largely independent of those obtained from other assets or groups of assets.

The calculations of impairment for property, plant and equipment and property investments are carried out on an item-by-item basis. If it is not possible to estimate the recoverable amount of each individual asset, the Entity determines the recoverable amount of the cash-generating unit to which each item of property, plant and equipment belongs.

Valuation adjustments for the impairment of property, plant and equipment or property investments, and their reversal, are made when the circumstances that gave rise to them no longer exist and are recognised as an expense or income, respectively, in the profit and loss account. The reversal of impairment will be limited to the carrying amount of the asset that would have been recognised at the date of the reversal had no impairment been recognised.

3. <u>Derecognition</u>

Items of property, plant and equipment and property investments are derecognised when they are sold or disposed of in some other way or when no future financial benefits or returns are expected from them.

The difference between the amount, if any, that is obtained from an item of property, plant and equipment or a property investment, net of costs of sale, and its carrying amount determines the gain or loss that arises on derecognition of the item, which is allocated to the profit and loss account for the financial year in which it arises.

Credits for the sale of fixed assets are measured in accordance with the provisions of the legislation governing financial instruments.

4. <u>Fair value of properties</u>

The fair value of properties is the appraisal value assigned by an appraisal company authorised to assess the value of properties for the mortgage market, in accordance with the specific provisions governing the valuation of properties suitable for covering the technical provisions of insurance entities approved by the Ministry of Economy and Finance.

5. Special rules on property, plant and equipment and property investments

5.1 Buildings

Their acquisition price or cost of production comprises, in addition to all those facilities and elements that are of a permanent nature, of the taxes associated with construction and the project management and site management fees. The value of the land and the value of the buildings and other structures are valued separately.

5.2 Technical plant, machinery and tools

Their valuation includes all costs of acquisition or manufacture and construction until they go into operation.

c) Financial instruments

c) 1. Recognition of financial instruments

The Entity recognises a financial instrument on its balance sheet when it becomes bound by a contract or legal transaction in accordance with the provisions of that contract.

Credits for recoveries of claims are recognised when recovery is sufficiently guaranteed at the date of preparing the financial statements and it is therefore expected that the economic benefits concerned will be obtained. Under no circumstances are financial assets recognised for the recovery of claims based on estimates made on the basis of the Entity's experience.

c) 2. Financial assets

A financial asset is any asset that consists of: cash, another company's equity instrument, or involves a contractual right to receive cash or another financial asset or to exchange financial assets or liabilities with another party under potentially favourable conditions.

Any contract that can or will be settled with the Entity's own equity instruments has also been classified as a financial asset, provided that:

a) If it is not a derivative, requires, or may require, a variable amount of its own equity instruments to be received.

b) If it is a derivative, it can or will be settled other than by exchanging a fixed amount of cash or other financial asset for a fixed number of the Entity's own equity instruments; for this purpose, own equity instruments will not include those that are themselves contracts for the future receipt or delivery of the Entity's own equity instruments.

For the purposes of valuation, financial assets will be classified in one of the following categories:

1. Loans and receivables.
2. Available-for-sale financial assets.

c) 2.1. Loans and receivables

The following assets are classified in this category:

a) Trade receivables: are those financial assets arising from insurance, co-insurance and reinsurance operations.

b) Non-trade receivables: financial assets other than equity instruments and derivatives that are not of a commercial nature, for which a specified or determinable amount is received and which are not traded on an active market. They do not include those financial assets for which the holder may not recover substantially all of the initial investment due to circumstances other than credit impairment.

c) 2.1.1. Initial valuation

Financial assets included in this category are initially measured at fair value which, unless there is evidence to the contrary, is the price of the transaction, which is equivalent to the fair value of the consideration given plus directly attributable transaction costs.

However, as indicated in the preceding paragraph, trade receivables maturing in one year or less and which do not bear a contractual rate of interest, as well as advances and loans to employees, dividends receivable and payments required on equity instruments, the amount of which is expected to be received in the short term, are measured at their face value when the effect of not discounting the cash flows is insignificant.

c) 2.1.2. Subsequent valuation

The financial assets included in this category are valued at their amortised cost. Accrued interest is recognised in the profit and loss account using the effective interest method.

However, receivables maturing in less than one year which, in accordance with the provisions of the previous section, are initially valued at their face value, continue to be valued at that amount, unless they have become impaired.

c) 2.1.3. Impairment

At the close of the financial year, the necessary valuation adjustments are made whenever there is objective evidence that the value of a credit or a group of credits with similar risk characteristics measured collectively has deteriorated as a result of one or more events that have occurred since its initial recognition and that cause a reduction or delay in estimated future cash flows, which may be due to the debtor’s insolvency.

The impairment loss on these financial assets is the difference between their carrying amount and the present value of their estimated future cash flows, discounted at the effective interest rate calculated at the time of initial recognition. For floating rate financial assets, the effective interest rate used is the one in force on the closing date of the financial statements in accordance with their terms of contract.

c) 2.1.4. Special rules relating to impairment

Valuation adjustments for impairment of premiums receivable are made on the basis of the impairment of credits with policyholders. This impairment is calculated separately for each class or risk in which the possible loss arising from non-payment of the premium is not recoverable on the basis of other economic rights recognised in favour of the policyholder and consists of the part of the tariff premiums accrued in the year net of the security surcharge which, foreseeably and in accordance with the company's own experience in previous years, will not be collected. For the purposes of this adjustment for impairment, the premiums accrued but not issued relating to estimated policies (floating policies) are not taken into account.

The amount of the adjustment for impairment is determined by reducing the premiums to be taken into account by the amount of the provision for unearned premiums recorded for them, taking into account, if applicable, the impact of reinsurance.

In the case of premiums which are paid in instalments and where some of the instalments have been collected and the rest are pending, the basis for calculating the adjustment for impairment of premiums pending collection will consist only of the accrued premiums in question, whether issued or not, that have not been collected. From this amount, the provision for unearned premiums that relate solely to the latter uncollected instalments shall be deducted.

The calculation of the adjustment for impairment of premiums pending receipt is made at the close of the financial year on the basis of the information available at that time on the situation of the premiums pending receipt. The Entity estimates impairment in accordance with the following criteria:

Premiums that are six months or more overdue that have not been claimed through the courts will be adjusted by the full amount.

Premiums that are three months overdue or more but less than six months are adjusted by 50 per cent.

Premiums that are overdue by three months or less are adjusted according to the average rate of cancellations registered for premiums in that same situation over the last three years, making the historical series as uniform as possible.

a) Premiums claimed through the courts are adjusted individually according to the circumstances of each case.

b) In the case of premium instalments with a history of non-payment, it is assumed for these purposes that the situation of all the outstanding premium instalments, whether issued or not, is that of the instalment that has been overdue longest.

c) In the case of premium instalments without a history of non-payment, the average rate for the company's financial year is used as the rate of cancellations for the purposes of calculating adjustment for impairment.

d) In cases of premiums from co-insurance and reinsurance accepted, entities may extend the periods referred to in the previous points by three months.

e) The same system has been used to show in the accounts the effect that valuation adjustments to premiums pending collection have on commission.

c) 2.2. Available-for-sale financial assets

This category includes debt securities and equity instruments of other entities that are not classified in any of the above categories.

c) 2.2.1. Initial valuation

Available-for-sale financial assets are initially measured at fair value which, unless there is evidence to the contrary, is the price of the transaction, which is equivalent to the fair value of the consideration given, plus directly attributable transaction costs.

The amount of any preferential subscription and similar rights acquired shall form part of the initial valuation.

c) 2.2.2. Subsequent valuation

Subsequently, available-for-sale financial assets are measured at fair value, without deducting any transaction costs that might be incurred in their disposal. Changes in fair value are recognised directly in equity until the financial asset is derecognised or becomes impaired, at which time the amount so recognised is allocated to the profit and loss account.

However, valuation adjustments for impairment and gains and losses that arise from exchange rate differences affecting monetary financial assets in foreign currency are recorded in the profit and loss account in accordance with the applicable rules.

The amount of interest, calculated using the effective interest rate method, and dividends accrued are recorded in the profit and loss account.

Investments in equity instruments whose fair value cannot be reliably determined are measured at cost less any cumulative adjustments for impairment, where applicable.

Where a value has to be assigned to these assets due to derecognition from the balance sheet or for any other reason, the method of weighted average value by homogeneous groups is applied. A homogeneous group is defined as one in where the financial instruments concerned have the same rights.

In the exceptional event that the fair value of an equity instrument can no longer be reliably determined, the previous adjustments recognised directly in equity are treated in the same way as if it were an investment in the equity of Group companies, jointly controlled entities and associates.

In the event of the sale of preferential subscription rights and similar rights or their segregation for the purpose of exercising them, the amount of the rights decreases the carrying amount of the respective assets. This amount corresponds to the fair value or cost of the rights, consistent with the valuation of the associated financial assets, and is determined by applying the generally accepted valuation formula.

c) 2.2.3. Impairment

At the close of the financial year, the necessary valuation adjustments are made whenever there is objective evidence that the value of an available-for-sale financial asset, or group of available-for-sale financial assets with similar risk characteristics measured collectively, has become impaired as a result of one or more events that have occurred after its initial recognition, and which cause:

a) In the case of debt instruments acquired, a reduction or delay in estimated future cash flows, which may be caused by the debtor's insolvency;

b) In the case of investments in equity instruments, the lack of recoverability of the asset's carrying amount, evidenced, for example, by a prolonged or significant decline in its fair value. In any case, the instrument is presumed to be impaired if its listed price falls by forty per cent in a year and a half without recovering its value, although it may be necessary to recognise an impairment loss before the end of this period or the price has fallen by said percentage.

Valuation adjustments for impairment of these financial assets is the difference between their cost or amortised cost less any previously recognised valuation adjustment for impairment in the profit and loss account and their fair value at the time of valuation.

Cumulative losses recognised in equity for impairment of fair value, provided that there is objective evidence that the asset is impaired, are recognised in the profit and loss account.

If the fair value increases in subsequent years, the valuation adjustment recognised in previous financial years is reversed with a credit to the profit and loss account for the year. However, if the fair value of an equity instrument increases, the valuation adjustment recognised in previous years is not reversed with a credit to the profit and loss account and the increase in fair value is recognised directly in equity.

In the case of equity instruments measured at cost because their fair value cannot be reliably determined, the valuation adjustment for impairment is calculated as if it were an investment in the equity of Group companies, jointly controlled entities and associates and the value adjustment recognised in previous years is not reversed.

c) 2.3. Reclassification of financial assets

The Company has not reclassified any financial assets initially included in the held-for-trading category or at fair value with changes in the profit and loss account to other categories, or from the latter to the former, except when it has classified the asset as an investment in the equity of group companies, jointly controlled entities or associates.

c) 2.4. Interest and dividends received from financial assets

Interest and dividends accrued on financial assets after their acquisition are recognised as income in the profit and loss account. Interest is recognised using the effective interest rate method and dividends are recognised when the shareholder's right to receive them is declared.

For these purposes, the amount of explicit interest accrued and not yet due at that time, as well as the dividends agreed by the competent body at the time of acquisition, will be recorded separately in the initial valuation of the financial assets, taking into account when they fall due. For these purposes, 'explicit interest' means interest obtained by applying the contractual interest rate of the financial instrument.

c) 2.5. Derecognition of financial assets

The Entity derecognises a financial asset, or part of it, when the contractual rights to the cash flows from the financial asset expire or are transferred and the risks and rewards of ownership have been substantially transferred, in circumstances that are assessed by comparing the Entity's exposure, before and after transfer, to changes in the amounts and timing of the net cash flows from the asset transferred. The risks and rewards of ownership of the financial asset are deemed to be substantially transferred when the exposure to such change is no longer significant in relation to the total variation in the present value of the future net cash flows associated with the financial asset (such as outright sales of financial assets, sales of financial assets with an agreement to repurchase them at their fair value and securitisation of financial assets in which the transferor does not retain subordinated financing or grant any type of guarantee or assume any other type of risk).

c) 3. Financial liabilities

Financial instruments issued, incurred or assumed are classified as financial liabilities, in whole or in part, if, in accordance with their economic reality, they give rise to the Entity's direct or indirect contractual obligation to deliver cash or another financial asset or to exchange financial assets or liabilities with third parties under potentially unfavourable conditions.

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

a) If it is not a derivative, it requires, or may require, the delivery of a variable amount of its own equity instruments.

b) If it is a derivative, it can or will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments; for this purpose, own equity instruments do not include those that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

For the purposes of valuation, financial liabilities are classified as Debits and items payable.

In addition, financial liabilities arising as a result of transfers of assets, where the Entity has not transferred or substantially retained all their inherent risks and rewards, are valued consistently with the asset transferred.

c) 3.1. Debits and Items Payable

This category includes the following liabilities, except financial liabilities held for trading and other financial liabilities at fair value with changes in the profit and loss account:

a) Trade payables: are financial liabilities, other than derivative instruments, that arise from insurance and reinsurance operations, and;

b) Non-trade payables: are those financial liabilities, other than derivative instruments, that have not arisen from commercial transactions.

c) 3.1.1. Initial valuation

Financial liabilities included in this category are initially measured at fair value, which, unless there is evidence to the contrary, is the price of the transaction, which is equivalent to the fair value of the consideration received adjusted for directly attributable transaction costs.

However, as indicated in the preceding paragraph, debts arising from commercial transactions maturing in a year or less without a contractual interest rate, and calls made by third parties in respect of equity units, which are expected to be paid in the short term, are measured at their face value when the effect of not discounting cash flows is insignificant.

c) 3.1.2. Subsequent valuation

Financial liabilities included in this category are subsequently measured at amortised cost. Accrued interest is recorded in the profit and loss account using the effective interest method.

Notwithstanding the above, debits maturing in a year or less which, in accordance with the provisions of the previous paragraph, are initially measured at face value, continue to be valued at that amount.

c) 3.2. Reclassification of financial liabilities

The Entity has not reclassified any financial liabilities initially included in the held-for-trading category or at fair value with changes in the profit and loss account to other categories, nor from the latter to the former.

c) 3.3. Derecognition of financial liabilities

The Entity derecognises a financial liability when the obligation has been extinguished. It also derecognises its own financial liabilities that it acquires, albeit with the intention of placing them again in the future.

c) 4. Security deposits delivered and received

In the case of security deposits delivered or received in respect of operating leases or for the provision of services, the difference between their fair value and the amount paid is treated as an advance payment or receipt for the lease or service, which is charged to the profit and loss account over the period of the lease or other transactions of a similar nature, or over the period in which the service is provided, in accordance with the rule on income from sales and services.

When estimating the fair value of security deposits, the minimum contractual period committed to during which the amount cannot be reimbursed is taken as the remaining period, without taking the statistical behaviour of reimbursement into account.

When the security deposit is short term, the cash flow is not discounted if its effect is insignificant.

d) Value Added Tax (VAT) and other Indirect Taxes

Non-deductible input VAT forms part of the purchase price of the assets and services that are taxable transactions. In the case of internal self-consumption, i.e. own production intended for the Entity's fixed assets, non-deductible VAT is added to the cost of the respective assets.

Output VAT does not form part of the income obtained from operations subject to this tax or of the net amount obtained from disposal in the case of derecognition of assets.

The rules on non-deductible input VAT also apply to IGIC [Canary Islands Tax] and any other indirect tax paid on the acquisition of assets or services which is not directly recoverable from the tax authorities.

The rules on output VAT also apply to IGIC and any other indirect tax levied on transactions carried out by the Entity and received on behalf of the Tax Authorities. However, those taxes payable that are determined on the basis of turnover or other amount related to it, but where the taxable event is not the operation in which the assets are transferred or the services are provided, are recorded in the accounts as expenses.

e) <u>Corporate Income Tax</u>

The Corporate Income Tax effect is recorded in the Profit and Loss Account or directly against Equity, depending on where the profits or losses giving rise to the tax are recorded. The tax on profits for each year contains both the current and, if applicable, any deferred tax.

The amount for current tax is the amount to be settled by the Company as a consequence of its tax returns.

The differences between the carrying amounts of assets and liabilities and their tax base, give rise to the deferred tax asset and liability balances calculated using the foreseeable rate of tax at the time of reversal and in accordance with the manner in which it is rationally foreseen that the asset or liability is to be recovered or paid.

The variations in the financial year in deferred taxation assets or liabilities are recognised in the profit and loss account or directly in equity, as applicable.

Deferred tax assets are only recognised to the extent to which it is probable that the company will have future taxable profits that will allow these assets to be applied.

The carrying amounts of recorded deferred tax assets are analysed at each balance sheet date and the necessary adjustments are made to the extent that there exist doubts as to their future tax recoverability. Likewise, an evaluation is made every year-end of deferred taxation assets not recorded in the balance sheet, with these being recognised if their recovery against future tax profits has become probable.

f) <u>Income and expenditure</u>

Income and expenses are recognised on an accrual basis, irrespective of the dates on which they are collected or paid.

The following criteria have been used to allocate items of income and expenditure to the non-life technical account and, where applicable, to the non-technical account:

- those arising from insurance transactions are charged directly to the relevant non-life account on the basis of the nature of the transaction in question;

- those arising from investments, on the basis of their allocation to each of the activities, which is carried out according to their assignment to the cover of technical provisions.

Other expenses which, because of their nature have to be reclassified, have been allocated to the following:

- service-related expenses;
- acquisition-related expenses;
- administrative expenses;
- investment expenses;
- other technical expenses; and
- non-technical expenses.

This reclassification has been carried out directly when the nature of the expense so permits, and indirectly by applying appropriate ratios to each function on the basis of business-related parameters (number of policies and amounts, number of claims and amounts, time spent, distribution of technical provisions, etc.).

Agency expenses are allocated directly to “Acquisition” and Board expenses are directly allocated to “Other non-technical expenses”.

g) <u>Technical Provisions</u>

Technical provisions show on the insurance Entity’s balance sheet the amount of obligations assumed that arise from insurance and reinsurance contracts.

The technical provisions calculated by the Entity relate to unearned premiums and benefits.

The provisions for reinsurance operations accepted are calculated on the basis of the data provided by the entity that has assigned them, and are increased when necessary in accordance with the Entity’s experience.

<u>Provision for Unearned Premiums</u>

The provision for unearned premiums consists of the fraction of the premiums earned in the year that have to be allocated to the period between the closing date and the end of the period covered. Mutuapesca’s provision is calculated policy by policy on the basis of data obtained from its management program.

<u>Provision for Benefits</u>

The provision for benefits must represent the total amount of the insurer’s outstanding obligations arising from claims made prior to the close of the financial year and is equal to the difference between their estimated or certain total cost and all amounts already paid in respect of such claims.

This cost includes both external and internal expenses for the management and processing of the claims, irrespective of origin, incurred and yet to be incurred until the claim has been settled and paid in full. The recoveries or amounts to be recovered by the insurer from the persons liable for the claim cannot be deducted from the amount of the provision.

The provision should take into account all the factors and circumstances that affect its final cost and is sufficient at all times to meet the obligations outstanding at the dates when payments are due.

The provision for benefits is made up of the provision for benefits pending settlement or payment, the provision for claims yet to be reported and the provision for internal expenses relating to the settlement of claims.

For reinsurance transactions accepted, a single general provision can be calculated for benefits.

1. **Provision for benefits pending settlement or payment.**

This includes the amount of all claims made before the close of the financial year. It includes the external expenses inherent in the settlement of claims and, where applicable, late-payment interest and any legally established penalties incurred by the Company.

When the compensation is to be paid in the form of an annuity, the provision to be established is calculated in accordance with the rules laid down in the regulations for the provision for life insurance.

The provision includes shares in profits and returns that have been assigned to policyholders, insureds or beneficiaries and that are pending payment.

2. **Provision for claims yet to be reported.**

The provision for unreported claims must include the estimated amount of claims occurring before the end of the financial year and not reported at that date.

The Entity should only determine the provision by multiplying the number of claims to be reported by the average cost of the claims if it does not have statistical methods for calculating the provision or if the available methods are unsuitable.

When the Entity lacks the necessary experience, it makes this provision by applying 5% to the provision for benefits pending settlement or payment relating to direct insurance. The percentage is increased to 10% for co-insurance and reinsurance accepted.

3. **Provision for internal expenses and settlement of claims.**

This provision must be sufficient to meet the internal expenses that the Entity needs for the full and final settlement of the claims to be included in the provision for benefits for both direct insurance and reinsurance accepted.

h) <u>Provisions and Contingencies</u>

Obligations in existence at financial year-end, as a result of past events from which there could derive harm to the Company's equity and for which the amount and date of cancellation cannot be determined, are recorded in the balance sheet as provisions and are measured using the present value of the best possible estimate of the amount needed to settle the obligation or to transfer it to a third party.

Adjustments arising from the updating of the provision are recorded as financial expenses as they accrue. In the case of provisions with a due date that is less than or equal to one year no type of discount is made, provided that the financial effect is not significant.

i) <u>Pension Commitments and Similar Obligations</u>

Under the General Collective Agreement for Insurance, Reinsurance and Mutual Benefit Societies for Work-related Accidents, from the date an employee reaches 65 years of age, he or she may decide to retire or be required to retire by the Entity, with a lifetime financial compensation, in both cases at the company's expense, if the pension or pensions received from the social security system or other compulsory social welfare schemes do not reach the "Regulatory Minimum Annual Remuneration" indicated at the time of retirement, in which case the compensation consists of making up the shortfall to the amount of that remuneration.

If the Social Security pension to be received by the retiree is the maximum pension in force, no economic compensation can be generated at the expense of the Entity.

These commitments do not apply to employees hired after 9 June 1986, who will only have, on retirement, their pension entitlement at that time under the applicable general legislation. However, employees who on 9 June 1986 were employed by any company covered by the aforementioned agreement shall retain these rights.

If the employee seeks retirement in the month in which he or she reaches the age of sixty-five, the Entity will pay him or her, in addition to that indicated in the previous paragraph, if applicable, a monthly payment for each five years of service, up to a maximum of ten monthly payments after thirty years of service in the company from which the employee retires, or if the employee opts for a defined contribution insurance, the provisions of article 62 of the national Collective Agreement for the sector of insurance, reinsurance and mutual companies collaborating with the Social Security published in the BOE [Official State Gazette] on 01-06-2017 will apply.

The Entity has taken out a collective life insurance policy to externalise these pension commitments, the fair value of which does not differ substantially from the related actuarial liability.

j) <u>Related Party Transactions</u>

As a general rule, items that are the object of a transaction with related parties are measured initially at their fair value. Where applicable, if the agreed price for a transaction differs from its fair value, the difference is recognised having regard to the economic reality of the transaction. They are measured subsequently in accordance with the provisions set out in the corresponding regulations.

k) <u>Transactions in Foreign Currency</u>

<u>Initial valuation</u>

All transactions in foreign currencies are converted into the functional currency by applying the spot exchange rate, i.e. the exchange rate between the two currencies used in transactions with immediate delivery, to the amount in foreign currency on the date of the transaction, understood as that on which the requirements for its recognition are met.

<u>Subsequent valuation</u>

At the close of the period they are valued by applying the closing exchange rate, understood as the average spot rate, on that date. Both positive and negative exchange differences arising in this process, and those arising on settlement of these assets and liabilities, are recognised in the profit and loss account for the period in which they arise.

NOTE 5. PROPERTY, PLANT AND EQUIPMENT

The composition of this heading in the 2021 period is shown below:

Description:	Land	Buildings	Other property, plant and equipment	Accumulated depreciation	Impairment	Total
Balance at 31-12-2020	**1,284,602.29**	**707,797.71**	**193,191.03**	**(527,957.17)**	**(3,752.05)**	**1,653,881.81**
Additions	-	-	-	(30,037.11)	1,858.76	(28,178.35)
Retirements	-	-	-	-	-	-
Total at 31-12-2021	**1,284,602.29**	**707,797.71**	**193,191.03**	**(557,994.28)**	**(1,893.29)**	**1,625,703.46**

The composition of this heading in the 2020 period is shown below:

Description:	Land	Buildings	Other property, plant and equipment	Accumulated depreciation	Impairment	Total
Balance at 31-12-2019	**1,284,602.29**	**707,797.71**	**193,191.03**	**(497,096.53)**	**(3,752.05)**	**1,684,742.45**
Additions	-	-	-	(30,860.64)	-	(30,860.64)
Retirements	-	-	-	-	-	-
Total at 31-12-2020	**1,284,602.29**	**707,797.71**	**193,191.03**	**(527,957.17)**	**(3,752.05)**	**1,653,881.81**

Depreciation of Property, plant and equipment

The breakdown of the depreciation expense of property, plant and equipment and accumulated depreciation for 2021 and 2020 is as follows:

	2021		**2020**	
	Depreciation for the financial year	**Accumulated depreciation**	**Depreciation for the financial year**	**Accumulated depreciation**
Constructions	28,311.92	368,054.96	28,311.92	339,743.04
Furniture and technical plant	511.10	72,015.16	511.08	71,504.06
IT equipment	1,214.09	117,924.16	2,037.64	116,710.07
	30,037.11	**557,994.28**	**30,811.64**	**527,957.17**

The information on useful life, depreciation rates and depreciation methods is included in note 4.b of the valuation rules.

The breakdown, by heading, of the most significant assets which, at 31 December 2021 and 2020, were fully depreciated and still in use is shown below, indicating their value at cost, in euros:

	2021	**2020**
	Cost	**Cost**
Furniture and technical plant	68,638.34	68,638.34
IT equipment	114,585.42	114,585.42
	183,223.76	**183,223.76**

The Company has taken out insurance policies to cover the possible risks to which its items of property, plant and equipment are subject, and considers that said polices adequately cover the risks to which they are subject.

The Entity has no property, plant and equipment located outside Spain.

The Entity has no property, plant and equipment that is not used for its operations.

NOTE 6. PROPERTY INVESTMENTS

The breakdown of this heading for the 2021 financial year is shown below:

Description:	Land	Buildings	Accumulated depreciation	Impairment	Total
Balance at 31-12-2020	**1,247,574.73**	**636,340.08**	**(128,657.56)**	**(4,154.63)**	**1,751,102.62**
Additions	-	-	(12,726.80)	(42,029.78)	(54,756.58)
Retirements	-	-	-	-	-
Total at 31-12-2021	**1,247,574.73**	**636,340.08**	**(141,384.36)**	**(46,184.41)**	**1,696,346.04**

The breakdown of this heading for the 2020 financial year is shown below:

Description:	Land	Buildings	Accumulated depreciation	Impairment	Total
Balance at 31-12-2019	**1,247,574.73**	**636,340.08**	**(115,936.80)**	**(4,154.63)**	**1,763,823.38**
Additions	-	-	(12,720.76)	-	(12,720.76)
Retirements	-	-	-	-	-
Total at 31-12-2020	**1,247,574.73**	**636,340.08**	**(128,657.56)**	**(4,154.63)**	**1,751,102.62**

The Entity does not have any investment property depreciated in full and which is still in use at 31 December 2021 and 31 December 2020.

The Entity has no property investments located outside Spain.

The Entity has no property investments that are not associated with its operations.

NOTE 7. INTANGIBLE FIXED ASSETS

The breakdown of this heading for the 2021 financial year is shown below:

Description:	Computer Applications	Accumulated Amortisation	Total
Balance at 31-12-2020	**462,073.47**	**(453,179.01)**	**8,894.46**
Additions	-	(8,894.46)	(8,894.46)
Retirements	-	-	-
Total at 31-12-2021	**462,073.47**	**(462,073.47)**	**0.00**

The breakdown of intangible assets for the 2020 financial year is as follows:

Description:	Computer Applications	Accumulated Amortisation	Total
Balance at 31-12-2019	**462,073.47**	**(432,096.21)**	**29,977.26**
Additions	-	(21,082.80)	(21,082.80)
Retirements	-	-	-
Total at 31-12-2020	**462,073.47**	**(453,179.01)**	**8,894.46**

Information on useful lives, amortisation rates and methods of amortisation is included in Note 4.a of the valuation rules.

The Company has fully amortised Intangible Assets still in use at 31 December 2021 for a total of 462,073.47 euros (332,881.49 euros in the previous year).

The Entity has no Intangible Fixed Assets outside Spain.

The Entity has no Intangible Fixed Assets that are not used for its operations.

NOTE 8. LEASES AND OTHER OPERATIONS OF A SIMILAR NATURE

8.1.1. As Lessee

At 31 December 2021 and 31 December 2020, the Entity is not part to any lease in the capacity of lessee.

8.1.2. As Lessor

The credit to the 2021 results for operating leases amounted to 93,606.82 euros (93,538.92 euros in the previous year).

Future minimum revenues from operating leases at 31 December 2021 and 2020 are as follows (in euros):

2021 financial year

			Minimum Revenues			
	Security Deposits	Revenues obtained in the financial year	Up to one year	Between one and five years	Over five years	Expiry
C\ Sor Ángela de la Cruz, 2, 1º Izquierda	9,400.00	67,206.82	66,938.92	267,755.68	416,087.52	April 2032
C\ Zurbano 15	11,000.00	26,400.00	27,600.00	110,400.00	102,600.00	September 2029

2020 financial year

			Minimum Revenues			
	Security Deposits	Revenues obtained in the financial year	Up to one year	Between one and five years	Over five years	Expiry
C\ Sor Ángela de la Cruz, 2, 1º Izquierda	9,400.00	66,938.92	66,938.92	267,755.68	416,087.52	April 2032
C\ Zurbano 15	11,000.00	26,600.00	27,600.00	110,400.00	102,600.00	September 2029

NOTE 9. FINANCIAL INSTRUMENTS

9.1. Balance sheet information on financial instruments

Financial Assets

The breakdown of financial assets at 31 December 2021 is as follows:

FINANCIAL ASSETS	Cash and cash equivalents	Available-for-sale financial assets		Loans and receivables	Total
		Fair value	Cost		
Equity instruments and fixed income securities:	**-**	**2,381,430.03**	**2,352,078.16**	-	**2,381,430.03**
- Financial Investments in Capital	-	1,812,673.16	1,789,835.82	-	1,812,673.16
- Fixed income securities		568,756.87	562,242.34	-	568,756.87
Deposits in credit institutions	-	-	-	-	-
Credits for direct insurance transactions:	-	-	-	**1,654,826.95**	**1,654,826.95**
- Policyholders:	-	-	-	1,646,198.90	1,646,198.90
- Receipts pending collection	-	-	-	*920,176.83*	*920,176.83*
- Receipts pending issue	-	-	-	*751,682.30*	*751,682.30*
- Provision for premiums pending collection	-	-	-	*(25,660.23)*	*(25,660.23)*
- Brokers:	-	-	-	8,628.05	8,628.05

- Outstanding balances with brokers				*8,628.05*	*8,628.05*
		-	-		
Credits for reinsurance transactions	-	-	-	**511,348.93**	**511,348.93**
- Outstanding balances with reinsurers	-			511,348.93	511,348.93
Credits for co-insurance operations	-	-	-	**59,023.03**	**59,023.03**
- Outstanding balances with co-insurers	-	-	-	59,023.03	59,023.03
Other credits:	-	-	-	**240,936.16**	**240,936.16**
- Credits with Public administrations	-	-	-	**-**	**-**
- Other credits	-	-	-	240,936.16	240,936.16
Other financial assets: Liquid assets	**2,834,486.89**	**-**	**-**	**-**	**2,834,486.89**
TOTAL	**2,834,486.89**	**2,381,430.03**	**2,352,078.16**	**2,466,135.07**	**7,682,051.99**

The average return over the period on fixed-income securities, deposits and cash was 4.58%, 1.79%, 0% and 0% respectively. Any valuation adjustments for impairment are recognised in the profit and loss account.

The breakdown of financial assets at 31 December 2020 is as follows.

FINANCIAL ASSETS	Cash and cash equivalents	Available-for-sale financial assets		Loans and receivables	Total
		Fair value	Cost		
Equity instruments and fixed income securities:	**-**	**2,104,983.87**	**2,152,519.11**	-	**2,104,983.87**
- Financial Investments in Capital	-	1,435,721.46	1,490,179.06	-	1,435,721.46
- Fixed income securities		669,262.41	662,340.05	-	669,262.41
Deposits in credit institutions	-	-	-	-	-
Credits for direct insurance transactions:	-	-	-	**1,339,573.74**	**1,339,573.74**
- Policyholders:	-	-	-	1,174,686.30	1,174,686.30
- Receipts pending collection	-	-	-	*588,025.42*	*588,025.42*
- Receipts pending issue	-	-	-	*591,421.62*	*591,421.62*
- Provision for premiums pending collection	-	-	-	*(4,760.74)*	*(4,760.74)*
- Brokers:	-	-	-	164,887.44	164,887.44
- Outstanding balances with brokers				164,887.44	164,887.44
		-	-		
Credits for reinsurance transactions	-	-	-	**878,172.64**	**878,172.64**
- Outstanding balances with reinsurers	-			878,172.64	878,172.64
Credits for co-insurance operations	-	-	-	**25,496.23**	**25,496.23**

- Outstanding balances with co-insurers	-	-	-	25,496.23	25,496.23
Other credits:	-	-	-	**330,324.77**	**330,324.77**
- Credits with Public administrations	-	-	-	-	-
- Other credits	-	-	-	330,324.77	330,324.77
Other financial assets: Liquid assets	**2,040,995.82**	**-**	**-**	**-**	**2,040,995.82**
TOTAL	**2,040,995.82**	**2,104,983.87**	**2,152,519.11**	**2,573,567.38**	**6,719,547.07**

The average return over the period on fixed-income securities, deposits and cash was 3.59%, 0% and 0% respectively. Any valuation adjustments for impairment are recognised in the profit and loss account.

Adjustments for Impairment arising from Credit Risk

The breakdown of the provisions for impairment at 31 December 2021 and 2020 is shown below:

	Provision for Impairment at	Provision for Impairment at
FINANCIAL ASSETS	**31/12/2021**	**31/12/2020**
Credits for direct insurance transactions:		
- Policyholders:	25,660.23	4,760.74

Group companies, jointly-controlled entities and Associates

At 31 December 2021 and 2020, the Entity did not have holdings in group companies, jointly-controlled entities or associates.

Financial liabilities

The breakdown of financial liabilities at 31 December 2021 is as follows:

FINANCIAL LIABILITIES	Debits and Items Payable
Debts for insurance transactions:	**829,668.02**
- Debts with insurers	10,731.78
- Debts with brokers	1,710.67
- Conditional Debts	817,225.57
Debts for reinsurance transactions:	**598,964.38**
Debts for coinsurance transactions:	**35,632.68**
Other debts:	**179,171.75**
- Tax and welfare debts	49,959.12
- Other debts	129,212.63
Total	**1,643,436.83**

The breakdown of financial liabilities at 31 December 2020 is as follows:

FINANCIAL LIABILITIES	Debits and Items Payable
Debts for insurance transactions:	**621,909.52**
- Debts with insurers	25,037.92
- Debts with brokers	17,508.99
- Conditional Debts	579,362.61
Debts for reinsurance transactions:	**344,305.79**
Debts for coinsurance transactions:	**9,604.82**
Other debts:	**382,026.08**
- Tax and welfare debts	47,460.09
- Other debts	334,565.99
Total	**1,357,846.21**

Reclassifications

No reclassifications were carried out in the course of 2021 or 2020.

Maturities of Financial Assets and Liabilities

The breakdown of the maturities of the financial assets at 31 December 2021 with determined or determinable maturity is as follows:

FINANCIAL ASSETS	Euros 1 year	 Between 1 and 5 years	 At more than 5 years
Fixed-income securities	-	52,150.00	516,606.87
Deposits in credit institutions	-	-	-
Policyholders	1,646,198.90	-	-
Balances pending with brokers	8,628.05	-	-
Credits for reinsurance operations	511,348.93	-	-
Credits for co-insurance operations	59,023.03	-	-
Other credits	240,936.16	-	-
Total	**2,466,135.07**	**52,150.00**	**516,606.87**

The breakdown of the maturities of the financial assets at 31 December 2020 with determined or determinable maturity is as follows:

FINANCIAL ASSETS	Euros 1 year	 Between 1 and 5 years	 At more than 5 years
Fixed-income securities	-	254,881.37	414,381.04
Deposits in credit institutions	-	-	-
Policyholders	1,174,686.30	-	-
Balances pending with brokers	164,887.44	-	-
Credits for reinsurance operations	878,172.64	-	-
Credits for co-insurance operations	25,496.23	-	-
Other credits	330,324.77	-	-
Total	**2,573,567.38**	**254,881.37**	**414,381.04**

The breakdown of the maturities of the financial liabilities at 31 December 2021 with determined or determinable maturity is as follows:

FINANCIAL LIABILITIES	Euros	
	1 year	Between 1 and 5 years
Debts for insurance operations	829,668.02	-
Debts for reinsurance operations	598,964.38	-
Debts for co-insurance operations	35,632.68	-
Other credits	179,171.75	-
Total	**1,643,436.83**	-

The breakdown of the maturities of the financial liabilities at 31 December 2020 with determined or determinable maturity is as follows:

FINANCIAL LIABILITIES	Euros	
	1 year	Between 1 and 5 years
Debts for insurance operations	621,909.52	-
Debts for reinsurance operations	344,305.79	-
Debts for co-insurance operations	9,604.82	-
Other credits	382,026.08	-
Total	**1,357,846.21**	-

9.2. Profit and loss account and equity of financial instruments

The breakdown of the profits and losses originating from the different categories of financial instruments during the period 2021 is as follows:

	Euros	
	Income	**Expenses**
Income and expenditure recognised in the Profit and Loss Account		
Interest and dividends	31,979.72	-
Exchange rate differences	32,453.75	80,936.84
Profits and losses from financial Assets	67,964.36	49,629.29
Income and expenditure recognised in Equity		
Valuation Adjustments to Available-for-Sale Assets transferred to results	44,288.43	60,674.03
Valuation Adjustments to Available-for-Sale Assets allocated to equity	292,021.52	217,567.75

The breakdown of the profits and losses from the different categories of financial instruments during the previous year is as follows:

	Euros	
	Income	**Expenses**
Income and expenditure recognised in the Profit and Loss Account		
Interest and dividends	33,699.68	-
Exchange rate differences	114,021.80	114,818.56
Profits and losses from financial Assets	47,112.21	107,078.47
Income and expenditure recognised in Equity		
Valuation Adjustments to Available-for-Sale Assets transferred to results	85,440.78	29,556.28
Valuation Adjustments to Available-for-Sale Assets allocated to equity	376,371.36	416,466.40

9.3. Information on the Nature and Level of Risk arising from Financial Instruments

As indicated in the report on the risk management policy established by the Entity, its activities are exposed to different types of financial risk, mainly credit, liquidity and market risks.

9.3.1) Credit risk

The Entity's main financial assets are cash balances, trade debtors and other accounts receivable, and investments, which represent the Entity's maximum exposure to credit risk in relation with its financial assets.

The Entity's credit risk is mainly attributable to its debts with policyholders. The amounts are shown on the balance sheet net of provisions for bad debts, estimated by the Entity's Management on the basis of the experience of previous financial years and its assessment of the current economic environment.

The credit risk of investments in financial products is mainly concentrated in marketable securities (shares, holdings in investment funds, etc.). The counterparties are always credit institutions with which a strict diversification policy is followed, based on their credit rating by prestigious agencies, and consists of establishing maximum limits, which are regularly reviewed.

The Entity's risk is concentrated in one group, because 29.56% of its turnover comes from the same group (24.07% in the previous year), but it does have other revenue, which would dilute the effect of the concentration of risk.

9.3.2) Liquidity risk

The Entity pays constant attention to the evolution of the various factors that could help to resolve crises of liquidity and, in particular, to sources of financing and their characteristics.

9.3.3) Market risk

Due to the composition of the financial investment portfolio, market risk is virtually non-existent.

9.3.4) Interest-rate risk

Variations in interest rate affect the fair value of assets and liabilities that bear a fixed interest rate, and also the future flows of assets and liabilities referenced to a floating interest rate.

The reference interest rates of the assets contracted by the Entity are mainly the Euribor.

9.3.5 Exchange rate risk

Exchange rate risk arises in the execution of contracts in which receipts and/or payments are made in a currency other than the functional currency; however, the Entity's directors do not consider this risk to be significant.

9.3.6. Reinsurance policy

The reinsurance arrangement adopted by the Entity in the Transport sector is based on a structure that combines Quota Share, Facultative and Excess Loss for the Entity's retention in Quota Share reinsurance, with the aim of achieving, in addition to an improvement in the solvency margin, protection against major claims.

This arrangement was maintained during the 2021 and 2020 financial years with the cession of a maximum risk of 2,500,000.00 euros in the hull and leisure craft class, 2,400,000 euros in fish catches and 4,200,000 in carriage of goods for the Quota Share contract, the reinsurers assuming 85% and the remaining 15% being retained by the Entity (in the majority of cases; if the vessel is more than 2,500,000 euros, part is ceded in another, SURPLUS, reinsurance, and if it exceeds 12,500,000 euros, it is also ceded with facultative reinsurance. In these cases Mutuapesca always retains less than 15%). In any case, its maximum retention for a single risk will be 375,000 €. The Entity's retention is protected by an Excess of Loss contract which assumes all claims that exceed 225,000.00 € for its share. It cedes the part of the risk that is not assumed by the Quota Share contract to facultative reinsurance and the SURPLUS contract. The SURPLUS contract has a capacity of 10,000,000 million euros placed mainly in the London market. The remaining risks, whether for hulls or goods, that are not covered by the contracts described above, are ceded on a case by case basis to pure facultative reinsurance.

Reinsurers must meet strict security requirements and possess outstanding qualifications that demonstrate their financial solvency.

NOTE 10. STOCKHOLDERS' EQUITY

Mutual Fund

At 31 December 2021 and 2020, the Mutual Fund amounted to 2,331,193.65 euros. The Entity consists of 1,172 mutual members (1,090 in the previous year). All members have equal voting and dividend rights.

Reserves

The breakdown of the Reserves is as follows:

	Euros	
	2021	**2020**
Voluntary reserves	3,767,976.60	3,680,187.06
Special reserves	1,010,131.04	1,010,131.04
CESMAR merger reserve	92,791.03	92,791.03
	4,870,898.67	**4,783,109.13**

The special reserves include the balance of unrealised capital gains from the revaluation of the head office net of its tax effect. These reserves are unavailable.

NOTE 11. FOREIGN CURRENCY

The breakdown of the transactions that took place in 2021 and the balances held in foreign currency at 31 December 2021 are shown below:

	2021					
	Euros	**USD**	**Euros**	**AUD**	**Euros**	**ZAR**
Premiums	141,726.90	160,208.08	69,045.64	107,814.76	10,907.89	197,023.76
Benefits	-	-	-	-	-	-
Provision of benefits	-	-	-	-	-	-

The breakdown of the transactions that took place in 2020 and the balances held in foreign currency at 31 December 2020 are shown below:

	2020					
	Euros	**USD**	**Euros**	**AUD**	**Euros**	**ZAR**
Premiums	1,054,114.69	1,192,344.60	860,574.55	1,420,696.91	737,695.69	13,617,811.37
Benefits	-	-	-	-	-	-
Provision of benefits	-	-	-	-	-	-

The average exchange rates during 2021 and the exchange rate at the end of 2020 are shown below:

	2021		2020	
	Exchange rate at close	**Average Exchange rate**	**Exchange rate at close**	**Average Exchange rate**
USD	1.1304$/€	1.1827$/€	1.2271$/€	1.1422$/€
AUD	1.5615$/€	1.5749$/€	1.5896$/€	1.6549$/€
ZAR	18.0625R/€	17.4766R/€	18.0219R/€	18.7655R/€

NOTE 12. FISCAL SITUATION

Corporate Income Tax

Tax returns cannot be considered final until they have been inspected by the tax authorities or their four-year period of limitation has expired.

At 31 December 2021, all the taxes to which the Entity is subject from 2016 to 2021 were open for tax inspection. In the opinion of the Entity's Board of Directors, according to the information provided by the tax advisors, there are no significant contingencies that could arise from the review of the periods open to inspection.

The Entity has not incurred expenditure on Corporate Income Tax, since it has tax losses from previous years pending offset.

The breakdown and movement of deferred taxes in the period are as follows:

	2021		2020	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Opening balance	28,834.22	474,557.10	25,130.16	469,467.00
Creation	32,575.29	36,070.85	66,658.87	24,592.08
Cancellation	(42,209.36)	(33,748.54)	(62,954.81)	(19,501.98)
Closing balance	19,200.15	476,879.41	28,834.22	474,557.10

The breakdown of the tax losses generated in previous years and pending offset at 31 December 2021 is as follows:

Year of Origin	Tax Losses
2006	3,445.39

On 3 December 2016, Royal Decree Law 3/2016 was published, under which tax measures were adopted to consolidate public finances, introducing significant modifications to corporate income tax. Among other things, it established, with effect from 1 January 2016, the obligation to reverse any provisions for impairment of investments that would have been deductible prior to 2013 within a maximum period of 5 years, limited the offsetting of tax losses for large companies to 25% of the previous tax base and limited the application of the deduction for domestic or international double taxation generated or pending application to 50% of the prior tax charge. In addition, with effect from 1 January 2017, losses incurred in the transfer of equity holdings will not be deductible. These measures have had no impact on the Entity’s financial statements for the 2021 financial year.

NOTE 13. OTHER EXPENSES

The breakdown of welfare expenses for 2021 and 2020 is as follows:

	Euros	
	2021	2020
Provision for pensions	6,953.06	6,869.89

NOTE 14. LONG-TERM EMPLOYEE BENEFITS

The Entity has pension commitments with its employees that consist of a defined benefit plan which operates through collective policies outsourced to an insurance company. It has been estimated that the Entity's commitment coincides with the mathematical provision established in the policy.

The contribution made during the period to the collective policy in respect of pension commitments amounted to 6,953.06 euros (6,869.89 euros in the previous year).

NOTE 15. EVENTS OCCURRING AFTER THE CLOSE OF THE FINANCIAL YEAR

The armed conflict between Ukraine and Russia that began in February 2022 is having unpredictable consequences worldwide in the early months of 2022. This event, which occurred after the end of the financial year, does not affect the structure or values of the financial statements as at 31 December, nor does it jeopardise the going concern principle.
No other significant events have occurred since the end of the financial year prior to the preparation of these financial statements that would affect the financial statements for 2021.

NOTE 16. RELATED-PARTY TRANSACTIONS

The Entity has no balances or transactions with related parties at 31 December 2021 that have not been reported in these Financial Statements.

Neither were there any balances or transactions with related parties at 31 December 2021 with the Entity.

16.2. Balances and Transactions with Directors and Senior Management

A) Salaries and other benefits.

The remuneration of the Directors and Senior Management in the form of salaries during the period is 245,999.88 euros (269,428.44 euros in the previous financial year).

As at 31 December 2021 and 2020, there were no commitments in respect of pension supplements, bank guarantees or security deposits granted in favour of the Governing Body.

B) Other information relating to the Board of Directors

In accordance with the provisions of section 229 of the Corporate Enterprises Act, in order to strengthen the transparency of corporate enterprises, the Company's Directors have expressly stated that they have not been affected by any of the types of conflict of interest listed in section 229.1 of the consolidated Corporate Enterprises Act, nor are they aware of persons related to them having been in any of the aforementioned situations.

NOTE 17. OTHER INFORMATION

Average number of employees the close of the financial year distributed by gender and category

The average number of persons employed during the period at the close of the financial year, distributed by gender and category, is as follows:

	2021		2020	
	Men	**Women**	**Men**	**Women**
Level 1	1		1	-
Level 2	2	2	2	2
Level 3			-	-
Level 4	1	1	1	1
Level 5			-	-
Level 6			-	-
Total	**4**	**3**	**4**	**3**

The Company has no employees with a disability greater than or equal to thirty-three percent.

The Company has paid the premium for directors' civil liability insurance for possible damages caused by acts or omissions, in the amount of 13,543.75 Euros (3,217.99 Euros in the previous year).

Information on the Environment

In view of its activity, it has not been necessary for the Entity to carry out any environmental investments, nor has it incurred any expenses of this nature. Neither was it considered necessary to record a provision for environmental risks and expenses since it is considered that there are no contingencies relating to the protection and improvement of the environment.

Customer Service Information

In accordance with the provisions of Order ECO/734/2004 of 11 March 2004 of the Ministry of Economy, partially amended by Order ECE/1263/2019 of 26 December, the Entity's Board of Directors has formulated and approved the regulations for the attention and defence of its Members.

No complaints or claims were received by the aforementioned services during the 2021 and 2020 financial years.

Other information

The fees accrued for auditing services for the year ended 31 December 2021 amounted to 13,000 euros (13,000 euros in the previous year), and other companies related with the audit company invoiced fees in 2021 for other services amounting to 7,272 euros (7,200 euros in the previous year).

NOTE 18. SEGMENTED INFORMATION

The company operates under the freedom to provide services in Italy in the carriage class, direct insurance. During the period it issued premiums in Italy to the value of 486,226.31 euros (487,925.70 euros in the previous financial year).

The distribution of the amount of direct insurance and reinsurance premiums accepted in respect of the Entity's ordinary business, by geographical market, is shown below, in euros:

	2021	
Distribution of the activity	**Euros**	**%**
Spain	5,963,683.47	46.28%
European Union	1,254,009.55	9.73%
Rest of the world	5,668,873.51	43.99%
	12,886,566.53	**100.00%**

The distribution of the amount of direct insurance and reinsurance premiums accepted in respect of the Entity's ordinary business in the previous year, by geographical market, is shown below, in euros:

	2021	
Distribution of the activity	**Euros**	**%**
Spain	5,863,194.63	50.68%
European Union	1,178,193.51	10.18%
Rest of the world	4,528,017.76	39.14%
	11,569,405.90	**100%**

NOTE 19. TECHNICAL INFORMATION

19.1. Information on Non-Life Insurance

19.1.1. Technical income and expenditure by class for 2021

	Hulls	Goods
I. Premiums allocated (Direct and Accepted)	11,230,706.76	1,636,926.68
1. Premiums earned net of cancellations and returns	*11,245,307.80*	*1,641,258.73*
4. +/- change in provision for outstanding premiums	*(14,601.04)*	*(4,332.05)*
II. Reinsurance premiums (Ceded and Retroceded)	(10,029,645.47)	(1,402,376.56)
1. Premiums earned net of cancellations	*(10,029,645.47)*	*(1,402,376.56)*
III. Variation in provision for unearned premiums	(27,351.88)	(1,868.06)
A. Total net allocated reinsurance premiums (I-II-III)	**1,173,709.41**	**232,682.06**
III. Claims (Direct and accepted)	(6,361,068.18)	(2,165,237.34)
1. Benefits and expenses attributable to benefits	*(4,349,903.91)*	*(1,466,490.10)*
2. +/- variation in technical provisions for benefits	*(2,011,164.27)*	*(698,747.24)*
IV. Reinsurance claims (Ceded and Retroceded)	5,420,957.04	1,808,506.08
1. Benefits and expenses paid	*3,643,988.29*	*1,199,472.52*
2. +/- variation in technical provisions for benefits	*1,776,968.75*	*609,033.56*
B. Total net reinsurance claims (III-IV)	**(940,111.14)**	**(356,731.26)**
VI. Acquisition expenses (Direct and Accepted)	(1,369,604.96)	(204,653.62)
VII. Administrative expenses (Direct and Accepted)	(186,397.54)	(27,852.51)
VIII. Other technical expenses (Direct and Accepted)	(34,119.39)	(5,098.30)
IX. Communication and shares in ceded and retroceded reinsurance	1,938,990.01	278,604.07
C. Total net operating and other technical expenses (V+VI+VII+VIII+IX)	**582,466.39**	**(83,049.56)**

19.1.2. Technical income and expenditure by lines of business for 2020

	Hulls	Goods
I. Premiums allocated (Direct and Accepted)	9,928,524.40	1,650,591.46
1. Premiums earned net of cancellations and returns	*9,919,271.38*	*1,650,134.52*
4. +/- change in provision for outstanding premiums	*9,253.02*	*456.94*
II. Reinsurance premiums (Ceded and Retroceded)	(8,861,743.55)	(1,414,351.51)
1. Premiums earned net of cancellations	*(8,861,743.55)*	*(1,414,351.51)*
III. Variation in provision for unearned premiums	(8,207.42)	(2,152.95)
A. Total net allocated reinsurance premiums (I-II-III)	**1,058,573.43**	**234,087.00**
III. Claims (Direct and accepted)	(9,558,579.19)	(546,760.52)
1. Benefits and expenses attributable to benefits	(7,820,764.11)	(597,537.35)
2. +/- variation in technical provisions for benefits	(1,737,815.08)	50,776.83
IV. Reinsurance claims (Ceded and Retroceded)	8,291,692.24	442,098.71
1. Benefits and expenses paid	6,636,742.74	500,122.37
2. +/- variation in technical provisions for benefits	1,654,949.50	(58,023.66)
B. Total net reinsurance claims (III-IV)	**(1,266,886.95)**	**(104,661.81)**
VI. Acquisition expenses (Direct and Accepted)	(1,187,127.55)	(193,253.32)
VII. Administrative expenses (Direct and Accepted)	(175,349.91)	(28,545.33)
VIII. Other technical expenses (Direct and Accepted)	(34,064.17)	(5,545.33)
IX. Communication and shares in ceded and retroceded reinsurance	1,749,694.99	285,128.80
C. Total net operating and other technical expenses (V+VI+VII+VIII+IX)	**353,153.36**	**57,784.82**

19.2. Technical result by year of occurrence

Due to the speed of payment of benefits and the fact that most policies in the portfolio have an effective date of 1 January, the technical result by year of occurrence does not differ substantially from the technical result by lines of business.

NOTE 20. TECHNICAL PROVISIONS

The breakdown of technical provisions at the close of the 2021 financial year, in euros, is as follows:

	31/12/2021	31/12/2020
Provision for unearned premiums	1,108,789.88	894,896.62
Provision for benefits	11,162,435.55	8,452,524.04

The definition, content and methods of calculating technical provisions are described in note 4g).

The breakdown of technical provisions for benefits for 2021, in euros, is as follows:

	Euros		
	Direct Insurance	**Reinsurance Accepted**	**Total**
PROVISION FOR BENEFITS:	**9,252,513.33**	**1,909,922.22**	**11,162,435.55**
Provision for benefits pending settlement or payment	8,749,085.53	1,902,074.70	10,651,160.23
Provision for benefits nor yet reported	454,163.00	1,722.00	455,885.00
Provision for internal expenses for the settlement of claims	49,264.80	6,125.52	55,390.32

Of the total technical provisions, 85.53% cover the hull class (88.01% in the previous year) and 14.47% cover the goods class (11.99% in the previous year).

The breakdown of technical provisions for benefits for the 2020 financial year, in euros, is as follows:

	Euros		
	Direct Insurance	**Reinsurance Accepted**	**Total**
PROVISION FOR BENEFITS:	**7,975,578.30**	**476,945.74**	**8,452,524.04**
Provision for benefits pending settlement or payment	6,929,660.29	476,945.74	7,406,606.03
Provision for benefits nor yet reported	997,148.00	-	997,148.00
Provision for internal expenses for the settlement of claims	43,423.73	5,346.28	48,770.01

The breakdown of the share of ceded reinsurance in technical reserves in the financial years 2021 and 2020, in euros, is as follows:

	31/12/2021	**31/12/2020**
Provision for unearned premiums ceded	983,531.29	798,660.04
Provision for benefits ceded	9,853,635.24	7,467,632.93

NOTE 21. INFORMATION ON PAYMENT DEFERRALS MADE WITH SUPPLIERS. THIRD ADDITIONAL PROVISION "DUTY OF INFORMATION" UNDER ACT 15/2010 OF 5 JULY

In accordance with the third additional provision, "Duty to inform" of Act 15/2010, of 5 July (amended by Act 31/2014), which amends Act 3/2004, of 29 December, establishing measures to combat late payment in commercial transactions, and with respect to the Resolution of 29 January 2016, of the Institute of Accountants and Auditors, on the information to be included in the notes to the annual accounts in relation to said Act, this information is as follows:

	2021 financial year Days	2020 financial year Days
Average period of payment to suppliers	14	14
Ratio of transactions paid	14	14
Ratio of transactions pending payment	14	14

	2021 financial year Euros	2020 financial year Euros
Total payments made	984,894.09	866,192.65
Total payments pending	19,993.52	68,038.11

MUTUA DE SEGUROS DE ARMADORES DE BUQUES

DE PESCA DE ESPAÑA, SOCIEDAD MUTUA A PRIMA FIJA

MANAGEMENT REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

To our Members,

In accordance with the provisions laid down in the relevant legislation and the By-laws of Mutua, its Board of Directors submits this Management Report for the financial year 2021 to the approval of the Ordinary General Meeting.

The aim of this report is to inform our Members about the most important aspects of Mutuapesca's insurance business during the course of the year.

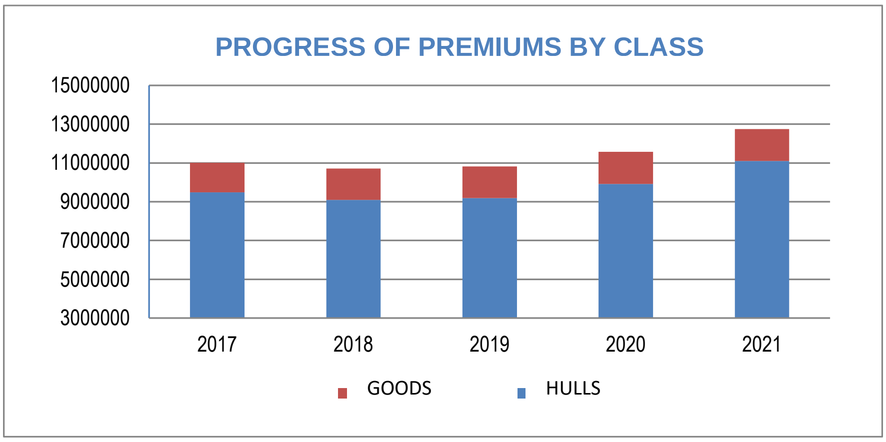
The 2021 financial year, like the year before it, bore the domestic and international impact of the health and economic crisis caused by the Covid-19 pandemic.

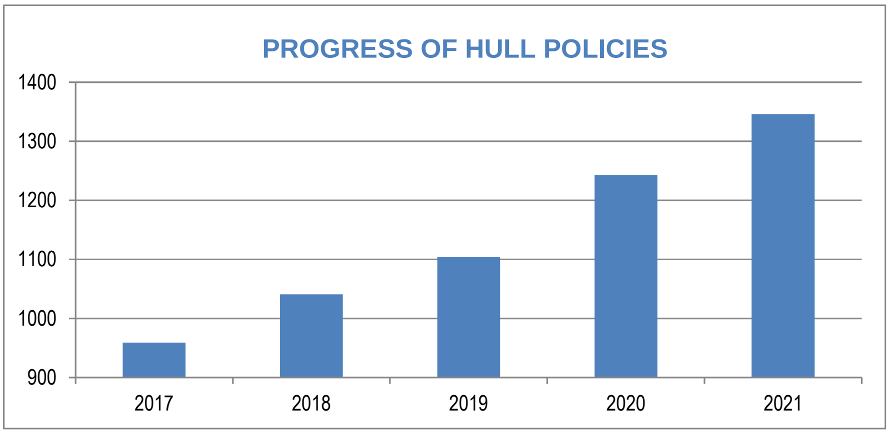
Domestically, the economy grew by 5% in 2021, the highest increase in 21 years. Even so, it has yet to make up for the 10.8% drop registered in 2020. Inflation shot up in Spain during 2021, closing at 6.5%, the highest rate since May 1992. The main cause was the sharp increase in electricity prices.

The fishing sector, Mutuapesca's main line of business, behaved comparatively well, within the severity of the last two years' Covid-19 crisis.

In 2021 Mutuapesca achieved significant growth in both premiums acquired and the number of mutualists, while also improving in important parameters such as the company's claims ratio and technical and operating result.

The following graphs show the progress of premiums by class and the number of hull policies.





In line with the trend of the last few years, both the Board of Directors and the Entity's management made a strong effort to contain operating expenditure, keeping its growth far below the CPI for the financial year. This fact takes on added significance in view of the major business growth shown in the graphs above.

As far as reinsurance is concerned, Mutuapesca maintains a stable and diversified reinsurance spread with the highest rating. This enables us to maintain our high level of solvency and provides sufficient underwriting capacity for our size.

The result for the financial year is a profit after tax of 256,052.26 euros. The Board of Directors' proposal to the Ordinary General Meeting of Members is that this profit should be allocated to voluntary reserves to further strengthen Mutuapesca's already high level of solvency.

Mutuapesca's Equity at the close of the financial year was 7,484,943.73 euros compared with 7,185,340.33 euros at the end of 2020.

When this report was issued, the world economy was facing a new scene of vast uncertainty, with Russia's invasion of Ukraine. Among other things, this is driving energy prices up rapidly, which will directly effect the results of shipowners insured by Mutuapesca. How this conflict will develop is extremely difficult to predict at the present time.

Apart from what is explained in the paragraph above, no events are known to have occurred since 31 December 2021 that might significantly affect the financial statements. Neither has the Members' Service Department received any complaints or claims from Mutuapesca's members

No Research and Development activities have been pursued during the financial year.

Mutuapesca does not hold any of its own stock.

Mutuapesca has not contracted any derivative products.

Mutuapesca provides information on the average length of time it takes to pay its suppliers in Note 21.

To wind up, the chairman of Mutuapesca, speaking on behalf of the Board of Directors, would like to thank all the members for placing their trust in the Entity for yet another year, and he would like to extend his thanks also to the Entity's staff and the rest of the people who work with Mutuapesca.