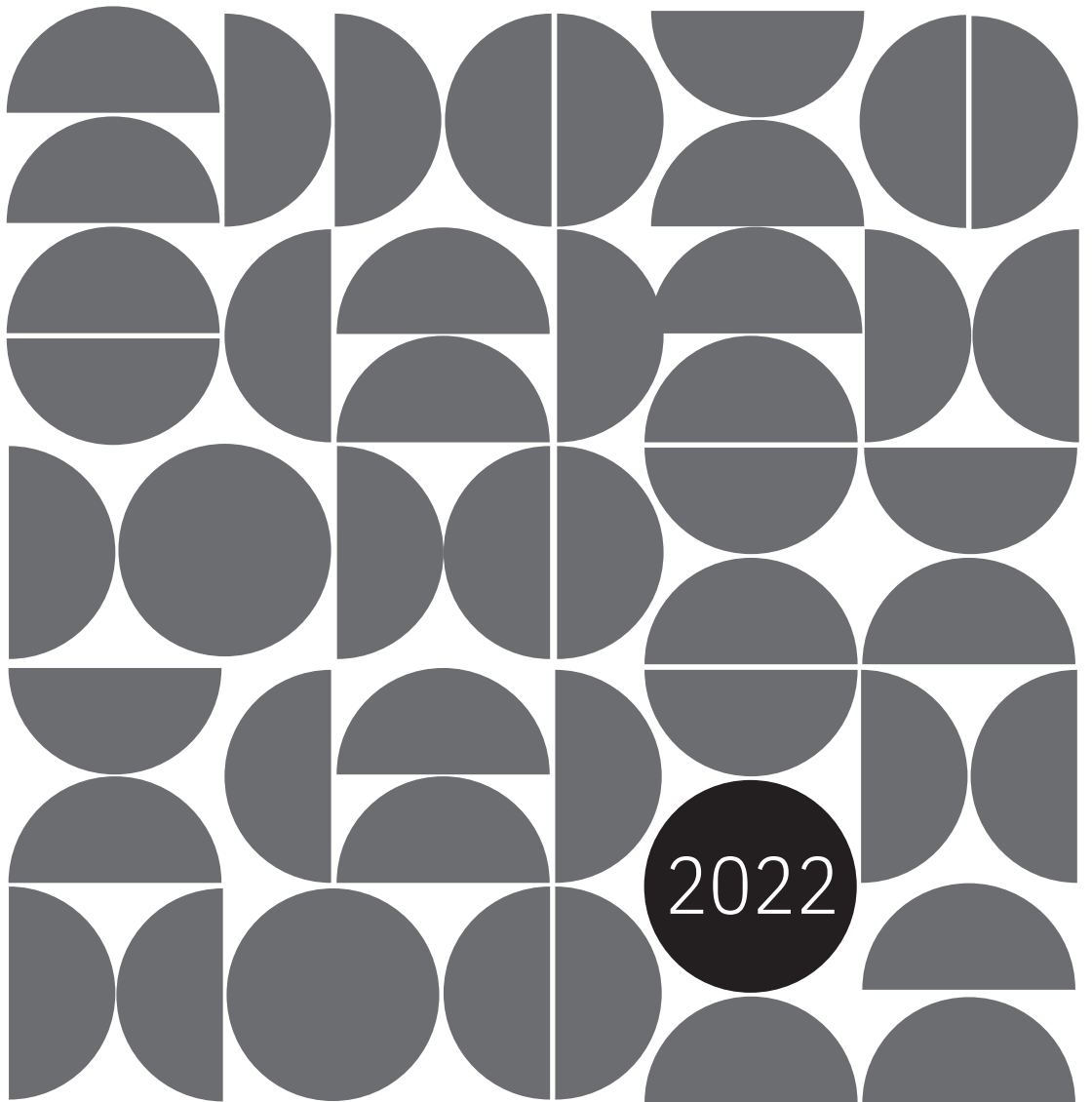


ANNUAL ACCOUNTS FNMT-RCM



Real Casa de la Moneda
Fábrica Nacional
de Moneda y Timbre

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REPORT OF ACCOUNTS AUDITING



AUDIT OF INDIVIDUAL ACCOUNTS
FNMT - Fábrica Nacional de Moneda y Timbre -
Real Casa de la Moneda
Audit Plan 2023
Financial year 2022
AUDInet code 2023/65
PUBLIC AUDIT DIVISION
II



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AUDIT REPORT ON THE ANNUAL ACCOUNTS ISSUED BY THE OFFICE OF THE GENERAL STATE COMPTROLLER (IGAE)

Director General FNMT-RCM

I. OPINION

The Office of the General State Comptroller, in exercise of the powers conferred upon it by article 168 of Law 47/2003 of 26 November, General Budget Act, has audited the annual accounts of the Real Casa de la Moneda Fábrica Nacional de Moneda y Timbre FNMT-RCM, comprising the balance sheet as at 31 December 2022, the profit and loss statement, the statement of changes in equity, the cash flow statement and the notes to the annual accounts for the year then ended.

In our opinion, the accompanying annual accounts present, in all material respects, a true and fair view of its equity and financial position, results of operations and cash flows for the year then ended in accordance with the applicable financial reporting framework (as identified in Note 2 of the consolidated annual accounts) and, in particular, with the accounting principles and rules contained therein.



II. BASIS FOR THE OPINION

We conducted our audit in accordance with auditing standards applicable to the public sector in Spain. Our responsibilities under those standards are described below in the Auditor's Responsibilities for the Audit of the Annual Accounts section of our report.

We are independent of the entity in accordance with the ethics and independence protection requirements that apply to our audit of the annual accounts for the Public Sector in Spain as required by the regulations governing the audit activity of the Public Sector.

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



III. KEY AUDIT ISSUES

Key audit matters are those matters which, in our professional judgement, have been of most significance in our audit of the current period's annual accounts. These matters have been dealt with in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we express no separate opinion on these matters.

Based on the audit work undertaken, we have determined that there are no more significant risks that give rise to key audit matters considered in the audit that should be communicated in our report.



IV. MATTER OF EMPHASIS

As indicated in Notes 6 and 21 to the accompanying consolidated annual accounts, the entity has exercised the option to purchase the land to which its facilities are expected to be transferred in the medium term. This paragraph does not affect the opinion.



V. OTHER INFORMATION

Other information consists of the directors' report and the report on compliance with the economic-financial obligations assumed by state public sector entities subject to the General Chart of Accounts for Spanish companies and its adaptations as a result of belonging to the Public Sector, the formulation of which is the responsibility of the entity's management and does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the other information. Our responsibility is to read the other information, as required by the regulations governing the audit activity, and to evaluate and report on the consistency of the other information with the annual accounts based on our knowledge of the entity obtained in the course of the audit, and not include information other than that obtained as evidence during the audit. In addition, our responsibility is to assess and report on whether the content and presentation of this other information is in accordance with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are obliged to report them.

On the basis of the work carried out, as described in the previous paragraph, we have nothing to report on the other information. It is consistent with that of the annual accounts for the year under audit and its content and presentation are in accordance with the applicable regulations.



VI. RESPONSIBILITY OF THE MANAGEMENT BODY FOR THE ANNUAL ACCOUNTS

The Director General of the FNMT-RCM is responsible for the preparation of the accompanying annual accounts, providing a true and fair view of the equity, financial position and earnings in accordance with the regulatory financial reporting framework applicable to the entity in Spain, and for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management body is responsible for assessing the entity's ability to continue as a going concern, disclosing, as appropriate, going concern matters and using the going concern basis of accounting unless the management body has the intention or legal obligation to liquidate the entity or to cease operations, or has no realistic alternative but to do so.



VII. THE AUDITOR'S RESPONSIBILITIES IN RELATION TO THE AUDIT OF THE ANNUAL ACCOUNTS

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

Reasonable assurance is a high degree of assurance, but does not guarantee that an audit conducted in accordance with Spanish Public Sector Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual accounts.

As part of an audit in accordance with the regulations governing the audit activity in force for the Public Sector in Spain, we apply our professional judgement and maintain an attitude of professional scepticism throughout the audit.

Also:

- We identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, and 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 due to fraud is higher than for a material misstatement due to error because fraud may involve collusion, forgery, deliberate omissions, intentional misstatements, or the circumvention of internal control.
- We 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 entity's internal control.
- We assess the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity'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 annual accounts or, if such disclosures are inadequate, to express a modified opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the entity to cease to be a going concern.

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

We communicate with the governing body (designation according to the applicable legal regime) regarding, among other matters, the planned scope and timing of the audit and significant audit findings, as well as any significant deficiencies in internal control that we identify in the course of the audit.

Among the matters that have been reported to the entity's governing body, we have identified those that have been of most significance in the audit of the current period's annual accounts and which are, consequently, the key audit matters.

We describe these matters in our audit report unless legal or regulatory provisions prohibit public disclosure.

This audit report has been signed electronically through the Office of the General State Comptroller's cicep.red application by the Head of Public Audit Division II of the National Audit Office and a National Auditor, Team Leader, in Madrid, on 21 June 2023.

FINANCIAL STATEMENTS

**CORRESPONDING
TO THE YEAR ENDED
31 DECEMBER 2022**

BALANCE SHEET AS AT 31 DECEMBER 2022 (Expressed in thousands of euros)

ASSETS	Note	31-12-2022	31-12-2021
A) NON-CURRENT ASSETS		251,084	217,619
I. Intangible assets	<i>Note 5</i>	1,402	202
5 IT applications		1,402	202
II. Property, plant and equipment	<i>Note 6</i>	192,183	158,687
1. Land and buildings		115,839	84,830
2. Technical installations and other property, plant and equipment		71,325	68,252
3. Fixed assets under construction and advances		5,019	5,605
III. Investment property	<i>Note 7</i>	10,983	11,085
1. Land		8,831	8,715
2. Buildings		2,152	2,370
IV. Long-term investments in group companies and associates	<i>Note 9.1</i>	44,000	44,299
1. Equity instruments		44,000	44,299
V. Long-term financial investments	<i>Note 9.2</i>	463	417
1. Equity instruments		-	-
2. Loans to third parties		339	278
5. Other financial assets		124	139
VII. Deferred tax assets	<i>Note 17</i>	2,053	2,929
B) CURRENT ASSETS		297,830	307,225
I. Non-current assets held for sale	<i>Note 9.2</i>	-	-
II. INVENTORIES	<i>Note 10</i>	60,912	53,179
1. Commercial		416	225
2. Raw materials and other supplies		28,846	25,659
3. Products in progress		17,287	13,057
4. Finished products		14,363	14,238
III. Trade and other receivables		37,034	27,182
1. Customers by sale and services	<i>Note 11</i>	31,758	26,841
2. Customers, group companies and associates		241	75
3. Sundry receivables		21	22
4. Staff		200	243
5. Current tax assets		59	200
6. Other credits Public Administrations		4,755	1
V. Short-term financial investments	<i>Note 9.2</i>	155	100,011
2. Short-term loans to third parties		136	-
5. Other financial assets		19	100,011
VI. Prepayments and accruals		-	121
VII. Cash and cash equivalents	<i>Note 12</i>	199,729	126,732
1. Treasury		199,729	126,732
TOTAL ASSETS (A + B)		548,914	524,844

Notes 1 to 24 of the Notes to the Annual Accounts form an integral part of the Balance Sheet as at 31 December 2022.

BALANCE SHEET AS AT 31 DECEMBER 2022

(Expressed in thousands of euros)

LIABILITIES	Note	31-12-2022	31-12-2021
(A) EQUITY		497,460	487,545
A-1) Shareholders' equity	<i>Note 13</i>	497,460	487,545
I. Capital		10,047	10,047
1. Registered capital		10,047	10,047
III. Reserves		462,498	458,711
1. Statutory		313,560	309,773
2. Voluntary		148,938	148,938
VII. Profit (loss) for the year		24,915	18,787
B) NON-CURRENT LIABILITIES		6,026	7,544
I. Long-term provisions	<i>Note 14</i>	5,903	7,406
1. Long-term employee benefit obligations		4,061	3,422
4. Other provisions		1,842	3,984
II. Long-term debts		-	-
1. Other long-term debts		-	-
III. Long-term debt with group companies and associates		123	138
(C) CURRENT LIABILITIES		45,428	29,755
II. Short-term provisions		114	936
III. SHORT-TERM DEBTS	<i>Note 15</i>	6,876	3,592
2. Bank borrowing		-	6
5. Other financial liabilities		6,876	3,586
V. Trade and other payables		38,438	25,227
1. Suppliers		19,924	10,547
2. Suppliers, jointly-controlled entities and related companies	<i>Note 16</i>	341	571
3. Sundry payables		7,779	1,918
4. Staff (outstanding salaries)		1,947	2,143
5. Current tax liabilities	<i>Note 17</i>	-	1,811
6. Other debts to public administrations	<i>Note 17</i>	3,553	7,928
7. Customer advances		4,894	309
TOTAL EQUITY AND LIABILITIES (A + B + C)		548,914	524,844

Notes 1 to 24 of the Notes to the Annual Accounts form an integral part of the Balance Sheet as at 31 December 2022.

PROFIT AND LOSS STATEMENT FOR THE FINANCIAL YEAR 2022

(Expressed in thousands of euros)

	Note	31-12-2022	31-12-2021
(A) CONTINUING OPERATIONS			
1. Turnover	<i>Note 18.1</i>	273,958	234,239
a) Sales		237,552	201,954
(b) Provision of services		36,406	32,285
2. Change in inventories of finished goods and work in progress		3,288	6,187
3. Work carried out by the company for its assets		303	316
4. Procurement	<i>Note 18.2</i>	(105,791)	(84,761)
a) Consumption of goods		(557)	(670)
b) Consumption of raw materials and other consumables		(85,562)	(75,999)
(c) Work carried out by other companies		(19,419)	(7,906)
d) Impairment of merchandise, raw materials and other supplies		(253)	(186)
5. Other operating income		1,537	1,307
a) Ancillary and other current operating revenue		1,201	935
b) Operating subsidies included in the profit or loss for the year	<i>Note 18.3</i>	336	372
6. Staff costs	<i>Note 18.4</i>	(68,959)	(69,176)
a) Wages, salaries and similar		(49,319)	(51,195)
b) Payroll costs		(19,640)	(17,981)
c) Provisions		-	-
7. Other operating expenses		(58,669)	(45,557)
a) External services	<i>Note 18.5</i>	(56,323)	(44,004)
b) Taxes		(2,139)	(2,131)
c) Losses, impairment and changes in provisions for trade operations	<i>Note 18.6</i>	1,009	874
d) Other current administrative expenditure		(1,216)	(296)
8. Depreciation of fixed assets	<i>Note 5, 6 and 7</i>	(13,768)	(14,191)
11. Impairment and gains/losses on disposal of fixed assets	<i>Note 6</i>	(15)	(4)
a) Impairment and losses		113	113
b) Gains/losses on disposals and others		(128)	(117)
OPERATING GAIN/LOSS		31,884	28,360
13. Financial income		1,740	247
a) From holdings in equity instruments		-	-
b) From marketable securities and fixed asset receivables		1,740	247
b2) From third parties		1,740	247
14. Financial expenses		-	(151)
b) For debts owed by third parties		-	(151)
16. Exchange rate differences	<i>Note 18.7</i>	(343)	(77)
17. Impairment and gain or loss on disposal of financial instruments		(299)	(2,776)
a) Impairment and losses		(299)	(2,776)
b) Gains/losses on disposals and others		-	-
FINANCIAL GAIN/LOSS		1,098	(2,757)
EBT		32,982	25,603
18. Tax on profits	<i>Note 17</i>	(8,067)	(6,816)
GAIN/LOSS FOR THE YEAR		24,915	18,787

The accompanying Notes 1 to 24 are an integral part of the Profit and Loss Statement for 2022.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022
(Expressed in thousands of euros)

A) STATEMENT OF RECOGNISED INCOME AND EXPENDITURE

	Note	31-12-2022	31-12-2021
<i>A) Profit and loss statement gain/loss</i>		24,915	18,787
<i>B) Income and expenses recognised directly in equity</i>		-	-
<i>C) Transfers to the profit and loss statement</i>		-	-
<i>VI. By valuation of assets and liabilities</i>		-	-
TOTAL RECOGNISED INCOME AND EXPENDITURE (A + B + C)		24,915	18,787

Notes 1 to 24 of the Notes to the Annual Accounts form an integral part of the Statement of Recognised Income and Expenditure for 2022.

B) TOTAL STATEMENTS OF CHANGES IN EQUITY

	Capital Registered	Statutory reserves	Voluntary reserves	Gain/loss for the year	TOTAL
BALANCE AS AT 31 December 2020	10,047	309,773	148,938	22,118	490,876
Total recognised income and expenses	-		-	18,787	18,787
Distribution of the profit/(loss) for the financial year 2020					
- To dividends	-	-	-	(22,118)	(22,118)
- To reserves	-	-		-	-
BALANCE AS AT 31 December 2021	10,047	309,773	148,938	18,787	487,545
Total recognised income and expenses	-		-	24,915	24,915
Distribution of the profit/(loss) for the financial year 2021					
- To dividends	-			(15,000)	(15,000)
- To reserves	-	3,787	-	3,787	-
BALANCE AS AT 31 DECEMBER 2022	10,047	313,560	148,938	24,915	497,460

Notes 1 to 24 of the Notes to the Annual Accounts form an integral part of the Total Statement of Changes in Equity for the 2022 financial year.

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2022

(Expressed in thousands of euros)

	Note	31/12/2022	31/12/2021
A) CASH FLOWS FROM OPERATING ACTIVITIES			
1. EBT for the year.		32,982	25,603
2. Adjustments to gains/losses.		9,379	17,641
a) Depreciation of fixed assets	Note 5, 6 and 7	13,768	14,191
b) Impairment adjustments	Note 6, 10 and 18	(607)	(4,000)
c) Change in provisions	Note 18	(2,400)	(541)
e) Gains/losses on disposal of fixed assets	Note 5, 6 and 7	15	4
g) Financial income		(1,740)	(247)
h) Financial expenses		-	151
i) Exchange rate differences	Note 18.7 and 19	343	77
j) Other income and expenses		-	6
3. Changes in working capital		(1,085)	245
a) Inventories	Note 10	(7,253)	(5,314)
b) Trade and other accounts receivable	Note 11	(9,432)	8,149
c) Other current assets		62	(121)
d) Trade and other accounts payable		15,597	(2,542)
f) Other non-current assets and liabilities		(59)	73
4. Other cash flows from operating activities		(7,579)	(5,157)
a) Interest payments		(6)	(150)
b) Dividend paid		-	-
c) Interest charges		1,369	18
d) Income tax payments (collected)		(8,942)	(5,025)
5. Cash flows from operating activities (+/-1+/-2+/-3+/-4)		33,697	38,332
B) CASH FLOWS FROM INVESTMENT ACTIVITIES			
6. Investment payments		(45,673)	(126,217)
a) Group companies and associates		-	16,000
b) Intangible assets		(1,616)	(136)
c) Property, plant and equipment		(43,827)	(9,591)
d) Investment property		(115)	-
e) Other financial assets		(115)	(100,490)
7. Divestment proceeds		100,294	-
a) Group companies and associates		299	-
c) Property, plant and equipment		1	-
d) Investment property		3	-
e) Other financial assets		99,991	-
9. Cash flows from investment activities (7-6)		54,621	(126,217)
C) CASH FLOWS FROM FINANCING ACTIVITIES			
9. Dividend and remuneration payments on other equity instruments		(15,000)	(22,118)
a) Dividends		(15,000)	(22,118)
12. Cash flows from financing activities (+/-9)		(15,000)	(22,118)
D) Effect of exchange rate changes	Note 18.7	(321)	(77)
E) NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (+/-A+/-B+/-C+/-D)		72,997	(110,080)
Cash or cash equivalents at beginning of the year		126,732	236,812
Cash or cash equivalents at the end of the year		199,729	126,732

Notes 1 to 24 of the Notes to the Annual Accounts form an integral part of the Statement of Cash Flows for 2022.

REPORT

**FOR THE FINANCIAL YEAR
ENDING 31 DECEMBER 2022**

1. ACTIVITY OF THE ENTITY

The Fábrica Nacional de Moneda y Timbre-Real Casa de la Moneda, Entidad Pública Empresarial, In-house Provider (hereinafter FNMT-RCM or the Entity) is a public business entity as provided for in article 84.1.a).2 of Law 40/2015 of 1 October on the Legal Regime of the Public Sector, with its own legal personality, its own assets and treasury and management autonomy under the terms of the aforementioned law.

The FNMT-RCM is attached to the Ministry of Finance and Civil Service, through the Undersecretariat of Finance and Civil Service, in accordance with the provisions of Royal Decree 682/2021 of 3 August, which develops the basic organic structure of the Ministry of Finance and Civil Service.

Royal Decree 51/2023 of 31 January approves the new Statute of the Fábrica Nacional de Moneda y Timbre-Real Casa de la Moneda, Entidad Pública Empresarial, In-house Provider.

The new statute has a threefold purpose: to adapt its regulatory rule to the current legal system; to develop the requirements set out in articles 32 and 33 of Law 9/2017 of 8 November on Public Sector Contracts, transposing into Spanish law the Directives of the European Parliament and of the Council 2014/23/EU and 2014/24/EU of 26 February 2014, in relation to the extension of the subjective scope of the different contracting and non-contracting authorities that may place orders with the FNMT-RCM in its capacity as an independent body; and to include the various security, innovation and digital administration activities that are making the FNMT-RCM a benchmark in the field of digital services and innovation.

The FNMT-RCM will be an agency of the General State Administration, of the autonomous communities and cities and of the local entities, as well as of the agencies, bodies and entities of the state, autonomous community and local public sector, under the terms set out in article 5.1 of its new statute.

On 29 May 2020, the Office of the General State Comptroller issued a favourable report on the report accompanying the proposal to declare the FNMT-RCM as an in-house provider and technical service.

Royal Decree-Law 11/2020, in its seventh final provision, modifies the legal regime of the FNMT-RCM, enabling it to act as an in-house provider for contracting authorities belonging to the state, autonomous community and local public spheres.

In 2020 and 2023, in accordance with the provisions of Royal Decree 749/2019 of 27 December, the Entity updated the public administrative register (Inventory of State, Autonomous Community and Local Public Sector Entities, INVENTE), incorporating the qualification as an in-house provider mentioned in the preceding paragraphs.

The FNMT-RCM is governed by private law, except in the formation of the will of its bodies, in the exercise of the administrative powers attributed to it and, specifically, in those aspects regulated for public business entities in Law 40/2015 of 1 October, and by Law 39/2015 of 1 October on Common Administrative Procedure for Public Administrations and in its new Statute published on 1 February 2023 in the Official State Gazette (BOE).

The main purposes and activities of the FNMT-RCM are as follows:

- The minting of coins of all kinds, in accordance with the applicable legislation.
- The production of coin blanks, the minting of medals and similar works for the state or private individuals.
- The printing of banknotes of any currency and the production of high-security paper for the printing of such banknotes or, where appropriate, for other public or private documents, in accordance with applicable national, EU or international legislation.
- The production of official identification documents, labels, instruments, codes, media, including those for the security and traceability of tobacco products, as well as other official tasks, as required by both EU and national regulations.
- The preparation of the documents by which any taxes or public prices, tickets, printed matter and national lottery lists are paid, on the appropriate and secure medium entrusted to it.
- The printing of all kinds of documents, stamps, signs or postal and postage items, in accordance with the provisions of applicable legislation and under the conditions proposed by the postal operator.
- The provision of security, technical and administrative services in communications through electronic, computer and telematic techniques and media, as well as electronic identification and trust services for electronic transactions, authorised electronic addresses and electronic notification, digitalisation, deposit and custody of documents in any medium, and the issue, manufacture and supply of user certificates or titles in digital format or on a card; the provision of user services or certificates in digital format or on cards; the provision of blockchain services and the issuance and verification of decentralised credentials; and the development and provision of digital services for the digital transformation of public administrations in accordance with the terms established by national, EU or international legal provisions.
- The performance of technical assistance, advisory and consultancy activities related to the functions and competencies referred to in the previous sections.
- The promotion of artistic, cultural and training activities through the Mint Museum and the School of Engraving and Graphic Design, among others.
- Any other powers attributed to it by law, regulation or legal instrument.

The Entity's production activity is carried out in its factories in Madrid and Burgos. The registered office is located at Calle Jorge Juan 106, Madrid.

On 1 January 2015, Guideline (EU) 2015/280 of the European Central Bank (hereinafter the ECB) of 13 November 2014 on the establishment of the Eurosystem Production and Procurement System (ECB/2014/44), which amended the Eurosystem's bank-note production and procurement system, entered into force.

In relation to this Guideline, on 30 December 2014, Law 36/2014 of 26 December on the General State Budget for 2015 was published in the Official State Gazette. The second additional provision of this Law amended Law 13/1994 of 1 June 1994 on the Autonomy of the Bank of Spain (Banco de España), and included a new additional provision, the eighth, with effect from 1 January 2015 and with the following wording:

"Banco de España, in accordance with the regulations of the European Central Bank, may entrust the production of euro banknotes to a publicly owned commercial company in which it holds a controlling majority, whose exclusive corporate purpose shall be the production of euro banknotes within the European System of Central Banks."

In addition, Law 36/2014 has included an additional ninety-fifth provision with the following wording:

"Until 31 December 2017, the Fábrica Nacional de Moneda y Timbre -Real Casa de la Moneda may maintain a shareholding of up to 20% in the publicly owned commercial company referred to in Additional Provision Eight of Law 13/1994 of 1 June 1994 on the Autonomy of the Banco de España, which must have the personnel and material resources to carry out its functions. During this period, the two entities may share the common services necessary for the performance of their activities."

The Fábrica Nacional de Moneda y Timbre - Real Casa de la Moneda may also produce banknotes other than euro banknotes and may provide the aforementioned company, in accordance with the provisions of current procurement regulations, with any services ancillary to the production of euro banknotes that said company may require."

As a result of the publication of these regulations, the FNMT-RCM and the Banco de España signed a protocol on 19 December 2014 for the creation of the entity referred to in the second final provision of the General State Budget Law for 2015. The protocol provides that, this special purpose vehicle controlled by Banco de España and in which the FNMT-RCM holds a 20% stake, would be established in 2015, thereby ensuring that the production of the banknotes assigned to Banco de España is manufactured by the aforementioned entity, thus complying with the ECB Guideline and as a way of guaranteeing that the specialised know-how and employment associated with this activity remain in Spain.

In that Protocol, the FNMT-RCM undertook the obligation to incorporate a company so that, once incorporated, Banco de España would acquire 80% of the capital.

The Protocol was approved by the Board of Directors of the FNMT-RCM on 15 December 2014 and submitted to the body responsible for the FNMT-RCM, which at that time was the Under-Secretariat of Finance and Public Administrations.

The aforementioned Company was incorporated on 30 October 2015 under the name Imprenta de Billetes, S.A. (IMBISA) and commenced operations on 1 November 2015. The sale of 80% of the FNMT-RCM's stake to the Banco de España was formalised on 2 November 2015.

Law 3/2017 of 27 June 2017 on the General State Budget for 2017, in its twenty-ninth final provision, amended the ninety-fifth additional provision of Law 36/2014, which is worded as follows (applicable as of 29 June 2017):

"Until such time as the company 'Imprenta de Billetes, S.A.' (IMBISA) carries out its euro banknote production activity on the premises of the public business entity Fábrica Nacional de Moneda y Timbre - Real Casa de la Moneda, the latter may maintain a holding of up to 20% in the aforementioned company IMBISA. Once the activity of the IMBISA trading company has ceased on the premises of the FNMT-RCM, the FNMT-RCM shall proceed within a period of six months to dispose of the shares it holds in said company to Banco de España. During this period, the two entities may share the common services necessary to carry out their activities.

The Fábrica Nacional de Moneda y Timbre – Real Casa de la Moneda may also produce banknotes other than euro banknotes and may provide the aforementioned company, in accordance with the provisions of current procurement regulations, with any services ancillary to the production of euro banknotes that said company may require."

Law 31/2022 on the General State Budget for 2023, in its twenty-sixth final provision, amends Law 3/2017 on the General State Budget for 2017. Paragraph Five of the Twenty-ninth Final Provision is reworded to read as follows:

"The Fábrica Nacional de Moneda y Timbre-Real Casa de la Moneda may produce banknotes other than euro banknotes and may provide the company Imprenta de Billetes, S.A. (IMBISA), in accordance with the provisions of current procurement regulations, with any services ancillary to the production of euro banknotes that this company may require."

2. BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS

2.1. Financial reporting regulatory framework applicable to the Entity

These annual accounts have been prepared in accordance with the regulatory financial reporting framework applicable to the Entity, which is set out in:

- The Commercial Code and other commercial legislation.
- The General Chart of Accounts approved by Royal Decree 1514/2007 and its Sectorial Adaptations.

- The mandatory rules approved by the Accounting and Auditing Institution (Instituto de Contabilidad y Auditoría de Cuentas) in development of the General Chart of Accounts and its complementary rules.
- All other applicable Spanish accounting legislation.

2.2. True and fair view

The annual accounts for the year ended 31 December 2022 have been prepared on the basis of the Entity's accounting records and are presented in accordance with the applicable financial reporting framework and, in particular, with the accounting principles and criteria contained therein so as to fairly present the Entity's equity, financial position, gains/losses from operations and cash flows for the year.

The main accounting policies adopted are presented in Note 4. All accounting principles or accounting and measurement rules that have a significant effect on the annual accounts have been applied in their preparation.

The figures contained in all the statements that make up the annual accounts (balance sheet, profit and loss statement, statement of changes in equity, cash flow statement and these notes to the annual accounts) are presented in thousands of euros, unless otherwise stated, the euro being the functional currency of the Entity.

The annual accounts for the 2022 financial year, prepared by the Director General of the FNMT-RCM, shall be submitted to the Governing Board for approval.

2.3. Critical aspects of valuation of uncertainty and estimation

In preparing certain disclosures in these annual accounts, estimates based on assumptions made by senior management and subsequently ratified, where appropriate, by the Board of Directors, have been used to quantify certain assets, liabilities, income, expenses and commitments reported herein. The most significant estimates used in these annual accounts relate to:

- Impairment losses on certain assets (Notes 5, 6, 7, 9, 10 and 11).
- Useful life of property, plant and equipment, intangible assets and investment property (Notes 5, 6 and 7).
- The likelihood of occurrence and the amount of certain provisions and contingencies (Note 14).
- The recovery of deferred tax assets.

These estimates and assumptions are based on the best information available at the date of preparation of the annual accounts and are reviewed periodically. However, it is possible that either the availability of additional information or future events may make it necessary to change estimates at the close of accounts of future periods; in this case, the effects of the changes in estimates would be recorded prospectively.

2.4. Comparison of information

The information for the 2022 financial year contained in these annual accounts is presented, for comparative purposes, together with the information for the 2021 financial year.

2.5. Grouping of items

Certain items in the balance sheet, statement of profit and loss statement, statement of changes in equity and cash flow statement are presented in grouped form for ease of understanding, although, to the extent material, the information is disclosed in the relevant notes to the annual accounts.

3. APPROPRIATION OF PROFITS/(LOSSES)

The Governing Board, following the formulation made by the head of the Directorate General, shall approve the annual accounts and the proposal for the appropriation of profits/(losses) for submission to the Undersecretary of Finance and the Civil Service.

The proposed appropriation of profits for the year ended 31 December 2022 is as follows:

	Thousands of euros
Basis of Distribution	
Profit for the year	24,915
Total Basis of Distribution	24,915
Application	
To statutory reserves	12,915
Dividend distribution	12,000
Total Application	24,915

4. RECORDING AND MEASUREMENT STANDARDS

The main recording and measurements standards used by the Entity in preparing its annual accounts for the 2022 financial year, in accordance with those established by the Spanish National Chart of Accounts, were as follows:

4.1. Intangible assets

Intangible assets are initially measured at acquisition or production cost and subsequently measured at cost less accumulated amortisation and any impairment losses, as described in Note 4.2 for property, plant and equipment. These assets are amortised over their useful lives.

4.1.1. Licences, patents and trademarks (industrial property)

Patents, licences and trademarks are initially measured at acquisition cost. They also include expenditure incurred on development when the results of the respective projects undertaken by the Entity are positive and, in compliance with the necessary legal requirements, are recorded in the corresponding Register. They are amortised on a straight-line basis over their useful lives, normally estimated at ten years.

4.1.2. IT applications

This includes amounts paid for access to ownership or the right to use software and applications, whether acquired from third parties or developed by the Entity itself. They are amortised systematically on a straight-line basis over three years.

Maintenance, system overhaul or recurring costs resulting from the modification or updating of these applications are recorded directly as expenses in the year in which they are incurred.

4.2. Property, plant and equipment

Property, plant and equipment is stated at acquisition or production cost less accumulated depreciation and less any impairment losses (which, if any, are recognised in accordance with the criterion described in this Note).

Work carried out by the Entity for its own fixed assets is recorded at the accumulated cost of in-house consumption of materials, direct labour incurred and manufacturing overheads.

The costs of expansion, modernisation, improvement, replacement or refurbishment that represent an increase in productivity, capacity or efficiency or a lengthening of the useful life of the asset are recognised as an increase in the cost of the related assets, with a consequent write-off of the replaced or refurbished assets or items.

Periodic upkeep, repair and maintenance expenses that do not extend the useful life of the asset are charged to the profit and loss statement in the year in which they are incurred.

Depreciation is calculated by applying the straight-line method to the acquisition or production cost of the assets over the years of estimated useful life of the various assets, as follows:

	Years of useful life
Buildings	33-50
Facilities and tooling	4-14,29
Vehicles	6-25
Furniture and furnishings	10
Information processing equipment	3
Other tangible fixed assets	1-5

The Entity depreciates certain specialised complex machinery and plants on the basis of the number of shifts worked per day when they work more than one shift per day. This basis of calculation has led to an increase in the depreciation charge for property, plant and equipment in 2022 of approximately 125 thousand euros compared to the charge that would have resulted if these items had been worked on a single shift.

The land on which buildings and other structures stand has an indefinite useful life and does not therefore depreciate.

The Entity does not depreciate certain historical heritage assets acquired and assigned to the Museum, which are recorded under Other Fixed Assets, on the understanding that these assets (collections of coins, banknotes, stamps and other items) do not depreciate. The amount at which they are recorded is the cost of acquisition, which at 31 December 2022 amounted to 5,579 thousand euros.

At the end of each reporting period, the Entity assesses whether there is any indication that the carrying amount of its property, plant and equipment exceeds its recoverable amount. For those assets identified, it estimates their recoverable amount as the higher of fair value less costs to sell and value in use. If the asset needs others to generate cash flows, the recoverable amount is estimated at the level of the smallest grouping of assets capable of generating cash flows on its own (cash-generating units).

If the recoverable amount so determined is less than the carrying amount of the asset, the difference between the two amounts is recognised in profit or loss by reducing the carrying amount of the asset to its recoverable amount and adjusting future depreciation charges in proportion to the carrying amount.

Similarly, when there is an indication of a recovery in the value of a tangible asset, the Entity records the reversal of the impairment loss recognised in prior periods and adjusts future depreciation charges accordingly. In no case does such a reversal increase the carrying amount of the asset above the carrying amount it would have had at that time if no impairment losses had been recognised in prior years.

4.3. Investment property

This section in the accompanying balance sheet includes land, buildings and other structures held by the Entity for rental purposes, to generate capital gains on their sale, or both, rather than for use in the production or supply of goods or services or for administrative purposes.

These assets are measured in accordance with the criteria indicated in Note 4.2 on property, plant and equipment.

4.4. Leases

The Entity leases certain assets to third parties. All lease contracts entered into by the Entity have been classified as operating leases since, based on their substance, in none of the cases is ownership of the leased assets or the rights and risks inherent thereto acquired.

Expenses for rental instalments, which are established as minimum rents in the contracts, as well as expenses for other lease-related items that can be determined at the beginning of the contract, are taken to the profit and loss statement on a straight-line basis over the term of the lease.

Consequently, any payments that may be made under an operating lease are treated as prepayments and are taken to the profit and loss statement over the lease term.

4.5. Financial instruments

4.5.1. Financial assets

The financial assets held by the Entity are classified into the following categories:

1. Loans and receivables: arise from the rendering of services or the sale of products in the ordinary course of business or those which, not having a commercial origin, are not equity instruments or derivatives and whose collections are of a fixed or determinable amount and are not traded in an active market.
2. Equity investments in jointly controlled entities.
3. Cash and cash equivalents: this balance sheet item comprises cash on hand, bank current accounts and deposits and reverse repurchase agreements that meet the following requirements:
 - They are convertible into cash.
 - At the time of purchase, they have a maturity of no more than three months.
 - They are not subject to a significant risk of change in value.
 - They are part of the Entity's normal cash management policy.
4. Held-to-maturity investments, both short and long-term: this item in the balance sheet includes deposits and reverse repurchase agreements which the Entity has the effective intention and ability to hold to maturity.

The Entity considers investments with a maturity of less than twelve months and more than three months at the time of acquisition to be short-term.
5. Available-for-sale financial assets: this category includes financial assets that are specifically designated as available for sale or those that do not fit into the above categories.

Initial measurement

Financial assets are initially measured at the fair value of the consideration given plus directly attributable transaction costs.

Subsequent measurement

Loans and receivables are measured at the lower of amortised cost and recoverable amount. The recoverable amount is estimated on the basis of the debtor's creditworthiness and the age of the debt. If the recoverable amount is lower than the carrying amount, a corresponding impairment loss is recognised for the difference.

Investments in jointly-controlled entities and available-for-sale financial assets are measured at cost less any accumulated impairment losses. These adjustments are calculated as the difference between the carrying amount and the recoverable amount, the latter being the higher of fair value less costs to sell and the present value of future cash flows from the investment.

Provisions for impairment and reversals of impairment are charged and credited, respectively, to the profit and loss statement in the year in which they arise.

Interest and dividends on financial assets accrued after the time of acquisition are recorded as income in the profit and loss statement.

The Entity derecognises financial assets when they expire and all the risks and rewards of ownership have substantially been transferred.

4.5.2. Financial liabilities

The Entity's financial liabilities, whether long or short term, are classified in the following category:

Debits and payables. These are those arising from the purchase of goods and services for the company's trading operations or also those which, without being considered as derivative financial instruments, do not have a commercial origin.

Initial measurement

They are initially measured at the fair value of the consideration received, less directly attributable transaction costs.

Subsequent measurement

These liabilities are subsequently measured at amortised cost.

4.5.3. Equity instruments

Group companies are considered to be those linked to the Entity by a direct or indirect control relationship. Associates are also considered to be companies over which the Entity exercises significant influence (significant influence is presumed to exist when at least 20% of the voting rights of the company are held). In addition, the

jointly-controlled category includes companies over which, by virtue of an agreement, joint control is exercised with one or more partners.

Investments in Group companies, jointly-controlled entities and associates are initially measured at cost plus directly attributable transaction costs.

They are subsequently measured at cost less any accumulated impairment losses. These adjustments are calculated as the difference between the carrying amount and the recoverable amount (the latter being the higher of fair value less costs to sell and the present value of the cash flows from the investment) and, if the latter is not available, the equity of the investee is taken into account.

4.6. Inventories

Inventories are measured at the lower of acquisition or production cost and net realisable value, the latter being understood to be the amount that the Entity will be able to obtain from their disposal on the market in the normal course of business less the costs necessary to realise them (costs of completion, marketing, sale and distribution).

The formula applied by the Entity to determine the cost for each type of inventory is as follows:

- **Raw materials and other supplies:** are initially measured at their acquisition price using the weighted average price.
- **Intermediate and finished goods:** are initially measured at average production cost. Cost includes the weighted average cost of materials incorporated, work carried out by third parties and costs directly attributable to the product, as well as the reasonable share of direct and indirect labour costs and manufacturing overheads.
- **Products in progress:** are measured by applying the degree of progress criterion. This is applied to the final result of each product in progress, and is determined by comparing the actual direct and indirect costs incurred as a percentage of the total foreseen costs. The costs incurred incorporate materials, labour, subcontracting costs and other chargeable direct and indirect costs.

Trade discounts, rebates and similar items are recognised as a reduction of the cost of inventories when it is probable that the conditions for granting them will be met. In addition, cash discounts are recognised as a reduction of the cost of inventories purchased.

The Entity assesses the net realisable value of inventories at the end of the year and recognises the appropriate impairment loss when they are overvalued. When the circumstances that led to the recognition of an impairment loss on inventories no longer exist or when there is clear evidence that justifies an increase in net realisable value due to changes in economic circumstances, the previously made impairment loss is

reversed, with the limit of the reversal being the lower cost and the new net realisable value of the inventories. Impairment losses on inventories and their reversal are recognised in the profit and loss statement for the year.

4.7. Transactions and balances in foreign currencies

The functional currency of the Entity is the euro and therefore all balances and transactions denominated in currencies other than the euro are deemed to be in foreign currency. These transactions are recorded in euros at the spot exchange rates prevailing at the dates of the transactions.

At year-end, monetary assets and liabilities denominated in foreign currencies are translated into euros using the average spot exchange rate prevailing at that date on the relevant foreign exchange market.

Gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss statement under "Exchange differences".

4.8. Income tax

The income tax expense or income comprises the portion relating to current tax expense or income and the portion relating to deferred tax expense or income.

Current tax is the amount payable by the Entity as a result of income tax assessments in respect of a financial year. Deductions and other tax benefits, excluding withholdings and payments on account, as well as tax loss carryforwards from previous years and effectively applied in the current year, result in a lower amount of current tax.

Deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences, which are identified as amounts expected to be payable or recoverable arising from 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 recorded by applying to the relevant temporary difference or credit the tax rate at which they are expected to be recovered or settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are recognised only to the extent that it is considered probable that future taxable profit will be available against which the deferred tax asset can be utilised.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity accounts are also recognised with a balancing entry in equity.

Deferred tax assets are reviewed at each balance sheet date and adjusted if there are doubts as to their future recoverability. In addition, off-balance sheet deferred tax

assets are assessed at each balance sheet date and are recognised to the extent that it becomes probable that they will be recoverable against future taxable profits.

4.9. Income and expense recognition

Income and expense are recognised on an accruals basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises. Income is recognised at the fair value of the consideration received, net of discounts and taxes.

Sales revenue is recognised when the significant risks and rewards of ownership of the asset sold have been transferred to the buyer.

Income from the rendering of services is recognised by reference to the stage of completion of the transaction at the balance sheet date, provided that the outcome of the transaction can be estimated reliably.

If the amount of services rendered is less than the amount of invoices issued, the difference is recorded under "Short-term prepayments and accruals" on the balance sheet.

Interest received on financial assets is recognised using the effective interest method and dividends are recognised when the shareholder's right to receive them is declared. Similarly, financial expenses are recognised using the effective interest rate method. In any case, interest and dividends on financial assets and liabilities accrued after the time of acquisition are recognised as income and expenses, respectively, in the profit and loss statement.

4.10. Provisions and contingencies

At the date of preparing these annual accounts, the Board of Directors of the Entity distinguishes between:

- **Provisions:** obligations existing at the balance sheet date arising from past events, the amount or maturity of which is uncertain but which are likely to result in a loss for the Entity and where the amount of the obligation can be reliably estimated.
- **Contingent liabilities:** possible obligations that arise from past events, the realisation of which is conditional on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity and which do not qualify for recognition as provisions.

The Entity's balance sheet includes all significant provisions for which it is considered highly probable that the obligation will have to be settled. They are quantified on the basis of the best information available at the date of preparing the annual accounts on the consequences of the event giving rise to them, taking into account, if material, the time value of money.

They are recognised with a charge to the profit and loss statement of the year in which the obligation (legal, contractual or constructive) arises and are reversed, in full or in part, with a credit to the profit and loss statement when the obligations cease to exist or are reduced.

Contingent liabilities, if any, are not recognised in the balance sheet but are disclosed in the notes to the annual accounts.

4.11. Environmental assets

Assets of an environmental nature are assets that are used on a lasting basis in the Entity's activities and whose main purpose is to minimise environmental impact and protect and improve the environment, including the reduction or elimination of future pollution due to the Entity's activities.

The criteria for initial recognition, depreciation and possible impairment of these assets are those described in Note 4.2.

Given the activities in which the Entity engages, and in accordance with current legislation, it maintains control over the degree of pollution from discharges and emissions, as well as an appropriate waste disposal policy. Expenses incurred for these purposes are charged to the profit and loss statement in the year in which they occur.

4.12. Staff costs

4.12.1. Severance payments

In accordance with prevailing legislation, the Entity is obliged to compensate employees who are dismissed without just cause. Such indemnities are paid to employees as a result of the Entity's decision to terminate their employment contract before the normal retirement date or when the employee voluntarily agrees to resign in exchange for this benefit. The Entity recognises these benefits when it has undertaken to terminate the employment of current employees in accordance with a detailed communicated plan or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

At year-end there were no staff reduction plans requiring the creation of a provision for this item.

4.12.2. Loyalty rewards

The Entity is committed to paying its employees an extraordinary bonus as a loyalty reward for years of continuous service when they reach 25, 35 and 40 years of effective service (see Note 14). These obligations are recognised in the balance sheet on

an accrual basis over the working life of each employee, the amount being estimated on the basis of the amount payable at the time of disbursement and discounted at a market rate of interest.

4.12.3. Post-employment benefits

The Entity is subject to the Resolution of 7 October 2004 establishing the specifications of the Pension Plan of the General State Administration, which requires an annual contribution to a defined contribution plan equivalent to a certain percentage of each employee's pensionable salary, which is set in the General State Budget according to professional categories.

Contributions made to such plans, where they exist, are recorded under "Staff costs" in the profit and loss statement.

4.13. Related-party transactions

The Entity conducts all related-party transactions on an arm's length or cost-plus basis. In addition, transfer prices are adequately supported, and therefore the directors of the Entity consider that there are no significant risks in this respect that could give rise to significant liabilities in the future.

4.14. Current and non-current items

Current assets are defined as: assets related to the normal operating cycle, which is generally considered to be one year; other assets whose maturity, disposal or realisation is expected to take place in the short term from the reporting date; and cash and cash equivalents. Assets that do not meet these requirements are classified as non-current.

Similarly, current liabilities are those linked to the normal operating cycle and, in general, all obligations whose maturity or extinction will occur in the short term. Otherwise, they are classified as non-current.

4.15. Gain/(loss) from discontinued operations

A discontinued operation is a component of the Entity that has been disposed of or otherwise disposed of or classified as held for sale and, among other conditions, represents a significant line of business or area that can be separated from the rest.

For this type of transaction, the Entity includes in the profit and loss statement, in a single line item entitled "Gain/(loss) for the year from discontinued operations", both the gain or loss from discontinued operations and the gain or loss recognised at fair value less costs to sell from the disposal of the items constituting the discontinued operation.

In this respect, the spin-off of the euro banknote production business was treated as a discontinued operation. The amount recognised in the profit and loss statement included the fair value less costs to sell of the assets that constituted the discontinued operation plus the gains/(losses) of that business unit from the beginning of the year until the effective date of spin-off.

In order to record the discontinued operation of the spin-off of the banknote production activity, the Entity applied Accounting and Measurement Standard 19 of the Spanish National Chart of Accounts.

The assets and liabilities of the FNMT-RCM that became the property of Imprenta de Billetes, S.A. were written off and recorded at their carrying value in the FNMT-RCM.

After updating the value of the fixed assets transferred to Imprenta de Billetes, S.A. to their fair value, the measurement of the shares received by the FNMT-RCM was recorded at the net value of the assets and liabilities transferred.

5. INTANGIBLE FIXED ASSETS

The composition and movements during the 2022 and 2021 financial years in the accounts included under this section in the accompanying balance sheet are as follows (in thousands of euros):

2022 financial year

	Patents, licences, trademarks and similar	IT applications	TOTAL
COST			
Balance at 31.12.2021	557	29,392	29,949
Additions	-	1,182	1,182
Transfers	-	434	434
Disposals	-	(4)	(4)
Balance as at 31.12.2022	557	29,392	29,949
AMORTISATION			
Balance at 31.12.2021	(557)	(29,190)	(29,747)
Allocation for the financial year	-	(416)	(416)
Transfers	-	-	-
Decreases	-	4	4
Balance at 31.12.2022	(557)	(29,602)	(30,159)
Net carrying value as at 31.12.2021	-	202	202
Net carrying value as at 31.12.2022	-	1,402	1,402



2021 financial year

	Patents, licences, trademarks and similar	IT applications	TOTAL
COST			
Balance at 31.12.2020	557	29,253	29,810
Additions	-	136	136
Transfers	-	3	3
Disposals	-	-	-
Balance at 31.12.2021	557	29,392	29,949
AMORTISATION			
Balance at 31.12.2020	(557)	(28,690)	(29,247)
Allocation for the financial year	-	(497)	(497)
Transfers	-	(3)	(3)
Decreases	-	-	-
Balance at 31.12.2021	(557)	(29,190)	(29,747)
Net carrying value as at 31.12.2020	-	563	563
Net carrying value as at 31.12.2021	-	202	202

5.1. Fully depreciated assets

At the end of 2021 and 2022, the Entity has fully amortised intangible assets that are still in use, the detail of which is as follows (in thousands of euros):

	2022	2021
Industrial property	557	557
IT applications	29,159	28,969
Total	29,716	29,526

5.2. Measurement adjustments for impairment

The directors of the Entity consider that there are no signs of impairment of the various intangible assets at year-end 2022 and 2021 and, therefore, no impairment losses were recognised during the year.

6. PROPERTY, PLANT AND EQUIPMENT

The composition of and movements in the accounts included under this section in the accompanying balance sheet during the 2022 and 2021 financial years are as follows (in thousands of euros):

2022 financial year

	Land and buildings	Technical installations and other property, plant and equipment	Fixed assets under construction and advances	TOTAL
COST				
Balance at 31.12.2021	176,389	313,862	5,605	495,856
Additions	31,676	12,309	3,214	47,199
Write-offs, disposals and reductions	-	(18,528)	-	(18,528)
Transfers	(12)	3,262	(3,800)	(550)
Balance at 31.12.2022	208,053	310,905	5,019	523,977
AMORTISATION				
Balance at 31.12.2021	(91,559)	(245,331)	-	(336,890)
Allocation for the financial year	(655)	(12,482)	-	(13,137)
Decreases	-	18,512	-	18,512
Transfer	-	-	-	-
Balance at 31.12.2022	(92,214)	(239,301)	-	(331,515)
CORRECTION FOR IMPAIRMENT				
Balance at 31.12.2021	-	(279)	-	(279)
Recognised in the year	-	-	-	-
Transfer	-	-	-	-
Reversals	-	-	-	-
Balance at 31.12.2022	-	(279)	-	(279)
Net carrying value as at 31.12.2021	84,830	68,252	5,605	158,687
Net carrying value as at 31.12.2022	115,839	71,325	5,019	192,183

2021 financial year

	Land and buildings	Technical installations and other property, plant and equipment	Fixed assets under construction and advances	TOTAL
COST				
Balance at 31.12.2020	176,389	303,443	11,024	490,856
Additions	-	4,710	3,122	7,832
Write-offs, disposals and reductions	-	82,829)	-	82,829))
Transfers	-	8,538	(8,541)	(3)
Balance at as 31.12.2021	176,389	313,862	5,605	495,856
AMORTISATION				
Balance at 31.12.2020	(90,762)	(235,479)	-	(326,241)
Allocation for the financial year	(797)	(12,679)	-	(13,476)
Decreases	-	2,824	-	2,824
Transfer	-	3	-	3
Balance at 31.12.2021	(91,559)	(245,331)	-	(336,890)
CORRECTION FOR IMPAIRMENT				
Balance at 31.12.2020	-	(279)	-	(279)
Recognised in the year	-	-	-	-
Reversals	-	-	-	-
Balance at 31.12.2021	-	(279)	-	(279)
Net carrying value as at 31.12.2020	85,627	67,685	11,024	164,336
Net carrying value as at 31.12.2021	84,830	68,252	5,605	158,687

The main addition in 2022 relates to the purchase from Imprenta de Billetes, S.A. of the land to construct the Entity's future facilities, amounting to 31,193 thousand euros, by virtue of the purchase option agreement entered into with the latter in 2017 (see Note 21).

Other important additions are the purchase of an intaglio stamp making machine for the production of stamps for 3,442 thousand euros and a collection of old coins for 3,500 thousand euros.

Transfers in 2022 relate to fixed assets that were in progress at the end of the previous year.

Disposals in 2022 relate to various machines that were obsolete and which the Entity has replaced with new machinery to adapt to technological advances in the manufacture of various products demanded by its customers. The disposals, and in some cases the subsequent sale, resulted in a loss of 16 thousand euros, which is recorded under "Impairment and gains/losses on disposals of fixed assets - gains/losses on disposals and other" in the accompanying profit and loss statement.

The breakdown of the section "Land and buildings" is as follows:

	Cost as at 31.12.2022	Cost as at 31.12.2021
Land	103,118	71,656
Industrial buildings	84,210	84,008
Commercial	20,725	20,725
Total	208,053	176,389

6.1. Measurement adjustments for impairment

There were no impairment losses on property, plant and equipment in 2022.

6.2. Fully depreciated assets

At the end of 2022 and 2021, the Entity had fully depreciated items of property, plant and equipment still in use, details of which are as follows:

	2022	2021
Buildings	82,772	82,772
Technical installations and machinery	95,491	102,848
Other fixed assets	101,539	100,518
Total	279,802	286,138

6.3. Firm procurement commitments

The Entity signed contracts at year-end 2022 and 2021 amounting to 7,540 thousand euros and 9,360 thousand euros, respectively, relating mainly to production machinery pending delivery.

6.4. Insurance

The Entity has taken out various insurance policies to cover the risks to which its property, plant and equipment is subject. The coverage of these policies is considered sufficient.

7. PROPERTY INVESTMENTS

The composition and movements during the 2022 and 2021 financial years in the accounts included under this section in the accompanying balance sheet are as follows (in thousands of euros):

2022 financial year

	Land	Buildings	TOTAL
COST			
Balance asat 31.12.2021	8,715	7,303	16,018
Transfers	116	-	116
Disposals	-	(3)	(3)
Balance at 31.12.2022	8,831	7,300	16,131
AMORTISATION			
Balance at 31.12.2021	-	(4,933)	(4,933)
Allocation for the financial year	-	215	215
Disposals	-	-	-
Balance at 31.12.2022	-	(5,148)	(5,148)
Net carrying value as at 31.12.2021	8,715	2,370	11,085
Net carrying value as at 31.12.2022	8,831	2,152	10,983

2021 financial year

	Land	Buildings	TOTAL
COST			
Balance at 31.12.2020	8,715	7,303	16,018
Disposals	-	-	-
Balance at 31.12.2021	8,715	7,303	16,018
AMORTISATION			
Balance at 31.12.2020	-	(4,716)	(4,716)
Allocation for the financial year	-	217	217
Disposals	-	-	-
Balance at 31.12.2021	-	(4,933)	(4,933)
Net carrying value as at 31.12.2020	8,715	2,587	11,302
Net carrying value as at 31.12.2021	8,715	2,370	11,085

7.1. Investment property according to its use

The value of investment property according to its use by the Entity is as follows (in thousands of euros):

2022 financial year

	Intended for lease		For sale	Total
	Leased	Not leased		
Land	8,823	-	8	8,831
Buildings	7,123	-	-	7,123
Offices and commercial premises	-	123	-	123
Housing	-	-	54	54
Total	15,946	123	62	16,131

2021 financial year

	Intended for lease		For sale	Total
	Leased	Not leased		
Land	8,707	-	8	8,715
Buildings	7,123	-	-	7,123
Offices and commercial premises	-	123	-	123
Housing	-	-	57	57
Total	15,830	123	65	16,018

In 2022, income from investment property held for lease amounted to 788 thousand euros. This operating income is presented in the profit and loss statement under the section "Other operating income".

At year-end 2022, the minimum amount of future leases guaranteed by the signed contracts, considering their duration, is 604 thousand euros (see Note 8.2).

7.2. Insurance

The Entity has taken out various insurance policies to cover the risks to which these investments are subject, and the coverage of these policies is considered sufficient.

8. LEASES AND OTHER TRANSACTIONS OF A SIMILAR NATURE

8.1. Operating leases - Lessee

In order to carry out its activities, the Entity rents to third parties the right to use certain assets. The main terms of the most significant contracts that have been in force during the 2022 and 2021 financial years are as follows:

- Rental of compressed air equipment: 24-month compressed air supply contract with a fixed monthly fee.

At year-end 2022 and 2021, the detail of future minimum lease payments for operating leases, broken down by maturity, is as follows (in thousands of euros):

	2022	2021
Up to 1 year	36	36
Between 1 to 5 years	-	-
Total	36	36

Expenses accrued in the 2022 financial year for operating leases amounted to 36 thousand euros (36 thousand euros in the 2021 financial year).

8.2. Operating leases - Lessor

During 2022 and 2021, certain items of the Entity's property, plant and equipment were leased to third parties under operating leases. Details of future minimum non-cancelable lease payments under these leases are as follows (in thousands of euros):

	2022	2021
Up to 1 year	604	788
Between 1 to 5 years	-	-
Total	604	788

The main conditions of the most significant contracts in force during the 2022 and 2021 financial years were as follows:

- On 16 January 2020, the signed contract for the lease of an industrial unit to the Compañía Europea de Cospeles, S. A. came into force. The duration was of three years and automatic extension for successive periods of one year, unless expressly denounced by either of the parties at least six months prior to its initial expiry or to any of the extensions thereto. This contract stems from a previous one signed in January 2000 and extended several times until the signing of the current contract.

At year-end 2022, non-current liabilities in the accompanying balance sheet under "Non-current payables to Group companies and associates" include 123 thousand euros relating to the guarantee received from Compañía Europea de Cospeles S.A., the repayment period of which will coincide with the end of the contract (see Notes 9.2.4 and 16).

The Entity has entered into an agreement with Sepi Desarrollo Empresarial, S.A., S.M.E. (SEPIDES) to grant a first-ranking non-possessory pledge on the credit rights arising from the lease agreement in its capacity as creditor by virtue of the participation loan agreement signed between SEPIDES and Compañía Europea de Cospeles, S.A.

9. LONG-TERM AND SHORT-TERM FINANCIAL ASSETS

At 31 December 2022 and 2021, the composition and movements in “Long-term investments in Group companies and associates” and “Long-term financial investments” in the accompanying balance sheet were as follows (in thousands of euros):

	Balance as at 31 December 2021	Entries and endowments	Disposals	Transfers and others	Balance as at 31 December 2022
Long-term investments in group companies and associates	44,299	-	-	-	44,000
Equity Instruments	47,075	-	-	-	47,075
- Holdings in group companies and associates	47,075	-	-	-	47,075
- Value adjustment for impairment.	(2,776)	(299)	-	-	3,075
Long-term financial investments	417	130	(83)	(1)	463
- Loans to third parties	278	130	(68)	(1)	339
- Other financial assets	823	-	(15)	(684)	124
- Impairment adjustment	(684)	-	-	684	-

	Balance as at 31 December 2020	Entries and endowments	Disposals	Transfers and others	Balance as at 31 December 2021
Long-term investments in group companies and associates	31,075	13,224	-	-	44,299
Equity Instruments	31,075	16,000	-	-	47,075
- Holdings in group companies and associates	31,075	16,000	-	-	47,075
- Impairment adjustment	-	(2,776)	-	-	(2,776)
Long-term financial investments	8,032	29	(7,589)	55.	417
- Loans to third parties	7,893	29	(7,589)	(55)	278
- Other financial assets	823	-	-	-	823
- Impairment adjustment	(684)	-	-	-	(684)

At 31 December 2022 and 2021, the detail of “Short-term financial investments” in the accompanying balance sheet is as follows (in thousands of euros):

	Balance as at 31 December 2021	Entries and endowments	Disposals	Transfers and other	Balance as at 31 December 2022
Short-term financial investments	100,011	144	(100,000)	-	155
Short-term loans to third parties	-	136	-	-	136
Other financial assets	100,011	8	(100,000)	-	19
Other short-term financial investments	100,000	-	(100,000)	-	-
Short-term deposits	11	8	-	-	19

	Balance as at 31 December 2020	Entries and endowments	Disposals	Transfers and other	Balance as at 31 December 2021
Short-term financial investments	13	100,001	(3)	-	100,011
Short-term loans to third parties	-	-	-	-	-
Other financial assets	13	100,001	(3)	-	100,011
Other short-term financial investments	-	100,000	-	-	100,000
Short-term deposits	13	1	(3)	-	11

9.1. Long-term and short-term investments in Group companies and associates

At 31 December 2022 and 2021, details of investments in Group companies and associates, as well as the most significant information on each of them at those dates, are as follows (data obtained from the audited financial statements at the aforementioned date):

2022 financial year

Name, address and activity	Stake	Acquisition cost	Impairment	Carrying value	Capital	Reserves	Prior Years' losses	Earnings from gains/(losses)	Earnings from continuing activities	Total equity
Compañía Europea de Cosepes S.A.										
Madrid										
Manufacture of coin blanks	50%	3,075	(3,075)	-	6,150	4,263	(9,816)	(1,995)	(2,580)	-
Imprenta de Billetes S.A.										
Madrid										
Production of euro banknotes	20%	44,000	-	44,000	220,000	-	-	(2)	-	220,000

2021 financial year

Name, address and activity	Stake	Acquisition cost	Impairment	Carrying value	Capital	Reserves	Prior Years' losses	Earnings from gains/(losses)	Earnings from continuing activities	Total equity
Compañía Europea de Cosepes S.A.										
Madrid										
Manufacture of coin blanks	50%	3,075	(2,777)	298	6,150	4,263	(3,835)	(5,902)	(5,981)	597
Imprenta de Billetes S.A.										
Madrid										
Production of euro banknotes	20%	44,000	-	44,000	220,000	-	-	(2)	-	220,000

- Under the section of investments in group companies, the Entity has a stake in Compañía Europea de Cosepes, S.A., which is not listed on organised securities markets.

The Entity directly owns 50% of the shares in Compañía Europea de Cosepes, S.A., a Spanish company engaged in the manufacture and marketing of coin blanks for minting coins. Compañía Europea de Cosepes, S. A. had a turnover of 25,058 thousand euros in 2022 and a total value of net tangible and intangible non-current assets of 1,443 thousand euros.

The Entity does not prepare consolidated annual accounts with Compañía Europea de Copeles, S.A. as it is a jointly-controlled company and, therefore, does not form a group of companies in accordance with applicable mercantile legislation.

The Entity has entered into a contract with Sepi Desarrollo Empresarial, S.A., S.M.E. to grant a first ranking non-possessory pledge over the shares it holds in Compañía Europea de Copeles, S.A. in its capacity as creditor by virtue of the participation loan agreement signed between SEPIDES and Compañía Europea de Copeles, S.A.

2. Under this section, the Entity also includes the stake in the company Imprenta de Billetes, S.A., which is not listed on organised securities markets.

The company Imprenta de Billetes, S.A. started its activity on 1 November 2015. It is Banco de España's in-house provider and its corporate purpose is the production of euro banknotes on behalf of Banco de España. The Entity directly owns 20% of the shares of this company. Imprenta de Billetes, S.A. had a turnover of 51,272 thousand euros and a total value of net non-current assets of 179,019 thousand euros in 2022.

The Entity does not prepare consolidated annual accounts for Imprenta de Billetes, S.A., as it does not hold control over it.

In 2021, the company Imprenta de Billetes, S.A. carried out a capital increase and the Entity subscribed 20% of the capital increase for an amount of 16,000 thousand euros.

9.2. Long and short-term financial investments

9.2.1. Equity instruments

At 31 December 2021, the detail of the Entity's equity instruments and the most significant information at that date was as follows:

2021 financial year

Name, address and activity	Stake	Acquisition cost	Impairment	Carrying value	Capital	Reserves	Other equity items	Operating gain/(loss)	Gains/(losses) from continuing activities	Total Equity
J. Vilaseca S. A. Barcelona Papermaking	9.99%	684	(684)	-	6.840	(5)	(1.325)	748	70	5.580

(¹) Data obtained from the financial statements to be audited as at the date indicated

The company J. Vilaseca, S. A. was incorporated on 9 May 1932 and its main activity is the manufacture of high quality paper. In July 1991, the Entity took a 12.8% stake in the capital. The company is not listed on organised stock exchanges.

In 2019, the company J. Vilaseca, S. A. carried out a capital reduction with a subsequent capital increase, with the entry of a new controlling shareholder, as a result of which the Entity's stake in the capital was reduced to 9.99%.

On 31 December 2022, the Entity's interest in J. Vilaseca was reclassified to non-current assets held for sale.

9.2.2. Non-current assets held for sale

This section within current assets includes the reclassification of the long-term financial investment in J. Vilaseca made at year-end 2022. The most significant data of this holding as at 31 December 2022 were as follows:

2022 financial year

Name, address and activity	Stake	Acquisition cost	Impairment	Carrying value	Capital	Reserves	Other equity items	Operating gain/(loss)	Gains/(losses) from continuing activities	Total Equity
J. Vilaseca S. A. Barcelona Papermaking	9.99%	684	(684)	-	6,840	(5)	(1,315)	(5,051)	(6,671)	--

(*) Data obtained from the financial statements to be audited as at the date indicated

9.2.3. Loans to third parties

This section "Loans to third parties", within long-term financial investments, at 31 December 2021 and 2022 includes those granted by the Entity to its employees for the acquisition of homes.

They range in duration from 10 to 13 years or until the expected age of retirement, with the possibility of a 3-year grace period and bear interest at an annual rate of 3%.

9.2.4. Section on "Other financial assets"

Long-term financial investments include the amount of the deposit provided by Compañía Europea de Cospeles S.A. for the lease of an industrial unit deposited by the Entity in the Madrid region (see Notes 8.2 and 16).

9.3. Balance sheet information

9.3.1. At 31 December 2022 and 2021, the breakdown of financial assets by class and category is as follows (except for investments in Group companies and associates, cash and cash equivalents and balances with public authorities):



2022 financial year	Held-to-maturity investments	Available-for-sale Financial assets	Loans and receivables	Total
Long-term financial investments	-	-	463	463
- Loans to third parties	-	-	339	339
- Other financial assets	-	-	124	124
Non-current assets held for sale	-	-	-	-
- Non-current assets held for sale	-	684	-	684
- Impairment adjustment of non-current assets held for sale	-	(684)	-	(684)
Trade and other receivables	-	-	32,220	32,220
Short-term financial investments	-	-	155	155
- Short-term loans to third parties	-	-	136	136
- Other financial assets	-	-	19	19
Total financial assets	-	-	32,838	32,838

2021 financial year	Held-to-maturity investments	Available-for-sale Financial assets	Loans and receivables	Total
Long-term financial investments	-	-	417	417
- Equity instruments	-	684	-	684
- Adjustment for impairment of equity instruments	-	(684)	-	(684)
- Loans to third parties	-	-	278	278
- Other financial assets	-	-	139	139
Trade and other receivables	-	-	27,182	27,182
Short-term financial investments	-	-	100,011	100,011
- Other financial assets	-	-	100,011	100,011
Total financial assets	-	-	127,610	127,610

9.3.2. At 31 December 2022 and 2021, the breakdown of financial liabilities by category and class is as follows (except for balances with public administrations):

	2022	2021
	Debits and other payables	
Long-term provisions	5,903	7,406
Long-term debts	-	-
Long-term debt with group companies and associates	123	138
Short-term provisions	114	936
Short-term debts	6,876	3,592
Trade and other payables	34,885	15,488
Total financial liabilities	47,901	27,560

9.3.3. Classification by maturity

Based on the maturities of the financial assets and financial liabilities determined or determinable, the classification at year-end 2022 and 2021 is as follows (except for balances with Public Administrations):

2022 financial year

Financial assets	Category	2022	2023	2024	2025	2026	Rest	Total
Loans to staff	long term		57	53	52	44	133	339
Deposits	long term						124	124
Customers by sales	long term							-
Assets held for sale	short term	684						684
Measurement adjustment assets held for sale	short term	(684)						(684)
Customers by sales	short term	32,184						32,184
Impairment due to trading operations	short term	(426)						(426)
Customers group companies	short term	241					-	241
Sundry receivables	short term	21						21
Staff	short term	138						138
Loans to staff	short term	62						62
Loans to third parties	short term	136						136
Deposits	short term	19						19
Short-term financial investments	short term	-						-
Other financial assets	short term	-						-
Short-term total		32,375	-	-	-	-	-	32,375
Long-term total		0	57	53	52	44	257	463

2021 financial year

Financial assets	Category	2021	2022	2023	2024	2025	Rest	Total
Equity instruments	long term						684	684
Impairment adjustment	long term						(684)	(684)
Loans to staff	long term		54	52	43	39	90	278
Deposits	long term						139	139
Customers by sales	long term							-
Customers by sales	short term	27,395						27,395
Impairment due to trading operations	short term	(554)						(554)
Customers group companies	short term	75					-	75
Sundry receivables	short term	22						22
Staff	short term	187						187
Loans to staff	short term	56						56
Deposits	short term	11						11
Short-term financial investments	short term	-						-
Other financial assets	short term	100,000						100,000
Short-term total		127,192	-	-	-	-	-	127,192
Long-term total		0	54	52	43	39	229	417



2022 financial year

Financial liabilities	Category	2023	2024	2025	2026	2027	Rest	Total
Employee benefit obligations	long term	-	386	184	147	195	3,149	4,061
Other personnel provisions	long term	-	1,262	258	132	58	41	1,751
Other provisions	long term	-	-	71	-	-	0	91
Other debts	long term	-	-	-	-	-	-	-
Group company deposits	long term	-	-	-	-	-	123	123
Fixed asset payables	short term	5,170	-	-	-	-	-	5,170
Other deposits	short term	1,706	-	-	-	-	-	1,706
Provisions for customer returns	short term	114	-	-	-	-	-	114
Bank borrowing	short term	-	-	-	-	-	-	-
Suppliers	short term	19,924	-	-	-	-	-	19,924
Suppliers to group companies and associates	short term	341	-	-	-	-	-	341
Trade payables	short term	7,779	-	-	-	-	-	7,779
Employee benefit obligations	short term	388	-	-	-	-	-	388
Other provisions	short term	1,595	-	-	-	-	-	1,595
Other staff	short term	(36)	-	-	-	-	-	(36)
Advances from debtors	short term	4,894	-	-	-	-	-	4,894
Short-term total		41,875	-	-	-	-	-	41,875
Long-term total		-	1,648	513	279	253	3,333	6,026

2021 financial year

Financial liabilities	Category	2022	2023	2024	2025	2026	Rest	Total
Employee benefit obligations	long term	-	401	373	153	113	2,382	3,422
Other personnel provisions	long term	-	1,876	951	484	255	268	3,834
Other provisions	long term	-	-	73	-	-	77	150
Other debts	long term	-	-	-	-	-	-	-
Group company deposits	long term	-	-	-	-	-	138	138
Fixed asset payables	short term	2,348	-	-	-	-	-	2,348
Other deposits	short term	1,238	-	-	-	-	-	1,238
Provisions for customer returns	short term	936	-	-	-	-	-	936
Bank borrowing	short term	6	-	-	-	-	-	6
Suppliers	short term	10,547	-	-	-	-	-	10,547
Suppliers to group companies and associates	short term	571	-	-	-	-	-	571
Trade payables	short term	1,918	-	-	-	-	-	1,918
Employee benefit obligations	short term	507	-	-	-	-	-	507
Other provisions	short term	1,632	-	-	-	-	-	1,632
Other staff	short term	4	-	-	-	-	-	4
Advances from debtors	short term	309	-	-	-	-	-	309
Short-term total		20,016	-	-	-	-	-	20,016
Long-term total		-	2,277	1,397	637	368	2,865	7,544

9.4. Information relating to the profit and loss statement

9.4.1. The net gains and losses from the different categories of financial instruments for financial years 2022 and 2021 are as follows:

Classes	2022			2021		
	Long term	Short term	Total	Long term	Short term	Total
Equity instruments	-	-	-	-	-	-
Total	-	-	-	-	-	-

9.4.2. The financial income and expenses calculated by application of the effective interest rate by financial asset category for financial years 2022 and 2021 are as follows:

	2022			2021		
	Long term	Short term	Total	Long term	Short term	Total
Financial assets						
Loans to staff	11	-	11	11	-	11
Loans to companies	-	235	235	228	(151)	77
Employee benefit obligations	1,246	-	1,246	-	-	-
Other financial assets	-	248	248	-	8	8
Total	1,257	483	1,740	239	(143)	96
Financial liabilities						
Employee benefit obligations	-	-	-	-	-	-
Total	1,257	483	1,740	239	(143)	96

9.4.3. The amounts of the measurement adjustments made during the year and taken to the profit and loss statement in respect of the various financial instruments for financial years 2022 and 2021 are as follows:

Classes	2022			2021		
	Long term	Short term	Total	Long term	Short term	Total
Long-term investments	(299)	-	(299)	(2,776)	-	(2,776)
Equity instruments	(299)	-	(299)	(2,776)	-	(2,776)
Commercial operations	-	950	950	-	874	874
Bad debts	-	-	-	-	(900)	(900)
Clients	-	950	950	-	1,774	1,774
LONG-TERM PROVISIONS	-	59	59	-	-	-
Other provisions	-	59	59	-	-	-
Total	(299)	1,009	710	(2,776)	874	(1,902)

10. INVENTORIES

The composition of the section at year-end 2022 and 2021 is as follows (thousands of euros):

	2022			2021		
	Cost	Corrections for impairment	Closing balance	Cost	Corrections for impairment	Closing balance
Commercial	590	(174)	416	378	(153)	225
Raw materials and other supplies	36,740	(7,894)	28,846	33,322	(7,663)	25,659
Work in progress and semi-finished products	18,764	(1,477)	17,287	14,671	(1,614)	13,057
Finished products	18,461	(4,098)	14,363	18,931	(4,693)	14,238
Total	74,555	(13,643)	60,912	67,302	(14,123)	53,179

The impairment losses recognised at 31 December 2022 and 2021 mainly relate to the decrease in the net realisable value of various items as a result of low turnover.

10.1 Inventories held by third parties

At year-end 2022 and 2021, inventories held by third parties amounted to 603 thousand euros and 407 thousand euros, respectively.

10.2. Insurance

The Entity has taken out insurance policies to cover the risks to which inventories are subject. The coverage of these policies is considered sufficient.

11. CUSTOMERS BY SALES AND SERVICES

At year-end 2022 and 2021, doubtful debt amounting to 426 thousand euros and 554 thousand euros, respectively, are included under this section and have been fully provided for. Also, at year-end 2021, an amount of 8,051 thousand euros, corresponding to an institutional customer, for which the expected collection period was more than one year, was reclassified to short term. In 2022, the debt of the above-mentioned customer was collected.

The changes in impairment losses during the last two years were as follows (in thousands of euros):

	Amount
Balance as at 31 December 2020	1,175
Allocation for financial year 2021	571
Reversal of financial year 2021	(292)
Application of provisions 2021	(900)
Balance as at 31 December 2021	554
Allocation for financial year 2022	352
Reversal of financial year 2022	(480)
Application of provisions 2022	-
Balance as at 31 December 2022	426

The directors consider that the measurement adjustments made to both long-term and short-term trade receivables are consistent with historical experience, with the assessment of the current economic environment and the risks inherent in the Entity's business.

12. CASH AND CASH EQUIVALENTS

The composition of this section at year-end 2022 and 2021 is as follows (in thousands of euros):

	Balance as at 31.12.2022	Balance as at 31.12.2021
Treasury	199,729	126,732
Total	199,729	126,732

The cash and cash equivalents section includes both the balances in demand bank accounts and cash accounts. It also includes cash equivalents and deposits whose maturity at the time of acquisition was not more than three months.

On the assets side of the balance sheet, the item "Other financial assets" under short-term financial investments includes fixed-term deposits with a maturity of more than three months, which in 2021 amounted to 100,000 thousand euros.

13. SHAREHOLDERS' EQUITY

13.1. Capital

The capital of the Entity is not represented by shares or any other ownership title and is owned by the Ministry of Finance and Civil Service.

13.2. Reserves

13.2.1. Statutory reserves

The statutory reserve, established to ensure its proper functioning, comes from the distribution of profits.

13.2.2. Voluntary reserves

The balance of these reserves includes those arising from the revaluation of property, plant and equipment, amounting to 100,310 thousand euros (see Note 5), and 44,384 thousand euros of those accumulated at the date of transformation of the now defunct Autonomous Body. There are no restrictions on the availability of these reserves.

It also includes an amount of 3,378 thousand euros, corresponding to the net impact of the tax effect of the entry into force of Royal Decree 1514/2007 of 16 November, approving the new Spanish National Chart of Accounts in 2007. These reserves are freely available.

On 5 October 2011, the Fundación Real Casa de la Moneda (Royal Mint Foundation) was dissolved and all its assets and liabilities were included in the Entity's balance sheet, as well as the equity generated up to that date, which is recorded in full under "Voluntary reserves", totalling 866 thousand euros.

14. LONG-TERM PROVISIONS

14.1. Provision of length-of-service bonuses

The collective bargaining agreement in force establishes that the Entity's employees, after reaching a certain number of years of service, are entitled to a series of long-term payments known as length-of-service bonuses, consisting of a one-off payment of a certain amount. The Entity has recorded the corresponding provision to meet future payments arising from this commitment.

In financial years 2021 and 2022, provisions were made for the amounts accrued in each period against the staff expenditure account. The calculation was made on the basis of internal non-actuarial studies, which consider individually the seniority and salary of each employee, the remaining period until receipt of the bonuses, an estimated annual salary increase of 3.5% and 1.5% and a discount rate of 2.5% and 0% per annum for 2022 and 2021. At the end of 2013, the Entity commissioned professional actuarial studies to validate the provisions applied for that year on the basis of the aforementioned criteria. The results did not differ significantly from the calculation used by the Entity and the same procedure continues to be applied.

At year-end 2022, 388 thousand euros, relating to long-service bonuses and medals to be awarded in 2023 and 85 thousand euros under "Other payables to public authorities" for the corresponding social security contributions, were transferred to short-term under "Staff remuneration payable" in the accompanying balance sheet.

This provision was recorded in the profit and loss statements for 2022 and 2021: the portion corresponding to the accrual of the premium under the section "Personnel expenses - Wages, salaries and similar", and the portion of the associated social security under the section "Personnel expenses - Social security costs".

14.2. Other provisions

The section "Other provisions" includes the most important items:

- In accordance with the provisions of the collective bargaining agreement, an employee of the Entity who considers that they perform functions in a higher category than the one in which they are classified, without occupying a vacancy in a higher category and without being paid the differences in salary, may claim recognition of these functions. The Entity makes provisions for this item on the basis of internal studies that take into account the approved salary tables and the historical valuations of claims resolved in recent years. The provision for salary category reviews requested by the Entity's employees at year-end 2022 and 2021 amounts to 733 thousand euros and 3,743 thousand euros, respectively. The provision for the year, amounting to 440 thousand euros, is recorded under the section "Wages, salaries and similar items" and the discount rate calculated for this provision in 2022 is recorded under the section "Financial income".
- At year-end 2022, 704 thousand euros corresponding to the reviews estimated to be resolved in 2023 and 218 thousand euros under "Other payables to public authorities" for the corresponding social security contributions were transferred to short-term under "Staff remuneration payable" in the accompanying balance sheet.
- Other provisions at year-end 2022 and 2021 include amounts of 1,017 thousand euros and 91 thousand euros corresponding to the estimate made for other employment claims.
- At year-end 2022 and 2021, amounts of 91 thousand euros and 150 thousand euros were also recognised in respect of the estimate made by the Entity to cover various lawsuits arising from its business activities.

The detail and movement during financial years 2022 and 2021 of this item on the liabilities side of the balance sheet is as follows:

	Provision for length-of-service bonuses	Other provisions	Total
Balance as at 31 December 2020	4,194	3,023	7,217
Allocations for the 2021 financial year	263	1,119	1,382
Applications for the 2021 financial year	(29)	(60)	(60)
Reversal of the 2021 financial year	(376)	-	(376)
Transfers to current liabilities 2021	(630)	(98)	(728)
Balance as at 31 December 2021	3,422	3,984	7,406
Allocations for the 2022 financial year	1,204	1,356	2,560
Applications for the 2022 financial year	(92)	(33)	(125)
Reversal of the 2022 financial year	-	(2,543)	(2,543)
Transfers to current liabilities 2022	(473)	(922)	(1,395)
Balance as at 31 December 2022	4,061	1,842	5,903

The Board of Directors and the Board of Governors, as well as the legal advisors of the Entity, consider that the provisions made are sufficient and that the conclusion of the open proceedings will not have significant additional effects on the financial statements for the years in which they are concluded.

15. SHORT-TERM DEBTS

The breakdown of “Short-term debts” is as follows (in thousands of euros):

	Balance as at 31.12.2022	Balance as at 31.12.2021
Bank borrowing	-	6
Short-term interest on bank debt	-	6
Other Financial Liabilities	6,876	3,586
Suppliers of fixed assets	5,170	2,348
Bonds and deposits received	1,706	1,238
Total	6,876	3,592

16. SUPPLIERS, JOINTLY-CONTROLLED ENTITIES AND RELATED COMPANIES

The detail of this section is as follows (in thousands of euros):

	2022	2021
Other financial liabilities		
Other debts		
Compañía Europea Cospeles, S. A.	160	495
J. Vilaseca, S. A.	181	76
Total	341	571

Details of related-party transactions are included in Note 21.1.

In addition, in the 2022 financial year, under non-current liabilities, under the section “Long-term debts of group companies and associates”, the deposit deposited by Compañía Europea de Cospeles S.A. for the rental of an industrial building is recorded in the amount of 123 thousand euros (see Notes 8.2 and 9.2.4)

17. PUBLIC ADMINISTRATIONS AND TAX SITUATION

The detail of the balances with Public Administrations at 31 December 2022 and 2021 is as follows (in thousands of euros):

2021 financial year

Public Administrations receivables	Non-current	Current	Balance as at 31/12/2022
Deferred tax assets	1,309	744	2,053
Other Public Administrations debts	-	4,814	4,814
Tax Authorities, corporate tax receivable	-	59	59
Tax Authorities, VAT receivable	-	4,755	4,755
Total	1,309	5,558	6,867

Public Administrations payables	Non-current	Current	Balance as at 31/12/2022
Current tax liabilities	-	-	-
Other debts with public administrations	-	3,553	3,553
Tax Authorities, VAT payable	-	2	2
Tax Authorities, payables for withholdings carried out	-	1,407	1,407
Tax Authorities, payable for various other	-	141	141
Social Security agencies	-	2,003	2,003
Total	-	3,553	3,553

2021 financial year

Public Administrations receivables	Non-current	Current	Balance as at 31/12/2021
Deferred tax assets	1,966	963	2,929
Other Public Administrations debts	-	1	1
Tax Authorities, cash basis receivable and others	-	-	-
Tax Authorities, VAT receivable	-	-	-
Total	1,966	964	2,930

Public Administrations payables	Non-current	Current	Balance as at 31/12/2021
Current tax liabilities	-	1,811	1,811
Other debts with public administrations	-	7,928	7,928
Tax Authorities, VAT payable	-	4,430	4,430
Tax Authorities, payables for withholdings carried out	-	1,336	1,336
Tax Authorities, payables for withholdings carried out	-	141	141
Social Security agencies	-	2,021	2,021
Total	-	9,739	9,739

17.1. Tax situation

Under current legislation, taxes cannot be considered to have been finally settled until the returns filed have been inspected by the tax authorities or the four-year limitation period has elapsed. At 31 December 2022, the Entity is open to inspection for 2018 and subsequent years for corporate income tax, and 2019, and subsequent years for the other taxes applicable to it. The directors of the Entity consider that the tax returns for the aforementioned taxes have been properly settled and, therefore, even in the event of discrepancies with the tax authorities regarding the tax treatment of certain transactions, any resulting liabilities, should they materialise, would not have a material effect on the annual accounts for 2022.

17.2. Income tax

Profits, determined in accordance with tax legislation, are subject to corporate income tax calculated at a rate of 25% of the tax base. Certain deductions can be made from the resulting tax liability for R&D+I expenses. Due to the different treatment allowed by tax law for certain transactions, the accounting result differs from the tax base.

A reconciliation at year-end 2022 and 2021 between the accounting profit for the year and the taxable profit that the Entity expects to declare after approval of the annual accounts (in thousands of euros) is shown below:

2022 financial year

	Profit and loss statement		
	Increase	Decrease	Total
Profit (loss) for the year	24,915		24,915
Income tax	8,067		8,067
Permanent differences	696		696
Temporary differences			
Individual Entity			
Originating in the year	2,985		2,985
From previous years	-	(6,703)	(6,703)
Tax base (taxable income)	36,663	(6,703)	29,960
Full quota (25%)	9,166	(1,676)	7,490
Tax deductions applied		(358)	(358)
Liquid quota	9,166	(2,034)	7,132
Withholdings and payments on account		(7,191)	(7,191)
Amount to be paid (to be refunded)	9,166	(9,225)	(59)

2021 financial year

	Profit and loss statement		
	Increase	Decrease	Total
Profit (loss) for the year	18,787		18,787
Income tax	6,816		6,816
Permanent differences	2,858		2,858
Temporary differences			
Individual Entity			
Originating in the year	3,848	-	3,848
From previous years	-	(5,606)	(5,606)
Tax base (taxable income)	32,309	(5,606)	26,703
Full quota (25%)	8,077	(1,401)	6,676
Tax deductions applied		(310)	(310)
Liquid quota	8,077	(1,711)	6,366
Withholdings and payments on account		(4,555)	(4,555)
Amount to be paid (to be refunded)	8,077	(6,266)	1,811

At year-end 2022 and 2021, the breakdown of the corporate income tax expense is as follows (in thousands of euros):

Thousands of euros	2022	2021
CONTINUING OPERATIONS		
Current tax	7,132	6,366
Deferred tax	935	450
Corporate tax expense	8,067	6,816

17.3. Deferred tax assets and liabilities

At the end of 2022 and 2021 the composition and movement of these items in the accompanying balance sheet is as follows (in thousands of euros):

2022 financial year

	Balance as at 31/12/2021	Registered in the income statement		Tax rate adjustments	Balance as at 31/12/2022
		Additions	Write-offs		
Deferred tax assets					
For temporary differences					
Receivables	234	28	(234)	-	28
Staff bonuses	1,084	314	(251)	-	1,147
Staff arrears	1,134	338	(804)	-	668
Amortisation	165	-	(28)	(6)	131
Impairment accounts receivable(*)	119	64	(170)	59	72
Impairment of financial investments	171	-	(171)	-	-
Others	22	-	(15)	-	7
Total	2,929	744	(1,673)	53	2,053

(*) The tax rate adjustment under "Impairment of receivables" in the amount of 59 thousand euros corresponds to the adjustment made at the time of filing the corporate income tax and made subsequent to the presentation of the financial statements for the 2021 financial year.

2021 financial year

	Balance as at 31/12/2020	Registered in the income statement		Tax rate adjustments	Balance as at 31/12/2021
		Additions	Write-offs		
Deferred tax assets					
For temporary differences					
Receivables	638	234	(638)	-	234
Staff bonuses	1,176	294	(386)	-	1,084
Staff arrears	887	287	(40)	-	1,134
Amortisation	225	-	(50)	(10)	165
Impairment of receivables	278	130	(289)	-	119
Impairment of financial investments	171	-	-	-	171
Others	4	18	-	-	22
Total	3,379	963	(1,403)	(10)	2,929

Temporary differences arise mainly from the recovery of depreciation for the interim measures applied for 2013 and 2014, the provision for settlement arrears and provisions for employee bonuses and other provisions for liabilities and charges.

Positive permanent differences consist of those expenses that tax regulations do not allow to be deducted from the tax base. Of note in 2022 is the reclassification of temporary differences as permanent differences due to the application of the provisions of Royal Legislative Decree 3/2016 with respect to the impairment of the value of the shares of the investee J. Vilaseca. The decision taken during the year to dispose of the holding means that the temporary difference recorded cannot be reversed, as it is not possible to apply the deductibility provided for in article 21.8 of the Corporate Tax Act (LIS) for reasons of extinction of the investee.

Of the total deferred assets recorded at year-end 2022, it is estimated that an amount of 1,200 thousand euros will be reversed during 2023.

The recoverability of deferred tax assets is assessed at the time of recognition and at least at year-end. In 2022, deferred tax assets were adjusted as a result of the amendment in Law 27/2014 of 27 November to the tax rate to be applied to corporate income tax in 2016 and subsequent years, which has led to a reduction thereof of 6 thousand euros.

18. INCOME AND EXPENDITURE

18.1. Turnover

The breakdown of revenues for the 2021 and 2020 financial years by business segment is as follows (in thousands of euros):

	2022	2021
Graphic art	139,413	135,163
Metals	44,140	37,454
Paper	49,317	26,484
Services	36,406	32,285
Others	4,682	2,853
Total	273,958	234,239

In addition, the geographic distribution of revenues for 2022 and 2021 is presented below:

	2022	2021
National	220,668	219,047
European Union	4,663	4,649
Rest of the world	48,627	10,543
Total	273,958	234,239

18.2. Procurement

At the end of 2022 and 2021, the breakdown of this item in the accompanying profit and loss statement is as follows (in thousands of euros):

	2022			2021		
	Procurement	Changes to inventories	Total consumption	Procurement	Changes to inventories	Total consumption
Goods	769	(212)	557	679	(9)	670
Raw materials and other supplies	88,980	(3,418)	85,562	73,331	2,668	75,999
Total	89,749	(3,630)	86,119	74,010	2,659	76,669

Details of procurement in 2022 and 2021 according to their origin are as follows:

	2022	2021
National	46,940	31,429
Intra-community acquisitions	34,091	34,833
Imports	8,718	7,748
Total	89,749	74,010

18.3. Grants, donations and legacies received

Operating grants considered non-refundable and taken to the profit and loss statements in 2022 and 2021 were (in thousands of euros):

Origin	2022			2021		
	Granting agency	Amount granted	Allocation to profit and loss	Granting agency	Amount granted	Allocation to profit and loss
Operation	State	180	180	State	166	166
Operation	E.U.	156	156	E.U.	206	206
Total		336	336		372	372

The state grants received in 2022 relate to staff training costs.

The Entity's directors consider that all the general and specific conditions established in the corresponding resolutions granting all the subsidies received at the end of financial years 2022 and 2021 have been met.

The Entity does not apply Order EHA/733/2010 referring to subsidies obtained to acquire an asset or for its construction, improvement and renovation, as it has not received any subsidies set out in the aforementioned order.

18.4. Staff costs

The composition of the section "Wages, salaries and similar items" in the profit and loss statement at the end of financial years 2022 and 2021 is as follows (in thousands of euros):

	2022	2021
Wages and salaries	49,295	51,126
Indemnities	24	69
Total	49,319	51,195

The composition of "Payroll costs" in the profit and loss statement at the end of financial years 2022 and 2021 is as follows :

	2022	2021
Social security to be paid by the company	15,675	16,429
Other social expenditure	3,965	1,552
Total	19,640	17,981

The item "Other social expenses" includes, among other things, the costs of staff training and a health insurance premium.

In 2022 and 2021, no contributions were made to the Pension Plan of the General State Administration, as no amount was set in the General State Budgets for the aforementioned years.

The **average number of employees** during the 2022 and 2021 financial years distributed by professional category is as follows:

Category	2022	2021
General Management	1	1
Senior Management and Heads of Service	39	38
Technical staff and similar	451	465
Administrative and auxiliary staff	123	130
Workers and subordinate staff	601	613
Total	1,215	1,247

The gender distribution of the **workforce as at 31 December 2022 and 2021** is as follows:

Category	2022			2021		
	Men	Women	Total	Men	Women	Total
General Management	-	1	1	-	1	1
Senior Management and Heads of Service	27	8	35	29	9	38
Technical staff and similar	335	112	447	354	105	459
Administrative and auxiliary staff	75	36	111	76	56	132
Workers and subordinate staff	499	100	599	501	114	615
Total	936	257	1,193	960	285	1,245

The Entity's Board of Directors at year-end 2022 is made up of the Chair, the Secretary and fourteen members, making a total of sixteen people, ten of whom are women and six are men.

18.5. External services

The composition of this item in the profit and loss statement at the end of 2022 and 2021 is as follows (in thousands of euros):

Thousands of euros	2022	2021
Leases and royalties	1,006	937
Repairs and maintenance	7,027	6,592
Independent professional services	8,023	6,563
Transport	1,748	1,031
Insurance premiums	479	389
Banking and similar services	755	1,131
Advertising, publicity and public relations	763	1,048
Supplies	6,954	3,330
Other expenditure	29,568	22,983
Total	56,323	44,004

This section includes the items involved in the special authorisation for the use of the FNMT-RCM facilities, as well as those envisaged in the Collaboration Agreement signed with Imprenta de Billetes, S.A. from which this company benefits. These items are subsequently invoiced to the aforementioned company where applicable.

18.6. Losses, impairment and change in provisions for commercial operations

The composition of this item in the profit and loss statement for 2022 and 2021 is as follows (in thousands of euros):

PROVISION	2022	2021
Losses on bad debts	-	(900)
Provision for customer returns	(113)	(936)
Reversal of liability provision	59	-
Reversal of customer returns	936	2,089
Provision for impairment of short-term commercial operations (Note 11)	(353)	(571)
Reversal of impairment on short-term commercial transactions (Note 11)	480	1,192
TOTAL	1,009	874

18.7. Exchange rate differences

The detail of exchange differences for 2022 and 2021 shown in the accompanying profit and loss statement is as follows (in thousands of euros):

	2022		2021	
	From third parties	Total	From third parties	Total
Exchange rate differences				
Positive	14	14	86	86
Negative	(357)	(357)	(163)	(163)
Total	(343)	(343)	(77)	(77)

19. FOREIGN CURRENCY

Details of foreign currency transactions in 2022 and 2021 are as follows (in thousands of euros):

	2022					2021				
	US dollars	Pounds sterling	Swiss francs	Other	Total	US dollars	Pounds sterling	Swiss francs	Other	Total
Procurement	6,698	211	8,652	2	15,563	188	10	5,209	2	5,409
Services received	169	19	5	3	196	191	15	5	6	217
Sales	1,125	-	-	-	1,125	667	-	-	-	667
Total	7,992	230	8,657	5	16,884	1,046	25	5,214	8	6,293

Details of assets and liabilities held in foreign currencies at year-end 2022 and 2021 are as follows (in thousands of euros):

	2022					2021				
	US dollars	Swiss francs	Pounds sterling	Japanese yen	Total	US dollars	Swiss francs	Japanese yen	Pounds sterling	Total
Assets										
Receivables and others	210	-	-	-	210	202	-	-	-	202
Cash and cash equivalents	703	-	-	-	703	1,132	-	-	-	1,132
Liabilities										
Advances to creditors	-	-	-	-	-	-	-	-	-	-
Trade and other payables	(16)	-	-	-	(16)	(41)	-	-	(5)	(46)
Total	897	-	-	-	897	1,293	-	-	(5)	1,288

The detail of exchange differences recognised in profit or loss in 2022 and 2021 by class of financial instrument is as follows (in thousands of euros):

	2022			2021		
	In transactions settled during the year	In transactions outstanding or pending maturity as at 31.12.2022	Total	In transactions settled during the year	In outstanding or maturing transactions at 31.12.2021.	Total
Assets						
Receivables and others	-	(12)	(12)	-	10	10
Cash and cash equivalents	-	(35)	(35)	-	66	66
Liabilities						
Trade and other payables	(286)	(10)	(296)	(159)	6	(153)
Total	(286)	(57)	(343)	(159)	82	(77)

20. INFORMATION ON THE ENVIRONMENT

Environmental activity is activity aimed at preventing, reducing or repairing damage to the environment.

At year-end 2022 and 2021, the main assets allocated to minimising environmental impact and protecting and improving the environment are as follows (in thousands of euros):

2022 financial year

	Cost	Accumulated depreciation	Net carrying as at 31.12.2022
Pre-print scrubber	276	(276)	-
Burgos paper mill scrubber	1,562	(1,562)	-
Investments associated with the printing process	9,349	(7,231)	2,118
Investments associated with paper manufacturing	42,777	(21,914)	20,863
Total	53,964	(30,983)	22,981

2021 financial year

	Cost	Accumulated depreciation	Net carrying as at 31.12.2021
Pre-print scrubber	276	(275)	-
Burgos paper mill scrubber	1,562	(1,562)	-
Investments associated with the printing process	9,965	(7,324)	2,641
Investments associated with paper manufacturing	44,944	(22,586)	22,358
Total	56,747	(31,748)	24,999

At year-end 2022 and 2021, the Entity did not recognise any provision for possible environmental risks as it considered that there were no significant contingencies related to possible litigation, indemnities or other items. In addition, the Entity has taken out insurance policies and security plans that provide reasonable coverage for any contingency that may arise from its environmental activities.

21. RELATED-PARTY TRANSACTIONS

21.1. Balances and transactions with related parties

In addition to jointly controlled entities and related parties, the FNMT-RCM's directors, senior management personnel of the Entity (including their close relatives) and those entities over which they may exercise control or significant influence are considered to be related parties of the FNMT-RCM.

Related parties are not considered to be those controlled or significantly influenced by the state public administration. All transactions with these entities are carried out under normal market conditions, unless such conditions are imposed by specific regulation.

There are no debit or credit balances with parties related to the Entity other than those included in Note 16.

In addition, the detail of transactions with related parties during financial years 2022 and 2021 is as follows (in thousands of euros):

	2022		2021	
	Compañía Europea de Cosepes S. A.	IMBISA	Compañía Europea de Cosepes S. A.	IMBISA
REVENUE				
Sale of products	33	13,314	-	20,519
Provision of services	-	5,287	-	5,403
Other operating income	790	-	762	-
EXPENSES				
Purchases of raw materials	1,922	-	5,210	-
INVESTMENTS				
Land purchases	-	31,193	-	-

Transactions with related parties and associates in 2022 and 2021 are in the ordinary course of the Entity's business and have been carried out in accordance with prevailing legislation. The most significant transactions are the following:

- Purchase of land amounting to 31,193 thousand euros from the company Imprenta de Billetes, S.A. for the construction of the Entity's future facilities, by virtue of the purchase option contract entered into with the same in 2017. (see Note 6).
- Purchases of raw materials (coin blanks) from Compañía Europea de Cosepes, S.A.
- Lease contracts for industrial premises with Compañía Europea de Cosepes, S.A. The income from these contracts is included in "Other operating income" in the above table.
- Sales of ancillary products and materials to Compañía Europea de Cosepes, S.A. and Imprenta de Billetes, S.A.
- Sale of banknote paper to Imprenta de Billetes, S.A.
- Reimbursement to Imprenta de Billetes, S.A. of the fee established for the use for public purposes of certain facilities in the FNMT-RCM building under a special authorisation for use, as well as the provision to Imprenta de Billetes, S.A. of the material resources and common services necessary for the production of euro banknotes, as set out in the Collaboration Agreement signed between the two institutions.

21.2. Information relating to Directors and senior management

The remuneration accrued for all items during the 2022 and 2021 financial years amounted to 3,403 thousand euros and 3,404 thousand euros, respectively, according to the following breakdown:

Remuneration item	2022				2021			
	Board of Directors	Senior Management	Other Management Staff	Total	Board of Directors	Senior Management	Other Management Staff	Total
Fixed remuneration	168	533	2,825	3,526	168	544	2,692	3,404

During the financial years 2022 and 2021, no advances or loans were granted to the Directors and no obligations were assumed on their behalf by way of guarantee. Furthermore, the Entity has no pension or life insurance obligations to former or current Directors.

21.3. Other information concerning the Directors

The legal regime framework for the directors that make up the Board of Directors of the Entity, in accordance with the non-commercial nature of the Entity, is established for these types of entities in regulations applicable to the Public Sector and, in particular, in Law 40/2015 of 1 October on the Legal Regime of the Public Sector, Law 39/2015 of 1 October on Common Administrative Procedure and the Statute of the institution, approved by Royal Decree 1.114/1999 of 25 June, amended, in turn, by Royal Decree 199/2009 of 23 February, by Royal Decree 390/2011 of 18 March and by Royal Decree 336/2014 of 9 May. Likewise, by Royal Decree 2/2020 of 12 January restructuring the ministerial departments (Articles 1 and 5), by Royal Decree 139/2020 of 28 January establishing the basic organisational structure of the ministerial departments (Article 4 and third additional provision) and by Royal Decree 682/2021 of 3 August implementing the basic organic structure of the Ministry of Finance and Civil Service and amends Royal Decree 139/2020 of 28 January that establishes the basic organic structure of the ministerial departments.

In accordance with the aforementioned legal regime, the directors of the Board of Directors regulate their incompatibility regime and conflicts of interest in accordance with Law 53/1984 of 26 December on Incompatibilities of Personnel in the Service of the Public Administrations and with Law 3/2015 of 30 March regulating the exercise of senior positions in the General State Administration; with Royal Decree 451/2012 of 5 March, which regulates the remuneration system for senior managers and directors in the public business sector and other entities; and with Law 14/1995 of 21 April on incompatibilities of senior officials of the Region of Madrid, meaning that the commercial rules for directors of capital companies, provided for in Royal Legislative Decree 1/2010 of 2 July, which approves the consolidated text of the Corporate Enterprises Act, shall not apply. And, specifically, as a result of the designation of the FNMT-RCM as authorised issuer of identifiers for the traceability system for tobacco products by

Order HAC/1365/2018 of 12 December approving the technical standards relating to the traceability and security measures for tobacco products, the directors of the Board of Directors regulate their regime of non-existence of conflicts of interest with the tobacco industry via Article 35.2.(c) of Commission Implementing Regulation (EU) 2018/574 of 15 December 2017 on technical rules for the establishment and operation of a traceability system for tobacco products.

Consequently, in accordance with the aforementioned special regulations, neither the directors nor persons related to them carry out activities or hold shares or hold positions or perform functions in any of the companies envisaged in the purposes regulated in the Entity's Statute, nor have they participated in the structures of tobacco industry companies during the last five years, nor do they hold shares or equity units in private pension programmes, nor do they have any pecuniary or non-pecuniary interests related to the tobacco industry.

22. OTHER INFORMATION

22.1. Risk policy and risk management

22.1.1. Market risk

Given the FNMT-RCM's status as an in-house provider and technical service of the General State Administration and its related or dependent public entities and bodies, and of the regional and local public contracting authorities; and given its catalogue of products, which are essential and in very stable demand, it is considered that the Entity is not subject to possible relevant risk factors related to market volatility.

From the supply side, the current international context has a negative impact on supply chains. To date, the impact of these incidents on the Entity's activity has been limited.

22.1.2. Liquidity risk

The Entity maintains a liquidity policy that is sufficient to support the expected needs and is in accordance with the normal flow of collections and payments.

22.1.3. Credit risk

In general, the FNMT-RCM holds its cash and cash equivalents with financial institutions with high credit ratings.

Given its activity as a public service provider, it does not have a significant risk for receivables that may arise, beyond the possible delay in collections.

22.1.4. Occupational hazards

The occupational risk prevention policy, the effort and resources dedicated to it and compliance with the legislation related to this item allow us to consider that there are no significant risks related to occupational risk prevention.

22.1.5. Environmental risks

Compliance with current legislation and the Entity's policy on environmental issues lead us to consider that there are no significant risks in this area.

22.1.6. IT risks

The security measures taken and the resources allocated make it possible to assess the risks relating to the vulnerability of information systems as unlikely.

22.2. Guarantees given to third parties

At year-end 2022 and 2021, the detail of the guarantees submitted to the various entities and managed through financial institutions is as follows (in thousands of euros):

2022 financial year

Item	Amount	Scope
Sale of products	2.682	National
Sales Products Export	9.121	International
Total	11,803	

2021 financial year

Item	Amount	Scope
Sale of products	4.526	National
Sales Products Export	759	International
Total	5,285	

In addition, at year-end 2022 and 2021 the company deposited cash collateral amounting to 143 thousand euros and 150 thousand euros, respectively.

The directors of the Entity consider that no significant liabilities will arise in addition to those already recognised in the accompanying balance sheet in respect of the guarantees granted.

22.3. Fees of auditors and related entities

The audit of financial years 2022 and 2021 has been carried out by the Office of the General State Comptroller.

22.4. Information on payment deferrals made to suppliers

The information required by the third additional provision of Law 15/2010 of 5 July (amended by the second final provision of Law 31/2014 of 3 December), prepared in accordance with the Resolution of the Spanish Accounting and Audit Institute (ICAC), of 29 January 2016 on the information to be included in the notes to the annual accounts in relation to the average period of payment to suppliers in commercial transactions, is detailed below.

	2022	2021
	Days	Days
Total average supplier payment period	25.79	20.57
Average period of paid transactions	27.28	28.00
Average period of outstanding payments	25.80	20.89
	Thousands of euros	Thousands of euros
Total payments made	183,507	129,383
Total outstanding payments	1,088	5,773

() In order to be able to compare with the figures for 2022, the data for the financial year 2021 have had to be adapted.*

In accordance with the ICAC Resolution, the calculation of the average supplier payment period takes into account the commercial transactions corresponding to the delivery of goods or provision of services accrued.

The data shown in the above table on payments to suppliers refer to those who, by their nature, are trade payables for debts with suppliers of goods and services, and therefore include the data relating to the items "Suppliers" and "Sundry creditors" and "Suppliers of jointly controlled entities and related companies" on the current liabilities side of the balance sheet. Deferrals of payments beyond the legally permitted maximum are mainly due to differences with suppliers on the agreed terms and conditions of supplies and services.

The maximum legal payment period applicable to the Entity in 2021 according to Law 3/2004 of 29 December, which establishes measures to combat late payment in commercial transactions, is 30 days.

23. STATUS OF OWN MEANS AND TECHNICAL SERVICE OF THE GENERAL STATE ADMINISTRATION AND OF THE PUBLIC ENTITIES AND BODIES LINKED TO OR DEPENDENT ON IT

Article 32.2 of Law 9/2017 of 8 November on Public Sector Contracts, which transposes into Spanish law the Directives of the European Parliament and of the Council 2014/23/EU and 2014/24/EU of 26 February 2014, regulates the requirements to be met by the in-house procurement of the different Public Administrations. In particular,

it includes in point b) the requirement on how to perform the essential part of its activity in exercising the tasks conferred by the contracting authority, specifying this requirement as being more than 80% of the activities carried out by the contracting authority.

In order to calculate the activity indicator for the 2020-2022 three-year period, the subsidies received have been included together with the total sales for each of the financial years, and income from rentals has been eliminated as it does not form part of the Entity's main activity. In addition, exports to non-EU public entities have been eliminated.

According to this criterion, the actual activity percentage data for the three-year period 2020-2022 are as follows:

Real	2020(*)	2021(*)	2022	TOTAL TRIENIO
Ventas totales	238.361.423	226.744.339	235.531.410	700.637.172
Ventas medio propio	199.553.119	193.711.830	210.435.148	603.700.097
Porcentaje medio propio/total	83,68%	85,29%	89,22%	86,07%

(*) Con la finalidad de hacer comparables las cifras se ha aplicado el mismo criterio de cálculo a los ejercicios anteriores lo que provoca que las cifras difieran de las publicadas en las memorias de los ejercicios citados

24. POST-CLOSURE EVENTS

After the close of the financial year on 1 February 2023, the new statute of the FNMT-RCM was published in the Official State Gazette.

This new statute lays the foundations for the future of the FNMT-RCM, in addition to accommodating the new functions that will be required of it by the different state, regional and local public administrations, as well as the international projects in which it participates.

As a noteworthy point, the aforementioned statute mentions the condition of in-house procurement of the contracting authorities of all public administrations, for which purpose it modifies the composition of the Governing Board (previously the Board of Directors), bringing in two new directors representing regional and local entities. This will help to strengthen the FNMT-RCM's relations with the contracting authorities of these administrations.

Another noteworthy aspect is the importance assigned in the new statute to the participation of the FNMT-RCM in the digital transformation of the entire public administration.

**DIRECTORS'
REPORT
FOR 2021**

For the Fábrica Nacional de Moneda y Timbre - Real Casa de la Moneda, the 2022 financial year was a return to pre-COVID levels of activity in terms of the recovery of demand from our institutional customers. In addition to this recovery in traditional demand, two elements have reinforced these levels of activity. These elements have been, on the one hand, the development of technological services for the General State Administration, in most cases financed by *Next Generation* funds, and, on the other hand, the increase in the Entity's export levels, mainly in banknotes and security paper. The marketing of the new *bullion* currency has also been consolidated.

In terms of the main regulatory developments, the following are of note: The drafting of a new Statute for the Entity, which was finally approved on 1 February 2023, and whose main new features include the extension of the FNMT-RCM's status as an in-house provider for autonomous communities and local corporations, and the regulatory modification that will allow the FNMT-RCM to continue to make up part of the capital of Imprenta de Billetes, S.A. (IMBISA) and maintain its 20% stake even after IMBISA's definitive exit from the FNMT-RCM's facilities.

The economy remained significantly unstable in 2022 due to the consequences of COVID-19. Consumption and work patterns changed, new threats emerged and existing ones were amplified as a result of new international conflicts, problems in global trade impacting supply chains, and an increase in cyber attacks and cybercrime. However, the impact of these situations on the Entity's activity in 2022 was limited.

The Entity continued its important activity related to promoting horizontal technological services for Public Administrations within the framework of the programmes and measures of the Government and the European Union for the digitalisation of the economy. Two types of activities can be highlighted in this respect: The first encompasses the technological evolution of existing products and services with the Entity's traditional customers; and the second includes new horizontal platforms for public administrations related to new identity models, video-accreditation systems, etc.

A particularly noteworthy project, initiated in 2022, was the design and creation of a Technology Centre at the paper mill facilities to promote and diversify the technological activities of our work centre in Burgos.

In this financial year a positive result of 24.9 million euros was generated, which is higher than the previous year's figure of 18.8 million euros. The most significant events reflected in the profit and loss statement for 2022 are as follows:

Turnover for 2022 amounted to 274 million euros, 17% more than in 2021. This increase was mainly due to an increase in exports, the sale of the new investment currency and technological orders for the digitalisation of the administration.

In terms of operating expenses, procurement was higher than in 2021 due not only to the price increases of raw materials generated by the instability of the markets, but also to the new investment currency, the procurement of which carries great weight with regard to the sales price.

Staff costs were slightly lower than in the previous year due to a decrease in the average number of staff by 32 persons as a result of unreplaced retirees. In 2022, the average number of employees was 1,215, of which 266 were women and 949 men.

External services increased by 28% compared to 2021, mainly due to the increase in the cost of energy supplies, services related to higher export sales and the increase in the invoicing of services, which generates higher expenses in this area.

Depreciation decreased by 3% compared to the previous year due to the fall in investments in 2020 in the wake of problems caused by COVID-19, and because the investment effort that year focused on non-depreciable items (purchase of land for the location of the Entity's future facilities, art collections for the Museum).

The cash-flow generated has allowed for the necessary investment to strengthen the public service objective by providing high standards of quality, security and technology. The investments made in the 2022 financial year amounted to 48,381 million euros, including the purchase of the land where the future factory will be located and the acquisition of the Fallani collection for the museum, in addition to those made in machinery and security installations, inherent to our work as a security company.

As a company aligned with the fulfilment of the 2030 Agenda, it is worth highlighting its goals that are integrated in the 2021-2023 Business Plan. These include a commitment to eliminating of all types of discrimination by implementing active gender equality policies, and a strong commitment to innovation by offering new digital alternatives to citizens. The Fábrica Nacional de Moneda y Timbre incorporates social and environmental criteria in its procurement and facilitates access to public procurement for small and medium-sized enterprises, as well as social economy enterprises. It also stresses its responsibility as a company to make less impact on the environment every day by promoting responsible consumption, waste disposal and recycling. In addition, in 2022, the Entity designed and implemented its *compliance* policies.

Sales of 345.5 million euros and earnings after tax of 24.9 million euros are forecast for 2023.

With regard to the Entity's foreseeable evolution, it should be noted that the instability of the markets all through 2022 will continue in 2023, giving rise to increased prices for our raw materials and energy supplies. An important element to monitor throughout 2023 will be the supply chain and possible shortages of raw materials needed for our products. However, the impact on the company is expected to be limited and it should be able to cope with these circumstances thanks to its sound financial structure. We therefore consider that there are no relevant events that would prevent the company from achieving the expected revenues and profits.



Real Casa de la Moneda
Fábrica Nacional
de Moneda y Timbre