



January - December 2021

Results



24 February 2022

(Free translation from the original in Spanish, in event of discrepancy, the Spanish-language version prevails)

Results report

Main highlights of the January-December 2021 results:

- All-time high in revenue, in EBITDA¹ and in net profit in 2021, exceeding our guidance for the year.
- Revenue stood at €969.2 million, up 6.3% on the previous year.
- €246.7 million in EBITDA, up 5.2% on the previous year.
- €133.0 million in Net Profit, 8.6% up on the previous year.
- €92.0 million of Capex in the year, anticipating the investment projects in capacity to be able to meet increased demand.
- The strength of the operating results allowed us to reduce the net bank debt² at December 2021 to €1.8 million with respect to the €38.2 million at December 2020, to finance a higher outflow of cash due to investments and to the payment of dividends in the year of €78.3 million.
- The Board of Directors has agreed to propose to the General Shareholders' Meeting a final dividend of €0.43 per share, bringing the total remuneration in 2021 to €1.84 per share, up 8.2% compared to the total remuneration for the previous year.
- José Domingo de Ampuero y Osma, Chairman of the Viscofan Group:

"We have concluded the MORE TO BE strategic period with the best results in our history, in one of the most demanding periods because of the pandemic, the volatility and uncertainty on the markets. I want to highlight the work and commitment of Viscofan's human team, which has complied with the main strategic projects, permitting us to take advantage of the unique growth opportunity of these last few years, to counteract inflation, to improve the remuneration to our shareholders and to maintain a solid financial position.

From that starting point, we are commencing a new strategic plan to continue transforming Viscofan into a company that is even stronger and more sustainable in which, and despite the adverse inflation context for raw materials and energy, we see a future of growth with optimism."

¹ EBITDA = Operating profit (EBIT) + Depreciation and amortization.

² Net bank borrowings = Non-current bank borrowings + Current bank borrowings - Cash and cash equivalents.

Business performance

MORE TO BE 2016-2021 strategy balance

This period has been characterised by an intense operational, investment, commercial and innovation activity carried out by the Viscofan Group to achieve a triple leadership in the company's strategic pillars: service, cost, and technology. As a result of these initiatives, the market share of casings rose from 30% in 2015 to 38% in 2021, reinforcing the market leadership.

This growth represents millions of casings per year, reaching more homes in the world, to more countries from more factories. All this has been possible thanks to the effort of the human team, which has also grown in the last few years. The average workforce rose from 4,233 people in 2015 to 5,083 people in 2021.

Upon the conclusion of the Strategic Plan, Viscofan has a unique geographical positioning in the sector, with its own presence in 20 countries in five continents, in which 19 production plants are situated.

It has also carried out an intense activity of acquisitions. Vector, Supralon, TransformPack, Globus and Nitta Casings have enabled the Group to extend its geographical and product offering. Otherwise, in this period, by establishing sales offices, Viscofan has moved closer to countries with significant future growth potential, such as India and Japan.

In parallel, Viscofan has implemented an ambitious investment plan, allocating over €476 million in the period to reinforce and extend the existing industrial park with investments in capacity in all technologies, improvements in processes, safety, and environmental matters, among others. The most significant project undertaken in the period was the construction of the new plant in Cáseda (Spain), in which a disruptive cellulose and fibrous technology was installed which, aside from being more efficient and productive, - having achieved savings in the production of cellulose of over €10 million -, has laid the bases to double Viscofan's size in fibrous technology.

Regarding to product innovation, in the period, the commercial offering was extended highlighting, among others, the Veggie casings, Natur, Marathon, eFAN, and Vispice are examples of the innovation that is allowing Viscofan to provide a better service and variety to the new market trends.

Furthermore, Viscofan is crossing the borders of the traditional market in the search for and development of new businesses in areas such as biomedics and nutraceuticals, in which it has taken important steps at product, production and marketing level that will have greater importance in the following strategic plan.

In the area of sustainability, the first Sustainability Action Plan has been concluded, which included the deployment of specific initiatives to achieve its decarbonisation and social sustainability objectives. Within the milestones reached are the reduction of CO₂ per km produced by 15.8%, the pioneering tests in the use of green hydrogen in our production process and the signing of the first sustainable loans in the casing sector.

Market

Global demand for casing has once again shown solid growth in 2021 in all reporting areas, highlighting the strong performance of Asia - especially in China -, and the market recovery of collagen casings in Europe following the decline in 2020 due to the pandemic.

In turn, the tension in the supply chains has meant a great logistic challenge, which has been reflected by an increased need to assure the service on the part of our customers, and a widespread cost inflation that shows the importance of casings as a key ingredient in the search for improved efficiency in the manufacture of sausages.

In this context, Viscofan has gained market share, backed by its extensive product range and a global positioning, which permits a greater proximity to the main markets.

Main financial results:

Selected figures. Viscofan Group income statement ('000 €)

	Jan-Dec' 21	Jan-Dec' 20	Change	Like-for-like*	Oct-Dec' 21	Oct-Dec' 20	Change	Like-for-like*
Revenue	969,237	912,160	6.3%	8.0%	257,825	240,269	7.3%	4.1%
EBITDA	246,670	234,433	5.2%	8.9%	61,143	65,465	-6.6%	-13.0%
EBITDA Margin	25.4%	25.7%	-0.3 p.p.	0.2 p.p.	23.7%	27.2%	-3.5 p.p.	-4.4 p.p.
Operating profit	174,389	162,907	7.0%		43,139	48,192	-10.5%	
Net profit	132,997	122,513	8.6%		33,245	34,651	-4.1%	

*The comparable results exclude the impact of the variation in the different exchange rates in 2021.

The results for 2021 show the robustness of Viscofan's business model, since it has known how to give a response to the increased demand for casing volumes, in a context marked by inflation - especially of energy costs from the second half of the year-, but which has not prevented the Group from reaching new all-time highs in revenue, EBITDA and net profit.

Revenue amounted to €969.2 million, up 6.3% year-on-year, EBITDA totalled €246.7 million, up 5.2% compared to the previous year, and net profit stood at €133.0 million, 8.6% higher than the previous year.

These results exceeded the expectations³ for revenue, EBITDA and net profit announced in February 2021.

The investments in 2021 amounted to €92.0 million, above the €70 million objective, due to the acceleration of projects in the second half of the year. Capacity expansion plans were brought forward, due to the strength of volumes in 2021 and the need to have sufficient capacity to meet the increased demand expected in 2022. Within the investments made are the new fibrous capacity installed at Cáseda, the extension of collagen capacity in China and at European plants, and the technological upgrade investments implemented in North America.

The generation of cash from the operations results in a more solid balance sheet at the end of December 2021 with net bank debt of €1.8 million, down on the €38.2 million at December 2020.

The Board of Directors has approved the proposal of a final dividend of €0.43 per share, payable in the month of June, and thus, to continue with a rising remuneration to shareholders. The earnings proposal represents a total remuneration charged to profit for 2021 of €1.84 per share, up 8.2% on the total remuneration for 2020.

Revenue:

Revenue in 2021 totalled €969.2 million, up 6.3% on 2020, of which +7.2 p.p. relate to like-for-like⁴ casings sales, thanks to the growth in volumes and the improvement in the sales prices mix, +0.8 p.p.

³ Guidance 2021: Growth in income of between 3% and 4%, in EBITDA of between 3% and 5% and in net profit of between 4% and 6%, with an investment of €70 million.

⁴ Like-for-like: Like-for-like growth excludes the impact of the variation in exchange rates in 2021.

higher like-for-like co-generation sales, compared to the decrease of -1.7 p.p. due to the fluctuations in exchange rates. In like-for-like terms, revenue in 2021 rose by 8.0% vs. 2020.

Of the total amount of the 2021 revenue, €925.1 million correspond to casing sales (+5.7% vs. 2020) and €44.1 million to revenue from energy sales (+19.6% vs. 2020), where the increase in electricity prices in the Spanish market has been translated into a higher remuneration of our co-generation sales.

The geographical breakdown⁵ of revenue in 2021 was as follows:

- Europe and Asia (57.1% of the total): Revenue amounted to €553.3 million, up by 9.9% on 2020 and by 9.8% on a like-for-like basis, led by the good performance of China and Southeast Asia and the recovery of collagen volumes in Europe.
- North America (29.6% of the total): Revenue amounted to €287.1 million, an increase of 2.7% with respect to 2020 and of 5.5% in like-for-like terms.
- Latin America (13.3% of the total): Revenue amounted to €128.9 million, down 0.4% with respect to 2020, due to the weakness of the Brazilian real. In comparable terms, revenue in the region rose by 6.2% on the previous year thanks, to a large extent, to the strength of revenue in the first half of the year.

In the fourth quarter of 2021, revenue amounted to €257.8 million, up 7.3% on the same period of the previous year. This growth is even more noteworthy considering the demanding comparative, the 4Q20, which was one of the best quarters in the history of Viscofan in terms of revenue. The increased casing volumes, the improvement in the sales price mix, the increased remuneration from electricity from co-generation and a more favourable exchange rate situation, mainly due to the appreciation of the US\$ against the EUR, have boosted the sound performance of revenue in the quarter.

Out of the quarterly revenue growth, +2.6 p.p. correspond to like-for-like sales of casings, +1.5 p.p. to the increase in like-for-like co-generation sales, and +3.2 p.p. to the positive contribution to exchange rate fluctuations. In like-for-like terms, revenue in 4Q21 rose by 4.1% vs. 4Q20.

Of the total amount of the 4Q21 revenue, €245.4 million correspond to casing sales (+6.0% vs. 4Q20) and €12.4 million to revenue from co-generation power sales (+43.3% vs. 4Q20).

The geographical breakdown of revenue in 4Q21 was as follows:

- Europe and Asia (59.4% of the total): Reported revenue amounted to €153.2 million, up 8.6% on 4T20 and 6.4% in like-for-like terms.
- North America (28.4% of the total): Revenue amounted to €73.2 million, an increase of 7.4% on 4Q20, helped by the strength of the US\$ with respect to the Euro. In like-for-like terms, revenue was up 2.3%.
- Latin America (12.2% of the total): Reported revenue stood at €31.5 million, up 1.0% compared to 4Q20, down 2.2% in like-for-like terms.

Operating expenses

⁵ Revenue by origin of sales.

Consumption costs⁶ in 2021 rose by 3.9% on 2020 to €283.2 million and by 5.7% in 4Q21 on 4Q20 to €81.4 million, reflecting the higher inflation of production inputs, particularly the polyamides and other auxiliary raw materials. Hence, the gross margin⁷ in 2021 improved by +0.7 p.p. to 70.8% (70.1% in 2020), and in 4Q21 it improved by +0.4 p.p. to 68.4% (68.0% in 4Q20).

The average accumulated headcount at December 2021 stood at 5,083 people, 2.3% higher than the previous year. The increased workforce is mainly associated with the increase in production capacity, highlighting the expansion of fibrous in Spain, and the expansion in collagen capacity in China and Europe. Also, Viscofan has reorganised production activity in North America, leading to the transfer of the Kentland (USA) and Toronto (Canada) activities to San Luis Potosí (Mexico) and Montgomery (USA).

Thus, personnel costs in 2021 rose by 3.8% on 2020 to €231.3 million. Of the foregoing, personnel costs in the fourth quarter stood at €57.6 million, up 4.5% on 4Q20.

Other operating expenses in the year stood at €218.5 million, up 14.8% on 2020, driven by energy supply costs (+26.2% on 2020) and transport expenses (+28.6% vs. 2020).

In quarterly terms, Other operating expenses in 4Q21 stood at €59.2 million, up 30.1% on 4Q20, due mainly to increased energy supply expenses (+57.8% on 4Q20) and transport expenses (+49.4% on 4Q20). In addition, travel expenses have risen as restrictions on mobility have been reduced and international projects have been promoted.

Operating profit

Revenue strength, commercial discipline, operating leverage, and production efficiency obtained in the year situated the EBITDA at an historical high of €246.7 million, up 5.2% on the previous year. In like-for-like terms, EBITDA in 2021 rose by 8.9% on 2020.

In the 4Q21, the EBITDA stood at €61.1 million, a drop of 6.6% on 4Q20, mainly due to the sharp inflation on production input, mainly energy and certain raw materials, which has still not been passed on to customers through price increases. In like-for-like terms, the quarterly EBITDA fell by 13.0% on 4Q20.

The depreciation and amortisation charge in 2021 is €72.3 million, a rise of 1.1% on 2020, with the 4Q21 contributing with €18.0 million, up +4.2% with respect to 4Q20.

As a result, the Group obtained operating profit of €174.4 million in 2021 (+7.0% on 2020) and of €43.1 million in 4Q21 (-10.5% vs. 4Q20).

Financial position

In 2021, the net financial result has been positive with +€2.0 million, compared with a negative financial result of -€3,3 million in 2020.

The Group's financial strength leads to a reduction in finance costs with respect to the previous year, although the main component of the financial result corresponds to the exchange differences which, in 2021, have represented exchange gains of +€2.2 million as compared with exchange losses of -€2.3 million reported in 2020.

Net profit

⁶ Consumption costs = Net purchases +/- Change in inventories of finished and unfinished products.

⁷ Gross margin = (Revenue - Consumption costs) / Revenue.

Cumulative profit before tax at December 2021 amounted to €176.4 million, with a corporate income tax expense of €43.4 million (+16.9% on 2020) placing the cumulative effective tax rate at 24.6% (compared with 23.3% in the same period of the previous year).

The difference between the theoretical tax rate (28%) and the effective tax rate (24.6%) is basically due to the different taxes paid by non-resident subsidiaries in Navarre (Viscofan S.A. tax domicile) which pay tax in all countries in which they operate, applying the corporate (or similar) tax rate in force on profits for the period and tax allowances for investments by various Group subsidiaries.

As a result, the net profit in 2021 reached a new all-time high of €133.0 million, with a growth of 8.6% with respect to 2020, with the 4Q21 contributing with €33.2 million (-4.1% vs. 4Q20).

Investment

In 2021, a total of €92.0 million were invested (€56.9 million in 2020), above the objective of €70 million, due to the acceleration in the last few months of the year of the capacity extension projects to deal with the increase in expected demand and to improve the market service to ensure customer orders. Noteworthy were the investments in new production lines of collagen casing in China and Europe.

Also, in 2021, the new fibrous production lines in Cáseda (Spain) were installed and put into operation. This expansion, which doubles the previous installed capacity at Cáseda, led to an investment of €14 million, including both the machinery, and investments in environment performed in line with the environmental impact reduction objectives established in the Viscofan Group's Sustainability Action Plan. In addition, investments are being made in the technological update in North America.

The breakdown by type of investment in 2021 is as follows:

- 44% of the investment was earmarked for investments in capacity and machinery.
- 18% of the investment was earmarked for process improvements and new technology.
- 18% of the investment was earmarked for improvements in sustainability, including energy equipment and the optimisation of the installations in terms of safety, hygiene, and environment.
- The remaining 20% was spent on ordinary investments.

Thus, at the close of 2021, investment commitments amounted to €43.8 million (€12.9 million at the close of 2020).

Dividends and Shareholder remuneration

The Board of Directors of the Viscofan Group has agreed to propose to the General Shareholders' Meeting a distribution of profit that includes a final dividend of €0.43 per share, to be paid on 2 June 2022.

This will mean total shareholder remuneration out of 2021 profit of €1.84 per share, equivalent to a distribution of 64% of net profit. This can be broken down as follows:

- An interim dividend of €1.40 per share (paid on 22 December 2021).
- A proposed final dividend of €0.43 per share (to be paid on 2 June 2022).
- A bonus of €0.01 per share for attending the General Shareholders' Meeting.

This proposal increases ordinary remuneration by 8.2% as compared to the €1.70 per share approved in the previous year.

Equity

The Group's equity at 2021 year-end amounted to €822.8 million, up 11.8% on the end of the previous year, due to the increased net profit and the decrease in the negative translation differences, originating

from the consolidation of the subsidiaries whose currencies have appreciated significantly against the euro in 2021 (mainly China, Brazil and Mexico).

Treasury shares

During 2021, 10,477 treasury shares were given to Viscofan S.A. employees within the framework of the company's variable remuneration plans. Subsequently and also in 2021, the Company acquired 88,000 treasury shares within the framework of the authorisation granted by the General Shareholders' Meeting of 25 May 2018.

Thus, at 31 December 2021, Viscofan, S.A. had 216,995 treasury shares representing 0.47% of the voting rights amounting to €10,473 thousand.

At 31 December 2020, Viscofan, S.A. held a total of 139,442 treasury shares representing 0.30% of its voting rights amounting to €6,031 thousand.

Financial liabilities

Net bank debt at the end of December 2021 stood at €1.8 million, a decrease of 95.4% compared to the €38.2 million at December 2020. The sound results in the year have allowed us to finance the payment of dividends, speed up investment projects, and at the same time to strengthen the balance sheet.

The new accounting standard IFRS 16 entered into force on 1 January 2019 and stated that the most of non-cancellable operating leases should be recorded in the balance sheet as a right-of-use asset and a liability for future payments to be made.

So, the breakdown for net financial debt is as follows:

	` Dec 2021	` Dec 2020	Change
Net Bank Debt *	1,754	38,212	-95.4%
<i>Debts related to right-of-use assets</i>	<i>13,892</i>	<i>15,685</i>	<i>-11.4%</i>
<i>Other net financial liabilities**</i>	<i>22,806</i>	<i>28,549</i>	<i>-20.1%</i>
Net Financial Debt	38,452	82,446	-53.4%

* Net bank debt = Non-current bank borrowings + Current bank borrowings - Cash and cash equivalents.

** Other net financial liabilities consisting mainly of loans with an interest rate subsidised by entities like the CDTI and the Ministry of Economy, as well as debt with netted fixed asset providers for other current financial assets.

The net financial debt is the equivalent of 4.7% of the equity, with a leverage level that is sufficient to be able to attend to all Viscofan's liquidity needs.

Outlook for 2022

Despite facing an adverse inflationary context in 2022, Viscofan keeps its growth vocation intact. It faces the year in a position of unique leadership in the industry, with the conviction that it has tools to come out stronger.

Viscofan has started 2022 with intense commercial activity, with the negotiation and implementation of sales price rises to customers, justified by the inflation of operating costs. Also, because we maintain our responsibility to reinforce our service to the market in a context of increased demand for casings and the need to assure our customers' volumes.

At the factories, operating and investment activities have commenced with impetus, with the installation and start-up of new capacity in light of expected growth, together with the implementation of efficiency improvement projects, highlighting the technological improvement investments in North America,

together with cost savings measures, which will make us more solid in a context of the inflation of operating costs.

These initiatives are encompassed within a new Beyond25 Strategic Plan, in which Viscofan wants to explore new growth opportunities that are arising, and which will arise both in the traditional casing business, and in new food, well-being and health businesses.

As such, Viscofan expects to growth in the main financial figures in 2022, in revenue to grow between 8% and 10%, in EBITDA between 4% and 6% and in Net profit by between 5% and 8% supported by an investment of €100 million. Given the current currency situation, Viscofan has considered the average exchange rate of 1.15 US\$/€, more favourable than that of the previous year.

Changes in the consolidation scope

In 2021

- With effect on 1 January 2021, the merger by absorption of Viscofan de Mexico Servicios, S.R.L. de C.V. by Viscofan de Mexico, S.R.L. de C.V. took place, both with registered office in San Luis de Potosí (Mexico).
- In June 2021, Viscofan Japan GK in Tokyo (Japan) was formed wholly owned by Viscofan S.A. on a direct basis.
- On 31 December 2021, Viscofan Collagen Canada Inc (with registered office in Markham – Canada) had been liquidated.

In 2020

- Viscofan España S.L.U.: Viscofan España S.L.U. which is wholly owned by Viscofan S.A. on a direct basis, was incorporated on 24 November 2020, the date on which it became part of the Group's consolidation scope.
The General Shareholders' Meeting, held on 23 April 2021, approved the spin-off by virtue of which Viscofan S.A. transfers with effect from 1 January 2021 the industrial and operational assets in favour of the limited liability company known as Viscofan España S.L.U., with registered office in Tajonar (Navarre), which acquires all the rights and obligations inherent in said activity.
On 1 October 2021, once the legally envisaged procedures had been complied with, the spin-off of Viscofan S.A.'s business activity to Viscofan España S.L.U. was made effective, in the terms envisaged in the Common Spin-off Project approved by the Board of Directors and the General Shareholders' Meeting.
- Effective from 1 January 2020, Nanopack Technology & Packaging, S.L.U. was merged by absorption into Viscofan S.A, without any impact on the consolidated financial statements.

Covid-19 impact on first half financial statements

The propagation of the COVID-19 along 2020 and 2021 has generated an uncertain environment, volatility, and a healthy and economic crisis that has affected to almost every economy in the world. Furthermore, it has had implications in the behaviors and food habits in plenty of countries. In fiscal year 2020, the casing demand had a strong acceleration in the first pandemic months as a consequence of the necessity of supply of essential ingredients of the food industry.

The Viscofan Group is focusing its management of the situation caused by the COVID-19 pandemic on three main areas:

- Guaranteeing the safety and well-being of our workers, with protection protocols that include sanitation measures, social distancing, mandatory use of face masks, cleaning and disinfection work, teleworking and increased communication.
- Ensuring global supply to all our customers by increasing and reinforcing production and logistics activity and building safety inventories.
- Contributing to limiting the spread of COVID-19 and its effects, with donations of protective gear, food, and for the purchase of medical equipment. Also, the deployment of awareness-raising campaigns.

Regarding liquidity, no liquidity stress is anticipated for 2022 because of the expected performance of the Group, which contemplates a positive generation of cash during 2022. For those bank borrowings where compliance with certain ratios is established, there have not been, nor are they expected to be, any breaches of these ratios in 2022.

No significant signs of impairment have been identified from the analysis of the fixed assets, intangible assets, property plant and equipment, receivables, or inventory.

As a result of the market growth and the measures implemented to mitigate and control risk, the COVID-19 pandemic has not resulted in any changes to the strategic direction, operations, financial results, economic situation, and cash flows.

Appendix 1. Financial tables

Viscofan Group profit and loss account. 2021 FY ('000 €)

	Jan-Dec' 21	Jan-Dec' 20	Change
Revenues	969,237	912,160	6.3%
Other operating income	10,900	7,713	41.3%
Self-constructed assets	255	297	-14.1%
Variation in stocks of finished products and work-in-progress	5,506	3,140	75.4%
Net purchases	-288,724	-275,671	4.7%
Personnel expenses	-231,250	-222,731	3.8%
Other operating expenses	-218,526	-190,401	14.8%
Capital grants	354	512	-30.9%
Impairments	64	-170	c.s
Results coming from disposals of non-current assets	-1,146	-416	175.5%
Other results	0	0	n.s.
EBITDA	246,670	234,433	5.2%
<i>EBITDA margin</i>	<i>25.4%</i>	<i>25.7%</i>	<i>-0.3 p.p.</i>
Amortization and depreciation	-72,281	-71,526	1.1%
Operating profit	174,389	162,907	7.0%
<i>Operating profit margin</i>	<i>18.0%</i>	<i>17.9%</i>	<i>0.1 p.p.</i>
Financial incomes	628	524	19.8%
Financial expenditures	-781	-1,475	-47.1%
Changes in reasonable value of financial instruments	0	0	n.s.
Exchange differences	2,182	-2,305	c.s
Impairment and results coming from disposals of financial assets	0	0	n.s.
Financial results	2,031	-3,251	c.s
Profit from associated companies	0	0	n.s.
Profit before taxes	176,420	159,656	10.5%
Taxes	-43,423	-37,143	16.9%
Profit after taxes from continued operations	132,997	122,513	8.6%
Profit after taxes from interrupted operations	0	0	n.s.
Net profit	132,997	122,513	8.6%
a) Net profit attributable to the parent company	132,997	122,513	8.6%
b) Net profit attributable to minority interests	0	0	n.s.

Viscofan Group Profit and loss account. 4Q21 ('000 €)

	Oct-Dec' 21	Oct-Dec' 20	Change
Revenues	257,825	240,269	7.3%
Other operating income	2,101	2,868	-26.7%
Self-constructed assets	65	72	-9.7%
Variation in stocks of finished products and work-in-progress	-1,736	-8,601	-79.8%
Net purchases	-79,624	-68,403	16.4%
Personnel expenses	-57,576	-55,088	4.5%
Other operating expenses	-59,212	-45,529	30.1%
Capital grants	81	125	-35.2%
Impairments	85	-148	c.s
Results coming from disposals of non-current assets	-866	-100	766.0%
Other results	0	0	n.s.
EBITDA	61,143	65,465	-6.6%
<i>EBITDA margin</i>	<i>23.7%</i>	<i>27.2%</i>	<i>-3.5 p.p.</i>
Amortization and depreciation	-18,004	-17,273	4.2%
Operating profit	43,139	48,192	-10.5%
<i>Operating profit margin</i>	<i>16.7%</i>	<i>20.1%</i>	<i>-3.4 p.p.</i>
Financial incomes	218	64	240.6%
Financial expenditures	-201	-247	-18.6%
Changes in reasonable value of financial instruments	0	0	n.s.
Exchange differences	1,990	-4,931	c.s
Impairment and results coming from disposals of financials assets	0	0	n.s.
Financial results	2,009	-5,109	c.s
Profit from associated companies	0	0	n.s.
Profit before taxes	45,148	43,083	4.8%
Taxes	-11,903	-8,432	41.2%
Profit after taxes from continued operations	33,245	34,651	-4.1%
Profit after taxes from interrupted operations	0	0	n.s.
Net profit	33,245	34,651	-4.1%
a) Net profit attributable to the parent company	33,245	34,651	-4.1%
b) Net profit attributable to minority interests	0	0	n.s.

Consolidated balance sheets ('000 €) - ASSETS

	Dec '21	Dec '20	Change
Intangible assets	20,138	19,268	4.5%
Goodwill	2,959	2,638	12.2%
Others intangible asset	17,179	16,630	3.3%
Tangible assets	512,235	475,293	7.8%
Real state investments	0	0	n.s.
Investment accounting using the equity method	0	0	n.s.
Non-current financial assets	3,272	1,940	68.7%
a) At fair value through profit and loss	1,121	633	77.1%
Of which "Designated upon initial recognition"	1,121	633	77.1%
b) At fair value with changes in other comprehensive income	0	0	n.s.
Of which "Designated upon initial recognition"	0	0	n.s.
c) At amortized cost	2,151	1,307	64.6%
Non-current derivatives	51	326	-84.4%
Cash flow hedges	51	326	-84.4%
Others	0	0	n.s.
Deferred tax assets	26,639	26,966	-1.2%
Other non-current assets	0	0	n.s.
NON-CURRENT ASSETS	562,335	523,793	7.4%
Non-current assets held for sale	0	0	n.s.
Inventories	303,380	273,193	11.0%
Trade and other receivables	205,449	183,473	12.0%
Trade debtors	174,578	166,079	5.1%
Other debtors	28,215	16,629	69.7%
Current tax assets	2,656	765	247.2%
Current financial assets	837	840	-0.4%
a) At fair value through profit and loss	753	751	0.3%
Of which "Designated upon initial recognition"	753	751	0.3%
b) At fair value with changes in other comprehensive income	0	0	n.s.
Of which "Designated upon initial recognition"	0	0	n.s.
c) At amortized cost	84	89	-5.6%
Current derivatives	2,258	4,708	-52.0%
Cash flow hedges	204	3,088	-93.4%
Others	2,054	1,620	26.8%
Other current assets	3,183	2,435	30.7%
Cash and cash equivalents	91,352	51,990	75.7%
CURRENT ASSETS	606,459	516,639	17.4%
TOTAL ASSETS	1,168,794	1,040,432	12.3%

Consolidated balance sheets ('000 €) - EQUITY AND LIABILITIES

	Dec '21	Dec '20	Change
Share capital	32,550	32,550	0.0%
Share issue premium	12	12	0.0%
Reserves	815,034	767,960	6.1%
Treasury shares	-10,473	-6,031	73.7%
Profit for previous years	0	0	n.s.
Received from associates	0	0	n.s.
Net profit of the period attributable to the parent company	132,997	122,513	8.6%
Less: Interim dividend	-64,880	-64,905	0.0%
Other equity instruments	2,912	1,747	66.7%
SHAREHOLDER'S FUNDS	908,152	853,846	6.4%
Items that are not reclassified to profit or loss for the period	0	0	n.s.
Equity instruments through other comprehensive income	0	0	n.s.
Others	0	0	n.s.
Items that may subsequently be reclassified to profit or loss for the period	-85,376	-117,600	-27.4%
Hedge transactions	467	1,031	-54.7%
Currency translation differences	-85,843	-118,631	-27.6%
Share in other comprehensive income for investments in joint ventures and others	0	0	n.s.
Debt instruments at fair value through other comprehensive income	0	0	n.s.
Others	0	0	n.s.
ACCUMULATED OTHER COMPREHENSIVE INCOME	-85,376	-117,600	-27.4%
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY	822,776	736,246	11.8%
Non-controlling interests	0	0	n.s.
EQUITY	822,776	736,246	11.8%
Grants	942	1,189	-20.8%
Non-current provision	29,369	38,520	-23.8%
Non-current financial liabilities	77,360	59,473	30.1%
Bank debt	53,690	32,644	64.5%
Other financial liabilities	23,670	26,829	-11.8%
Deferred tax liabilities	19,276	19,274	0.0%
Non-current derivatives	0	107	n.s.
Cash flow hedges	0	107	n.s.
Others	0	0	n.s.
Other non-current liabilities	0	0	n.s.
NON-CURRENT LIABILITIES	126,947	118,563	7.1%
Liabilities linked to non-current assets held for sale	0	0	n.s.
Current provisions	12,321	11,204	10.0%
Current financial liabilities	53,282	75,803	-29.7%
Bank debt	39,418	57,563	-31.5%
Other financial liabilities	13,864	18,240	-24.0%
Trade and other payable accounts	147,866	96,240	53.6%
Trade creditors	90,379	53,768	68.1%
Other creditors	46,844	33,389	40.3%
Current tax liabilities	10,643	9,083	17.2%
Current derivatives	1,342	2,159	-37.8%
Cash flow hedges	1,342	2,159	-37.8%
Others	0	0	n.s.
Other current liabilities	4,260	217	1863.1%
CURRENT LIABILITIES	219,071	185,623	18.0%
TOTAL EQUITY AND LIABILITIES	1,168,794	1,040,432	12.3%

Cash flow statement ('000 €)

	Jan-Dec' 21	Jan-Dec' 20	Change
Cash flows from operating activities	221,300	178,341	24.1%
Profit for the year before tax	176,420	159,656	10.5%
Adjustments in results	71,258	82,171	-13.3%
Amortisation and depreciation	72,281	71,526	1.1%
Others adjustments in results(net)	-1,023	10,645	c.s.
Changes in working capital	18,294	-25,178	c.s.
Other cash flows from operating activities	-44,672	-38,308	16.6%
Interest paid	0	0	n.s.
Dividend paid and other payments from others equity instruments	0	0	n.s.
Dividends received	0	0	n.s.
Interests received	0	0	n.s.
Proceeds/ (payments) from income tax	-43,273	-35,893	20.6%
Proceeds/(payments) from operating activities	-1,399	-2,415	-42.1%
Cash flows from investing activities	-94,677	-53,576	76.7%
Investment payments	-95,779	-55,320	73.1%
Group companies, associated & business units	0	0	n.s.
Acquisition of property, plant and equipment and intangible assets	-95,779	-55,320	73.1%
Other financial assets	0	0	n.s.
Other assets	0	0	n.s.
Cash from disposals	474	605	-21.7%
Group companies, associated & business units	0	0	n.s.
Disposal of property, plant and equipment and intangible assets	474	605	-21.7%
Other financial assets	0	0	n.s.
Other assets	0	0	n.s.
Other cash flows from investing activities	628	1,139	-44.9%
Dividends received	0	0	n.s.
Interest received	628	1,139	-44.9%
Proceeds/(Payments) from interrupted operations	0	0	n.s.
Cash flows from financing activities	-90,936	-119,960	-24.2%
Proceeds and payments from equity instruments	-4,906	0	n.s.
Proceeds from issue of stock	0	0	n.s.
Cancellation and payments	0	0	n.s.
Acquisition	-4,906	0	n.s.
Disposal	0	0	n.s.
Proceeds and payments from financial liabilities instruments	1,827	-2,918	c.s.
Proceeds from issue of financial liabilities instruments	59,250	35,345	67.6%
Refund, cancellation and payments	-57,423	-38,263	50.1%
Dividends paid and others payments from others equities instruments	-78,328	-109,411	-28.4%
Others cash flows from financing activities	-9,529	-7,631	24.9%
Interest paid	-887	-1,800	-50.7%
Others proceeds /(payments) from financing activities	-8,642	-5,831	48.2%
Effect of foreign exchange rate changes on collections and payments	3,675	-4,185	c.s.
Net increase (decrease) in cash and cash equivalents	39,362	620	6248.7%
Cash and cash equivalents at the begining of the period	51,990	51,370	1.2%
Cash and cash equivalent at the end of the period	91,352	51,990	75.7%

Reporting exchange rates (Currency/€)

Average exchange rates (Currency/€)

End year (Currency/€)

	2021	2020	% Change	Dec 21	Dec 20	% Change
Euro	1.000	1.000	0.0%	1.000	1.000	0.0%
US Dollar	1.183	1.141	-3.6%	1.133	1.227	8.3%
Canadian Dollar	1.483	1.529	3.1%	1.439	1.563	8.6%
Mexican Peso	23.989	24.514	2.2%	23.144	24.416	5.5%
Brazilian real	6.381	5.889	-7.7%	6.321	6.381	1.0%
Czech crown	25.648	26.454	3.1%	24.860	26.245	5.6%
British Pound	0.860	0.889	3.4%	0.840	0.899	7.0%
Serbian Dinar	117.574	117.571	0.0%	117.582	117.580	0.0%
Chinese yuan renminbi	7.638	7.868	3.0%	7.220	8.025	11.2%
Uruguayan Peso	51.532	47.968	-6.9%	50.622	51.955	2.6%
Australian Dollar	1.575	1.656	5.1%	1.561	1.593	2.1%
New Zealand Dollar	1.682	1.757	4.5%	1.658	1.698	2.4%
Thai baht	37.815	35.699	-5.6%	37.653	36.727	-2.5%

Appendix 2. Alternative Performance Measures

The Viscofan Group has included in this report various Alternative Performance Measures (hereinafter APMs), as established in APM Guidelines published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415es) and adopted by the National Securities Market Commission (the CNMV).

This involves a series of measures designed using the financial information of Viscofan, S.A., and its subsidiary companies, and they are complementary to the financial information drawn up in agreement with International Financial Reporting Standards (IFRS). Under no circumstance should they be assessed separately or considered a substitute.

They are measures used internally in decision making processes and which the Board of Directors decides to report externally as it considers they provide additional information that is useful in the analysis and assessment of the Viscofan Group's results and its financial situation.

The APMs included in this report are as follows:

- The EBITDA, or operating profit before depreciation and amortization, is calculated excluding depreciation and amortization costs from the operating profit. The EBITDA is a measure that is commonly reported and widespread among analysts, investors, and other stakeholders in the casing industry. The Viscofan Group uses this measure to monitor the business' development and to establish operational and strategic objectives in Group companies. However, it is not a defined indicator in IFRS and, therefore, it may not be compared with other similar indicators employed by other companies in their reports.
- Cost of consumption: This is calculated as the net amount of supplies plus the change in finished and unfinished products. Management monitors cost of consumption as one of the main cost components for Viscofan. The weight of net revenue for this cost component on revenue or gross margin is also analyzed to study the operating margin's development. However, it is not a defined indicator in IFRS, and cost of consumption must not be considered a substitute for the different items in the profit and loss account that comprise them. Furthermore, it may not be compared with other similar indicators employed by other companies in their reports.
- Net bank debt: This is calculated as non-current borrowings plus current borrowings netted from cash and cash equivalents. Management considers net bank debt to be relevant to shareholders and other stakeholders as it provides an analysis of the Group's solvency. However, net bank debt should not be considered a substitute for gross bank debt in the consolidated balance sheet, nor other liability or asset items that may affect the Group's solvency.
- Like-for-like revenue and EBITDA: This measure excludes the impact of exchange rate variations on the comparable previous period and the non-recurring impacts of the business in order to present a homogeneous comparison of the Viscofan Group's development. However, like-for-like revenue and EBITDA are not defined indicators in IFRS and, therefore, they may not be compared with other similar indicators employed by other companies in their reports, nor may they be considered a substitute for the business development indicators defined in IFRS.

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You can consult all the information corresponding to the results on the web page of the [Viscofan Group](#).

Disclaimer

This document may include statements about intentions, expectations, or forecasts of the Company additional to the mandatory financial reporting whose sole purpose is to provide information more accurately about the perspectives of future behaviors.

Such intentions, expectations or forecasts do not constitute any guaranties of compliance and involve risks, uncertainties and other relevant factors that could cause actual developments and results to differ materially from those states in such forward-looking statements.

This circumstance must be taken into account mainly for all persons or entities that may have to take decision, develop or spread opinions relative to values issued by the Company and particularly by analysts and investors that handle this document.

The financial information contained in this document in relation to the year 2021 and its comparison with the previous year has been prepared under the International Financial Reporting Standards (IFRS), the information of the annual accounts has been audited and it is available on the website of the company www.viscofan.com and on the CNMV website www.cnmv.es.