Deloitte, S.L.
Avda. Diagonal, 654
08034 Barcelona
España

Tel: +34 932 80 40 40
www.deloitte.es

April 14th, 2023

S.A. DAMM
Calle Rosselló, 515
08025 Barcelona

Dear Sirs:

We hereby confirm that the report attached to this letter corresponds to the translation into English of a report originally issued in Spanish corresponding to the consolidated financial statements of S.A. DAMM and subsidiaries for the year ended 31 December 2022.

DELOITTE, S.L.

Pedro Rodrigo Peña

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Sociedad Anónima Damm and Subsidiaries

Consolidated Financial Statements for the year ended 31 December 2022 and Consolidated Directors' Report, together with Independent Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

Deloitte, S.L.
Avda. Diagonal, 654
08034 Barcelona
España

Tel: +34 932 80 40 40
www.deloitte.es

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Sociedad Anónima Damm (S.A. Damm),

Opinion

We have audited the consolidated financial statements of Sociedad Anónima Damm (the Parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in total equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2022, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

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

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Most Significant Audit Matters

The most significant audit matters are those matters that, in our professional judgement, were considered to be the most significant risks of material misstatement in our audit of the consolidated financial statements of the current period. These risks were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those risks.

Sales rebates arising from commercial agreements	
Description	**Procedures applied in the audit**
As described in Note 3.16 to the accompanying consolidated financial statements, when the Group recognises its revenue it takes into account the trade rebates agreed on with certain customers. These trade rebates include multiple items and variable amounts that from a controlling standpoint and whose concomitant accrual-based recognition involve a high degree of complexity since this is performed on the basis of various factors which require specific controls and the use of judgements and estimates. Due to the Group's large number of customers and to the variety of contractual terms and conditions agreed upon with them, the estimation of the trade rebates accrued in the year, on the basis of the terms established in the commercial agreements with each customer, is a complex task that requires a thorough understanding of the Group's process for ensuring that they are appropriately recognised. Therefore, we determined the accuracy of the recognition of the aforementioned trade rebates accrued in the year to be one of the most significant matters in our audit.	Our audit procedures to address this matter consisted of the obtainment of an understanding of the internal control system implemented by the Group for the appropriate recognition of the aforementioned trade rebates and the performance of a combination of analytical and substantive tests, on a selective basis, consisting, inter alia, of the validation of the contractual terms and conditions agreed upon, the sales figure on the basis of which those trade rebates are calculated and the calculation of the amounts recognised. Lastly, we evaluated whether the disclosures included by the Group in the notes to the accompanying consolidated financial statements (see Note 3.16 to the accompanying consolidated financial statements) in relation to the aforementioned trade rebates were appropriate pursuant to the regulatory financial reporting framework applicable to the Group.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2022, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the consolidated directors' report, in accordance with the audit regulations in force, consists of:

a) Solely checking that the consolidated non-financial information statement has been furnished as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) Evaluating and reporting on whether the other information included in the consolidated directors' report is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above had been furnished as provided for in the applicable legislation and that the other information in the consolidated directors' report was consistent with that contained in the consolidated financial statements for 2022 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Parent's Directors for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in Appendix I to this auditor's report. This description, which is on pages 5 and 6 of this document, forms part of our auditor's report.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Pedro Rodrigo Peña
Registered in ROAC under no. 21619

14 April 2023

Appendix I to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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

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

From the significant risks communicated with the Parent's directors, we determine those risks that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the most significant assessed risks.

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

S.A. DAMM and Subsidiaries (Damm Group)

Consolidated Financial Statements for financial year ended on the 31 December 2022, prepared pursuant to the International Financial Reporting Standards (IFRS) adopted in Europe, and Consolidated Directors' Report, together with the Auditor's Report

S.A. DAMM and Subsidiaries (Damm Group)
CONSOLIDATED BALANCE SHEET
FOR FINANCIAL YEAR ENDED 31 DECEMBER 2022

(IN THOUSANDS OF EUROS)

	Note	31.12.22	31.12.21
Non-current assets		**1,682,183**	**1,577,649**
Goodwill	4	149,618	149,050
Other intangible assets	5	74,060	74,787
Rights to use	5.1	219,494	171,037
Property, plant and equipment	6	682,802	635,380
Equity accounted investments	7	352,331	348,294
Non-current Financial Assets	8	158,360	154,376
Deferred Tax Assets	24.7	45,518	44,725
Current Assets		**663,204**	**635,650**
Inventories	9	205,184	136,498
Trade and other receivables	10.1	283,864	236,449
Other current financial assets		1,749	2,285
Other current Assets	-	14,965	7,272
Cash and cash equivalents	11	157,442	253,146
TOTAL ASSETS		**2,345,387**	**2,213,299**
Equity		**1,125,957**	**1,078,232**
Share capital	12.1	54,017	54,017
Share premium	12.2	32,587	32,587
Other reserves of the Parent Company	12.3	697,755	686,830
Reserves in Consolidated Companies		288,824	244,463
Treasury shares and equity investments	12.4	(50,117)	(49,744)
Valuation Adjustments	12.5	15,833	10,742
Gains and Loss attributable to parent company		101,456	121,373
Interim dividend paid during the financial year	12.6 / 26	(31,367)	(39,208)
Net equity attributable to Parent Company		**1,108,988**	**1,061,060**
Non-controlling interests	12.7	16,969	17,172
Total net equity		**1,125,957**	**1,078,232**
Deferred Income	**13**	**3,859**	**2,989**
Non-current liabilities		**602,921**	**721,647**
Bonds and other securities	14	-	159,100
Debt with credit institutions	15	282,941	294,912
Other non-current financial liabilities	15	20,776	21,569
Lease liabilities	16	201,310	153,990
Provisions	-	4,925	4,925
Other non-current liabilities	-	68,913	68,045
Deferred tax liabilities	24.7	24,056	19,106
Current liabilities		**612,650**	**410,431**
Bonds and other securities	14	109,700	-
Debt with credit institutions	15	26,017	29,538
Other current financial liabilities	15	789	1,562
Lease liabilities	16	28,182	25,409
Trade and other payables	-	325,793	273,949
Other current liabilities	19	122,169	79,973
TOTAL LIABILITIES		**2,345,387**	**2,213,299**

Notes 1 to 34 to the Financial Statements are an integral part of the Consolidated Balance Sheet at 31.12.2022.

S.A. DAMM and Subsidiaries (Damm Group)
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR FINANCIAL YEAR ENDED 31 DECEMBER 2022
(IN THOUSANDS OF EUROS)

	Note	2022	2021
Continuing operations:			
Revenue	20	1,845,236	1,461,728
Other operating income	20	31,052	27,197
Changes in inventories of finished goods and work in progress	9	37,091	18,543
Raw materials and consumables used	21.1	(882,974)	(617,388)
GROSS MARGIN		**1,030,405**	**890,080**
Employee costs	21.2	(238,056)	(209,080)
Depreciation and amortization	5 and 6	(123,488)	(123,932)
Other expenses	-	(551,473)	(450,333)
Net gain/(loss) on impairment and disposal of non-current assets	25.1	(2,477)	(5,159)
OPERATING PROFIT		**114,911**	**101,576**
Income from equity investments	22	3,056	1,366
Other interests and similar income	22	1,323	374
Finance expense and similar expense	23	(9,971)	(11,310)
Exchange rate differences	23	1,455	1,934
Share of the profit or loss of investments accounted for using the equity method	7	10,815	27,002
Changes in the fair value of financial instruments		-	6,579
Impairment and gains/losses from disposal of financial instruments		9	640
PRE-TAX PROFIT/(LOSS)		**121,598**	**128,161**
Income tax	24.5	(18,493)	(5,503)
PROFIT FROM CONTINUING OPERATIONS		**103,105**	**122,658**
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		**103,105**	**122,658**
Attributable to:			
Non-controlling interests	12.7	(1,649)	(1,285)
PROFIT FOR THE FINANCIAL YEAR ATTRIBUTED TO PARENT COMPANY		**101,456**	**121,373**
Earnings per share (in euros):			
From continuing operations	27	**0.39**	**0.46**
From continuing and discontinued operations	27	**0.39**	**0.46**

There are no dilutive effects on the shares of Grupo Damm's Parent Company, and therefore the Diluted Earnings per share are the same as the Basic Earnings per share.

Notes 1 to 34 to the Financial Statements are an integral part of the Consolidated Profit and Loss Account for financial year 2022.

S.A. DAMM and Subsidiaries (Damm Group)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR FINANCIAL YEAR ENDED 31 DECEMBER 2022

(IN THOUSANDS OF EUROS)

	2022	2021
A.- CONSOLIDATED INCOME FOR THE FINANCIAL YEAR before non-controlling interests	**103,105**	**122,658**
B.- OTHER COMPREHENSIVE INCOME DIRECTLY RECOGNISED IN EQUITY	**4,518**	**15,631**
Items that will not be transferred to profit or loss:		
1. Due to actuarial gains and losses and other adjustments	(762)	(2,327)
2. Entities accounted for using the equity method	2,831	12,978
3. Tax effect	189	582
Items that can be subsequently transferred to profit or loss:		
4. From the valuation of financial instruments:	3,748	4,561
a) Financial assets at fair value through other comprehensive income	*3,748*	*4,561*
5. From cash flow hedges	-	-
6. Translation differences	(599)	198
7. Tax effect	(889)	(361)
C.- TRANSFER TO PROFIT AND LOSS ACCOUNT	**-**	**-**
1. From the valuation of financial instruments:	-	-
a) Financial assets at fair value through other comprehensive income	-	-
2. From cash flow hedges	-	-
3. Tax effect	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR (A+B+C)	**107,623**	**138,289**
a) Attributed to the Parent Company	105,974	137,004
b) Attributed to non-controlling interests	1,649	1,285

Notes 1 to 34 to the Financial Statements are an integral part of the Consolidated Statement of Comprehensive Income for financial year 2022.

DAMM GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEAR ENDED 31 DECEMBER 2022

(IN THOUSANDS OF EUROS)

	NOTA	Capital suscrito	Prima de emisión	Reservas de la sociedad dominante	Reservas de Consolidación	Acciones y participaciones en patrimonio propias	Ajustes en patrimonio por valoración	Resultados del Ejercicio	Dividendo a cuenta entregado en el ejercicio	Patrimonio atribuido a la sociedad dominante	Intereses Minoritarios	Patrimonio Neto
Saldo al 1 de Enero 2021		**54.017**	**32.587**	**594.401**	**318.105**	**(50.394)**	**(1.937)**	**40.509**	**-**	**987.288**	**15.033**	**1.002.321**
- Distribución de Resultados:	26											
a Reservas				56.544				(56.544)		**-**		**-**
a Dividendos								(26.135)		**(26.135)**		**(26.135)**
- Distribución de Resultados a Reservas de Consolidación					(42.170)			42.170		**-**		**-**
- Otros Ajustes en el Patrimonio	18.1				(2.367)					**(2.367)**		**(2.367)**
- Total ingresos y gastos reconocidos del ejercicio				(1489)	(256)		17.376	121373		**137.004**	1285	**138.289**
- Dividendo a cuenta del ejercicio	12.6								(39.208)	**(39.208)**		**(39.208)**
- Movimientos Perímetro de Consolidación	2.2c				3.503					**3.503**	1242	**4.745**
- Reparto Dividendos Socios Externos y otros ajustes										**-**	(388)	**(388)**
- Operaciones con acciones propias (neto)	12.4			325		650				**975**		**975**
- Otros movimientos				37.049	(32.352)		(4.697)			**-**		**-**
Saldo al 31 de Diciembre 2021		**54.017**	**32.587**	**686.830**	**244.463**	**(49.744)**	**10.742**	**121.373**	**(39.208)**	**1.061.060**	**17.172**	**1.078.232**
- Distribución de Resultados:	26											
a Reservas				4.491				(4.491)		**-**		**-**
a Dividendos								(62.740)	39.208	**(23.532)**		**(23.532)**
- Distribución de Resultados a Reservas de Consolidación					54.142			(54.142)		**-**		**-**
- Otros Ajustes en el Patrimonio										**-**		**-**
- Total ingresos y gastos reconocidos del ejercicio				(745)	172		5.091	101456		**105.974**	1649	**107.623**
- Dividendo a cuenta del ejercicio	12.6								(31367)	**(31.367)**		**(31.367)**
- Movimientos Perímetro de Consolidación	2.2c				(2.901)					**(2.901)**	(1620)	**(4.521)**
- Reparto Dividendos Socios Externos y otros ajustes										**-**	(232)	**(232)**
- Operaciones con acciones propias (neto)	12.4			127		(373)				**(246)**		**(246)**
- Otros movimientos				7.052	(7.052)					**-**		**-**
Saldo al 31 de Diciembre 2022		**54.017**	**32.587**	**697.755**	**288.824**	**(50.117)**	**15.833**	**101.456**	**(31.367)**	**1.108.988**	**16.969**	**1.125.957**

Notes 1 to 34 to the Financial Statements are an integral part of the Consolidated Statement of Changes in Equity for financial year 2022.

DAMM GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS FOR FINANCIAL YEAR ENDED 31 DECEMBER 2022
(IN THOUSANDS OF EUROS)

	Year 2022	Year 2021
1.- CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) for the financial year before taxes from continuing operations	**121,598**	**128,161**
Adjustments for:	**113,517**	**110,027**
Depreciation and amortization	123,488	123,932
Profit/(loss) from equity method	(10,815)	(27,002)
Net gain/(loss) on impairment and disposal of non-current assets	2,477	5,159
Income from equity investments	(3,056)	(1,366)
Financial income	(1,323)	(374)
Change in provisions and other current and non current liabilities	(5,201)	7,951
Finance expenses	9,971	11,310
Allocation of grants	(560)	(430)
Exchange rate differences	(1,455)	(1,934)
Net gain/(loss) from disposal of financial instruments	(9)	(640)
Gain/(loss) from the application of the fair value of financial instruments	-	(6,579)
Changes in working capital	**(45,911)**	**7,070**
Inventories	(68,686)	(28,741)
Trade and other receivables	(42,988)	(28,821)
Other current assets	(7,693)	3,083
Other current financial assets	773	(1,159)
Trade and other payables	58,341	57,806
Other current liabilities	14,342	4,902
Change in provisions and other non-current liabilities	**-**	***337***
Cash generated from operations	***189,204***	***245,595***
Income tax payment	**(16,245)**	**(19,987)**
Net cash flows from operating activities(I)	**172,959**	**225,608**
2.- CASH FLOWS FROM INVESTING ACTIVITIES		
Financial income	1,126	638
Dividend received	12,240	20,698
Payments for investments	**(143,609)**	**(117,143)**
Investment in assets	(136,606)	(107,900)
Financial investments	(237)	(1,155)
Investments in group companies, joint arrangements and associates	(5,546)	(15,531)
Payments for other debts	(1,220)	7,443
Receipt from divestments	**1,658**	**7,171**
Financial investments	344	-
Investments in group companies, joint arrangements and associates	487	6,732
Investment in assets	62	2,312
Receipt from other debts	765	(1,873)
Net cash flows from investing activities (II)	**(128,585)**	**(88,636)**
3.- CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt and payments relating to equity instruments	**(255)**	**976**
Acquisition of equity instruments	(941)	(909)
Disposal of equity instruments	686	1,885
Finance expenses	(1,760)	(4,605)
Dividend paid	(39,759)	(65,317)
Receipt and payments relating to financial liability instruments	**(65,454)**	**(9,875)**
Issue of debt with financial institutions	6,665	266,250
Issue/repayment of bonds and similar debt	(49,400)	(16,100)
Repayment and amortization of debt with financial institutions	(22,719)	(260,025)
Net repayment of lease liabilities	**(32,850)**	**(30,929)**
Net cash flows from financing activities (III)	**(140,078)**	**(109,750)**
NET INCREASE/DECREASE OF CASH OR CASH EQUIVALENTS (I+II+III)	**(95,704)**	**27,222**
Cash at the beginning of the financial year	253,146	225,924
Cash at the end of the financial year	157,442	253,146

Notes 1 to 34 to the Financial Statements are an integral part of the Consolidated Statement of Cash Flows for financial year 2022.

DAMM GROUP
Notes to the financial statements for financial year ended 31 December 2022

1. Activity of the Group

The Parent Company S.A. DAMM, hereinafter the Parent Company, is incorporated in Spain under the Companies Act (*Ley de Sociedades de Capital*), and its object is brewing and selling beer and its residues and derivatives. The registered office is located in c/ Rosselló nº 515, Barcelona.

In addition to the operations carried out directly by S.A. DAMM, it is also the parent company of a Group of subsidiaries engaged in different activities which form, together with the Company, Damm Group (hereinafter, the Group). Therefore, S.A. DAMM prepares, in addition to its own financial statements, the consolidated financial statements of the Group, which also include the interests in joint arrangements and investments in associates.
Starting in financial year 2018, S.A. Damm is fully consolidated in the consolidated annual accounts of the main shareholder of the Company, Disa Corporación Petrolífera, S.A.

The type of the operations of the Group and its main activities are listed in Note 34 hereof.

Pursuant to article 42 of the Code of Commerce, all the companies that are part of the Group have been included in these consolidated financial statements for financial year 2022 according to the relevant consolidation method applicable in each case.

2. Basis of preparation of the consolidated financial statements, basis of consolidation and financial risk management

2.1. Basis of preparation

The consolidated financial statements of DAMM Group for financial year 2022 have been prepared:

- By the Directors, in the meeting of the Board of Directors held on the 27 March 2023.

- Pursuant to the International Financial Reporting Standards or IAS/IFRS, as adopted by the European Union, pursuant to Regulation (EC) n. 1606/2002 of the European Parliament and the Council.

- Taking into account all the accounting principles and standards and the mandatory measurement basis that have a significant effect on the consolidated financial statements.

- Pursuant to the Code of Commerce and the rest of the companies laws, as well as to the mandatory rules issued by the *Instituto de Contabilidad y Auditoría de Cuentas* implementing the General Accounting Plan.

- In compliance to the rest of the Spanish applicable accounting rules and regulations.

- So that they give a true and fair view of the consolidated equity and financial position of the Group as of 31 December 2022, and of its operating profit or loss, of the consolidated changes in equity and cash flows in the Group in the financial year ended in such date.

- Have been prepared from the accounting records held by the Parent Company and by the rest of the entities of the Group, (Note 34 lists the companies of which the financial statements have been audited by the Parent Company's auditor or by other auditors).

That notwithstanding, and since the accounting principles and measurement basis applied to prepare the consolidated financial statements of the Group for financial year 2022 (IAS / IFRS) are different from those used in the Group (local rules and regulations pursuant to the General Accounting Plan), the required adjustments and reclassifications have been performed during the consolidation process in order to align such principles and basis and to adapt them to the International Financial Reporting Standards adopted in Europe.

The consolidated financial statements of the Group for financial year 2021 were approved by S.A. DAMM Members' General Meeting held on the 24th day of May, 2022

Change in accounting policies and information disclosure effective in 2022

During 2022 new accounting standards have become effective and therefore been taken into account in the preparation of the consolidated financial statements enclosed. The application of these standards has not had any significant impact on the financial statements for 2022.

New standards, amendments and interpretations		Mandatory application in years starting:
Endorsed by the European Union:		
Amendments and/or interpretations:		
Amendments to IFRS 3 Reference to the Conceptual Framework	Update of IFRS 3 to align the definitions of assets and liabilities in a business combination with those in the conceptual framework.	1 January 2022
Amendment to IAS 16 Revenue before intended use	The amendment prohibits deducting from the cost of an item of property, plant and equipment any revenue from the sale of items produced while the entity is preparing the asset for its intended use.	1 January 2022
Amendment to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract	The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to the performance of the contract.	1 January 2022

Accounting policies issued in force as of 2023

As of the date of preparation of these consolidated annual accounts, the following standards and interpretations issued by the International Accounting Standard Board (IASB) but not yet effective, either because their date of effects is later than the date of the consolidated annual accounts or because they have not yet been adopted by the European Union (IFRS-EU), are the following:

New standards, amendments and interpretations		Mandatory application in years starting:
Endorsed by the European Union:		
Amendments and/or interpretations:		
Amendment to IAS 1. Detail of accounting policies	Amendments that enable entities to identify appropriately the material accounting policy information that	1 January 2023

	should be disclosed in the financial statements.	
Amendment to IAS 8. Definition of accounting estimates	Amendments and clarifications on what is to be understood as a change in an accounting estimate.	1 January 2023
Amendment to IAS 12 Deferred Taxes Arising from Assets and Liabilities Resulting from a Single Transaction	Clarifications on how entities should record deferred tax arising on transactions such as leases and decommissioning obligations.	1 January 2023
New standards:		
IFRS 17. Insurance contracts and amendments	Replaces IFRS 4 and sets out criteria for the recognition, measurement, presentation and disclosure of insurance contracts, with the objective that an entity provides relevant and reliable information to enable users of financial information to determine the effect of insurance contracts on the financial statements.	1 January 2023
Not endorsed by the European Union		
Amendments:		
Amendment to IAS 1. Clarification on how an entity classifies current and non current liabilities as and classification of non current liabilities with covenants.	Clarifications regarding the presentation as current or non-current of liabilities, and in particular those with maturities conditional on compliance with covenants.	1 January 2024
Amendments to IFRS 16 Lease liabilities in a sale and leaseback transaction.	This amendment clarifies the subsequent accounting of lease liabilities arising from sale and leaseback transactions.	1 January 2024

None of these standards and amendments has been early adopted

The Directors of the Parent Company are assessing the possible impact of the application of these standards, amendments and interpretations on the Group's financial statements, albeit no relevant changes are expected.

<u>Responsibility of the information and estimates made</u>

The Directors of the Parent Company of the Group are responsible for the information contained in these consolidated financial statements.

Eventually some estimates made by the Senior Management of the Group and its consolidated entities have been used for the consolidated financial statements of the Group for year 2022 – subsequently ratified by their Directors – to quantify some of the assets, liabilities, income, expenses and commitments stated. Essentially, these estimates refer to:

- Valuation and recoverability of the consolidation goodwill (Note 3.1),

- Impairment losses of certain assets (Notes 3.4 and 3.7),

- Assumptions used in the actuarial calculation of the liabilities and commitments for post-employment benefits (Note 3.13),

- Useful life of tangible and intangible assets (Notes 3.2 and 3.3),

- Provisions (Note 3.14),

- Rights to use and lease debts (Notes 5.1 and 16),

- Estimate of fair value: IFRS 13 on financial instruments sets forth that for the amounts measured at fair value in the balance sheet, the measurements of the fair value must be disaggregated by levels, pursuant to the following classification:

  – Level 1: Measurements based in quoted prices for identical instruments in active markets. Fair value is based in quoted prices at the balance sheet date.
  – Level 2: Measurements based in inputs observable for the asset or the liability. The fair value of the financial assets included in this category is determined using measurement techniques. Measurement techniques maximize the use of observable market data available and are based as little as possible in specific estimates made by the Group. If all the significant data required to calculate the fair value are observable, the instrument is included in Level 2. If one or more significant data are not based in observable market data, the instrument is included in Level 3.
  – Level 3: Measurements based in inputs not based in observable market data.

The following table shows the Group's assets and liabilities measured at fair value at 31 December 2022

	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Equity instruments (Note 8)	38,081	-	776	38,857
Total Assets	**38,081**	**-**	**776**	**38,857**
Liabilities:				
Derivative financial instruments (Note 14)	-	-	-	-
Total Liabilities	-	-	-	-

Net value of "Trade and Other Receivables", "Other financial current assets", "Other current assets", "Trade and other payables" and "Other current liabilities" is aligned with their fair value.

The Group uses mid-market prices as observable inputs from external information sources reputed in financial markets.

No transfers between levels have occurred during the period.

Even though such measurements were made according to the best information available at 31 December 2022 on the events being assessed, it is possible that future events require their amendment (upwards or downwards) in the coming periods, which would be done pursuant to IAS 8, prospectively recognizing the effects to the change in accounting estimates in the relevant consolidated profit and loss accounts.

Comparison of information

Financial information has been prepared according to IFRSs adopted by the European Union consistently with the same applied in year 2021.

Functional currency

These consolidated financial statements are presented in thousands of euros.

2.2. Consolidation principles

a) Subsidiaries:

“Subsidiaries” are the entities over which the Group has the capacity to exercise effective control; capacity that is reflected, in general, but not always, by the ownership of more 50% of the voting rights of the subsidiary entities, or, even if such interest is less than that or none, if there are, for instance, agreements with other shareholders of such entities that enable the control by the Group. Pursuant to IAS 27, control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiaries are consolidated with those of the Parent Company by applying full consolidation. Therefore, all the significant balances and effects of the transactions performed between the consolidated companies have been eliminated in the consolidation process.

If required, adjustments are made to the financial statements of the subsidiaries to adapt the accounting policies used to those used by the Group.

All the transactions, balances, income and expenses between companies of the Group are eliminated as part of the consolidation process.

At the time of acquisition of a subsidiary, the assets and liabilities of a subsidiary are calculated at their fair value at the date of acquisition. Any excess in the cost of acquisition of any identifiable net assets acquired is recognized as goodwill. Any deficiency in the cost of acquisition below the fair value of any identifiable asset acquired, i.e. discount on acquisition, is recognised in the income statement at the date of acquisition

Additionally, the interest of third parties in:

- Its subsidiaries equity is presented under “Non-controlling interests” of the consolidated balance sheet, within the Group Equity section (see Note 12.7).

- Results for the financial year are presented under “Non-controlling interests” of the consolidated profit and loss account, in the comprehensive statement of results and in the statement of changes in equity (see Note 12.7).

Income generated by the companies acquired in the period are consolidated by taking into account only the income for the period going from the date of acquisition and the end of such period. At the same time, results generated by the company disposed of within one period are consolidated by taking into account only the income for the period going from the beginning of the period to the date of disposal.

c) Associates:

Associates are entities in which the Group has significant influence but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions without having control or joint control of the associate. It is considered that the Group has significant influence if its (direct or indirect) interest has 20% or more of the voting rights of the associate.

That notwithstanding, the following entities in which the interest is below 20% of the voting rights are considered associates of the Group:

Entity	% Voting Rights
Ebro Foods, S.A.	11.69%
Euroestrellas Badalona S.L.	10.00%
Serhs Distribució i Logística S.L.	6.34%
Plataforma Central Dmana, S.L.	16.66%

Euroestrellas Badalona S.L., Serhs Distribució i Logística S.L. y Plataforma Central Dmana S.L.

These companies are considered to be associated entities as there is a relationship of dependence since the transactions carried out with group companies are of significant amounts.

Ebro Foods Group

Although Damm Group has less than 20% of the share capital and voting rights of Ebro Foods, S.A., the Group has significant influence, evidenced, inter alia, by the following aspects:

- It keeps its 11.69% significant interest.
- The Group appoints two of the members of the Board of Directors of Ebro Foods Group.
- The Group takes part in the policy determination process because one of its representatives in the Board of Directors of Ebro Foods Group is a member of the Executive Committee, the Strategy and Investments Committee and the Hiring and Remuneration Committee.

Investment in associates is accounted for by the equity method, except when the investment is classified as held for sale, in which case IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” is applied. At 31 December 2022 and 2021, there are no investments classified as such. According to the equity method, investment in an associate will be initially accounted for at cost, and subsequently the book value will be increased or decreased to recognize the share of the investor in the income for the financial year of the jointly controlled entity.

Any excess between the cost of the investment and the share of the investor in the net fair value of the identifiable assets and liabilities of the associate at the date acquisition will be recognized as goodwill and will be included together with the book value of the investment. Likewise, any excess in the investment interest in the net fair value of the identifiable assets and liabilities of the associate over the cost of the investment will be recognized in the profit and loss account.

As for transactions with an associate, the relevant gains or losses that are not realised are eliminated according to the percentage of the interest of the Group in its share capital.

If as a result of the losses in which an associated has incurred its accounting equity is negative, it will appear in the balance sheet of the Group as nil, unless the Group is under the obligation to give financial support.

At 31 December 2022, 5,237,734 shares of Ebro Foods, S.A (3.4% of Ebro Foods, S.A. share capital) are pledged as a guarantee of the issue of bonds convertible in Ebro Foods, S.A. shares made through the subsidiary Corporación Económica Delta, S.A. with maturity date at the end of December 2023 for the amount of 109.7 million euros (see Note 14).

c) Changes in the consolidation scope:

1. Subsidiaries and other combination of business

In 2021 an additional 50% of Grupo Cacaolat S.L. a company engaged in the manufacture and sale of milkshakes and dairy products was acquiried, which, added to the 50% it already had in 2020, sets the shareholding at the end of 2021 at 100%. This acquisition gives control of the company to the Group and consequently changes the status of Grupo Cacaolat S.L. to a subsidiary (was an associated entity). Likewise, during financial year 2021, Setpoint Events S.A. added a new shareholder to its capital through a capital increase, which leaves the Group's shareholding at the end of financial year 2021 at 80%.

During financial year 2022, the Group has acquired a new branch of activity abroad as well as the 20% of Setpoint Events S.A., a company engaged in the organisation of sports tournments, that it did not hold.

Net assets added to the equity attributable to the parent company during financial years 2022 and 2021 are, in thousands of euros:

	2022	2021
Non-current assets	34,826	106,926
Financial investments	1	374
Deferred tax assets (net)	44	7,470
Inventories	1,756	5,213
Trade debtors	1,017	7,242
Other current assets (net)	1,997	263
Other liabilities	11,671	81,654

2. Associates:

During financial year 2022, the Group has acquired 33.52% of the company Imagen en Realidad Aumentada S.L., and 16.66% of the company Plataforma Central Dmana S.L. (see Note 34).

2.3. Financial risks exposure

Financial risks management policy
Capital management

The Group manages its capital to ensure that the companies of the Group will be able to continue as profitable businesses and at the same time it maximizes the shareholders' return by the optimum balance between debt and equity.

The strategy of all the Group keeps making emphasis in the sales growth by implementing the investment plan and the production and logistic reorganization plan, in the penetration of the beer business in geographical areas with current presence that continues being developed in the internationalisation of the activity, in the vertical integration of business, and in the diversification in other ancillary sectors.

The capital structure of the Group includes debt consisting in the loans and obligations listed in Notes 14 and 15, cash, liquid assets and equity, which includes share capital and reserves from undistributed earnings as described in Note 12.

Capital structure

The Financial Department, in charge of the financial risk management, regularly checks the capital structure as well as the level of debt of the Group.

The evolution of the share capital in the two last years is as follows:

	Thousand euros	
	2022	2021
Debt with credit institutions	(282,941)	(294,912)
Other non-current financial liabilities	(20,776)	(21,569)
A) Non-current financial debt	**(303,717)**	**(316,481)**
Debt with credit institutions	(26,017)	(29,538)
Other current financial liabilities	(789)	(1,562)
B) Current financial debt	**(26,806)**	**(31,100)**
Financial debt A+B	**(330,523)**	**(347,581)**
Bonds and other securities	(109,700)	(159,100)
Cash and cash equivalent	157,442	253,146
Other current financial assets	1,749	2,285
Treasury shares and equity investments	50,117	49,744
Net financial debt	**(230,915)**	**(201,506)**

Financial risks management

The exposure of the Group to financial risks is mainly due to:

- **Exchange rate risk**

The exchange rate risk is not significant as the Group in 2022 has not made significant business transactions outside of the euro zone, and its financing is denominated in euro.

Besides, a large part of the sales is made in the functional currency (euro) and the purchases made abroad are not very significant.

- **Credit risk**

The Group's main financial assets are cash balances and cash, trade and other receivables and other current financial assets, which are the Group's main exposure to the credit risk with regard to the financial assets.

The Group's credit risk is mainly due to its trade debts. The Group does not have a significant credit risk concentration, and the exposure is distributed among a large number of counterparts and clients. The amounts are recorded in the balance sheet net of provisions for insolvency, estimated by the Management of the Group on the basis of past experience and its assessment of the current economic environment. The credit risk in this area is partially covered by several insurance policies contracted by the companies of the Group.

Credit risk arising from financial investments held by the Group as a result of the treasury management is minimal because such investments are performed with short term maturity through well renowned national and international financial institutions and always with a high credit rating.

At 31 December 2022 and 2021, the financial assets in the consolidated balance sheet that could default are the following, in thousands of euro:

	2022	2021
Non-current financial assets (Note 8)	158,360	154,376
Other current financial assets	1,749	2,285
Other current assets	14,965	7,272
Trade and other receivables (Note 10)	283,864	236,449

The age of the customers' balances at 31 December 2022 and 2021, which is virtually the entire balance under "Trade and other receivables" of the consolidated balance sheet at 31 December 2022 and 2021, is specified in Note 10.1.

With regard to "Non-current financial assets" disaggregated in Note 8, it is worth mentioning that at the end of the financial year there are no assets in arrears that have not been impaired.

With regard to other current assets (financial and non-financial), there are no overdue balances at risk of default that could be significant.

- **Liquidity risk**

The financial structure of the Group shows low liquidity risk given the appropriate level of financial leverage and the high operating cash flow generated each year.

Additionally, it is worth pointing out that, as stated in Note 15, the Group keeps in financial year 2022 undrawn corporate credit facilities for an amount of EUR 429 million. Besides, given the solid financial position of the Group, it largely complies with the requirements of certain financial ratios (covenants) set forth in such financing contracts.

- **Interest rate risk**

Changes in interest rate alter the fair value of the assets and liabilities that accrue a fixed rate interest as well as the future flows of assets and liabilities referenced to a variable interest rate. As of the 31 December 2022 the Group has no derivative financial instruments aimed at hedging the interest rate risk.

Variable interest rate is referenced to EURIBOR. That notwithstanding, about 86% of the financial debt (including bonds and other negotiable securities) is referenced to fixed rates and therefore the interest rate risk is very limited.

Taking into account the contractual conditions of the financing existing as of 31 December 2022 and the current and foreseeable market situation, a 50 basis points increase in the interest rate curve would have a negative impact amounting to EUR 512 thousand in the profit after taxes for financial year 2022, without taking into account any positive impact in the assets market value. Conversely, a 50 basis points decrease in the interest rate curve would have a positive impact amounting to EUR 512 thousand in the profit after taxes for financial year 2022.

- **Price risk**

As mentioned in Note 8, the Group has investments in listed companies.

Arising from the very own nature of such investments, risks associated to the market evolution could become evident, and therefore impact in an uneven way to the evolution of the market value of such investments and thus affect several items in the Consolidated Balance Sheet and Consolidated Profit and Loss Account.

The following sensitivity analysis has been determined by the exposure of the Group to price risk as of 31 December 2022.

If the share quote of such investments had been 5% more/less:

- The profit for financial year 2022 would not have been affected, nor would the profit for financial year 2021, as a result of the changes in the fair value of such investments.

- The Group equity would have increased in EUR 955 thousand (EUR 801 thousand in 2021) as a result of a 5% increase in the share quote and would have decreased in EUR 955 thousand (EUR 801 thousand in 2021) as a result of a 5% decrease in the share quote as a result in the changes in the fair value of such investments.

3. Measurement Standards

The main measurement standards used in the preparation of the consolidated financial statements of the Group, pursuant to the International Financial Reporting Standards (IFRS) adopted by the European Union, are the following:

3.1. Goodwill

Goodwill generated in the consolidation represents the excess in the cost of acquisition over the interest of the Group in the fair value of identifiable assets and liabilities of a subsidiary or a jointly controlled entity at the date of acquisition.

Positive differences between the cost of the interest in the share capital of the consolidated entity as compared to the relevant theoretical-accounting values acquired, adjusted in the date of the first consolidation, are allocated as follows:

If they can be assigned to specific equity items of the acquired companies, by increasing the value of the assets (or reducing the value of the liabilities) with a market value over(below) their net book value of the balance sheet and their accounting treatment is similar to the same assets (liabilities) of the Group: amortization, accruing, etc.

1. If they are assignable to any specific intangible assets, by explicitly recognising them in the consolidated balance sheet whenever their fair value at the date of acquisition can be reliably determined.

2. The remaining differences are stated as goodwill, assigned to one or several specific cash-generating units.

Goodwill elements are only recorded when they have been acquired for good and valuable consideration and represent, therefore, advanced payment made by the acquirer of any future financial profit arising from the assets of the acquiree that cannot be individually and separately identified and recognised.

At the end of each reporting period goodwill elements are reviewed for any impairment that makes recoverable value less than their net carrying cost, and if there is any, the relevant write down is performed, being “Net profit/(loss) on Non-Current Assets Impairment or Disposal” of the consolidated profit and loss account the balancing entry, as, pursuant to IFRS 3, goodwill is not subject to amortization (see Note 4).

At the end of each period or whenever there are indications of a loss of value, the Group makes an impairment test to estimate any possible loss of value that decrease the recoverable value of such assets below the book value.

The recoverable amount is determined as the higher of the fair value less costs to sell and value in use.

The procedure implemented by the Group for such test is as follows:

- Recoverable values are calculated for each cash-generating unit. Cash-generating unit (CGU) are the smallest identifiable group of assets that generates cash inflows for the entity that are largely independent of the cash inflows from other group of assets and are not larger than an operating segment pursuant to IFRS 8 Operating Segments.

- Annually the Group prepares its projections for each cash-generating unit that usually cover four periods. The main elements of such projection are:

    - Projections of results
    - Projections of investments and working capital
    - Analysis of sensitivity based on the several variables that affect the recoverable value.

Other variables affecting the calculation of the recoverable value are:

- Discount rate to be used, which refers to the estimation of the rates before taxes reflecting the current market assessments for, on the one hand, time value of money and, on the other hand, the CGU specific risks for which the estimates of the future cash inflows have not been adjusted.
- Growth rate of the cash flows used for extrapolating the cash flow projections beyond the period covered by budget or forecasts.

Projections are prepared on the basis of previous experience and according to the best estimates available, these being consistent with the external information. Cash flow projections are based in the business plans approved by the Directors.
If an impairment loss from a cash-generating unit to which all or part of a Goodwill has been assigned must be recognised, first the book value of Goodwill for this unit is reduced. If the impairment exceeds such amount, the rest of the assets of the cash-generating unit assets are reduced, pro rata to their book value, until the limit of the higher of the following: its fair value less the costs to sell, its value in use and cero.

Impairment losses related to goodwill are not reverted.

At the time of the disposal of a subsidiary or a jointly controlled entity, the attributable amount of the goodwill is included in the determination of the profits or losses resulting from the disposal.
Negative differences between the cost of the interest in the share capital of the consolidated entities and associates with regard to the relevant theoretical-accounting values acquired, adjusted to the date of first consolidation, are called negative goodwill and are allocated as follows:

1. If they can be assigned to specific equity items of the acquired companies, increasing the value of the assets (or reducing the value of the liabilities) with a market value over(below) their net book value of the balance sheet and their accounting treatment is similar to the same assets (liabilities) of the Group: amortization, accruing, etc.

2. The remaining amounts are recorded under “Other operating income” of the profit and loss account for the financial year in which the share capital of the consolidated entity or the associate is acquired.

3.2. Other intangible assets

Identifiable, non-monetary assets, without physical substance, that arise from legal transactions or have been developed by the consolidated entities. They are recognised only when the cost can be reliably measured and when the consolidated entities expect probable economic benefits from them.

Intangible assets are initially recognised by their cost of acquisition or production and, subsequently, they are valued at their cost less, as applicable, the relevant accumulated amortization and the impairment losses suffered.

They can be of “indefinite useful life“ – whenever, based on the analysis of all the relevant factors, it is determined that there is not a foreseeable limit for the period during the which it is expected they will generate cash inflows for the consolidated entities – or “definite useful life”, in all other cases.

Intangible assets with an indefinite useful life are not amortised, albeit, at each end of year, the consolidated entities review their respective remaining useful lives in order to ensure that they are still indefinite or, else, proceed accordingly.

Intangible assets with a definite useful life are amortised accordingly, by the application of basis similar to those adopted for the amortisation of tangible assets, which basically are the following amortisation percentages (determined according to the years of the estimated useful life, as average, of the several elements)

	Annual Percentage
Administrative concessions, licenses	3%
Computer applications	33%
Other Intangible fixed assets	3%

In both cases the consolidated entities recognise in books any loss in the accounting value of such assets due to impairment, using as counterparty the item “Net gain/(loss) for Non-Current Assets Impairment and Disposal” of the consolidated profit and loss account. The basis for the recognition of the impairment losses of such assets, and, if applicable, of the recovery of previous years’ impairment losses are similar to those applicable to tangible assets.

Administrative concessions

Concessions are only included in the assets when they have been acquired for value if transferable concessions, or for the amount of the expenses incurred to obtain them directly from the Government or the relevant Public Entity.

Amortisation is performed, generally, during the term of the concession. When such pattern cannot be reliably estimated, a straight-line basis is used in such term.

If the conditions were not met and the rights arising from a concession were lost, the book value thereof is entirely written off in order to void its book value.

Industrial property

Trademarks are recorded at the cost of acquisition less accumulated amortisation and any accumulated loss due to the impairment of their value.

Expenses arising from the development of an industrial property without financial viability must be fully allocated to the profit and loss for the financial year in which this fact is established.

Computer applications

Acquisition and development costs incurred with regard to the computer systems that are basic for the Group management are stated under this heading of the Consolidated Balance Sheet.

IT systems maintenance costs are charged to the Consolidated Profit and Loss Account for the financial year in which they are incurred.

Computer applications can be contained in a tangible asset or have physical substance, having therefore tangible and intangible elements. These assets will be recognised as a tangible asset if they are an integral part of the relevant tangible asset and are essential for their operation.

Computer applications are amortised on a straight-line basis over their estimated useful lives.

Transfer rights

Transfer Rights are stated at cost of acquisition, impairment losses are recognised and transfer rights are amortised on a straight-line basis over their estimated useful lives.

Franchises

Franchises mainly refer to the amounts paid at the acquisition of several companies of the Group as franchise stores. They are amortised according to the term of the franchise.

3.3. Property, plant and equipment

As of PPE that require more than one year to be in working condition, capitalised costs include borrowing costs that have accrued before the asset is put into working condition and that have been drawn down by the supplier or relate to loans or other specific or general external financing directly attributable to the acquisition or manufacture of the asset.

Pursuant to IAS 16, PPE are carried to the consolidated balance sheet at cost of acquisition or cost of production less accumulated depreciation and impairment losses.

Entire elements replacement or renewal increasing the useful life of the element, or its financial capacity, are accounted for as the highest amount of the property, plant and equipment, with the relevant write off of the replaced or renewed elements.

Regular maintenance, upkeep and repair costs are charged to the profit and loss account, on an accrual basis, as cost for the financial year in which they are incurred.

Depreciation of such assets, as for other real estate assets, starts when the assets are ready for their intended use.

Depreciation is at cost of acquisition of the assets less their residual value, under the understanding that the land where assets are has an indefinite useful life and therefore is not depreciated.

Annual depreciation of tangible assets has a counterparty in the consolidated profit and loss account and, essentially is the following depreciation percentages, determined according to the average estimated useful life of each element:

	Annual Percentage
Buildings	3%
Technical facilities	10%
Machinery, equipment and other facilities	12%
Furniture and furnishing	10%
IT equipment	25%
Other property, plant and equipment	15%

The Group Companies depreciate their property, plant and equipment following the straight-line method or, for certain elements, the declining method, distributing the cost of the assets over the years of the estimated useful life above.

The Directors of the Parent Company consider that the accounting value of the assets does not exceed their recoverable value.

The gain or loss on disposal or write off is calculated as the difference between the amount of the sale and the carrying amount and is recognised as profit or loss.
Investment made by the companies in leased premises, that cannot be separated from the leased asset, are depreciated according to their useful life, with is the lesser between the term of the lease contract, including renewal if evidence shows it will occur, and the financial life of the asset.

Article 9 of Act 16/12, dated 27 December 2012, on the adoption of several tax measures aimed to consolidate public finances and to foster financial activity, sets forth the possibility of carrying out a balance sheet update. During 2013 several companies of the Group decided to perform such balance sheet update.

The Group companies that made use of such provision were: S.A. Damm, Compañía Cervecera Damm S.L.U., Estrella de Levante Fábrica de Cerveza S.A., Font Salem S.L., Maltería La Moravia S.L.U., Aguas de San Martín de Veri S.A., Gestión Fuente Liviana S.L.U., Compañía de Explotaciones Energéticas S.L.U. and Cafés Garriga 1850 S.L.U..

3.4. Tangible and intangible assets impairment excluding goodwill

As of each balance sheet date, the Group reviews the book value of its tangible and intangible assets to determine whether there are indicators of impairment. If there is any indicator, the recoverable amount of the asset is calculated in order to determine the impairment loss (if any). If the asset does not generate cash flows by itself that are independent from other assets, the Group calculates the recoverable amount of the cash-generating unit to which the asset belongs. If there are intangible assets with an indefinite useful life, they are tested for impairment once a year.

The recoverable amount is the higher of fair value less costs to sell and value in use. When evaluating value in use, estimated future cash flows are discounted from the current value by using a pre-tax discount rate that reflects present market values with regard to time value of money and the asset specific risks for which the estimated future cash flows have not been adjusted.

If it is estimated that the recoverable amount of an asset (or a cash-generating unit) is less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is immediately recognised as expense.
When an impairment loss is subsequently reverted, the carrying value of the asset (cash-generating unit) is increased in the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss was recognised for the asset (cash-generating unit) in previous years. A reversal of impairment loss is immediately recognised as income.

3.5. Interest in associates and joint arrangements

The value in the Consolidated Balance Sheet of such interests includes, if applicable, the goodwill resulting from the acquisition thereof.

3.6. Leases

a) The Group as Lessor

Leases can be classified as operating or finance leases. In leases classified as financial, the Group recognizes as receivables the amounts due by the lessees. In 2022 the entities of the Group have not acted as lessors under finance leases.
When the Group is the lessor in operating leases, they account for the cost of acquisition of the assets under Property, plant and equipment. These assets are depreciated according to the policies followed for similar tangible assets for own use, and income from the lease contracts is accounted for in the profit and loss account on a straight-line basis.

Lease contracts in which the Group is the lessor are mainly some warehouse leases to third parties. Such leases are considered operating leases.
Revenue from real estate lease during the year amounts to EUR 2,661 thousand (EUR 1,284 thousand in 2021), and is accounted for under "Other operating income" of the consolidated profit and loss account enclosed herewith.

The term for all the Group's lease agreements is one year, with tacit renewal, and there are no reasonable indicators of non-renewal.

b) <u>The Group as Lessee</u>

The Group assesses whether a contract is or contains a lease at the inception of the contract. The Group recognises a right-of-use asset and a lease liability for all leases in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less), leases of low-value assets (less than USD 5 thousand) and variable rentals. For these exceptions, the Group recognises lease payments as an operating expense on a straight-line basis over the lease term, unless there is another systematic basis that is more representative of the time frame in which the economic benefits of the leased asset are consumed.

Lease liabilities are initially measured at the present value of payments not made at the commencement date, discounted using the implicit rate. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the liabilities consist of:

- fixed lease payments less lease incentives;

- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

- the amount expected to be paid by the lessee under residual value guarantees;

- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

- lease termination penalty payments, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented on a separate line in the consolidated statement of financial position.

The carrying amount of the lease liability increases when it reflects the interest on the lease liability (using the effective interest method) and decreases when it reflects the lease payments made.

The Group remeasures the lease liability (and makes the relevant adjustments to the right-of-use asset) when:

- the lease term has changed or there is a change in the assessment of the exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- lease payments change because of changes in an index or rate or a change in the expected payment under a guaranteed residual value, in which case the lease liability is measured by discounting the revised lease payments using the initial discount rate (unless the changes in lease payments are due to a change in a variable interest rate, in which case a revised discount rate is used).

- a lease agreement is amended and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Right-of-use assets include the initial measurement of the related lease liability, lease payments made on or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for the costs of dismantling and removing a leased asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured in accordance with IAS 37. Costs are included in the right-of-use asset unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation begins at the lease commencement date.

Right-of-use assets are presented on a separate line in the consolidated statement of financial position.

The Group applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and recognises any impairment loss, as described in Note 3.d. Variable rents that are not index or rate dependent are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers these payments occurs and are included under "Other operating expenses" in the consolidated income statement enclosed herewith.

In addition, IFRS 16 allows a lessee not to separate non-lease components, and instead to account for any lease and associated non-lease components as a single arrangement.

3.7. Inventories

Inventories are measured at the lower of cost of acquisition or net realisable value. Cost includes the cost of direct materials and, if applicable, direct labour costs and general manufacturing costs.

Trade discounts, rebates and other similar items are deducted in determining the cost of purchase.

Cost price is calculated using a weighted average basis for raw and ancillary materials, and the production cost for the finished product or product in process of production. Net realisable value represents the estimate of the sale price less all the estimated finishing costs and costs incurred in marketing, sale and distribution.
In periods with low level of production or idle plant the amount of general production expenses allocated to each unit of production is not increased as a result of such circumstance. In periods with abnormally high level of production, the amount of general production expenses allocated to each production will be reduced so inventories are not measured over their real cost.

The Group assesses the net realisable value of the inventories at the end of the financial year and charges the relevant loss when inventories are overvalued. When circumstances that previously caused such reduction no longer exist or there is a clear indication of an increase in the net realisable value due to a change in the financial situation, the amount of the provision is reverted.

Emission Rights and Sector-Specific Regulation

The Group's policy is to record CO_2 emission rights as a inventories. Rights received free of charge pursuant to the relevant national allocation plans are valued at the lower of the market value in force at the reception of such rights and market value at the end of the financial year, and carry a deferred asset for such amount.

During financial year 2022, the Group has received free of charge emission rights amounting to 35,122 tons pursuant to the approved national allocation plans. The consumption of emission rights during financial year 2022 amounts to 88,510 tons (89,698 tons in 2021).

Regulated activities of the subsidiary Compañía de Explotaciones Energéticas, S.L., part of the Group, fall within the National Energy Strategy, which includes increasing the contribution of self-generation entities to the generation of electricity and, particularly, the generation from renewable sources among its energy policy politics.

Electricity exportation carried out by such subsidiary is mainly regulated in the Electricity Act 54/1997, dated 27 November, which states that electric production will be carried out under a regime of free competition based in a system of electrical power offered by producers and a system of demand by consumers qualified by the distributors and dealers as well as by Royal Decreed 661/2007, dated 25 May, which superseded Royal Decree 434/2004, dated 12 March, and regulates the production of electricity under a special regime.

3.8. Non-current assets classified as held for sale

Non-current assets (and Disposal Groups) classified as held for sale are measured at the lower of carrying value and fair value less cost to sell.

Non-current assets and Disposal Groups are classified as held for sale if their carrying value is recovered through a sale transaction rather than through continuing use. This condition is met only when the sale is highly probable and the asset (or Disposal Group) is available for immediate sale as it is. The sale should be completed within one year from classification date.

At the closing of financial year 2022 there are no such assets.

3.9. Profit and loss from discontinued operations

A discontinued operation or activity is a business line that either has been abandoned, disposed of or has ceased due to the termination of non-renewed agreements, and its assets, liabilities and gains and losses can be separated physically, operationally and for the purposes of financial information.
Assets, liabilities and expenses of discontinued operations and non-current assets are disclosed separately in the Consolidated Balance Sheet and Consolidated Profit and Loss Account.

3.10. Financial Assets

The Group classifies its financial assets according to their measurement category determined upon the business model and the characteristics of the contractual data flows, and only reclassifies the financial assets when its changes its objectives and how it manages such financial assets.

Acquisitions and disposals of investments are recognised when the Group undertakes the commitment of acquiring or selling the asset, and they are classified at acquisition in the following categories:

a) Financial assets at amortised cost

These are financial assets, non derivative, held for the collection of contractual cash flows when such cash flows represent only payments of principal and interest. They are included in current assets, with the exception of maturities of more than twelve years after the date of the balance sheet, which are classified as non-current assets.
They are initially accounted for at their fair value and subsequently at their amortised cost, using the effective interest method. Income from the interest of such financial assets is included in financial income; any gain or loss arising when they are derecognised is directly recognised in the consolidated

income, and any impairment losses are presented as a separate heading in the consolidated profit and loss account of the year.

b) Financial assets at fair value through profit or loss

These are assets acquired with the purpose of selling them in the short term. Derivatives are considered to be included in such category unless designated as hedging instruments. These financial assets are measured, both initially and subsequently, at their fair value, and any changes in such value are allocated to the consolidated profit and loss account for the year.

As for equity instruments classified in this category, they are recognised at their fair value and any gain or loss arising from changes in their fair value, or the product of the sale, are included in the consolidated profit and loss account.

Fair values of quoted investments are based in quoted value (Level 1). In the event of holdings in non-quoted companies, the fair value is set using measurement techniques that include the use of recent transactions between duly informed interested parties, references to other substantially alike instruments and the analysis of discounted future cash flows (Level 2 and 3). If the recent information available is not enough to determine the fair value or if there still exist a series of possible measurements of the fair value, and the cost represents the best estimate within such series, the investments are accounted for at their acquisition cost less the impairment loss, if applicable.

c) Equity instruments at fair value through other comprehensive income

These are the equity instruments for which the Group has made an irrevocable election at their initial recognition to be accounted in this category. They are recognised at their fair value and any increases or declines arising from changes in their fair value are accounted for in other comprehensive income, with the exception of the dividends of such investments that shall be recognised in profit or loss. Therefore no impairment losses are recognised in profit or loss and upon their sale gains/losses are not reclassified in the consolidated profit and loss account.

Measurements at fair value made in these consolidated annual accounts are classified using a fair value hierarchy that reflects the relevance of the inputs used for such measurements. This hierarchy consists of three levels:

– Level 1: Measurements based in quoted prices for identical instruments in active markets. Fair value is based in quoted prices at the balance sheet date.
– Level 2: Measurements based in inputs observable for the asset or the liability. The fair value of the financial assets included in this category is determined using measurement techniques. Measurement techniques maximize the use of observable market data available and are based as little as possible in specific estimates made by the Group. If all the significant data required to calculate the fair value are observable, the instrument is included in Level 2. If one or more significant data are not based in observable market data, the instrument is included in Level 3.
– Level 3: Measurements based in inputs not based in observable market data.

Financial assets are derecognised when the contractual rights over the cash flow have expired or have been sold, but the risks and benefits inherent to ownership must have been substantially transferred. Financial assets are not derecognised, a liability is recognised in the amount of the consideration received in the assignment of assets of which the risks and benefits have been retained.

Receivables assignment contracts are considered non-recourse factoring whenever they imply a transfer of the risks and benefits inherent to the ownership of the assets assigned.

The impairment of the value of the financial assets is based in an expected loss model. The Group records the expected loss as well as any changes to it, in each filing date, to reflect the changes in the credit risk since the initial recognition date, without waiting for an impairment event.

The Group applies the general model of expected loss for financial assets, excepting "Trade and Other Receivables" without a significant financial component, to which the Group applies the simplified estimated model of expected loss.

Classification of financial assets between current and non-current

In the consolidated balance sheet attached, financial assets are classified according to maturity, i.e, current are those due in twelve months or less and non-current are those due after such period.

3.11. Equity and financial liabilities

Financial liabilities and equity instruments are classified according to the contents of the contractual agreements and taking into account the financial substance. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.
Main financial liabilities held by the Group companies are classified as:

a) Financial assets at amortised cost

Financial debts are initially recognised at their fair value, net of transactions costs incurred. Any difference between the amount received and the repayment value is recognised in the consolidated profit and loss account during the repayment period of the financial debt, using the effective interest rate method, and financial liabilities are classified as measured subsequently at amortised cost.

In the event of contractual modifications of a financial liability at amortised cost that do not lead to its derecognition in the statement of financial position, contractual flows from the refinanced debt must accounted for maintaining the original effective interest rate and the difference shall be accounted for through profit and loss at the date of the modification.

Financial debts are classified as current liabilities unless their maturity occurs more than twelve months after the balance sheet date, or they include tacit renewal clauses for the Group.

Financial liabilities are derecognised when the obligations that created them terminate.

Likewise, when an exchange of debt instruments takes place between the Group and a third party, provided they have essentially different conditions, the Group derecognises the original liability and recognises the new liability. In that sense, the Group considers that the conditions of the financial liabilities are not substantially different whenever the current value of the cash flows discounted under the new conditions, including any commission paid net of any commission received, and using for the discount the original effective net interest rate, is different by at least 10% of the current value discounted of the cash flow remaining from the original financial liability.

Contractual modifications of financial liabilities that do not lead to their derecognition from the statement of financial position must be accounted for as a change in accounting estimates of the liability cash flow, maintaining the original effective interest rate and adjusting the book value in the date of the modification, recording the difference through consolidated profit and loss

Additionally, current trade and other payables are short term financial liabilities measured initially at fair value, do not explicitly accrue interests and are stated at their nominal value. Non-current debts are debts with maturity after twelve months.

b) Financial liabilities at fair value through profit or loss

These are assets acquired with the purpose of selling them in the short term. Derivatives are considered to be included in such category unless designated as hedging instruments. These financial liabilities are measured, both initially and subsequently, at their fair value, and any changes in such value are allocated to the consolidated profit and loss account for the year.

– ***Equity instruments***

Capital and other equity instruments issued by the Group are accounted for the amount received in the equity, net of direct costs of issue.

When the Group acquires or sells treasury shares, the amount paid or received is directly recognised in equity. Income arising from the purchase, sale, issue or amortisation or equity instruments is directly recognised in equity, and no income is stated in the profit and loss account.

Treasury shares are measured at average acquisition price.

– ***Financial liabilities***

Derivative financial instruments and hedge accounting

The objective of hedge accounting is to represent, in the financial statements, the effect of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss.
Derivative financial instruments are accounted for, initially, at acquisition cost that matches the fair value, and subsequently at their fair value.

Derivative financial instruments that do not qualify for hedge accounting are classified and measured as financial assets or liabilities at fair value through profit or loss. Derivative financial instruments that qualify for cash flows hedge accounting are treated as such and therefore the resulting profit or loss not realised arising from them is accounted for according to the type of element covered. On the other hand, the effective part of the profit or loss realised on the derivative financial instrument is initially accounted for in the consolidated statement of comprehensive income and subsequently recognised in profit or loss in the year or years in which the transaction that is hedged affects profit or loss.

The Group takes into account the requirements of the new standard (IFRS 9) to determine whether the hedging relationship qualifies as hedge accounting. In that sense, it takes into account whether the following criteria are met:

a) the hedging relationship consists only of eligible hedging instruments and eligible hedged items.
b) at the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.
c) the hedging relationship meets all of the following hedge effectiveness requirements:
i) there is an economic relationship between the hedged item and the hedging instrument;
ii) the effect of credit risk does not dominate the value changes that result from that economic relationship;
iii) the coverage ratio of the hedging relationship is the same as the ratio of the amount of the hedged item that the entity actually hedges to the amount of the hedging instrument that the entity actually uses to hedge that amount of the hedged item.

At the inception of the hedging the Group formally designs and document the hedging relationships as well as the objective and strategy undertaken with regard to them.

The Group prospectively discontinues hedge accounting if the hedging instrument expires or is sold or if the hedging ceases to meet the qualifying criteria. In such cases the amount accumulated in equity is recognised in profit or loss.

Classification of debts as current or non-current

In the consolidated balance sheet attached, debts are classified according to maturity, i.e. current debts are those due before twelve months and non-current debts are those due after twelve months.

3.12. Trade and other payables

Trade payables do not explicitly accrue interests and are stated at their nominal value.

3.13. Retirement benefit obligations or similar obligations

3.13.1 Annuities granted to the Directors of the Parent Company

The Parent Company recognises certain provisions arising from annuities to its Directors (see Note 29.2).

This liability has been estimated using actuarial calculations based on the following assumptions:

Actuarial Assumptions	
Technical interest rate Survival tables Increase in the allowance provided for by the	3.13% PERM 2020 1st tier 0% per year

3.13.2 Retirement benefit obligations

Under the collective labour agreements of S.A. Damm, Compañía Cervecera Damm, S.L.U., Estrella de Levante Fábrica de Cerveza, S.A.U., and Maltería La Moravia, S.L.U., such companies have obligations to their employees arising from several kinds of benefits granted to them, supplementary to the compulsory benefits of the Social Security General Regime, by way of retirement, disability and bereavement allowance. In addition, these and other companies of the Group have several benefits rewarding the years of service and reaching retirement.

Pursuant to the laws in force, and in order to adapt to Act 30/1995 with regard to outsourcing its personnel benefits obligations, the aforesaid Companies contracted a defined benefit group insurance that implemented the pension commitments these companies have against the insured collective (see Note 18).

Such contract is subject to the regime provided for in the First Additional Disposition of the Act 8/1997, dated 8 June, and in the relevant Regulations approved by Royal Decree 1588/1999, dated 15 October, on the implementation of the company's pension commitments with employees and beneficiaries.

Likewise, S.A. Damm, has certain commitments with certain senior managers of the Company by way of retirement, disability and death benefits, outsourced pursuant to the law in force through a defined contribution insurance policy. The accounting basis of the Group for such commitments is to account for the premium payments expense on an accrual basis.

3.14. Provisions

As of the preparation of the financial statements of the consolidated entities, the respective Directors differentiate between:

- Provisions: credit balances covering obligations existing as of the balance sheet date arising from past events with respect to which it is probable that financial losses can arise for the entities, specific as regards to their nature but uncertain as to their cancellation amount and/or timing, and

- Contingent liabilities: possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the consolidated entity.

The consolidated financial statements of the Group include all the significant provisions with regard to which it is estimated that it is more likely than not that they will have to be fulfilled. Unless they are considered remote, contingent liabilities are recognised in the financial statements or disclosed in the notes to the consolidated financial statements on the basis of the risk assessment made in accordance with the requirements of IAS 37.

Provisions, estimated taking into account the best information available on the outcome of the past event from which they arise and re-estimated at each year end, are used to settle the specific obligations for which they were originally recognised, and are reverted in whole or in part when such obligations disappear or decrease.

3.15. Deferred Income

Government Grants

Government grants related to property, plant and equipment are considered deferred income and carried to income over the expected useful lives of the relevant assets (see Note 13).

Emission Rights

As mentioned in Note 3.7, the companies Compañía de Explotaciones Energéticas, S.L., Estrella de Levante S.A.U. Font Salem, S.L. and Font Salem Portugal S.A. have received greenhouse effect gas emission rights under the National Allocation Plan pursuant to Act 1/2005.

Such emission rights received free of charge are initially stated as an inventories and a deferred asset for the fair value at the time in which such rights are received, and are carried to the profit and loss account under ”Other operating income” to the extent the allocation to expenses for the emissions associated to the rights received free of charge is made (see Note 13).

3.16. Recognition of revenue

Revenue is recognised in the sale of goods or services at the fair value of the consideration received o to be received for them. Revenue is presented net of value added tax and any other amounts or taxes, which in substance correspond to amounts received on behalf of third parties. Likewise, early payment, volume or other discounts, which are considered likely at the time of recognition of the revenue, are accounted for as a reduction of the revenue. At the end of the financial year the Group has a provision for business discounts recorded by decreasing the item "Trade and other Receivables".

Before recognising revenue, the Group:

- identifies the contracts with customers
- identifies the separate performance obligation
- determines the price of the transaction of the contract
- assigns the price of the transaction between the separate performance obligations, and
- recognises the income when each performance obligation is satisfied.

Revenue associated to services provision is also recognised taking into account the degree of completion of the service as of the balance sheet date, provided always the outcome from the transaction can be reliably estimated.

Interest revenue accrues on a temporary financial basis, according to the outstanding principal and the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash collections over the expected life of the financial asset from the net carrying value of such asset.

Revenue from investment dividends is recognised when the shareholders’ rights to such payment have been determined.

3.17. Recognition of expenses

Expenses are recognised in the profit and loss account when there is a decrease in the future profits related to a decrease in the value of an asset or an increase in the amount of a liability, that can be reliably measured. This implies that the recording of an expense occurs at the same time as the recording of the increase in the liability or the decrease in the asset.

An expense is immediately recognised when a disbursement does not generate future financial profits or when it does not comply with the requirements to be carried as an asset.

In addition, an expense is recognised when a liability is incurred into and no asset is stated, as occurs in a liability due to a guarantee.

3.18. Offsetting

Only payables and receivables originated in transactions that, contractually or by law, allow offsetting and the entity has the intention to settle them for their net amount or realise the asset and pay the liability at the same time are offset- and therefore are disclosed in the consolidated balance sheet by their net amount.

3.19. Income tax; deferred tax assets and liabilities

Income tax expense comprises current income tax expense and deferred tax assets and liabilities.

Income tax expense for the financial year is the addition of the current tax resulting from applying the tax rate over the tax base for the financial year and after the application of any allowed deductions, plus the change in deferred tax assets and liabilities.

Deferred tax assets and liabilities include temporary differences which are identified as amounts expected to be payable or recoverable for differences between the carrying amounts of assets and liabilities and their tax bases, as well as tax loss carryforwards and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences unless the temporary difference arises from the initial recognition of goodwill or the initial recognition (other than a combination of business) of other assets and liabilities in a transaction that does not affect the taxable profit/(tax loss) or the accounting profit.

As for deferred tax assets, identified by temporary differences, they are only recognised if it is considered probable that the consolidated entities will have enough taxable profits in the future to make them effective and do not arise from initial recognition (other than in a combination of business) of other assets and liabilities in a transaction that does not affect the taxable profit/(tax loss) or the accounting result. Other deferred tax assets (the carryforwards of unused tax losses and tax credits) are only recognised to the extent that it is considered probable that the consolidated entities will have sufficient taxable profits in the future against which it will be possible to recover them.

At the end of each reporting period, the deferred taxes recognised (both assets and liabilities) are revised in order to verify they are still valid and the relevant adjustments are made according to the outcome of the analysis.

Since 2009 the Group pays its taxes under the regime of tax consolidation (Tax Group 548/08) under a resolution passed by the respective Shareholders' General Meetings of all the companies comprised in the Tax Group (see Note 24).

3.20. Earnings per share

Basic earnings per share shall be calculated by dividing net profit for the period attributable to the Parent Company by the weighted average number of ordinary shares outstanding during the period (see Note 27).

Diluted earnings per share shall be calculated by dividing net profit for the period attributable to ordinary equity holders adjusted by the effect attributable to dilutive potential ordinary shared and the weighted average number of ordinary outstanding shares during the period adjusted by the weighted average number of the ordinary shares that would be issued if all the potential ordinary shares were converted into ordinary shares. Conversion is considered to take place for such purposes at the beginning of the period or when the potential ordinary shares are issued, if they had been issued during the period.

As there are no dilutive equity instruments, basic earnings per share are the same as diluted earnings per share.

3.21. Foreign currency transactions

The Group's foreign currency is the euro. Therefore, transactions in currency other than euro are considered to be "foreign currency transactions" and recognised by applying the exchange rates prevailing at the transaction date.

Assets and liabilities denominated in currencies other than euro in the balance sheet are considered denominated in "foreign currency" and at each year-end are measured in euros at the exchange rates prevailing at the end of the financial year and the resulting gains or losses are recognised in the consolidated profit and loss account.

3.22. Consolidated statement of cash flows

The following terms are used in the consolidated statement of cash flows with the following meaning:

Cash flows are inflows and outflows of cash and cash equivalents, these being short term highly liquid investments and subject to an insignificant risk in changes in value.

Operating activities: the main revenue-producing activities of the entity and other activities that are not investing or financing activities.

Investing activities: the acquisition and disposal of long term assets and other investments not included in cash and cash equivalents.

Financing activities are activities that cause changes to the size and composition of the equity and the liabilities not included in operating activities.

4. Goodwill

The details and changes in this item of the consolidated balance sheet in 2022 and 2021, as well as the allocation to their cash-generating units, are the following:

	Thousand euros				
	01.01.22	**Change in scope (Note 2.2)**	**Additions/ Write offs**	**Impairme nt**	**31.12.22**
Water	18,684	**-**	**-**	**-**	18,684
Beer and other Beverages	10,640	**-**	**-**	**-**	10,640
Distribution and F&B	119,726	**-**	568	**-**	120,294
Total	**149,050**	**-**	**568**	**-**	**149,618**

	Thousand euros				
	01.01.21	**Change in scope (Note 2.2)**	**Additions/ Write offs**	**Impairment**	**31.12.21**
Water	18,684	**-**	**-**	**-**	18,684
Beer and other Beverages	10,665	**-**	**-**	(25)	10,640
Distribution and F&B	104,986	**-**	15,963	(1,223)	119,726
Total	**134,335**	**-**	**15,963**	**(1,248)**	**149,050**

Impairment losses

The Group regularly tests the recoverability of the goodwill above by taking into account the following cash-generating units: Water, Beer and Other Beverages, and Distribution and F&B.

The recoverable amount of the cash-generating units has been obtained from the determination of their value in use. Such amount has been calculated through projections of cash flows based in the projections approved by the Directors, covering a 4 years period (cash flows for the projection periods no included in such 4 years have been obtained by extrapolating previous years' data using as base data a 1% constant growth rate, without exceeding the average long term growth rate of the market in which they operate), and updated by a 7.0% and 6.5% discount rate for years 2022 and 2021 respectively. Specifically, variables used when calculating the recoverable amount for each CGU are the following:

Key assumption	Water		Beer and other Beverages		Distribution and F&B	
	2022	2021	2022	2021	2022	2021
Projection period (years)	4		4		4	
Key variables	Sales Gross margin Capex		Sales Gross margin Capex		Sales Gross margin	
Discount rate	7.0%	6.5%	7.0%	6.5%	7.0%	6.5%
Growth rate “g”	1%	1%	1%	1%	1%	1%

Neither the discount rates nor the growth rates change significantly between CGUs as they are carried out in the same geographic market and consist of assets that carry out the same activities in different stages of the same business.

Finally, it is worth pointing out that no significant changes to the key assumptions in which the determination of the recoverable amount of such CGUs are based are expected as they have been adapted to the current situation and represent a cautious view due to the current market situation, and that a 5% decrease in sales would not change the conclusions on the recoverable amount of CGUs not impaired. Nonetheless, following the Group policies, regular assessment will be carried out and the evolution for financial year 2023 will convey a new analysis in which the new circumstances will define the recoverable amount of such CGUs and the potential accounting of the relevant impairment.

Pursuant to the estimates and projections available to the Directors of the Group, cash flow forecast attributable to the CGUs to which each goodwill is attributed should allow the recovery of the value of every goodwill recognised as of 31 December 2022.

5. Other Intangible Assets

Changes in this heading of the consolidated balance sheet in years 2022 and 2021 have been the following, in thousands of euros:

2022

Cost	Opening balance	Additions and Write offs	Transfers	Closing balance
Administrative concessions, patents, trademarks and licenses	97,358	(399)	(4)	96,955
Computer applications	48,341	7,675	1,608	57,624
Other Intangible fixed assets	7,708	1,054	(1,363)	7,399
Total Cost	**153,407**	**8,330**	**241**	**161,978**

Depreciation and amortization	Opening balance	Provisions	Writeoffs and transfers	Closing balance
Administrative concessions, patents, trademarks and licenses	(36,998)	(3,007)	5	(40,000)
Computer applications	(39,436)	(6,166)	135	(45,467)
Other Intangible fixed assets	(2,186)	(262)	(3)	(2,451)
Total Amortization	**(78,620)**	**(9,435)**	**137**	**(87,918)**

Total Intangible Fixed Assets	Opening balance	Closing balance
Administrative concessions, patents, trademarks and licenses	60,360	56,955
Computer applications	8,905	12,157
Other Intangible fixed assets	5,522	4,948
Net Total	**74,787**	**74,060**

2021

Cost	Opening balance	Additions and Write offs	Transfers	Changes in scope (Note 2.2.c)	Closing balance
Administrative concessions, patents, trademarks and licenses	41,688	(331)	26	55,975	97,358
Computer applications	41,154	5,908	(476)	1,755	48,341
Other Intangible fixed assets	6,380	816	(66)	578	7,708
Total Cost	**89,222**	**6,393**	**(516)**	**58,308**	**153,407**

Depreciation and amortization	Opening balance	Provisions	Writeoffs and transfers	Changes in scope (Note 2.2.c)	Closing balance
Administrative concessions, patents, trademarks and licenses	(22,147)	(6,946)	(1,746)	(6,159)	(36,998)
Computer applications	(32,107)	(7,266)	1,397	(1,460)	(39,436)
Other Intangible fixed assets	(3,271)	(255)	1,819	(479)	(2,186)
Total Amortization	**(57,525)**	**(14,467)**	**1,470**	**(8,098)**	**(78,620)**

Total Intangible Fixed Assets	Opening balance	Closing balance
Administrative concessions, patents, trademarks and licenses	19,541	60,360
Computer applications	9,047	8,905
Other Intangible fixed assets	3,109	5,522
Net Total	**31,697**	**74,787**

As of 31 December 2022 there are intangible fixed assets for a cost of EUR 60,560 thousand fully amortized (EUR 58,352 thousand at 31 December 2021).

5.1 Rights to use

The detail of the rights to use is as follows, in thousands of euros:

2022

Cost	Opening balance	Additions	Write offs	Closing balance
Warehouses and logistic centres	158,256	59,432	(2,493)	215,195
Machinery, vehicles and forklifts	40,739	4,804	(1,164)	44,379
Premises and offices	73,031	16,955	(2,997)	86,989
Total Cost	**272,026**	**81,191**	**(6,654)**	**346,563**

Depreciation and amortization	Opening balance	Additions	Write offs	Closing balance
Warehouses and logistic centres	(52,575)	(11,713)	1,231	(63,057)
Machinery, vehicles and forklifts	(20,021)	(6,661)	489	(26,193)
Premises and offices	(28,393)	(11,125)	1,699	(37,819)
Total amortization	**(100,989)**	**(29,499)**	**3,419**	**(127,069)**

Net book value	Opening balance	Closing balance
Warehouses and logistic centres	105,681	152,138
Machinery, vehicles and forklifts	20,718	18,186
Premises and offices	44,638	49,170
Net Total	**171,037**	**219,494**

2021

Cost	Opening balance	Additions	Write offs	Closing balance
Warehouses and logistic centres	157,803	1,084	(631)	158,256
Machinery, vehicles and forklifts	33,614	7,989	(864)	40,739
Premises and offices	63,247	12,759	(2,975)	73,031
Total Cost	**254,664**	**21,832**	**(4,470)**	**272,026**

Depreciation and amortization	Opening balance	Additions	Write offs	Closing balance
Warehouses and logistic centres	(40,651)	(12,177)	253	(52,575)
Machinery, vehicles and forklifts	(13,894)	(6,550)	423	(20,021)
Premises and offices	(20,023)	(9,594)	1,224	(28,393)
Total amortization	**(74,568)**	**(28,321)**	**1,900**	**(100,989)**

Net book value	Opening balance	Closing balance
Warehouses and logistic centres	117,152	105,681
Machinery, vehicles and forklifts	19,720	20,718
Premises and offices	43,224	44,638
Net Total	**180,096**	**171,037**

The amortization of the rights to use for 2022 is EUR 29,499 thousands (was EUR 28,321 thousand in 2021).

6. Property, plant and equipment

Changes in this heading of the consolidated balance sheet in years 2022 and 2021 have been the following, in thousands of euros:

2022

Cost	Opening balance	Additions and Write offs	Transfers	Closing balance
Land and buildings	384,380	36,503	12,110	432,993
Technical facilities	716,306	13,679	12,058	742,043
Machinery, equipment and other facilities	391,154	9,810	2,017	402,981
Furniture and furnishing	12,668	362	1	13,031
IT equipment	36,299	3,264	37	39,600
Transport elements	41,341	3,963	144	45,448
Other property, plant and equipment	299,477	22,114	33	321,624
Fixed assets under construction	47,209	30,054	(26,428)	50,835
Total Cost	**1,928,834**	**119,749**	**(28)**	**2,048,555**

Depreciation and amortization	Opening balance	Provisions	Writeoffs and transfers	Closing balance
Buildings	(121,333)	(8,121)	(44)	(129,498)
Technical facilities	(521,789)	(33,953)	636	(555,106)
Machinery, equipment and other facilities	(329,783)	(16,974)	5,269	(341,488)
Furniture and furnishing	(10,236)	(526)	54	(10,708)
IT equipment	(33,163)	(2,423)	202	(35,384)
Transport elements	(23,818)	(4,436)	(519)	(28,773)
Other property, plant and equipment	(253,332)	(18,121)	6,657	(264,796)
Total Amortization	**(1,293,454)**	**(84,554)**	**12,255**	**(1,365,753)**

Total Property, plant and equipment	Opening balance	Closing balance
Land and buildings	263,047	303,495
Technical facilities	194,517	186,937
Machinery, equipment and other facilities	61,371	61,493
Furniture and furnishing	2,432	2,323
IT equipment	3,136	4,216
Transport elements	17,523	16,675
Other property, plant and equipment	46,145	56,828
Fixed assets under construction	47,209	50,835
Net Total	**635,380**	**682,802**

2021

Cost	Opening balance	Additions and Write offs	Transfers	Changes in scope (Note 2.2.c)	Closing balance
Land and buildings	351,151	(1,361)	1,542	33,048	384,380
Technical facilities	683,339	9,280	12,071	11,616	716,306
Machinery, equipment and other facilities	354,122	5,968	943	30,121	391,154
Furniture and furnishing	12,004	404	24	236	12,668
IT equipment	33,243	1,529	1,004	523	36,299
Transport elements	40,060	1,127	127	27	41,341
Other property, plant and equipment	311,308	(13,143)	-	1,312	299,477
Fixed assets under construction	25,820	35,985	(14,927)	331	47,209
Total Cost	**1,811,047**	**39,789**	**784**	**77,214**	**1,928,834**

Depreciation and amortization	Opening balance	Provisions	Writeoffs and transfers	Changes in scope	Closing balance
Buildings	(112,721)	(7,897)	1,248	(1,963)	(121,333)
Technical facilities	(484,994)	(33,569)	1,307	(4,533)	(521,789)
Machinery, equipment and other facilities	(305,358)	(14,919)	3,697	(13,203)	(329,783)
Furniture and furnishing	(9,573)	(554)	61	(170)	(10,236)
IT equipment	(29,515)	(2,498)	(776)	(374)	(33,163)
Transport elements	(20,721)	(3,588)	518	(27)	(23,818)
Other property, plant and equipment	(266,463)	(18,119)	31,316	(66)	(253,332)
Total Amortization	**(1,229,345)**	**(81,144)**	**37,371**	**(20,336)**	**(1,293,454)**

Total Property, plant and equipment	Opening balance	Closing balance
Land and buildings	238,430	263,047
Technical facilities	198,345	194,517
Machinery, equipment and other facilities	48,764	61,371
Furniture and furnishing	2,431	2,432
IT equipment	3,728	3,136
Transport elements	19,339	17,523
Other property, plant and equipment	44,845	46,145
Fixed assets under construction	25,820	47,209
Net Total	**581,702**	**635,380**

The Group has several insurance policies to cover any possible risks to property, plant and equipment.

Transfers for financial year 2022 and 2021 refer mainly to the completion of improvements and investments in progress at the end of the previous financial year in the Group main production plants.

The main additions in the year relate to improvements in technical facilities, improvements in packaging lines, the acquisition of packaging and the effect of the business combination.

As of 31 December 2022 there are several projects in progress consisting in the new refit of some of the filling lines and the improvement and extension of the production facilities.

As of the 31 December 2022 there are property, plant and equipment assets with a cost of EUR 999,619 thousand which is fully depreciated (EUR 967,327 thousand at 31 December 2021).

As of 31 December 2022 there were no property, plant and equipment elements mortgaged as guarantee of loans from credit institutions.

The writeoffs for the year are mainly kegs facilities and packages.

During financial year 2022 the Group has capitalized finance expenses from property, plant and equipment for the amount of EUR 54 thousand (EUR 31 thousand in 2021).

7. Equity accounted investments

The detail and changes in subsidiaries of the Group accounted for using the equity method for years 2022 and 2021 are, in thousand euros:

	Balance at 01.01.22	Profit and loss accounted for using the equity method	Transfer to Profit and Loss	Other changes	Dividends (Note 29.1)	Investments	Other changes in net equity (Note 12.5)	Balance at 31.12.22
BEVERAGES SUBSET	704	68	-	0	0	0	0	773
DISTRIBUTION SUBSET	5,862	560	-	(10)	0	50	0	6,461
FOOD AND BEVERAGE SUBSET	0	0	-	0	0	0	0	0
CORPORATE SUBSET	341,728	10,187	-	0	(10,249)	600	2,831	345,097
Total	**348,294**	**10,815**	**0**	**(10)**	**(10,249)**	**650**	**2,831**	**352,331**

	Balance at 01.01.21	Profit and loss accounted for using the equity method	Transfer to Profit and Loss	Other changes	Dividends (Note 29.1)	Investments	Other changes in net equity (Note 12.5)	Balance at 31.12.21
BEVERAGES SUBSET	3,410	(922)	-	(1,784)	-	-	-	704
DISTRIBUTION SUBSET	8,453	409	-	(2,800)	(200)	-	-	5,862
FOOD AND BEVERAGE SUBSET	228	(17)	-	(211)	-	-	-	-
CORPORATE SUBSET	321,716	27,532	-	-	(20,498)	-	12,978	341,728
Total	**333,807**	**27,002**	**-**	**(4,795)**	**(20,698)**	**-**	**12,978**	**348,294**

Financial information

Main financial data at 31 December 2022 and 2021 for the companies accounted for using the equity method are as follows, in thousand euros.

2022

	Assets	Net Equity	Other liabilities	Net turnover	Profit/(loss) for the financial year
BEVERAGES SUBSET	16,623	3,258	13,365	4,951	(67)
DISTRIBUTION SUBSET	101,199	34,274	66,925	169,809	5,049
FOOD AND BEVERAGE SUBSET	-	-	-	-	-
CORPORATE SUBSET	3,901,160	2,198,944	1,702,216	2,967,716	121,873

2021

	Assets	Net Equity	Other liabilities	Net turnover	Profit/(loss) for the financial year
BEVERAGES SUBSET	11,595	3,028	8,567	20,254	359
DISTRIBUTION SUBSET	115,407	29,989	85,418	167,149	(2,873)
FOOD AND BEVERAGE SUBSET	-	-	-	-	-
CORPORATE SUBSET	3,938,622	2,133,190	1,805,432	2,427,068	238,629

None of the associates is a listed company with the exception of Ebro Foods, S.A. listed in Madrid Stock Market. The percentage of listed shares is 100% of its share capital, of which the Group holds 17,980,610 shares, i.e. 11.69%.

Profit and loss accounted for using the equity method

Profit and loss accounted for using the equity method for financial year 2022 comprises the profit and loss attributable to the Group of the companies Ebro Foods, S.A., Trade Eurofradis S.L., Serhs Distribució i Logística S.L, Bizkaiko Edari Komertzialak, S.L., Distribuciones Fransadis, S.L., Plataforma Logística Madrid, S.L., Comergrup. S.L. Imagen Realidad Aumentada, S.L., Euroestrellas Badalona, S.L. and Quality Corn, S.A.

Other changes in net equity and investments

Changes in financial year 2022 and 2021 mainly refer to the conversion differences in Ebro Foods S.A. equity.

8. Non-current Financial Assets

The detail of the non-current financial assets at 31 December 2022 and 2021, classified by nature and category, is as follows in thousand euros.

As of 31 December 2022	FV through Other Comprehensive Income	FV through profit or loss Amortised cost	Total
Credits and other receivables	-	112.138	**112.126**
Equity instruments	38.857	-	**38.857**
Credits to associates and joint arrangements	-	600	600
Long term guarantees and deposits	-	5.355	5.355
Other financial investments	-	1.422	1.422
Total	**38.857**	**119.503**	**158.360**

As of 31 December 2021	FV through Other Comprehensive Income	FV through profit or loss Amortised cost	Total
Credits and other receivables	-	113.138	**113.138**
Equity instruments	34.243	-	**34.243**
Credits to associates and joint arrangements	-	600	**600**
Long term guarantees and deposits	-	5.058	**5.058**
Other financial investments	-	1.337	**1.337**
Total	**34.243**	**120.133**	**154.376**

The classification of non-current financial assets at 31 December 2022 and 2021, accounted for at fair value is as follows in thousand euros:

	31 December 202			
Non-current financial assets	Level 1 (quoted price in active markets)	Level 2 (observable inputs)	Level 3 (non-observable inputs)	Total
FV through Other Comprehensive Income	38.081		776	38.857
FV through profit or loss (Amortised cost)	-	-	119.503	120.133
Total	38.081	**-**	**120.279**	**158.360**

	31 December 2021			
Non-current financial assets	Level 1 (quoted price in active markets)	Level 2 (observable inputs)	Level 3 (non-observable inputs)	Total
FV through Other Comprehensive Income	33.643		600	34.243
FV through profit or loss (Amortised cost)	-	-	120.133	119.503
Total	**33.643**	**-**	**120.733**	**154.376**

Equity instruments

The balance of equity instruments mainly consist of shares of listed companies in which the stake is around 1% and several investment funds.

Credits to associates and joint arrangements

Balance at 31 December 2022 refers to a loan granted to an associate bearing interest at market rates plus a market margin for an amount of EUR 600 thousand (see Note 29.1).

9. Inventories

In financial years 2022 and 2021 this item consisted of:

	Thousand euros	
	2022	**2021**
Raw materials	88,822	60,731
Emission Rights	1,061	74
Products in process	20,769	15,902
Finished products	94,532	59,791
Total	**205,184**	**136,498**

The charge for value adjustment recognised as expense in the Profit and Loss Account for financial year 2022 amounts to EUR 601 thousand (EUR 747 thousand in 2021). Due to the nature of the inventories and their usual level of rotation, they usually do not become obsolete, so the amount of provision for obsolescence is not significant.

10. Trade and Other Receivables and Other Current Financial Assets

10.1 Trade and other receivables

	Thousand euros	
	2022	**2021**
Trade receivables for sales and services	258,402	209,716
Sundry debtors	6,406	5,918
Public administrations (Note 24.3)	19,056	20,815
Total	**283,864**	**236,449**

This item includes a provision for doubtful receivables for the amount of EUR 10.2 million created mainly in previous years. The Directors are of the opinion that such provision is in line with the risks associated to the activity according to historical experience and current situation and additional hedging (Insurance Policy) mentioned in Note 2.3 “Risk Policy”.

Customers' balances age at 31 December 2022, net of provision, is as follows:

	2022	**2021**
Current and less than 6 months	255,430	208,859
Between 6 and 12 months	1,423	488
Between 12 and 18 months	754	22
More than 18 months	795	347
Total	**258,402**	**209,716**

The Directors are of the opinion that the carrying value of trade and other receivables approximates their fair value.

11. Cash and cash equivalents

This item consists of:

	Thousand euros	
	2022	2021
Cash	157,442	253,146
Total	**157,442**	**253,146**

12. Equity

12. 1. Share Capital

As of 31 December 2022 and 2021 the share capital of the parent company was EUR 54,016,654.40 and was divided in 270,083,272 shares of EUR 0.20 each, all of them ranking pari passu. As of the date of the preparation of these Consolidated Financial Statements all the shares issued are fully paid.

Shareholders, being a corporation, with an interest in excess of 10% in S.A. DAMM share capital as of 31 December 2022 were the companies DISA CORPORACION PETROLIFERA, S.A., MUSROM GMBH and SEEGRUND, B.V. which held 33.55% (33.55% in 2021), 25.34% (25.34% in 2021) and 16.03% (16.03% in 2021) respectively.

12.2. Share premium

The balance under “Share premium” arises mainly from the share capital increases made in 1954, 2003, 2005, once the transaction costs were deducted.

In addition, the capital increases charged to the share premium in 2009, 2010 and 2011 approved by the relevant General Shareholders' Meetings led to a reduction of the share premium by 3,055 thousand euros.

The Compiled Text of the Companies Act expressly allows using the share premium balance to increase the share capital and does not impose any restriction on the availability of such balance.

12.3. Reserves

Legal reserve

Pursuant to the Compiled Text of the Companies Act, an amount equal to 10% of the profit for the financial year must be allocated to legal reserve until the same reaches, at least, 20% of the share capital.

The legal reserve may be used to increase the capital to the extent of the balance of the legal reserve that exceeds 10% of the increased capital. Other than for such purpose, and as long as it does not exceed 20%, this reserve can only be used to offset losses and provided always there are no other reserves available.
The Parent Company of the Group has reached the compulsory level for the Legal Reserve in the amount of EUR 10,803 thousand under “Other reserves of the parent company” of the consolidated balance sheet attached.

Other reserves of the Parent Company

Article 25 of the Act 27/2014 on Companies Tax introduces the figure of the capitalisation reserve which consists of an unavailable reserve that allows a reduction in the tax base of 10% of the amount of the increase in equity with a limit of 10% of the tax base prior to the offsetting of tax losses, provided that this increase is maintained for 5 years from the close of the tax period to which this adjustment corresponds, except for the existence of accounting losses in the Company.

The parent company capitalisation reserve amounts at 31 December 2022 to EUR 16,079 thousand (EUR 15,100 thousand at 31 December 2021).

12.4. Treasury shares and equity investments

Changes in this item in year 2022 and 2021 are as follows in thousands of euros:

	Thousand euros
Balance at 1 January 2021	**50,394**
Acquisition of own shares	909
Disposal and other treasury share transactions	(1,559)
Balance at 31 December 2021	**49,744**
Acquisition of own shares	941
Disposal and other treasury share transactions	(568)
Balance at 31 December 2022	**50,117**

In 2022 the Company has acquired 140,036 shares for a cost of EUR 941 thousand, which represent 0.05% of the share capital.

Likewise, in 2022 the Company has sold 99,567 shares, with an income of EUR 119 thousand (was EUR 325 thousand in 2021) accounted directly for as a credit in "Reserves" of the Net Equity of the Balance sheet enclosed.

After the aforesaid transactions with treasury shares, at 31 December 2022 the balance under "Treasury shares and equity interests" consists of 8,713,050 shares, representing 3.23% of the share capital, with a carrying value of EUR 50,117 thousand.

12.5 Valuation adjustments in equity

Changes in this item in financial years 2022 and 2021 are as follows (net of tax effect):

	Thousand euros				
	2021	**Valuation gains/losses**	**Amount transferred to income**	**Transfers and others (Note 7)**	**2022**
Financial assets at fair value through other comprehensive income (Note 8)	**2,173**	2,859	**-**	**-**	**5,032**
-Due to translation differences	**(32)**	(599)	**-**		**(631)**
Due to actuarial gains and losses (Note 18)	**-**	**-**	**-**	**-**	**-**
Consolidated entities accounted for using the equity method (Note 7)	**8,601**	**-**	**-**	2,831	**11,432**
VALUATION ADJUSTMENTS IN EQUITY	**10,742**	**2,260**	**-**	**2,831**	**15,833**

	Thousand euros				
	2020	**Valuation gains/losses**	**Amount transferred to income**	**Transfers and others (Note 7)**	**2021**
Financial assets at fair value through other comprehensive income (Note 8)	**(2,026)**	4,199	**-**	**-**	**2,173**
-Due to translation differences	**(230)**	198	**-**		**(32)**
Due to actuarial gains and losses (Note 18)	**4,696**	(4,696)	**-**	**-**	**-**
Consolidated entities accounted for using the equity method (Note 7)	**(4,377)**	**-**	**-**	12,978	**8,601**
VALUATION ADJUSTMENTS IN EQUITY	**(1,937)**	**(299)**	**-**	**12,978**	**10,742**

In financial years 2022 and 2021, the item “Transfers and others” in Consolidated entities accounted for using the equity method discloses the interest of the Group in the equity increase, due mainly to Valuation adjustments and Translation differences adjustments accounted for in Equity of the financial statements of such associates.

12.6 Interim dividend

During financial year 2022, the Board of Directors of the parent company has approved the distribution of two interim dividends for an aggregate amount of EUR 31,367 thousand, which are shown as a reduction of the Group's equity. The interim financial statements prepared by the parent company of S.A. Damm Group, showed the existence of sufficient resources for the distribution of this interim dividend (see Note 26. Distribution of Profit).

12.7 Non-controlling interests

Detail by companies of “Non-controlling interests” in the consolidated balance sheet at 31 December 2022 and 2021 and the profit and loss of the external members in these years follows:

	Thousand euros			
	2022		2021	
Entity	**Non-controlling interests**	**Result attributed to Non-controlling party**	**Non-controlling interests**	**Result attributed to Non-controlling party**
Aguas San Martín de Veri, S.A.	75	3	72	3
Alfil Logistics, S.A.	8,717	957	7,761	828
Distribution companies	8,532	661	8,084	411
Other	(355)	28	1,255	43
TOTAL	**16,969**	**1,649**	**17,172**	**1,285**

13. Deferred Income

Detail of this item in financial years 2022 and 2021 is as follows:

	Thousand euros	
	2022	2021
Capital Grants	2,633	2,989
Other long-term accruals and deferrals	1,226	-
Closing balance	**3,859**	**2,989**

14. Bonds and other securities

As of 31 December 2022 the Group has, from the exercise of the voluntary partial repayment of the bondholders during 2022 for the amount of EUR 49.4 million, has bonds in issue for the aggregate amount of non-current EUR 109.7 million (EUR 159.1 million in 2021) from the issue dated 01/12/16 by Corporación Económica Delta, S.A., of bonds convertible to Ebro Foods, S.A shares. Such amount is stated in the attached consolidated balance sheet net of execution expenses and of ancillary financial instruments.

This issue accrues a 1% fixed annual nominal interest rate, was issued at par value and a 7 years final maturity (01/12/2023) (see also Notes 3.11 and 15).

As of 31 December 2022, the conversion price of the bonds is EUR 21.58 per Ebro Foods, S.A. share. The bonds are listed in Freiverkehr Frankfurt's Exchange open Market.

With regard to this issue of bonds convertible in Ebro Foods, S.A. shares the existence of implicit derivative in the aforesaid issue must be taken into account.

Fair value of all the derivative instruments related to the issue of Ebro Foods, S.A. convertible bonds amounts at 31 December 2022 to EUR 20 thousand (EUR 20 thousand at 31 December 2021).
The effect in the profit and loss account of the evolution of the value of such derivatives has been nil. In 2021 the effect in the profit and loss account of the evolution of the value of such derivatives was a credit for the amount of EUR 16 thousand under the heading "Other interest and similar income" of the consolidated profit and loss account enclosed.

Valuation technique of financial derivatives

Adoption of IFRS 13 requires an adjustment in valuation techniques used by the Group to obtain the fair value of its derivatives. The Group implements a credit risk adjustment in order to reflect both the own risk and the counterparty's in the fair value of the derivatives.

Specifically, for the determination of the credit risk adjustment, a technique based in the calculation through models of the expected total exposure (which includes both the current and potential exposures) has been applied adjusted by the probability of default over the time and by the severity (or potential loss) assigned to the Group and each of the counterparties.

More specifically, credit risk adjustment has been obtained from the following formula:
EAD * PD * LGD where:

- EAD (Exposure at default): Exposure at default at a given time. Exposure at the time of default (EAD) is calculated using simulation scenarios with market price curves (Ex.: Monte Carlo).
- PD (Probability of default): Probability that one of the counterparties defaults at a given time.
- LGD (Loss given default): Severity = 1- (recovery rate): Percentage of the loss that finally occurs when one of the counterparties defaults.

Expected total exposure of derivatives is obtained by using observable market inputs, such as interest rate, exchange rate and market situation volatilities at measurement date curves. Market information is obtained from external sources renowned in financial markets.

Inputs applied to obtain the own credit risk and counterparty's (determination of the probability of default) are mainly based in the application of the own or similar companies' credit spreads currently negotiated in the market (CDS curves, IRR debt issuances). For counterparties having credit rating available, credit spreads used are obtained from the CDS (Credit Default Swaps) listed in the market.

In addition, a 40% standard recovery rate (severity 60%) has been applied to determine both the own risk and the credit risk of the banking counterparty.

15. Financial Liabilities

Balance of financial liabilities at 31 December 2022 and 2021, as well as maturity expected are as follows:

	Thousand euros							
	Debts at 31 December 2022							
	Balance at	Short term	Long term					Long term
	31.12.2022	2023	2024	2025	2026	2027	Later	Total
Loans	**308,380**	25,439	110,587	8,583	153,711	3,340	6,720	**282,941**
Interests payable	**578**	578	-	-	-	-	-	-
Other debts	**21,565**	789	670	572	166	125	19,243	**20,776**
Total financial debt	**330,523**	**26,806**	**111,257**	**9,155**	**153,877**	**3,465**	**25,963**	**303,717**

	Thousand euros							
	Debts at 31 December 2021							
	Balance at	Short term	Long term					Long term
	31.12.2021	2022	2023	2024	2025	2026	Later	Total
Loans	**307,755**	29,159	11,952	110,584	8,604	148,673	15,099	**294,912**
Interests payable	**379**	379	-	-	-	-	-	-
Other debts	**39,447**	1,562	758	662	547	161	19,441	**21,569**
Total financial debt	**347,581**	**31,100**	**12,710**	**111,246**	**9,151**	**148,834**	**34,540**	**316,481**

a) Loans and other credits

As part of Damm's commitment to further reduce its environmental impacts on the environment, the organisation signed in 2021sustainable financing for €200 million with a number of financial institutions. This financing is linked to the achievement of a series of sustainability objectives, such as reducing the weight of non-recoverable waste generated each year in terms of hectolitres produced, and generating more renewable energy for self-consumption from the production centres.

S.A. Damm subsidiaries Estrella de Levante S.A, Font Salem S.L., Compañía Cervecera Damm S.L.U. and Rodilla Sánchez S.L. acted as guarantors of these financing transactions.

At 31 December 2022 the Group companies had undrawn credit facilities in the amount of EUR 429 million (EUR 405 million at 31 December 2021), which largely covers all the needs of the Group according to the existing short term commitments.

16. Rights of use liabilities

Liabilities related to leases under IFRS 16 are as follows, in thousands of euros:

Lease liabilities	**2022**	**2021**
Non-current	201,310	153,990
Current	28,182	25,409

Likewise, lease cash flows (not discounted) in thousand euros are as follows:

	Thousand euros	**Thousand euros**
	2022	**2021**
Less than one year	34,207	28,982
Between two and five years	99,849	78,622
More than five years	156,479	98,792

17. Information on the average payment to suppliers period

Trade and other payables mainly includes the amounts outstanding for trade purchases and related costs.

With regard to the information required by the Third Additional Provision of Act 15/2010, dated 5 July after the Act entering into force and subsequent resolution dated 29 January 2016 of the Instituto de Contabilidad y Auditoría de Cuentas (Accounting and Auditing Institute), the table below shows the volumes and payment ratios for years 2022 and 2021.

The table refers to the suppliers that are by nature trade creditors related to debts with goods and services suppliers, and therefore it includes the details related to “Trade and other payables” of the current liabilities of the consolidated balance sheet at 31 December 2022 and 2021 for subsidiaries of the Group located in Spain.

	Year 2022 Days	Year 2021 Days
Average payment to suppliers time	46	57
Paid transactions ratio	45	58
Outstanding transactions ratio	56	55
	Amount (thousand euros)	Amount (thousand euros)
Total payments made	1,450,700	1,050,521
Total outstanding payments	213,471	152,653

The amount and number of the invoices paid within the statutory deadline follows:

	2022
Amount (thousand euros)	1,160,560
Percentage of total payments made	*80%*
Number of invoices	237,658
Percentage of total invoices	*84%*

The payment term applicable to the companies of the Group in years 2022 and 2021 pursuant to the Act 11/2013, dated 26 July, is 30 days, unless a longer term is agreed in contract, which cannot exceed in any case 60 days.

18. Retirement schemes (post-employment schemes)

18.1 Defined benefit post-employment schemes

Certain companies of the Group have the commitment of supplementing the Social Security public benefit schemes of certain employees and dependents, in the event of retirement, permanent disability, bereavement and loss of parents.

The defined benefit scheme consists of retirement annuities reversible, with a fixed amount not related to salary or social security parameters. The annuities guaranteed by the scheme are increased under real CPI.

At 31 December 2022 and 2021, the balance for defined benefit obligations and the fair value of the scheme assets were:

	Thousand euros	
	2022	**2021**
Present value of the obligations	37,636	49,079
Fair value of the scheme assets	34,503	46,612

The table below shows the conciliation between opening and closing balance of the current value of the defined benefits obligation:

	Thousand euros	
	2022	**2021**
Present value of the obligations at the beginning of the financial year	**49,079**	**49,710**
Current service cost	-	-
Interests costs	438	263
Actuarial gains/(losses):	(8,503)	2,411
Actuarial gains/(losses) for changes on financial assumptions	-	-
Experience actuarial gains/(losses)	(8,503)	2,411
Benefits paid	(3,378)	(3,305)
Present value of the obligations at 31 December	**37,636**	**49,079**

Changes in fair value of the scheme assets in financial years 2022 and 2021 are as follows:

	Thousand euros	
	2022	2021
Fair value of scheme assets at beginning of the financial year	**46,612**	**50,419**
Interest revenue from scheme assets	415	267
Return on scheme assets (excluding the lesser net interest expense)	(9,265)	83
Employer contributions/(Redemptions)	119	(852)
Benefits paid	(3,378)	(3,305)
Fair value of scheme assets at 31 December	**34,503**	**46,612**

"Scheme assets" are those which will be used to settle directly the obligations, and comply with the following conditions:

- They are not held by the consolidated entities, but by a third party legally separate from the Group that is not a related party.
- They are only available to be used only to pay or fund employee benefits, and are not available to the Group's own creditors (even in bankruptcy), and cannot be returned to the consolidated entities, unless either: the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the scheme or the reporting entity; or the assets are returned to the reporting entity to reimburse it for employee benefits already paid by the Group.
- Assets held by a long-term employee benefits entity (or fund) are not-transferable financial instruments issued by the entity.

At 31 December 2022 and 2021, fair value of the scheme assets allocated to cover post-employment benefits is breakdown as follows:

	Thousand euros	
Nature of the scheme assets allocated to cover commitments	**2022**	**2021**
Collective insurance policies	34,503	46,612

Therefore, 100% of the Scheme assets are classified as qualifying insurance policies.

There are no other assets that can be classified as "reimbursement rights".

As all the commitments are financed through insurance contracts, neither is the entity exposed to unusual market risks nor is it necessary to apply assets-liabilities correlation techniques or longevity swaps. There are not either transferable financial instruments held as scheme assets or scheme assets that are real estate occupied by the entity.

The entity has not responsibility on the scheme governance beyond the participation of the negotiation of the Collective Labour Agreements determining the benefits to pay and the payment of the required contributions. The management of the scheme is carried out by the insurer.

The following table shows the reconciliation between the present value of the defined benefits obligation and the fair value of the scheme assets in the balance sheet

	Thousand euros	
	2022	2021
Present value of the obligations at 31 December	37,636	49,079
Fair value of scheme assets at 31 December	34,503	46,612
Deficit / (Excess) of the Plan	**3,133**	**2,467**
Limit to the asset	**-**	**-**
Net Asset/(Liability) at 31 December	**3,133**	**2,467**

There are no other amounts not recognised in the balance sheet.

Amounts accounted for in results for post-employment benefits are as follows:

Components of the headings recognised in profit and loss	Thousand euros	
	2022	2021
Current service cost	-	-
Net interest	23	(4)
Past service cost	-	-
Total expense/(revenue) recognised in profit and loss account	**23**	**(4)**

- Current service cost – the increase in the fair value of the obligations arising from the services provided during the year by the employees, in the items "Personnel expenses".
- The interest cost and the expected return on plan assets have been replaced in the new standard by a net interest amount, which is calculated by applying the discount rate to the liability (or asset) for the commitment at the beginning of the period.
- Gain or loss resulting from any curtailment or settlement of the Scheme is charged to income for the financial year in which the right of the beneficiary to such curtailment or settlement arises, this being the difference between the present value of the defined benefit obligations being settled, as of the settlement date, and the settlement price, including the scheme assets transferred and the payments made directly by the entity within the settlement.
- Past service cost arises from the reduction of the benefits to be paid to a significant number of employees that leave the scheme.
- "Actuarial gains and losses" are those arising from changes in actuarial assumptions used to quantify the obligations, the difference between assumptions and experience, as well as the income from the assets in excess of net interest. The Group accounts for the Gains and Losses in the equity in the period in which they are incurred and record them in consolidated companies' reserves or in the reserves of the parent company, as appropriate.

The amounts recognised in equity for post-employment benefits are as follows:

Components of the items recognised in equity	Thousand euros	
	2022	2021
Return on scheme assets (excluding the lesser net interest expense)	(9,265)	83
Actuarial gains/(losses):	8,503	(2,410)
Actuarial gains/(losses) for changes in demographical assumptions	-	-
Actuarial gains/(losses) for changes on financial assumptions	-	-
Experience actuarial gains/(losses)	8,503	(2,410)
Total amount accounted for in equity during the year	**(762)**	**(2,327)**

The amount of the commitments has been calculated on the following basis:

- Calculation method: "Projected Unit Credit Method", sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately.
- Actuarial assumptions used: unbiased and compatible. Specifically, most significant actuarial assumptions are:

Actuarial Assumptions	Year 2022	Year 2021
Discount rate	3.2%	0.93%
Mortality tables	Perm/f-2020	Perm/f-2020
Disability tables	Disability Tot	Disability Tot
Wage growth	n/a	n/a
Annual accumulative CPI	2.0%	2.0%

- Estimated retirement age for each employee is the first age in which he/she is entitled to retirement.
- Discount rate has been determined with reference to the rates at 31 December 2022, for securities with a term similar to the benefit payments expected, specifically the index iBoxx € Corporates AA+ 10.

The effect of the changes in the following assumptions on definite benefit obligations at the end of the financial year, keeping the rest of the assumptions constant, is as follows:

Actuarial Assumptions	Year 2022
Discount rate (+1%)	34,719
Discount rate (-1%)	40,661
Annual accumulative CPI (+1%)	41,039
Annual accumulative CPI (-1%)	34,992

In order to determine the fair value of the insurance contracts related to pensions and the fair value of the scheme assets, the value of future payments has been considered discounted at the discount rate, since the payment flows expected guaranteed by the insurance company of the relevant policy are matched to the obligations expected future flows. For that reason, potential fair changes at the end of the period in the discount rate assumption would have the same effect in the fair value of the insurance contracts related to pensions and the fair value of the scheme assets.

Weighted average duration of the defined benefit obligations at the end of the financial year is around twelve years.

Pursuant to the laws in force, all the supplementary benefits commitments undertaken by the companies of the Group are outsourced. Given their defined benefit nature and pursuant to the contracts clauses, the Group pays annually to the insurer the amounts required to ensure that the assets allocated to cover such commitments, managed by the insurer, are enough.

18.2 Defined contribution post-employment schemes

As of 31 December 2022, the Group has implemented benefits in order to supplement the benefits of the public Social Security system of certain employees and their beneficiaries, in the event of retirement, permanent disability, bereavement and loss of parent. These benefits are implemented in the so called "Pension Scheme of S.A. Damm employees". No contribution has been made in years 2022 and 2021.

Further to Note 3.13, S.A. Damm has certain commitments with certain senior managers of the Company by way of retirement, disability and death benefits, outsourced in previous years pursuant to the laws in force through a defined contribution insurance policy. The charge to the Consolidated Profit and Loss Account for financial year 2022 amounted approximately to EUR 67 thousand.

19. Other current liabilities

The amount of this heading at the end of financial year 2022 and 2021 is as follows:

	Thousand euros	
	2022	**2021**
Public administrations (Note 24.3)	44,252	41,924
Personnel accruals	26,494	27,759
Other debts	51,423	10,290
Closing balance	**122,169**	**79,973**

The balance of Other payables includes the interim dividend accrued in December 2022 and payable in January 2023.

20. Revenue

Net turnover includes the sales of finished product of beer, water, soft drinks, coffee and sandwiches, as well as the sale of energy surplus from the cogeneration activity to third parties. Such amount is disclosed net of the Beer Special Tax expense accrued, which amounts in financial year 2022 to EUR 92 million (EUR 80 million in 2021).

The heading "Other operating income" essentially includes the Group revenues from the cost recovery from the operating and ordinary course of business, such as "Revenue from Sales of Advertising Material".

21. Expense

The main expenses of the Group by nature are as follows:

	Thousand euros	
	2022	**2021**
Raw materials and consumables used	882,974	618,465
Employee costs	238,056	209,080
Other operating expenses	551,473	450,333

21.1. Raw materials and consumables used

This item breakdown is as follows:

	Thousand euros	
	2022	2021
Purchases	912,052	632,799
Change in inventories (Note 9)	(29,078)	(15,411)
Total	**882,974**	**617,388**

21.2. Employee costs

	Thousand euros	
	2022	2021
Wages and Salaries	179,936	154,027
Social Security	49,808	43,511
Other personnel expense	8,312	11,542
Total	**238,056**	**209,080**

The number of employees of the Group as of 31 December 2022 and 2021, by professional category, is as follows:

	Number of Persons	
	2022	2021
Senior Management	11	10
Technical, Sales and Administration Personnel	2,840	2,709
Production Personnel	2,669	2,381
Total	**5,520**	**5,100**

As of 31 December 2022 and 2021, the distribution of personnel and members of the Board of Directors by category and sex is as follows:

	2022		2021	
	Men	Women	Men	Women
Senior Management	10	1	9	1
Technical, Sales and Administration Personnel	1,770	1,070	1,701	1,008
Production Personnel	1,956	713	1,759	622
Total	**3,736**	**1,784**	**3,469**	**1,631**
Board of Directors	7	1	7	1

The number of disabled personnel hired by the Group is 56 persons in 2022 and 43 persons in 2021, within the category "Technical, Sales and Administration Personnel".

Share-based compensation

Neither the Group nor its subsidiaries have implemented a remuneration scheme related to the evolution of the stock value of the shares of the parent company depending on the achievement of certain objectives.

Amendment or termination of contracts

During financial years 2022 and 2021 no transaction alien to ordinary activities of the Group implying an amendment or early termination of any contract between the Group of any of its Shareholders, Directors or person acting on their behalf has occurred.

21.3. Other Information

Auditor fees for the companies of Damm Group and subsidiaries paid to the main auditor and related entities during financial year 2022, amount to EUR 398 thousand (EUR 346 thousand in 2021), of which EUR 158 thousand (EUR 136 thousand in 2021) refer to services provided to Sociedad Anónima Damm. In addition, auditor fees paid to other auditors in the audit of several companies of the Group amounted to EUR 150 thousand (EUR 124 thousand in 2021).

On the other hand, fees related to other professional services provided to the companies by the main auditor of the Group and related entities amount in 2022 to EUR 56 thousand (EUR 119 thousand in 2021). In addition, other verification services required by the applicable regulations were provided during the year in the amount of €39 thousand (€27 thousand in 2021).

22. Investment income

The detail of the items of this heading in the consolidated profit and loss account by origin is:

	Thousand euros	
	2022	**2021**
Income from equity investments	3,056	1,366
Other interest and financial income	1,323	374
	4,379	**1,740**

The amounts recorded under "Other financial interest and income" relate mainly to accrued interest related to current financial assets and cash and cash equivalents during the year (see Notes 8 and 11).

23. Finance expenses

The detail of the items of this heading in the consolidated profit and loss account by origin is:

	Thousand euros	
	2022	**2021**
Finance expenses and similar expenses	6,753	7,989
Loan interests	3,218	3,321
Total Finance expenses	**9,971**	**11,310**
Exchange rate differences	**1,455**	**1,934**

The heading "Finance expenses and similar expenses" includes the interest expense accrued in the issue of convertible bonds (Note 14) for an amount of EUR 1,419 thousand in 2022 (EUR 4,082 million in 2021) and the interest expense related to lease liabilities for the amount of EUR 5,334 (EUR 3,906 in 2021) (see Note 2.1).

24. Taxation

24.1 Consolidated Tax Group

Since financial year 2009, and pursuant to the resolutions of the relevant Shareholders' General Meetings of all the companies that would be part of the tax group, the Group started to pay taxes under the regime of consolidated taxation within Tax Group 548/08.

Companies included in this group in year 2022 are the following:

Companies in the Tax Group
S.A.Damm
Agama Manacor, 249 S.L.U
Aguas de San Martín de Veri, S.A.
Artesania de la Alimentación, S.L.
Balear de Cervezas, S.L.
Cafés Garriga 1850, S.L.
Cerbeleva S.L.
Cervecera del Turia, S.L.
Cervezas Damm Internacional, S.L.
Cervezas Victoria 1928, S.L.
Cervezas Victoria Málaga, S.L.
Comercial Distribuidora Cervezas del Noroeste S.L.
Comercial Mallorquina de Begudes, S.L.
Compañía Cervecera Damm, S.L.
Compañía Damm de Aguas, S.L.
Compañía de Explotaciones Energéticas, S.L.
Compañía inversora del Maestrazgo, S.L.
Corporación Económica Delta, S.A.
Damm Atlántica, S.A.
Damm Canarias, S.L.
Damm Cuba, S.L.
Damm Restauración. S.L.
DDI Nexia, S.L.
DDI Provea, S.L.
Distrialmo, S.L.
Distribución Directa Integral, S.L.
Distribucions de Begudes Marina Alta, S.L.
Distribuidora de Begudes Movi, S.L.
Distridam, S.L.
El Obrador de Hamburguesa Nostra, S.L.
Envasadora Mallorquina de Begudes, S.L.U.
Estrella de Levante Fábrica de Cerveza, S.A.
Estrella del Sur Distribuciones Cerveceras, S.L.

Font Salem, S.L.
Gestión Fuente Liviana, S.L.
Grupo Cacaolat, S.L.
Hamburguesa Nostra Franquicia, S.L.
Hamburguesa Nostra, S.L.
Maltería La Moravia, S.A.
Mascarell Comercial de Bebidas, S.L.
Minerva Global Services, S.L.
Nabrisa Distribuciones, S.L.
Nostra Restauración S.L.U.
Pallex Iberia, S.L.
Planta Lechera Utebo, S.L.
Plataforma Continental, S.L.
Pumba Logística, S.L.
Rodilla Sánchez, S.L.
Rumbosport, S.L.
S.A. Distribuidora de Gaseosas
Setpoint Events, S.A.

24.2 Years open to tax audit

As of 31 December 2022, 5 years for Corporate Tax and 4 years within the time limit for VAT, Individuals Income Tax and Special Tax are open for tax audit, with the possibility to be revised by the Tax Authorities.

Formal enquires were raised for the following years:

a) Partial formal enquiries in years 2006-2011

Contested tax assessments - dated 11 May 2012 and 26 November 2013 - were signed, without penalties, for years 2006 to 2008 and years 2009 to 2011 respectively. The tax liability assessed is related in full to the deduction for extraordinary interest events. Appeal was lodged against such assessments before the Central Economic Administrative Court (Tribunal Económico Administrativo Central), which dismissed such appeals. S.A. Damm, as parent company of Tax Group 548/08, appealed such decisions before the National Court (*Audiencia Nacional*). At the end of 2017 the National Court dismissed such appeals, a decision that has been appealed for cassation before the Supreme Court. Such appeal was accepted for proceeding was finally upheld in July 2021, voiding thus the resolution issued (Note 24.5).

b) Formal enquiries in years 2011-2013

On the 22 October 2015 formal inquiries have been raised for the Income Tax, Value Added Tax and Withholding and Payments on Account for the period 2011-2013 of the companies Compañía Cervecera Damm S.L., Corporación Económica Damm S.A., Estrella de Levante Fábrica de Cerveza S.A.U, Font Salem S.L., Maltería La Moravia S.L. and Plataforma Continental S.L. As they are part of Tax Group 548/08, tax audit actions were also carried with the company S.A. Damm as parent of the Tax Group.

With regard to these formal enquiries for the Corporate Tax, in the 7th of July, 2017, S.A. Damm signed Tax Assessments in agreement -without penalties -with regard to all the companies under audit (in its capacity of parent company of Tax Group 548/08). In the same date and also in agreement and without penalties, Tax Assessments were subscribed with regard to the Personal Income Tax (Withholding and Payments on Account) and Value Added Tax and Contested Tax Assessments only with regard to the deductibility of the interests in arrears in Tax Assessments.

Appeal was lodged against such Contested Tax Assessment before the Central Economic Administrative Court (Tribunal Económico Administrativo Central) by S.A. Damm in its capacity of parent company of Tax Group 548/08), and notice of the dismissal of the appeal was served in January 2020, and therefore an appeal has been lodged before the National Court (Audiencia Nacional). In October 2022 The National Court issued its judgement, entirely upholding S.A. DAMM's appeal.

c) Partial formal enquiries in years 2015-2016

On the 18 June 2018, partial formal inquiries have been raised for the Corporate Tax, for the period 2015 and 2016 related to the Capitalisation Reserve incentive.

As a result of such inquiries, S.A. Damm signed Tax assessments in Agreement, without penalty and Contested tax assessments, also without penalty. With respect to the latter, notice of an assessment resolution for EUR 1,425 thousand was served in December, and the relevant claim has been filed with the TEAC and a stay has been requested. Once the claim filed with the Tax Authorities was dismissed by them, an appeal was lodged with the National Court, which as of today is pending judgement.

d) Partial formal enquiries in years 2018-2022

On the 18 July 2022, partial and limited formal inquiries pursuant to article 148 of Tax Act (LGT) and article 178 of the Tax Audit Regulations (RGAT) have been raised for the Value Added Tax, for the years 2018-2022 and are currently in progress.

Due to possible different interpretations of the tax laws, the result of the tax audits in progress and those carried out in the future by the Tax Authorities for the years subject to assessment may give rise to tax liabilities. That notwithstanding, in the opinion of the tax advisors and the Directors, the possibility of the confirmation of significant liabilities in addition to those accounted for in these Financial Statements is remote.

24.3 Balances held with the Tax Authorities

Debtor and creditor balances with the Tax Authorities as of 31 December 2022 and 2021 were:

	Thousand euros	
	2022	**2021**
Debtor balance		
Income tax	7,841	6,088
Value Added Tax	10,722	14,228
Other	493	499
Total	**19,056**	**20,815**

	Thousand euros	
	2022	**2021**
Creditor balance		
Income tax	378	287
Value Added Tax	2,880	2,645
Special Taxes on Beer, Individuals Income Tax and other	40,994	38,992
Total	**44,252**	**41,924**

Debtor balances are included under “Trade and Other Receivables” of the assets of the consolidated balance sheet.

The balances payable are shown under "Other current liabilities" on the liabilities side of the consolidated balance sheet enclosed herewith.

Since the 1 January 2021, the Company, together with the subsidary Compañía Cervecera Damm S.L., pay taxes within the special regime of Group of Entities, regulated in Chapter IX of Section IX of the Act 37/1992 on VAT, with VAT number 169/20. S.A. Damm is the parent company and at 31 December 2022 the subsidiary is Compañía Cervecera Damm, S.L.

24.4 Reconciliation of accounting and tax income

The reconciliation between the taxable income for the financial year and the accounting income for 2022 and 2021 in thousands of euros follow:

Year 2022	Increase	Decrease	**Amount**
Accounting income for the financial year (after taxes)			**103,104**
Income tax on Continuing Activities	8,509	(27,002)	**18,493**
Income tax on Discontinued Activities	**-**	**-**	**-**
Total Income tax			**18,493**
Individual Adjustments:			
Permanent Differences	16,000	(7,533)	**8,467**
Temporary Differences	12,031	(19,177)	**(7,146)**
Tax Consolidation Adjustments:			
Temporary Differences	8,769	(10,316)	**(1,547)**
Trade consolidation adjustments:			
Temporary Differences	**-**	(5)	**(5)**
Interest in companies accounted for using the equity method	**-**	(10,815)	**(10,815)**
Tax Losses Offset			**(3,740)**
TAXABLE PROFIT			**106,811**

Year 2021	Increase	Decrease	**Amount**
Accounting income for the financial year (after taxes)			**122,658**
Income tax on Continuing Activities	11,717	(17,220)	**5,503**
Income tax on Discontinued Activities	**-**	**-**	**-**
Total Income tax			**5,503**
Individual Adjustments:			

Permanent Differences	13,304	(4,292)	**9,012**
Temporary Differences	17,674	(9,777)	**7,897**
Tax Consolidation Adjustments:			
Temporary Differences	5,042	(8,769)	**(3,727)**
Trade consolidation adjustments:			
Temporary Differences	**-**	(10)	**(10)**
Interest in companies accounted for using the equity method	**-**	(27,002)	**(27,002)**
Tax Losses Offset			**(3,279)**
TAXABLE PROFIT			**111,052**

The Company files consolidated tax returns within the Tax Group 548/08, the Parent Company of which is Sociedad Anónima Damm. The companies of the aforesaid tax group jointly determine the taxable income therefor which is distributed among them pursuant to the basis set forth by the Instituto de Contabilidad y Auditoría de Cuentas as regards the accounting and determination of the individual tax burden.

Permanents Differences essentially relate to adjustment for donations and the application of the capitalization reserve.

Likewise, temporary differences relate to adjustments for free depreciation, limitations to the deduction of the depreciation of goodwills and intangible, the amortization of the balance updates and the recovery of the limit to the amortization of PPE applied in years 2013 and 2014.

The Parent Company has recorded the Capitalisation Reserve (art. 25 LIS), which allows the reduction of the taxable base for the amount of 10% of the increase of net equity (that will usually tally with the profits obtained by the company and not distributed). The limit for this adjustment is 10% of the taxable base before the tax losses offset, provided this increase is maintained for 5 years and a reserve is allocated for the amount of this negative adjustment, which must appear separately in the balance sheet and will not be available during these 5 years.

24.5 Income tax recognised in profit and loss account

The reconciliation between the income tax expense resulting from applying the general tax rate in force in Spain and the expense for such tax in years 2022 and 2021 follows:

	2022	**%**	**2021**	**%**
Pre-tax profit/(loss)	**121,597**		**128,161**	
Income tax theoretical expense	(30,399)	(25%)	(32,040)	(25%)
Tax adjustments	690	1%	1,286	1%
Equity method total net profit effect	2,704	2%	6,751	5%
Tax losses carryforwards applied in the year and/or activated	170	0%	**-**	**-**
Tax deduction and other	6,387	5%	5,172	4%
Other provisions (Note 24.2.a)	1,955	2%	13,328	10%
Income tax	(18,493)	(15%)	(5,503)	(5%)

	Thousand euros	
	2022	2021
Current income tax and other	(14,347)	(10,772)
Deferred income tax advancing (expense and income)	(4,146)	5,269
	(18,493)	**(5,503)**

Current income tax is calculated by applying 25% to the estimated taxable base for the financial year.

24.6 Taxes recognised in equity

Regardless of the income tax recognised in the consolidated profit and loss account, in financial years 2022 and 2021 the Group has passed on its consolidated equity the following accumulated taxes under the following headings:

	Thousand euros	
	2022	2021
From the valuation of financial instruments:	(889)	(361)
Due to actuarial gains and losses and other adjustments	189	582
TOTAL Taxes recognised in equity	**(700)**	**221**

24.7 Deferred tax

Under the laws in force, in financial years 2022 and 2021 certain temporary differences have arisen that must be taken into account when calculating the relevant income tax expense.

The difference between 2022 and previous years' burden tax, and the burden tax already paid or to be paid for these years, included under Deferred Tax Assets and Deferred Tax Liabilities has arisen as a result of temporary differences with origin in several financial years.

Main deferred tax assets and liabilities recognised by the Group and changes during the year follow:

Receivable deferred tax with origin in:	Thousand euros	
	2022	2021
Goodwill impairment losses and intangible tax adjustments	5,790	4,803
Credits and deductions	22,602	23,030
Other provisions	732	941
Capitalisation reserve	1	1
Financial Assets held for sale valuation	-	2
Amortisation limit	1,661	2,706
Balance update	4,061	4,245
Lease agreements tax effect (IFRS 16)	2,478	2,000
Other	8,193	6,997
TOTAL Deferred Tax Assets	**45,518**	**44,725**

Payable deferred tax with origin in:	Thousand euros	
	2022	2021
Liberty of depreciation and other intangible tax adjustments	(6,803)	(5,655)
Other non-current liabilities	(579)	(210)
Harmonisation adjustments	-	-
Allocation of capital gains	(1,325)	(1,454)
Other	(15,349)	(11,787)
TOTAL Deferred Tax Assets	**(24,056)**	**(19,106)**

Temporary differences arising from interest in associates and joint arrangements are irrelevant.

25. Net profit and loss on impairment and disposal of assets and financial instruments

25.1 Net profit and loss on impairment and disposal of non-current assets

Disaggregation of "Net profit and loss on impairment and disposal of non-current assets" for financial years 2022 and 2021 is as follows:

	Thousand euros	
	2022	2021
Goodwill impairment (Note 4)	-	(1,248)
Impairment and disposal of property, plant and equipment	(3,017)	-
Impairment and disposal of holdings	540	(3,911)
Net gain/(loss) on impairment and disposal of non-current assets	**(2,477)**	**(5,159)**

"Impairment and Disposal of property, plant and equipment" discloses the difference between recoverable value and accounting value of several assets identified during the refit, improvement and modernization of several plants, logistic centres as well as in points of sale of the Food and Beverages business.

26. Appropriation of results

Profit for the financial year de la Parent Company of Group, S.A.Damm, has been EUR 71,063 thousand. The proposal for the distribution of results for financial year 2022 the Board of Directors will submit to the approval of the Shareholders' General Meeting is the following:

	Thousand euros
To Dividends (*)	62,718
To Voluntary Reserve	8,345
Net Profit of the Parent Company for financial year 2022	**71,063**

(*) Refer to 0.24 € gross for every share issued (other than treasury shares) existing at the time of the distribution. The amount of the dividend is calculated taking into account the issued shares existing at the time of the preparation of these financial statements. The amount could change depending of the number of issued shares existing at the time of the payment.

Of the amount allocated for dividends, interim dividends totalling EUR 31,367 thousand have already been approved in 2022 and are recognised under "Interim dividend" in equity in the balance sheet.

At the date of approval of the interim dividend, the Company had the necessary liquidity to pay the dividend in accordance with the provisions of the Capital Company Act. The interim financial statements prepared in accordance with the legal requirements showing the existence of sufficient liquidity for the distribution of dividends were as follows:

	1st Dividend	2nd Dividend
Payment Date	26/09/2022	19/12/2022
	Million Euros	
Interim dividend	15.68	15.68
Cash liquidity	118.97	77.89
Undrawn credit liquidity	410	425
Total liquidity	528.97	502.89
	Euros	
Gross dividend per share	0.06	0.06

Existing profit forecasts at each payment date allowed for the distribution of the dividend.
The proposed supplementary dividend is subject to shareholder approval at the Annual General Meeting and is not included as a liability in these financial statements.

27. Earnings per share

Basic earnings per share / Diluted earnings per share

Basic earnings per share is determined by dividing the net result attributed to the Group in one year by the weighted average number of the outstanding shares during this year, and excluding the average number of treasury shares held over the year.

Diluted earnings per share shall be calculated by dividing the net result attributable to ordinary equity holders adjusted by the effect attributable to dilutive potential ordinary shared and the weighted average number of ordinary outstanding shares during the period adjusted by the weighted average number of the ordinary shares that would be issued if all the potential ordinary shares were converted into ordinary shares. Conversion is considered to take place for such purposes at the beginning of the period or when the potential ordinary shares are issued, if they had been issued during the period.

As there are no dilutive equity instruments, basic earnings per share coincide with diluted earnings per share, and have been determined as follows:

	2022	**2021**	**Change**
Net profit for the financial year (million euros)	101.46	121.37	(19.91)
Weighted average number of outstanding shares (million shares)	270.08	270.08	**-**
Less: Treasury shares (million shares)	8.69	8.74	(0.05)
Average number of outstanding shares (million shares)	261.39	261.34	0.05
Adjusted average number of shares for the calculation of diluted earnings per share (million shares)	261.39	261.34	0.05
Basic / diluted earnings per share (euros)	0.39	0.46	(0.07)

28. Events after the balance sheet date

No events occurred after the year end.

29. Transactions with related parties

29.1. Balances and transactions with related parties

Transactions between the Company and its subsidiaries, which are related parties, are part of the ordinary course of business of the company and have been eliminated in the consolidation process, and therefore not disclosed in this Note.

a) Shareholders

During financial year 2022 there have been no relevant transactions between the Parent Company and its shareholders, other than the transaction disclosed in Note 12.4 regarding treasury shares transactions.

b) Associates, joint arrangements and other related parties

Transactions with associates, joint arrangements and other related parties mainly refer to sales and purchases of products made under the Group usual tariffs less the relevant rebates. Such transactions are as follows:

	Thousand euros						
	2022						
	Purchases	Sales	Services received	Services provided	Financial income	Dividend received	Credits (Note 8)
BEVERAGES SUBSET	7,115	3	6	-	-	-	-
DISTRIBUTION SUBSET	7,951	47,941	1,238	328	11	0	600
FOOD AND BEVERAGE	-	-	-	-	-	-	-
EBRO FOODS, S.A.	8,481	-	-	-	-	10,249	-
DISA GROUP	43,673	359	6,116	37	-	-	-

	Thousand euros						
	2021						
	Purchases	Sales	Services received	Services provided	Financial income	Dividend received	Credits (Note 8)
BEVERAGES SUBSET	6,913	-	17	298	134	-	-
DISTRIBUTION SUBSET	14,598	44,317	1,343	341	9	200	600
FOOD AND BEVERAGE	-	-	-	-	-	-	-
EBRO FOODS, S.A.	6,686	-	-	-	-	20,498	-
DISA GROUP	13,342	251	4,486	24	-	-	-

c) Directors and Senior Management

The members of the Board of Directors and Senior Managers, as well as the shareholders represented in the Board of Directors, have not taken part in any unusual and/or relevant transaction of the Group during financial years 2022 and 2021.

29.2. Remunerations of the Board of Directors

Article 28 of the Articles of Association of the Parent Company sets forth that the members of its Board of Directors will receive as a share of the profit for the financial year of the company an amount set according to such profit.

Therefore, the members of the Board of Directors of the Parent Company received during 2022 the following gross amounts:

	Thousand euros	
	2022	**2021**
Fixed remuneration	2,250	1,950
Variable remuneration	-	-
Payments as per the Articles of	8,019	8,019
Allowances	1,092	1,092
	11,361	**11,061**

In addition, the members of the Board of Directors of the Parent Company have received EUR 340 thousand by way of payment as per the Articles of Association and EUR 913 thousand by way of allowances under their membership of other boards of directors of companies of the Group.
As of 31 December 2022 and 2021 the Parent Company had not entered into pension plans or life insurance policies obligations for former or current members of the Board of Directors. That notwithstanding, and for the members of the Board that resigned from their office under certain conditions, the Parent Company recognises certain provisions arising from annuities to its Directors (see Note 3.13).

The amount paid in financial year 2022 by way of professional liability insurance for the Directors has been EUR 67 thousand (was EUR 55 thousand in 2021).

29.3. Senior Management remuneration

Total remuneration for years 2022 and 2021 amounted to EUR 4,956 thousand and EUR 4,476 thousand respectively.

In addition, certain Senior Managers are included in the outsourced policy mentioned in Notes 3.13 and 18.2. The amount of post-employment benefits paid during financial years 2022 and 2021 for certain Senior Managers amounted to EUR 60 thousand and EUR 73 thousand respectively.

30. Information regarding conflicts of interests of the Directors

At the end of financial year 2022 neither the Directors nor any related parties thereof as defined in the Companies Act had disclosed to the rest of the members of the Board of Directors any direct or indirect conflict situation they could had with the interests of the Parent Company.

31. Guarantees provided to third parties

As of 31 December 2022 the Group had suretyships arising from its activities and joint arrangements for the amount of EUR 31 million (was EUR 46.8 million in 2021).

The Directors of the Group consider that there will not be no other significant additional liabilities than those accounted for in the consolidated balance sheet under the transactions mentioned in this note.

32. Contingent liabilities and contingent assets

Contingent liabilities:

There is no significant outstanding litigation, trade related or other, from which relevant contingent liabilities could arise for any of the companies of the Group.

Contingent assets:

There is no significant outstanding litigation, trade related or other, from which relevant contingent assets could arise for any of the companies of the Group.

33. Environmental information

The Group has in its plant, property, and equipment several elements for the protection and improvement of the environment with an aggregate investment of EUR 51.6 million (was EUR 49.5 million in 2021).
In addition, during financial year 2022, the Group incurred in several expenses in order to protect and improve the environment. Expenses for regular maintenance activities and other amount to an aggregate of 7.1 EUR million (was EUR 6.3 million in 2021).

On the other hand, the Group has contracted an external service for the regular collection of inert waste, and the collection of the rest of residues is contracted with waste management agreed firms.

As of 31 December 2022 the Company does not have any provision for potential environment risks accounted for as there are no significant contingencies related to potential litigation, compensation or other. In addition, the Company has insurance policies as well as safety plans that reasonably ensure the coverage of any possible contingency arising from its environmental activity.

In addition, the Group prepares an environmental report explaining all the aspects and activities carried in this area.

The Group's activities, by their nature, do not have a significant environmental impact. Furthermore, the nature of the Group's activities does not qualify as "dirty industry".

The Group has environmental management policies and procedures in place to ensure that its operations are environmentally friendly and to establish communication and supervision procedures for decision-making/actions and their evaluation with strict compliance with regulations, business sustainability and energy and resource efficiency in mind. These activities are coordinated by the Sustainability Committee and the Environment department and affect the investment policy, selection of environmentally certified components and suppliers, product design, industrial waste management and material recovery (circular economy), efficient use of transport to minimise the carbon footprint, among other relevant actions.

The Group's management has not identified any significant risks related to the protection and improvement of the environment or to the potential effects of climate change that could affect the financial statements and, specifically, the activities it currently carries out or the assets it uses to carry out these activities.

34. Subsidiaries, Join Arrangements and Associates

The detail of Damm Group subsidiaries, joint arrangements and associates as of 31 December 2022 follows (see table):

DAMM GROUP SUBSIDIARIES IN 2022

Name /Registered Office / Activity	Effective Interest		Thousand euros				
	Holder	%	Share Capital	Profit/(Loss) Operating	Profit/(Loss) Net	Other Equity	Total Equity
Agama Manacor 249, S.L.U. (*) Palma (Balearic Islands) Exploitation of all kind of dairy business and manufacturing and selling all kind of food and beverages	S.A.Damm	100.00%	50	(1,675)	(1,258)	(4,211)	(5,419)
Aguas de San Martín de Veri, S.A. (*) Bisaurri (Huesca) Water bottling and sale	Compañía Damm de Aguas, S.L.	99.59%	3,039	887	709	13,706	17,454
Alfil Logistics, S.A. (*) Madrid Logistic activities operation and sale	S.A.Damm	60.00%	2,320	2,701	2,070	15,012	19,401
Artesania de la Alimentación S.L. (*) Madrid Manufacture and sale of food products for Rodilla stores chain	Rodilla Sanchez, S.L.	100.00%	913	1,376	1,095	6,068	8,075
Balear de Cervezas S.L. (**) Palma (Balearic Islands) Securities and financial assets holding	S.A.Damm	100.00%	5	-	-	4,995	5,000
Bebidas Ugalde, S.L. (****) Idizabal (Gipuzkoa) Wholesale of any kind of beverages and food	Distribución Directa Integral, S.L.	100.00%	163	(271)	(210)	1,385	1,337
Brasserie Estrella Damm Québec, Inc (**) Chambly (Quebec) Business services provision	S.A.Damm	100.00%	0	(62)	(62)	(41)	(103)
Cafés Garriga 1850 S.L (*) Barbera del vallès (Barcelona) Coffee, tea and substitutes preparation and sale	Damm Restauración, S.L.	100.00%	18	333	217	958	1,193
Carbóniques Becdamm, S.L.(****) Andorra Wholesale of any kind of beverages and food	Distribución Directa Integral, S.L.	50.50%	3	161	141	541	685
Cerbeleva, S.L. (****) Espinardo (Murcia) Wholesale of any kind of beverages and food	Distribución Directa Integral, S.L.	80.00%	521	(380)	(317)	4,507	4,712
Cervezas Damm Internacional, S.L. (**) Barcelona Acquisition, management, transfer, disposal, operation and holding of securities, shares, interest and other capital or equity securities.	S.A.Damm	100.00%	50	(3)	(1)	103	152
Cervezas Victoria Málaga, S.L. (****) Malaga Wholesale of any kind of beverages and food	DDI Nexia, S.L.U.	100.00%	5	(151)	(131)	(636)	(763)
Cervezas Victoria 1928, S.L. (**) Malaga Brewery and sale of beer and derivatives	S.A.Damm	100.00%	3	(638)	(464)	(929)	(1,390)
Comercial Distribuidora de Cervezas del Noreste, S.L. (****) Barcelona Wholesale of any kind of beverages and food	DDI Nexia, S.L.U.	100.00%	33	(319)	(263)	1,336	1,107

(*) Companies audited by the auditor of the Parent Company.
(**) Non-audited companies.
(****) Companies audited by other auditor
(****) Half year information reported to CNMV

DAMM GROUP SUBSIDIARIES IN 2022

Name /Registered Office / Activity	Effective Interest		Thousand euros				
				Profit/(Loss)			
	Holder	%	Share Capital	Operating	Net	Other Equity	Total Equity
Comercial Mallorquina de Begudes, S.L. (*) Barcelona Wholesale of any kind of beverages and food	Distribución Directa Integral, S.L.	100.00%	4,000	(2,090)	(1,671)	2,601	4,930
Comercial Plomer Distribucions S.L. (**) Mallorca Purchase, sale, distribution and marketing of all kind of beverages and food. Haulage of any kind of goods.	Distribución Directa Integral, S.L.	100.00%	423	48	45	500	967
Compañía Cervecera Damm, S.L. (*) Barcelona Brewery and sale of beer and derivatives	S.A.Damm	100.00%	20,005	4,233	2,496	146,554	169,055
Compañía Damm de Aguas, S.L. (**) Barcelona Acquisition, management, transfer, disposal, operation and holding of securities, shares, interest and other capital or equity securities.	S.A.Damm	100.00%	30,421	(3)	(25)	(7,407)	22,988
Compañía de Explotaciones Energéticas, S.L. (*) Barcelona Cogeneration of electricity	S.A.Damm	100.00%	14,358	1,993	1,650	5,217	21,226
Corporación Económica Delta, S.A. (*) Barcelona Lease, use and operation of real estate and holding of securities and financial assets	S.A.Damm	99.99%	59,436	(1,631)	15,402	49,928	124,767
Compañía Inversora del Maestrazgo, S.L. (**) Madrid Lease, use and operation of real estate and holding of securities and financial assets	Corporación Económica Delta, S.A	100.00%	100	(1)	(0)	20,872	20,971
Crouchback Investments, LTD (**) London (United Kingdom) Securities and financial assets holding	Corporación Económica Delta, S.A.	100.00%	2,254	(8)	(5)	199	2,448
Damm Atlántica S.A. (*) Barcelona Business services provision	S.A.Damm	100.00%	61	(2)	2	460	523
Damm Brewery UK, L.T.D (**) London (United Kingdom) Business services provision	S.A.Damm	100.00%	0	48	73	376	449
Damm Brewery Sweden AB (**) Stockholm (Sweden) Business services provision	S.A.Damm	100.00%	8	16	11	65	83
Damm Brewery (Australia) PTL LTD (**) Sidney (Australia) Business services provision	S.A.Damm	100.00%	0	128	80	108	188
Damm Canarias S.L. (**) Barcelona Wholesale and retail, deposit, handling and transport of any kind of beverages and food.	S.A.Damm	100.00%	5	101	(47)	49	7
Damm Cuba, S.L. (**) Barcelona Wholesale of any kind of beverages and food	S.A.Damm	100.00%	900	(1)	4	(398)	506

(*) Companies audited by the auditor of the Parent Company.
(**) Non-audited companies.
(****) Companies audited by other auditor
(****) Half year information reported to CNMV

DAMM GROUP SUBSIDIARIES IN 2022

Name /Registered Office / Activity	Effective Interest		Thousand euros				
	Holder	%	Share Capital	Profit/(Loss) Operating	Profit/(Loss) Net	Other Equity	Total Equity
Damm Portugal Unipersonal L.D.A (**) Santarem (Portugal) Wholesale of any kind of beverages and food and mineral water sources operation	S.A.Damm	100.00%	5	(1,873)	(1,480)	(630)	(2,105)
Damm Restauración, S.L. (**) Barcelona Acquisition, management, transfer, disposal, operation and holding of securities, shares, interest and other capital or equity securities.	S.A.Damm	100.00%	8,819	(329)	(1,493)	40,662	47,988
Dayroveli S.L. (****) Barcelona Wholesale and retail, deposit, handling and transport of any kind of beverages and food.	Distribución Directa Integral, S.L.	100.00%	4,000	(1,126)	(1,039)	(2,534)	427
DDI Nexia, S.L.U. (****) San Martín de la Vega (Madrid) Retail sale of all kind of beverages and food	Distribución Directa Integral, S.L.	100.00%	364	431	88	4,627	5,079
DDI Provea S.L. (**) Barcelona Wholesale and retail, deposit, handling and transport of any kind of beverages and food.	Distribución Directa Integral, S.L.	100.00%	5	98	(176)	-	(171)
Dismenorca S.L. (****) Ciutadella (Menorca) Wholesale of any kind of beverages and food	Distribución Directa Integral, S.L.	51.00%	323	804	603	3,414	4,340
Distribución Directa Integral, S.L. (**) (Barcelona) Securities and financial assets holding	S.A.Damm	100.00%	5,585	(2,867)	(6,181)	(10,773)	(11,370)
Distribuidora de Begudes Marina Alta (****) Barcelona Wholesale and retail, deposit, handling and transport of any kind of beverages and food.	Distribución Directa Integral, S.L.	100.00%	5	(532)	(477)	(565)	(1,037)
Distridam, S.L. (****) Gava (Barcelona) Wholesale of any kind of beverages and food	Distribución Directa Integral, S.L.	75.30%	213	1,471	933	16,110	17,256
Distrialmo, S.L. (****) Barcelona Wholesale of any kind of beverages and food	Distribución Directa Integral, S.L.	90.00%	108	(10)	(35)	669	742
Distriduidora de Begudes Movi, S.L. (****) Martorelles (Barcelona) Wholesale of any kind of beverages and food	Distribución Directa Integral, S.L.	91.10%	82	(326)	(287)	1,068	863
El Obrador De Hamburguesa Nostra S.L. (*) Madrid Manufacturing and marketing of any kind of meat products, particularly burgers	Hamburguesa Nostra, S.L.	100.00%	3	(63)	(54)	(607)	(658)

(*) Companies audited by the auditor of the Parent Company.
(**) Non-audited companies.
(****) Companies audited by other auditor
(****) Half year information reported to CNMV

DAMM GROUP SUBSIDIARIES IN 2022

Name /Registered Office / Activity	Effective Interest		Thousand euros				
	Holder	%	Share Capital	Profit/(Loss) Operating	Profit/(Loss) Net	Other Equity	Total Equity
Envasadora Mallorquina de Begudes, S.L. (*) Madrid Wholesale of any kind of beverages and food	Compañía Damm de Aguas, S.L.	100.00%	50	(226)	(226)	(1,792)	(1,969)
Estrella Damm Chile SpA (**) Santigal (Chile) Wholesale of any kind of beverages and food	Cervezas Damm Internacional, S.L.	100.00%	19	16	15	25	59
Estrella Damm Guinea Ecuatorial S.L. (**) Malabo (Equatorial Guinea) Business services provision	Cervezas Damm Internacional, S.L.	65.00%	8	12	8	8	24
Estrella Damm Consulting (Shanghai) Co. Ltd. (****) Shanghai (China) Business services provision	S.A.Damm	100.00%	44	-	-	(44)	0
Estrella Damm Services Canada, Inc.(**) Vancouver (Canada) Business services provision	S.A.Damm	100.00%	7	10	7	102	116
Estrella Damm Trading Co, Ltd (****) Shanghai (China) Wholesale of any kind of beverages and food	S.A.Damm	100.00%	114	700	769	(1,467)	(585)
Estrella Damm US Corporation (**) Florida (USA) Business services provision	S.A.Damm	100.00%	0	159	125	428	552
Estrella de Levante Fábrica de Cerveza, S.A. (*) Espinardo (Murcia) Brewery and sale of beer and derivatives	S.A.Damm	100.00%	7,870	2,286	1,983	6,733	16,586
Estrella del Sur Distribuciones Cerveceras, S.L. (****) Dos Hermanas (Sevilla) Wholesale of any kind of beverages and food	DDI Nexia, S.L.U.	100.00%	3	(595)	(527)	(485)	(1,010)
Font Salem, S.L. (*) Salem (Valencia) Production, bottling and sale of soft drinks and beer	S.A.Damm Crouchback Investments, Ltd.	96.30% 3.70%	17,939	38,918	29,832	134,241	182,012
Font Salem Investimentos SGPS Unipessoal LDA (****) Santarem (Portugal) Acquisition, management, transfer, disposal, operation and holding of securities, shares, interest and other capital or equity securities.	Font Salem, S.L.	100.00%	5	(3)	11,723	82,682	94,410
Font Salem Portugal, S.A. (****) Santarem (Portugal) Brewery and sale of beer and derivatives	Font Salem Investimentos, SGPS	100.00%	2,050	12,086	11,727	80,627	94,404
Gasteiz Banaketa Integrala S.L. (****) Barcelona Wholesale of any kind of beverages and food	Distribución Directa Integral, S.L.	90.00%	2,555	(119)	(114)	(608)	1,834
Gestión Fuente Liviana, S.L. (*) Huerta del Marquesado (Cuenca) Marketing of mineral water and beverages	Compañía Damm de Aguas, S.L.	100.00%	11	1,396	1,159	19,090	20,260

(*) Companies audited by the auditor of the Parent Company.
(**) Non-audited companies.
(****) Companies audited by other auditor
(****) Half year information reported to CNMV

DAMM GROUP SUBSIDIARIES IN 2022

Name /Registered Office / Activity	Effective Interest		Thousand euros				
	Holder	%	Share Capital	Profit/(Loss) Operating	Profit/(Loss) Net	Other Equity	Total Equity
Grupo Cacaolat, S.L. (*) Santa Coloma de Gramanet (Barcelona) Acquisition, sanitisation, homogenisation and supply of milk and its derivatives, manufacture and marketing of all kinds of food products and beverages.	S.A.Damm	100.00%	10,000	(2,079)	(2,275)	18,920	26,645
Hamburguesa Nostra S.L. (**) Madrid Wholesale and retail and restaurants of burgers and any other foods, operation of licenses and licensing and franchising with such activities	Damm Restauración, S.L.	83.30%	216	124	(121)	(2,071)	(1,976)
Hamburguesa Nostra Franquicia S.L. (**) Madrid Wholesale and retail and restaurants of burgers and any other foods, operation of licenses and licensing and franchising with such activities	Hamburguesa Nostra, S.L.	100.00%	780	167	125	(637)	268
Intercervecera, S.L. (****) Las Chafiras (Santa Cruz de Tenerife) Retail sale of all kind of beverages and food	Damm Canarias, S.L.U.	72.00%	4	(429)	(333)	492	163
Maltería la Moravia, S.L. (*) Barcelona Preparation and sale of malt and derivatives	S.A.Damm	100.00%	3,000	2,322	1,697	8,010	12,707
Mascarell Comercial de Bebidas, S.L. (****) Barcelona Wholesale and retail, deposit, handling and transport of any kind of beverages and food.	Distribución Directa Integral, S.L.	100.00%	10,000	(371)	(280)	(461)	9,259
Minerva Global Services, S.L. (**) Barcelona Creation and operation of an Internet Virtual Market	S.A.Damm	100.00%	10	(287)	(225)	(2,055)	(2,270)
Nabrisa Distribuciones S.L. (****) Vilanova i la Geltrú (Barcelona) Wholesale and retail of any beverages and food and catering, home and commerce consumables	Distribución Directa Integral, S.L.	100.00%	87	(648)	(576)	718	229
Nostra Restauración S.L.U. (*) Madrid Wholesale and retail and restaurants of burgers and any other foods, operation of licenses and licensing and franchising with such activities	Hamburguesa Nostra, S.L.	100.00%	3,574	(464)	(274)	(3,122)	178
Pallex Iberia, S.L. (*) Barcelona Administrative, accounting and business management support services, and logistic and transport ancillary services	S.A.Damm	100.00%	28	(103)	(90)	533	472
Plataforma Continental, S.L. (**) Madrid Brewery and sale of beer, its residue and its derivatives	S.A.Damm	100.00%	6,664	(588)	(441)	(12,823)	(6,600)

(*) Companies audited by the auditor of the Parent Company.
(**) Non-audited companies.
(****) Companies audited by other auditor
(****) Half year information reported to CNMV

DAMM GROUP SUBSIDIARIES IN 2022

Name /Registered Office / Activity	Effective Interest		Thousand euros				
	Holder	%	Share Capital	Profit/(Loss)		Other Equity	Total Equity
				Operating	Net		
Pumba Logistica S.L. (**) Madrid Transport activities operation and management	Corporación Económica Delta, S.A. Compañía de Explotaciones Energéticas, S.L.	99.95% 0.05%	2,000	(1,362)	(1,018)	10,994	11,975
Rodilla Sanchez, S.L. (*) Madrid Sandwiches catering and sale / Catering	Damm Restauración, S.L.	100.00%	13,954	1,989	782	13,880	28,615
Rodilla Sanchez LLC (**) Miami (USA) Sandwiches catering and sale / Catering	Rodilla Sanchez, S.L.	100.00%	-	(1,371)	(1,657)	(1,264)	(4,735)
Rumbosport, S.L. (**) Madrid Organization of tournaments and sport or cultural events of any kind. Creation and marketing of artistic and cultural contents of any kind.	Setpoint Events, S.A.	100.00%	3	9	9	111	123
Setpoint Events S.A. (**) Barcelona Organization of tournaments and sport or cultural events of any kind. Creation and marketing of artistic and cultural contents of any kind.	S.A.Damm	80.00%	188	(118)	(82)	7,671	7,777
Sociedad Anónima Distribuidora de Gaseosas, S.A. (**) Palma (Balearic Islands) Wholesale of any kind of beverages and food	Comercializadora Mallorquina de Begudes, S.L.	100.00%	61	55	(12)	(5)	43

(*) Companies audited by the auditor of the Parent Company.
(**) Non-audited companies.
(****) Companies audited by other auditor
(****) Half year information reported to CNMV

DAMM GROUP ASSOCIATES AND JOINT ARRANGEMENTS IN 2022

Name /Registered Office / Activity	% interest						
	Holder	%	Share Capital	Profit/(Loss) Operating	Profit/(Loss) Net	Other Equity	Total Equity
Bizkai Izarra Zerbituak, S.A. (****) Ortuella (Bizkaia) Wholesale of any kind of beverages and food. / Distribution.	Trade Eurofradis, S.L.	66.67%	660	(2)	6	(864)	(198)
Bizkaiko Edari Komertzialak S.L. (****) Barcelona Wholesale of any kind of beverages and food.	Distribución Directa Integral, S.L.	32.50%	2,308	145	123	(75)	2,356
	Bizkai Izarra Zerbitzuak, S.A.	35.00%					
Comergrup, S.L. (****) Sant Quirze del Valles (Barcelona) Wholesale of any kind of beverages and food, marketing research and advice. / Distribution.	Distribución Directa Integral, S.L.	10.15%	378	(189)	(159)	236	455
	Distriduidora de Begudes Movi, S.L.	8.12%					
	Distridam, S.L.	14.47%					
Distribuciones Fransadis, S.L. (**) Albolote (Granada) Wholesale of any kind of beverages and food. / Distribution.	Distribución Directa Integral, S.L.	35.00%	47	(301)	(235)	279	91
Ebro Foods, S.A. (*****) Madrid Manufacture, preparation, marketing, investigation, import, export of all kind of food and dietary products / Food	Corporación Económica Delta, S.A	11.69%	92,319	203,058	238,629	1,802,242	2,133,190
Estrella del Sol Services, S.A. (****) Fuengirola (Malaga) Wholesale of any kind of beverages and food. / Distribution.	Trade Eurofradis, S.L.	50.00%	60	526	388	702	1,150
Estrella Disagrup, S.L. (****) Alberic (Valencia) Wholesale of any kind of beverages and food. / Distribution.	Trade Eurofradis, S.L.	50.00%	60	43	28	316	404
Estrella Huelva Services, S.A. (****) Huelva Wholesale of any kind of beverages and food. / Distribution.	Trade Eurofradis, S.L.	50.00%	120	93	59	(33)	146
Estrella Iruña Services, S.A. (****) Noain (Navarra) Wholesale of any kind of beverages and food. / Distribution.	Trade Eurofradis, S.L.	50.00%	60	203	136	891	1,087
Estrella Vega Baja Services, S.L. (**) Alicante Wholesale of any kind of beverages and food. / Distribution.	Jap Alacant Serveis, S.A.	100.00%	60	-	-	464	524
Estrella Indal Services, S.A. (****) Huercal (Almería) Wholesale of any kind of beverages and food. / Distribution.	Trade Eurofradis, S.L.	50.00%	60	244	157	413	630

(*) Companies audited by the auditor of the Parent Company.
(**) Non-audited companies.
(****) Companies audited by other auditor
(****) Half year information reported to CNMV

DAMM GROUP ASSOCIATES AND JOINT ARRANGEMENTS IN 2022

Name /Registered Office / Activity	% interest						
	Holder	%	Share Capital	Profit/(Loss) Operating	Profit/(Loss) Net	Other Equity	Total Equity
Estrella Madrid Services, S.A. (****) Martín de la Vega (Madrid) Wholesale of any kind of beverages and food. / Distribution.	Trade Eurofradis, S.L.	50.00%	60	317	170	1,463	1,693
Estrella Moncayo Services, S.A. (****) Zaragoza Wholesale of any kind of beverages and food. / Distribution.	Trade Eurofradis, S.L.	50.00%	60	249	177	1,078	1,315
Euroestrellas Badalona, S.L. (****) Badalona (Barcelona) Wholesale of any kind of beverages and food. / Distribution.	Distribución Directa Integral, S.L.	10.00%	1,100	(233)	(196)	395	1,299
Jap Alacant Serveis, S.A. (****) Alicante Wholesale of any kind of beverages and food. / Distribution.	Trade Eurofradis, S.L.	50.00%	60	681	504	1,800	2,365
Plataforma Logistica Madrid S.L. (**) San Martín de la Vega (Madrid) Distribution of all kind of beverages and all kind of food, bricolage and drugstore products	DDI Nexia, S.L.U. Estrella Madrid Services, S.A.	50.00% 50.00%	30	-	-	(10)	20
Quality Corn, S.A. (****) Almunia de San Juan (Huesca) Cereal and derivatives preparation and sale / Beverages	S.A.Damm	20.10%	2,000	386	359	669	3,028
Sein Izarra Zerbituak, S.L. (****) Oiartzaun (Guipuzkoa) Wholesale of any kind of beverages and food. / Distribution.	Trade Eurofradis, S.L.	49.10%	60	545	28	316	404
Serhs Distribució i Logística, S.L. (****) Pineda de Mar (Barcelona) Wholesale of any kind of beverages and food. / Distribution.	Distribución Directa Integral, S.L.	6.34%	1,067	(4,011)	(4,555)	15,289	11,801
Trade Eurofradis, S.L. (**) Manresa (Barcelona) Administrative management services / Distribution	Distribución Directa Integral, S.L.	50.00%	577	195	149	1,575	2,301

(*) Companies audited by the auditor of the Parent Company.
(**) Non-audited companies.
(****) Companies audited by other auditor
(****) Half year information reported to CNMV

DAMM GROUP SUBSIDIARIES IN 2021

Name /Registered Office / Activity	Effective Interest		Thousand euros				
	Holder	%	Share Capital	Profit/(Loss) Operating	Profit/(Loss) Net	Other Equity	Total Equity
Agama Manacor 249, S.L.U. (*) Palma (Balearic Islands) Exploitation of all kind of dairy business and manufacturing and selling all kind of food and beverages	S.A.Damm	100,00%	50	(1675)	(1258)	(4.211)	(5.419)
Aguas de San Martín de Veri, S.A. (*) Bisaurri (Huesca) Water bottling and sale	Compañía Damm de Aguas, S.L.	99,59%	3.039	887	709	13.706	17.454
Alfil Logistics, S.A. (*) Madrid Logistic activities operation and sale	S.A.Damm	60,00%	2.320	2.701	2.070	15.012	19.401
Artesania de la Alimentación S.L. (*) Madrid Manufacture and sale of food products for Rodilla stores chain	Rodilla Sanchez, S.L.	100,00%	913	1376	1095	6.068	8.075
Balear de Cervezas S.L. (**) Palma (Balearic Islands) Securities and financial assets holding	S.A.Damm	100,00%	5	-	-	4.995	5.000
Bebidas Ugalde, S.L. (****) Idizabal (Gipuzkoa) Wholesale of any kind of beverages and food	Distribución Directa Integral, S.L.	100,00%	163	(271)	(210)	1385	1337
Brasserie Estrella Damm Québec, Inc (**) Chambly (Quebec) Business services provision	S.A.Damm	100,00%	0	(62)	(62)	(41)	(103)
Cafés Garriga 1850 S.L (*) Barbera del vallès (Barcelona) Coffee, tea and substitutes preparation and sale	Damm Restauración, S.L.	100,00%	18	333	217	958	1.193
Carbóniques Becdamm, S.L.(****) Andorra Wholesale of any kind of beverages and food	Distribución Directa Integral, S.L.	50,50%	3	161	141	541	685
Cerbeleva, S.L. (****) Espinardo (Murcia) Wholesale of any kind of beverages and food	Distribución Directa Integral, S.L.	80,00%	521	(380)	(317)	4.507	4.712
Cervezas Damm Internacional, S.L. (**) Barcelona Acquisition, management, transfer, disposal, operation and holding of securities, shares, interest and other capital or equity securities.	S.A.Damm	100,00%	50	(3)	(1)	103	152
Cervezas Victoria Málaga, S.L. (****) Malaga Wholesale of any kind of beverages and food	DDI Nexia, S.L.U.	100,00%	5	(151)	(131)	(636)	(763)
Cervezas Victoria 1928, S.L. (**) Malaga Brewery and sale of beer and derivatives	S.A.Damm	100,00%	3	(638)	(464)	(929)	(1390)
Comercial Distribuidora de Cervezas del Noreste, S.L. (****) Barcelona Wholesale of any kind of beverages and food	DDI Nexia, S.L.U.	100,00%	33	(319)	(263)	1336	1.107
Comercial Mallorquina de Begudes, S.L. (*) Barcelona Wholesale of any kind of beverages and food	Distribución Directa Integral, S.L.	100,00%	4.000	(2.090)	(1671)	2.601	4.930
Comercial Plomer Distribucions S.L. (**) Mallorca Purchase, sale, distribution and marketing of all kind of beverages and food. Haulage of any kind of goods.	Distribución Directa Integral, S.L.	100,00%	423	48	45	500	967
Compañía Cervecera Damm, S.L. (*) Barcelona Brewery and sale of beer and derivatives	S.A.Damm	100,00%	20.005	4.233	2.496	146.554	169.055

(*) Companies audited by the auditor of the Parent Company.
(**) Non-audited companies.
(****) Companies audited by other auditor
(****) Half year information reported to CNMV

DAMM GROUP SUBSIDIARIES IN 2021

Name /Registered Office / Activity	Effective Interest		Thousand euros				
	Holder	%	Share Capital	Profit/(Loss) Operating	Profit/(Loss) Net	Other Equity	Total Equity
Compañía Damm de Aguas, S.L. (**) Barcelona Acquisition, management, transfer, disposal, operation and holding of securities, shares, interest and other capital or equity securities.	S.A.Damm	100,00%	30.421	(3)	(25)	(7.407)	22.988
Compañía de Explotaciones Energéticas, S.L. (*) Barcelona	S.A.Damm	100,00%	14.358	1993	1650	5.217	21.226
Corporación Económica Delta, S.A. (*) Barcelona Lease, use and operation of real estate and holding of securities and financial assets	S.A.Damm	99,99%	59.436	(1631)	15.402	49.928	124.767
Compañía Inversora del Maestrazgo, S.L. (**) Madrid Lease, use and operation of real estate and holding of securities and financial assets	Corporación Económica Delta, S.A	100,00%	100	(1)	(0)	20.872	20.971
Crouchback Investments, LTD (**) London (United Kingdom) Securities and financial assets holding	Corporación Económica Delta, S.A.	100,00%	2.254	(8)	(5)	199	2.448
Damm Atlántica S.A. (*) Barcelona Business services provision	S.A.Damm	100,00%	61	(2)	2	460	523
Damm Brewery UK, L.T.D (**) London (United Kingdom) Business services provision	S.A.Damm	100,00%	0	48	73	376	449
Damm Brewery Sweden AB (**) Stockholm (Sweden) Business services provision	S.A.Damm	100,00%	8	16	11	65	83
Damm Brewery (Australia) PTL LTD (**) Sidney (Australia) Business services provision	S.A.Damm	100,00%	0	128	80	108	188
Damm Canarias S.L. (**) Barcelona Wholesale and retail, deposit, handling and transport of any kind of beverages and food.	S.A.Damm	100,00%	5	101	(47)	49	7
Damm Cuba, S.L. (**) Barcelona Wholesale of any kind of beverages and food	S.A.Damm	100,00%	900	(1)	4	(398)	506
Damm Portugal Unipersonal L.D.A (**) Santarem (Portugal) Wholesale of any kind of beverages and food and mineral water sources operation	S.A.Damm	100,00%	5	(1873)	(1480)	(630)	(2.105)
Damm Restauración, S.L. (**) Barcelona Acquisition, management, transfer, disposal, operation and holding of securities, shares, interest and other capital or equity securities.	S.A.Damm	100,00%	8.819	(329)	(1493)	40.662	47.988
Dayroveli S.L. (****) Barcelona Wholesale and retail, deposit, handling and transport of any kind of beverages and food.	Distribución Directa Integral, S.L.	100,00%	4.000	(1126)	(1039)	(2.534)	427
DDI Nexia, S.L.U. (****) San Martín de la Vega (Madrid) Retail sale of all kind of beverages and food	Distribución Directa Integral, S.L.	100,00%	364	431	88	4.627	5.079
DDI Provea S.L. (**) Barcelona Wholesale and retail, deposit, handling and transport of any kind of beverages and food.	Distribución Directa Integral, S.L.	100,00%	5	98	(176)	-	(171)
Dismenorca S.L. (****) Ciutadella (Menorca) Wholesale of any kind of beverages and food	Distribución Directa Integral, S.L.	51,00%	323	804	603	3.414	4.340

(*) Companies audited by the auditor of the Parent Company.
(**) Non-audited companies.
(****) Companies audited by other auditor
(****) Half year information reported to CNMV

DAMM GROUP SUBSIDIARIES IN 2021

Name /Registered Office / Activity	Effective Interest		Thousand euros				
	Holder	%	Share Capital	Profit/(Loss) Operating	Profit/(Loss) Net	Other Equity	Total Equity
Distribución Directa Integral, S.L. (**) (Barcelona) Securities and financial assets holding	S.A.Damm	100,00%	5.585	(2.867)	(6.181)	(10.773)	(11.370)
Distribuidora de Begudes Marina Alta (****) Barcelona Wholesale and retail, deposit, handling and transport of any kind of beverages and food.	Distribución Directa Integral, S.L.	100,00%	5	(532)	(477)	(565)	(1037)
Distridam, S.L. (****) Gava (Barcelona) Wholesale of any kind of beverages and food	Distribución Directa Integral, S.L.	75,30%	213	1471	933	16.110	17.256
Distrialmo, S.L. (****) Barcelona Wholesale of any kind of beverages and food	Distribución Directa Integral, S.L.	90,00%	108	(10)	(35)	669	742
Distriduidora de Begudes Movi, S.L. (****) Martorelles (Barcelona) Wholesale of any kind of beverages and food	Distribución Directa Integral, S.L.	91,10%	82	(326)	(287)	1068	863
El Obrador De Hamburguesa Nostra S.L. (*) Madrid Manufacturing and marketing of any kind of meat products, particularly burgers	Hamburguesa Nostra, S.L.	100,00%	3	(63)	(54)	(607)	(658)
Envasadora Mallorquina de Begudes, S.L. (*) Madrid Wholesale of any kind of beverages and food	Compañía Damm de Aguas, S.L.	100,00%	50	(226)	(226)	(1792)	(1969)
Estrella Damm Chile SpA (**) Santigal (Chile) Wholesale of any kind of beverages and food	Cervezas Damm Internacional, S.L.	100,00%	19	16	15	25	59
Estrella Damm Guinea Ecuatorial S.L. (**) Malabo (Equatorial Guinea) Business services provision	Cervezas Damm Internacional, S.L.	65,00%	8	12	8	8	24
Estrella Damm Consulting (Shanghai) Co. Ltd. (****) Shanghai (China) Business services provision	S.A.Damm	100,00%	44	-	-	(44)	0
Estrella Damm Services Canada, Inc.(**) Vancouver (Canada) Business services provision	S.A.Damm	100,00%	7	10	7	102	116
Estrella Damm Trading Co, Ltd (****) Shanghai (China) Wholesale of any kind of beverages and food	S.A.Damm	100,00%	114	700	769	(1467)	(585)
Estrella Damm US Corporation (**) Florida (USA) Business services provision	S.A.Damm	100,00%	0	159	125	428	552
Estrella de Levante Fábrica de Cerveza, S.A. (*) Espinardo (Murcia) Brewery and sale of beer and derivatives	S.A.Damm	100,00%	7.870	2.286	1983	6.733	16.586
Estrella del Sur Distribuciones Cerveceras, S.L. (****) Dos Hermanas (Sevilla) Wholesale of any kind of beverages and food	DDI Nexia, S.L.U.	100,00%	3	(595)	(527)	(485)	(1010)
Font Salem, S.L. (*) Salem (Valencia) Production, bottling and sale of soft drinks and beer	S.A.Damm Crouchback Investments, Ltd.	96,30% 3,70%	17.939	38.918	29.832	134.241	182.012
Font Salem Investimentos SGPS Unipessoal LDA (****) Santarem (Portugal) Acquisition, management, transfer, disposal, operation and holding of securities, shares, interest and other capital or equity securities.	Font Salem, S.L.	100,00%	5	(3)	11.723	82.682	94.410

(*) Companies audited by the auditor of the Parent Company.
(**) Non-audited companies.
(****) Companies audited by other auditor
(****) Half year information reported to CNMV

DAMM GROUP SUBSIDIARIES IN 2021

Name /Registered Office / Activity	Effective Interest		Thousand euros				
	Holder	%	Share Capital	Profit/(Loss)		Other Equity	Total Equity
				Operating	Net		
Font Salem Portugal, S.A. (****) Santarem (Portugal) Brewery and sale of beer and derivatives	Font Salem Investimentos, SGPS	100,00%	2.050	12.086	11.727	80.627	94.404
Gasteiz Banaketa Integrala S.L. (****) Barcelona Wholesale of any kind of beverages and food	Distribución Directa Integral, S.L.	90,00%	2.555	(119)	(114)	(608)	1.834
Gestión Fuente Liviana, S.L. (*) Huerta del Marquesado (Cuenca) Marketing of mineral water and beverages	Compañía Damm de Aguas, S.L.	100,00%	11	1.396	1.159	19.090	20.260
Grupo Cacaolat, S.L. (*) Santa Coloma de Gramanet (Barcelona) Acquisition, sanitisation, homogenisation and supply of milk and its derivatives, manufacture and marketing of all kinds of food products and beverages.	S.A.Damm	100,00%	10.000	(2.079)	(2.275)	18.920	26.645
Hamburguesa Nostra S.L. (**) Madrid Wholesale and retail and restaurants of burgers and any other foods, operation of licenses and licensing and franchising with such activities	Damm Restauración, S.L.	83,30%	216	124	(121)	(2.071)	(1.976)
Hamburguesa Nostra Franquicia S.L. (**) Madrid Wholesale and retail and restaurants of burgers and any other foods, operation of licenses and licensing and franchising with such activities	Hamburguesa Nostra, S.L.	100,00%	780	167	125	(637)	268
Intercervecera, S.L. (****) Las Chafiras (Santa Cruz de Tenerife) Retail sale of all kind of beverages and food	Damm Canarias, S.L.U.	72,00%	4	(429)	(333)	492	163
Maltería la Moravia, S.L. (*) Barcelona Preparation and sale of malt and derivatives	S.A.Damm	100,00%	3.000	2.322	1.697	8.010	12.707
Mascarell Comercial de Bebidas, S.L. (****) Barcelona Wholesale and retail, deposit, handling and transport of any kind of beverages and food.	Distribución Directa Integral, S.L.	100,00%	10.000	(371)	(280)	(461)	9.259
Minerva Global Services, S.L. (**) Barcelona Creation and operation of an Internet Virtual Market	S.A.Damm	100,00%	10	(287)	(225)	(2.055)	(2.270)
Nabrisa Distribuciones S.L. (****) Vilanova i la Geltrú (Barcelona) Wholesale and retail of any beverages and food and catering, home and commerce consumables	Distribución Directa Integral, S.L.	100,00%	87	(648)	(576)	718	229
Nostra Restauración S.L.U. (*) Madrid Wholesale and retail and restaurants of burgers and any other foods, operation of licenses and licensing and franchising with such activities	Hamburguesa Nostra, S.L.	100,00%	3.574	(464)	(274)	(3.122)	178
Pallex Iberia, S.L. (*) Barcelona Administrative, accounting and business management support services, and logistic and transport ancillary services	S.A.Damm	100,00%	28	(103)	(90)	533	472
Plataforma Continental, S.L. (**) Madrid Brewery and sale of beer, its residue and its derivatives	S.A.Damm	100,00%	6.664	(588)	(441)	(12.823)	(6.600)
Pumba Logistica S.L. (**) Madrid Transport activities operation and management	Corporación Económica Delta, S.A. Compañía de Explotaciones Energéticas, S.L.	99,95% 0,05%	2.000	(1.362)	(1.018)	10.994	11.975
Rodilla Sanchez, S.L. (*) Madrid Sandwiches catering and sale / Catering	Damm Restauración, S.L.	100,00%	13.954	1.989	782	13.880	28.615

(*) Companies audited by the auditor of the Parent Company.
(**) Non-audited companies.
(****) Companies audited by other auditor
(****) Half year information reported to CNMV

DAMM GROUP SUBSIDIARIES IN 2021

Name /Registered Office / Activity	Effective Interest		Thousand euros				
	Holder	%	Share Capital	Profit/(Loss) Operating	Profit/(Loss) Net	Other Equity	Total Equity
Rodilla Sanchez LLC (**) Miami (USA) Sandwiches catering and sale / Catering	Rodilla Sanchez, S.L.	100,00%	-	(1.371)	(1.657)	(1.264)	(4.735)
Rumbosport, S.L. (**) Madrid Organization of tournaments and sport or cultural events of any kind. Creation and marketing of artistic and cultural contents of any kind.	Setpoint Events, S.A.	100,00%	3	9	9	111	123
Setpoint Events S.A. (**) Barcelona Organization of tournaments and sport or cultural events of any kind. Creation and marketing of artistic and cultural contents of any kind.	S.A.Damm	80,00%	188	(118)	(82)	7.671	7.777
Sociedad Anónima Distribuidora de Gaseosas, S.A. (**) Palma (Balearic Islands) Wholesale of any kind of beverages and food	Comercializadora Mallorquina de Begudes, S.L.	100,00%	61	55	(12)	(5)	43

(*) Companies audited by the auditor of the Parent Company.
(**) Non-audited companies.
(****) Companies audited by other auditor
(****) Half year information reported to CNMV

DAMM GROUP ASSOCIATES AND JOINT ARRANGEMENTS IN 2021

Name /Registered Office / Activity	% interest							
	Holder	%	Share Capital	Profit/(Loss) Operating	Profit/(Loss) Net	Other Equity	Total Equity
Bizkai Izarra Zerbituak, S.A. (****) Ortuella (Bizkaia) Wholesale of any kind of beverages and food. / Distribution.	Trade Eurofradis, S.L.	66,67%	660	(2)	6	(864)	(198)
Bizkaiko Edari Komertzialak S.L. (****) Barcelona Wholesale of any kind of beverages and food.	Distribución Directa Integral, S.L. Bizkai Izarra Zerbitzuak, S.A.	32,50% 35,00%	2.308	145	123	(75)	2.356
Comergrup, S.L. (****) Sant Quirze del Valles (Barcelona) Wholesale of any kind of beverages and food, marketing research and advice. / Distribution.	Distribución Directa Integral, S.L. Distriduidora de Begudes Movi, S.L. Distridam, S.L.	10,15% 8,12% 14,47%	378	(189)	(159)	236	455
Distribuciones Fransadis, S.L. (**) Albolote (Granada) Wholesale of any kind of beverages and food. / Distribution.	Distribución Directa Integral, S.L.	35,00%	47	(301)	(235)	279	91
Ebro Foods, S.A. (*****) Madrid Manufacture, preparation, marketing, investigation, import, export of all kind of food and dietary products / Food	Corporación Económica Delta, S.A	11,69%	92.319	203.058	238.629	1802.242	2.133.190
Estrella del Sol Services, S.A. (****) Fuengirola (Malaga) Wholesale of any kind of beverages and food. / Distribution.	Trade Eurofradis, S.L.	50,00%	60	526	388	702	1.150
Estrella Disagrup, S.L. (****) Alberic (Valencia) Wholesale of any kind of beverages and food. / Distribution.	Trade Eurofradis, S.L.	50,00%	60	43	28	316	404
Estrella Huelva Services, S.A. (****) Huelva Wholesale of any kind of beverages and food. / Distribution.	Trade Eurofradis, S.L.	50,00%	120	93	59	(33)	146
Estrella Iruña Services, S.A. (****) Noain (Navarra) Wholesale of any kind of beverages and food. / Distribution.	Trade Eurofradis, S.L.	50,00%	60	203	136	891	1.087
Estrella Vega Baja Services, S.L. (**) Alicante Wholesale of any kind of beverages and food. / Distribution.	Jap Alacant Serveis, S.A.	100,00%	60	-	-	464	524
Estrella Indal Services, S.A. (****) Huercal (Almería) Wholesale of any kind of beverages and food. / Distribution.	Trade Eurofradis, S.L.	50,00%	60	244	157	413	630
Estrella Madrid Services, S.A. (****) Martín de la Vega (Madrid) Wholesale of any kind of beverages and food. / Distribution.	Trade Eurofradis, S.L.	50,00%	60	317	170	1463	1.693
Estrella Moncayo Services, S.A. (****) Zaragoza Wholesale of any kind of beverages and food. / Distribution.	Trade Eurofradis, S.L.	50,00%	60	249	177	1078	1.315

(*) Companies audited by the auditor of the Parent Company.
(**) Non-audited companies.
(****) Companies audited by other auditor
(****) Half year information reported to CNMV

DAMM GROUP ASSOCIATES AND JOINT ARRANGEMENTS IN 2021

Name /Registered Office / Activity	% interest							
	Holder	%	Share Capital	Profit/(Loss) Operating	Profit/(Loss) Net	Other Equity	Total Equity
Euroestrellas Badalona, S.L. (****) Badalona (Barcelona) Wholesale of any kind of beverages and food. / Distribution.	Distribución Directa Integral, S.L.	10,00%	1.100	(233)	(196)	395	1.299
Jap Alacant Serveis, S.A. (****) Alicante Wholesale of any kind of beverages and food. / Distribution.	Trade Eurofradis, S.L.	50,00%	60	681	504	1.800	2.365
Plataforma Logistica Madrid S.L. (**) San Martín de la Vega (Madrid) Distribution of all kind of beverages and all kind of food, bricolage and drugstore products	DDI Nexia, S.L.U. Estrella Madrid Services, S.A.	50,00% 50,00%	30	-	-	(10)	20
Quality Corn, S.A. (****) Almunia de San Juan (Huesca) Cereal and derivatives preparation and sale / Beverages	S.A.Damm	20,10%	2.000	386	359	669	3.028
Sein Izarra Zerbituak, S.L. (****) Oiartzaun (Guipuzkoa) Wholesale of any kind of beverages and food. / Distribution.	Trade Eurofradis, S.L.	49,10%	60	545	28	316	404
Serhs Distribució i Logística, S.L. (****) Pineda de Mar (Barcelona) Wholesale of any kind of beverages and food. / Distribution.	Distribución Directa Integral, S.L.	6,34%	1.067	(4.011)	(4.555)	15.289	11.801
Trade Eurofradis, S.L. (**) Manresa (Barcelona) Administrative management services / Distribution	Distribución Directa Integral, S.L.	50,00%	577	195	149	1.575	2.301

(*) Companies audited by the auditor of the Parent Company.
(**) Non-audited companies.
(****) Companies audited by other auditor
(****) Half year information reported to CNMV

DAMM GROUP DIRECTORS' REPORT

In 2022 Damm Group has achieved results that confirm that we have surpassed pre-pandemic levels with a strengthened financial position, an increased international presence, a steady reduction in our environmental footprint and an increase in our employment figures. These results reflect the execution of our strategic plan to achieve profitable and sustainable growth.

The first third of 2022 was defined by the phasing out of health restrictions, allowing the return of all types of leisure events and international travel without quarantine or vaccination certificates. This was a great relief for the hospitality industry, one of the key channels of the Group's business.

However, the outbreak of the war in Ukraine in February led to an aggravation of tensions in the supply chain, especially in relation to energy and basic raw materials and all the packaging materials critical to the manufacture of our products. On a macroeconomic level, this event ontributed to accelerate the inflationary process that was brewing and against which central banks around the world are fighting back by raising benchmark interest rates throughout the second part of the year.

In this challenging environment, DammGroup's consolidated revenues grew by 26% compared to 2021 and 35% compared to 2019, the last pre-pandemic year.

The sales volumes of the Group's beverage businesses experienced significant increases in all products compared to 2021. The rest of the distribution, food and beverage and logistics businesses performed strongly in line with the increase in consolidated revenues. Also noteworthy in this significant increase in activity levels are the Group's operations in international markets, with significant growth in volume and notoriety in the United Kingdom, the United States, Canada, Portugal and China, among others, which together with the rest of the countries, currently total more than 400 employees dedicated exclusively to international activities. This has led to the volume of beverages sold in 2022 to reach 21.7 million Hls, an increase of 12% compared to 2021 and 17% compared to 2019.

With regard to production costs, these have again increased across all over. Our raw material costs have increased significantly, especially cereals, malt and sugar, as well as a large part of the packaging material categories, especially cans, bottles, caps, cardboard and PET. The increase in energy prices also affected production and logistics costs, which as a whole could not be offset despite continuous improvements in the energy efficiency and productivity ratios of the Group's production plants and logistics systems.

On the other hand, general operating expenses have increased in line with the increase in activity, recovering levels of investment in product dispensers, marketing, trade-marketing and sponsorship of events with significant media coverage, which reinforce the Group's firm commitment to the national and international development of its brands.

All of the above responds to Damm's main objective which is none other than to be a global beverage group that markets and distributes its products in more than 130 countries with constant and profitable growth, ensuring sustainability and commitment to all its stakeholders (staff, customers and consumers, shareholders, suppliers, and society in general), and with a clear action to protect the environment.

1. Profit for financial year 2022

The consolidated results for the financial years 2022 and 2021 (in thousands of euros) are comparatively presented below:

Consolidated results	2022	2021	DIFFERENCE
Consolidated revenue	**1,876,288**	**1,488,925**	**26.0%**
EBIT	**114,911**	**101,576**	**13.1%**
NET PROFIT ATTRIBUTED TO THE PARENT COMPANY	**101,456**	**121,373**	**(16.4%)**
BASIC EARNINGS PER SHARE	**0.39**	**0.46**	**(15.2%)**

Equity and financial position

At 31 December 2022 the Group has reached a Net Equity of EUR 1,126 million, 4.4% more than the previous year.

The Group maintains a solid financial position thanks largely to the resources generated by the business itself. Existing cash at 31 December 2022 and the sustainability of the cash generation of the business allow largely to meet the debt service and the development of projects that are considered a priority in the current situation.

In this regard, the Group presents the following amounts corresponding to net financial debt in the consolidated balance sheet at 31 December 2022 and 2021:

	Thousand euros	
	2022	**2021**
Debt with credit institutions	(282,941)	(294,912)
Other non-current financial liabilities	(20,776)	(21,569)
A) Non-current financial debt	**(303,717)**	**(316,481)**
Debt with credit institutions	(26,017)	(29,538)
Other current financial liabilities	(789)	(1,562)
B) Current financial debt	**(26,806)**	**(31,100)**
Financial debt A+B	**(330,523)**	**(347,581)**
Bonds and other securities	(109,700)	(159,100)
Cash and cash equivalent	157,442	253,146
Other current financial assets	1,749	2,285
Treasury shares and equity investments	50,117	49,744
Net financial debt	**(230,915)**	**(201,506)**

As of 31 December 2022 the Group companies had undrawn credit facilities for the amount of EUR 429 million.

As part of Damm's commitment to further reduce its environmental impacts on the environment, the organisation signed in 2021 sustainable financing for €200 million with a number of financial institutions to further strengthen its commitment. This financing is linked to the achievement of a series of sustainability objectives, such as reducing the weight of non-recoverable waste generated each year in terms of hectolitres produced, and generating more renewable energy for self-consumption from the production centres.

The Group has implemented supplier payment conditions focused on compliance with the measures adopted by the Law on Late Payments (Law 3/2004 of 29 December) as amended, promoting measures to support entrepreneurs, stimulate growth and create employment (Law 11/2013 of 26 July) which establishes a maximum legal term for payment to suppliers. The information required by Act 31/2014 of 3 December is detailed in Note 17. In this regard, the Group will continue to implement policies that enable it to maintain the payment period established in the laws in force.

2. Expected development of the Group

The Group's business performance forecasts are based on the fulfilment of the Group's strategic objectives based mainly on growth in sales and earnings, on industrial investments that prioritise constant improvement in efficiency and productivity and on minimising the environmental impact of operations.

On the other hand, inflationary pressures and supply chain tensions will continue to have a negative impact on the costs of raw materials, materials, energy and transportation of our products and on consumer behaviour.

The current context of uncertainty and volatility makes it difficult to determine the evolution of the Group's results.
In any case, the Group will continue to make every effort to meet the strategic targets and to minimise the risks associated with the inflationary phase and the difficulty of access to supplies in which we are immersed, by monitoring its plans, adopting corrective measures if necessary, and with constant monitoring by the Directors and management of the evolution of the situation.

Sales and earnings growth

The Group will seek to increase its market share in all distribution channels and along the value chain by continuing to invest heavily in marketing, trade-marketing and sponsoring.

This evolution in sales and earnings requires the development of the following strategic guidelines:

– Profitable and sustainable growth, always putting our people at the centre.

– Maximise the return on the industrial investments made to date to increase capacity within the framework of the Strategic Plan, increasing productivity and efficiency,

– A clear focus on the customer (both internal and external) to maximise quality in each and every one of the Group's activities,

– Operational excellence in all areas of the company (production, logistics and sales/commercial),

– Commitment to constant innovation and creativity as a form of differentiation in all business segments of the Group,

– Progress in the Group internationalization process in all the activities.

– Process digitalization as a factor boosting our competitiveness and the cultural change required to adapt to new ways of relating to markets.

– The development of the beer and other beverages (water, soft drinks, dairy products,...) business in geographical areas with less presence, with special emphasis on a commitment to reach international markets.

– Development of the distribution business in cooperation with our wholesale partners,

– Vertical integration in businesses that are part of the value chain of the Group's main business: last mile distribution, F&B, logistics, dairy business and,

– Active management of surplus for reinvesting in business or activities that contribute to the Group core businesses both at home and abroad.

Industrial investments

In line with the strategic target of internationalization, the Group has purchased Eagle Brewery, located in Bedford (England), 60 km from London. The brewery, which belonged to Carlsberg Marston's Brewing Company (CMBC), becomes Damm's second fabric abroad and the first outside the Iberian Peninsula, and allows the company to strengthen its presence in one of its main markets abroad.

This acquisition represents a new milestone in the company's solid internationalisation strategy, which has made it possible that today 30% of the beverage business is developed in the foreign market. Now, with the acquisition of the Bedford plant, the company has its own production facilities in a market where the Damm beer portfolio continues to gain market share year after year.

As for the rest of the Group's industrial projects that are in progress, it is worth highlighting several significant expansion investments in the breweries in Spain and Portugal, different improvement projects in logistics and operations such as the recently inaugurated CLS logistics centre in Alcantarilla (Murcia), as well as the refit and improvement of facilities at the Group's corporate headquarters located in Barcelona.

Thanks to these investments, improvements in efficiency and productivity are achieved that allow for the absorption of increases in the costs of some production factors and the constant effort in innovation and development of new products. This innovative and development effort, together with constant marketing and sponsoring activity, is essential in a increasingly sophisticated market.

Environment

Circularity, a strategic pillar of Damm's business, represents the Group's commitment to sustainability throughout the entire process, from the selection of ingredients from local farmers to packaging, including malting, fermentation and maturation, and entire management of packages - reusable in more than 50% and 100% recyclable.

As part of its policies to respect and protect the environment, the Group has developed environmental prevention plans which, for several years now, have led to, among other results.

- <u>The progressive elimination of plastic:</u>

  Since financial year 2021, the decorated plastic of the can packs has been replaced with packaging made from cardboard from sustainably and responsibly managed forests, a project that involves the reduction of 100 tonnes of plastic per year. These new packs are PEFC certified, guaranteeing that the cardboard used comes from sustainably managed forests and controlled sources.

  This project is in addition to the group's initiatives to achieve more eco-sustainable packaging, such as the elimination in 2020 of the plastic rings used in the packaging of cans with the implementation of a new packaging system made from fully biodegradable materials, which means a reduction of more than 260 tonnes of plastic per year.

  As a result, the company's drive to eco-design packaging has resulted in a reduction of around 360 tonnes of plastic each year.

- <u>Commitment to recycling:</u>

  The Group's involvement with circular economy is clearly evidenced by its collaboration with the main entities in charge of waste management and recycling together with Ecovidrio, the non-profit integrated management system (IMS) driven by glass packaging producers for the recovery and recycling of glass packaging through green bins and other certified processes that achieves recycling rates of 70%.

  The Group also works closely with Ecoembes, the non-profit organisation that coordinates the recycling of light household packaging in Spain. Ecoembes recycles more than 70% of the packaging that its member companies put on the market. Ecovidrio and Ecoembes are key players in meeting the recycling targets promoted by the recently approved new Act on waste and packaging waste. In Damm's case, it should be noted that 100% of its packaging is recyclable, and more than half of its beer packaging is reusable.

The Group also reintroduces 97% of the waste generated at its production plant into the value chain, as well as 100% of the bagasse resulting from the cooking process of barley malt and rice during the brewing process, which it uses as feed for cows at the dozens of farms with which it collaborates.

- Maximising energy efficiency year after year:

The Group has been raising the efficiency of its operations to reduce its environmental footprint. On the one hand, it has boosted energy and water efficiency at its facilities, where 100% of the electricity used is certified green. The Group has invested in more efficient generation sources or in sources based on renewable energies, such as cogeneration, trigeneration from biogas or photovoltaic solar energy. As a result, it uses 45% less energy for the production of each hectolitre of beer than ten years ago

In total, the Group has reduced its CO2 emissions by nearly 60%. The initiatives aimed at reducing emissions from its logistics were recognised in 2020 by the association of manufacturers and distributors Aecoc, with its first Lean & Green Star. In particular, Damm reduced its CO2 emissions from its logistics activity by more than 20% since 2016 thanks to an action plan focused on energy reduction, transformation of the vehicle fleet, collaborative transport and training in best practices internally.

Year after year, the Group has been increasing its self-consumption capacity by expanding the photovoltaic installations at several of its plants. As a result, it now has 32,182 m2 of photovoltaic panels installed, consolidating its position as the brewery group on the Iberian Peninsula with the largest area of self-produced solar energy.

In addition, over the next year, the company plans to continue expanding its photovoltaic park with the installation of 23,500 m2 of solar panels in El Prat brewery, la Moravia, Murcia, Málaga and the Barcelona Logistics Activities Zone (ZAL), a proyect with an investment of Eur 3.6 million.

- Reduction of water consumption throughout the entire chain:

The Group has promoted a transversal environmental management system with actions aimed at optimising water consumption throughout its value chain. The company promotes the detailed quantification of the water consumption of its 16 production and packaging plants in the Iberian Peninsula and the water footprint of its value chain through the environmental indicators of the Water Footprint (Water Footprint Network methodology) and the Water Footprint (ISO 14046 methodology).

It is also a member of the Comunitat d'Usuaris d'Aigües de la Vall Baixa i Delta del Llobregat (CUADLL), whose aim is to achieve sustainable use of the water reserves stored in the deep aquifer of the Llobregat River.

Beyond the projects developed in the factories, Damm teams advise farmers on how to optimise the water consumption of their crops. In this sense, the company is working on the digitalisation of cultivation processes, which among other things allows it to measure and reduce water consumption in barley production fields, which account for around 95% of a brewery's water footprint.

These initiatives have led the company to reduce the water consumption ratio in its breweries by 36% since 2008. In addition, the brewery was a pioneer in the industry in promoting the calculation of the water footprint and of each product unit in order to control and reduce its environmental impact.

Damm has thus become the first company to achieve EsAgua Platinum status, the highest recognition awarded by the Esagua Network, awarded to companies that have developed actions and implemented measures focused on reducing their environmental impact.

3. Events after the balance sheet date

No significant events occurred after the year end.

4. Main risks associated with the activity

By the very nature of the business, risks are concentrated mainly in three areas:

• Food and environmental safety, a specific responsibility of the Quality Management, which reports regularly to the General Manager and the latter to the Executive President.

• Customers credit risk, a responsibility of the Risk Committee, which directly reports to the Chief Executive Office and the latter to the Executive President.

• Industrial safety, relating to the integrity of the Company's business assets, which is the responsibility of the Production Department, which reports directly to the Deputy Chief Operations Officer and the latter to the General Manager and the Executive President.

In all the processes and in line with the certification standards, which the Group has consolidated, mechanisms are included aimed at identifying, quantifying and covering risk situations.

Given the presence on the Board of Directors of significant shareholders and the frequency of its meetings, the Board closely monitors situations that may pose a significant risk and the measures taken in this regard.

5. Main financial risks and use of financial instruments

Main financial risks

Main financial risks are described in Note 2.3 of the consolidated financial statements.

6. Research and development and technological innovation activities

The Group research and development and technological innovation activities during financial year 2022 fall in the following categories: Development of new products, Design of containers and packaging, Improvement of industrial processes, Efficiency in the consumption of raw materials and materials.

The Group has invested in research and development and technological innovation in these fields a total amount of EUR 8.2 million.

To develop these activities the Group has two-way cooperation agreements with several entities both public (universities) and private (technological centres).

7. Acquisition of own shares

Treasury shares transactions are described in Note 12.4 of the consolidated financial statements.

8. Statement of non-financial information

The Statement of non-financial information on non-financial and diversity matters required by Act 11/2018 of 28 December, amending the Commerce Code and the Compiled Text of the Companies Act approved by

Royal Decree-Law 1/2010 of 2 July and Act 22/2015 of 20 July on Accounts Audit, is enclosed as an Schedule to this Consolidated Management Report and is part thereof.