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OFFERING MEMORANDUM

NOT FOR GENERAL CIRCULATION IN THE UNITED STATES

Grupo Antolin-Irausa, S.A.U.

€390.0 million 3.50% Senior Secured Notes due 2028

Grupo Antolin-Irausa, S.A.U., a limited liability company (*sociedad anónima unipersonal*) incorporated and existing under the laws of Spain (the "**Company**"), is offering €390.0 million 3.50% Senior Secured Notes due 2028 (the "**Notes**"). Interest will be paid on the Notes semi-annually in arrears in cash on April 30 and October 31 of each year, commencing October 31, 2021.

The Notes will mature on April 30, 2028. Prior to April 30, 2024, the Company may redeem the Notes, in whole or in part, at any time at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, plus the applicable "make whole" premium, as described herein. In addition, prior to April 30, 2024, the Company may redeem at its option up to 40% of the aggregate principal amount of the Notes with the net cash proceeds from certain equity offerings at the redemption price set forth in this Offering Memorandum. At any time on or after April 30, 2024, the Company will be entitled at its option to redeem all or a portion of the Notes, upon not less than ten days' notice, at the applicable redemption price set forth in this Offering Memorandum. See "*Description of the Notes—Optional Redemption*". The Company may redeem all of the Notes, at any time, at a price equal to their principal amount plus accrued and unpaid interest, if any, and additional amounts, if any, upon the occurrence of certain changes in applicable tax law. Upon the occurrence of certain events of default constituting a "change of control", the Company will be required to make an offer to repurchase the Notes at 101% of the principal amount redeemed, plus accrued and unpaid interest, if any, and additional amounts, if any.

The Notes will be senior obligations of the Company and, within 120 days of the date of issuance of the Notes (the "**Issue Date**"), will be secured by a pledge (numerally successive to the pledges securing the existing senior secured debt) over 100% of the shares of the Company held by Grupo Antolin Holdco, S.A. (the "**Collateral**"). Notwithstanding the fact that the Notes will be secured by a pledge (numerally successive to the pledges securing the existing senior secured debt), pursuant to the Intercreditor Agreement (defined below), recoveries received upon enforcement of the Collateral will be applied *pro rata* in repayment of senior liabilities of the Company namely, the Notes, the 3.375% €250.0 million Senior Secured Notes due 2026 issued by the Company (the "**2026 Notes**"), the Senior Facilities (as defined herein) and the EIB Facility (as defined herein). See "*Description of Other Indebtedness—Intercreditor Agreement*".

The Notes will rank equally in right of payment with all of the Company's existing and future senior debt and senior to any of its existing or future subordinated debt. Certain of the Company's subsidiaries (the "**Guarantors**") will guarantee the Notes (the "**Guarantees**") from the Issue Date. Local laws may limit your rights to enforce certain guarantees and, in addition, your rights with respect to the Notes and the Guarantees will be subject to an intercreditor agreement dated March 21, 2014 (as amended and/or amended and restated from time to time, the "**Intercreditor Agreement**"), entered into with, among others, lenders under our senior term facilities and revolving credit facility originally dated March 13, 2014 (as amended and/or amended and restated from time to time, the "**Senior Facilities Agreement**") and the trustee on behalf of the holders of the 2026 Notes, and to which the trustee on behalf of the holders of the Notes will accede on the Issue Date. See "*Description of Other Indebtedness*".

There is currently no public market for the Notes. We will apply to have the Notes admitted to the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market ("**Euro MTF**").There is no assurance that the Notes will be listed and admitted to trading on the Euro MTF Market.

This Offering Memorandum includes information on the terms of the Notes, including redemption and repurchase prices, covenants and transfer restrictions.

This Offering Memorandum may not be reproduced or used for any other purposes, nor furnished to any other person other than those to whom copies have been sent by the Company or the Initial Purchasers (named below).

This Offering Memorandum constitutes a prospectus for purposes of Part IV of the Luxembourg law on prospectuses for securities dated July 16, 2019.

Investing in the Notes involves a high degree of risk. See "Risk Factors" beginning on page 29 for a discussion of certain risks that you should consider in connection with an investment in any of the Notes.

Offering price for the Notes: 100.00%
plus accrued interest, if any, from the Issue Date.

This Offering Memorandum does not constitute an offer to sell, or the solicitation of an offer to buy, securities in any jurisdiction where such offer or solicitation is unlawful. The Notes have not been and will not be registered under the US federal or state securities laws or the securities laws of any other jurisdiction and may not be offered or sold within the US or to, or for the account or benefit of, US persons (as defined in Regulation S under the US Securities Act of 1933 ("Regulation S"), as amended (the "Securities Act")), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Initial Purchasers named below are offering the Notes only to "qualified institutional buyers" ("QIBs"), as defined in Rule 144A under the Securities Act ("Rule 144A"), in reliance on Rule 144A, and to persons outside the US in reliance on Regulation S. See "*Notice to Investors*" and "*Transfer Restrictions*" for further details about eligible offerees and resale restrictions.

The Notes will be in registered form and will initially be issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof and will only be transferable in minimum principal amounts of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will be represented on issue by one or more global notes, which we expect will be delivered through Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream") on or about June 29, 2021.

Bookrunners

Deutsche Bank	***BBVA***	***BNP PARIBAS***
CaixaBank	***Credit Suisse***	***HSBC***
	Société Générale	

Co-managers

Banca March	**Banco Sabadell**	**Bankinter**

The date of this Offering Memorandum is June 29, 2021.

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TABLE OF CONTENTS

NOTICE TO INVESTORS ii
USE OF TERMS AND CONVENTIONS viii
FORWARD LOOKING STATEMENTS xii
PRESENTATION OF FINANCIAL INFORMATION AND OTHER DATA xiv
EXCHANGE RATE AND CURRENCY INFORMATION xvi
SUMMARY 1
THE OFFERING 18
SUMMARY FINANCIAL INFORMATION AND OTHER DATA 22
RISK FACTORS 29
USE OF PROCEEDS 56
CAPITALIZATION 57
SELECTED FINANCIAL AND OTHER INFORMATION 58
OPERATING AND FINANCIAL REVIEW AND PROSPECTS 63
INDUSTRY 99
BUSINESS 106
MANAGEMENT 132
SHAREHOLDERS AND CERTAIN TRANSACTIONS 136
DESCRIPTION OF OTHER INDEBTEDNESS 138
DESCRIPTION OF THE NOTES 148
BOOK-ENTRY, DELIVERY AND FORM 208
TAXATION 211
CERTAIN ERISA CONSIDERATIONS 221
PLAN OF DISTRIBUTION 223
TRANSFER RESTRICTIONS 227
LEGAL MATTERS 230
INDEPENDENT AUDITORS 231
WHERE YOU CAN FIND MORE INFORMATION 232
ENFORCEABILITY OF CIVIL LIABILITIES AND INSOLVENCY REGIME 233
LISTING AND GENERAL INFORMATION 244
INDEX TO THE FINANCIAL STATEMENTS 248

NOTICE TO INVESTORS

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR ANY STATE SECURITIES LAWS AND, SUBJECT TO CERTAIN EXCEPTIONS, MAY NOT BE OFFERED OR SOLD IN THE US OR TO US PERSONS. SEE "PLAN OF DISTRIBUTION" AND "TRANSFER RESTRICTIONS". INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF ANY SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Offering Memorandum and, if given or made, any such information or representation must not be relied upon as having been authorized by the Company, any of its affiliates or the Initial Purchasers (as defined herein) or their respective affiliates. This Offering Memorandum does not constitute an offer of any securities other than those to which it relates or an offer to sell, or a solicitation of an offer to buy, to any person in any jurisdiction where such an offer or solicitation would be unlawful. Neither the delivery of this Offering Memorandum nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Offering Memorandum or that the information contained in this Offering Memorandum is correct as of any time subsequent to that date.

By receiving this Offering Memorandum, investors acknowledge that they have had an opportunity to request for review, and have received, all additional information they deem necessary to verify the accuracy and completeness of the information contained in this Offering Memorandum. Investors also acknowledge that they have not relied on the Initial Purchasers in connection with their investigation of the accuracy of this information or their decision whether to invest in the Notes.

The contents of this Offering Memorandum are not to be considered legal, business, financial, investment, tax or other advice. Prospective investors should consult their own counsel, accountants and other advisors as to legal, business, financial, investment, tax and other aspects of a purchase of the Notes. In making an investment decision, investors must rely on their own examination of the Company and its affiliates, the terms of the offering of the Notes and the merits and risks involved.

This Offering is being made in reliance upon exemptions from registration under the Securities Act for an offer and sale of securities that does not involve a public offering. The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable securities laws of any other jurisdiction pursuant to registration or exemption therefrom. If you purchase the Notes, you will be deemed to have made certain acknowledgments, representations and warranties. See "Transfer Restrictions". The Notes have not been and will not be registered with, recommended by or approved by the US Securities and Exchange Commission or any other US federal, state or foreign securities commission or regulatory authority, nor has the US Securities and Exchange Commission or any such commission or regulatory authority reviewed or passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense in the United States.

The Initial Purchasers and Deutsche Trustee Company Limited (the "**Trustee**") make no representations or warranties, express or implied, as to the accuracy or completeness of the information contained in this Offering Memorandum. Nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers or the Trustee as to the past or future.

We have prepared this Offering Memorandum solely for use in connection with the offer of the Notes to QIBs under Rule 144A and to non-US persons (within the meaning of Regulation S) outside the United States under Regulation S. You agree that you will hold the information contained in this Offering Memorandum and the transactions contemplated hereby in confidence. You may not distribute this Offering Memorandum to any person, other than a person retained to advise you in connection with the purchase of any Notes.

The Company reserves the right to withdraw the offering of the Notes at any time. The Company and the Initial Purchasers reserve the right to reject any offer to purchase the Notes in whole or in part for any reason or for no reason and to allot to any prospective purchaser less than the full amount of the Notes sought by such purchaser.

The laws of certain jurisdictions may restrict the distribution of this Offering Memorandum and the offer and sale of the Notes. Persons into whose possession this Offering Memorandum or any of the Notes come must inform themselves about, and observe, any such restrictions. None of the Company, the Initial Purchasers, the Trustee or their respective representatives

are making any representation to any offeree or any purchaser of the Notes regarding the legality of any investment in the Notes by such offeree or purchaser under applicable investment or similar laws or regulations. For a further description of certain restrictions on the offering and sale of the Notes and the distribution of this Offering Memorandum, see *"—Notice to Investors in the European Economic Area*", *"—Notice to Certain Other European Investors*" and "*Transfer Restrictions*".

To purchase the Notes, investors must comply with all applicable laws and regulations in force in any jurisdiction in which investors purchase, offer or sell the Notes or possess or distribute this Offering Memorandum. Investors must also obtain any consent, approval or permission required by such jurisdiction for investors to purchase, offer or sell any of the Notes under the laws and regulations in force in any jurisdiction to which investors are subject. None of the Company, its affiliates, the Trustee or the Initial Purchasers or their respective affiliates will have any responsibility therefor.

No action has been taken by the Initial Purchasers, the Company or any other person that would permit an offering of the Notes or the circulation or distribution of this Offering Memorandum or any offering material in relation to the Company or its affiliates or the Notes in any country or jurisdiction where action for that purpose is required.

The Notes will only be issued in fully registered form and in denominations of €100,000 and integral multiples of €1,000 in excess thereof. Notes sold to QIBs in reliance on Rule 144A will initially be represented by one or more global Notes in registered form without interest coupons attached (the "**Rule 144A Global Notes**"). Notes sold to non-US persons outside the US in reliance on Regulation S will be represented by one or more global Notes in registered form without interest coupons attached (the "**Regulation S Global Notes**" and, together with the Rule 144A Global Notes, the "**Global Notes**"). The Global Notes will be deposited, on the Issue Date with, or on behalf of, a common depositary for the accounts of the Euroclear and Clearstream and registered in the name of the nominee of the common depositary. Prior to the date that is 40 days after the later of the commencement of the Offering or the Issue Date, beneficial interests in a Regulation S Global Note may not be able to be offered, sold or delivered to, or for the account or benefit of, US persons pursuant to restrictions under the US federal securities laws. See "*Book-Entry, Delivery and Form*".

We accept responsibility for the information contained in this Offering Memorandum. To the best of our knowledge and belief (having taken reasonable care to ensure that such is the case), the information contained in this Offering Memorandum is in accordance with the facts in all material respects and does not omit anything likely to affect the import of such information in any material respect. We accept responsibility accordingly.

IN CONNECTION WITH THIS OFFERING, DEUTSCHE BANK AKTIENGESELLSCHAFT (THE "**STABILIZING MANAGER**") (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZING ACTION OR OVER ALLOTMENT MUST BE CONDUCTED BY THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND REGULATIONS. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "PLAN OF DISTRIBUTION".

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"), (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (iii) not a qualified investor as defined in the Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering, selling or distributing the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering, selling or distributing the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. This Offering Memorandum has been prepared on the basis that any offer of the Notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of the Notes. This Offering Memorandum is not a prospectus for the purposes of the Prospectus Regulation. Neither we nor the Initial Purchasers have authorized, nor do we or they authorize, the making of any offer of the Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute a final placement of the Notes contemplated in this Offering Memorandum.

Solely for the purposes of the product approval process of each manufacturer for the purposes of MiFID II (each a "**Manufacturer**" and, together, the "**Manufacturers**"), the target market assessment in respect of the securities described in the attached Offering Memorandum has led to the conclusion that: (i) the target market for such securities is eligible counterparties and professional clients only, each as defined in MiFID II and (ii) all channels for distribution of such securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending such securities (a "distributor") should take into consideration the Manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of such securities (by either adopting or refining the manufacturers' target Market assessment) and determining appropriate distribution channels.

NOTICE TO CERTAIN OTHER EUROPEAN INVESTORS

Spain

The Notes may not be sold, offered or distributed to persons in Spain, except in circumstances which do not require the registration of a prospectus in Spain or without complying with all legal and regulatory requirements under Spanish securities laws. Offers of the Notes in Spain shall only be directed specifically at, or made to, professional clients and eligible counterparties, as defined in Articles 205 and 207 of the Spanish Securities Market Act (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*) as amended and restated from time to time. Neither the Notes, this offering nor this Offering Memorandum and its contents have been approved or registered with the Spanish Securities and Exchange Commission (*Comisión Nacional del Mercado de Valores*), and therefore it is not intended for the public offering of Notes in Spain.

United Kingdom

This Offering and the distribution of this Offering Memorandum is restricted by law. The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"), (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**"). Consequently no key information document required by PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering, selling or distributing the Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering, selling or distributing the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation. This Offering Memorandum has been prepared on the basis that any offer of the Notes in the United Kingdom will be made pursuant to an exemption under the UK Prospectus Regulation from the requirement to publish a prospectus for offers of the Notes. This Offering Memorandum is not a prospectus for the purposes of the UK Prospectus Regulation. Neither we nor the Initial Purchasers have authorized, nor do we or they authorize, the making of any offer of the Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute a final placement of the Notes contemplated in this Offering Memorandum.

This Offering Memorandum is not being distributed by, nor has it been approved for the purposes of section 21 of the FSMA by, a person authorized under the FSMA. This Offering Memorandum is directed solely at:

(i) persons who are outside the United Kingdom;

(ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**");

(iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order; and

(iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated,

(all such persons in (i), (ii), (iii) and (iv) above together being referred to as "**relevant persons**").

Accordingly, by accepting delivery of this Offering Memorandum, the recipient warrants and acknowledges that it is such a relevant person. The Notes are available only to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire the Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Offering Memorandum or any of its contents. No part of this Offering Memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without our prior written consent. The Notes are not being offered or sold to any person in the United Kingdom, except in circumstances which will not result in an offer of securities to the public in the United Kingdom within the meaning of Part VI of the FSMA.

Solely for the purposes of the product approval process of each manufacturer for the purposes of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") (each a "**UK Manufacturer**" and, together, the "**UK Manufacturers**"), the target market assessment in respect of the Notes described in this Offering Memorandum has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**") and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the UK Manufacturer's target market assessment; however, a distributor subject to the UK MiFIR Product Governance Rules is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the UK Manufacturer's target market assessment) and determining appropriate distribution channels.

France

This Offering Memorandum has not been prepared in the context of a public offering of financial securities in France within the meaning of Article L.411-1 of the French *Code monétaire et financier* and Title I of Book II of the *Règlement Général of the Autorité des marchés financiers* and therefore has not been and will not be submitted for clearance to the *Règlement Général of the Autorité des marchés financiers*. Consequently, the Notes are not being offered, directly or indirectly, to the public in France and this Offering Memorandum has not been and will not be released, issued or distributed or caused to be released, issued or distributed to the public in France. Offers, sales and distributions of the Notes in France will be made only to qualified investors (*investisseurs qualifiés*) acting for their own accounts or to a closed circle of investors (*cercle restreint d'investisseurs*) acting for their own accounts or to providers of the investment service of portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*) as defined in, and in accordance with, Articles L.411-2 and D.411-1 to D.411-4, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*. The Notes may only be offered, directly or indirectly, to the public in France, in compliance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code monétaire et financier*.

Germany

The offering of the Notes is not a public offering in the Federal Republic of Germany. The Notes may be offered and sold in Germany only in accordance with the provisions of the Securities Prospectus Act of the Federal Republic of Germany (*Wertpapierprospektgesetz*) (the "**German Securities Prospectus Act**") and any other applicable German law. Consequently, in Germany the Notes will only be available to, and this Offering Memorandum and any other offering material in relation to the Notes is directed only at, persons who are qualified investors (*qualifizierte Anleger*) which are referred to in Section 3, paragraph 2 no. 1, in connection with Section 2, no. 6, of the German Securities Prospectus Act, Section 8f paragraph 2 no. 4 of the German Sales Prospectus Act, and in Section 2 paragraph 11 sentence 2 no. 1 of the German Investment Act. Any resale of the Notes in Germany may only be made in accordance with the German Securities Prospectus Act and other applicable laws. We have not, and do not intend to, file a securities prospectus with the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) ("**BaFin**") or obtain a notification to BaFin from another competent authority of a Member State of the European Economic Area, with which a securities prospectus may have been filed, pursuant to Section 17 Para. 3 of the German Securities Prospectus Act.

Italy

This Offering Memorandum has not been, nor will be, published in the Republic of Italy ("**Italy**") in connection with the offering of the Notes and such offering of the Notes has not been, nor will be, registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") in Italy pursuant to Legislative Decree no. 58 of February 24, 1998 as amended (the "**Financial Services Act**") and to CONSOB Regulation No. 11971 of May 14, 1999 as amended (the "**Issuers Regulation**") and, accordingly, no Notes may, and will, be offered, sold, transferred or delivered, directly or indirectly in an offer to the public in Italy, nor may, or will, copies of this Offering Memorandum or of any other document relating to the Notes be distributed in Italy, except:

(i) to qualified investors (*operatori qualificati*), pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and as defined in Article 34-ter, first paragraph, letter b) of the CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time ("**Regulation No. 11971**"); or

(ii) in other circumstances which are exempted from the rules governing offers to the public pursuant to, and in accordance with, the conditions set out in Article 100 of the Financial Services Act and its implementing regulations including Article 34-ter of Regulation No. 11971, first paragraph, of Issuers Regulation.

Any offer, sale or delivery of the notes or distribution of copies of this Offering Memorandum or any other document relating to the Notes or the offer in Italy under (i) or (ii) above must be: (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Legislative Decree No. 385 (the "**Banking Law**"), the Financial Services Act of 1 September 1933, as amended, CONSOB Regulation No. 16190 of 29 October 2007, as amended, and any other applicable laws and regulations; (b) in compliance with Article 129 of the Banking Act, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in Italy; and (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy or any other Italian authority.

Any investor purchasing Notes in the Offering is solely responsible for ensuring that any offer or resale of notes it purchased in the Offering occurs in compliance with applicable laws and regulations. This Offering Memorandum and the information contained herein are intended only for the use of its recipient and are not to be distributed to any third party resident or located in Italy for any reason. No person residing or located in Italy other than the original recipients of this document may rely on it or its content.

USE OF TERMS AND CONVENTIONS

Unless otherwise specified or the context requires otherwise in this Offering Memorandum:

- references to "**2022 Notes**" are to the €400.0 million 5.125% Senior Secured Notes due 2022 issued by Dutch Finco pursuant to an indenture dated June 23, 2015, which have been repurchased in connection with the offering of the 2026 Notes;

- references to "**2024 Notes**" are to the €400.0 million 3.25% Senior Secured Notes due 2024 issued by the Company pursuant to an indenture dated April 21, 2017, which will be repurchased or redeemed in connection with this Offering. See "*Use of Proceeds*;

- references to "**2026 Notes**" are to the €250.0 million 3.375% Senior Secured Notes due 2026, which were issued by the Company pursuant to an indenture dated April 27, 2018;

- references to "**Allocation**" are to the change in the system by which the Group allocates overheads of the corporate unit, so that such overhead and structural costs and other structural costs are no longer allocated to the business segments and are instead allocated within "other". See "*Operating and Financial Review and Prospects—Segment Reporting*";

- references to "**APAC**" are to Australia, China, India, Indonesia, Japan, Malaysia, Philippines, South Korea, Taiwan and Thailand, collectively;

- references to "**Collateral**" are to the pledge (numerally successive to the pledges securing the existing senior secured debt) over 100% of the shares of the Company held by Grupo Antolin Holdco, S.A., which will be granted within 120 days of the Issue Date. See "*Summary—Summary Corporate and Financing Structure*";

- references to "**Company**" are to Grupo Antolin-Irausa, S.A.U., a limited liability company (*sociedad anónima unipersonal*) incorporated and existing under the laws of Spain and the issuer of the Notes offered hereby;

- references to "**COVID-19**" are to the infectious disease caused by severe acute respiratory syndrome coronavirus 2, the pandemic resulting therefrom which was continuing as of the date of this Offering Memorandum and public health events related thereto;

- references to "**Divested Business**" are the companies formerly included in our Seating business segment which were sold in connection with the Divestment and which, collectively, include Grupo Antolín-Ara, S.A.U., Grupo Antolín-Ardasa, S.A.U., Grupo Antolín-Álava, S.A.U., Grupo Antolín-Vigo, S.A.U., Grupo Antolín-PGA, S.A.U., Grupo Antolín-Martorell, S.A.U., Grupo Antolín-Magnesio, S.A.U., Grupo Antolín-Valença-Componentes Automóvel, Sociedade Unipessoal, Lda., Midtown Invest, S.L., Grupo Antolín-Loire S.A.S., Grupo Antolín Ingenierie Sièges, S.A.S., Grupo Antolin Jarny, S.A.S., 70% of Antolín-CIE Czech Republic, s.r.o. and certain assets of Antolín Tanger, S.A.R.L.;

- references to "**Divestment**" are to the sale of the Divested Business on April 28, 2017 pursuant to a sale and purchase agreement dated February 6, 2017 by and among the Company and certain of its affiliates, as sellers, and Lear Corporation and certain of its affiliates, as buyers;

- references to "**Dutch Finco**" are to Grupo Antolin Dutch B.V., a wholly-owned subsidiary of the Company which was liquidated in 2018 and which was the issuer of the 2022 Notes;

- references to "**Eastern Europe**" are to the following countries Azerbaijan, Bulgaria, Croatia, Czech Republic, Hungary, Kazakhstan, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey and Uzbekistan;

- references to "**EIB**" are to the European Investment Bank;

- references to "**EIB Facility**" are to the facility agreement entered into by the Company and EIB on June 12, 2018, as amended and restated on July 29, 2020, for an amount of €100.0 million maturing on May 31, 2028, repayable in 14 equal semi-annual instalments, commencing on 30 November 2021;

- references to "**EIB Facilities**" are to the EIB Facility and the EIB Incremental Facility;
- references to "**EIB Incremental Facility**" are to the facility agreement entered into by the Company and EIB on December 23, 2020 for a term loan facility of €40 million (which is still undrawn);
- references to "**emerging markets**" and "**emerging economies**" are to growth markets and growth economies, excluding the US;
- references to "**EU**" are to the European Union as of the date of this Offering Memorandum;
- references to "**Europe**" are to Western Europe and Eastern Europe, collectively;
- references to "**FCA**" are to Fiat-Chrysler Automobiles;
- references to "**Group**", "**Grupo Antolin**", "**we**", "**us**" and "**our**" are to the Company together with its consolidated subsidiaries;
- references to "**growth markets**" and "**growth economies**" are to economies where we are experiencing increasing demand for our products and which include the US, Mexico, Brazil, Turkey, Russia, China, India and Thailand;
- references to "**Guarantees**" are to the unconditional guarantees of the Notes to be granted by the Guarantors. See "*Summary—Summary Corporate and Financing Structure*";
- references to "**Guarantors**" are to the entities listed in "*Summary—The Offering—Guarantors*";
- references to "**IFRS-EU**" are to the International Financial Reporting Standards promulgated by the International Accounting Standards Board and as adopted by the European Union;
- references to "**Indenture**" are to the indenture governing the Notes and dated as of the Issue Date;
- references to "**Initial Purchasers**" are to Deutsche Bank Aktiengesellschaft, Banco Bilbao Vizcaya Argentaria, S.A., BNP Paribas, CaixaBank, S.A., Credit Suisse Securities Sociedad de Valores S.A., HSBC Continental Europe S.A., Société Générale, Banca March, S.A., Banco de Sabadell, S.A. and Bankinter, S.A.;
- references to "**Intercreditor Agreement**" are to the intercreditor agreement dated March 21, 2014 (as amended and/or amended and restated from time to time) entered into with, among others, lenders under our Senior Facilities Agreement and the trustee on behalf of the holders of the 2026 Notes, and to which the Trustee will accede on the Issue Date as the creditor representative on behalf of the holders of the Notes. See "*Description of Other Indebtedness—Intercreditor Agreement*";
- references to "**Issuer**" are to the Company;
- references to "**JIT**" are to just in time;
- references to "**JLR**" are to Jaguar Land Rover;
- references to "**LMC Automotive**" are to LMC Automotive Ltd.;
- references to "**Magna**" and "**Magna Group**" are to Magna International Inc. and its subsidiaries;
- references to "**Magna Interiors Business**" are to the Magna Subsidiaries, the interests in the Magna JVs and the other assets and properties of Magna related to its interior business in Germany (Roitzsch division, included in Näher Automotive GmbH), Czech Republic (Liban division, included in Magna Exteriors & Interiors (Bohemia), s.r.o.), Slovakia (Trnava division, included in Magna Slovteca, s.r.o.) and India (Pune division) included in Magna Closures Automotive Private, Ltd., as well as certain automotive real estate assets and leasehold improvements,

each acquired from Magna pursuant to the terms and conditions of the sale and purchase agreement dated April 16, 2015, by and among the Company, as buyer, and certain of Magna subsidiaries listed therein;

- references to "**Magna JVs**" are to Dae Yee Intier Co. Ltd. (now known as Crea Antolin Co. Ltd.), Plastimat Hungary Kft, Changshu Intier Automotive Interiors Co., Ltd. and Changchun Intier Automotive Interiors Co., Ltd.;

- references to "**Magna Subsidiaries**" are to Magna Interiors (Austria) GmbH, Magna Beteiligung (Austria) GmbH, Burg Design GmbH, Magna Interiors GmbH, Magna Interiors (Germany) GmbH, Magna Interiors (Massen) GmbH, Magna Interiors (Europe) GmbH, Magna Automotive (Hungary) Kft, Magna Interiors (UK) Limited, Magna Exteriors & Interiors USA, Inc. (including Interlink Automotive, LLC and its 100% interest in Magna Exteriors & Interiors (Suzhou) Co. Ltd.), Administration de Toluca Interiors, S.A. de C.V. (now known as Gestión Industrial de Toluca, S.A. de C.V.), Intier Automotive Interiors de Mexico, S.A. de C.V. (now known as Gestión Industrial de Arteaga, S.A. de C.V.) and Intier Automotive Interiors de Saltillo, S.A. de C.V. (now known as Antolín Interiors México, S.A. de C.V.);

- references to "**Mercosur**" are to Argentina, Brazil, Bolivia, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay and Venezuela, collectively;

- references to "**North America**" are to the US, Canada and Mexico, collectively;

- references to "**Notes**" are to the €390.0 million 3.50% Senior Secured Notes due 2028 offered hereunder;

- references to "**OEM**" are to original equipment manufacturer;

- references to "**Offering**" are to the offering of the Notes;

- references to "**R&D**" are to research and development;

- references to "**Revolving Credit Facility**" are to the revolving credit facility made available under the Senior Facilities Agreement;

- references to "**Seating**" are to the seats and metal business which was a part of the Divested Business;

- references to "**Senior Facilities**" are to the senior term and revolving facilities made available under the Senior Facilities Agreement and the Revolving Credit Facility;

- references to "**Senior Facilities Agreement**" are to the senior term and revolving credit facilities agreement originally dated March 13, 2014 (as amended and/or amended and restated from time to time), entered into between, among others, the Company, as the original borrower, various subsidiaries of the Company, as original guarantors, the original lenders listed therein and Deutsche Bank AG, London Branch, as agent and security agent. See "*Description of Other Indebtedness—Senior Facilities Agreement*";

- references to "**SFA Guarantors**" are to the Company and the Guarantors;

- references to "**TCO**" are to technical-commercial offices;

- references to "**Transactions**" are collectively to:

  - the issuance by the Company of €390 million aggregate principal amount of Notes;and

  - the payment of costs, fees and expenses in connection with the foregoing transactions, including the fees and expenses to be incurred in connection with the Offering;

- references to "**Trustee**" are to Deutsche Trustee Company Limited, as trustee under the Indenture; and

- references to “**Western Europe**” are to Austria, Belgium, Finland, France, Germany, Italy, the Netherlands, Portugal, Spain, Sweden, Switzerland and the United Kingdom, collectively.

FORWARD LOOKING STATEMENTS

Except for historical information contained herein, statements contained in this Offering Memorandum may constitute "forward looking statements" within the meaning of the US Private Securities Litigation Reform Act of 1995.

The words "believe", "anticipate", "expect", "predict", "continue", "intend", "estimate", "plan", "aim", "assume", "positioned", "will", "may", "should", "shall", "risk", "probable" and other similar expressions, which are predictions or indications of future events and future trends, which do not relate to historical matters, identify forward looking statements. This Offering Memorandum includes forward looking statements relating to our potential exposure to various types of market risks, such as credit risk, interest rate risk, exchange rate risk and commodity price risk. You should not rely on forward looking statements because they involve known and unknown risks, uncertainties and other factors which are in some cases beyond our control and may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward looking statements (and from past results, performance or achievements). Certain factors that may cause such differences include but are not limited to:

- the effects of COVID-19;
- increased or more pronounced cyclicality in the automobile industry;
- our susceptibility to economic trends and to the impact of adverse economic conditions on our customers or suppliers;
- continuing uncertainties and challenging political conditions in Spain and the European economy, which may impact the value of the euro;
- uncertainties regarding Brexit and the outcome of future arrangements between the EU and the UK;
- significant developments stemming from the recent US presidential elections;
- the potential loss of customers or changes in market share by our customers;
- our ability to realize revenues from our awarded business and/or the potential termination or non-renewal of purchase orders by our customers;
- disruptions in the automotive supply chain and fluctuations in the prices of materials;
- our and our customers' ability to obtain sufficient capital financing, including working capital lines and credit insurance;
- fluctuations in the prices of materials and commodities;
- increased competition in the automotive parts industry generally and in certain product or geographic areas specifically;
- shifts in market shares among vehicles or vehicle segments or shifts away from vehicles;
- our ability to offset price concessions or additional costs from our customers;
- costs and risks in relation to the construction, maintenance, downsizing, closing and/or sale of our plants;
- mechanical failures, equipment shutdowns, technological breakdowns and interruptions in the supply of utilities;
- increased capital expenditures required by our ongoing operations;
- risks and additional costs associated with ongoing and/or future acquisitions and divestitures, program launches and/or our growth with our customers;

- our joint ventures, certain of which we do not control;
- potential impairment of deferred tax assets and/or goodwill;
- our current tax liabilities and the tax accounting treatment we are subject to, including risks related to any changes therein;
- potential reduction in our net income and equity due to the impairment of goodwill;
- our international operations and risks related to compliance with anti-corruption laws, regulations and economic sanctions programs in connection thereto;
- our exposure to foreign exchange rate fluctuations;
- unrealized expectations on our investment strategies or shifts away from technologies in which we invest;
- loss of key executives, availability of labor and any changes in workforce utilization efficiency, including those resulting from work stoppages and other labor problems;
- risks related to potential non-compliance with, or changes in, applicable laws and regulations, including in relation to environmental, insurance, product liability, tax, intellectual property and/or health and safety laws and regulations;
- risks related to shifts away from technologies in which we invest;
- explosions, fires or any other accidents, natural disasters, floods, hurricanes and earthquakes, theft, terrorist attacks and/or other acts of violence, war or other political changes in geographic areas in which we operate;
- restrictions on transfer of funds;
- other risks and uncertainties inherent in our business and the world economy; and
- other factors related to the Notes as well as other factors discussed or referred to in this Offering Memorandum.

For a more detailed discussion of these and other factors, see "*Risk Factors*", "*Operating and Financial Review and Prospects*" and "*Business*" included elsewhere in this Offering Memorandum. You are cautioned not to place undue reliance on these forward looking statements. These forward looking statements are made as of the date of this Offering Memorandum and are not intended to give any assurance as to future results. We undertake no obligation to, and do not intend to, publicly update or revise any of these forward looking statements, whether to reflect new information or future events or circumstances or otherwise.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER DATA

Financial Information and Operational Data

Company historical financial information

This Offering Memorandum includes (i) our audited consolidated financial statements as of and for the financial years ended December 31, 2018, 2019 and 2020 and (ii) our unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2021, including comparative financial information as of and for the three months ended March 31, 2020. Our unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2021 have been subject to limited review by Deloitte, S.L. Other unaudited financial data is included which is derived from our accounting records, including the financial information for the twelve months ended March 31, 2021 which is derived by adding the financial data of the Company for the year ended December 31, 2020 to the financial data of the Company for the three months ended March 31, 2021 and subtracting the financial data of the Company for the three months ended March 31, 2020.

The audited financial statements of the Company have been prepared in accordance with IFRS-EU applicable at the relevant date and are presented in millions of euro. The unaudited condensed consolidated interim financial statements have been prepared in accordance with the requirements of the International Accounting Standards (IAS) 34 on ''interim financial reporting'' applicable at the relevant date and are presented in millions of euro.

Effective January 1, 2019, we adopted IFRS 16—Leases ("**IFRS 16**") in our audited consolidated financial statements as of and for the year ended December 31, 2019, under the simplified retrospective method. As a result, the prior periods were not restated. IFRS 16 adoption, as of January 1, 2019, resulted in the recognition of lease liabilities for €389.3 million (and a corresponding amount of right-of-use assets) related to IFRS 16 first-time application impact on lease liabilities derived from leases previously accounted for as operating leases. See "*Operating and Financial review and Prospects — Critical Accounting Policies"* for further information on IFRS 16.

See "*Independent Auditors*" for a description of the independent auditor's reports dated March 29, 2019, April 1, 2020 and March 31, 2021 on our consolidated financial statements as of and for the financial years ended December 31, 2018, 2019, and 2020, respectively, which have been audited by Deloitte, S.L., independent auditors, as stated in their unqualified reports appearing herein on pages F-1, F-174 and F-372 of this Offering Memorandum.

Non-IFRS financial information

We have included in this Offering Memorandum certain financial measures, including EBITDA that is not required by, nor presented in accordance with IFRS-EU. As used in this Offering Memorandum, "**EBITDA**" represents our profit for the period from continuing operations ("**EBIT**") after adding back depreciation and amortization expenses.

This Offering Memorandum also contains other measures and ratios such as gross profit (which represents total operating income less supplies), gross profit margin, EBIT margin, EBITDA margin, capital expenditures, net financial debt, net finance cost, net financial debt (as adjusted for the Transactions), net finance cost (as adjusted for the Transactions) and leverage and coverage ratios. We present these non-IFRS measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity.

Our management believes that EBITDA is meaningful for investors because it provides an analysis of our operating results, profitability and ability to service debt and because EBITDA is used by our chief operating decision makers to track our business evolution, establish operational and strategic targets and make important business decisions. EBITDA is also a measure commonly reported and widely used by analysts, investors and other interested parties in our industry. To facilitate the analysis of our operations, EBITDA excludes depreciation and amortization expenses from EBIT in order to eliminate the impact of general long-term capital investment. Although we are presenting EBITDA to enhance the understanding of our historical operating performance, EBITDA should not be considered an alternative to EBIT as an indicator of our operating performance, or an alternative to cash flows from ordinary operating activities as a measure of our liquidity. EBITDA, as used in this Offering Memorandum, may not be calculated in the same manner as "Consolidated EBITDA", which is calculated pursuant to the Indenture governing the Notes (see *"Description of the Notes"*), or for the purposes of any of our other indebtedness.

The information presented by EBITDA and other non-IFRS financial information presented in this Offering Memorandum is unaudited and has not been prepared in accordance with IFRS-EU or any other accounting standards. In addition, the presentation of these measures is not intended to and does not comply with the reporting requirements of the SEC; compliance with its requirements would require us to make changes to the presentation of this information.

You should not consider EBITDA or any other non-IFRS or financial measures presented herein as alternatives to measures of financial performance determined in accordance with generally accepted accounting principles, such as net income, as a measure of operating results or cash flow as a measure of liquidity. EBITDA is not a measure of financial performance under IFRS-EU. Our computation of such measure and other non-IFRS financial measures may not be comparable to similarly titled measures of other companies.

Rounding adjustments have been made in calculating some of the financial information included in this Offering Memorandum. As a result, figures shown as totals in some tables and elsewhere may not be exact arithmetic aggregations of the figures that precede them.

Industry Data

In this Offering Memorandum, we rely on and refer to information regarding our business and the market in which we operate and compete. We have obtained this information from various third party sources, including providers of industry data, discussions with our customers and our own internal estimates. The information in this Offering Memorandum that has been sourced from third parties has been accurately reproduced and, as far as we are aware and able to ascertain from the information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.While we believe that industry publications, surveys and forecasts are reliable, they have not been independently verified, and neither we nor the Initial Purchasers make any representation or warranty as to the accuracy or completeness of such information set forth in this Offering Memorandum.

In drafting this Offering Memorandum, we used industry sources, including reports prepared by LMC Automotive in 2021. While LMC Automotive endeavors to ensure the accuracy of the data, estimates and forecasts, provided in its services and reflected herein, decisions based upon them (including those involving investment and planning) are at the user's own risk and LMC Automotive accepts no liability in respect of information, analysis and forecasts provided.

Additionally, industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and in some instances such sources state that they do not assume liability for such information. Market studies and analyses are frequently based on information and assumptions that might not be accurate or technically correct, and their methodologies may be forward looking and speculative. We cannot assure you of the accuracy and completeness of such information as we have not independently verified such information.

In addition, in many cases, we have made statements in this Offering Memorandum regarding our industry and our position in the industry based solely on our experience, our internal studies and estimates, and our own investigation of market conditions. While we assume that our own market observations are reliable, we give no warranty for the accuracy of our own estimates and the information derived from them. They may differ from estimates made by our competitors or from future studies conducted by market research institutes or other independent sources. While we are not aware of any misstatements regarding the industry or similar data presented herein, such data involves risks and uncertainties and are subject to change based on various factors. See "*Risk Factors*" in this Offering Memorandum. Additionally, all data in relation to our position in our industry as well as specific market share details are based on the number of units of automotive interior components sold.

We cannot assure you that any of these assumptions are accurate or correctly reflect our position in the industry, and none of our internal surveys or information has been verified by any independent sources. Neither we nor the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this information. Some of the surveys or sources were compiled by our advisors and are not publicly available and accordingly may not be considered to be as independent as other third party sources.

EXCHANGE RATE AND CURRENCY INFORMATION

The following tables set forth, for the periods listed below, the high, low, average and period end Bloomberg (New York) Composite Rate expressed as US dollars per €1.00. The Bloomberg Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this Offering Memorandum. We make no representation that the US dollar amounts referred to below could have been or could, in the future, be converted into euro at any particular rate, if at all.

The Bloomberg (New York) Composite Rate of the euro on June 11, 2021 was $1.21 per €1.00.

	US dollars per €1.00			
	High	**Low**	**Average(1)**	**Period end**
2018	1.2557	1.1215	1.8086	1.1469
2019	1.1572	1.0879	1.1194	1.1214
2020	1.2310	1.0638	1.1419	1.2217
2021 (through June 11, 2021)	1.2349	1.1704	1.2063	1.2109

	High	**Low**	**Average(2)**	**Period end**
December 2020	1.2310	1.1927	1.2172	1.2217
January 2021	1.2349	1.2054	1.2174	1.2136
February 2021	1.2243	1.1952	1.2095	1.2075
March 2021	1.2113	1.1704	1.1900	1.1730
April 2021	1.2150	1.1713	1.1971	1.2020
May 2021	1.2266	1.1986	1.2148	1.2227
June 2021 through June 11, 2021	1.2254	1.2093	1.2171	1.2109

(1) The average of the exchange rates on the last business day of each month during the relevant period.

(2) The average of the exchange rates on each business day during the relevant period.

Classified as Public

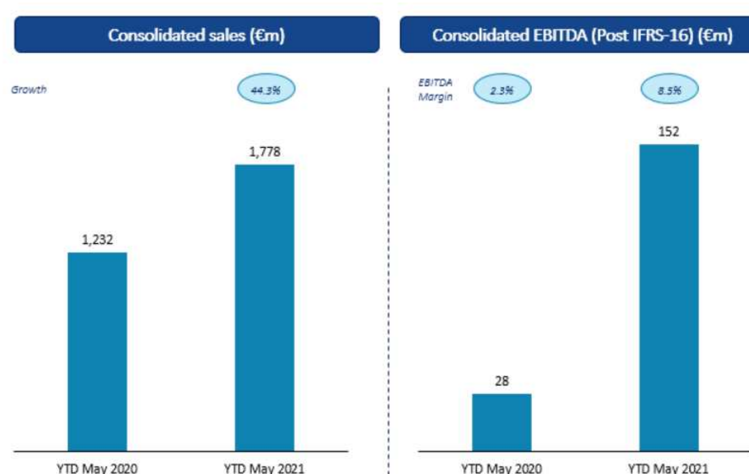
SUMMARY

This summary highlights selected information contained in this Offering Memorandum. In this Offering Memorandum, we generally use "we", "our" and other similar terms to refer to the Company and its consolidated subsidiaries. This summary should be read as an introduction to this Offering Memorandum. It does not purport to be complete and is qualified in its entirety by, and should be read in conjunction with, the remainder of this Offering Memorandum. Any decision by an investor to invest in the Notes should be based on a thorough consideration of this Offering Memorandum in its entirety, including "Operating and Financial Review and Prospects" and the financial statements and related notes and information contained elsewhere in this Offering Memorandum as well as the information referred to under "Where You Can Find More Information". See the section entitled "Risk Factors" for factors that you should consider before investing in the Notes and the section entitled "Forward Looking Statements" for information relating to the statements contained in the Offering Memorandum that are not historical facts.

Our Company

We are a leading Tier 1 player in the design, development, manufacturing and supply of automotive interior components, offering multi-technology solutions for overhead systems (or headliners) and soft trim, doors and hard trim, cockpits and center consoles and lighting and electronics systems for sale to OEMs. We have a geographically diversified platform of over 145 manufacturing plants and just in time, or JIT, assembly and sequencing facilities, as well as 24 technical-commercial offices, or TCOs, in 26 countries worldwide as of December 31, 2020. We supplied our products globally to over 75 different automotive brands belonging to approximately 30 OEMs in 2020. We provided components for more than 550 different vehicle models. Our product, geographical and customer diversification allows us to take advantage of global growth opportunities, in particular our presence in Eastern Europe, North America, Mercosur and APAC, which in the past has mitigated the impact of regional production fluctuations on our business during economic downturns. We are headquartered in Burgos, Spain, and in 2020 our average number of employees was over 26,600.

Our revenue and EBITDA for the year ended December 31, 2020 amounted to €3,974.5 million and €272.1 million, respectively. For the three months ended March 31, 2021, we generated revenues of €1,076.0 million and EBITDA of €96.4 million, representing increases of 2.1% (6.6% on a like-for-like basis) and 26.2% (32.4% on a like-for-like basis) against the same period last year, respectively. We also experienced accelerated positive growth in April and May 2021. Based on management estimates and information currently available, we estimate that April 2021 sales grew by approximately 27.4% and EBITDA grew by approximately 189.7% as compared to April 2020 and May sales grew by approximately 44.3% and EBITDA grew by approximately 435.7% as compared to May 2020 (as reflected in the below chart). We also estimate that EBITDA margin increased during the period to 8.5% from 2.3% compared to May 2020. We are wholly-owned by the Antolín family, who is fully committed to our business.



We organize our activities around four business segments:

- ***Overhead systems and soft trim ("Headliners"):*** We are a leader in the manufacturing of headliner modular solutions, incorporating acoustic, safety, panoramic and lighting functionalities. We cover the entire product spectrum for overhead systems, from the headliner substrate to more complex modular systems. We use key

technologies for headliner substrates and benefit from full vertical integration, from the core polyurethane foam production to the final assembly of the overhead systems. Furthermore, the incorporation of sun visors into the overhead system is an important aspect of this business segment. We produce sun visors in all technologies available in the market, adding a whole range of functionalities to the end product. Our soft trim activities, including load floors, package trays, side linings, accessible floor bins and floor coverings, were moved to this business segment as well. In addition, we have a line of acoustic solutions such as deadeners and underbody shields. Our revenue and EBITDA attributable to our Headliners segment amounted to €1,478.0 million and €85.3 million for the year ended December 31, 2020, respectively, which represented 37.2% and 31.3% of our total consolidated revenue and EBITDA for that same period, respectively. For the three months ended March 31, 2021, our revenue and EBITDA attributable to our Headliners segment amounted to €396.2 million and €32.9 million, respectively, which represented 36.8% and 34.1% of our total consolidated revenue and EBITDA for that same period, respectively. This represents a 17.2% increase in EBITDA compared to March 31, 2020, when the EBITDA attributable to Headliners was €28.1 million. In 2020, we were a leader in overhead systems, with around 22% of the global market share. Our market shares for overhead systems in Europe, North America, India and Mercosur in 2020 were 32%, 38%, 70% and 57%, respectively. In sun visors, we were a leader in Europe with a market share of 34%. As of March 31, 2021, the Headliners business segment included 86 facilities.

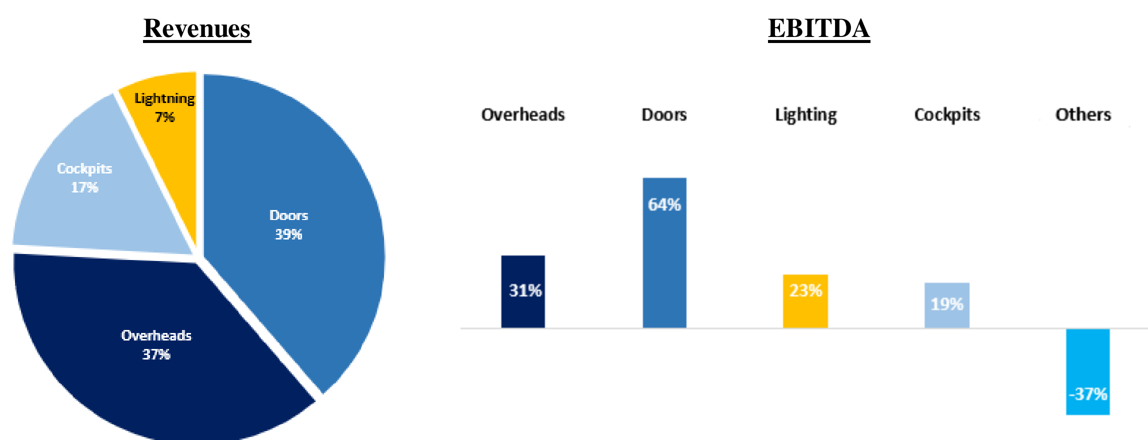
- ***Doors and hard trim ("Doors"):*** We have expertise in the manufacturing and supply of a wide range of door systems such as door panels (including front, rear and sliding door panels), pillars (including upper and lower pillar trim and quarter trim panels), window regulators, rear cargo and lift gate trim. We produce a wide range of specialized plastic parts, some of them with weight reduction and environmentally friendly properties, features highly demanded by the OEMs. We produce an extensive range of door mechanisms, from window regulators to complex modules. We also manufacture seat latches for specific complete vehicle platforms. Our decoration inserts supplied in partnership with Walter Pack provide an answer to the increasing demands in interior personalization. Our revenue and EBITDA attributable to our Doors segment amounted to €1,533.3 million and €173.3 million for the year ended December 31, 2020, respectively, which represented 38.6% and 63.7% of our total consolidated revenue and EBITDA for that same period, respectively. For the three months ended March 31, 2021, our revenue and EBITDA attributable to our Doors segment amounted to €418.7 million and €52.5 million, respectively, which represented 38.9% and 54.5% of our total consolidated revenue and EBITDA for that same period, respectively. This represents a 9.2% increase in EBITDA compared to March 31, 2020, when the EBITDA attributable to Doors was €48.1 million. In 2020, we were a leading producer in Europe with a market share of over 18% in door panels and 21% in window regulators. We were also a significant producer of door panels and window regulators in the Mercosur region with a market share in window regulators of over 15%. As of March 31, 2021, the Doors business segment included 42 facilities.

- ***Lighting and Electronic Systems ("Lighting"):*** We are a leading manufacturer of interior and exterior automotive lighting components worldwide, as more than one out of four cars are equipped with Grupo Antolin lighting products. Our lighting product portfolio comprises interior solutions based on LED including overhead consoles, side reading lamps, multi-purpose lamps, ambient lighting, electronics/smart lighting and exterior solutions such as daytime running lamps, center high mounted stop lamps and direction, position and license plate indicators and lighted emblems. We are one of the few suppliers which benefit from full vertical integration in the production of lighting components, from the manufacture of plastic parts and lenses, to the electronics and the light function. The potential integration of lighting elements with other interior automotive components, as well as with electronic systems, will unleash additional synergies with our other business lines since lighting is incorporated in instrument panels, door panelling and overhead systems, allowing us to offer our customers an integrated and innovative range of customized interior solutions, which we believe gives us an additional competitive advantage over other players in our industry. Creating light scenarios and sophisticated atmospheres is one of our main areas of expertise. Our revenue and EBITDA attributable to our Lighting segment amounted to €288.6 million and €61.6 million for the year ended December 31, 2020, respectively, which represented 7.3% and 22.6% of our total consolidated revenue and EBITDA for that same period, respectively. For the three months ended March 31, 2021, our revenue and EBITDA attributable to our Lighting segment amounted to €80.5 million and €21.7 million, respectively, which represented 7.5% and 22.5% of our total consolidated revenue and EBITDA for that same period, respectively. These figures represent a 10.9% increase in revenue and a 30.4% increase in EBITDA compared to March 31, 2020, when the revenue and EBITDA attributable to Lighting were €72.6 million and €16.6 million, respectively. In 2020, we were a leading producer in Europe with a market share of 36%. As of March 31, 2021, the Lighting business segment included 16 facilities.

- ***Cockpits and consoles ("Cockpits"):*** We are a global producer and supplier of cockpit modules, including instrument panels, center consoles and glove boxes, which we design, engineer and manufacture. Our capabilities include design and engineering, styling, tooling, manufacturing, assembly and sequencing and electrical/electronic system integration. The cockpit module plays a key role in defining the driver's experience and it integrates the instrument panel and several control functions such as wiring harness, instrument cluster, air vents, decorative inlays, glove boxes and passenger airbag systems, among others. The instrument panel is a key element of the cockpit module and is comprised of a sophisticated system of trims, foams, composites and metals. The center consoles are designed and manufactured to operate vehicle functions and store items. The primary technologies and processes involved in the manufacturing of these systems include low pressure and injection moulding, compression moulding, vacuum forming, slush skins, spray urethane, decorative stitching as well as manual and automated assembly and sequencing. Our revenue and EBITDA attributable to our Cockpits segment amounted to €668.2 million and €50.9 million for the year ended December 31, 2020, respectively, which represented 16.8% and 18.7% of our total consolidated revenue and EBITDA for that same period, respectively. For the three months ended March 31, 2021, our revenue and EBITDA attributable to our Cockpits segment amounted to €179.7 million and €15.0 million, respectively, which represented 16.7% and 15.6% of our total consolidated revenue and EBITDA for that same period, respectively. These figures represent a 40.0% increase in revenue and a 81.1% increase in EBITDA compared to March 31, 2020, when the revenue and EBITDA attributable to Cockpits were €128.4 million and €8.3 million, respectively. As of March 31, 2021, the Cockpits business segment included 12 facilities.

The charts below show the percentage of revenues and EBITDA derived per business segment for the year ended December 31, 2020. The "Others" segment revenue referred to in the Segment Reporting section was used in calculating the denominator of the below pie chart—however, it is not detailed as such because it represents only 0.16% of the total consolidated revenues.

December 31, 2020:



We believe that our financial and operational success and stability have been, and continue to be, driven by our strategic, customer-focused geographical growth and diversified revenue streams, as well as our manufacturing, process, design and technological expertise. We believe that these factors have allowed us to achieve our position as a leading global supplier in the automotive industry, with high strategic importance to many of the largest OEMs.

Our Industry

The automotive industry designs, develops, manufactures, markets, sells and services motor vehicles which are usually classified into light vehicles (passenger cars and light commercial vehicles) and heavy commercial vehicles. The automotive production value chain is split between OEMs, such as Volkswagen Group, Renault-Nissan, Stellantis (FCA+PSA) Ford and automotive suppliers, such as Bosch, Continental, Magna and us. Automotive suppliers are then generally further categorized into three different tiers. Tier 1 suppliers like us sell their products directly to OEMs. Typically these products are larger modules or systems which integrate components, sometimes sourced from Tier 2 automotive suppliers. Tier 2 suppliers provide individual components or component groups which in turn typically integrate individual parts produced by a further layer of Tier 3 suppliers.

Automotive suppliers are typically further divided into sub-segments based on their components' function within the car. As an automotive supplier of interior components, our revenue is linked to the development of automotive production numbers and changes in the content per vehicle for the components and systems we produce. The interior market in the broader sense is comprised by all the products and systems that form the cabin interior of the car and surround the driver and passengers. As such, interior components have a direct effect on driver and passenger comfort and safety and therefore allow OEMs to differentiate between car models.

As the automotive industry continues to evolve, global trends have developed across the industry that are being driven by a combination of maturing consumer preferences, financial, technological, legal and regulatory requirements and the increasing importance of emerging economies relative to more traditional mature economies. According to different estimations from market data analysis and research providers, the global automotive production industry is expected to grow by approximately 15% in 2021, reflecting the impact of COVID-19 during 2020, when the industry was heavily hit when looking at both volumes and demand. Also, global units produced are not expected to reach the volumes achieved in 2018 until 2022-2023. In terms of regions, APAC, North America and Europe are the largest markets as of December 31, 2020.

Global trends which will drive future industry growth and the long-term growth potential of the interior component market include, but are not limited to, the following:

Increasing penetration and development of shared mobility platforms and services: New shared mobility services and platforms used by those who decide not to own a car have been experiencing strong growth in recent years, with this trend expected to be one of the most significant in shaping the future of the global auto industry. This will also have implications in the global auto industry not only for automakers, but also for OEMs and suppliers, as ride-sharing companies such as Uber or Lyft provide access to automobiles that will have to be adapted to customer-specific needs. Standardized production platforms which are easily customizable, combined with capabilities to develop user experience and infotainment systems aimed at making cars much more comfortable, will be increasingly important to meet such companies' needs.

Higher consumer expectations of interior comfort: Increased comfort features in the car selection process is of growing importance for final customers, partially due to the increase in the average age of the population and greater time spent in the vehicle. The trend towards higher consumer expectations of interior comfort increases demand for qualities such as improved fit, finish and craftsmanship in interiors across all vehicle types. We believe OEMs are dedicating a larger portion of total cost per vehicle to interior components as they "upscale" vehicle interiors across their entire portfolio of platforms. Suppliers with advanced design, materials and manufacturing capabilities to deliver a broad suite of interior component products across a wide range of price points should benefit from this continued focus on interior comfort and craftsmanship by both consumers and OEMs. While increased consumer expectations of interior comfort play an important role in certain emerging markets in which we operate, like China and Thailand, other emerging markets, like India, are still lagging behind on this trend.

Sustainability and safety: The OEMs that we supply, and automobile manufacturers generally, are increasingly focused on weight and emissions reduction in order to meet increasing legal, regulatory and industry-standard requirements in the markets in which they operate, as well as on the safety of passengers, other road users and pedestrians. The development of the regulatory environment is complex and has required automotive suppliers, such as ourselves, to focus on the design and development of technologies to address the various regulations and to differentiate us from our competitors. Furthermore, we launched a Sustainability Master Plan in 2018 to ensure compliance with and increased focus on Environmental, Social and Governance ("**ESG**") practices, such as environmental commitment and sustainable positioning. We have no involvement with the nuclear power industry, and no significant direct involvement in the fossil fuel, coal, tar sands and oil shale industries, nor any other industries known to be controversial in the ESG sphere.

Globalization of platforms: OEMs are increasingly designing vehicle models built on common but variable platforms which can be produced in high volumes. The use of common platforms and standardizations allows OEMs to increase economies of scale across the value chain, differentiate their products from those of their competitors, expand the number of product segments in which they compete, extend the life of existing automobile platforms and remain responsive to changing lifestyle trends and customer tastes. This trend towards common platforms provides automotive suppliers such as us increased opportunities to supply larger volumes of products and also to benefit from economies of scale. Furthermore, there is an increased dependency on suppliers, such as us, that are capable of managing complex projects, which in turn assures the harmonization of quality standards across geographies globally.

Increasing market share of low-cost and premium automotive segments: In the long-term, the automotive market is expected to shift focus away from mid-market towards low-tech and low-cost vehicles on the one hand and function oriented, innovative vehicles for premium customers on the other hand. In recent years, the market share of low-cost passenger cars

(*i.e.* cars costing less than €7,000) has been increasing, predominantly in China, India and Brazil, with sales of small passenger cars expected to grow further. These cars are mainly manufactured and sold in high-growth countries in APAC, as well as in Brazil and Eastern Europe. Growth in the premium segment is also expected to be driven by emerging markets, including China, India and Africa. Vehicles in the premium segment tend to be more technologically advanced in each sub-segment of automotive components, including the interior components segment.

Consolidation of supplier base: In order to take advantage of the operational economies of scale across the value chain, OEMs are encouraging consolidation of their supplier base with an increased focus on large, technically and financially strong global suppliers capable of producing consistent and high-quality products across geographies. The OEMs we supply use a number of factors to determine their choice of suppliers including, among other things, quality, service (including location, service interruptions and on-time delivery), in-house R&D and technological capabilities, overall track record and quality of relationship with the OEM, production capacity, financial stability and price. In recent years, we have noticed that development expertise, an extensive geographical footprint, consistent and high quality production capability and diverse ancillary competencies tend to offset price-sensitivities among OEMs who appreciate the added-value inherent in these other factors.

Outsourcing and technological partnership with OEMs: As OEMs increasingly focus their resources on automobile assembly, they are either maintaining or increasing the levels of production outsourcing to suppliers such as ourselves. As they grow outside of their home markets, they are more inclined to turn to external suppliers for content they might have previously supplied in-house. Suppliers such as us can benefit from economies of scale derived from serving various customers that our OEM customers find more difficult to achieve in our product segment when manufacturing in-house abroad. In addition, specialization has led to advances achieved by suppliers such as ourselves in certain technologies, which OEMs find difficult to match in-house in price and quality, thereby increasing outsourcing in these areas, even in mature economies. Furthermore, while know-how is still being developed by suppliers and the design is still controlled by OEMs, there is an increased importance in the collaboration with Tier 1 suppliers.

The regional shift of the automotive industry with continuing increase in demand for vehicles in emerging markets: While vehicle production demands have fluctuated across the global economy in recent years, on a normalized level the demand in emerging economies has generally continued to increase. Industry sources forecast that in the years leading up to 2028, there will be a higher CAGR of sales in large and highly populated countries such as India, as well as in other emerging economies, than that experienced generally across Western Europe. In response to this, OEMs continue to develop their presence in these markets, resulting in an increased need for OEMs to establish supplier networks beyond their home markets, including the migration of component and vehicle design, development and engineering activities to certain of these markets. In certain of these markets, such as China, there is already significant demand for new, premium branded vehicle models, as well as for electric vehicles. Nevertheless, vehicle demand in these emerging economies is predominantly for less advanced models with lower entry-level price points. This increasing local demand in emerging markets has helped boost the local automotive industry in these countries and has attracted investments in manufacturing from North American-, European- and APAC-based automobile manufacturers, through stand-alone investments and joint ventures with local partners. The evolution of volume demand in these markets is in tandem with an evolution of regulatory and industry standards modelled after those set earlier by more mature economies. This trend offers automobile suppliers such as us an opportunity to expand our business with our customers in these emerging markets.

Increasing number of electric and hybrid cars: Consumers are becoming increasingly environmentally conscious and this is affecting their vehicle purchase choice. Electric and hybrid vehicles have seen increasing production, with hybrids being more popular than purely electric vehicles. However, the rates of adoption of these vehicles has, so far, been relatively slow, largely due to their relatively high price and, with respect to purely electric vehicles, short driving range and the lack of battery re-charging infrastructure, even in developed countries. It is expected to take a number of years until battery technology is sufficiently improved and becomes affordable for mainstream use in automobiles. Moreover, it will also take time to develop charging stations to support these types of vehicles. Once these obstacles have been overcome, take up of both hybrid and electric cars is likely to increase. During this stage, we are likely to see an increase in the number of automotive suppliers who manufacture electric motors, advanced automotive batteries as well as semiconductors, connectors and sensors which these vehicles will need. Regardless, we believe that our business is largely agnostic to the increasing trends of electric and hybrid cars.

Growth of cooperative agreements: In order to achieve economies of scale and delay developments costs, competing automobile component manufacturers are increasingly entering into cooperative alliances and arrangements relating to shared purchasing of components, joint engine, powertrain and/or platform development and sharing and other forms of cooperation. This cooperation among competing automobile component manufacturers is expected to continue. For example, we have entered into joint ventures in emerging markets to accelerate our international expansion with partners such as Krishna Maruti Limited (belonging to the Krishna Group) in India, NHK Spring (Thailand) Co., Ltd in Thailand, SKT Yedek Parca ve Makina

Sanayi ve Ticaret A.S. in Turkey, Changshu Automotive Trim Co., Ltd. in China, Summit DV in Hungary and Shanghai NAEN Automotive Technology Co., Ltd. in China.

Our Key Strengths

We believe that our global footprint, proven track-record, successful and longstanding relationships with automakers and OEMs, extensive capabilities and deep expertise in a number of technologies and products, provide us with the following competitive strengths in comparison to our peers:

Strong positions in core markets

We are among the largest suppliers of automotive interior components worldwide, with a leading market share position across product lines including overhead systems, door panels, lighting systems and instrument panels in the main countries and regions where we operate.

We are involved in the design, development, manufacturing and supply of automotive interior components. In 2020, we were a leader in overhead systems, with around 22% of the global market share. Our market shares for overhead systems in Europe, North America, India and Mercosur in 2020 were 32%, 38%, 70% and 57%, respectively. In sun visors, we were a leader in Europe with a market share of 34%. In 2020, we were a leading producer in Europe with a market share of over 18% in door panels and 21% in window regulators. We were also a significant producer of door panels and window regulators in the Mercosur region, with a market share in window regulators of over 15%. Furthermore, we were a global producer and supplier of cockpit modules, including instrument panels, center consoles and glove boxes, which we design, engineer and manufacture. In this regard, our capabilities include, but are not limited to, design and engineering, styling, tooling, manufacturing, assembly and sequencing and electrical/electronic system integration. Finally, with respect to the lighting and electronic systems segment, we are a leading manufacturer of interior and exterior automotive lighting components segment worldwide.

Additionally, OEMs face substantial switching costs from operational, technical and logistical perspectives in replacing the supplier of a particular component or system during the life cycle of a specific vehicle model. The supplier of a component for a specific car model is often also appointed for the next generations of that model. This is mostly due to the long lead-time and large investment required to set up the production and supply processes, and to the scale operational efficiencies gained through experience with the lean manufacturing of certain products. We believe that such switching costs and our technological capacities strongly protect our leading market position.

Highly diversified business model

Regional diversification

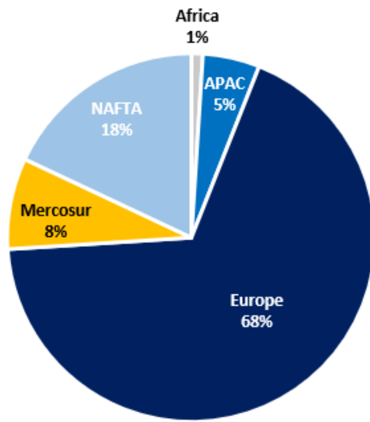
We have a geographically diversified platform of over 145 manufacturing plants and JIT assembly and sequencing facilities, as well as 24 TCOs in 26 countries worldwide as of December 31, 2020. We supplied our products around the world to over 75 different automotive brands belonging to approximately 30 OEMs in 2020. We provided components for more than 550 different vehicle models. Given the nature of our product, geographical and customer diversification allows us to take advantage of global growth opportunities, in particular owing to our presence in Eastern Europe, North America, Mercosur and APAC, which in the past has mitigated the impact of regional production fluctuations on our business during economic downturns.

We are a truly global player who has committed substantial investment to, and has a well-established presence in, growth markets. We believe we are a market leader measured by units of production in many of these markets, which gives us a competitive advantage over other players. Furthermore, our revenues from our APAC operations have increased from €82.2 million in 2010 to €507.2 million in 2020, representing around 12.8% of our revenues in 2020.

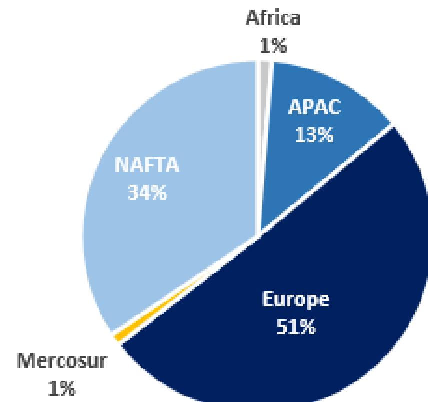
As part of our customer-focused approach to our expansion strategy, we have proactively coordinated our expansion plans into growth markets with those OEMs with whom we supply. When an OEM customer expands into a new market or location, we determine whether it is in our strategic interest to also open a facility in such location. Furthermore, our strong geographical diversification allows us to take advantage of global growth opportunities and mitigates the impact of regional demand fluctuations on our business during economic downturns. The charts below show our regional diversification as a percentage of our revenues.

Evolution of Regional Diversification

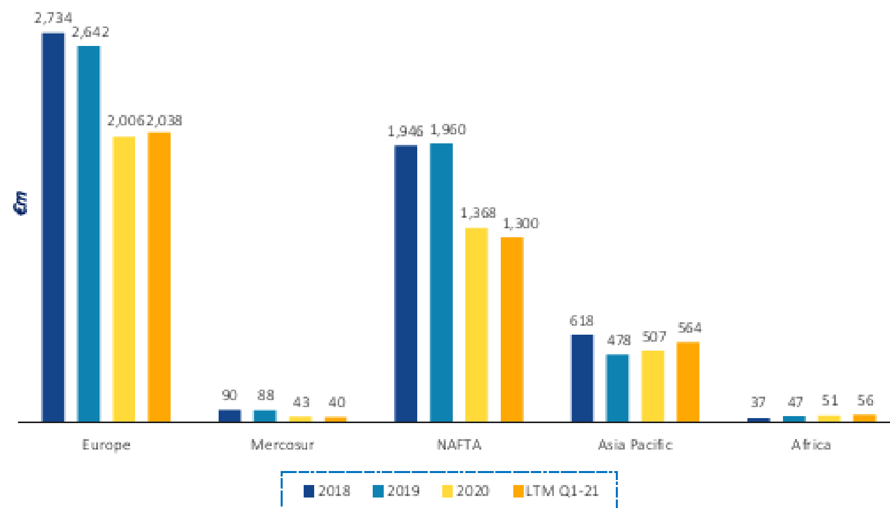
Revenues 2010



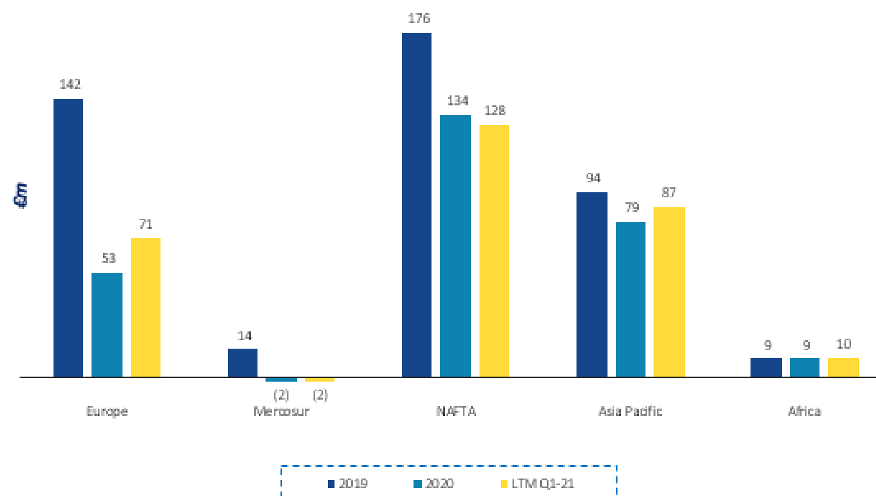
Revenues 2020



Revenue Trends by Geography:



EBITDA Trends by Geography:



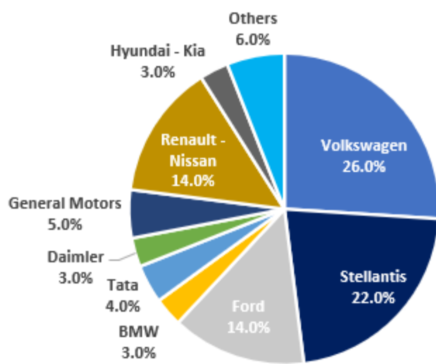
Customer diversification

Relative to our competitors, we have a well-diversified customer base which, through a successful development strategy, has improved across models and now supplies products globally to over 75 different automotive brands belonging to approximately 30 OEMs in 2020. Our OEM customers include Volkswagen Group, Ford, Tata Motors—Jaguar Land Rover, Stellantis (FCA+PSA), BMW and Renault Nissan, among others.

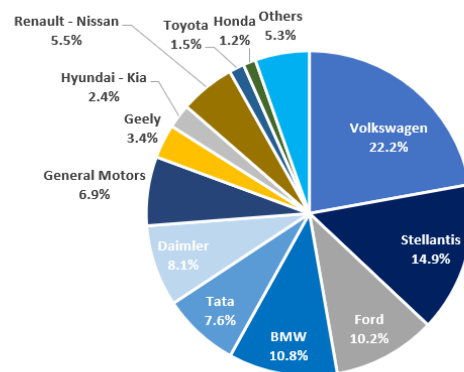
In the year ended December 31, 2020, seven of our OEM customers represented 80.6% of our total revenues. We have pursued a strategy of customer diversification and continue to develop new global relationships with some of the world's largest OEMs. Additionally, we have a diverse set of customers for each of our products and no single OEM is the largest customer in every one of our business segments. The charts below show the evolution of our customer diversification as a percentage of our revenues.

Evolution of Customer Diversification

Revenues 2010



Revenues 2020

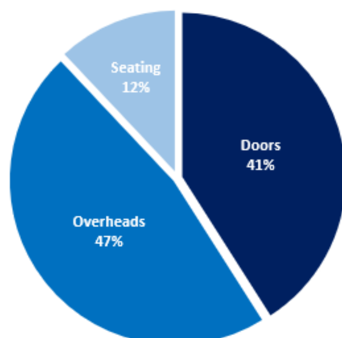


Product diversification

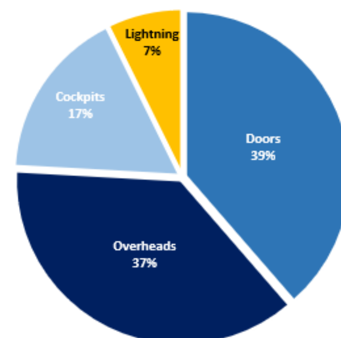
Our historic product portfolio has been comprised primarily of products in our headliners, doors and interior plastics, lighting and, since 2015, the cockpit modules segments. The charts below show the evolution of our product diversification as a percentage of revenues.

Evolution of Product Diversification

Revenues 2010



Revenues 2020



Long-standing contractual customer relationships

We have strategic and long-standing relationships with our OEM customers, which are based on many years of successful collaboration. Our scale and ability to develop differentiated solutions for our OEM customers on a global scale are critical to our success and differentiate us from local and regional suppliers of automotive components.

Our global presence enables us to manufacture, assemble and sequence our products in our plants and JIT facilities, which are located close to OEMs around the world. This allows for JIT delivery systems on a global scale and on a consistent and high-quality basis, making us a clear choice for global OEMs.

Our well-developed technological capabilities, global manufacturing footprint and proximity to OEMs, operational scale and track record of financial performance enable us to supply products to support an OEM throughout the full product life cycle. Additionally, we often act as a development partner during the initial stages of product development which allow us to recommend and incorporate our products into potential designs well in advance of any formal orders from our OEM customers. Our ability to support the development process of OEMs and work as an outsourcing partner to them all over the world is a significant differentiator, in particular on new product solutions, and would take large investments and a long time to replicate, thereby making us a preferred partner to the leading OEMs in the industry.

Our ability to maintain our competitive advantages and technological leadership has resulted in strong customer relationships and translates into a consolidated customer base with our top five OEM customers representing around 66.2% of revenues for the year ended December 31, 2020. The relationships with key customers are long-standing and the sales from our top five OEM customers were €2,490.0 million in 2020.

Strong innovation track record

The automotive industry has a growing focus on innovation, due to continuously increasing customer expectations and the need to meet environmental goals and regulatory requirements. Our commitment to developing innovative and high quality products has defined our approach to our OEM customers. Many of our products are designed and manufactured using state-of-the-art technologies to implement new functionalities on board the vehicle that provide higher standards of safety, perceived quality and comfort while also focusing on weight reduction and cost optimization objectives as critical factors inherent to the automotive sector.

Over the last few years we have continuously invested in R&D, and in the year ended December 31, 2020, our total R&D spending amounted to €177.8 million or 4.5% of our revenues. This level of R&D spending allows us to respond to the growing demand and requirements of OEMs for products at the forefront of technical innovation. As of December 31, 2020, we had a dedicated team of around 1,600 employees in engineering functions throughout R&D, design and calculation engineering, advanced manufacturing and quality control processes, supporting our product innovation capabilities, as compared to around 550 employees in these functions in 2010. We also belong to around 30 international associations directly related to R&D and innovation activities, and collaborate with around 40 universities and research organizations.

In recent years, and particularly in 2020, Grupo Antolin's innovation activities were focused on building up our global capabilities within the electronic systems/HMI arena in order to provide our clients with innovative technological solutions for car interiors, to help us improve the overall profitability of the business, be more resilient to industry downturns and increase our product portfolio and client base. On one hand, we have continued to provide creative responses to the trends that continually redefine the concept of mobility on a global scale (such as the new CASE+P trends). On the other hand, we have signed strategic partnerships to further penetrate into high-growth and profitable segments, including geographies such as China, which are expected to continue delivering business opportunities in the future. In this manner, we expect to maintain a robust and well diversified business model to help us optimize the global efficiency levels of our operations—a critical factor in facing the shifts that are expected within our industry and potential adverse socioeconomic scenarios that could negatively impact our operations.

In this regard, we are prioritizing those programs aimed at technologically enhancing our products through the development of new functionalities and of processes which improve our efficiency and competitiveness.These programs include:

(i) Smart surfaces integrating capacitive sensors and backlighting solutions in combination with decorative finishes with high aesthetic quality;

(ii) Interior surfaces with improved designs for intensive use, easy cleaning and antimicrobial protection;

(iii) New dynamic ambient and functional lighting solutions in the interior of the vehicle to improve visual comfort and driving safety;

(iv) Heating surfaces and the study of their impact on the thermal comfort of occupants and their contribution to the improvement of the energy management of electric vehicles;

(v) Development of functional printing processes and formulations of conductive links for generating electrical circuits which would replace conventional wiring in certain components;

(vi) Innovative solutions for modularization of components and development of electronic control techniques to improve the performance of mechanisms and new functionalities in the vehicle; and

(vii) Solutions to reduce the environmental impact of our products and improve sustainability considerations, including new decorative finishes made with materials which are 100% of natural origin, technologies to facilitate the processing of materials with a high content of recycled plastic, the study of efficient ways to recycle waste originated in our industrial processes, and the development of structural foaming processes to reduce the weight of plastic parts.

As a result of our innovation activity, we currently own around 370 active patents, grouped in over 200 patent families. Between January 1, 2016 and December 31, 2020, we filed 156 patents (of which 129 are currently active). The active patents filed in that term correspond to 75 patent families related to innovations worldwide, such as hard trim manufacturing technologies, plastic window regulators and plastic multifunctional door parts, intelligent overhead systems and sun visors, headliner technologies, advanced finishing and decorative parts, embedded electronics and lighting effects and safe airbag integration.

Attractive market fundamentals

According to different estimations from market data analysis and research providers, such as LMC Automotive and Moody's, the global automotive production industry is expected to grow by approximately 12-15% in 2021, resulting from the impact of COVID-19 during 2020, during which the industry was heavily hit in terms of both volumes and demand. Also, global units produced are not expected to reach the volumes achieved in 2018 until 2022-2023. In terms of regions, APAC, North America and Europe are the largest markets as of December 31, 2020. The interior components market in which we operate is expected to outperform other sectors in the automotive industry due to the increasing interior component content per vehicle. This trend is driven by growing comfort requirements of consumers and rising technological demands from OEMs related to weight savings and noise and vibration insulation. These demands are driven by emissions reduction requirements and related engine downsizing measures by automotive OEMs with smaller, more technologically complex engines typically causing more noise and vibration.

We are in a strong position to continue to benefit from ongoing consolidation and supplier concentration in our market due to our competitive cost base and resulting strong profitability, worldwide presence, leading technological capabilities and solid financial position. As OEMs continue to introduce global platforms and modular toolkits as a basis for a large number of car models, they are more interested in working with global suppliers with strong development capabilities which can support them across their international operations.

Superior profitability and strong financial track record

Our strong financial performance is the result of our diversified client, product and geographic base as well as our long-standing customer relationships, operational excellence, technological expertise, leading market positions and internationalization strategy. We believe we are well-positioned to sustain our competitive advantages and increase revenue growth and profitability in the future, while benefitting from favorable trends in our industry. In addition, we have proven our ability to manage our business through economic downturns, as reflected in the fact that—during a period of unprecedented measures taken by governments from all over the world that heavily impacted our business operations—we managed to generate cash and reduce our debt significantly by implementing proven and efficient financial management strategies. These strategies helped us face increasing challenges within our industry while maintaining a healthy and stable financial posture, a robust liquidity position, a diversified set of financing instruments and no significant debt obligations maturing in the short-term. In 2020, we faced an unprecedented crisis caused by the COVID-19 pandemic and its unforeseen negative impact on

many industries worldwide. To address these challenges, we successfully implemented a plan to optimize operations and adapt our structure to the new market landscape and competitive environment, particularly through different optimization and efficiency plans launched globally to recognize synergies between business units, resulting in a significant reduction of costs.

Furthermore, we have been able to generate cash in downturns due to high profitability and centralized working capital management policies. Our investment strategy has been oriented toward value added products and selected complementary acquisition opportunities. We have at all times retained a prudent approach to preserving cash and maintaining a strong liquidity profile, which helped us generate €89 million of cash (including factoring lines) during 2020, following the recovery in the global auto industry in terms of both volumes of production and sales. Furthermore, free cash flow for the year equaled €265.5 million as a result of the €175.6 million decrease in net working capital and the €79.1 million decrease in tooling working capital. These decreases resulted from the ongoing initiatives taken globally to properly align with the new industry requirements and challenging competitive environment, reflected also in our ability to adapt our structure and reduce capex by over 40% during the year.

Our financial profile has remained strong at all times and our objective is to maintain a cautious financial strategy. Our prudent approach to financial management is strongly supported by our family shareholders.

Experienced management and committed core shareholder

Our management team has extensive experience in the automotive industry and the majority of our executive committee has been with the Company for more than 20 years, demonstrating a high degree of continuity and commitment in our leadership. Our high operational performance is deeply rooted in our organizational structure and culture. Our current Chief Executive Officer, Jesús Pascual, has been with the Company for over 30 years.

The management of the Company has always remained focused on building strategic long-term relationships with key customers, producing an innovative and broad range of products and leading our expansion internationally into key growth markets, which include the US, China, the UK, Germany and India.

Our management team has a demonstrated track record of achieving and maintaining resilient financial performance, particularly during a period in which our industry faced an unprecedented market environment that added additional pressures to our global operations. In this regard, a number of actions were taken on a global basis to properly adapt our strategies and operations to market and client requirements, given that both volumes and sales were heavily hit due to severe government-imposed regulations which forced us to close certain production facilities and halt production in others. As a consequence, efficiency plans were launched globally across all business units and regions to unleash potential synergies, rationalize our cost base and optimize our structure, while maintaining employee health and safety. These measures, including industrial footprint optimization, digitalization and standardization of processes, among others, allowed us to continue delivering profitability increases and saving additional costs of over €62 million throughout the year.

Our family ownership plays a crucial role in supporting our vision and strategy. Ernesto Antolín, who was appointed as the representative for our Chairman on January 31, 2015, having served as Vice-Chairman of Grupo Antolin since 1995, along with María Helena Antolín, who was appointed as the representative for our Vice-Chairman and has over 26 years of international experience with Grupo Antolin, and other members of the Antolín family, have been essential to driving our profitable growth strategy.

With the leadership of our dedicated and experienced management, we have also proven our ability to effectively integrate, manage and improve the state of acquired businesses, including the Magna Interiors Business.

Our Strategies

Our mission is to be a crucial strategic partner for our OEM customers around the world and across the entire spectrum of our product portfolio. The strategies to achieve our mission are based on innovation, flexibility, customer focused growth and further geographic, product and customer diversification, while maintaining the highest levels of customer satisfaction. We intend to achieve this by pursuing the following strategies:

Continue to be an innovation leader through research and development

To remain competitive in the new automotive market, we have worked to enhance our value proposition, which involves an evolution of the product offering as well as our manufacturing processes and the marketing and distribution to our

customers. Beyond our capacity as a specialized plastics processing company, we have the opportunity to position Grupo Antolin as an efficient integrator of technologically complex and innovative solutions in the fields of electronics and lighting for interior components. Thus, in addition to enhancing the value of our products, we expect to be be able to meet customers' requirements to have interlocutors capable of providing multi-technology solutions for larger vehicle platforms, and with whom we will collaborate starting in the earliest stages of development.

Our objective is to be a smart integrator and a leading innovator in the automotive interior components industry. High consumer expectations, environmental goals and regulatory changes are three of the main drivers in the automotive market. We are involved in the design of highly innovative cars, as a result of our focus in four main areas:

- *Materials and Processes:* Our materials are designed to generate surfaces which are high quality, have improved performance with intensive use and are compatible with the integration of electronic and lighting functions. We also take into account environmental considerations through the development of more sustainable solutions based on the use of natural materials, the use of greater proportions of recycled material and the fulfilment of light-weighting objectives to contribute to the reduction of consumption and emissions.
- *Mobility of the future:* We focus on the design of new vehicle interiors and the incorporation of intelligent surfaces and advanced functionalities on board the vehicle. This includes the development of new interior concepts to address the preferences of users in different regions of the world in distinctive ways. It also includes the development of studies based on user experience for the optimization of visual, thermal and acoustic comfort aspects.
- *Electronic functions and technological solutions:* Our electronic functions and technological solutions are based on the development of hardware and software solutions for the control of functions related to dynamic lighting, driving assistance, connectivity, infotainment and human-machine interfaces (HMI), among others.
- *Smart product integration:* We engage in researching functions for advanced vehicle interior components and mechanism design and automation. The integration includes not only the aspects related to the functionality of the product, but also its constructive aspects, simplifying architecture and manufacturing or assembly processes to achieve cost and competitiveness improvements.

Effects of the CASE+P Model in the global auto market: The global automotive industry is being shaped and heavily impacted by the increasing importance of technological shifts in recent years, as well as by significant changes in customer demands and needs precipitated by recent lifestyle changes. Currently, the vast majority of car models marketed have innovative technologies aimed at facilitating and improving the driving experience, as well as providing additional safety features to users. Automobiles now are and are expected to be moreconnected, autonomous, shared, electric and personalized, thus opening a broad range of new possibilities and business opportunities for those companies which are well positioned and have global capabilities. Our long-term strategic plan is focused on increasing the capabilities within our new lighting and electronic systems business unit in order to become a leading smart systems integrator andprovider of innovative technological solutions to our clients. Our aim is to at continue improving our global profitability, increase product portfolio and increase our customer base.

Become a global full-service supplier to OEMs

We intend to strengthen our position as a Tier 1 supplier for automobile interiors with an extensive production and supply network that can flexibly service our customers on a global basis, providing major OEMs access to our global platform and product portfolio. In addition, we hope to increasingly take on additional responsibilities and activities of OEMs by managing Tier 2 and Tier 3 suppliers, thereby improving the manufacturing and product development efforts of our customers. Our acquisition of the Magna Interiors Business in 2015, which had strong relationships with premium OEMs, including BMW, Tata Motors—Jaguar Land Rover and Daimler, also allowed us to improve our position in the premium segment of the automotive interior industry.

Our approach to project and production management is increasingly focused on integral execution by locating our technical and manufacturing facilities close to the decision-making and manufacturing centers of our customers. Additionally, we aim to ensure engineering benchmarking, continuous improvements in operational excellence and standardization of processes in every country in which we operate. We intend to develop new industrial processes able to produce different products with the same investment. The capacity to produce a broader product portfolio will allow us to provide a better service to OEMs.

Develop design, engineering and production capacities across low cost countries

Our objective is to significantly increase our operations in low-cost countries in Eastern Europe and North America, as well as in APAC regions, particularly in China – the world's largest automotive market. Approximately a third of the world's total cars are produced and sold in China. Markets such as these present opportunities to capitalize on growing long-term demand relative to that of more mature economies. We intend to increase our internationalization by both selectively expanding our production capacities in new geographies and also expanding our product portfolio in such low-cost markets in which we already have successful operations.

Expand footprint in the APAC region

We have increased, and plan to continue to increase our presence in APAC consistently with the development trend of the automotive market in the region. APAC continues to be a significant contributor to margin expansion. Our revenue derived from the APAC region has increased from €82.2 million in the year ended December 31, 2010 to €507.2 million in the year ended December 31, 2020. In the year ended December 31, 2020, our revenue in China increased by over 16.0% from the year ended December 31, 2019, while industry-wide light vehicle production decreased by around 4.3%.

We believe that we are well positioned to take advantage of growth opportunities in APAC as a result of our existing footprint of high-quality production facilities in the region. We intend to capitalize on our current operations and reputation to increase our presence in the region through selective and disciplined investments and partnerships. For example, in China, we have three TCOs and we operate 25 sites. We have two TCOs and six operating sites in India, which serve customers including Tata Motors-Jaguar Land Rover, Mahindra, Ford, Stellantis (FCA+PSA), Volkswagen Group, Hyundai, Toyota and General Motors. Furthermore, we have a joint venture with the Krishna Group which supplies Maruti Suzuki and Honda. In South Korea, we have one TCO, and we provide automotive parts to Renault Samsung in a joint venture with Dongwon Tech.

Successfully continuing to integrate new acquisitions and realizing synergistic opportunities

In markets where we already have a strong presence, our growth strategy includes selected bolt-on acquisitions that complement and enhance our current operations. Part of our growth strategy involves identifying suitable acquisition candidates in markets where we currently operate, as well as in markets in which we have not previously operated. For example, in 2018 we acquired: (i) Haselbeck, a high-quality plastic injection mold maker based in Germany, to strengthen our tooling innovation capacity (for €6.6 million) and (ii) a 40.04% stake in Walter Pack, a Spanish-based company that specializes in the design and production of high-quality decorative technical surfaces and parts that combine effectively with our existing lighting capacities (for €3.9 million). In addition, we will also continue to consider future acquisitions from time to time as an opportunity to apply leading technologies to our product portfolio, cross-sell new and existing products to our existing customer base, expand our customer base and enhance our growth profile.

Additionally, in 2020 we acquired a strategic stake in AED Engineering, an electronic systems company based in Munich (and also present in Spain) which provides services to premium OEMs located in Germany. We also acquired a minority interest in the Israel-based startup Eyesight—now Cipia—specializing in state-of-the-art technology focused on driver monitoring systems. This acquisition served to help us continue building our capabilities within the electronic systems arena as part of our main goal to become a leading smart integrator of technological innovations within our products, in order to improve our global profitability and increase both our product portfolio and customer base. Also, in August we opened our new Innovation Center in Shanghai to develop our footprint and customer relationships in the Asian region, particularly in China. We also signed a commercial agreement with one of the largest Chinese electric vehicles manufacturers, Evergrande Auto, which awarded us with number of projects of both local and international OEMs operating in the region.

Continuing to follow advanced corporate practices and responsible management strategies

We are firmly committed to adopting and continuing to follow the most advanced good governance practices and standards. We are also committed to integrating and encouraging management to contribute to generating a responsible culture of transparency, ethics and compliance that protects the interests of all stakeholders. Grupo Antolin has voluntarily adopted a number of good governance standards applicable to Spanish listed companies.

Our governance model is structured through the general shareholders' meeting, the board of directors and the following non-mandatory committees: the audit commission, the appointments and remuneration commission (the "**ARC**"); and the Ethics, Corporate Governance, Compliance and Social Responsibility Committee (the "**ECCSRC**").

Additionally, the board of directors has an advisory board made up of six independent advisory directors, which serves as a consulting and advisory body for decisions related to their relevant responsibilities. Under the operation of an extended board of directors, its members and the independent directors (without voting rights) actively and simultaneously participate in the board meetings. The advisory board also meets independently to the board of directors, in order to propose suggestions and recommendations.

Our Corporate Governance Model is made up of a set of rules and principles that ensure the proper functioning of our governing and administrative bodies. In addition to mandatory corporate responsibility policies, our Corporate Governance Model includes a separate code of ethics and conduct, certain corporate policies (Compliance Policy, Gifts and Hospitality Policy and Anti-Corruption Policy) and other internal codes, processes and procedures required or recommended through sector-related provisions. Our management model enables Grupo Antolin to meet the requirements of several international management system standards and internal management needs (e.g. ISO 37001:2016 Anti-Bribery Management Systems, UNE 19601:2017 Management system for Criminal Compliance).

In 2020, we continued making progress in aligning our corporate strategy with the best corporate governance practices through: (i) the incorporation of three new independent advisory directors, two of whom are women; (ii) an analysis of the main new amendments to the code of good governance of listed companies and verification of the proper application of any changes to our internal operations; and (iii) the preparation of the 2020 Annual Report as an Integrated Report, describing the relevant governance information and methodology in additional detail. Furthermore, the Sustainability Department now sits under the board of directors through the Chief Executive Officer and regularly reports to the ECCSRC. As part of this department, the Corporate Governance and Sustainable Financing Department was created with effect from January 1, 2021.

Additionally, we envisage, in the short term: (i) a review and update of the regulations of the board and of the delegated committees, adapted to the latest recommendations on good governance and sustainability; (ii) the implementation of new developments from the CNMV (i.e., the Spanish government agency responsible for Spanish securities markets) regarding the best corporate governance practices of listed companies; and (iii) a self-assessment—following the standards of good governance of listed companies—of the operation of the board of directors and the delegated committees of the board, according to our biennial planning and under the guidance of the independent advisor who chairs the ARC.

History and Shareholders

Our history starts in the 1950s, when the Antolín family opened a repair shop in Burgos specializing in brakes and steering components. The Company was incorporated in 1987 in order to manage and coordinate the activities of various growing group companies. In 1989, we opened our first office abroad in the UK, and since then we have consistently followed a path of internationalization. Since inception, we have been controlled by the Antolín family, the members of which have continuously supported our vision, strategy and growth throughout our evolution. Our Chairman is Canea, S.L., represented by Ernesto Antolín, and our Vice-Chairman is Injat S.L., represented by María Helena Antolín, both members of the Antolín family.

Our shareholder is Grupo Antolin Holdco, S.A., a Spanish limited liability company (*sociedad anónima*), which holds 100.0% of the shares of the Company. Grupo Antolin Holdco, S.A. is wholly-owned by the Antolín family through different holding vehicles, including Avot Inversiones, S.L.

Avot Inversiones, S.L. is 100% owned by the Antolín family. The Antolín family has two branches, one under each of the two Antolín brothers who founded Grupo Antolin. Each family branch owns 50% of Avot Inversiones, S.L., holding their shares in Avot Inversiones, S.L. through separate investment vehicles.

The board of Avot Inversiones, S.L. is composed of two members of each branch of the Antolín family. In February 2013, the Antolín family signed a shareholders' agreement regarding its shareholding in Avot Inversiones, S.L. The Antolín family agreed to a ten-year lockup period, in which the sales of shares in Avot Inversiones, S.L. are restricted to certain requirements such as business interest and the maintenance of family-based control over the Company. The shareholders' agreement sets economic sanctions and penalties for any breach.

Recent Developments

COVID-19 Impact

In late 2019, a novel strain of coronavirus was first detected, and in March 2020, the World Health Organization ("**WHO**") declared COVID-19 a global pandemic. The COVID-19 pandemic has had, and continues to have, a significant effect on the economic activity of Spain, among other countries. According to the *Instituto Nacional de Estadística* ("**INE**"), Spain's gross domestic product ("**GDP**") declined by 5.3% during the first quarter of 2020 and by 17.9% during the second quarter of 2020 as a result of the COVID-19 pandemic. During the third quarter, Spain's GDP experienced an increase of 16.4%, as the economic activity began recovering due to the lifting of certain strong restrictions imposed the two previous quarters.

Additionally, the Spanish government approved, on 25 October 2020 and pursuant to Royal Decree 926/2020, a new state of alarm, involving quarantines of certain geographic locations, night-time curfews and restrictions on traveling. This decree was extended until 9 May 2021 in order to take action against the negative effects of the new COVID-19 wave. Although the decree has been lifted as of the date of this Offering Memorandum, and although most countries expect to roll out the vaccine throughout the course of this year, any further COVID-19 waves or drastic preventative measures could result in additional unexpected results on both the Company and the Spanish economy.

The degree to which the COVID-19 pandemic impacts our operations, business, financial results, liquidity, and financial condition will depend on future developments, which are highly uncertain, unpredictable and continuously evolving. Despite the implementation of vaccine programs in most countries around the globe, a number of factors remain subject to variability, such as the remaining duration and spread of the pandemic, its severity, government actions to contain the virus or treat its impact, and the rate at which normal economic and business operating conditions might resume.

Our business operations, financial performance, and results of operations could be further adversely affected in several ways, including, but not limited to, the following:

- reduced demand for our products;
- reduced ability of some suppliers to provide products needed in our production processes;
- further disruptions to our operations, including any additional closures or "lock-down" of our offices or plants, which may affect our ability to manufacture, develop, market, and sell our products; and
- interruptions to our supply chain.

For further details regarding the risks associated with the COVID-19 pandemic, see *"Risk Factors*".

Financials

The Company continues to focus on its liquidity position, and as of April 30, 2021 it had €300 million of cash on its balance sheet. This figure includes restricted cash of €58 million, principally from Chinese joint ventures. Additionally, as of April 30, 2021 the Company had available (i) undrawn credit lines of €261 million, including credit lines of €37 million in China, and (ii) non-recourse factoring lines of approximately €84 million.

Furthermore, on May 5, 2021 the company amended and extended its Senior Facilities Agreement (currently consisting of outstanding term loan debt of €377.3 million and €200 million of undrawn revolving credit facility commitments). The syndicated lenders continued their support of the Company by extending the maturity of the facilities under the Senior Facilities Agreement until March 2026, which came into force on May 20, 2021, and which includes a sustainable component linked to the revolving credit facility. Following this agreement, the average maturity of debt of the Company increased to 4.1 years from the current 3.3 years. As of April 30, 2021, on a *pro forma* basis accounting for this amendment, maturities for the eight months ending on December 31, 2021 amount to €54.15 million as follows:

- €53.9 million in other loans, consisting of:
  - French Covid loans: €18.5 million;

- Spanish Covid loans: €4.2 million;
- Other Spanish entity loans: €2.5 million; and
- Portuguese Covid loans: €0.2 million;
- €7.5 million of senior financial indebtedness;
- €7.1 million of loans under the EIB Facility;
- €8.3 million of short-term credit lines;
- €3.3 million of soft loans to Spanish government agencies;
- €2.0 million of interest payments; and
- €0.2 million of leasing liabilities.

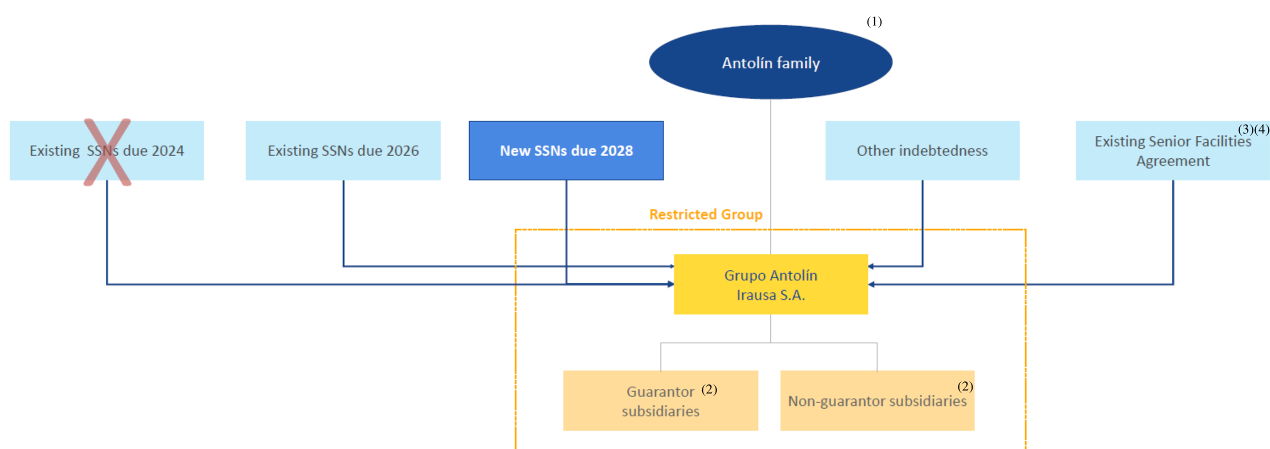
Current trading

Based on management estimates and information currently available, we estimate our revenue for the twelve months ended May 31, 2021, under IFRS 16, to be approximately €4,521 million or 4.3% higher than our revenue for the twelve months ended May 31, 2020 (€4,334 million) and our EBITDA for the twelve months ended May 31, 2021 to be approximately €395.5 million or 35.3% higher than our EBITDA for the twelve months ended May 31, 2020 (€292.2 million). We estimate our EBITDA pre-IFRS 16 for the twelve months ended May 31, 2021 to be approximately €324.8 million as compared to €218.1 million for the twelve months ended May 31, 2020. We estimate our revenues and EBITDA for the five months ended May 31, 2021 to be approximately €1,778 million and €152 million respectively, compared to the previous year's corresponding figures, which were €1,232 million and €28 million in revenue and EBITDA, respectively. These figures demonstrate a revenue growth of 44.3% and an EBITDA growth of 435.7%. This is generally in line with management's budget and expectation. The increase in EBITDA is attributable to a combination of the business recovery and the implementation of cost-saving programs.

This information is based solely on preliminary internal information used by management and has not been audited or reviewed by our independent auditors. Therefore, this information should not be regarded as an indication, forecast or representation by us or any other person regarding our financial performance.

Summary Corporate and Financing Structure

The following diagram summarizes certain aspects of our corporate structure and financing after giving effect to the Transactions. For more information as to the terms of the Notes, see "*Description of the Notes*".



(1) Our shareholder is Grupo Antolin Holdco, S.A., a Spanish limited liability company (sociedad anónima), which holds 100.0% of the shares of the Company. Grupo Antolin Holdco, S.A. is wholly owned by the Antolín family through different holding vehicles, including Avot Inversiones, S.L.

(2) Certain of the Company's subsidiaries will guarantee the Notes from the Issue Date. The Guarantors together with the Company represented approximately 51.02% of the EBITDA and approximately 63.63% of the revenue for the three months ended March 31, 2021. See "*—The Offering—Guarantors*".

(3) We have additional bank and other debt, which has been incurred and guaranteed by the Company and several of our subsidiaries, including subsidiaries guaranteeing the Notes. As of March 31, 2021, as adjusted for the Transactions, we would have had €1,510.3 million of financial debt. Subsidiaries of the Company that will not guarantee the Notes would have had €28.9 million of debt outstanding on a consolidated basis. See "*Capitalization*" and "*Description of Other Indebtedness*".

(4) As of March 31, 2021 the Senior Facilities Agreement provides for a term loan facility in an aggregate principal amount of €377.3 million outstanding debt. For further details, see "*Capitalization*" and "*Description of Other Indebtedness—Intercreditor Agreement*".

THE OFFERING

The summary below describes the principal terms of the Notes. Certain terms and conditions described below are subject to important limitations and exceptions. See "Description of the Notes" in this Offering Memorandum for a more detailed description of the terms and conditions of the Notes, including the definitions of certain terms used in this summary.

Issuer .... Grupo Antolin-Irausa, S.A.U (the **"Company"**).

Notes Offered .... €390.0 million aggregate principal amount of 3.50% Senior Secured Notes due 2028 (the "**Notes**").

Maturity .... April 30, 2028.

Interest Rates and Payment Dates. The Company will pay interest on the Notes semi-annually on April 30 and October 31 of each year, commencing October 31, 2021, at a rate of 3.500% per annum. Interest will accrue from June 29, 2021 (the **"Issue Date"**).

Denominations .... The Notes will be issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof.

Collateral....................................... Within 120 days of the Issue Date, the Notes will be secured by a pledge (numerally successive to the pledges securing the existing senior secured debt) over 100% of the shares of the Company held by Grupo Antolin Holdco, S.A. (the "**Collateral**"). Notwithstanding the fact that the Notes will be secured by a pledge (numerally successive to the pledges securing the existing senior secured debt), pursuant to the Intercreditor Agreement, recoveries received upon enforcement of the Collateral will be applied *pro rata* in repayment of liabilities in respect of the Notes, the 2026 Notes, the Senior Facilities and the EIB Facility.

Guarantees.................................... Certain of the Company's subsidiaries will guarantee the Notes, jointly and severally. A Guarantee may be released in the event of certain sales or disposals of the relevant Guarantor, in the event of certain enforcement actions under the Intercreditor Agreement and under certain other circumstances. The guarantee of Grupo Antolín Lusitânia, Componentes Automóvel, Unipessoal, Lda. will be limited to €17.8 million and will be governed by English law pursuant to the Intercreditor Agreement.

Guarantors.................................... The Guarantors are the companies listed below, which will guarantee the Notes from the Issue Date. The Guarantors, together with the Company represented approximately 51.02% of the EBITDA and approximately 63.63% of the revenue for the three months ended March 31, 2021.

Antolin Ebergassing GmbH	(Austria)
Grupo Antolín-Bohemia, a.s.	(Czech Republic)
Grupo Antolín Ostrava s.r.o.	(Czech Republic)
Grupo Antolín Turnov s.r.o.	(Czech Republic)
Antolin Liban s.r.o.	(Czech Republic)
Grupo Antolín Bamberg GmbH & Co. KG	(Germany)
Antolin Deutschland GmbH	(Germany)
Grupo Antolin Logistik Deutschland GmbH	(Germany)
Antolin Straubing GmbH	(Germany)
Antolín Interiors México, S.A. de C.V.	(Mexico)
Grupo Antolín Silao, S.A. de C.V.	(Mexico)
Grupo Antolín Saltillo, S. de R.L. de C.V.	(Mexico)
Grupo Antolín Tlaxcala, S. de R.L. de C.V.	(Mexico)
Grupo Antolín Lusitânia, Componentes Automóvel, Unipessoal, Lda.	(Portugal)
Grupo Antolín-Bratislava, s.r.o.	(Slovakia)
Grupo Antolín-Aragusa, S.A.U.	(Spain)
Grupo Antolín-Autotrim, S.A.U.	(Spain)

Grupo Antolín-Dapsa, S.A.U.	(Spain)
Grupo Antolín-Eurotrim, S.A.U.	(Spain)
Grupo Antolín-Glass, S.A.U.	(Spain)
Grupo Antolín-Ingeniería, S.A.U.	(Spain)
Grupo Antolín-Navarra, S.A.U.	(Spain)
Grupo Antolín-Plasbur, S.A.U.	(Spain)
Grupo Antolín-RyA, S.A.U.	(Spain)
Antolin Interiors UK Limited	(United Kingdom)
Grupo Antolin Leamington Limited	(United Kingdom)
Grupo Antolin UK Limited	(United Kingdom)
Antolín Alabama, LLC	(United States)
Antolin Interiors USA, Inc.	(United States)
Antolín Shelby, Inc.	(United States)
Grupo Antolin Missouri, LLC	(United States)
Grupo Antolín North America, Inc.	(United States)
Grupo Antolín Kentucky, Inc.	(United States)
Grupo Antolín Illinois, Inc.	(United States)
Grupo Antolín Michigan, Inc.	(United States)

Ranking of the Notes and Guarantees................................

The Notes will be senior obligations of the Company and will rank equally in right of payment with all existing and future senior indebtedness of the Company (including the 2026 Notes). The Notes will rank senior in right of payment to any existing and future obligations of the Company subordinated in right of payment to the Notes.

The Guarantees of the Guarantors will:

- rank *pari passu* in right of payment with all existing and future indebtedness of that Guarantor that is not subordinated to that Guarantor's Guarantee, including the 2026 Notes;
- rank senior in right of payment to any future indebtedness of that Guarantor that is subordinated in right of payment to that Guarantor's Guarantee;
- be effectively subordinated to that Guarantor's existing and future obligations that are secured by property or assets of such Guarantor to the extent of the value of the property or assets securing such obligations unless such property or assets also secure the Notes on an equal and ratable or priority basis;
- be structurally subordinated to all existing and future obligations of any of that Guarantor's subsidiaries that do not guarantee the Notes; and
- be subject to limitations described herein and in "*Risk Factors—Risks Related to the Notes*".

See "*Description of Other Indebtedness—Intercreditor Agreement*" for a description of certain terms affecting the Notes and the Guarantees, including provisions relating to the release of Guarantees and turnover of proceeds following an enforcement event under the Intercreditor Agreement.

As of March 31, 2021, as adjusted for the Transactions, we would have had €1,510.3 million of financial debt (which includes €3.6 million of non-interest bearing soft loans). See "*Capitalization*". Subsidiaries of the Company that will not guarantee the Notes would have had €28.9 million of other financial liabilities outstanding as of March 31, 2021 on a consolidated basis. See "*Description of Other Indebtedness*".

Intercreditor Agreement...............

The Collateral also secures indebtedness under the Senior Facilities Agreement, the EIB Facility and the 2026 Notes. The intercreditor relationships will be governed by the Intercreditor Agreement. Pursuant to the terms of the Intercreditor Agreement, the holders of the Notes will share on a *pro rata* basis any recoveries received upon enforcement over any such share pledges constituting the Collateral with the secured creditors under the Senior Facilities Agreement and the 2026 Notes. See "*Description of Other Indebtedness—Intercreditor Agreement*".

Optional Redemption..................... The Company may redeem all or part of the Notes at any time on or after April 30, 2024, at the redemption prices described in "Description of the Notes—Optional Redemption". At any time prior to April 30, 2024, the Company may redeem up to 40% of the aggregate principal amount of the Notes with the net cash proceeds from certain equity offerings at a redemption price equal to 103.500% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, to the redemption date, provided that at least 60% of the aggregate principal amount of the Notes remains outstanding after the redemption.

At any time prior to April 30, 2024, the Company may also redeem all or part of the Notes at a redemption price equal to 100% of the principal amount of the Notes redeemed plus a "make whole" premium, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption.

Optional Tax Redemption .... The Company may redeem the Notes in whole, but not in part, at any time, if changes in tax laws would require the Company to pay additional amounts on the Notes. If the Company decides to redeem the Notes following such a change in tax laws, the Company must redeem all the Notes at a price equal to the principal amount of the Notes plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. See "*Description of the Notes—Optional Tax Redemption*".

Additional Amounts....................... All payments in respect of the Notes or any Guarantee will be made without withholding or deduction on account of taxes unless required by law. If an applicable withholding agent is required by law to withhold or deduct any amount for taxes imposed by a Relevant Taxing Jurisdiction (as defined herein) in respect of payments on the Notes or any Guarantee, subject to certain exceptions, we will pay the additional amounts necessary so that the net amount received by the beneficial owners of Notes after the withholding or deduction (including any withholding or deduction attributable to the additional amounts) will equal the amounts that would have been received had there been no deduction or withholding. See "*Description of the Notes—Additional Amounts*".

Change of Control.......................... If we experience specific kinds of changes in control, we may be required to offer to repurchase the Notes at a redemption price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest and additional amounts, if any. See "*Description of the Notes—Repurchase at the Option of Holders—Change of Control*".

Certain Covenants .... The Indenture governing the Notes will, among other things, limit our ability to:

- incur or guarantee additional debt and issue preferred stock;
- make certain payments, including dividends or other distributions;
- make certain investments or acquisitions, including participating in joint ventures;
- prepay or redeem subordinated debt;
- engage in certain transactions with affiliates;
- enter into arrangements that restrict payments of dividends to us;
- sell assets, consolidate or merge with or into other companies;
- sell or transfer all or substantially all of our assets or those of our subsidiaries on a consolidated basis; and
- create or incur certain liens.

These covenants contain important exceptions, limitations and qualifications. See "*Description of the Notes—Certain Covenants*".

Transfer Restrictions..................... The Notes have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction. The Notes are subject to restrictions on transferability and resale. See "*Transfer Restrictions*". Holders of the Notes will not have the benefit of any exchange or registration rights.

Listing	The Company will apply for the Notes to be admitted to Official List of the Luxembourg Stock Exchange for trading on the Euro MTF.
No Prior Market	Although application will be made to admit the Notes to the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF in accordance with its rules, there are no assurances that the Notes will be, or will remain, listed and admitted to trade on the Euro MTF. Further, the Notes will be new securities for which there will be no established market. Although the Initial Purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.
Use of Proceeds	The Company expects to use the gross proceeds of this Offering, together with cash on balance sheet, (i) to satisfy and discharge and ultimately redeem all outstanding 2024 Notes, and (ii) to pay commissions, fees and expenses in connection with the issuance of the Notes. See "*Use of Proceeds*".
Trustee	Deutsche Trustee Company Limited
Security Agent................................	Deutsche Bank AG, London Branch
Principal Paying Agent	Deutsche Bank AG, London Branch
Stabilizing Manager.......................	Deutsche Bank Aktiengesellschaft
Transfer Agent...............................	Deutsche Bank AG, London Branch
Registrar and Luxembourg Listing Agent..............................	Deutsche Bank Luxembourg S.A.
Governing Law of the Indenture, the Notes and the Guarantees	The Indenture, the Notes and the Guarantees of the Guarantors organized under the laws of Austria, the Czech Republic, Germany, Mexico, Slovakia, Spain, the United Kingdom and the United States shall be governed by the laws of the State of New York. The Guarantee for the Guarantor organized under the laws of Portugal will be granted as part of the Intercreditor Agreement and governed by English law.
Governing Law for the Deed of Issuance and the Security Documents relating to the Collateral....................................	Spanish law.
Governing Law of the Intercreditor Agreement............	English law.

RISK FACTORS

Investing in the Notes involves substantial risks. You should consider carefully all the information in this Offering Memorandum. In particular, you should carefully consider the factors set forth under "*Risk Factors*" before making a decision whether to invest in the Notes.

SUMMARY FINANCIAL INFORMATION AND OTHER DATA

The following tables set forth the summary financial information and other data of the Company for the periods ended and as of the dates indicated below. For a detailed discussion of the presentation of financial data, see "Presentation of Financial Information and Other Data".

Basis of Presentation

The tables below set forth (i) the summary financial data for the Company as of and for the financial years ended December 31, 2018, 2019 and 2020, derived from our audited consolidated financial statements as of and for the financial years ended December 31, 2018, 2019 and 2020, which were prepared in accordance with IFRS-EU and are included elsewhere in this Offering Memorandum; and (ii) the summary financial data for the Company as of March 31, 2021 and for the three months ended March 31, 2021 and 2020, derived from the unaudited condensed consolidated interim financial statements of the Group as of March 31, 2021 and 2020 and for the three months ended March 31, 2021 and 2020, which were prepared in accordance with the requirements of the International Accounting Standards (IAS) 34 on ''interim financial reporting'' and are included elsewhere in this Offering Memorandum.

Effective January 1, 2019, we adopted IFRS 16—Leases ("**IFRS 16**") in our audited consolidated financial statements as of and for the year ended December 31, 2019, under the simplified retrospective method. As a result, the prior periods were not restated. IFRS 16 adoption, as of January 1, 2019, resulted in the recognition of lease liabilities for €389.3 million (and a corresponding amount of right-of-use assets) related to IFRS 16 first-time application impact on lease liabilities derived from leases previously accounted for as operating leases. See "*Operating and Financial review and Prospects — Critical Accounting Policies"* for further information on IFRS 16.

The columns setting forth financial information for the twelve months ended March 31, 2021 are derived from adding the financial data of the Company for the year ended December 31, 2020 to the financial data of the Company for the three months ended March 31, 2021 and subtracting the financial data of the Company for the three months ended March 31, 2020. The unaudited financial information for the twelve months ended March 31, 2021 has been prepared for illustrative purposes only and has been neither audited nor reviewed.

Non-IFRS Measures

The summary financial information set forth below contains certain non-IFRS financial measures, including "EBITDA", "EBITDA margin", "capital expenditures", "net financial debt", "net finance cost", " net financial debt" (as adjusted for the Transactions), "adjusted net finance cost" (as adjusted for the Transactions) and leverage and coverage ratios. We present these measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity and should not be considered in isolation from or as a substitute for our historical financial information.

You should read this summary financial data in conjunction with "*Capitalization*", "*Selected Financial and Other Information*", "*Operating and Financial Review and Prospects*" and the historical consolidated financial statements of the Company and the related notes, included elsewhere in this Offering Memorandum. The results of operations for prior years are not necessarily indicative of the results to be expected for any future period. For more information on the basis of preparation of this financial information, see "*Presentation of Financial Information and Other Data*" and the notes to the financial statements included elsewhere in this Offering Memorandum.

Company Historical Financial Data

	Year ended December 31			For the three months ended March 31		For the twelve months ended March 31,
	2018	2019	2020	2020	2021	2021
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)	(unaudited)
	(€ million)					
Consolidated Income Statement of Profit or Loss Data:						
Revenue	5,424.6	5,214.2	3,974.5	1,053.6	1,076.0	3,996.9
Changes in inventories of finished goods and work in progress	0.5	2.8	(16.9)	(1.8)	11.6	(3.5)
Capital grants and other grants taken to income	0.7	1.0	0.8	0.2	0.2	0.8
Other operating income	98.0	129.4	103.8	20.6	24.7	107.9
Total operating income	**5,523.8**	**5,347.5**	**4,062.2**	**1,072.6**	**1,112.5**	**4,102.2**
Supplies	(3,597.8)	(3,408.6)	(2,579.6)	(658.6)	(687.6)	(2,608.6)
Staff costs	(968.8)	(1,007.5)	(815.9)	(237.5)	(214.6)	(793.1)
Depreciation and amortization expenses	(195.0)	(294.4)	(297.7)	(74.8)	(68.6)	(291.5)
Change in trade provisions	0.3	(1.7)	(0.2)	-	(0.1)	(0.2)
Other operating expenses	(734.1)	(634.4)	(481.9)	(129.8)	(136.9)	(489.0)
Less-Own work capitalized	132.5	139.5	87.4	29.7	23.1	80.9
Total operating expenses	**(5,362.9)**	**(5,207.1)**	**(4,087.9)**	**(1,071)**	**(1,084.7)**	**(4,100.6)**
Profit/(loss) for the year/quarter from continuing operations	**160.9**	**140.4**	**(25.6)**	**1.6**	**27.8**	**0.6**
Finance income	1.6	3.5	3.5	0.5	1.3	4.4
Finance costs	(59.7)	(45.2)	(46.4)	(11.9)	(11.3)	(45.9)
Net fair value gains/(losses) on financial instruments	—	—	—	—	—	—
Impairments and losses on disposal of non-current financial assets	—	—	—	—	—	—
Exchange differences	(6.1)	(8.0)	(10.9)	0.9	3.2	(8.5)
Net finance income/(expense)	**(64.2)**	**(49.7)**	**(53.8)**	**(10.5)**	**(6.8)**	**(50.0)**
Net impairment loss on non-current assets	(17.5)	(35.3)	(36.9)	—	(5.9)	(42.8)
Gains/(losses) on disposals of non-current assets	(0.4)	(20.3)	(9.4)	(0.4)	1.2	(7.7)
Gains/(losses) on the loss of control over consolidated investments	—	5.9	—	—	—	—
Profit / (loss) of companies accounted for using the equity method	2.6	0.7	1.5	(0.4)	0.7	2.6
Impairments and losses due to loss of control over companies accounted for using the equity method	—	0.6	—	—	—	—
Profit/(loss) before taxes	**81.4**	**42.4**	**(124.2)**	**(9.8)**	**17.2**	**(97.3)**
Corporate income tax	(27.7)	(27.2)	(7.6)	(0.6)	(6.6)	(13.6)
Profit after tax for the year from discontinued operations	—	—	—	—	—	—
Consolidated profit for the year/quarter	**53.8**	**15.2**	**(132.0)**	**(10.4)**	**10.6**	**(110.9)**
Profit/(loss) attributable to non-controlling interests	(6.5)	(14.8)	(12.2)	(0.4)	(3.3)	(15.1)
Profit/(loss) attributable to the Parent	**47.2**	**0.5**	**(144.2)**	**(10.7)**	**7.3**	**(126.3)**

	As of December 31			As of March 31,
	2018	2019	2020	2021
	(audited)	(audited)	(audited)	(unaudited)
	(€ million)			
Consolidated Statements of Financial Position:				
Non-current assets:				
Intangible assets	490.1	502.5	455.4	462.2
Property, plant and equipment	866.5	847.9	732.6	730.6
Other non-current assets[(1)]	125.1	455.6	413.2	407.6
Total non-current assets	**1,481.7**	**1,806.0**	**1,601.2**	**1,600.5**

	As of December 31			As of March 31,
	2018	2019	2020	2021
	(audited)	(audited)	(audited)	(unaudited)
		(€ million)		
Current assets:				
Inventories	917.5	795.8	614.2	662.1
Trade and other receivables	900.4	856.8	748.0	881.7
Cash and bank balances	310.8	273.7	401.7	338.5
Other current assets [(2)]	48.7	11.1	10.6	10.3
Total current assets	**2,177.4**	**1,937.4**	**1,774.5**	**1,892.7**
Total assets	**3,659.2**	**3,743.4**	**3,375.7**	**3,493.2**
Total equity	**814.3**	**826.1**	**577.6**	**603.3**
Non-current liabilities:				
Bank loans, debentures and other marketable securities	1,142.0	1,108.9	1,125.3	1,124.4
Other non-current liabilities [(3)]	218.4	431.0	392.1	397.8
Total non-current liabilities	**1,360.4**	**1,539.9**	**1,517.4**	**1,522.2**
Current liabilities:				
Bank loans, debentures and other marketable securities	72.0	41.0	68.1	67.2
Trade, sundry and other payables	1,135.0	1,025.2	900.7	969.2
Other current liabilities [(4)]	277.5	311.2	312.0	331.3
Total current liabilities	**1,484.4**	**1,377.4**	**1,280.7**	**1,367.7**
Total equity and liabilities	**3,659.2**	**3,743.4**	**3,375.7**	**3,493.2**

(1) Other non-current assets comprises investment property, investment in companies accounted for using the equity method, non-current financial assets, deferred tax assets and right-of-use assets.

(2) Other current assets comprises non-current assets held for sale, Group and associated companies (applicable only for 2020, 2019 and 2018) and other current financial assets.

(3) Other non-current liabilities comprises grants, non-current provisions, derivatives, other financial liabilities and deferred tax liabilities.

(4) Other current liabilities comprises current payables to Group and associated companies, other financial liabilities, taxes and social security contributions refundable, current tax liabilities, current provisions and other current liabilities.

	Year ended December 31			For the three months ended March 31	
	2018	2019	2020	2020	2021
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
			(€ million)		
Consolidated Cash Flow Information					
Cash flows from/(used in) ordinary operating activities:					
Consolidated profit/(loss) for the year before taxes	**81.4**	**42.4**	**(124.4)**	**(9.8)**	**17.2**
Adjustments for:					
Depreciation and amortization expenses	195.0	294.4	297.7	74.8	68.6
Allocation to/(reversal of) current provisions	16.8	(2.0)	0.3	3.0	0.8
Allocation to/(reversal of) non-current provisions	14.5	17.8	14.5	6.4	9.6
Capital grants and other grants taken to income	(0.7)	(1.0)	(0.8)	(0.2)	(0.2)
Net finance expense	64.2	49.7	53.8	10.5	6.8
Net impairment loss on non-current assets	17.5	35.3	36.9	—	5.9
Gains/(losses) on disposal of non-current assets	0.4	20.3	9.4	0.4	(1.2)
Change in fair value of financial instruments	—	—	—	—	—
Impairments and losses on disposal of non-current financial assets	—	—	—	—	—
Gains/(losses) on the loss of control over consolidated investments	—	(5.9)	—	—	—
Profit/(loss) of companies accounted for using the equity method	(2.6)	(0.7)	(1.5)	0.4	(0.7)
Impairments and losses due to loss of control over companies accounted for using the equity method	—	(0.6)	—	—	—
Operating profit before movements in working capital	**386.5**	**449.7**	**286.1**	**85.7**	**106.6**
(Increase)/decrease in trade and other receivables	114.8	(9.0)	180.8	55.8	(129.3)
(Increase)/decrease in inventories	(5.7)	115.5	107.9	18.2	(47.9)
Increase/(decrease) in trade and other payables	(71.6)	(71.5)	(113.6)	(15.9)	60.8
Increase/(decrease) in other current liabilities	(12.2)	31.5	0.5	(3.1)	11.3
Payments of provisions	(25.4)	(36.3)	(17.8)	(8.0)	(3.2)
Unrealized exchange differences and other items	(2.1)	(28.0)	(43.0)	(40.1)	15.3
Cash generated from operations	**384.2**	**451.8**	**401.2**	**92.5**	**13.6**
Corporate income tax reimbursed/(paid)	(21.8)	(7.2)	(4.4)	(5.3)	2.9
Net cash generated by/(used in) operating activities	**362.4**	**444.6**	**396.9**	**87.2**	**16.5**

	Year ended December 31			For the three months ended March 31	
	2018	**2019**	**2020**	**2020**	**2021**
	(audited)	**(audited)**	**(audited)**	**(unaudited)**	**(unaudited)**
			(€ million)		
Cash flows from/(used in) investing activities:					
Dividends received	**0.8**	**0.6**	**0.3**	—	—
Proceeds from disposal of investments in:					
Intangible assets	15.6	13.4	3.8	—	—
Associates	—	1.0	—	—	—
Group companies, net of cash outflows	—	6.3	0.0	—	0.3
Property, plant and equipment	2.1	2.0	2.4	—	3.6
Non-current financial assets	2.5	0.1	0.5	—	—
Current financial assets	—	—	—	0.4	0.5
Payments for investments in:					
Associates	(6.2)	(1.7)	(4.5)	—	—
Group companies	(8.7)	—	0.0	—	—
Property, plant and equipment	(185.4)	(160.2)	(86.9)	(28.1)	(26.6)
Intangible assets	(135.0)	(141.2)	(90.9)	(20.2)	(22.6)
Investment property	—	—	(0.0)	—	—
Non-current financial assets	(0.8)	(2.2)	—	(2.3)	(0.6)
Current financial assets	(0.8)	(1.8)	(2.3)	—	—
Non-current assets held for sale	—	—	—	—	—
Net cash generated by/(used in) investing activities	**(315.9)**	**(283.8)**	**(177.6)**	**(50.2)**	**(45.5)**
Cash flows from/(used in) financing activities:					
Proceeds from/(payments for) equity instruments:					
Acquisition of non-controlling interest's shares	(1.5)	(0.3)	—	—	—
Contributions from/(returns to) non-controlling interests	(5.7)	(8.2)	(9.2)	(1.4)	(7.2)
Proceeds from/(payments for) financial liabilities:					
Issue of bonds and syndicated loan, nominal	400.0	—	—	—	—
Early redemption of bonds	(400.0)	(14.6)	—	—	—
Repayment of syndicated loan	(17.1)	(16.8)	(16.8)	—	—
Repayment of loan "RDI & CONVERGENCE" Project	—	—	—	—	—
Proceeds from/(repayment of) other bank borrowings, net	38.3	(34.8)	58.7	98.2	(8.2)
Proceeds from/(repayment of) debts with Group's companies, net	—	—	—	—	—
Payments of lease liabilities (IFRS16)	—	(72.8)	(71.7)	(18.4)	(16.7)
Proceeds from/(repayment of) other financial liabilities, net	(0.7)	2.0	(8.9)	(2.0)	(0.6)
Other cash flows from/(used in) financing activities:					
Finance income and costs paid, net	(53.0)	(38.5)	(43.4)	(3.8)	(1.7)
Dividends paid and payments on other equity instruments	(30.0)	(14.0)	—	—	—
Net cash generated by/(used in) financing activities	**(69.6)**	**(198.0)**	**(91.3)**	**72.6**	**(34.2)**
Net increase/(decrease) in cash and cash equivalents from continuing operations	**(23.1)**	**(37.1)**	**128.1**	**109.5**	**(63.2)**
Net increase/(decrease) in cash and cash equivalents from discontinued operations	—	—	—	—	—
Cash and cash equivalents at beginning of the year	**333.9**	**310.8**	**273.7**	**273.7**	**401.7**
Cash or cash equivalents at end of the year	**310.8**	**273.7**	**401.7**	**383.2**	**338.5**

Other financial and operating information of the Company

	As of and for the year ended December 31			As of and for the three months ended March 31		As of and for the twelve months ended March 31,
	2018	2019	2020	2020	2021	2021
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)	(unaudited)
				(€ million)		
Other Financial Data:						
Gross profit [(1)]	1,926.0	1,938.9	1,482.6	414.0	424.9	1,493.6
Profit for the year/quarter from continuing operations (EBIT) [(2)]	160.9	140.4	(25.6)	1.6	27.8	0.6
EBITDA [(2)]	355.9	434.9	272.1	76.4	96.4	292.1
EBITDA Pre-IFRS 16	355.9	362.0	200.3	58.0	79.7	222.0
Gross profit margin [(3)]	34.9%	36.3%	36.5%	38.6%	38.2%	36.4%
EBIT margin [(3)]	3.0%	2.7%	(0.6%)	0.2%	2.6%	0.01%
EBIT margin Pre-IFRS 16	-	2.6%	(0.7%)	0.1%	2.5%	(0.01%)
EBITDA margin [(3)]	6.6%	8.3%	6.8%	7.3%	9.0%	7.3%
EBITDA Pre-IFRS 16 margin	6.6%	6.9%	5.0%	5.5%	6.5%	5.6%
Capital expenditures [(4)]	320.4	301.4	177.8	47.9	48.6	178.5
Cash and bank balances	310.8	273.7	401.7	383.2	338.5	338.5
Bank loans, debentures and other marketable securities [(5)]	1,214.0	1,149.9	1,193.3	1,254.4	1,191.6	1,191.6
Financial debt [(5)]	1,250.9	1,183.4	1,218.3	1,282.2	1,216.0	1,216.0
Net financial debt Pre-IFRS 16 [(5)]	940.1	909.7	816.6	899.0	877.5	877.5
Net financial debt	-	1,238.6	1,109.9	1,213.3	1,169.0	1,169.0

	As of and for the twelve months ended March 31, 2021
	(unaudited) (in millions of €, except percentages and ratios)
Financial Data (adjusted for the Transactions):	
Adjusted cash and bank balances[(6)]	336.0
Adjusted net financial debt[(7)]	882.7
Adjusted net finance cost[(8)]	47.0
Ratio of adjusted net financial debt to EBITDA[(7)]	3.0x
Ratio of EBITDA to adjusted net finance cost[(8)]	6.2x

(1) "**Gross profit**" represents total operating income less supplies. The following table presents the calculation of gross profit:

	For the year ended December 31			For the three months ended March 31		For the twelve months ended
	2018	2019	2020	2020	2021	March 31, 2021
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)	(unaudited)
				(€ million)		
Total operating income	**5,523.8**	**5,347.5**	**4,062.2**	**1,072.6**	**1,112.5**	**4,102.2**
Adjusted for:						
Supplies	(3,597.8)	(3,408.6)	(2,579.6)	(658.6)	(687.6)	(2,608.6)
Gross profit	**1,926.0**	**1,938.9**	**1,482.6**	**414.0**	**424.9**	**1,493.6**

(2) "**EBITDA**" represents profit for the year from continuing operations ("**EBIT**") after adding back depreciation and amortization expenses. Our management believes that EBITDA is meaningful for investors because it provides an analysis of our operating results, profitability and ability to service debt and because EBITDA is used by our chief operating decision makers to track our business evolution, establish operational and strategic targets and make important business decisions. EBITDA is also a measure commonly reported and widely used by analysts, investors and other interested parties in our industry. To facilitate the analysis of our operations, EBITDA excludes depreciation and amortization expenses from EBIT in order to eliminate the impact of general long-term capital investment. Although we are presenting EBITDA to enhance the understanding of our historical operating performance, EBITDA should not be considered an alternative to EBIT as an indicator of our operating performance, or an alternative to cash flows from ordinary operating activities as a measure of our liquidity. The following table presents the calculation of EBITDA:

	For the year ended December 31			For the three months ended March 31		For the twelve months ended
	2018	2019	2020	2020	2021	March 31, 2021
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)	(unaudited)
			(€ million)			
Profit for the year/quarter from continuing operations (EBIT)	**160.9**	**140.4**	**(25.6)**	**1.6**	**27.8**	**0.6**
Adjusted for:						
Depreciation and amortization expenses .	195.0	294.4	297.7	74.8	68.6	291.5
EBITDA	**355.9**	**434.9**	**272.1**	**76.4**	**96.4**	292.1

(3) Gross profit margin is gross profit divided by total operating income. EBIT margin is EBIT divided by revenue. EBITDA margin is EBITDA divided by revenue.

(4) Capital expenditures consist of expenditures in property plant and equipment, plus expenditures in intangible assets. See "*Operating and Financial Review and Prospects—Key factors affecting our results of operations—Capital Expenditures*".

(5) Bank loans, debentures and other marketable securities consists of current and non-current payables under finance leases, the 2024 Notes, the 2026 Notes, the Senior Facilities Agreement, as well as other loans, credit lines, invoice discount lines, interest payable and financial remeasurements. Financial debt consists of bank loans, debentures and other marketable securities plus non-recourse factoring and other financial liabilities. Net financial debt consists of financial debt less cash and bank balances. The following table presents a calculation of net financial debt:

	As of December 31			As of March 31,
	2018	2019	2020	2021
	(audited)	(audited)	(audited)	(unaudited)
		(€ million)		
Bank loans, debentures and other marketable securities[(a)]................	**1,214.0**	**1,149.9**	**1,193.4**	**1,191.6**
Other financial liabilities[(b)]..	36.9	33.5	25.0	24.4
Financial debt	**1,250.9**	**1,183.4**	**1,218.3**	**1,216.0**
Cash and bank balances..	(310.8)	(273.7)	(401.7)	(338.5)
Net financial debt	**940.1**	**909.7**	**816.6**	**877.5**

(a) Bank loans, debentures and marketable securities includes both current and non-current liabilities.

(b) Other financial liabilities primarily include loans granted to us, principally by Spanish public bodies, to finance R&D projects and improve competitiveness, including financial remeasurement in relation to these loans, and includes both current and non-current portions. For the purpose of covenant calculations, only interest-bearing soft loans are considered financial debt. Interest bearing soft loans amounted to €4.2 million as of December 31, 2018, €4.2 million as of December 31, 2019 and €3.8 million as of December 31, 2020.

(6) Adjusted cash and bank balances and adjusted net financial debt show the adjustments for the Transactions and the application of the net proceeds therefrom as described under "*Use of Proceeds*" as if they had occurred on March 31, 2021. Adjusted cash and bank balances have been calculated by deducting from cash and bank balances €2.5 million of call costs but excluding accrued interest on the 2024 Notes until the anticipated repurchase or redemption date thereof. See "*Use of Proceeds*" and "*Capitalization*".

(7) Adjusted net financial debt has been calculated by adding to the net financial debt (i) the €2.5 million representing the adjustment of the cash and cash balances and (ii) €2.7 million representing the adjustment in the financial debt, resulting from the deduction of the €385.4 million aggregate principal amount of the 2024 Notes (and adding back €2.2 million in unamortized debt issuance costs related to the 2024 Notes), and adding the €390.0 million aggregate principal amount of the Notes offered hereby (excluding €4.0 million in unamortized debt issuance costs related to the Notes).

(8) Adjusted net finance cost shows the adjustment for the Transactions and the application of the net proceeds therefrom as described under "*Use of Proceeds*" as if they had occurred on March 31, 2021. Adjusted net finance cost has been calculated by adding the net cost associated with the Notes (excluding amortization of issuance costs) and the other Transactions as described in "*Capitalization*", as if the Notes had been incurred on March 31, 2021 less the interest expense associated with the 2024 Notes. See "*Use of Proceeds*" and "*Capitalization*".

Summary Segmental Information of the Company

The following table shows selected financial information on a segmental basis for the periods indicated.

	Year ended December 31			Three months ended March 31		Twelve months ended March 31,
	2018	2019	2020	2020	2021	2021
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)	(unaudited)
				(€ million)		
Headliners						
Revenue	2,060.5	1,921.2	1,478.0	410.4	396.2	1,463.8
Other operating (expenses)/income, net	(1,957.3)	(1,801.7)	(1,392.7)	(382.3)	(363.3)	(1,373.7)
EBITDA	**103.2**	**119.5**	**85.3**	**28.1**	**32.9**	**90.1**
Depreciation and amortization expenses	(50.7)	(84.2)	(88.3)	(22.1)	(20.7)	(86.9)
Operating profit/(loss) (EBIT)	**52.5**	**35.3**	**(3.0)**	**6.0**	**12.2**	**3.2**
EBITDA margin	**5.0%**	**6.2%**	**5.8%**	**6.8%**	**8.3%**	**6.2%**
Doors						
Revenue	1,886.5	1,975.8	1,533.3	440.8	418.7	1,511.2
Other operating (expenses)/income, net	(1,682.9)	(1,754.2)	(1,360.0)	(392.7)	(366.2)	(1,333.5)
EBITDA	**203.6**	**221.5**	**173.3**	**48.1**	**52.5**	**177.7**
Depreciation and amortization expenses	(59.3)	(93.7)	(114.2)	(29.0)	(28.2)	(113.4)
Operating profit/(loss) (EBIT)	**144.3**	**127.8**	**59.1**	**19.1**	**24.3**	**64.3**
EBITDA margin	**10.8%**	**11.2%**	**11.3%**	**10.9%**	**12.5%**	**11.8%**
Lighting						
Revenue	349.1	334.1	288.6	72.6	80.5	296.5
Other operating (expenses)/income, net	(287.1)	(247.9)	(227.0)	(56.0)	(58.8)	(229.8)
EBITDA	**62.0**	**86.2**	**61.6**	**16.6**	**21.7**	**66.7**
Depreciation and amortization expenses	(18.7)	(25.0)	(24.6)	(6.7)	(6.6)	(24.5)
Operating profit/(loss) (EBIT)	**43.3**	**61.2**	**37.0**	**9.9**	**15.1**	**42.2**
EBITDA margin	**17.8%**	**25.8%**	**21.3%**	**22.9%**	**27.0%**	**22.5%**
Cockpits						
Revenue	1,125.5	974.7	668.2	128.4	179.7	719.5
Other operating (expenses)/income, net	(1,036.2)	(869.3)	(617.4)	(120.1)	(164.7)	(662.0)
EBITDA	**89.3**	**105.4**	**50.9**	**8.3**	**15.0**	**57.6**
Depreciation and amortization expenses	(36.1)	(55.4)	(39.8)	(9.4)	(10.0)	(40.4)
Operating profit/(loss) (EBIT)	**53.2**	**50.0**	**11.1**	**(1.1)**	**5.0**	**17.2**
EBITDA margin	**7.9%**	**10.8%**	**7.6%**	**6.5%**	**8.3%**	**8.0%**
Other[(1)]						
Revenue	3.0	8.5	6.5	1.5	1.0	6.0
Other operating (expenses)/income, net	(105.2)	(106.2)	(105.4)	(26.2)	(26.7)	(105.9)
EBITDA	**(102.1)**	**(97.8)**	**(98.9)**	(24.7)	(25.7)	(99.9)
Depreciation and amortization expenses	(30.2)	(36.0)	(30.9)	(7.6)	(3.1)	(26.4)
Operating profit/(loss) (EBIT)	**(132.3)**	**(133.8)**	**(129.8)**	**(32.3)**	**(28.8)**	**(126.3)**

(1) The "Other" segment refers to a "corporate unit" which includes central non-operational activities managed from Grupo Antolin Headquarters, pure engineering and research and development activities not attributable to other specific segments, as well as other minor activities performed by Group companies that do not fall within any of the other business segments. The "Other" segment also includes all those consolidation adjustments that are not attributable to any of the other business segments. Additionally, for information management purposes, the monitoring of segment performance is carried out without considering the overheads attributable to Headquarters, which are also presented in the "Other" segment.

RISK FACTORS

Risks Related to our Business

The coronavirus (COVID-19) pandemic has had, and will continue to have, a material adverse impact on our business, liquidity, financial condition, and results of operations.

Since the outbreak of the coronavirus was first identified in December 2019, the virus has spread to nearly all regions of the world, resulting in the World Health Organization declaring the outbreak a pandemic and governments in most countries taking unprecedented steps to try to contain and slow down the spread of the coronavirus, in an attempt to reduce the rate and risks of infection. In light of the foregoing, widespread and onerous social distancing measures have been introduced in many countries and regions, including stay at home orders, restrictions on travel and bans on gatherings in workspaces, public places and at events. Businesses that have been deemed non-essential have been required to heavily curtail or cease their operations entirely. In addition, many governments and central banks have intervened in economies by introducing various schemes to try to mitigate against the negative economic consequences of the foregoing social distancing measures. The pandemic and the steps taken in relation to it have caused significant and unprecedented disruption to the global, national and regional economies.

Some of the widespread effects of the COVID-19 pandemic so far include the volatility in markets, problems with supply chains, increased unemployment levels, reduced economic growth and recessions, and large debts incurred by many governments for their economic intervention schemes. The spread of COVID-19 has caused most businesses, including ours, to modify business practices, including travel, employee work locations, and the cancellation of in-person meetings, events, and conferences. In order to maintain our global operations and keep a resilient financial position in an unprecedented market environment for our industry, several actions were taken on a global basis to properly adapt our strategies and operations to market and client requirements. Both production volumes and sales were hit heavily due to severe measures imposed by governments that forced us to temporarily close some of our production facilities and halt production in others. As a consecuence, efficiency plans were launched globally across all business units and regions to unleash potential synergies, rationalize our cost base and optimize our structure. Going forward, we may be forced to take further actions mandated by government authorities, or may choose to take actions that we believe are in the best interests of our employees, customers, and business partners. Without these measures, key personnel could be at risk of contracting COVID-19, hindering their overall availability and productivity.

The degree to which the COVID-19 pandemic impacts our operations, business, financial results, liquidity, and financial condition will depend on future developments, which are highly uncertain, unpredictable and continuously evolving. Despite the implementation of vaccine programs in most countries around the globe, a number of factors remain subject to variability, such as the remaining duration and spread of the pandemic, its severity, government actions to contain the virus or treat its impact, and the rate at which normal economic and business operating conditions might resume.

Our business operations, financial performance, and results of operations could be further adversely affected in several ways, including, but not limited to, the following:

- reduced demand for our products;

- reduced ability of some suppliers to provide products needed in our production processes;

- further disruptions to our operations, including any additional closures or "lock-down" of our offices or plants, which may affect our ability to manufacture, develop, market, and sell our products; and

- interruptions to our supply chain.

The automobile industry is cyclical and cyclical downturns in our business segments negatively impact our business, financial condition, results of operations and cash flows.

The volume of automotive production and the level of new vehicle purchases regionally and worldwide are cyclical and have fluctuated, sometimes significantly from year-to-year. These fluctuations are caused by such factors as general economic conditions, interest rates, consumer confidence, consumer preferences (including the effects of the increase of the use of shared cars and mobility services), patterns of consumer spending, fuel costs and the automobile replacement cycle, and such fluctuations give rise to changes in demand for our products and may have a significant adverse impact on our results of operations. In addition, OEM customers generally do not commit to purchasing minimum quantities from their suppliers. As

our business has certain fixed costs that must be met regardless of demand for our products, cyclical downturns can further affect our results of operations.

The highly cyclical and fluctuating nature of the automotive industry presents a risk that is outside and beyond our control and that cannot be accurately predicted. Moreover, a number of factors that we cannot predict can and have impacted cyclicality in the past. Decreases in demand for automobiles generally, or in the demand for automobiles incorporating our products in particular, could materially and adversely impact our business, financial condition, results of operations and cash flows.

We are susceptible to economic trends, and deterioration of economic conditions could adversely impact our business and exacerbate the difficulties experienced by our customers and suppliers in obtaining financing.

A significant economic downturn could have a material adverse effect on our business. Continued concerns about the systemic impact of a potential long-term and wide-spread recession, energy costs (including the recent volatility in oil prices), strong currency fluctuations, the availability and cost of credit, diminished business and consumer confidence and increased persistent unemployment in Europe have contributed to increased market volatility and diminished expectations for western and emerging economies, including in the jurisdictions in which we operate.

In addition, any increased financial instability may lead to longer-term disruptions in the credit markets, which could impact our customers' ability to obtain financing for their businesses at reasonable prices, as well as impact their customers when seeking financing for automobile purchases. Our OEM customers typically require significant financing for their respective businesses. In addition, our OEM customers typically have related finance companies that provide financing to their dealers and customers. These finance companies have historically been active participants in the securitization markets, which has suffered and may suffer additional disruptions should economic conditions deteriorate in the future. Our suppliers, as well as the other suppliers to our customers, may face similar difficulties in obtaining financing for their businesses. If capital is not available to our customers and suppliers, or if its cost is prohibitively high, their businesses would be negatively impacted, which could result in their restructuring or even reorganization/liquidation under applicable bankruptcy laws. Any such negative impact, in turn, could materially and negatively affect us either through the loss of revenues to any of our customers so affected, or due to our inability to meet our commitments without excess expense resulting from disruptions in supply caused by the suppliers so affected. Financial difficulties experienced by any major customer could have a material adverse impact on us if such customer were unable to pay for the products we provide, materially reduced its capital expenditure on, and resulting demand for, new product lines, or we otherwise experienced a loss of, or material reduction in, business from such customer. As a result of such difficulties, we could experience lost revenues, significant write-offs of accounts receivable, significant impairment charges or additional restructurings beyond the steps we have taken to date.

Furthermore, increased financial instability in credit and other financial markets and deterioration of Spanish and/or global economic conditions could, among other things:

- make it more difficult or costly for us to obtain financing for our operations or investments or to refinance our debt in the future,
- cause our lenders to depart from prior credit industry practice and make more difficult or expensive the granting of any technical or other waivers under our debt facilities, to the extent we may seek them in the future, and
- negatively impact global demand for our products, which could result in a reduction of our sales, operating income and cash flows.

Continuing uncertainties and challenging political conditions in Spain, the European economy and the euro could intensify the risks faced by the automotive industry and our business, which could have a material adverse effect on our operations, financial condition and profitability.

Despite our global presence, the EU as a whole is an important market for our business, and adverse economic effects within the EU could have a material adverse impact on our financial condition, results of operations and cash flows. Continuing or renewed instability in the European markets, the fluctuation of the euro and the composition of the EU have recently contributed to weak European economic performance. Future developments may continue to be dependent upon a number of political and economic factors, including the effectiveness of measures by the European Central Bank and the European Commission to address debt burdens of certain countries in Europe and the continued stability of the Eurozone.

Concerns persist regarding the debt burden of certain European countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual member states of the Eurozone. These concerns could lead to the exit of one or more countries from the Eurozone and the reintroduction of national currencies in the affected countries.

The UK's decision to leave the EU has triggered a process of negotiation which will determine the future terms of the UK's relationship with the EU (see "*—Uncertainty regarding Brexit and the outcome of future arrangements between the EU and the UK could have a material adverse impact on us*") and the results of elections in other European countries could lead to the exit of one or more countries from the Eurozone and the reintroduction of national currencies certain countries. These and other potential developments, or market perceptions concerning these and related issues, could undermine confidence in the overall stability of the EU, have adverse consequences for us with respect to our overall performance in the EU and, as a result, our business, financial condition, results of operation and cash flow may be materially affected.

The reintroduction of national currencies in one or more countries that use the euro could lead to the disruption of financial markets and could have a material adverse impact on our operations. Furthermore, any such redenomination event would likely be accompanied by significant economic dislocation, particularly within the Eurozone countries, which in turn could have an adverse impact on demand for our services and, accordingly, on our revenue and cash flows. Moreover, any changes from euro to non-euro currencies within the countries in which we operate may impact our billing and other financial systems. In light of the significant exposure that we have to the euro through our euro-denominated cash balances and cash flows, a redenomination event could have a material adverse impact on our cash flows, financial condition and results of operations.

Despite our global presence, Spain is still an important market for our business, representing 3.9% of our revenue for the year ended December 31, 2020. While Spain's economy has been gradually improving since 2013, the country still suffers from relatively high levels of debt and unemployment. The unemployment rate was reported to be approximately 16.2% in December 2020. Gross domestic product contracted in 2012 and 2013 before gradually recovering between 2014 and 2018. If Spain recovers at a slower pace than in recent years or experiences a significant downturn, our business, financial condition and results of operations could be adversely affected. Furthermore, the political environment in Spain has remained unstable. Following a confidence vote in Parliament against the former central government in 2018, a new government was formed. However, this change in leadership has been short lived, as the new government has been forced to call for general elections in April and November of 2019. On January 7, 2020, Pedro Sánchez was confirmed as prime minister by the Congress of Deputies. Behind this uncertainty still remains the tensions in Catalonia relating to the sovereignty of the region. In this context, the economic prospects for Spain have been revised down, in line with downward revisions across other European Union countries.

Instability in the European economy, the euro or Spain could have a material adverse effect on our business, financial condition and results of operations.

Uncertainty regarding Brexit and the outcome of future arrangements between the EU and the UK could have a material adverse impact on us.

In a non-binding referendum on the UK's membership in the EU conducted in June 23, 2016, a majority of those who voted approved the UK's withdrawal from the EU. Additionally, on March 29, 2017, the Prime Minister of the United Kingdom officially triggered Article 50 of the Treaty of Lisbon, signalling the start of a two-year period in which the United Kingdom will negotiate the terms of withdrawal (along with the future terms of the UK's relationship with the EU) from the European Union ("**Brexit**"). Parliament ratified the withdrawal agreement, and the UK left the EU at 11 p.m. GMT on 31 January 2020. This began a transition period during which the UK and EU will negotiate their future relationship. While it is difficult to predict the effect of Brexit on the European and global economy, uncertainty regarding new or modified arrangements between the United Kingdom and the European Union could have a material adverse effect on business activity (including the buying behavior of commercial and individual customers), the political stability and economic conditions in the United Kingdom, the European Union and elsewhere. Furthermore, lack of clarity about future UK laws and regulations, as the UK determines which EU laws and regulations to replace or replicate as a result of their withdrawal, may increase costs associated with operating in either or both of the UK and Europe.

Any of these developments, or the perception that any of these developments are likely to occur, could have a material adverse effect on economic growth or business activity in the UK, the Eurozone, or the EU, and could result in the relocation of businesses, cause business interruptions, lead to economic recession or depression, and impact the stability of the financial markets, availability of credit, political systems or financial institutions and the financial and monetary system. For the year ended December 31, 2020, 8.0% of our revenues were generated in the UK, where we operate nine plants and one TCO,

primarily within the Doors and Cockpits segments. Consequently, these developments could have a material adverse effect on our business, financial position, liquidity and results of operations.

Significant developments stemming from the recent US presidential election could have a material adverse effect on us.

Going forward, our operations in the United States may be affected by the inauguration of Joseph Biden as the President of the United States on January 20, 2021. In his first two days as President, he signed a number of executive orders that were only the first of many expected to provide a reversal to certain economic, social and political policies implemented under the prior administration. It is anticipated that the Biden administration's policies that will continue to be implemented over the few next years, in part to mitigate the devastating effect of COVID-19 pandemic among the US population. Additionally, ambitious and unprecedented economic stimulus packages were introduced to provide relief and accelerate economic recovery, as well as to support to a broad range of industries, businesses and families.

Given that in the year ended December 31, 2020, 34.4% of our revenue was attributable to North America and 1.1% was attributable to Mercosur, with a portion of our Mexican sales being exported from Mexico directly into the US, any such policy changes could have an impact on us. However, we cannot currently quantify or predict with any certainty the likely impact of such changes on our business model, prospects, finacial condition or results of operations.

We are dependent on large customers for current and future revenues. The loss of any of these customers or changes in the market share by these customers could have a material adverse impact on us.

Although we supply our products to several of the leading automobile manufacturers, as is common in our industry we depend on certain large value customers for a significant proportion of our revenues. For example, for the year ended December 31, 2020, Volkswagen Group, Stellantis (FCA+PSA), Ford, BMW and Tata Motors—Jaguar Land Rover, represented 22.2%, 14.9%, 10.2%, 10.8% and 7.6% of our revenue, respectively.

The loss of all or a substantial portion of our sales to any of our large volume customers could have a material adverse effect on our business, financial condition, results of operations and cash flows by reducing cash flows and by limiting our ability to spread our fixed costs over a larger revenue base. We may make fewer sales to these customers for a variety of reasons, including, but not limited to:

- loss of awarded business;
- reduced or delayed customer requirements;
- OEMs' insourcing business they have traditionally outsourced to us;
- strikes or other work stoppages affecting production by our customers;
- bankruptcy or insolvency of a customer; or
- reduced demand for our customers' products.

See also "—*We are susceptible to economic trends, and deterioration of economic conditions could adversely impact our business and exacerbate the difficulties experienced by our customers and suppliers in obtaining financing*".

Furthermore, our customers may consolidate or merge from time to time—for example, FCA and PSA merged into the new Stellantis, and became world's third largest automaker in terms of revenues when considering cars produced since its inception in January, 2021. Consolidation among our customers could result in an increasingly concentrated client base of large customers which could, among others, increase the bargaining power of our current and future customers and impact the terms of the services that we provide. Mergers of our customers with entities that are not our customers could also materially impact our financial position and results of operations. Any significant changes in the ownership or operation of our customers, as a result of consolidation, merger or otherwise, could adversely affect our business, prospects, financial condition or results of operations.

Our inability to realize revenues represented by our awarded business or termination or non-renewal of production purchase orders by our customers could materially and adversely impact our business, financial condition, results of operations and cash flows.

The realization of future revenues from awarded business is inherently subject to a number of important risks and uncertainties, including the number of vehicles that our customers will actually produce and the timing of that production.

Typically the terms and conditions of the agreements with our customers do not include a commitment regarding minimum volumes of purchases from us. In addition, such contracts typically provide that customers have the contractual right to unilaterally terminate our contracts with them with no notice or limited notice. If such contracts are terminated by our customers, our ability to obtain compensation from our customers for such termination is generally limited to the direct out-of-pocket costs that we incurred for materials and work-in-progress and in certain instances undepreciated capital expenditures and tooling. Further, there is no guarantee that our customers will renew their purchase orders with us. We cannot assure you that our results of operations will not be materially adversely impacted in the future if we are unable to realize revenues from our awarded business, if our customers cancel awarded business or if our customers fail to renew their contracts with us.

Disruptions in the automotive supply chain could have a material adverse impact on our business, financial condition, results of operations and cash flows.

The automotive supply chain is subject to disruptions because we, along with our customers and suppliers, attempt to maintain low inventory levels. In addition, our plants are typically located in close proximity to our customers.

Disruptions could be caused by a multitude of potential problems, such as closures of one of our or our suppliers' plants or critical manufacturing lines due to strikes, mechanical breakdowns, electrical outages, fires, explosions or political upheaval, as well as logistical complications due to weather, earthquakes, other natural or nuclear disasters, pandemics, mechanical failures, delayed customs processing and more. The COVID-19 pandemic has had a material adverse affect on the global automotive supply chain due to plant closures, reductions in demand for automobiles and other factors. In addition, the supply has been affected by both a global shortage of chips and semiconductors, and the increasing volatility of certain raw materials. These changes have affected the way market participants operate in the auto industry, which historically operated following a JIT (just in time) model to properly optimize working capital management and reduce costs. For example, several automakers and OEMs are investing in building up their inventories to anticipate potential supply disruptions in order to meet their clients' demand, while others are actively investing in new facilities to produce products that they used to source from outside suppliers, in order to have full control of their supply chain.

Additionally, if we are the cause for a customer being forced to halt production, the customer may seek to recoup all of its losses and expenses from us. Any disruptions affecting us or caused by us could have a material adverse impact on our business, financial condition, results of operations and cash flows.

The inability for us, our customers or our suppliers to obtain and maintain sufficient capital financing, including working capital lines, and credit insurance may adversely affect our, our customers' and our suppliers' liquidity and financial condition.

Our working capital requirements can vary significantly, depending in part on the level, variability and timing of our customers' worldwide vehicle production and the payment terms with our customers and suppliers. Our liquidity could also be adversely impacted if our suppliers were to suspend normal trade credit terms and require payment in advance or payment on delivery. If our available cash flows from operations are not sufficient to fund our ongoing cash needs, we would be required to look to our cash balances and availability for borrowings under our credit facilities to satisfy those needs, as well as potential sources of additional capital, which may not be available on satisfactory terms and in adequate amounts, if at all.

There can be no assurance that we, our customers and our suppliers will continue to have such ability. This may increase the risk that we cannot produce our products or will have to pay higher prices for our inputs. These higher prices may not be recovered in our selling prices.

Our suppliers often seek to obtain credit insurance based on the strength of the financial condition of our subsidiary with the payment obligation, which may be less robust than our consolidated financial condition. If we were to experience liquidity issues, our suppliers may not be able to obtain credit insurance and in turn would likely not be able to offer us payment

terms that we have historically received. Our failure to receive such terms from our suppliers could have a material adverse effect on our liquidity.

We are subject to fluctuations in the prices of materials and commodities.

Our operating income and net income can be adversely affected by changes in the prices of the materials we use, notably textile fabrics, plastic injection grain, petroleum-based resins, certain metals, semiconductors and different commodities. To the extent that our agreements with suppliers do not protect us from increases in the cost of materials or that we cannot pass through increases in the costs of our materials to our customers, we are exposed to risks related to unfavorable fluctuations in commodity prices. We do not use derivatives to hedge our purchases of materials or energy. Recently, commodity prices increased, and we cannot guarantee that we will be able to pass on all such price increases to our customers. Instead, in the Company's estimate, we would likely absorb around 50% of any further commodity increases, which could have an unfavorable impact on our sales, profitability, results and overall financial position.

We may have difficulty competing favorably in the highly competitive automotive parts industry generally and in certain product or geographic areas specifically.

The automotive parts industry is highly competitive and is heavily affected by technological developments and new models shaping the future of the market (such as the new CASE+P trends), as cars are expected to become more connected, autonomous, shared, electric and personalized over the next years. We face significant competition within each of our major product areas, including from new competitors entering the markets that we serve, and OEMs that may seek to integrate vertically. The principal competitive factors include price, technology, quality, global presence, service, product performance, design and engineering capabilities, new product innovation and timely delivery. We cannot assure you that we will be able to continue to compete favorably in these competitive markets or that increased competition will not have a material adverse effect on our business by reducing our ability to maintain sales and profit margins.

Furthermore, the failure to obtain new business projects on new models, the delay in certain projects caused by a number of factors beyond our control (such as the COVID-19 pandemic) and the failure to retain or increase business projects on redesigned existing models could adversely affect our business, financial condition, results of operations and cash flows. In addition, it may be difficult in the short-term for us to obtain new revenues to replace any unexpected decline in the sale of existing products.

Shifts in market shares among vehicles or vehicle segments or shifts away from vehicles in which we have significant content could have a material adverse effect on our profitability.

While we supply internal components for a wide variety of vehicles produced globally, we do not supply components for all vehicles produced, nor is the number or value of components evenly distributed among the vehicles for which we do supply components. Shifts in market shares among vehicles or vehicle segments, particularly shifts away from vehicles on which we have significant content and shifts away from vehicle segments in which our sales may be more heavily concentrated, could have a material adverse effect on our profitability.

Our inability to offset price concessions or additional costs from our customers could have an adverse effect on our profitability.

We face ongoing pricing pressure, as well as pressure to absorb costs related to product design and engineering, as well as other items previously paid for directly by OEMs, such as tooling. Typically, in line with our industry practice, our customers benefit from price reductions during the life cycle of a contract. We expect to offset these price concessions by achieving production efficiencies; however, we cannot guarantee that we will do so. If we fail to achieve production efficiencies to fully offset price concessions or do not otherwise offset such price concessions, our profitability and results of operations would be adversely affected.

We may be forced to downsize, close or sell some of our operations which could have an adverse effect on our profitability.

The automotive industry in some of our markets (most notably Western Europe) continues to experience significant overcapacity, elevated levels of vehicle inventory, reduced consumer demand for vehicles and depressed production volumes and sales levels. In response to these conditions, we may be forced to restructure our operations, including through plant closures. If we are forced to close manufacturing locations because of loss of business or consolidation of manufacturing

facilities, the employee severance, asset retirement and other costs, including reimbursement costs relating to public subsidies, to close these facilities may be significant. In certain locations that are subject to leases, we may continue to incur material costs consistent with the initial lease terms. We continually attempt to align production capacity with demand; therefore, we cannot assure you that additional plants will not have to be closed as part of the typical efficiency plans and cost-cutting initiatives intended to adapt our operating structure and optimize our footprint to global trends and market needs.

The construction and maintenance of our facilities entails certain risks.

The construction and maintenance of our facilities entails certain difficulties, both from a technical perspective as well as in terms of the timing of the various construction phases. A number of problems may arise in relation to our facilities, such as interruptions or delays due to failed deliveries by suppliers or manufacturers, problems with connecting to the utilities networks, construction faults, problems linked to the operation of equipment, adverse weather conditions, unexpected delays in obtaining or sourcing permits and authorizations, or longer-than-expected periods for technical adjustments. The additional costs that may arise in the maintenance of facilities may adversely affect our business operations, financial position and operational results.

Mechanical failure, equipment shutdowns and technological breakdown could adversely affect our business.

We are subject to mechanical failure and equipment shutdowns which may be beyond our control, particularly the failure of the airbags we incorporate into our cockpit modules. If a section of one of our production sites is damaged or shuts down, it could cause a mechanical failure or equipment shutdown in other components of such production site. If such events occur, our production capacity may be materially and adversely impacted. In the event that we are forced to shut down any of our production sites for a significant period of time, it would have a material adverse effect on our business operations, financial position and operational results.

Interruptions in the supply of utilities to our facilities may negatively affect our operations.

We are reliant upon a continuous and uninterrupted supply of electricity, gas and water to our production facilities to ensure the continued operation of our production lines and supply chain. An interruption to the supply of any of these utilities, even in the short-term, including but not limited to a trip in the electricity grid, a gas leak or issues with local water mains, could cause equipment shutdowns, mechanical failures and/or damage to our facilities and equipment which could materially and adversely impact our business operations, financial position and operational results.

Our ongoing operations may require increased capital expenditure at certain stages that will consume cash from our operations and borrowings.

In order to maintain our product lines for existing products, from time to time, we are required to make certain operational and maintenance related capital expenditure on our facilities. Our capital expenditures for the year ended December 31, 2020, 2019 and 2018 amounted to €177.8 million, €301.4 million and €320.4 million, respectively. Our ability to undertake such operational and maintenance measures largely depends on our cash flow from our operations and access to capital. We intend to continue to fund our cash needs through cash flow from operations. However, there may be unforeseen capital expenditure needs for which we may not have adequate capital. The timing of capital expenditures also may cause fluctuations in our operational results.

Our profitability may be adversely affected by program launch difficulties.

From time to time we are awarded new business by our customers. The launch of new programs is a complex process, the success of which depends on a wide range of factors, including the production readiness of our and our suppliers' manufacturing facilities and manufacturing processes, as well as factors related to tooling, equipment, employees, initial product quality and other factors. Our failure to successfully launch material new programs could have an adverse effect on our profitability. See *"Summary—Recent Developments—Current Trading"*.

We may not be able to grow our business with APAC-based automotive customers, or grow our business enough with such customers to offset slower growth with our largest customers, which could have an adverse effect on our profitability.

In light of the amount of business we currently have with our largest customers in certain regions, our opportunities for incremental growth with these customers may be limited. While we have a substantial presence in APAC (especially in

China and South Korea), the amount of business we have with APAC-based OEMs, including Toyota, Hyundai, Kia and Honda, generally lags that of our largest customers which are based in Europe (Ford, Volkswagen Group and Renault-Nissan) due in part to the existing relationships between such APAC-based OEMs and their preferred suppliers. There is no certainty that we can achieve growth with APAC-based OEMs, or that any such growth will offset slower growth we may experience with our largest customers.

We may fail to achieve the targeted benefits from restructuring and operational improvement measures.

Efficiency improvements and cost savings are important for us to maintain our competitiveness and improve our profitability, and our future success will depend, in part, on our ability to implement operational improvement measures. Such operational improvement measures could seek to increase efficiency in manufacturing through restructuring and rightsizing of production, reduce raw material cost by optimizing supply chains and procurement functions, and streamline research and development processes. They could also seek to reduce our administration and general overhead expenses by streamlining management, centralizing administrative costs and improving IT systems. In developing our financial targets relating to sales growth and profitability, we have made certain assumptions about the financial impact that these operational improvement measures will have on our future financial results. However, there can be no assurance that these initiatives will yield the targeted benefits, or that they will not entail higher implementation costs than expected or take longer to implement than expected. Our anticipated cost savings and operational run-rate synergies are based upon assumptions about our ability to implement cost saving measures in a timely fashion and within certain cost parameters, as well as certain market assumptions that are beyond out control. If one or more of our underlying assumptions regarding these measures proves to have been incorrect, these efforts could lead to substantially higher costs than planned and we may not be able to realize fully, or realize in the anticipated timeframe, the expected benefits from our cost saving and operational measures. In addition, cost saving and operational efficiencies from improved production processes may not be able to be sustained due to changes in customer needs, changes in regulations, availability and cost of materials or other cost variables. Operational efficiency measures generally require a significant amount of management attention and resources, which may disrupt or otherwise have an adverse effect on our ongoing business operations. Consequently, our inability to realize our anticipated cost savings could have a material adverse effect on our business, financial condition and results of operation.

There are integration and consolidation risks associated with potential future acquisitions and divestitures. Future acquisitions and divestments may result in significant transaction expenses, unexpected liabilities and a negative impact on operations and/or cash flows. Future acquisitions may result in risks associated with entering new markets, and we may be unable to profitably operate any new businesses acquired.

We, at Grupo Antolin, have made strategic acquisitions in the past, including the purchase of Haselbeck, a high-quality plastic injection mould maker based in Deggendorf (Germany). The transaction closed in August 2018 for approximately €6.6 million. In November 2018 we acquired a 40.04% stake in Walter Pack, a Spanish-based company that specializes in the design and production of high-quality decorative technical surfaces and parts (which combine well with our existing Lighting capacities) for €3.9 million.

We have also made strategic divestments in the past, including the Divestment for €285.6 million on an enterprise value offer and on a debt-free and cash-free basis. If we do not realize the expected benefits or synergies from the Divestment, it could adversely affect our financial condition and results of operations. The Divestment entails risks, including the exposure to potential post-closing claims for indemnification and adjustments to the purchase price. Pursuant to the terms of the sale and purchase agreement governing the Divestment, we are required to indemnify the buyer against certain liabilities and obligations, and we may also become subject to litigation with the buyer or third-party claims arising out of the divestiture. Any of these risks could demand significant attention from our management and have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

Additionally, in 2020 we acquired a strategic stake in AED Engineering, an electronic systems company based in Munich (and also present in Spain) which provides services to premium OEMs located in Germany. We also acquired a minority interest in the Israel-based startup Eyesight—now Cipia—specializing in state-of-the-art technology focused on driver monitoring systems. This acquisition served to help us continue building our capabilities within the electronic systems arena as part of our main goal to become a leading smart integrator of technological innovations within our products, in order to improve our global profitability and increase both our product portfolio and customer base. Also, in August we opened our new Innovation Center in Shanghai to develop our footprint and customer relationships in the Asian region, particularly in China. We also signed a commercial agreement with one of the largest Chinese electric vehicles manufacturers, Evergrande Auto, which awarded us with number of projects of both local and international OEMs operating in the region.

In the future we may make further strategic acquisitions of suitable acquisition candidates in markets where we currently operate as well as in markets in which we have not previously operated and may also make additional strategic divestitures, where this is in line with our strategy. However, we may not be able to identify suitable acquisition candidates in the future, or may not be able to finance such acquisitions on favorable terms. We may lack sufficient management, financial and other resources to successfully integrate future acquisitions or to ensure that such future acquisitions will perform as planned or prove to be beneficial to our operations. We may not be offered suitable terms, including price, for divestitures we wish to make. Acquisitions and divestitures in general involve numerous other risks, including the diversion of our management's attention from other business concerns, undisclosed risks impacting the target and potential adverse effects on existing business relationships with current customers and suppliers. In addition, any acquisitions or divestitures could impact our financial position or cash flow. In certain transactions, our acquisition analysis includes assumptions regarding the consolidation of operations and improved operating cost structures for the combined operations. Such synergies or benefits may not be achieved on the assumed time schedule or in the assumed amount, if at all. Any future acquisitions may result in significant transaction expenses, unexpected liabilities and risks associated with entering new markets in addition to the integration and consolidation risks. As a result of our acquisitions or divestments, we may assume continuing obligations, deferred payments and liabilities. Any past or future acquisitions may result in exposure to third parties for liabilities, such as liability for faulty work done by the acquired business and liability of the acquired business or assets that may or may not be adequately covered by insurance or by indemnification, if any, from the former owners of the acquired business or assets. In connection with divestitures, we may remain exposed to the buyer for tax, environmental or other liabilities of the Divested Business. The occurrence of any of these liabilities could have a material adverse effect on our business and results of operations.

We do not control certain of our joint ventures.

We have a number of strategic partnerships and joint ventures and alliances. See "*Business—Joint Ventures*". There can be no assurance that the arrangements will be successful and/or achieve their planned objectives. The performance of all such operations in which we do not have a controlling interest will depend on the financial and strategic support of the other shareholders. Such other shareholders may make ill-informed or inadequate management decisions, or may fail to supply or be unwilling to supply the required operational, strategic and financial resources, which could materially adversely affect these operations. If any of our strategic partners were to encounter financial difficulties, change their business strategies or no longer be willing to participate in these strategic partnerships, joint ventures and alliances, our business, financial condition and results of operations could be materially adversely affected.

Moreover, in some of these businesses, we may not have the power to control the payment of dividends or other distributions, so even if the business is performing well, we may not be able to receive payment of our share of any profits. Finally, there could be circumstances in which we may wish or be required to acquire the ownership interests of our partners, and there can be no assurance that we will have access to the funds necessary to do so, on commercially reasonably terms or at all.

The value of our deferred tax assets could become impaired, which could materially and adversely affect our operating results.

As of December 31, 2020, we had approximately €81.8 million in deferred tax assets. The remaining deferred tax assets include net operating loss carry forwards that can be used to offset taxable income in future periods and reduce income taxes payable in those future periods. Our ability to utilize our net operating loss carry forwards may be limited and delayed. We periodically determine the probability of the realization of deferred tax assets, using significant judgments and estimates with respect to, among other things, historical operating results and expectations of future earnings. If we determine in the future that there is not sufficient evidence to support the valuation of these assets, due to the factors described above or other factors, we may be required to adjust the valuation allowance to reduce our deferred tax assets. Such a reduction could result in material non-cash expenses in the period in which the valuation allowance is adjusted and could have a material adverse effect on our results of operations. In addition, adverse changes in the underlying profitability and financial outlook of our operations in several foreign jurisdictions could lead to changes in our valuation allowances against deferred tax assets and other tax accruals that could adversely affect our financial results. Finally, the Company and some of its Spanish subsidiaries and holding companies form a tax group subject to the special tax consolidation regime for corporate income tax purposes. If, for whatever reason, the consolidated tax regime were forfeited or the tax group extinguished, the right to offset the tax loss carry forwards and use the tax credits of the tax group would be assigned to the companies that generated them. This could limit the ability of the companies to effectively make use of these deferred tax assets and that could adversely affect our financial results.

Our profitability may be materially adversely affected by our inability to utilize tax losses or because of tax exposures we face.

We have incurred losses in some countries which we may not be able to fully or partially offset against income we have earned in those countries. In some cases, we may not be able to utilize these losses at all if we cannot generate profits in those countries or if we have ceased conducting business in those countries altogether. Our inability to utilize material tax losses could materially adversely affect our profitability. At any given time, we may face other tax exposures arising out of changes in tax laws, tax reassessments or otherwise. To the extent we cannot implement measures to offset these exposures, they may have a material adverse effect on our profitability.

Changes in our mix of earnings between jurisdictions with lower tax rates and those with higher tax rates could have a material adverse effect on our profitability.

Our effective tax rate varies in each country in which we conduct business. Changes in our mix of earnings between jurisdictions with lower tax rates and those with higher tax rates could have a material adverse effect on our profitability.

We are subject to taxation which is complex and often requires us to make subjective determinations.

We are subject to many different forms of taxation in multiple jurisdictions including but not limited to income tax, value added tax, social security and other payroll related taxes. Tax law and administration in each of these jurisdictions is complex and often requires us to make subjective determinations. The various tax authorities may not agree with the determinations that are made by us with respect to the application of tax law. Such disagreements could result in lengthy legal disputes and, ultimately, in the payment of substantial amounts of tax, interest and penalties, which could have a material effect on our results of operations. Additionally, we could be adversely affected by changes in tax laws, regulations or interpretations in various jurisdictions.

We have a material amount of goodwill, which, if impaired, would result in a reduction in our net income and equity.

Goodwill, primarily derived from our acquisition of the Magna Interiors Business, represents the excess of the cost of an acquisition over the fair value of the net assets acquired. IFRS-EU requires that goodwill be periodically evaluated for impairment based on the fair value of the reporting unit. Declines in our profitability or the value of comparable companies may impact the fair value of our reporting units, which could result in a write-down of goodwill and a reduction in net income. As of December 31, 2020, we had approximately €90.0 million of goodwill on our consolidated balance sheet that could be subject to impairment. Any new businesses acquired in the future could result in recognition of additional goodwill, which could be significant. We could also be required to recognize additional impairments in the future and such an impairment charge could have a material adverse effect on our financial position and results of operations in the period of recognition.

We are subject to risks related to our international operations.

Our international operations include manufacturing facilities in, among other locations, Brazil, China, India, Mexico, Russia and Thailand, and we sell our products in each of these areas. Pursuant to the acquisition of the Magna Interiors Business, we now have additional manufacturing facilities in, among others, Austria, Czech Republic, Hungary, South Korea and Slovakia. For the year ended December 31, 2020 approximately 25.8% of our revenues were derived from operations in growth markets outside of Europe, Canada and the United States. International operations are subject to various risks that could have a material adverse effect on those operations and our business as a whole, including but not limited to:

- exposure to local economic and social conditions, including logistical and communication challenges;
- exposure to local political conditions, including political disputes, coups, the risk of seizure of assets by a foreign government, increased risk of fraud and political corruption, terrorism, acts of war or similar events;
- exposure to local public health issues and the resultant impact on economic and political conditions;
- exposure to potentially undeveloped legal systems which make it difficult to enforce contractual rights and to potentially adverse changes in laws and regulatory practices;
- exposure to local tax requirements, obligations and other regulations;

- foreign currency exchange rate fluctuations and currency controls;
- greater risk of uncontrollable accounts and longer collection cycles;
- the risk of government sponsored competition;
- controls on the repatriation of cash, including the imposition or increase of withholding and other taxes on remittances and other payments by foreign subsidiaries; and
- export and import restrictions.

We are exposed to risks in relation to compliance with anti-corruption laws and regulations and economic sanction programs.

Our international operations require us to comply with the laws and regulations of various jurisdictions. In particular, our international operations are subject to anti-corruption laws and regulations, such as the US Foreign Corrupt Practices Act of 1977 and the United Kingdom Bribery Act of 2010, and economic sanction programs, including those administered by the UN, EU and Office of Foreign Asset Control in the United States. These laws prohibit improper business conduct and restrict us from dealing with certain sanctioned countries.

As a result of our international operations we are exposed to the risk of violating anti-corruption laws and sanctions regulations applicable in those countries where we operate. Some of the countries in which we operate lack as developed a legal system as other locations and are perceived to have high levels of corruption. Our continued geographical diversification, including in emerging economies, development of joint venture relationships worldwide and our employment of local agents in the countries in which we operate increases the risk of violations of anti-corruption laws, sanctions or similar laws. Violations of anti-corruption laws and sanctions regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts (and termination of existing contracts) and revocations or restrictions of licenses, as well as criminal fines and imprisonment. In addition, any major violations could have a significant impact on our reputation and consequently on our ability to win future business.

We have a Compliance Management System, including policies and procedures designed to assist our compliance with applicable laws and regulations including training of our employees (CoE, Antibribery, Antitrust, CoI, and GDPR) to comply with such laws and regulations. Our Code of Conduct, updated in 2019 and which is translated in all languages in which our Group operates, aims at educating our employees in such policies and principles. With the goal of continuously strengthening our corporate governance model ("**Corporate Governance Model**"), we have created the role of Chief Ethics & Compliance Officer (CECO) in April 2017, in order to assist, promote and develop a culture of global compliance within the core of our organization and define a regulatory compliance system as a guarantee for the effective support of integrity within the organization. While we have a strong culture of compliance and we believe we have adequate systems of control, we have implemented globally the SAP-GRC (Risk Management Module) in order to ensure that the compliance risks are identified, analyzed and appraised. In 2020, the company developed a criminal and anti-bribery compliance system and was certificated with the requirements of the reference standards UNE 19601 and ISO/UNE 37001.We seek to continuously improve our system of internal controls, to remedy any weaknesses that are identified through appropriate corrective action depending on the circumstances, including additional training, improvement of internal controls and oversight, and deployment of additional resources and to take appropriate action in case of any breach of our rules and procedures which might include disciplinary measures, suspensions of employees and ultimately termination of such employees. There can be no assurance, however, that our policies and procedures will be followed at all times or will effectively detect and prevent violations of the applicable laws by one or more of our employees, consultants, agents or partners and, as a result, we could be subject to penalties and material adverse consequences on our business, financial condition or results of operations if they failed to prevent any such violations.

Foreign exchange rate fluctuations could cause a decline in our financial condition, results of operations and cash flows, and our hedging and other derivative arrangements may not effectively or sufficiently offset the negative impact of foreign exchange rate fluctuations.

Although our reporting currency is the euro, a portion of our sales and operating costs are realized in other currencies, such as the US dollar, the UK pound the Brazilian real, the Chinese renminbi, the Indian rupee, the Mexican peso, the Czech crown, the Russian ruble, the Turkish lira or the Hungarian forint. Such non-euro currencies are recorded at the exchange rates

prevailing on the dates of the operations. Gains or losses on transactions denominated in foreign currencies are taken to the consolidated income statement as and when they occur.

We are subject to risk if the foreign currency in which our costs are paid appreciates against the currency in which we generate revenues because the appreciation effectively increases our cost in that country. The financial condition, results of operations and cash flows of some of our operating entities are reported in foreign currencies and then translated into euro at the applicable foreign exchange rate for inclusion in our consolidated financial statements. As a result, appreciation of the euro against these foreign currencies generally will have a negative impact on our reported sales and profits while depreciation of the euro against these foreign currencies will generally have a positive effect on reported revenues and profits.

Significant long-term fluctuations in relative currency values, in particular a significant change in the relative values of the non-euro currencies in which we operate could have an adverse effect on our profitability and financial condition and any sustained change in such relative currency values could adversely impact our competitiveness in certain geographic regions. For example, the foreign exchange impact represented approximately €122 million of decreased sales for the year ended December 31, 2020 (on a "like for like" basis in comparison with 2019) and approximately €47 million of decreased sales for the three months ended March 31, 2021.

Economic instability in the countries in which we operate where the euro is not the local currency and the related decline in the value of the relevant local currency in these countries could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Although we, at Grupo Antolin, have not entered into any foreign-currency hedge rate agreements or forward contracts, we seek a variety of mechanisms to hedge against major movements in currencies, such as using local suppliers and negotiating with customers and suppliers. We may also use a combination of natural hedging techniques and financial derivatives to protect against certain foreign currency exchange rate risks. Such hedging activities may be ineffective or may not offset more than a portion of the adverse financial impact resulting from foreign currency variations. Gains or losses associated with hedging activities may also negatively impact operating results.

For the year ended December 31, 2020, an additional 5% rise in the euro against currencies such as the Czech crown, the Brazilian real, the US dollar, the Mexican peso, the UK pound, the Chinese renminbi, the South African rand and the Russian ruble, would have reduced our revenues by approximately €121.8 million or approximately 3.1%, and our EBITDA would have decreased by approximately €8.4 million or approximately 3.1%.

We have invested substantial resources in markets where we expect growth and we may be unable to timely alter our strategies should such expectations not be realized.

Our future growth is dependent on our making the right investments at the right time to support product development and manufacturing capacity in areas where we can support our customer base. We have identified certain markets including North America, Mercosur and APAC as key markets where we are likely to experience substantial growth, and accordingly have made and expect to continue to make substantial investments, both directly and through participation in various partnerships and joint ventures to support anticipated growth in those regions. If we are unable to deepen existing and develop additional customer demand in these regions, we may not only fail to realize expected rates of return on our existing investments, but we may incur losses on such investments and be unable to timely redeploy the invested capital to take advantage of other markets, potentially resulting in lost market share to our competitors. Our results will also suffer if these regions do not grow as quickly as we anticipate.

Loss of key executives and failure to attract qualified management could limit our growth and negatively impact our operations.

We have a management team with a substantial amount of expertise in the automotive industry. Loss of key members of management could result in the loss of valuable customer relationships and/or less or unsuccessful implementation of strategies.

Availability of labor in some of the areas in which we operate could negatively impact our operations.

When establishing and operating facilities in some emerging economies, we may encounter difficulties with the availability of labor. In some instances we may compete with our customers for qualified employees in a limited labor pool of adequately trained workers. Performing work in these areas and under these circumstances can slow our progress, potentially

causing us to incur contractual liabilities to our customers. These circumstances may also cause us to incur additional, unanticipated costs that we might not be able to pass on to our customers.

Our profitability could be negatively impacted if we are not able to maintain appropriate utilization of our workforce.

The extent to which we utilize our workforce affects our profitability. If we under utilize our workforce, our project profits and overall profitability suffer in the short-term. If we over utilize our workforce, we may negatively impact safety, employee satisfaction and project execution, which could result in a decline of future project awards. The utilization of our workforce is impacted by numerous factors including:

- our estimate of the headcount requirements for various manufacturing units based upon our forecast of the demand for our products;

- our ability to maintain our talent base and manage attrition;

- our ability to schedule our portfolio of projects to efficiently utilize our employees and minimize production downtime;

- our need to invest time and resources into functions such as training, business development, employee recruiting, and sales that are not chargeable to customer projects; and

- the degree of structural flexibility of labor laws in countries where our employees are located.

The workforce in the automotive industry is highly unionized and if we fail to extend or renegotiate our collective bargaining agreements with our labor unions as they expire from time to time, or if our employees, or our customers' employees, engage in work stoppages and other labor problems, this could result in a material adverse effect.

We have a large number of collective bargaining agreements. In addition, we have specific exposure to labor strikes in our international operations. For example, in 2018 we faced a metal industry strike in Germany. We did not suffer any strikes in 2019 or 2020. The aforementioned strike did not have a significant effect on our business, financial condition and results of operations. However, if major work disruptions involving our employees were to occur, our business could be adversely affected by a variety of factors, including a loss of revenues, increased costs and reduced profitability. We cannot assure you that we will not experience a material labor disruption at one or more of our facilities in the future whether in the course of renegotiation of our labor arrangements or otherwise. We cannot guarantee that we will be able to successfully extend or renegotiate our collective bargaining agreements as they expire from time to time. If we fail to extend or renegotiate any of our collective bargaining agreements or are only able to renegotiate them on terms that are less favorable to us, we may need to incur additional costs, which could have a material adverse effect on our business, financial condition and results of operations. Further, many of the manufacturing facilities of our customers and suppliers are unionized and are subject to the risk of labor disruptions from time to time. A significant labor disruption could lead to a lengthy shutdown of our customers' or our suppliers' production lines, which could have a material adverse effect on our operations and profitability.

A shift away from technologies in which we invest could have a material adverse effect on our profitability and financial condition.

Our business requires a high level of technical expertise for the development and manufacture of our products. We invest in technology and innovation which we believe will be critical to our long-term growth and we need to continually adapt our expertise in response to technological innovations, industry standards, product instructions and customer requirements. Our ability to anticipate changes in technology and to successfully develop and introduce new and enhanced products or manufacturing processes on a timely basis will be a significant factor in our ability to remain competitive. New technologies or changes in industry and customer requirements, such as the increasing trends towards hybrid and electric vehicles, may render one or more of our current offerings obsolete, excessively costly or otherwise unmarketable. If there is a shift away from the use of technologies in which we are investing, our costs may not be fully recovered. We may be placed at a competitive disadvantage if other technologies emerge as industry leading technologies, which could have a material adverse effect on our prospects for growth, profitability and financial condition.

Legal or regulatory claims or investigations against us could have a material adverse effect on our financial position.

From time to time, we may become involved in legal or regulatory proceedings, claims or investigations, including by governmental bodies, customers, suppliers, former employees, class action plaintiffs and others which are incidental to the conduct of our business. On an ongoing basis, we attempt to assess the likelihood of any adverse judgments or outcomes to these proceedings or claims, although it is difficult to predict final outcomes with any degree of certainty. See "*Business—Proceedings*". We are also subject to tax audits from time to time. Among other tax audits, French tax authorities are currently conducting tax audits mainly on corporate income tax and VAT in relation to fiscal years 2012 through 2014 at one French Group company; Mexican tax authorities are conducting a tax audit of the corporate income tax for fiscal year 2017 and in connection with other periods and taxes at two Mexican Group companies; German tax authorities are conducting general tax audits at various German Group companies for years 2010 through 2019; and Slovakian tax authorities are conducting tax audits on corporate income tax for fiscal year 2018 in connection with a Slovakian Group company.

Except as disclosed in this Offering Memorandum, we do not believe that any of the proceedings or claims to which we are currently a party will result in costs, charges or liabilities that will have a material adverse effect on our financial position. However, we cannot assure you that the costs, charges and liabilities associated with these matters will not be material, or that those costs, charges and liabilities will not exceed any amounts reserved for them in our consolidated financial statements. In future periods, we could be subject to cash costs or non-cash charges to earnings if any of these matters are resolved unfavorably to us.

We face risks related to the intellectual and industrial property we use.

We believe that we either own or may validly use all the intellectual and industrial property rights required for our business operations and that we have taken all reasonable measures to protect our rights or obtain warranties from the owners of third-party rights. However, we cannot rule out the risk that our intellectual and industrial property rights may be disputed by a third party on the grounds of pre-existing rights or for any other reason. Furthermore, for countries outside Europe and North America, we cannot be sure of holding or obtaining intellectual and industrial property rights offering the same level of protection as those in Europe and North America.

Product liability claims, warranty and recall costs could cause us to incur losses and damage our reputation.

We face an inherent business risk of exposure to product liability claims in the event of the failure of our products to perform to specifications, or if our products are alleged to result in property damage, bodily injury or death. We are generally required under our customer contracts to indemnify our customers for product liability claims in respect of our products. Accordingly, we may be materially and adversely impacted by product liability claims.

If any of our products are, or are alleged to be, defective, we may be required to participate in a recall involving those products. In addition, our customers demand that we bear the cost of the repair and replacement of defective products which are either covered under their warranty or are the subject of a recall by them. Warranty provisions are established based on our best estimate of the amounts necessary to settle existing or probable claims on product defect issues. Recall costs are costs incurred when government regulators or our customers decide to recall a product due to a known or suspected performance issue and we are required to participate either voluntarily or involuntarily. Currently, under most customer agreements, we only account for existing or probable warranty claims. We have no warranty and recall data which allows us to establish accurate estimates of, or provisions for, future warranty or recall costs relating to new products, assembly programs or technologies being brought into production. In addition, our insurance covering product recalls is limited in amount and coverage and in some jurisdictions non-existent. The obligation to repair or replace such products could have a material adverse effect on our profitability and financial condition.

As an example, we currently have a €7.6 million claim from Audi AG due to a recall campaign in the US for the supply—by our subsdiary in Austria, Antolin Ebergassing GmbH—of certain purported defective C Pillars of the Audi Q7 model, exclusively manufactured by Audi AG in Europe for the US market (i.e. Audi Q7 vehicles are manufactured in Europe by Audi AG and exported to the US). The recall campaign was reported to NHTSA by Audi AG, and was launched in December 23, 2020. It affected more than 94,000 vehicles manufactured between July 24, 2017 and March 5, 2020. Audi AG wants us to support the labor and material costs of the recall, which are estimated to be approximately €7.6 million. The defect is due to the purported defective supply of a deformation element (foam block) by a supplier (Izoblok GmbH), an element which is incorporated into the plastic C pillar manufactured by Antolin Ebergassing GmbH and supplied to Audi AG. We are still negotiating with Audi AG regarding our level of responsibility, as the Audi AG specifications are not clear and the resulting

liability of Antolin Ebergassing GmbH is not evident. We anticipate that if any liability ultimately arises, our general liability insurance and/or the defective part supplier (Izoblok GmbH) will cover this contingency, though we cannot assume that insurance will cover all such incidents that occur.

A decrease in actual and perceived quality of our products could damage our image and reputation and also the image and reputation of one or more of our brands. Defective products could result in loss of sales, loss of customers and loss of market acceptance. In turn, any major defect in one of our products could also have a material adverse effect on our reputation and market perception, which in turn could have an adverse effect on our sales and results of operations.

Our operations expose us to the risk of material health and safety liabilities.

The nature of our operations subjects us to various statutory compliance and litigation risks under health, safety and employment laws. We cannot guarantee that there will be no accidents or incidents suffered by our employees, our contractors or other third parties on our sites. If any of these incidents occur, we could be subject to prosecutions and litigation, which may lead to fines, penalties and other damages being imposed on us and cause damage to our reputation. Such events could have a material adverse effect on our business operations, financial position and operational results.

We are subject to environmental requirements and risks as a result of which we may incur significant costs, liabilities and obligations.

We are subject to a variety of environmental and pollution control laws, regulations and permits that govern, among other things, soil, surface water and groundwater contamination; the generation, storage, handling, use, disposal and transportation of hazardous materials; the emission and discharge of materials, including greenhouse gases, into the environment; and health and safety. If we fail to comply with these laws, regulations or permits, we could be fined or otherwise sanctioned by regulators or become subject to litigation. Environmental and pollution control laws, regulations and permits, and the enforcement thereof, change frequently, have tended to become more stringent over time and may necessitate substantial capital expenditures or operating costs.

We are also subject to environmental laws requiring investigation and clean-up of environmental contamination. Estimating environmental clean-up liabilities is complex and heavily dependent on the nature and extent of historical information and physical data relating to the contaminated sites, the complexity of the contamination, the uncertainty of which remedy to apply and the outcome of discussions with regulatory authorities relating to the contamination. In addition, these environmental laws and regulations are complex, change frequently and have tended to become more stringent and expensive over time. Therefore, in the future, we may not be in complete compliance with all such laws and regulations and we may incur material costs or liabilities as a result of such laws and regulations. In addition to potentially significant investigation and clean-up costs, contamination can give rise to third party claims for fines or penalties, natural resource damages, personal injury or property damage.

For example, Trimtec Ltda., our subsidiary in Brazil, is subject to, together with 49 other companies, an environmental claim initiated in 2009 and derived from the environmental damages created by *Companhia Brasileira de Bauxita* ("**CBB**"), who was hired to provide services of incineration and industrial waste disposal for Trimtec Ltda. and other companies in 2001. CBB did not perform such services and failed to dispose of the waste adequately, which allegedly ended up causing environmental damage. An expert in the assessment and valuation of environmental damages was appointed in connection with the proceedings and has issued an expert's report which was only submitted to the public prosecutor. The public prosecutor proposed terms of adjustment of conduct (TACs), to which Trimtec has adhered. Now that the environmental damages have been identified, an independent expert has been appointed to clarify the work that needs to be done to repair these damages. Currently, authorization is pending for Ulianapolis Administration and the Enviromental Secretary of Pará to allow an independent expert to access the affected zone and determine the scope of the repair work. Therefore, the proceedings are still ongoing. See "*Business—Proceedings*".

We cannot assure you that our costs, liabilities and obligations relating to environmental matters will not have a material adverse effect on our business, financial condition, results of operations and cash flows.

We may not be adequately insured.

We currently have insurance arrangements in place for products and public liability, property damage, business interruption (including for sudden and unexpected environmental damage), cyber damages and directors and officers liability (D&O). However, these insurance policies may not cover any losses or damages resulting from the materialization of any of

the risks we are subject to. Further, significant increases in insurance premiums could reduce our cash flow. It is also possible in the future that insurance providers may no longer wish to insure businesses in our industry against certain environmental occurrences.

We may face cybersecurity risks related to our electronic system business unit

The development of our electronic system business unit subjects us to possible cybersecurity risks. For us to mitigate any potential damages arising from such exposure, we have contracted a cyber-risk policy and enacted a series of guidelines and strategies in connection with internal cyber risk prevention within the Company. However, we cannot guarantee that the additional hired insurance and the mitigating policies and strategies will cover and/or prevent any and/or all losses or damage resulting from the materialization of any of the cybersecurity risks we are subject to.

Significant changes in laws and governmental regulations could have an adverse effect on our profitability.

The legal, regulatory and industry standard environment in our principal markets is complex and dynamic, and future changes to the laws, regulations and market practice as regards, for example, carbon dioxide emissions and safety tests and protocols, could have an adverse effect on the products we produce and our profitability. Additionally, we could be adversely affected by changes in tax or other laws and jurisprudence which impose additional costs on automobile manufacturers or consumers, or more stringent fuel economy and emissions requirements on manufacturers and our OEM customers could negatively impact their levels and production and, therefore, materially affect their demand for our products our sales. For example, changes to carbon dioxide emissions testing protocols, as a result of the ongoing investigations by environmental authorities worldwide in relation to the potential manipulation of carbon dioxide emissions control systems which had been installed by certain OEMs for the purposes of manipulating laboratory carbon dioxide emissions testing, could have an adverse effect on the sales of the products we produce and our profitability.

We may face risks relating to climate change that could have an adverse impact on our business.

Greenhouse gas emissions have increasingly become the subject of substantial international, national, regional, state and local attention. Greenhouse gas emission regulations have been promulgated in certain of the jurisdictions in which we operate, and additional greenhouse gas requirements are in various stages of development. For example, the United States Congress has considered legislation that would establish a nationwide limit on greenhouse gases. In addition, the EPA has issued regulations limiting greenhouse gas emissions from mobile and stationary sources pursuant to the federal Clean Air Act. Becoming effective, such measures could require us to modify existing or obtain new permits, implement additional pollution control technology, curtail operations or increase our operating costs. New measures could require us to modify existing or obtain new permits, implement additional pollution control technology, curtail operations or increase our operating costs. In addition, our OEM customers may seek price reductions from us to account for their increased costs resulting from greenhouse gas regulations. Further, growing pressure to reduce greenhouse gas emissions from mobile sources could reduce automobile sales, thereby reducing demand for our products and ultimately our revenues. Thus, any additional regulation of greenhouse gas emissions, including through a cap-and-trade system, technology mandate, emissions tax, reporting requirement or other program, could adversely affect our business, results of operations, financial condition, reputation, product demand and liquidity.

Changes in accounting standards may materially impact reporting of our financial condition and results of operations.

Accounting principles as per the IFRS-EU and related accounting pronouncements, implementation guidelines, and interpretations for many aspects of our business are complex and involved subjective judgments. Changes in these rules or their interpretation may significantly change or add significant volatility to our reported income or loss without a comparable underlying change in cash flows from operations. As a result, changes in accounting standards may materially impact our reported financial condition and results of operations.

The International Accounting Standards Board released IFRS 16, “Leases” (“**IFRS 16**”) replacing IAS 17, “Leases”. This standard requires lessees to recognize assets and liabilities for most leases. The new standard became effective for annual periods beginning on or after January 1, 2019. For further information on IFRS 16 adoption, please see “*Operating and Financial review and Prospects—Critical Accounting Policies*” and Note 3(f) to the audited consolidated financial statements as of and for the year ended December 31, 2020.

Interruptions in operations at our facilities could have a material adverse effect on our business, financial condition and results of operations.

We operate over 145 manufacturing plants and JIT assembly and sequencing facilities, as well as 24 TCOs in 26 countries worldwide as of December 31, 2020.

Our results of operations are dependent on the continued operation of our production facilities and the ability to supply products to our customers. Our production processes are complex as they need to be adapted to variations in the properties of certain materials and use combustibles and other dangerous materials. Significant interruptions in operations at our production plants or the plants of suppliers we use, such as due to theft, explosions, fires or any other accidents or acts of God including pandemics, natural disasters, floods, hurricanes and earthquakes may significantly reduce the productivity and profitability of a particular production facility, or our business as a whole, during and after such interruptions. Although we hold several types of insurance policies (including insurance against fire and business interruptions), our insurance coverage may be inadequate. Furthermore, our insurance coverage may not continue to be available on commercially reasonable terms and our insurance carriers may not have sufficient funds to cover all losses, damages, liabilities or potential claims. Interruptions in operations at our facilities could disrupt our supply of products to our customers which could have a material adverse effect on our business, financial condition and results of operations.

We have been exposed to such incidents in the past. For example, on February 26, 2021, we suffered a fire at a warehouse and foaming site of Grupo Antolin Bohemia, a.s. in Chrastava (Czech Republic). The fire resulted in extensive property damage and increased working costs incurred by other subsidiaries, and while we anticipate that these costs will be covered by our insurance, we cannot assure that insurance will cover the costs of all such incidents in the future.

For the effects on our facilities caused by COVID-19 see "*The coronavirus (COVID-19) pandemic has had, and will continue to have, a material adverse impact on our business, liquidity, financial condition, and results of operations*".

Terrorist attacks and other acts of violence or war or political changes in geographical areas where we operate may affect our business and results of operations.

Terrorist attacks and other acts of violence or war may negatively affect our business and results of operations. There can be no assurance that there will not be terrorist attacks or violent acts that may directly impact us, our customers or partners. In addition, political changes in certain geographical areas where we operate may affect our business and results of operations. Any of these occurrences could cause a significant disruption in our business and could adversely affect our business operations, financial position and operational results.

We may be subject to restrictions on transfer of funds.

Under the current foreign exchange regulations in certain countries in which we operate, there are restrictions on the transfer of funds into and outside of such countries, which may include restrictions on the disposition of funds deposited with banks and restrictions on transferring funds abroad, as well as require official approval to buy foreign currency. Additionally, we have trapped cash in certain jurisdictions in which we operate in relation to our joint ventures and local law. These restrictions could impact the payment of dividends to us by certain of our subsidiaries. If we were unable to repatriate funds from any such countries, we would not be able to use the cash flow from our businesses to finance our operating requirements elsewhere and satisfy our debt obligations, including the Notes.

Risks Related to the Notes

The Collateral is limited to a pledge of shares in the Company and the Notes are secured only to the extent of the value of the Collateral; such security may not be sufficient to satisfy the obligations under the Notes and the Guarantees.

Within 120 days of the Issue Date, the Notes will be secured by a pledge (numerally successive to the pledges securing the existing senior secured debt) over 100% of the shares of the Company held by Grupo Antolin Holdco, S.A. (the "**Collateral**"). Notwithstanding the fact that the Notes will be secured by a pledge (numerally successive to the pledges securing the existing senior secured debt), pursuant to the Intercreditor Agreement, recoveries received upon enforcement of the Collateral will be applied *pro rata* in repayment of liabilities in respect of the Notes, the 2026, the Senior Facilities and the EIB Facility. Subject to certain limits, the Indenture permits additional debt to be secured by the Collateral, and such additional secured debt may be substantial. The rights of a holder of Notes to the Collateral may be diluted by any increase in the debt secured by the Collateral or a reduction of the Collateral securing the Notes. If there is an Event of Default (as defined in the

Indenture) on the Notes, there is no guarantee that the proceeds of any sale of the Collateral will be sufficient to satisfy, and may be substantially less than, amounts due under the Notes as well as other debt benefiting from a *pari passu* security interest in the Collateral, including indebtedness under the Senior Facilities, the EIB Facilities and the 2026 Notes. The amount of proceeds realized upon the enforcement of the security interests over the Collateral or in the event of liquidation will depend upon many factors, including, among others, the availability of buyers. Furthermore, there may not be any buyer willing and able to purchase our business as a whole. The book value of the Collateral should not be relied on as a measure of realizable value for such assets.

Grupo Antolin Holdco, S.A. has control over the Collateral securing the Notes and the sale of particular assets could reduce the pool of assets securing the Notes.

The Security Documents will allow Grupo Antolin Holdco, S.A., as pledgor, to remain in possession of, retain exclusive control over, and collect and invest any dividends and other distributions from the Collateral. In certain limited circumstances, Grupo Antolin Holdco, S.A. may, subject to the terms of the Indenture and the Intercreditor Agreement, without any release or consent by the Security Agent, dispose of the Collateral (which shall remain subject to the pledge in respect thereto notwithstanding any such disposal).

It may be difficult to realize the value of the Collateral securing the Notes.

By its nature, the Collateral does not have a readily ascertainable market value and may not be saleable or, if it is saleable, there may be substantial delays in its disposal. The terms of the Intercreditor Agreement provide that decisions regarding enforcement are made by the holders of the Notes, holders of the 2026 Notes and lenders holding, collectively, a majority in aggregate principal amount of the obligations secured by the Collateral. As a result, holders of the Notes may not solely control decisions in respect to the Collateral, including timing of enforcement and such other secured parties may have interests that are not the same as those of holders of the Notes. To the extent that liens, security interests and other rights granted to other parties encumber assets owned by the Company, those parties have or may exercise rights and remedies with respect to the property subject to their liens, security interests or other rights that could adversely affect the value of that Collateral and the ability of the Security Agent, acting on behalf of the Trustee or investors as holders of the Notes to realize or enforce that Collateral. In the event of enforcement of the pledge over the Collateral, the Intercreditor Agreement provides for a release of all obligations of the Company and the Guarantors. As a result, if the proceeds of any sale of Collateral are not sufficient to repay all amounts due on the Notes and the Guarantees, investors (to the extent not repaid from the proceeds of the sale of the Collateral) would have no remaining claim against the Company or any Guarantor. Creditors of the Company or its subsidiaries not secured by a lien on the Collateral will not be obligated to accede to the Intercreditor Agreement. As a result, in the event of an enforcement action, such creditors will not be obligated to release their claims against the Company and/or its subsidiaries. Each of these factors or any challenge to the validity of the Collateral or the Intercreditor Agreement could reduce the attractiveness of enforcement proceedings against the Collateral.

The Collateral securing the Notes is subject to any and all encumbrances, liens and other imperfections permitted under the Indenture and/or the Intercreditor Agreement. The existence of any such encumbrances, liens and other imperfections could adversely affect the value of the Collateral securing the Notes, as well as the ability of the Security Agent to realize or foreclose on such Collateral.

The security interests in the Collateral are not directly granted to the holders of the Notes.

The security interests in the Collateral that secure, amongst other obligations, the obligations of the Company are not granted directly to the holders of the Notes but are granted only in favor of the Security Agent on behalf of the Trustee and the holders of the Notes in accordance with the Indenture, the Intercreditor Agreement and the security documents related to the Collateral. Holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee, who will (subject to the provisions of the Indenture and the Intercreditor Agreement) provide instructions to the Security Agent in respect of the Collateral.

The granting of guarantees and security interests in the Collateral by Spanish companies is restricted by Spanish law.

Spanish law imposes a restriction on the granting of guarantees by Spanish guarantors under Spanish law-governed security documents such that guarantees in respect of obligations under such security documents shall not include nor extend to any obligations or amounts that would render such guarantees in contravention of sections 143.2 (with respect to Spanish private limited companies (*sociedades de responsabilidad limitada*), and 149 or 150 (with respect to Spanish public limited

companies (*sociedades anónimas*), in each case, of the Spanish Capital Companies Act (*Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*). In particular, no Spanish guarantee may secure any payment, prepayment, repayment or reimbursement obligations derived from any finance document used, or that may be used, for the purposes of payment of acquisition debt (for the purposes of sections 143.2 (with respect to Spanish private limited companies (*sociedades de responsabilidad limitada*), and, 149 or 150 (with respect to Spanish public limited companies (*sociedades anónimas*), in each case, of the Spanish Companies Act) or the payment of any costs or transaction expenses related to, or paying the purchase price for, such acquisition.

The interpretations of the laws of Spain by the courts may limit the ability of the Guarantors organized in Spain to guarantee the Notes or the ability of Grupo Antolin Holdco, S.A. to grant security on the Collateral. Although the law does not establish any limit, recent first instance Spanish case law indicates, and certain scholars understand that, risks associated with a guarantee or the value of a security interest provided by a Spanish company to secure the indebtedness held by other companies within its corporate group shall be reasonable and economically and operationally justified from the guarantor's or grantor's own perspective and justified under the corporate interest of such guarantor or grantor and all this must be evidenced to the judge.

Furthermore, the interpretations of the laws of Spain of certain scholars about the specialty principle (*principio de especialidad*), concludes that a security interest can only secure one primary obligation, together with its ancillary obligations (*e.g.*, interest costs). Therefore, when there are multiple primary obligations with respect to different creditors, such as the secured creditors under the revolving portion of our Senior Facilities Agreement and the holders of the Notes, there must be at least one security interest for each primary obligation to be secured. Additionally, although multiple mortgages over the same asset securing different obligations are recognized, Spanish law does not expressly recognize the existence of two or more pledges over the same asset. However, the existence of two or more pledges over the same shares has become a market practice in Spain and is accepted by the majority of legal scholars although no case law has supported the enforceability of such pledges and it cannot be disregarded that a court could take a different view and consider such pledges inefficient and not admissible in Spain.

Under Spanish law the enforcement of the Guarantees and the Collateral granted by any Spanish obligor may be restricted.

Insolvency law

The Royal Legislative Decree 1/2020 approving the consolidated text of the Insolvency Law, which entered into force on September 1, 2020 (*Real Decreto Legislativo 1/2020, de 5 de mayo, por el que se aprueba el texto refundido de la Ley Concursal*), as amended ("**Spanish Insolvency Law**") imposes a moratorium on the enforcement of secured creditors' rights (*in rem* security) in the event of insolvency of the debtor (though does not apply to financial collateral considered as such under Royal Decree 5/2005, dated March 11, as amended from time to time (the "**RDL 5/2005**")).

Enforcements of *in rem* securities can be commenced after the submission of the notification from the debtor to the applicable Court that it has initiated negotiations with its creditors to obtain support to reach a pre-packaged composition agreement (*propuesta anticipada de convenio*) or an out-of-court workout (a refinancing agreement) in accordance with Title II (*Título II*) of the Second Book (*Libro Segundo*) of the Spanish Insolvency Law (the "**Opening of Negotiations Communication**"), but such enforcement becomes stayed for a three month period as from the Opening of Negotiations Communication if the *in rem* security befalls assets *or* rights required for the continuity of the professional or business activities. On the contrary, enforcement of public law claims are not affected by the Opening of Negotiations Communication.

Enforcement is also stayed in case a refinancing agreement submitted for homologation is admitted by the court, until the time the court decides to homologate it or not.

Once the debtor is declared insolvent, the enforcement of security interests over assets owned by the debtor and used for its professional or business activities is stayed until the first of the following circumstances occurs: (a) an arrangement of a composition agreement being reached, provided that the composition agreement does not affect such right; or (b) one year has elapsed since the declaration of insolvency without liquidation proceedings being initiated. Enforcement will be stayed even if at the time of declaration of insolvency the notices announcing the public auction have been published. The stay will only be lifted when the court hearing the insolvency proceedings determines that the assets are not necessary for the survival of the debtor's professional or business activities.

When it comes to determining which assets of the debtor are used for its professional or business activities, courts have generally embraced a broad interpretation and will likely include most of the debtor's assets. In particular, the Spanish Insolvency Law establishes that the shares or quotas of companies exclusively destined to hold assets and the liabilities necessary for their financing will not be considered necessary for the continuation of the debtor's business, provided that the enforcement of the security over the shares or quotas does not constitute a cause of termination or modification of those contractual relationships of the company that allow the debtor to continue exploiting such assets.

Limitation on validity and enforcement of Guarantees and the Collateral

Enforcement of Guarantees and the Collateral will be subject to the provisions of Spanish Procedural Law and Spanish Insolvency Law (where applicable) and this may entail delays in the enforcement.

Under Spanish law, claims may become time-barred (five years being the general term established for obligations *in personam* under Article 1,964 of the Spanish Civil Code (*Código Civil*)) or may be or become subject to the defense of set-off or counterclaim.

The terms "enforceable", "enforceability", "valid", "legal", "binding" and "effective" (or any combination thereof) mean that all of the obligations assumed by the relevant party under the relevant documents are of a type enforced by Spanish courts; the terms do not mean that these obligations will necessarily be enforced in all circumstances in accordance with their terms. Enforcement before the courts will in any event be subject to:

- the nature of the remedies available in the courts; and
- the availability of defenses such as (without limitation) set-off (unless validly waived) or counter-claim, circumvention of law (*fraude de ley*), abuse of rights (*abuso de derecho*), misrepresentation, force majeure, unforeseen circumstances, undue influence, duress, and abatement.

In general terms, under Spanish law, any guarantee, pledge or mortgage must guarantee or secure another obligation to which it is ancillary, which must be clearly identified in the relevant guarantee or security agreement. Therefore, the guarantee or security interest follows the underlying obligation in such a way that nullity of the underlying obligation entails nullity of the guarantee or security and termination of the underlying obligation entails termination of the guarantee or security. In the event that the security providers are able to prove that there are no existing and valid guaranteed obligations, Spanish courts may consider that the security providers' obligations under the relevant guarantees or securities are not enforceable.

Applicable law requires that a security interest in certain assets can only be properly perfected (or registered or other foreign equivalent) and its priority retained through certain actions undertaken by the secured party. The liens on the Collateral securing the Notes from time to time owned by us or the Guarantors may not be perfected (or registered or other foreign equivalent), which may result in the loss of the priority, or a defect in the perfection (or registration or other foreign equivalent), of the security interest for the benefit of the Trustee and holders of the Notes to which they would have been otherwise entitled. Neither the Security Agent nor the Trustee will be obligated to create or perfect any of the security interests in the Collateral.

Spanish law does not contemplate the concept of a "security agent". Although this by itself does not prohibit this agent to be set in place, the fact that there is a lack of regulation on the matter provides uncertainty as to how a Spanish court would recognize the acting of the Security Agent in an enforcement situation. Since holders of the Notes will not have any independent power to enforce the Collateral securing the Notes, except through the Security Agent following the instructions of the Trustee, there is some uncertainty as to whether a Spanish court would recognize the authority of the Security Agent or whether lack of recognition would entail delays in the enforcement or even the consequence of the Collateral not being able to be enforced on the same terms as provided for in the Security Documents.

Capitalization

In addition, under Spanish law there are some provisions on capitalization which have to be taken into account when security interests are enforced. For instance, when the enforcement of the security interests cause the amount of the relevant Spanish subsidiary net equity (*patrimonio neto*) to fall below half of its share capital, the Spanish subsidiary will need to be wound up (*disolverse*), unless its share capital is increased or decreased in the required amount to re-establish the balance between its net equity and its share capital, and provided that it is not required to declare its insolvency.

For more information, see "*Enforceability of Civil Liabilities and Insolvency Regime*".

The Collateral may be released without the consent of the holders of the Notes.

The Collateral may be released in certain circumstances, including in the event the Collateral is sold pursuant to an enforcement sale in accordance with the Intercreditor Agreement. Upon any such enforcement sale in accordance with the Intercreditor Agreement, all obligations of the Company and the Guarantors will be released and holders of the Notes will only receive payment out of the proceeds of the sale of the Collateral. See "*Description of Other Indebtedness—Intercreditor Agreement*".

Additional Notes issued pursuant to the Indenture, might be secured by the Collateral without the need to either extend it or create additional pledges.

Our substantial indebtedness may make it difficult for us to service our debt, including the Notes, and to operate our business.

We have, and after this Offering will continue to have, a significant amount of indebtedness. As of March 31 2021, on a consolidated basis, as adjusted for the Transactions, we would have had €1,510.3 million of financial debt. See "*Capitalization*". We anticipate that our substantial indebtedness will continue for the foreseeable future. Our substantial indebtedness may have important negative consequences for you, including:

- making it more difficult for us and our subsidiaries to satisfy our obligations with respect to our debt, including the Notes and other liabilities;
- requiring that a substantial portion of the cash flow from operations of our operating subsidiaries be dedicated to debt service obligations, reducing the availability of cash flow to fund internal growth through working capital and capital expenditures, and for other general corporate purposes;
- increasing our vulnerability to economic downturns in our industry;
- exposing us to interest rate increases;
- placing us at a competitive disadvantage compared to our competitors that have less debt in relation to cash flow;
- limiting our flexibility in planning for or reacting to changes in our business and our industry;
- restricting us from pursuing strategic acquisitions or exploiting certain business opportunities; and
- limiting, among other things, our and our subsidiaries' ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings.

In the worst case, an actual or impending inability by us or our subsidiaries to pay debts as they become due and payable could result in our insolvency.

In addition, the Indenture, the indenture of the 2026 Notes, the Senior Facilities Agreement and the EIB Facilities will contain restrictions that substantially limit our financial and operational flexibility and that of our subsidiaries. In particular, these agreements place (or will place) limits on our ability to incur additional indebtedness; grant security interests to third persons; dispose of material assets; undertake organizational measures such as mergers, changes of corporate form, joint ventures or similar transactions; and enter into transactions with related parties.

Despite our current substantial indebtedness, we may be able to incur more debt in the future, including on a secured basis over the Collateral or otherwise, which could further exacerbate the risks of our indebtedness.

We may incur more debt in the future. The revolving portion of our Senior Facilities Agreement provides for total commitments of up to €200.0 million of revolving credit facility and €57.2 million of local credit lines, which we expect to be undrawn on the Issue Date. The Indenture, the indenture of the 2026 Notes, the Senior Facilities and the EIB Facilities will limit our ability to incur additional debt but will not prohibit us from doing so. We may incur additional debt in the future, secured by the Collateral or otherwise, which could mature prior to the Notes, and such debt could be secured on an equal, ratable and *pari passu* basis with the Notes and the Guarantees. Any non-Guarantor subsidiary could also incur additional debt, and the Notes and Guarantees would be structurally subordinated to any such debt.

The Company is dependent on payments from its subsidiaries in order to be able to make payments on the Notes, and the Company's subsidiaries may not be permitted or otherwise able to make payments to the Company.

Even if the Company's subsidiaries generate sufficient cash from their operations, their ability to provide funds to the Company are subject to, among other things, local tax restrictions and local corporate law restrictions related to earnings, the level of legal or statutory reserves, losses from previous years and capitalization requirements for the Company's subsidiaries. As a result, although the Company's subsidiaries may have sufficient resources, on a consolidated basis, to allow the Company to make the necessary payments on the Notes, the Company's subsidiaries may not be able to make the necessary transfers to permit the Company to satisfy its obligations under the Notes or otherwise. In particular, the Company's subsidiaries may be restricted from providing funds to it under some circumstances. These circumstances include:

- restrictions under the corporate law of the jurisdictions in which the Company's subsidiaries are based. The relevant laws could require, among other things, that its subsidiaries retain a certain percentage of annual net income in a legal reserve, that its subsidiaries maintain the share capital of a limited liability company and that, after payment of any divided, the relevant subsidiary's shareholders' equity exceed its share capital. For example, Spanish law limits certain of the Company's subsidiaries' ability to provide funds to the Company due to restrictions that require, among other things, each of its Spanish subsidiaries to retain at least 10% of their annual profit (*beneficio*) in a legal reserve until the reserve reaches at least 20% of such company's share capital and that, after payment of any dividend, shareholders' equity must be equal to or exceed the company's share capital. In addition, in order for Spanish companies to distribute dividends available reserves must be equal to, or greater than, the R&D expenses appearing in the balance sheet of the company. Moreover, the by-laws of each of the Company's Spanish subsidiaries may provide for additional reserves that must be retained prior to providing funds to it;

- restrictions under foreign exchange laws and regulations that could limit or tax the remittance of dividends or transfer payments abroad; and

- existing and future contractual restrictions, including restrictions in credit facilities, cash pooling arrangements and other indebtedness that affect the ability of the Company's subsidiaries to pay dividends or make other payments to it in the future.

We require a significant amount of cash to service our debt and for other general corporate purposes. Our ability to generate sufficient cash depends on many factors beyond our control.

Our ability to make payments on our debt, and to fund working capital and capital expenditures, will depend on our future operating performance and ability to generate sufficient cash. This depends, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control, as well as the other factors discussed in these "*Risk Factors*" and elsewhere in this Offering Memorandum.

Our business may not generate sufficient cash flows from operations, and additional debt and equity financing may not be available to us in an amount sufficient to enable us to pay our debts when due, including the Notes, or to fund our other liquidity needs. For a discussion of our cash flows and liquidity, see "*Operating and Financial Review and Prospects*".

If our future cash flows from operations and other capital resources are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities and capital expenditures;

- sell assets;

- obtain additional debt or equity financing; or

- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

We may not be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In addition, the terms of our debt, including the Senior Facilities Agreement and the Notes, and any future debt that we may incur, may limit our ability to pursue any of these alternatives.

One of the Guarantees will be limited to a specified amount and each of the Guarantees are significantly limited by applicable laws and are subject to certain limitations or defenses.

The Guarantors will guarantee the payment of the Notes as described in "*Description of the Notes—The Note Guarantees*". The Guarantees provide the holders of the Notes with a direct claim against the relevant Guarantor. However, the guarantee of Grupo Antolín Lusitânia—Componentes Automóvel, Unipessoal, Lda. will be limited to a maximum amount of €17.8 million. In addition, the Guarantees of the obligations of each Guarantor under its Guarantee will be limited under the Indenture to an amount that has been determined so as to ensure that amounts payable will not result in violations of laws relating to corporate benefit, capitalization, capital preservation (under which, among others, the risks associated with a guarantee or grant of security on account of a parent company's debt need to be reasonable and economically and operationally justified from the Guarantor's or grantor's perspective), thin capitalization, corporate purpose, financial assistance or transactions under value, or otherwise cause the Guarantor to be deemed insolvent under applicable law or such Guarantee to be deemed void, unenforceable or ultra vires, or cause the directors of such Guarantor to be held in breach of applicable corporate or commercial law for providing such Guarantee. If these limitations were not observed, the Guarantees and the grant of security interests by the Guarantors could be subject to legal challenge.

As a result, a Guarantor's liability under its Guarantees could be materially reduced or eliminated depending upon the amounts of its other obligations and upon applicable laws. In particular, in certain jurisdictions, a guarantee issued by a company that is not in that company's corporate interests or the burden of which exceeds the benefit to the company may not be valid and enforceable. It is possible that a Guarantor, a creditor of a Guarantor or the insolvency administrator, in the case of an insolvency of a Guarantor, may contest the validity and enforceability of the respective Guarantee and that the applicable court may determine that the Guarantee should be limited or voided. In the event that any Guarantee is deemed invalid or unenforceable, in whole or in part, or to the extent that agreed limitations on the Guarantee apply, the Notes would not be guaranteed by such Guarantee.

Fraudulent conveyance laws may limit your rights as a holder of Notes.

Although laws differ among various jurisdictions, in general, under fraudulent conveyance laws, a court could subordinate or void a Guarantee if it found that:

- the Guarantee was incurred with an actual intent to hinder, delay or defraud creditors or shareholders of the Guarantor;
- the Guarantee was granted within two years prior to the insolvency declaration of the Guarantor and it is detrimental for the Guarantor's state;
- the Guarantor did not receive fair consideration or reasonably equivalent value for the Guarantee and the Guarantor:
- was insolvent or was rendered insolvent because of the Guarantee;
- was undercapitalized or became undercapitalized because of the Guarantee;
- intended to incur, or believed that it would incur, debts beyond its ability to pay at maturity; or
- the Guarantee was held to exceed the corporate objects of the relevant Guarantor or not to be in the best interest or for the corporate benefit of the Guarantor.

The measure of insolvency for purposes of fraudulent conveyance laws varies depending on the law applied. Generally, however, a Guarantor would be considered insolvent if it could not pay its debts as they become due. If a court decided that any Guarantee was a fraudulent conveyance and voided such Guarantee, or held it unenforceable for any other reason, you would cease to have any claim in respect of the Guarantor of such Guarantee and would be a creditor solely of the Company and the remaining Guarantors. See "*Enforceability of Civil Liabilities and Insolvency Regime*".

In an insolvency proceeding, it is possible that creditors of the Guarantors or the appointed insolvency administrator may challenge the Guarantees, and intercompany obligations generally, as fraudulent transfers or conveyances or on other grounds. If so, such laws may permit a court, if it makes certain findings, to: (i) avoid or invalidate all or a portion of a Guarantor's obligations under its Guarantee; (ii) direct that holders of the Notes return any amounts paid under a Guarantee to

the relevant Guarantor or to a fund for the benefit of the Guarantor's creditors; and (iii) take other action that is detrimental to you.

Spanish and local insolvency laws may not be as favorable to you as US bankruptcy laws or the insolvency laws of other jurisdictions with which you may be more familiar.

The Company is organized under the laws of Spain and therefore any insolvency proceedings against the Company and the Spanish obligors would likely be based on Spanish insolvency laws. The Guarantors are organized under the laws of Spain and other jurisdictions. See "*Summary—The Offering—Guarantors*". The insolvency laws of these other jurisdictions may not be as favorable to holders of the Notes as the laws of some other jurisdictions with which you may be more familiar. Certain provisions of the insolvency laws in these jurisdictions could affect the ranking of the Notes and the Guarantees or claims relating to the Notes and the Guarantees on an insolvency of the Company or the Guarantors, as the case may be.

Under the current Spanish Insolvency Law, a debtor is obliged to file a petition for insolvency within two months after it becomes aware, or should have become aware, of its state of insolvency. It is presumed that the debtor becomes aware of its insolvency, unless otherwise proved, if any of the circumstances that qualify as the basis for a petition for mandatory insolvency occur.

Notwithstanding the foregoing, the general duty to file for insolvency within the referred two months does not apply if the debtor serves notice upon the applicable Court of the Opening of Negotiations Communication.

The general principle of "no termination effect" is established such that all agreements remain effective at the time of the insolvency. Therefore, the declaration of insolvency does not impair the existence of the contracts entered into by the debtor, which would remain in force. Any contractual arrangements in agreements establishing the termination of a contract and/or entitling the relevant creditor to terminate it in the event of the declaration of insolvency of the debtor will be unenforceable.

Under Spanish law, a creditor's rights will be subordinated to the preferential and ordinary debts of a debtor in an insolvency proceeding if such creditor is determined to be a "specially related party" to the debtor. Under Spanish law, factors considered in determining if a party is "specially related party", among others, are (i) limited liability shareholders holding, directly or indirectly, 10% or more of the insolvent company's share capital (or 5% if the company is listed or has securities listed in a secondary official market) at the time when the relevant credit right arises or (ii) companies pertaining to the same group as the debtor and their common shareholders provided such shareholders meet the minimum shareholding requirements set forth in (i) above.

Additionally, under Spanish law payments made under an equitably subordinated loan preceding the bankruptcy of an obligor may in certain circumstances be clawed back.

In order to seek protection against claw back, refinancing agreements (out-of-court workouts) may be judicially sanctioned (*homologado*) by the commercial court that will be competent to conduct an eventual insolvency proceeding of the debtor, upon request by the debtor or by any creditor having entered into such refinancing agreements, if (i) they entail a significant enlargement of debtor's credit or a change in the financial structure by either granting a longer term or replacing previous claims with new ones; (ii) they have been subscribed by creditors holding financial liabilities representing, at least, 51% of the debtor's financial liabilities whether or not subject to financial supervision (that is to say the Spanish Insolvency Law excludes public creditors, labor creditors and those of commercial transactions in order to calculate whether the required thresholds are met) at the date of the refinancing agreement; (iii) the debtor's auditor issues a certificate acknowledging that the required thresholds have been reached (in the case of a group a companies, the majority refers both individually to each company and to the group as a whole where the intercompany claims are not taken into account); and (iv) the agreement is formalized in a public instrument. Judicially sanctioned refinancing agreements may not be subject to a claw back action.

As to the rules to calculate whether the required thresholds have been reached, all creditors holding an interest in a syndicated loan will be deemed to have adhered to the refinancing agreement (for the purposes of petitioning protection against claw back) if it is favorably voted upon by at least 75% of the liabilities represented by the loan, or a lower majority if so established in the syndicated loan agreement. The scope of this measure (particularly as to whether this majority of 75% might also serve for the cramdown of discharges and stays of payments over the rest of syndicated claims) is not clear among Spanish courts and therefore it is not possible yet to ascertain what its practical effects will be.

For more information, see "*Enforceability of Civil Liabilities and Insolvency Regime—Spain—Insolvency regime*".

Not all of our subsidiaries will guarantee the Notes, and any claim by us or any of our creditors, including the holders of the Notes, against such non-Guarantor subsidiaries will be structurally subordinated to all of the claims of creditors of those non-Guarantor subsidiaries.

Not all of our existing and future subsidiaries will guarantee the Notes. On a consolidated basis as of March 31, 2021, we had total assets of €3,493.2 million and financial debt of €1,216.0 million. The Guarantors, together with the Company represent approximately 51.02% of the EBITDA and approximately 63.63% of the revenue for the three months ended March 31, 2021. In addition, the subsidiaries of the Company that will not guarantee the Notes would have had €28.9 million of debt outstanding as of March 31, 2021 on a consolidated basis, as adjusted for the Transactions. See "*Description of Other Indebtedness*". The Indenture does not limit the transfer of assets to, or the making of investments in, any of our restricted group members, including our non-guarantor subsidiaries. Please see "*Description of the Notes—Certain Covenants*". Accordingly, even though certain of our material subsidiaries will be required to provide an additional Guarantee for the benefit of the Notes pursuant to the Indenture, non-Guarantor subsidiaries could account for a higher portion of our assets, liabilities, revenues and net income in the future. See "*Description of the Notes—Certain Covenants—Additional Note Guarantees*".

In the event that any of our non-Guarantor subsidiaries becomes insolvent, liquidates, reorganizes, dissolves or otherwise winds up, the assets of such non-Guarantor subsidiary will not be subject to claims from the holders of the Notes to satisfy their respective credits against us and will be used first to satisfy the claims of the non-Guarantor subsidiary's creditors, including trade creditors, banks and other lenders. Consequently, any claim by us or our creditors against a non-Guarantor subsidiary will be structurally subordinated to all of the claims of the creditors of such non-Guarantor subsidiary.

We may not have the ability to raise the funds necessary to finance a change of control offer.

Upon the occurrence of certain change of control events as defined in the Indenture, we will be required to offer to repurchase all of the Notes in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase. The requirement that we offer to repurchase the Notes upon a change of control is limited only to the transactions specified in the definition of "**Change of Control**" within the Indenture. Please see "*Description of the Notes—Repurchase at the Option of Holders—Change of Control*". We may not have sufficient funds at the time of any such event to make the required repurchases. Additionally, certain change of control events would be prepayment events under the Senior Facilities Agreement. In the event this results in an event of default thereunder, the lenders under the Senior Facilities Agreement may accelerate such debt, which could also cause an event of default under the Indenture.

The source of funds for any repurchase required as a result of any such event will be available cash or cash generated from ordinary operating activities or other sources, including borrowings, sales of assets and sales of equity or funds provided by subsidiaries. Sufficient funds may not be available at the time of any such events to make any required repurchases of the Notes tendered.

You may be unable to enforce judgments against us, the Guarantors or our respective directors and officers.

Neither the Company nor most of the Guarantors are incorporated in the United States. In addition, most of our assets are outside the United States and all of our directors and officers live outside the United States, primarily in Spain. As a result, it may be difficult or impossible to serve process against any of these persons in the United States. Furthermore, because a substantial part of the assets of these persons are located outside of the United States, it may not be possible to enforce judgments obtained in courts in the United States predicated upon civil liability provisions of the federal securities laws of the United States against these persons. Additionally, there is doubt as to the enforceability in many foreign jurisdictions, including Spain, of civil liabilities based on the civil liability provisions of the federal or state securities laws of the United States against the Company, the Guarantors, the directors, controlling persons and management and any experts named in this Offering Memorandum who are not residents of the United States. See "*Enforceability of Civil Liabilities and Insolvency Regime*".

The interests of our ultimate controlling shareholders may be inconsistent with the interest of holders of the Notes and/or our ultimate controlling shareholders may sell their stake in future.

Our ultimate controlling shareholders are members of the Antolín family. See "*Shareholders and Certain Transactions*". As a result, our ultimate controlling shareholders have and will continue to have direct or indirect power, among other things, to influence our legal and capital structure and our day-to-day operations, as well as the ability to elect and change our management and to approve other changes to our operations. The interests of our ultimate controlling shareholders could conflict with your interests, particularly if we encounter financial difficulties or are unable to pay our debts when due. In

addition, our controlling parties may, in the future, own businesses that directly compete with ours in certain respects or do business with us.

There are risks related to withholding tax in Spain, including in connection with the listing of the Notes.

Although application will be made to admit the Notes to the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF in accordance with its rules, there are no assurances that the Notes will be, or will remain, listed and admitted to trade on the Euro MTF.

One of the conditions set forth in additional provision 1 of Law 10/2014 and in the Regulations approved by Royal Decree 1065/ 2007 for the income to be paid in respect of the Notes not to be subject to Spanish withholding tax is that the Notes must be admitted to listing on a regulated market, on a multi-lateral trading facility or on any other organized market.

The Company believes that this will be the case. However, prospective investors should note that, if the Notes are not listed on a regulated market, on a multi-lateral trading facility or on any other organized market on any date on which income in respect of the Notes will be paid (i.e., either a date on which interest is payable on the Notes or a date on which the Notes are transferred or redeemed), payments of income to holders of the Notes in respect of the Notes might be subject to Spanish withholding tax at the then-applicable rate (currently, 19%) except in certain cases, as described in "*Taxation - Tax rules for Notes not listed on a regulated market, on a multi-lateral trading facility or on any other organized market on any interest payment date.*

There are risks related to withholding tax in Spain, including in connection with the delivery of certain documentation by the Principal Paying Agent.

Under Spanish tax regulations, the Company will not be required to levy any withholding tax in Spain on income paid by the Company in respect of the Notes only if certain requirements are met, including that the Principal Paying Agent provides the Company, in a timely manner, with a duly executed and completed statement providing certain details relating to the Notes (the "**Payment Statement**").

It is expected that the Principal Paying Agent will follow certain procedures to facilitate the timely provision to the Company of a duly executed and completed Payment Statement in connection with each payment under the Notes. If such procedures are not followed, however, income paid by the Company in respect of the Notes will be subject to withholding tax in Spain, at the current rate of 19%, and the payments the Company makes in respect of the Notes will be net of such withholding tax. See "*Taxation*" for a more detailed explanation.

However, if the payment of income is not exempt from Spanish withholding tax due to any failure by the Principal Paying Agent to deliver a duly executed and completed Payment Statement to the Company, the affected holders of the Notes will receive a refund of the amount withheld, with no need for action on their part, if the Principal Paying Agent submits a duly executed and completed Payment Statement to the Company no later than the 10th calendar day of the month immediately following the relevant payment date.

Prospective investors should note that neither the Company nor the Initial Purchasers accept any responsibility relating to compliance by the Principal Paying Agent with the procedures established for the timely provision by the Principal Paying Agent of a duly executed and completed Payment Statement in connection with each payment of income under the Notes. Accordingly, neither the Company nor the Initial Purchasers will be liable for any damage or loss suffered by any holder of the Notes who would otherwise be entitled to an exemption from Spanish withholding tax because of the Principal Paying Agent's failure to comply with these procedures or because of these procedures prove ineffective. Moreover, the Company will not pay any additional amounts with respect to any such withholding. Therefore, to the extent a payment of income in respect of the Notes is not exempt from Spanish withholding tax, including due to any failure by the Principal Paying Agent to deliver a duly executed and completed Payment Statement, holders of the Notes may have to apply directly to the Spanish tax authorities for any refund to which they may be entitled (with no responsibility for the Company or the Initial Purchasers). See "*Taxation*" for a more detailed explanation. Prospective investors should seek specific advice in this regard.

There is no existing public trading market for the Notes and the ability to transfer them is limited, which may adversely affect the value of the Notes.

The Notes are a new issue. There is no existing trading market for the Notes and there can be no assurance that a trading market for the Notes will develop. We cannot predict the extent to which investor interest in us will lead to the

development of an active trading market or how liquid that trading market might become. Although the Initial Purchasers have advised us that they intend to make a market in the Notes, they are not obligated to do so and may stop at any time. The market price of our Notes may be influenced by many factors, some of which are beyond our control, including:

- changes in demand, the supply or pricing of our products;
- general economic conditions, including material prices;
- the activities of competitors;
- our quarterly or annual earnings or those of our competitors;
- investors' perceptions of us and the automotive industry;
- the failure of securities analysts to cover our Notes after this Offering or changes in financial estimates by analysts;
- the public's reaction to our press releases or our other public announcements;
- future sales of Notes; and
- other factors described under these "*Risk Factors*".

As a result of these factors, you may not be able to resell your Notes at or above the initial offering price. In addition, securities trading markets experience extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of a particular company. These broad market fluctuations and industry factors may materially reduce the market price of our Notes, regardless of our operating performance. If an active trading market does not develop, you may have difficulty selling any Notes that you buy.

The Notes have not been and will not be registered under the Securities Act or any US securities laws and we have not undertaken to effect any exchange offer for the Notes in the future. You may not offer the Notes for sale in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws, or pursuant to an effective registration statement. The Notes and the Indenture will contain provisions that will restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S, or other exceptions under the Securities Act. Furthermore, we have not registered the Notes under any other country's securities laws. It is your obligation to ensure that your offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See "*Notice to Investors*". In addition, by its acceptance of delivery of any Notes, the holder thereof agrees on its own behalf and on behalf of any investor accounts for which it has purchased the Notes that it shall not transfer the Notes in an amount less than €100,000 and integral multiples of €1,000 thereafter.

USE OF PROCEEDS

We estimate that the gross proceeds of this Offering will be €390.0 million. The gross proceeds from the Offering will be used, together with cash on balance sheet, (i) to satisfy and discharge and ultimately redeem all outstanding 2024 Notes, and (ii) to pay commissions, fees and expenses in connection with the issuance of the Notes.

The table below sets forth the expected sources and uses of the Transactions.

Sources		**Uses**	
(in millions of €)			
Notes[(1)]	390.0	Refinancing of the 2024 Notes[(2)]	385.4
Cash on balance sheet	2.5	Call costs[(3)]	3.1
		Estimated commissions, fees and other expenses[(4)]	4.0
Total	**392.5**	**Total**	**392.5**

(1) The Offering consists of €390.0 million of Notes offered hereby, assuming an issuance at par.

(2) Represents €385.4 million 3.25% Senior Secured Notes due 2024, which were issued pursuant to an indenture dated April 21, 2017 and which will be repurchased or redeemed in connection with this Offering. The Company will hold the proceeds of the Notes on its balance sheet as cash or cash equivalents until the repurchase or redemption date which is currently expected to be on or around June 29, 2021.

(3) Represents costs of the assumed redemption of the 2024 Notes at a redemption price of 100.8125%, but excluding accrued interest on such 2024 Notes until the anticipated repurchase or redemption date, which is expected to be on or around June 29, 2021.

(4) Represents our estimate of commissions, fees and other expenses incurred in connection with the issuance of the Notes. Such estimated transaction costs include Initial Purchasers' fees, professional fees and expenses and other transaction costs in relation to the issuance of the Notes and is for illustrative purposes only.

CAPITALIZATION

The following table sets forth the consolidated cash and bank balances and capitalization as of March 31, 2021 on an actual basis derived from our consolidated balance sheet as of March 31, 2021 included elsewhere in this Offering Memorandum. The "as adjusted" column shows the consolidated cash and bank balances and capitalization as of March 31, 2021, as adjusted for the issuance by the Company of €390 million aggregate principal amount of Notes, as well as the payment of costs, fees and expenses in connection with the foregoing transactions, including the fees and expenses to be incurred in connection with the Offering. See "*Use of Proceeds*".

You should read this table in conjunction with "*Use of Proceeds*", "*Operating and Financial Review and Prospects*" and the financial statements and the notes thereto included elsewhere in this Offering Memorandum.

	As of March 31, 2021	
	Actual (unaudited)	**As adjusted (unaudited)**
	(€ million)	
Cash and bank balances[1]	**338.5**	**336.0**
2026 Notes	250.0	250.0
2024 Notes[2]	385.4	—
Term facility	377.3	377.3
Other indebtedness[3]	167.6	167.6
Revolving credit facility	—	—
Notes offered hereby	—	390.0
Credit lines	9.3	9.3
Finance leases	0.5	0.5
Other bank loans and obligations or other tradeable securities	9.3	9.3
Unamortized debt issuance costs[4]	(7.8)	(9.6)
Bank Loans, debentures and other marketable securities	**1,191.6**	**1,194.3**
Other financial liabilities[5]	24.4	24.4
Liabilities associated with right-of-use assets	291.6	291.6
Financial debt	**1,507.6**	**1,510.3**
Equity	603.3	597.9
Total capitalization	**2,110.9**	**2,108.2**

(1) Cash and bank balances include the cash and current bank accounts, as well as short-term bank deposits maturing within twelve months. The adjustment with respect to cash and bank balances reflects the cash sources to be utilized to repurchase or redeem the 2024 Notes.

(2) Represents €385.4 million 3.25% Senior Secured Notes due 2024, which were issued pursuant to an indenture dated April 21, 2017 and which will be repurchased or redeemed in connection with this Offering. The Company will hold the proceeds of the Notes on its balance sheet as cash or cash equivalents until the repurchase or redemption date which is currently expected to be on or around June 29, 2021. See "*Use of Proceeds*".

(3) Other Indebtedness includes: (i) the EIB Facility in the amount of €100 million, (ii) Spanish, French and Portuguese COVID-19 loans amounting to €63.8 million, and (iii) other loans in the amount of €3.8 million. See "*Description of Other Indebtedness*".

(4) The unamortized debt issuance costs relate to the issuance costs of the 2024 Notes and the 2026 Notes. As adjusted, the unamortized debt issuance costs include €2.2 million related to the unamortized cost of the 2024 Notes, less €4.0 million, representing the estimated commissions, fees and other expenses incurred in connection with the issuance of the Notes. See "*Use of Proceeds*".

(5) Other financial liabilities includes €15.5 million related to several loans granted to the Company by certain Spanish public bodies to finance R&D projects and for improving competitiveness, plus other financial liabilities of €9.5 million, less financial remeasurements of €0.5 million. See "*Description of Other Indebtedness*".

SELECTED FINANCIAL AND OTHER INFORMATION

The following tables set forth the selected financial data and other data of the Company for the periods ended and as of the dates indicated below. The historical financial data presented in the following tables do not reflect changes as a result of the transactions contemplated hereby. For a detailed discussion of the presentation of financial data, see "Presentation of Financial Information and Other Data".

You should read this selected financial data in conjunction with "Capitalization", "Summary—Summary Financial Information and Other Data", "Operating and Financial Review and Prospects" and the historical consolidated financial statements of the Company, included elsewhere in this Offering Memorandum. The results of operations for prior years are not necessarily indicative of the results to be expected for any future period. For more information on the basis of preparation of this financial information, see "Presentation of Financial Information and Other Data" and the notes to the financial statements included elsewhere in this Offering Memorandum.

Basis of Presentation

The tables below set forth (i) the summary financial data for the Company as of and for the financial years ended December 31, 2018, 2019 and 2020, derived from our audited consolidated financial statements as of and for the financial years ended December 31, 2018, 2019 and 2020, which were prepared in accordance with IFRS-EU and are included elsewhere in this Offering Memorandum; and (ii) the summary financial data for the Company as of March 31, 2021 and for the three months ended March 31, 2021 and 2020, derived from the unaudited condensed consolidated interim financial statements of the Group, as of March 31, 2021 and 2020 and for the three months ended March 31, 2021 and 2020, which were prepared in accordance with the requirements of the International Accounting Standards (IAS) 34 on ''interim financial reporting'' and are included elsewhere in this Offering Memorandum.

Effective January 1, 2019, we adopted IFRS 16—Leases ("**IFRS 16**") in our audited consolidated financial statements as of and for the year ended December 31, 2019, under the simplified retrospective method. As a result, the prior periods were not restated. IFRS 16 adoption, as of January 1, 2019, resulted in the recognition of lease liabilities for €389.3 million (and a corresponding amount of right-of-use assets) related to IFRS 16 first-time application impact on lease liabilities derived from leases previously accounted for as operating leases. See "*Operating and Financial review and Prospects—Critical Accounting Policies*" for further information on IFRS 16.

The columns setting forth financial information for the twelve months ended March 31, 2021 are derived from adding the financial data of the Company for the year ended December 31, 2020 to the financial data of the Company for the three months ended March 31, 2021 and subtracting the financial data of the Company for the three months ended March 31, 2020. The unaudited financial information for the twelve months ended March 31, 2021 has been prepared for illustrative purposes only and has been neither audited nor reviewed.

Non-IFRS Measures

The summary financial information set forth below contains certain non-IFRS financial measures, including "EBITDA", "EBITDA margin", "capital expenditures" and "net financial debt." We present these measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity and should not be considered in isolation from or as a substitute for our historical financial information.

You should read this summary financial data in conjunction with "*Operating and Financial Review and Prospects*" and the historical consolidated financial statements of the Company and the related notes, included elsewhere in this Offering Memorandum. The results of operations for prior years are not necessarily indicative of the results to be expected for any future period. For more information on the basis of preparation of this financial information, see "*Presentation of Financial Information and Other Data*" and the notes to the financial statements included elsewhere in this Offering Memorandum.

Company Historical Financial Data

	Year ended December 31			For the three months ended March 31		For the twelve months ended March 31, 2021
	2018	2019	2020	2020	2021	
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)	(unaudited)
			(€ million)			
Consolidated Income Statement of Profit or Loss Data:						
Revenue	5,424.6	5,214.2	3,974.5	1,053.6	1,076.0	3,996.9
Changes in inventories of finished goods and work in progress	0.5	2.8	(16.9)	(1.8)	11.6	(3.5)
Capital grants and other grants taken to income	0.7	1.0	0.8	0.2	0.2	0.8
Other operating income	98.0	129.4	103.8	20.6	24.7	107.9
Total operating income	**5,523.8**	**5,347.5**	**4,062.2**	**1,072.6**	**1,112.5**	**4,102.2**
Supplies	(3,597.8)	(3,408.6)	(2,579.6)	(658.6)	(687.6)	(2,608.6)
Staff costs	(968.8)	(1,007.5)	(815.9)	(237.5)	(214.6)	(793.1)
Depreciation and amortization expenses	(195.0)	(294.4)	(297.7)	(74.8)	(68.6)	(291.5)
Change in trade provisions	0.3	(1.7)	(0.2)	-	(0.1)	(0.2)
Other operating expenses	(734.1)	(634.4)	(481.9)	(129.8)	(136.9)	(489.0)
Less-Own work capitalized	132.5	139.5	87.4	29.7	23.1	80.9
Total operating expenses	**(5,362.9)**	**(5,207.1)**	**(4,087.9)**	**(1,071)**	**(1,084.7)**	**(4,100.6)**
Profit/(loss) for the year/quarter from continuing operations	**160.9**	**140.4**	**(25.6)**	**1.6**	**27.8**	**0.6**
Finance income	1.6	3.5	3.5	0.5	1.3	4.4
Finance costs	(59.7)	(45.2)	(46.4)	(11.9)	(11.3)	(45.9)
Net fair value gains/(losses) on financial instruments	—	—	—	—	—	—
Impairments and losses on disposal of non-current financial assets	—	—	—	—	—	—
Exchange differences	(6.1)	(8.0)	(10.9)	0.9	3.2	(8.5)
Net finance income/(expense)	**(64.2)**	**(49.7)**	**(53.8)**	**(10.5)**	**(6.8)**	**(50.0)**
Net impairment loss on non-current assets	(17.5)	(35.3)	(36.9)	—	(5.9)	(42.8)
Gains/(losses) on disposals of non-current assets	(0.4)	(20.3)	(9.4)	(0.4)	1.2	(7.7)
Gains/(losses) on the loss of control over consolidated investments	—	5.9	—	—	—	—
Profit / (loss) of companies accounted for using the equity method	2.6	0.7	1.5	(0.4)	0.7	2.6
Impairments and losses due to loss of control over companies accounted for using the equity method	—	0.6	—	—	—	—
Profit/(loss) before taxes	**81.4**	**42.4**	**(124.2)**	**(9.8)**	**17.2**	**(97.3)**
Corporate income tax	(27.7)	(27.2)	(7.6)	(0.6)	(6.6)	(13.6)
Profit after tax for the year from discontinued operations	—	—	—	—	—	—
Consolidated profit for the year/quarter	**53.8**	**15.2**	**(132.0)**	**(10.4)**	**10.6**	**(110.9)**
Profit/(loss) attributable to non-controlling interests	(6.5)	(14.8)	(12.2)	(0.4)	(3.3)	(15.1)
Profit/(loss) attributable to the Parent	**47.2**	**0.5**	**(144.2)**	**(10.7)**	**7.3**	**(126.3)**

	As of December 31			As of March 31, 2021
	2018	2019	2020	
	(audited)	(audited)	(audited)	(unaudited)
		(€ million)		
Consolidated Statements of Financial Position:				
Non-current assets:				
Intangible assets	490.1	502.5	455.4	462.2
Property, plant and equipment	866.5	847.9	732.6	730.6
Other non-current assets[(1)]	125.1	455.6	413.2	407.6

	As of December 31			As of March 31,
	2018	2019	2020	2021
	(audited)	(audited)	(audited)	(unaudited)
		(€ million)		
Total non-current assets	**1,481.7**	**1,806.0**	**1,601.2**	**1,600.5**
Current assets:				
Inventories	917.5	795.8	614.2	662.1
Trade and other receivables	900.4	856.8	748.0	881.7
Cash and bank balances	310.8	273.7	401.7	338.5
Other current assets [(2)]	48.7	11.1	10.6	10.3
Total current assets	**2,177.4**	**1,937.4**	**1,774.5**	**1,892.7**
Total assets	**3,659.2**	**3,743.4**	**3,375.7**	**3,493.2**
Total equity	**814.3**	**826.1**	**577.6**	**603.3**
Non-current liabilities:				
Bank loans, debentures and other marketable securities	1,142.0	1,108.9	1,125.3	1,124.4
Other non-current liabilities [(3)]	218.4	431.0	392.1	397.8
Total non-current liabilities	**1,360.4**	**1,539.9**	**1,517.4**	**1,522.2**
Current liabilities:				
Bank loans, debentures and other marketable securities	72.0	41.0	68.1	67.2
Trade, sundry and other payables	1,135.0	1,025.2	900.7	969.2
Other current liabilities [(4)]	277.5	311.2	312.0	331.3
Total current liabilities	**1,484.4**	**1,377.4**	**1,280.7**	**1,367.7**
Total equity and liabilities	**3,659.2**	**3,743.4**	**3,375.7**	**3,493.2**

(1) Other non-current assets comprises investment property, investment in companies accounted for using the equity method, non-current financial assets, deferred tax assets and right-of-use assets.

(2) Other current assets comprises non-current assets held for sale, Group and associated companies (applicable only for 2020, 2019 and 2018) and other current financial assets.

(3) Other non-current liabilities comprises grants, non-current provisions, derivatives, other financial liabilities and deferred tax liabilities.

(4) Other current liabilities comprises current payables to Group and associated companies, other financial liabilities, taxes and social security contributions refundable, current tax liabilities, current provisions and other current liabilities.

	Year ended December 31			For the three months ended March 31	
	2018	2019	2020	2020	2021
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
			(€ million)		
Consolidated Cash Flow Information					
Cash flows from/(used in) ordinary operating activities:					
Consolidated profit/(loss) for the year before taxes	**81.4**	**42.4**	**(124.4)**	**(9.8)**	**17.2**
Adjustments for:					
Depreciation and amortization expenses	195.0	294.4	297.7	74.8	68.6
Allocation to/(reversal of) current provisions	16.8	(2.0)	0.3	3.0	0.8
Allocation to/(reversal of) non-current provisions	14.5	17.8	14.5	6.4	9.6
Capital grants and other grants taken to income	(0.7)	(1.0)	(0.8)	(0.2)	(0.2)
Net finance expense	64.2	49.7	53.8	10.5	6.8
Net impairment loss on non-current assets	17.5	35.3	36.9	—	5.9
Gains/(losses) on disposal of non-current assets	0.4	20.3	9.4	0.4	(1.2)
Change in fair value of financial instruments	—	—	—	—	—
Impairments and losses on disposal of non-current financial assets	—	—	—	—	—
Gains/(losses) on the loss of control over consolidated investments	—	(5.9)	—	—	—
Profit/(loss) of companies accounted for using the equity method	(2.6)	(0.7)	(1.5)	0.4	(0.7)
Impairments and losses due to loss of control over companies accounted for using the equity method	—	(0.6)	—	—	—
Operating profit before movements in working capital	**386.5**	**449.7**	**286.1**	**85.7**	**106.6**
(Increase)/decrease in trade and other receivables	114.8	(9.0)	180.8	55.8	(129.3)
(Increase)/decrease in inventories	(5.7)	115.5	107.9	18.2	(47.9)
Increase/(decrease) in trade and other payables	(71.6)	(71.5)	(113.6)	(15.9)	60.8
Increase/(decrease) in other current liabilities	(12.2)	31.5	0.5	(3.1)	11.3
Payments of provisions	(25.4)	(36.3)	(17.8)	(8.0)	(3.2)
Unrealized exchange differences and other items	(2.1)	(28.0)	(43.0)	(40.1)	15.3
Cash generated from operations	**384.2**	**451.8**	**401.2**	**92.5**	**13.6**

	Year ended December 31			For the three months ended March 31	
	2018	**2019**	**2020**	**2020**	**2021**
	(audited)	**(audited)**	**(audited)**	**(unaudited)**	**(unaudited)**
			(€ million)		
Corporate income tax reimbursed/(paid)	(21.8)	(7.2)	(4.4)	(5.3)	2.9
Net cash generated by/(used in) operating activities	**362.4**	**444.6**	**396.9**	**87.2**	**16.5**
Cash flows from/(used in) investing activities:					
Dividends received	**0.8**	**0.6**	**0.3**	—	—
Proceeds from disposal of investments in:					
Intangible assets	15.6	13.4	3.8	—	—
Associates	—	1.0	—	—	—
Group companies, net of cash outflows	—	6.3	0.0	—	0.3
Property, plant and equipment	2.1	2.0	2.4	—	3.6
Non-current financial assets	2.5	0.1	0.5	—	—
Current financial assets	—	—	—	0.4	0.5
Payments for investments in:					
Associates	(6.2)	(1.7)	(4.5)	—	—
Group companies	(8.7)	—	0.0	—	—
Property, plant and equipment	(185.4)	(160.2)	(86.9)	(28.1)	(26.6)
Intangible assets	(135.0)	(141.2)	(90.9)	(20.2)	(22.6)
Investment property	—	—	(0.0)	—	—
Non-current financial assets	(0.8)	(2.2)	—	(2.3)	(0.6)
Current financial assets	(0.8)	(1.8)	(2.3)	—	—
Non-current assets held for sale	—	—	—	—	—
Net cash generated by/(used in) investing activities	**(315.9)**	**(283.8)**	**(177.6)**	**(50.2)**	**(45.5)**
Cash flows from/(used in) financing activities:					
Proceeds from/(payments for) equity instruments:					
Acquisition of non-controlling interest's shares	(1.5)	(0.3)	—	—	—
Contributions from/(returns to) non-controlling interests	(5.7)	(8.2)	(9.2)	(1.4)	(7.2)
Proceeds from/(payments for) financial liabilities:					
Issue of bonds and syndicated loan, nominal	400.0	—	—	—	—
Early redemption of bonds	(400.0)	(14.6)	—	—	—
Repayment of syndicated loan	(17.1)	(16.8)	(16.8)	—	—
Repayment of loan "RDI & CONVERGENCE" Project	—	—	—	—	—
Proceeds from/(repayment of) other bank borrowings, net	38.3	(34.8)	58.7	98.2	(8.2)
Proceeds from/(repayment of) debts with Group's companies, net	—	—	—	—	—
Payments of lease liabilities (IFRS16)	—	(72.8)	(71.7)	(18.4)	(16.7)
Proceeds from/(repayment of) other financial liabilities, net	(0.7)	2.0	(8.9)	(2.0)	(0.6)
Other cash flows from/(used in) financing activities:					
Finance income and costs paid, net	(53.0)	(38.5)	(43.4)	(3.8)	(1.7)
Dividends paid and payments on other equity instruments	(30.0)	(14.0)	—	—	—
Net cash generated by/(used in) financing activities	**(69.6)**	**(198.0)**	**(91.3)**	**72.6**	**(34.2)**
Net increase/(decrease) in cash and cash equivalents from continuing operations	**(23.1)**	**(37.1)**	**128.1**	**109.5**	**(63.2)**
Net increase/(decrease) in cash and cash equivalents from discontinued operations	—	—	—	—	—
Cash and cash equivalents at beginning of the year	**333.9**	**310.8**	**273.7**	**273.7**	**401.7**
Cash or cash equivalents at end of the year	**310.8**	**273.7**	**401.7**	**383.2**	**338.5**

Summary Segmental Information of the Company

The following table shows selected financial information on a segmental basis for the periods indicated.

	Year ended December 31			Three months ended March 31		Twelve months ended March 31,
	2018	2019	2020	2020	2021	2021
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)	(unaudited)
	(€ million)					
Headliners						
Revenue	2,060.5	1,921.2	1,478.0	410.4	396.2	1,463.8
Other operating (expenses)/income, net	(1,957.3)	(1,801.7)	(1,392.7)	(382.3)	(363.3)	(1,373.7)
EBITDA	**103.2**	**119.5**	**85.3**	**28.1**	**32.9**	**90.1**
Depreciation and amortization expenses	(50.7)	(84.2)	(88.3)	(22.1)	(20.7)	(86.9)
Operating profit/(loss) (EBIT)	**52.5**	**35.3**	**(3.0)**	**6.0**	**12.2**	**3.2**
EBITDA margin	**5.0%**	**6.2%**	**5.8%**	**6.8%**	**8.3%**	**6.2%**
Doors						
Revenue	1,886.5	1,975.8	1,533.3	440.8	418.7	1,511.2
Other operating (expenses)/income, net	(1,682.9)	(1,754.2)	(1,360.0)	(392.7)	(366.2)	(1,333.5)
EBITDA	**203.6**	**221.5**	**173.3**	**48.1**	**52.5**	**177.7**
Depreciation and amortization expenses	(59.3)	(93.7)	(114.2)	(29.0)	(28.2)	(113.4)
Operating profit/(loss) (EBIT)	**144.3**	**127.8**	**59.1**	**19.1**	**24.3**	**64.3**
EBITDA margin	**10.8%**	**11.2%**	**11.3%**	**10.9%**	**12.5%**	**11.8%**
Lighting						
Revenue	349.1	334.1	288.6	72.6	80.5	296.5
Other operating (expenses)/income, net	(287.1)	(247.9)	(227.0)	(56.0)	(58.8)	(229.8)
EBITDA	**62.0**	**86.2**	**61.6**	**16.6**	**21.7**	**66.7**
Depreciation and amortization expenses	(18.7)	(25.0)	(24.6)	(6.7)	(6.6)	(24.5)
Operating profit/(loss) (EBIT)	**43.3**	**61.2**	**37.0**	**9.9**	**15.1**	**42.2**
EBITDA margin	**17.8%**	**25.8%**	**21.3%**	**22.9%**	**27.0%**	**22.5%**
Cockpits						
Revenue	1,125.5	974.7	668.2	128.4	179.7	719.5
Other operating (expenses)/income, net	(1,036.2)	(869.3)	(617.4)	(120.1)	(164.7)	(662.0)
EBITDA	**89.3**	**105.4**	**50.9**	**8.3**	**15.0**	**57.6**
Depreciation and amortization expenses	(36.1)	(55.4)	(39.8)	(9.4)	(10.0)	(40.4)
Operating profit/(loss) (EBIT)	**53.2**	**50.0**	**11.1**	**(1.1)**	**5.0**	**17.2**
EBITDA margin	**7.9%**	**10.8%**	**7.6%**	**6.5%**	**8.3%**	**8.0%**
Other[(1)]						
Revenue	3.0	8.5	6.5	1.5	1.0	6
Other operating (expenses)/income, net	(105.2)	(106.2)	(105.4)	(26.2)	(26.7)	(105.9)
EBITDA	**(102.1)**	**(97.8)**	**(98.9)**	(24.7)	(25.7)	(99.9)
Depreciation and amortization expenses	(30.2)	(36.0)	(30.9)	(7.6)	(3.1)	(26.4)
Operating profit/(loss) (EBIT)	**(132.3)**	**(133.8)**	**(129.8)**	**(32.3)**	**(28.8)**	**(126.3)**

(1) The "Other" segment refers to a "corporate unit" which includes central non-operational activities managed from Grupo Antolin Headquarters, pure engineering and research and development activities not attributable to other specific segments, as well as other minor activities performed by Group companies that do not fall within any of the other business segments. The "Other" segment also includes all those consolidation adjustments that are not attributable to any of the other business segments. Additionally, for information management purposes, the monitoring of segment performance is carried out without considering the overheads attributable to Headquarters, which are also presented in the "Other" segment.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

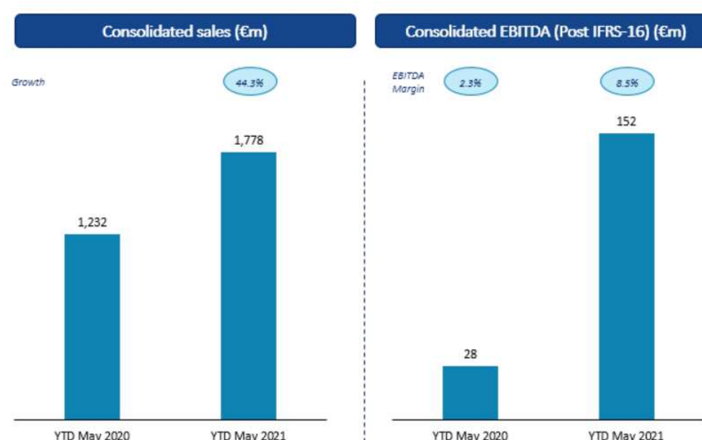
You should read the following discussion together with our consolidated financial statements included elsewhere in this Offering Memorandum. The financial data in this discussion of our results of operations and financial condition is as of and for the financial years ended December 31, 2018, 2019 and 2020, as derived from the audited consolidated financial statements of the Company and its subsidiaries prepared in accordance with IFRS-EU, and as of and for the three-month periods ended March 31, 2020 and 2021, as derived from the unaudited condensed consolidated interim financial statements.

Certain monetary amounts, percentages and other figures included in this Offering Memorandum have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them. You should read the following discussion together with the sections entitled "Selected Financial and Other Information", "Summary—Summary Financial Information and Other Data", "Risk Factors" and "Presentation of Financial Information and Other Data". The statements in this discussion regarding industry outlook, our expectations regarding our future performance, liquidity and capital resources and other non-historical statements in this discussion are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in the "Risk Factors" and "Forward-Looking Statements" sections of this Offering Memorandum. Our actual results may differ materially from those contained in or implied by any forward-looking statements

Our Company

We are a leading Tier 1 player in the design, development, manufacturing and supply of automotive interior components, offering multi-technology solutions for overhead systems (or headliners) and soft trim, doors and hard trim, cockpits and center consoles and lighting and electronics systems for sale to OEMs. We have a geographically diversified platform of over 145 manufacturing plants and just in time, or JIT, assembly and sequencing facilities, as well as 24 technical-commercial offices, or TCOs, in 26 countries worldwide as of December 31, 2020. We supplied our products globally to over 75 different automotive brands belonging to approximately 30 OEMs in 2020. We provided components for more than 550 different vehicle models. Our product, geographical and customer diversification allows us to take advantage of global growth opportunities, in particular our presence in Eastern Europe, North America, Mercosur and APAC, which in the past has mitigated the impact of regional production fluctuations on our business during economic downturns. We are headquartered in Burgos, Spain, and in 2020 our average number of employees was over 26,600.

Our revenue and EBITDA for the year ended December 31, 2020 amounted to €3,974.5 million and €272.1 million, respectively. For the three months ended March 31, 2021, we generated revenues of €1,076.0 million and EBITDA of €96.4 million, representing increases of 2.1% (6.6% on a like-for-like basis) and 26.2% (32.4% on a like-for-like basis) against the same period last year, respectively. We also experienced accelerated positive growth in April and May 2021. Based on management estimates and information currently available, we estimate that April 2021 sales grew by approximately 27.4% and EBITDA grew by approximately 189.7% as compared to April 2020 and May sales grew by approximately 44.3% and EBITDA grew by approximately 435.7% as compared to May 2020 (as reflected in the below chart). We also estimate that EBITDA margin increased during the period to 8.5% from 2.3% compared to May 2020. We are wholly-owned by the Antolín family, who is fully committed to our business.



We organize our activities around four business segments:

- ***Overhead systems and soft trim ("Headliners"):*** We are a leader in the manufacturing of headliner modular solutions, incorporating acoustic, safety, panoramic and lighting functionalities. We cover the entire product spectrum for overhead systems, from the headliner substrate to more complex modular systems. We use key technologies for headliner substrates and benefit from full vertical integration, from the core polyurethane foam production to the final assembly of the overhead systems. Furthermore, the incorporation of sun visors into the overhead system is an important aspect of this business segment. We produce sun visors in all technologies available in the market, adding a whole range of functionalities to the end product. Our soft trim activities, including load floors, package trays, side linings, accessible floor bins and floor coverings, were moved to this business segment as well. In addition, we have a line of acoustic solutions such as deadeners and underbody shields. Our revenue and EBITDA attributable to our Headliners segment amounted to €1,478.0 million and €85.3 million for the year ended December 31, 2020, respectively, which represented 37.2% and 31.3% of our total consolidated revenue and EBITDA for that same period, respectively. For the three months ended March 31, 2021, our revenue and EBITDA attributable to our Headliners segment amounted to €396.2 million and €32.9 million, respectively, which represented 36.8% and 34.1% of our total consolidated revenue and EBITDA for that same period, respectively. This represents a 17.2% increase in EBITDA compared to March 31, 2020, when the EBITDA attributable to Headliners was €28.1 million. In 2020, we were a leader in overhead systems, with around 22% of the global market share. Our market shares for overhead systems in Europe, North America, India and Mercosur in 2020 were 32%, 38%, 70% and 57%, respectively. In sun visors, we were a leader in Europe with a market share of 34%. As of March 31, 2021, the Headliners business segment included 86 facilities.

- ***Doors and hard trim ("Doors"):*** We have expertise in the manufacturing and supply of a wide range of door systems such as door panels (including front, rear and sliding door panels), pillars (including upper and lower pillar trim and quarter trim panels), window regulators, rear cargo and lift gate trim. We produce a wide range of specialized plastic parts, some of them with weight reduction and environmentally friendly properties, features highly demanded by the OEMs. We produce an extensive range of door mechanisms, from window regulators to complex modules. We also manufacture seat latches for specific complete vehicle platforms. Our decoration inserts supplied in partnership with Walter Pack provide an answer to the increasing demands in interior personalization. Our revenue and EBITDA attributable to our Doors segment amounted to €1,533.3 million and €173.3 million for the year ended December 31, 2020, respectively, which represented 38.6% and 63.7% of our total consolidated revenue and EBITDA for that same period, respectively. For the three months ended March 31, 2021, our revenue and EBITDA attributable to our Doors segment amounted to €418.7 million and €52.5 million, respectively, which represented 38.9% and 54.5% of our total consolidated revenue and EBITDA for that same period, respectively. This represents a 9.2% increase in EBITDA compared to March 31, 2020, when the EBITDA attributable to Doors was €48.1 million. In 2020, we were a leading producer in Europe with a market share of over 18% in door panels and 21% in window regulators. We were also a significant producer of door panels and window regulators in the Mercosur region with a market share in window regulators of over 15%. As of March 31, 2021, the Doors business segment included 42 facilities.

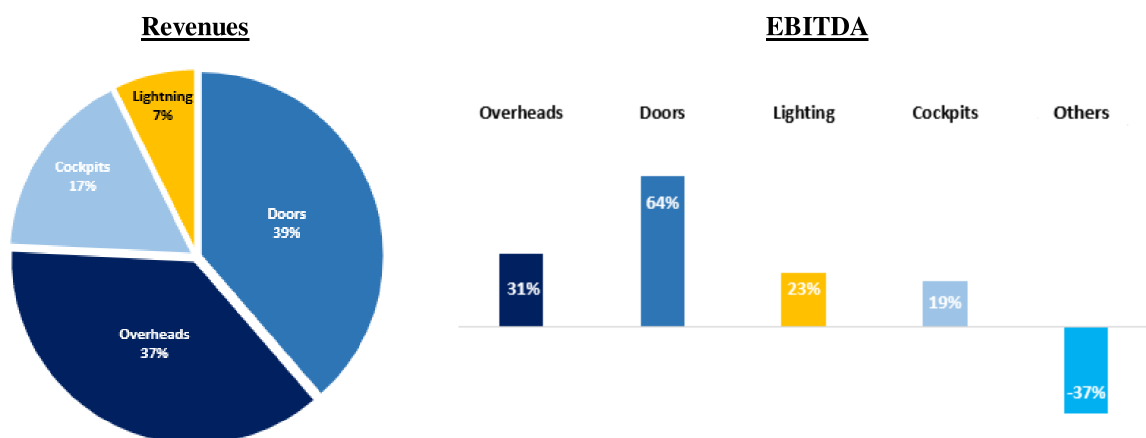
- ***Lighting and Electronic Systems ("Lighting"):*** We are a leading manufacturer of interior and exterior automotive lighting components worldwide, as more than one out of four cars are equipped with Grupo Antolin lighting products. Our lighting product portfolio comprises interior solutions based on LED including overhead consoles, side reading lamps, multi-purpose lamps, ambient lighting, electronics/smart lighting and exterior solutions such as daytime running lamps, center high mounted stop lamps and direction, position and license plate indicators and lighted emblems. We are one of the few suppliers which benefit from full vertical integration in the production of lighting components, from the manufacture of plastic parts and lenses, to the electronics and the light function. The potential integration of lighting elements with other interior automotive components, as well as with electronic systems, will unleash additional synergies with our other business lines since lighting is incorporated in instrument panels, door panelling and overhead systems, allowing us to offer our customers an integrated and innovative range of customized interior solutions, which we believe gives us an additional competitive advantage over other players in our industry. Creating light scenarios and sophisticated atmospheres is one of our main areas of expertise. Our revenue and EBITDA attributable to our Lighting segment amounted to €288.6 million and €61.6 million for the year ended December 31, 2020, respectively, which represented 7.3% and 22.6% of our total consolidated revenue and EBITDA for that same period, respectively. For the three months ended March 31, 2021, our revenue and EBITDA attributable to our Lighting segment amounted to €80.5 million and €21.7 million, respectively, which represented 7.5% and 22.5% of our total consolidated revenue and EBITDA for that same period, respectively. These figures represent a 10.9% increase in revenue and a 30.4%

increase in EBITDA compared to March 31, 2020, when the revenue and EBITDA attributable to Lighting were €72.6 million and €16.6 million, respectively. In 2020, we were a leading producer in Europe with a market share of 36%. As of March 31, 2021, the Lighting business segment included 16 facilities.

- ***Cockpits and consoles ("Cockpits"):*** We are a global producer and supplier of cockpit modules, including instrument panels, center consoles and glove boxes, which we design, engineer and manufacture. Our capabilities include design and engineering, styling, tooling, manufacturing, assembly and sequencing and electrical/electronic system integration. The cockpit module plays a key role in defining the driver's experience and it integrates the instrument panel and several control functions such as wiring harness, instrument cluster, air vents, decorative inlays, glove boxes and passenger airbag systems, among others. The instrument panel is a key element of the cockpit module and is comprised of a sophisticated system of trims, foams, composites and metals. The center consoles are designed and manufactured to operate vehicle functions and store items. The primary technologies and processes involved in the manufacturing of these systems include low pressure and injection moulding, compression moulding, vacuum forming, slush skins, spray urethane, decorative stitching as well as manual and automated assembly and sequencing. Our revenue and EBITDA attributable to our Cockpits segment amounted to €668.2 million and €50.9 million for the year ended December 31, 2020, respectively, which represented 16.8% and 18.7% of our total consolidated revenue and EBITDA for that same period, respectively. For the three months ended March 31, 2021, our revenue and EBITDA attributable to our Cockpits segment amounted to €179.7 million and €15.0 million, respectively, which represented 16.7% and 15.6% of our total consolidated revenue and EBITDA for that same period, respectively. These figures represent a 40.0% increase in revenue and a 81.1% increase in EBITDA compared to March 31, 2020, when the revenue and EBITDA attributable to Cockpits were €128.4 million and €8.3 million, respectively. As of March 31, 2021, the Cockpits business segment included 12 facilities.

The charts below show the percentage of revenues and EBITDA derived per business segment for the year ended December 31, 2020. The "Others" segment revenue referred to in the Segment Reporting section was used in calculating the denominator of the below pie chart—however, it is not detailed as such because it represents only 0.16% of the total consolidated revenues.

December 31, 2020:



We believe that our financial and operational success and stability have been, and continue to be, driven by our strategic, customer-focused geographical growth and diversified revenue streams, as well as our manufacturing, process, design and technological expertise. We believe that these factors have allowed us to achieve our position as a leading global supplier in the automotive industry, with high strategic importance to many of the largest OEMs.

Segment Reporting

Our primary basis of segment reporting is by business division, which reflects the management structure of our business and our system of internal financial reporting. We report revenue, other operating expenses/income, net, EBITDA, depreciation and amortization expenses and EBIT on a segmental basis.

The revenues reported for each segment are those which are directly attributable to the production plants included in that segment for management purposes and therefore also include secondary revenues recognized by said plants in respect of sales for the provision of services to other segments. The income of each segment does not include interest or dividend income or the gains on sales of investments or of non-current assets. The expenses of each segment are calculated as being the expenses arising out of the operating activities of the segment that may be directly attributed to the plants included in that segment for management purposes. The expenses of each segment do not include interest expense, impairments or losses on sales of investments or of non-current assets. Assets and liabilities in the segments are those that are directly connected with the operations of the plants in each segment, although virtually all the financial debt of the Group has been centralized in the corporate unit.

The table below includes a comparison of revenues, other operating expenses/income, EBITDA, depreciation and amortization and EBIT for each business segment for the financial years ended December 31, 2018, December 31, 2019, December 31, 2020 and the three months ended March 31, 2020 and March 31, 2021.

	Year ended December 31			Three months ended March 31	
	2018	**2019**	**2020**	**2020**	**2021**
	(audited)	**(audited)**	**(audited)**	**(unaudited)**	**(unaudited)**
			(€ million)		
Headliners					
Revenue	2,060.5	1,921.2	1,478.0	410.4	396.2
Other operating (expenses)/income, net	(1,957.3)	(1,801.7)	(1,392.7)	(382.3)	(363.3)
EBITDA	**103.2**	**119.5**	**85.3**	**28.1**	**32.9**
Depreciation and amortization expenses	(50.7)	(84.2)	(88.3)	(22.1)	(20.7)
Operating profit/(loss) (EBIT)	**52.5**	**35.3**	**(3.0)**	**6.0**	**12.2**
EBITDA margin	**5.0%**	**6.2%**	**5.8%**	**6.8%**	**8.3%**
Doors					
Revenue	1,886.5	1,975.8	1,533.3	440.8	418.7
Other operating (expenses)/income, net	(1,682.9)	(1,754.2)	(1,360.0)	(392.7)	(366.2)
EBITDA	**203.6**	**221.5**	**173.3**	**48.1**	**52.5**
Depreciation and amortization expenses	(59.3)	(93.7)	(114.2)	(29.0)	(28.2)
Operating profit/(loss) (EBIT)	**144.3**	**127.8**	**59.1**	**19.1**	**24.3**
EBITDA margin	**10.8%**	**11.2%**	**11.3%**	**10.9%**	**12.5%**
Lighting					
Revenue	349.1	334.1	288.6	72.6	80.5
Other operating (expenses)/income, net	(287.1)	(247.9)	(227.0)	(56.0)	(58.8)
EBITDA	**62.0**	**86.2**	**61.6**	**16.6**	**21.7**
Depreciation and amortization expenses	(18.7)	(25.0)	(24.6)	(6.7)	(6.6)
Operating profit/(loss) (EBIT)	**43.3**	**61.2**	**37.0**	**9.9**	**15.1**
EBITDA margin	**17.8%**	**25.8%**	**21.3%**	**22.9%**	**27.0%**
Cockpits					
Revenue	1,125.5	974.7	668.2	128.4	179.7
Other operating (expenses)/income, net	(1,036.2)	(869.3)	(617.4)	(120.1)	(164.7)
EBITDA	**89.3**	**105.4**	**50.9**	**8.3**	**15.0**
Depreciation and amortization expenses	(36.1)	(55.4)	(39.8)	(9.4)	(10.0)
Operating profit/(loss) (EBIT)	**53.2**	**50.0**	**11.1**	**(1.1)**	**5.0**
EBITDA margin	**7.9%**	**10.8%**	**7.6%**	**6.5%**	**8.3%**
Other(1)					
Revenue	3.0	8.5	6.5	1.5	1.0
Other operating (expenses)/income, net	(105.2)	(106.2)	(105.4)	(26.2)	(26.7)
EBITDA	**(102.1)**	**(97.8)**	**(98.9)**	(24.7)	(25.7)
Depreciation and amortization expenses	(30.2)	(36.0)	(30.9)	(7.6)	(3.1)
Operating profit/(loss) (EBIT)	**(132.3)**	**(133.8)**	**(129.8)**	**(32.3)**	**(28.8)**

(1) The “Other” segment refers to a “corporate unit” which includes central non-operational activities managed from Grupo Antolin Headquarters, pure engineering and research and development activities not attributable to other specific segments, as well as other minor activities performed by Group companies that do not fall within any of the other business segments. The “Other” segment also includes all those consolidation adjustments that are not attributable to any of the other business segments. Additionally, for information management purposes, the monitoring of segment performance is carried out without considering the overheads attributable to Headquarters, which are also presented in the “Other” segment.

Key Factors Affecting our Results of Operations

We believe that the following factors impact our results of operations:

COVID-19 pandemic

Since the outbreak of the coronavirus was first identified in December 2019, the virus has spread to nearly all regions of the world, resulting in the World Health Organization declaring the outbreak a pandemic and governments in most countries taking unprecedented steps to try to contain and slow down the spread of the coronavirus, in an attempt to reduce the rate and risks of infection. In light of the foregoing, widespread and onerous social distancing measures have been introduced in many countries and regions, including stay at home orders, restrictions on travel and bans on gatherings in workspaces, public places and at events. Businesses that have been deemed non-essential have been required to heavily curtail or cease their operations entirely. In addition, many governments and central banks have intervened in economies by introducing various schemes to try to mitigate against the negative economic consequences of the foregoing social distancing measures. The pandemic and the steps taken in relation to it have caused significant and unprecedented disruption to the global, national and regional economies.

Some of the widespread effects of the COVID-19 pandemic so far include the volatility in markets, problems with supply chains, increased unemployment levels, reduced economic growth and recessions, and large debts incurred by many governments for their economic intervention schemes. The spread of COVID-19 has caused most businesses, including ours, to modify business practices, including travel, employee work locations, and the cancellation of in-person meetings, events, and conferences. In order to maintain our global operations and keep a resilient financial position in an unprecedented market environment for our industry, several actions were taken on a global basis to properly adapt our strategies and operations to market and client requirements. Both production volumes and sales were hit heavily due to severe measures imposed by governments that forced us to temporarily close some of our production facilities and halt production in others. As a consecuence, efficiency plans were launched globally across all business units and regions to unleash potential synergies, rationalize our cost base and optimize our structure. Going forward, we may be forced to take further actions mandated by government authorities, or may choose to take actions that we believe are in the best interests of our employees, customers, and business partners. Without these measures, key personnel could be at risk of contracting COVID-19, hindering their overall availability and productivity.

The degree to which the COVID-19 pandemic impacts our operations, business, financial results, liquidity, and financial condition will depend on future developments, which are highly uncertain, unpredictable and continuously evolving. Despite the implementation of vaccine programs in most countries around the globe, a number of factors remain subject to variability, such as the remaining duration and spread of the pandemic, its severity, government actions to contain the virus or treat its impact, and the rate at which normal economic and business operating conditions might resume.

Our business operations, financial performance, and results of operations could be further adversely affected in several ways, including, but not limited to, the following:

- reduced demand for our products;
- reduced ability of some suppliers to provide products needed in our production processes;
- further disruptions to our operations, including any additional closures or "lock-down" of our offices or plants, which may affect our ability to manufacture, develop, market, and sell our products; and
- interruptions to our supply chain.

Capital expenditure

Our capital expenditure is incurred primarily in connection with the acquisition or construction of new plants, including the purchase of tooling and other equipment for new or existing plants, as well as R&D expenses. Our business involves significant capital expenditure both on material fixed assets such as property, plant and equipment and on intangible assets mainly linked to R&D. Capital expenditure is essential to maintain our long-term relationships with our clients, which are based on our capacity to offer technologically advanced interior automotive solutions at competitive prices. Capital expenditure on intangible assets is related to innovation in design and materials, so that our products contribute to the perceived value in the interior of the vehicle. Once a project is ongoing, maintenance capital expenditure is limited and somewhat predictable. When new programs or vehicle models are required, usually at the end of a vehicle cycle, "renewal" or "replacement" capital expenditure is required in order to adapt existing infrastructure to accommodate new assembly and process design, usually at levels significantly below the expenditure required to create the capacity in the first place. For the year ended December 31, 2020, we had capital expenditures in property, plant and equipment of €86.9 million and capital

expenditures in intangible assets of €90.9 million. For the three months ended March 31, 2021, we had capital expenditures in property, plant and equipment of €26.6 million and capital expenditures in intangible assets of €22.5 million.

Capitalized development expenses amounted around 89.8% of our intangible assets as of December 31, 2020 and 90.1% as of March 31, 2021. Among the main additions to development expenses in the year ended December 31, 2020 and the three months ended March 31, 2021 were projects including, Porsche “Macan NF EU22 IP”, Ford “CX727 NA20 Panel”, Chrysler “MP 552 MCA Panel”, Skoda “S270 WW21 IP”, Audi “PPE AU416/2 EU 22” and Jaguar “X260 21MY EU 20 Panel, among others. The costs incurred in each development project are capitalized when the following conditions are met: (i) the development cost of the asset can be assessed reliably, (ii) the costs are specifically itemized for each project and correspond to an identifiable asset, (iii) we can prove that the project is technically viable; and (iv) the project is likely to generate profits in the future.

Once the projects are completed and go into production, capitalized development expenses begin to be amortized. Capitalized development expenses are amortized on a straight-line basis over the estimated useful lives of the projects.

Global automotive market

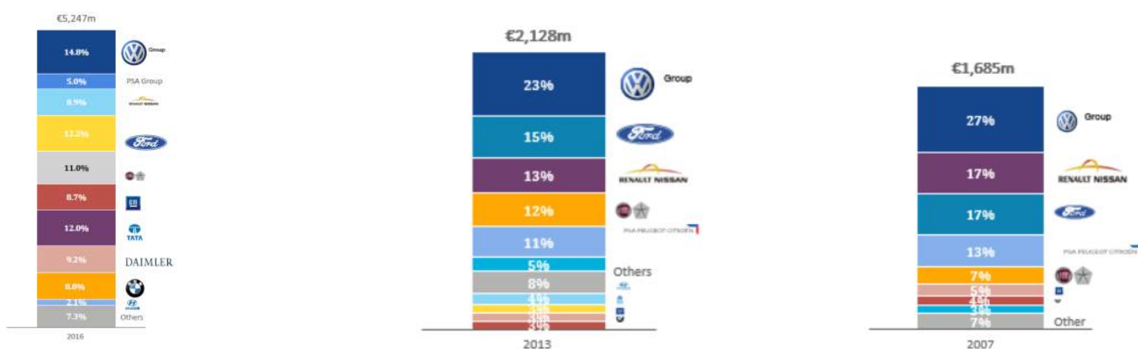
We operate within the global automotive equipment sector and our business growth is entirely driven by trends in the global automobile market. The cycles of the global automotive industry, which are correlated with general global macroeconomic conditions, impact our OEM customers’ production requirements and consequently impact the volume of purchases of our products by our OEM customers. With increased economic activity in our growth markets and recovery in our more traditional markets, we have experienced and expect to experience increased vehicle production levels, with a consequent increase in the demand for our products and a positive impact on our revenues. Slower economic growth would have the opposite effect.

Diversification

Our strong geographic, customer and product diversification have the effect of reducing revenue volatility during economic downturns, as well as limiting our exposure to regional business cycles. Our well-diversified customer base, including over 75 different automotive brands belonging to around 30 OEMs as of December 31, 2020, has limited our exposure to a downturn in the demand for any one OEM’s product portfolio. Regional differences in duration, timing and intensity of economic cycles, combined with the diversity of our geographic footprint, have mitigated the effects of the economic cycle on our business, limiting the impact of our exposure to the cycle in any one region or geography. Our stable revenues have allowed us to take advantage of global growth opportunities, even during economic downturns.

The revenues received from our five largest customers, Volkswagen Group, Stellantis (FCA+PSA), Ford, BMW and Tata Motors—Jaguar Land Rover, represented approximately 65.7% of total revenues in the year ended December 31, 2020, which was slightly higher than their relative share of total revenues for the year ended December 31, 2019 (65.5%), and 66.9% of the total revenues for the three months ended March 31, 2021, which was slightly higher than their relative share of total revenues for the three months ended March 31, 2020 (66.2%). In terms of geographic diversification, the US, China and Germany were the three highest revenue generating geographies and represented 50.8% of our revenues for the three months ended March 31, 2021 and 53.2% of our revenues for the year ended December 31, 2020, which compares with 55.8% of our revenues for the three months ended March 31, 2020 and 49.8% of our revenues for the year ended December 31, 2019, in which the main markets were the US, Germany and the UK.

The below graphics demonstrate these same breakdowns in previous years (namely, 2016, 2013 and 2007):



Price of materials

A significant part of our cost base consists of purchases of materials which are variable in nature. The primary materials used in our production facilities are textile fabrics, plastic injection grain, petroleum-based resins and certain metals, principally copper. In the periods under review, the costs of materials and other supplies has represented on average approximately 65.5% of our revenue. Materials and other supplies, packaging and containers, replacement parts, sundry materials, add-on parts and stocks for resale are valued at the lower of cost applying the weighted average price method, and net realizable value. While prices of materials affect our revenue and costs, historically, our profit margins have not been significantly affected by changes in prices of materials. We work with a diversified group of suppliers across the world. We try to obtain materials in the region in which our products are manufactured in order to minimize transportation costs. We have not experienced any significant shortages of materials and normally do not carry inventories of such materials in excess of those reasonably required to meet our production schedules. We estimate that approximately 40% of the value of the materials we source come from suppliers chosen by OEMs, which allows us to benefit from their enhanced negotiation power and to be automatically compensated by the applicable OEM for any increase of material costs. In situations where we renegotiate terms with OEMs in order to pass on cost increases of materials, we must bear the increased costs until the negotiations are finalized, which often takes between three and six months.

Operating costs

Staff costs have represented approximately 20.5% of our revenue for the year ended December 31, 2020 and 19.9% of our revenue for the three months ended March 31, 2021. A significant part of our staff costs are semi-variable in nature and can be adjusted to meet business needs. The predictability of our cost-base has assisted our strategic planning and has allowed us to maintain consistent profit margins.

We do not have any defined benefit pension, workforce post-retirement health care benefits or employer paid post-retirement basic life insurance benefits obligations. However, some of our subsidiaries forming part of our Lighting and Cockpits segments have assumed commitments to pay contributions to the retirement pensions of some of their current and former employees. These commitments affect, primarily, companies located in Germany, Austria and the United Kingdom. A significant portion of these commitments has been outsourced and are covered by insurance policies or pension plans with insurance companies. We pay fixed contributions into a fund and are obliged to make additional contributions if the fund does not have sufficient assets to pay all the employees the benefits to which it has committed.

We record the present value of these defined benefit commitments as liabilities in the consolidated statements of financial position under "Non-current provisions", net of the fair value of the assets that meet the requirements to be treated as "assets earmarked for the plan".

The provision for pension commitments relates to the British, French and German companies of our Lighting segment and to other German, Austrian and Mexican companies. Some of these companies have outsourced the pension liability with an insurance company. The net provision as at December 31, 2020 stood at €27.4 million, comprised of €42.8 million relating to the present value of the defined benefit obligations and €15.4 million relating to the fair value of the pension assets. As of March 31, 2021, the net provision stood at €26.4 million, comprised of €42.8 million relating to the value of the defined benefit obligations as of end 2020 and €15.4 million relating to the value of the pension assets, and reduced by €1 million due to different changes during the first three months of the year.

Vehicle cycles

In our industry, once a project has been nominated to a preferred supplier, it is rare for an OEM to switch to another supplier, given the significant operational, technical and logistical costs of switching suppliers, particularly during the life cycle of a specific vehicle model. Vehicle models typically have long, multi-year product life cycles. Given these factors, while the actual revenues which we derive from a project ultimately depend on our OEM customers' production volumes achieved for the respective car models, we have good visibility on mid-term revenues within a relatively small range of sensitivity.

Product pricing

During the life cycle of a contract, we are expected to achieve production efficiencies. Typically, in line with our industry practice, we pass on a portion of these production efficiencies to our customers by way of price reductions during the term of the contract. When negotiated price reductions are expected to be retroactive, we accrue for such amounts as a reduction of revenues as products are shipped. To the extent we are not able to achieve the efficiencies necessary to offset the price

reductions, such price reductions negatively impact our margins. Some pricing agreements with our customers are conditional upon achieving certain joint cost-saving targets.

Seasonality

Our business is seasonal. Due to the following factors, our working capital requirements typically increase during the first and third quarters of the year and reduce towards the end of the year. OEMs typically slow down vehicle production during certain portions of the year. For instance, our customers in the United States typically slow down vehicle production during the beginning of the second half of July and August and our European customers slow down vehicle production in August, and both geographies slow down production during the holiday season in December during which they also often conduct internal maintenance and adjustments to inventory. Further, there are a fewer number of working days at the end of the year as opposed to the beginning of a year and this results in a reduction in vehicle production towards the end of such year. Also, we typically agree final due amounts with our suppliers at year-end, which are usually paid at the beginning of the following year, resulting in higher payables at year-end and significant cash outflows during January and February. Further, a significant portion of our tooling receivables balances are invoiced from our clients typically before year-end, resulting in a reduction in receivables and cash inflows at the end of the year. Our results of operations, cash flows and liquidity may therefore be impacted by these seasonal practices.

Transaction and foreign exchange translation

Although our reporting currency is the euro, a portion of our sales and operating costs are realized in other currencies, such as among others the US dollar, UK pound, the Brazilian real, the Chinese renminbi, the Indian rupee, the Mexican peso, the Czech crown, the Russian ruble and the Turkish lira. Although we have not entered into any foreign-currency hedge rate agreements or forward contracts, we seek a variety of mechanisms to hedge against major movements in currencies, such as using local suppliers and negotiating with customers and suppliers. We may also use a combination of natural hedging techniques and financial derivatives to protect against certain foreign currency exchange rate risks. However, the translation of foreign currencies back to the euro may have a significant impact on our revenues and financial results. Foreign exchange has an unfavorable impact on revenues when the euro is relatively strong as compared with foreign currencies and a favorable impact on revenues when the euro is relatively weak as compared with foreign currencies. The functional currency of our foreign operations is the local currency.

The statements of financial position and income statements of the foreign companies included in the scope of consolidation, denominated in currencies other than the euro, were translated to euro using the "closing rate method". All the assets, rights and obligations of these companies were translated to euro at the applicable year-end exchange rates. Their share capital and reserves were translated at their historical exchange rates. To counteract seasonal effects, the income statement items of these companies were translated to euro at the average exchange rates for the year, based on the volume of transactions performed in each period. The exchange differences arising from the application of these methods are taken to equity under "Remeasurements-Exchange differences" in the consolidated statements of financial position, net of the portion of these differences corresponding to non-controlling interests, which is taken to equity under "Non-controlling interests" in the consolidated statements of financial position. Such translation differences are recognized as income or as expense in the year in which the investment is made or divested. Usually, we do not enter into foreign-currency swap agreements or forward contracts.

For the year ended December 31, 2020, an additional 5% rise in the euro against currencies such as the Czech crown, the Brazilian real, the US dollar, the Mexican peso, the UK pound, the Chinese renminbi, the South African rand and the Russian ruble, would have reduced our revenues by approximately €121.8 million or approximately 3.1%, and our EBITDA would have decreased by approximately €8.4 million or approximately 3.1%.

Acquisitions and disposals

Acquisitions

We have made strategic acquisitions in the financial years ended December 31 2018, 2019 and 2020, including the purchase of Haselbeck, a high-quality plastic injection mould maker based in Deggendorf (Germany). The transaction closed in August 2018 for approximately €6.6 million. In November 2018 we acquired a 40.04% stake in Walter Pack, a Spanish-based company that specializes in the design and production of high-quality decorative technical surfaces and parts (which combine well with our existing Lighting capacities) for €3.9 million.

In July 2020, we acquired a strategic stake and started a partnership with German-based AED Engineering, an advanced engineering and electronic systems company providing a wide range of technological solutions to premium OEMs in order to boost our capabilities within the electronic systems arena, as well as to further position ourselves as a global leading provider of integrated solutions for automotive interiors. This agreement will also support AED's international expansion plans with the development of a technological hub in Murcia, Spain, with the main aim of establishing an industry benchmark in the country. Additionally, we signed a strategic partnership with Israel-based Eyesight -now Cipia-, a driver monitoring systems specialist to increase our product portfolio and enhance our technological capabilities in order to face increasing tech needs of our customers.

Divestments

We have made strategic divestments in the financial years ended December 31 2018, 2019 and 2020 including the sale of a 50% holding in Tianjin Antolin Automotive Interiors Co., Ltd. ("Tianjin") to Changshu Automotive Trim Co., Ltd., the previous minority shareholder, in March 2019 for €6.4 million and as a result the Company's stake in Tianjin was reduced to 10%. Additionally, in April 2019 the Company completed the sale of its 50% stake in the Korean company CREA-Antolin Co. Ltd. after receiving €7.2 million and generating a profit of €0.6 million.

Additionally, we have made certain divestments in non-strategic real estate in the financial years ended December 31 2018, 2019, 2020, and during the first semester of 2021. For example, in April 2021 the Company entered into a private agreement to sell an industrial plant located in Almussafes (Valencia – Spain), which is currently leased to a third party. The sale of the industrial plant, pending completion, contemplates the transfer of such lease agreement. The price has been set at €8 million, and the agreement includes certain representations and warranties, as well as an indemnity in favour of the buyer - in its role as lessor- in the event of specific agreed upon scenarios of early termination of the lease agreement, under which the Company would be liable for the payment of the lease canons until the original termination of the lease agreement (i.e. January 31, 2026) minus the early termination fee set forth in such agreement to be paid by the lessee. The sale of this industrial plant is expected to be completed in June 2021.

Principal Income Statement Account Items

The following is a brief description of the principal revenue and expenses that are included in the line items of our consolidated income statement accounts.

Revenue

Revenue is measured at the fair value of the consideration received and represents the amounts received or receivable for the goods and services provided in the normal course of business, net of discounts, value added tax and other recoverable sales-related taxes. Where it is doubtful as to whether the revenues will be collected, recognition is deferred until they are effectively collected. Revenue includes revenue on sales of products and ordinary revenue from the provision of services.

Changes in inventories of finished goods and work in progress

We value our inventories as follows:

Materials and other supplies, packaging and containers, replacement parts, sundry materials, add-on parts and stocks for resale, are valued at the lower of cost applying the weighted average price method and net realizable value.

Finished goods, semi-finished goods and works-in-progress are stated at the lower of real average production cost (materials used, labor and direct and indirect manufacturing expenses) and net realizable value.

Tools for new projects, which are developed and manufactured by us to be sold later on to our customers, are stated at the lower of either the costs incurred to manufacture them, as and when they are incurred, and their estimated net realizable value.

Net realizable value corresponds to the estimated selling price less the estimated costs of completing the products and the costs to be incurred in the marketing, selling and distribution.

Obsolete, defective or slow-moving inventories are reduced to their realizable value. In addition, if the net realizable value of the inventories is lower than the acquisition or production cost, the appropriate write-downs are recognized as an expense in the consolidated income statement for the year.

Capital grants and other grants taken to income

Official grants related to property, plant and equipment are recognized in our consolidated statements of financial position as deferred income when we have met the relevant qualifying conditions and there are, therefore, no reasonable doubts about the grants being collected. These capital grants are taken to the consolidated income statement under "Capital grants and other grants taken to income" on a straight-line basis over the useful lives of the assets.

Grants to cover or finance our expenses are recognized once all the conditions attaching to them have been fulfilled and will be taken to income when the financed expenses are incurred.

Other operating income

Other operating income is comprised principally of revenues on the sale of project tools, income from miscellaneous services, operating grants, income from leases of investment property, revenues from the assignment of industrial property and other revenue.

Supplies

The amount of supplies that are used in the production process are reported in the consolidated income statement. The most significant item accounted as supply is the purchase of materials. Changes during the period in inventories of materials, goods for resale and other supplies are adjusted in the supplies account.

Staff costs

Our staff costs include wages, salaries and similar expenses, termination benefits, employer's social security contributions and other welfare expenses. Staff costs are primarily driven by the size of our operations, our geographical reach and customer requirements.

Depreciation and amortization expenses

Depreciation and amortization expenses relate mainly to the annual depreciation charges on property, plant, equipment and capitalized development expenses. We transfer property, plant and equipment under construction to property, plant and equipment used in operations when the assets in question become operational, from which time depreciation is charged. Property, plant and equipment used in operations are depreciated on a straight-line basis, based on the acquisition or production cost of the assets or their restated value, less their residual value. The land on which buildings and other constructions are located is deemed to have an indefinite lifespan and is therefore not subject to depreciation. Annual depreciation charges on property, plant and equipment are charged to "Depreciation and amortization expenses" in the consolidated income statement over the average estimated useful life of the assets. Capitalized development expenses are generally amortized on a straight-line basis over the estimated useful lives of the projects as from the date the related projects are completed.

Other operating expenses

Our other operating expenses relate to the rental cost of leased buildings, maintenance and upkeep, other external services, taxes and levies, impairment of accounts receivable and application of non-current provisions.

Net finance income/(expense)

Net finance income/(expense) primarily consists of finance income, finance costs, net fair value gains/(losses) on financial instruments, exchange differences and impairment and gains/(losses) on disposal of financial instruments.

Profit before taxes

Profit before taxes primarily includes net impairment loss on non-current assets, profits or losses from disposal of assets, gains/(losses) on disposal of non-current assets, profits from business combinations and profit of companies accounted for using the equity method.

Corporate income tax

The Company and all of its consolidated Spanish subsidiaries domiciled in Spanish "common territory" in which it has holdings of 75% or more file consolidated corporation tax returns.

The income tax expense is calculated as the tax payable with respect to the taxable profit for the year, after considering any changes in the assets and liabilities recognized arising from temporary differences and from tax credit and tax loss carry forwards.

We consider that a timing difference exists when there is a difference between the carrying amount of an asset or liability and its tax base. The tax base for assets and liabilities is treated as the amount attributed to it for tax purposes. A taxable timing difference is understood to be a difference that will generate a future obligation for us to pay taxes to the related tax authorities. A deductible timing difference is one that will generate a right for us to a refund or to make a lower payment to the related tax authorities in the future.

Tax credits and deductions and tax loss carry forwards are amounts that, after performance of the activity or obtainment of the profit or loss giving entitlement to them, are not used for tax purposes in the related tax return until the conditions for doing so established in tax regulations are met, provided that we consider it probable that they will be used in future periods.

Current tax assets and liabilities are the taxes that are expected to be recoverable from or payable to the related tax authorities within twelve months from the date they are recognized. Deferred tax assets and liabilities are the taxes that are expected to be recoverable from or payable to the related tax authorities in future years.

Deferred tax liabilities are recognized for all taxable temporary differences. In this regard, a deferred tax liability is recognized for the taxable timing differences resulting from investments in subsidiary companies and associate companies, and from holdings in joint ventures, except when we can control the reversal of the timing differences and they are not expected to be reversed in the foreseeable future.

The consolidated companies only recognize deferred tax assets arising from deductible temporary differences and from tax credit and tax loss carry forwards to the extent that it is probable that they will have sufficient future taxable profits against which these assets can be utilized.

Deferred tax assets and liabilities are not recognized if they arise from the initial recognition of an asset or liability (other than in a business combination) that at the time of recognition affects neither accounting profit nor taxable profit. The deferred tax assets and liabilities recognized are reassessed each year in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

Consolidated profit for the year attributable to non-controlling interests

Our consolidated results include entities in which we have a non-controlling interest. See note 13 to our consolidated financial statements for the financial years ended December 31, 2020, 2019 and 2018, included elsewhere in this Offering Memorandum for a description of the entities in which we had a non-controlling interest during the period.

Principal Segmental Account Items

Revenue

Revenue refers to the incomes related to the sale of components and the services provided to OEMs in the normal course of business, net of discounts, VAT and other recoverable sales-related taxes.

Other operating (expenses)/ income, net

Other operating (expenses)/income, net refers to and includes all expenses necessary to produce the goods sold and the services provided to our customers, excluding financial expenses, impairments on assets and results coming from asset disposals.

EBITDA

For segmental purposes, EBITDA is operating profit before depreciation and amortization expenses.

Depreciation and amortization

Refers to the amount recognized in our income statement under this concept reflecting the loss of value of the tangible and intangible assets on a straight-line basis over the estimated useful life of the asset.

Operating Profit/(loss) (EBIT)

It is the difference between the revenues and other operating (expenses)/income, net.

Results of Operations of our Business

Three months ended March 31, 2021 compared to the three months ended March 31, 2020

The table below sets out our results of operations for the three months ended March 31, 2021, compared to the three months ended March 31, 2020.

	Three months ended March 31		
	2020	**2021**	**% change**
	(unaudited)	**(unaudited)**	
	(€ million)		
Consolidated Income Statement of Profit or Loss Data:			
Revenue	1,053.6	1,076.0	2.1
Changes in inventories of finished goods and work in progress	(1.8)	11.5	—
Capital grants and other grants taken to income	0.2	0.2	—
Other operating income	20.6	24.7	19.9
Total operating income	**1,072.6**	**1,112.5**	**3.7**
Supplies	(658.6)	(687.6)	4.4
Staff costs	(237.5)	(214.6)	(9.6)
Depreciation and amortization expenses	(74.8)	(68.6)	(7.9)
Change in trade provisions	—	(0.1)	—
Other operating expenses	(129.8)	(136.9)	5.6
Less-Own work capitalized	29.7	23.1	(22.2)
Total Operating expenses	**(1,071)**	**(1,084.7)**	**1.2**
Profit/(loss) for the year from continuing operations	**1.6**	**27.8**	**1,613.9**
Finance income	0.5	1.3	—
Finance costs	(11.9)	(11.3)	(5.0)
Exchange differences	0.9	3.2	—
Net finance income/(expense)	**(10.5)**	**(6.8)**	**(35.2)**
Net impairment loss on non-current assets	—	(5.9)	—
Gains/(losses) on disposals of non-current assets	(0.4)	1.2	—
Gains/(losses) on the loss of control over consolidated investments	—	—	—
Profit of companies consolidated using the equity method	(0.4)	0.7	—
Impairments and losses due to loss of control over companies accounted for using the equity method	—	—	—
Profit/(loss) before taxes	**(9.8)**	**17.2**	—
Corporate income tax	(0.6)	(6.6)	1,003.3
Consolidated profit for the twelve-month period	**(10.4)**	**10.6**	—
Profit/(loss) attributable to non-controlling interests	(0.4)	(3.3)	748.8
Profit/(loss) attributable to the Parent	**(10.7)**	**7.3**	—

Revenue

Revenue increased by €22.4 million, or 2.1%, to €1,076.0 million in the three months ended March 31, 2021 from €1,053.6 million in the three months ended March 31, 2020, as a result of COVID-19-related production shutdowns across all the countries where we are present, compared to the shutdowns that occurred in 2020 only at the end of March. This sales increase compares with an overall global light vehicle production increase of around 12.3% in the same three-month period as a result of our operations mix in terms of regions and business segments exposure. Component and Tooling sales revenues also rose, primarily from the recovery in both sales and volumes, particularly in Europe, Asia and Africa, despite the decline witnessed in North America and Mercosur. As a result, Europe revenues rose by 5.9% (€31.8 million), Asia-Pacific by 78.8% (€57.4 million) and Africa by 30.6% (€4.4 million), while North America revenues dropped by 16.4% (€67.8 million) or by 10.7% on a like-for-like basis and Mercosur by 20.7% (€3.3 million). By business segments, the most significant effect of COVID-19-related shutdowns was reflected in Doors revenue (5.0%, €22.0 million decrease), followed by the sales decrease in Headliners (3.5%, €14.2 million decrease). On the other hand, revenues rose in both Lighting by 10.9% (€7.9 million) and Cockpits by 40.0% (€51.3 million). Finally, the negative evolution of exchange rates eroded our global sales figure by around €47.0 million during the period.

Other operating income

Other operating income increased by €4.1 million, or 19.9% to €24.7 million in the three months ended March 31, 2021 from €20.6 million in the three months ended March 31, 2020. This increase was rimarily attributable to increased R&D sales.

Supplies

Supplies rose by €28.9 million, or 4.4%, to €687.6 million in the three months ended March 31, 2021 from €658.6 million in the three months ended March 31, 2020. The increase in supplies was primarily attributable to the increase in revenues during the period. Supply cost as percentage of total sales has decreased to 63.9% from 62.5% in the three months ended March 31, 2020, principally due to process improvements.

Staff costs

Staff costs decreased by €22.9 million, or 9.6%, to €214.6 million in the three months ended March 31, 2021 from €237.5 million in the three months ended March 31, 2020. The decrease in staff costs was primarily attributable to the positive effects of the efficiency plans launched worldwide to adapt our structure to the current market competitive environment.

EBITDA

EBITDA rose by €20.0 million, or 26.2%, to €96.4 million in the three months ended March 31, 2021 from €76.4 million in the three months ended March 31, 2020. This represents a margin of 9.0% and compares to 7.3% in the three months ended March 31, 2020. The recovery in EBITDA was primarily attributable to the recovery in both global sales and production volumes following the lifting of restrictions imposed due to COVID-19. Furthermore, thanks to the efficiency plans launched worldwide, we managed to continue delivering a significant margin improvement that is expected to last over the next months.

Depreciation and amortization expenses

Depreciation and amortization expenses decreased by €6.2 million, or 8.3%, to €68.6 million for the three months ended March 31, 2021 from €74.8 million in the three months ended March 31, 2020. The decrease in depreciation and amortization expenses was primarily attributable to a disproportionate number of new programs coming online.

Other operating expenses

Other operating expenses rose by €7.2 million, or 5.6%, to €136.9 million in the three months ended March 31, 2021 from €129.8 million in the three months ended March 31, 2020. The increase in other operating expenses was partially attributable to the increasing sales volumes that came from the recovery of the global auto market and the restarting of certain projects that were delayed due to COVID-19.

Profit for the three months ended March 31, 2021 from continuing operations

Profit for the quarter from continuing operations increased by €26.2 million, or 1,613.9%, to €27.8 million in the three months ended March 31, 2021 from €1.6 million in the three months ended March 31, 2020. The significant rise in profit for the year from continuing operations was primarily attributable to the deep recovery of both sales and production volumes on a worldwide basis, particularly in Europe and Asia, combined with the positive effects of cost-cutting initiatives.

Net finance income/(expense)

Net finance cost improved by €3.7 million, or 35.2%, to €6.8 million in the three months ended March 31, 2021 from €10.5 million in the three months ended March 31, 2020. The decrease in net finance cost was primarily attributable to exchange rates differences mainly resulting from the evolution of the Euro against the US Dollar, Mexican Peso and Brazilian Real.

Corporate income tax

Corporate income tax rose by €6.0 million to €6.6 million in the three months ended March 31, 2021 from €0.6 million in the three months ended March 31, 2020. The increase in corporate income tax was primarily attributable to a combination of the effects of the efficiency plans implemented in certain regions and the recovery in sales during the period.

Consolidated profit for the three-months ended March 31, 2021

Consolidated profit for the three months ended March 31, 2021 reached €10.6 million, compared to a loss of €10.4 million in the three months ended March 31, 2020. The profit was primarily attributable to the overall recovery of the business following a period of unprecedented lockdowns, facilities closures and restrictions imposed on a global basis due to COVID-19.

Segment Results of Operations

Headliners

	Three months ended March 31		
	2020	**2021**	**% change**
	(unaudited) *(€ million)*		
Description:			
Revenue	410.4	396.2	(3.6)
Other operating (expenses)/income, net	(382.3)	(363.3)	(5.0)
EBITDA	**28.1**	**32.9**	17.1
Depreciation and amortization expenses	(22.1)	(20.7)	(6.5)
Operating profit/(loss) (EBIT)	**6.0**	**12.2**	**104.9**

Revenue. Revenue decreased by €14.2 million, or 3.5%, to €396.2 million in the three months ended March 31, 2021 from €410.4 million in three months ended March 31, 2020. The decrease in revenue was primarily attributable to our higher exposure to the North American market, which posted lower growth in the period compared to other regions.

Other operating (expenses)/income, net. Net operating expenses decreased by €19.0 million, or 5.0%, to €363.3 million in three months ended March 31, 2021 from €382.3 million in three months ended March 31, 2020. The decrease in net operating expenses was primarily attributable to lower sales, partially compensated by declining personnel and purchasing costs as well as reduced launch costs at new factories.

EBITDA. EBITDA increased by €4.8 million, or 17.1%, to €32.9 million in three months ended March 31, 2021 from €28.1 million in three months ended March 31, 2020. The increase in EBITDA was primarily attributable to the positive effects of the different cost-optimization plans implemented on a global basis across different facilities.

Depreciation and amortization expenses. Depreciation and amortization expenses dropped by €1.4 million, or 6.5%, to €20.7 million in three months ended March 31, 2021 from €22.1 million in the three months ended March 31, 2020.

Operating profit/(loss) (EBIT). Operating profit increased by €6.2 million, or 104.9%, to €12.2 million in three months ended March 31, 2021 from a profit of €6.0 million in the three months ended March 31, 2020. The increase in operating profit was primarily attributable to increased EBITDA and synergies unleashed thanks to the efficiency plans.

Doors

	Three months ended March 31		
	2020	2021	% change
	(unaudited) *(€ million)*		
Description:			
Revenue	440.8	418.7	(5.0)
Other operating (expenses)/income, net	(392.7)	(366.2)	(6.7)
EBITDA	**48.1**	**52.5**	9.1
Depreciation and amortization expenses	(29.0)	(28.2)	(2.8)
Operating profit/(loss) (EBIT)	**19.1**	**24.3**	27.2

Revenue. Revenue decreased by €22.1 million, or 5.0%, to €418.7 million in three months ended March 31, 2021 from €440.8 million in three months ended March 31, 2020. The decrease in revenue was primarily attributable to our higher exposure to North American market, which lagged behind in terms of recovery when compared with other geographies.

Other operating (expenses)/income, net. Net operating expenses decreased by €26.5 million, or 6.7%, to €366.2 million in the three months ended March 31, 2021 from €392.7 million in the three months ended March 31, 2020. The decrease in net operating expenses was primarily attributable to lower sales, which were partially compensated by the restart of certain projects and efficiency measures undertaken in certain regions.

EBITDA. EBITDA rose by €4.4 million, or 9.1%, to €52.5 million in the three months ended March 31, 2021 from €48.1 million in the three months ended March 31, 2020. The decrease in EBITDA was primarily attributable to efficiencies and synergies realized as a result of the optimization plans launched worldwide.

Depreciation and amortization expenses. Depreciation and amortization expenses decreased by €0.8 million or 2.8%, to €28.2 million in three months ended March 31, 2021 from €29.0 million in three months ended March 31, 2020. This decrease was primarily due to reductions across different facilities, in particular Antolin Interiors USA, Antolin Trnava, Saltillo, Iramec Autopeças Ltda., Trimtec and Regenstauff (Antolin Süddeutschland GmbH).

Operating profit/(loss) (EBIT). Operating profit increased by €5.2 million, or 27.2%, to €24.3 million in three months ended March 31, 2021 from €19.1 million in three months ended March 31, 2020. The increase in operating profit was primarily attributable to the significant improvement shown at EBITDA level.

Cockpits

	Three months ended March 31		
	2020	2021	% change
	(unaudited) *(€ million)*		
Description:			
Revenue	128.4	179.7	40.0
Other operating (expenses)/income, net	(120.1)	(164.7)	37.1
EBITDA	**8.3**	**15.0**	81.1
Depreciation and amortization expenses	(9.4)	(10.0)	7.0
Operating profit/(loss) (EBIT)	**(1.1)**	**5.0**	

Revenue. Revenue rose by €51.3 million, or 40.0%, to €179.7 million in the three months ended March 31, 2021 from €128.4 million in the three months ended March 31, 2020. The increase in revenue was primarily attributable to increased sales, particularly in the Asia region, thanks to the deep recovery shown by the Chinese market.

Other operating (expenses)/income, net. Net operating expenses increased by €44.6 million, or 37.1%, to €164.7 million in three months ended March 31, 2021 from €120.1 million in three months ended March 31, 2020. The rise in net operating expenses was primarily attributable to higher sales partially compensated by cost-cutting initiatives across some production plants.

EBITDA. EBITDA increased by €6.7 million, or 81.1%, to €15.0 million in the three months ended March 31, 2021 from €8.3 million in three months ended March 31, 2020. The increase in EBITDA was primarily attributable to the significant recovery and growth of the Chinese market in terms of demand and production volumes.

Depreciation and amortization expenses. Depreciation and amortization expenses increased by €0.6 million, or 7.0%, to €10.0 million in the three months ended March 31, 2021 from €9.4 million in the three months ended March 31, 2020 mainly due to the increases across numerous different facilities, in particular Antolin Liban s.r.o. and Changshu in China.

Operating profit/(loss) (EBIT). Operating profit for the period improved and rose to €5.0 million, which compares to a loss of €1.1 million in the three months ended March 31, 2020. This significant improvement in operating profit was primarily attributable to the increase posted in the EBITDA level, given the recovery in sales and the positive effects of the efficiency measures implemented.

Lighting

	Three months ended March 31		
	2020	**2021**	**% change**
	(unaudited) *(€ million)*		
Description:			
Revenue	72.6	80.5	10.9
Other operating (expenses)/income, net	(56.0)	(58.8)	5.1
EBITDA	**16.6**	**21.7**	30.4
Depreciation and amortization expenses	(6.7)	(6.6)	(2.6)
Operating profit/(loss) (EBIT)	**9.9**	**15.1**	52.9

Revenue. Revenue increased by €7.9 million, or 10.9%, to €80.5 million in the three months ended March 31, 2021 from €72.6 million in the three months ended March 31, 2020. The rise in revenue was primarily attributable to increased sales as a result of the deep recovery of the Chinese market.

Other operating (expenses)/income, net. Net operating expenses increased by €2.8 million, or 5.1%, to €58.8 million in the three months ended March 31, 2021 from €56.0 million in the three months ended March 31, 2020. The increase in net operating expenses was primarily attributable to higher sales partially compensated by the cost-cutting measures undertaken at certain facilities.

EBITDA. EBITDA rose by €5.1 million, or 30.4%, to €21.7 million in the three months ended March 31, 2021 from €16.6 million in the three months ended March 31, 2020. The increase in EBITDA was primarily attributable to increased sales combined with efficiencies and synergies realized at different facilities.

Depreciation and amortization expenses. Depreciation and amortization expenses dropped by €0.1 million, or 2.6%, to €6.6 million in the three months ended March 31, 2021 from €6.7 million in the three months ended March 31, 2020. The slight decrease in depreciation and amortization expenses was primarily attributable to amortization of capitalized development investments.

Operating profit/(loss) (EBIT). Operating profit significantly increased by €5.2 million, or 52.5%, to €15.1 million in the three months ended March 31, 2021 from €9.9 million in the three months ended March 31, 2020. The increase in operating profit was primarily attributable to increased EBITDA and the positive effects of several efficiency measures.

Year ended December 31, 2020 compared to year ended December 31, 2019

Group results of operations

The table below sets out our results of operations for the year ended December 31, 2020, compared to the year ended December 31, 2019.

	Year ended December 31		
	2019	2020	% change
	(audited)	(audited)	
	(€ million)		
Consolidated Income Statement of Profit or Loss Data:			
Revenue	5,214.2	3,974.5	(23.8)
Changes in inventories of finished goods and work in progress	2.8	(16.9)	—
Capital grants and other grants taken to income	1.0	0.8	(20.0)
Other operating income	129.4	103.8	(19.8)
Total operating income	**5,347.5**	**4,062.2**	**(24.0)**
Supplies	(3,408.6)	(2,579.6)	(24.3)
Staff costs	(1,007.5)	(816.0)	(19.0)
Depreciation and amortization expenses	(294.4)	(297.7)	1.1
Change in trade provisions	(1.7)	(0.2)	(88.2)
Other operating expenses	(634.4)	(481.9)	(24.0)
Less-Own work capitalized	139.5	87.4	(37.3)
Total Operating expenses	**(5,207.1)**	**(4,087.9)**	**(21.5)**
Profit/(loss) for the year from continuing operations	**140.4**	**(25.6)**	—
Finance income	3.5	3.5	—
Finance costs	(45.2)	(46.4)	2.7
Exchange differences	(8.0)	(10.9)	36.3
Net finance income/(expense)	**(49.7)**	**(53.8)**	**8.3**
Net impairment loss on non-current assets	(35.3)	(36.9)	4.5
Gains/(losses) on disposals of non-current assets	(20.3)	(9.4)	(53.7)
Gains/(losses) on the loss of control over consolidated investments	5.9	—	—
Profit of companies consolidated using the equity method	0.7	1.5	114.3
Impairments and losses due to loss of control over companies accounted for using the equity method	0.6	—	—
Profit/(loss) before taxes	**42.4**	**(124.4)**	—
Corporate income tax	(27.2)	(7.6)	(72.1)
Consolidated profit for the twelve-month period	**15.2**	**(132.0)**	—
Profit/(loss) attributable to non-controlling interests	(14.8)	(12.2)	(17.6)
Profit/(loss) attributable to the Parent	**0.5**	**(144.2)**	—

Revenue

Revenue decreased by €1,239.7 million, or 23.8%, to €3,974.5 million in the year ended December 31, 2020 from €5,214.2 million in the year ended December 31, 2019. The decrease in revenue was primarily attributable to declines in all the regions in which we operate, particularly during Q2, with the exception of APAC, where revenues jumped by 6.2%, or €29.5 million, as it benefited from a quick recovery and limited restrictions particularly during the second half of the year. On a client basis, pretty much all OEMs were negatively impacted by the severe drops in volumes and demand on a global basis, being significantly relevant the drawdowns posted by FCA, Volkswagen, GM and Ford.

In terms of business units, all of them posted declines due to the severe impact of the COVID-19 pandemic in the global auto industry. In this regard, the Doors segment posted a decrease in sales of 22.4% or €442.5 million, the Headliners Business Unit closed the year with a 23.1% or a €443.2 million drop, our Lighting segment was down 13.6% or €45.5 million, while the Cockpits segment dropped by 31.5% or €306.5 million.

Other operating income

Other operating income decreased by €25.6 million, or 19.8% to €103.8 million in the year ended December 31, 2020 from €129.4 million in the year ended December 31, 2019. This decrease was primarily attributable to the delays in certain projects by OEMs as a consequence of the negative effects in both production and demand of cars of the COVID-19 pandemic.

Supplies

Supplies decreased by €829.0 million, or 24.3%, to €2,579.6 million in the year ended December 31, 2020 from €3,408.6 million in the year ended December 31, 2019. The decrease in supplies was primarily attributable to decreased revenues plus the effects of the production plants lockdowns and restrictions, particularly during Q2. In relative terms, the cost of supplies, as percentage of revenues, stood at around 65.0% in the year ended December 31, 2020, a very similar level to that of 2019.

Staff costs

Staff costs dropped by €191.5 million, or 19.0%, to €816.0 million in the year ended December 31, 2020 from €1,007.5 million in the year ended December 31, 2019 due to significant decreases of activity levels at both production plants and TCOs, as well as due to the furlough schemes and optimization plans launched on a global basis in order to adapt our structure to the new industry landscape.

EBITDA

EBITDA in the twelve months ended December 31, 2020, fell by €162.8 million, or 37.4%, to €272.1 million from €434.9 million in the twelve months ended December 31, 2019. The decrease in EBITDA was primarily attributable to the negative effects of the COVID-19 pandemic in our operations, which were heavily affected at both business unit and geographies levels. Particularly relevant were the significant decreases in both volumes of production and demand at certain markets, such as Europe and the US, where also a number of projects were delayed. Furthermore, lockdowns and severe restrictions were imposed during Q2, when we were forced to closures and halts in production. Having said that, we managed to limit the impact of the disease in our operations thanks to the different optimization plans launched on a global basis to properly adapt our cost structure to the new competitive environment, which is the main factor that explains the significant recovery during H2 and the improvement of margins. The main highlights for the twelve months ended December 31, 2020 were the following:

1. In February 2020, we signed a strategic agreement that was materialized as a SAFE (*Simple Agreement for Future Equity)* with Israel-based Cipia -formerly Eyesight-, a leading provider of driver monitoring systems based on advance AI algorithms that will allow us to further extend our technological capabilities, as well as to position ourselves as a smart integrator of innovative technologies and increase product portfolio.

2. In July 2020, we started a strategic alliance with German-based AED Engineering to promote our electronic systems business following the acquisition of a 49.0% stake in the company. Through the agreement, we will be able to offer a broad range of innovative technological solutions for the interior, while AED will continue expanding its international footprint, as it intends to develop a technological hub in Spain that is expected to become unique in the region.

3. As part of the reorganization of our international operations and in order to adapt our structure to the new market environment, we liquidated Grupo Antolin Amsterdam B.V. We also plan to liquidate Grupo Antolin Holland B.V. over the course of 2021.

4. In December 2020, we entered into the EIB Incremental Facility regarding a term loan of €40.0 million loan at very attractive conditions that as of 31 December, 2020, was still not drawn. We expect to use the funds over the next year, but a decision has not been made yet.

As a result of the negative effects of the COVID-19 pandemic, our EBITDA margin for the twelve months ended December 31, 2020, was heavily hit on a yearly basis and deteriorated to 6.8% from the previous 8.3% in 2019, although during H2 we managed to improve our profitability levels significantly due to the quick recovery experienced by both volumes and demand, as well as due to the effects of the different optimization plans launched on a global basis focused on 3 main aspects (digitalization, standardization and efficiency). All these initiatives represented cost savings of €62.1 million over 2020 and are expected to continue generating savings and unleashing synergies in the range of €70-80 million during 2021.

€m	2020 full year actual savings	2021 expected savings
Industrial efficiency	58.1	€70-80m
TCO efficiency	6.9	
Facility management (MRO)	2.1	
Temporary employment optimisation	0.3	
Logistics	2.9	
Digital transformation	Ongoing	
Footprint optimisation costs	(14.0)	
Other (insurance & spare parts)	5.8	
Total	62.1	

€2.1m overperformance vs budget

In terms of geographic distribution, our EBITDA generated in Europe for the twelve months ended December 31, 2020 amounted to €53 million (€142 million in 2019), compared with the higher EBITDA generated in North America and APAC during the same period, of €134 million (€176 million in 2019) and €79 million (€94 million in 2019), respectively. The EBITDA generated in Africa amounted to €8 million (same as in 2019), while EBITDA in Mercosur lagged behind with a negative €2 million result (compared to €14 million in 2019).

Depreciation and amortization expenses

Depreciation and amortization expenses increased by €3.3 million, or 1.1%, to €297.7 million in the year ended December 31, 2020 from €294.4 million in the year ended December 31, 2019. The increase in depreciation and amortization expense was primarily due to the application of IFRS 16 and its impact on leasings, as well as tangible and intangible assets linked to new programs.

Other operating expenses

Other operating expenses decreased by €152.5 million, or 24.0%, to €481.9 million in the year ended December 31, 2020 from €634.4 million in the year ended December 31, 2019. The decrease in other operating expenses was mainly attributable the application of IFRS 16 and its impact on leasings, combined with the significantly lower levels of activity during the year as a result of the production plants closures, lockdowns and drop in both production and demand caused by the COVID-19 pandemic.

Profit for the year from continuing operations

Profit for the year from continuing operations decreased by €166.0 million to a loss of €25.6 million in the year ended December 31, 2020 from €140.4 million in the year ended December 31, 2019. This figure is explained mainly due to the severe deterioration suffered by all of our business units due to the negative effects of the COVID-19 pandemic and despite the different efforts taken by the Company to mitigate its impact through the implementation of cost-cutting initiatives aimed at optimizing and rationalizing our cost base and increase efficiency levels across the different business segments where we operate.

Net finance income/(expense)

Net finance cost rose by €4.1 million, or 8.3%, to €53.8 million in the year ended December 31, 2020 from €49.7 million in the year ended December 31, 2019. The increase in net finance cost was primarily attributable to the higher finance costs incurred by the Company to service its outstanding Notes, the SFA, as well as other financing facilities.

Net impairment loss on non-current assets increased by €1.6 million to €36.9 million in the year ended December 31, 2020 from €35.3 million in the year ended December 31, 2019.

Corporate income tax

Corporate income tax decreased by €19.6 million, or 72.1%, to €7.6 million in the year ended December 31, 2020 compared to €27.2 million in the year ended December 31, 2019. The significantly lower cost related to corporate income tax

was attributable to the significantly lower profit before taxes posted related to the negative effects of the COVID-19 pandemic on our global operations.

Consolidated profit for the year

Consolidated profit for the year decreased by €147.0 million, to a loss of €132.0 million in the year ended December 31, 2020 from €15.2 million in the year ended December 31, 2019. The decrease was primarily attributable to the significantly lower profit after tax posted in the twelve months ending December 31, 2020.

Segment Results of Operations

Headliners

	Year ended December 31		
	2020	2019	% change
	(audited)	(audited)	
	(€ million)		
Revenue	1,478.0	1,921.2	(23.1)
Other operating (expenses)/income, net	(1,392.7)	(1,801.7)	(22.7)
EBITDA	**85.3**	**119.5**	**(28.6)**
Depreciation and amortization expenses	(88.3)	(84.2)	4.9
Operating profit/(loss) (EBIT)	**(3.0)**	**35.3**	—

Revenue. Revenue decreased by €443.2 million, or 23.1%, to €1,478.0 million in the twelve months ended December 31, 2020 from €1,921.2 million in twelve months ended December 31, 2019. Sales have been negatively impacted by the COVID-19 pandemic, particularly due to plant closures and lockdowns during Q2. However, we managed to secure significant business opportunities, such as the launching of the brand new Ford F-150 in the US, one of the most successful and sold models worldwide, as well as Land Rover Defender in Europe. Additionally, we secured new projects such as the brand new Kona in Europe and Hyundai MQ4, for which we will be providing sun visors, thus reinforcing our competitive position as a market leader in this segment in Europe.

Other operating (expenses)/income, net. Net operating expenses decreased by €409.0 million, or 22.7%, to €1,392.7 million in the twelve months ended December 31, 2020 from €1,801.7 million in the twelve months ended December 31, 2019. The decrease in net operating expenses was primarily attributable to decreased sales, given the significantly lower levels of volume and demand on a worldwide basis.

EBITDA. EBITDA in the twelve months ended December 31, 2020 was €85.3 million, thus representing a 28.6% decrease vs the 2019 twelve months figure, which was €119.5 million. The decrease in EBITDA was primarily attributable to the negative effects of both the COVID-19 pandemic and Brexit. However, Alabama (USA) optimization measures aimed at increasing the efficiency of our operations, rationalizing the production, enhancing the quality department, improving logistics and commercial relationships with customers, as well as implementing cost-cutting initiatives and customer compensation agreements, among others, were successful. Currently, the plant is operating normally and with no additional issues, with profitability levels expected to turn positive over the next months.

Depreciation and amortization. Depreciation and amortization expenses increased by €4.1 million, or 4.9%, to €88.3 million in the year ended December 31, 2020 from €84.2 million in the year ended December 31, 2019. The increase in depreciation and amortization was primarily attributable to new project launches combined with the application of the IFRS16 rule.

Operating profit/(loss) (EBIT). Operating profit decreased by €38.3 million to -€3.0 million in the year ended December 31, 2020 from €35.3 million in the year ended December 31, 2019. The decrease in operating profit was primarily attributable to the decrease in both EBITDA and sales due to the severe impact of the COVID-19 pandemic in our global operations.

Doors

	Year ended December 31		
	2020	2019	% change
	(audited)	(audited)	
	(€ million)		
Revenue	1,533.3	1,975.8	(22.4)
Other operating (expenses)/income, net	(1,360.0)	(1,754.2)	(22.5)
EBITDA	**173.3**	**221.5**	**(21.8)**
Depreciation and amortization expenses	(114.2)	(93.7)	21.9
Operating profit/(loss) (EBIT)	**59.1**	**127.8**	**(53.8)**

Revenue. Revenue declined by €442.5 million, or 22.4%, to €1,533.3 million in the year ended December 31, 2020 from €1,975.8 million in the year ended December 31, 2019. The decrease in revenue was primarily attributable to the unfavorable evolution of the global auto industry as a consequence of the different plant closures, lockdowns and restrictions imposed to fight the COVID-19 pandemic, particularly during Q2, in which a number of clients postponed and delayed projects to adapt their operations to the severe drop in both demand and volumes. Despite this aspect, we also secured a number of significant projects for top selling models, including Seat Leon, Skoda Octavia, VW Arteon, Citroen C4 and Jeep Compass, among others. Furthermore, we were awarded with new projects for Audi Q5, Porsche Cayenne and Maserati M182, among others.

Other operating (expenses)/income, net. Net operating expenses decreased by €394.2 million, or 22.5%, to €1,360.0 million in the year ended December 31, 2020 from €1,754.2 million in the year ended December 31, 2019. The decrease in net operating expenses was primarily attributable to the different measures implemented on a worldwide basis to properly adapt our structure to the new competitive environment caused by the decline in volume and demand as a result of the COVID-19 pandemic.

EBITDA. EBITDA in the twelve months ended December 31, 2020 was €173.3 million, which represents a 21.8% decrease when compared with the €221.5 million figure reported in the year ended December 31, 2019. This decrease was primarily attributable to the significantly lower sales, despite the fact that we manage to limit the impact of the drop in volumes and demand with a number of cost-cutting initiatives aimed at unleashing synergies and optimizing our operations.

Depreciation and amortization expenses. Depreciation and amortization expenses increased by €20.5 million, or 21.9%, to €114.2 million in the year ended December 31, 2020 from €93.7 million in the year ended December 31, 2019. The increase in depreciation and amortization was primarily attributable to new project launches combined with the application of the IFRS16 rule.

Operating profit/(loss) (EBIT). Operating profit decreased by €68.7 million, or 53.8%, to €59.1 million in the year ended December 31, 2020 from €127.8 million in the year ended December 31, 2019. The decrease in operating profit was primarily attributable to the increase in Depreciation and Amortization.

Cockpits

	Year ended December 31		
	2020	2019	% change
	(audited)	(audited)	
	(€ million)		
Revenue	668.2	974.7	(31.5)
Other operating (expenses)/income, net	(617.4)	(869.3)	(29.0)
EBITDA	**50.9**	**105.4**	**(51.8)**
Depreciation and amortization expenses	(39.8)	(55.4)	(28.2)
Operating profit/(loss) (EBIT)	**11.1**	**50.0**	**(78.0)**

Revenue. Revenue dropped by €306.5 million, or 31.5%, to €668.2 million in the year ended December 31, 2020 from €974.7 million in the year ended December 31, 2019. The significant negative impact of the COVID-19 pandemic in the global auto industry during Q2 explains this drop, as we were forced to plan closures and lockdowns imposed by governments to combat the disease. On the positive side, we secured new projects for Mini, Mercedes and General Motors top selling models, as well as for Evergrande Auto in Asia, which will eventually help us to increase our footprint in the region, particularly in China.

Other operating (expenses)/income, net. Net operating expenses decreased by €251.9 million, or 29.0%, to €617.4 million in the year ended December 31, 2020 from €869.3 million in the year ended December 31, 2019. The decrease in net operating expenses was primarily attributable to a decrease in revenue caused by the deep decline in both volumes and demand as a consequence of the COVID-19 pandemic.

EBITDA. EBITDA in the twelve months ended December 31, 2020 was €50.9 million, thus representing a €54.5 million, or 51.8%, decrease when compared with the €105.4 million figure in the year ended December 31, 2019. This significant decrease was attributable to the decline in sales caused by the COVID-19 pandemic.

Depreciation and amortization expenses. Depreciation and amortization expenses decreased by €15.6 million, to €39.8 million in the year ended December 31, 2020 from €55.4 million in the year ended December 31, 2019. The decline in depreciation and amortization was primarily attributable to decreased across numerous different facilities and despite having considered the new IFRS16 rule.

Operating profit/(loss) (EBIT). Operating profit decreased by €38.9 million, or 78.0%, to €11.1 million in the year ended December 31, 2020 from €50.0 million in the year ended December 31, 2019. The decrease in operating profit was primarily attributable to lower sales, which negatively impacted the figure despite the lower depreciation and amortization expenses.

Lighting

	Year ended December 31		
	2020	**2019**	**% change**
	(audited)	**(audited)**	
	(€ million)		
Revenue	288.6	334.1	(13.6)
Other operating (expenses)/income, net	(227.0)	(247.9)	(8.4)
EBITDA	**61.6**	**86.2**	**(28.5)**
Depreciation and amortization expenses	(24.6)	(25.0)	(1.6)
Operating profit/(loss) (EBIT)	**37.0**	**61.2**	**(39.5)**

Revenue. Revenue fell by €45.5 million, or 13.6%, to €288.6 million in the year ended December 31, 2020 from €334.1 million in the year ended December 31, 2019. The decrease in revenue was primarily attributable to decreased sales in a number of geographies, due to the significant drop in both volumes and demand, as a result of plant closures, lockdowns and restrictions caused by COVID-19. During the year, we secured attractive projects for top selling models, such as Seat Cupra, JLR F-pace, Peugeot 3008 & 5008 and Honda Acura, among others. Furthermore, we have increased our product portfolio within the electronic systems arena as part of our long-term strategy to become a leading smart integrator of innovative technologies in our products to face increasing customer needs.

Other operating (expenses)/income, net. Net operating expenses decreased by €20.9 million, or 8.4%, to €227.0 million in the year ended December 31, 2020 from €247.9 million in the year ended December 31, 2019. The decrease in net operating expenses was primarily attributable to decreased sales as a direct consequence of the negative implications of COVID-19 pandemic in the global auto industry.

EBITDA. EBITDA in the twelve months ended December 31, 2020 was €61.6 million, which represents a €24.6 million, or 28.5%, decrease when compared with the €86.2 million reported in the year ended December 31, 2019. Despite the initiatives intended to reduce costs and adapt our structure to the new competitive landscape, the severe restrictions imposed due to COVID-19 negatively impacted our global operations and were reflected at EBITDA level.

Depreciation and amortization expenses. Depreciation and amortization expenses decreased by €0.4 million, or 1.6%, to €24.6 million in the year ended December 31, 2020 from €25.0 million in the year ended December 31, 2019. The slight decline in depreciation and amortization was primarily attributable to the lower amortization of capitalized development investments, despite the impact on the figure of the IFRS16 rule.

Operating profit/(loss) (EBIT). Operating profit decreased by €24.2 million, or 39.5%, to €37.0 million in the year ended December 31, 2020 from €61.2 million in the year ended December 31, 2019. The decrease in operating profit was primarily attributable to the significant decrease in sales, despite the lower depreciation and amortization expenses.

Year ended December 31, 2019 compared to year ended December 31, 2018

Group results of operations

The table below sets out our results of operations for the year ended December 31, 2019, compared to the year ended December 31, 2018.

	Year ended December 31		
	2018	2019	% change
	(audited)	(audited)	
	(€ million)		
Consolidated Income Statement of Profit or Loss Data:			
Revenue	5,424.6	5,214.2	(3.9)
Changes in inventories of finished goods and work in progress	0.5	2.8	431.0
Capital grants and other grants taken to income	0.7	1.0	43.8
Other operating income	98.0	129.4	32.1
Total operating income	**5,523.8**	**5,347.5**	**(3.2)**
Supplies	(3,597.8)	(3,408.6)	(5.3)
Staff costs	(968.8)	(1,007.5)	4.0
Depreciation and amortization expenses	(195.0)	(294.4)	51.0
Change in trade provisions	0.3	(1.7)	(573.9)
Other operating expenses	(734.1)	(634.4)	(13.6)
Less-Own work capitalized	132.5	139.5	5.3
Total operating expenses	**(5,362.9)**	**(5,207.1)**	**(2.9)**
Profit/(loss) for the year from continuing operations	**160.9**	**140.4**	**(12.7)**
Finance income	1.6	3.5	117.0
Finance costs	(59.7)	(45.2)	(24.2)
Exchange differences	(6.1)	(8.0)	(30.4)
Net finance income/(expense)	**(64.2)**	**(49.7)**	**(22.6)**
Net impairment loss on non-current assets	(17.5)	(35.3)	101.3
Gains/(losses) on disposals of non-current assets	(0.4)	(20.3)	n.m.
Gains/(losses) on the loss of control over consolidated investments	—	5.9	n.a.
Profit of companies consolidated using the equity method	2.6	0.7	(71.6)
Impairments and losses due to loss of control over companies accounted for using the equity method	—	0.6	n.a.
Profit/(loss) before taxes	**81.4**	**42.4**	**(47.9)**
Corporate income tax	(27.7)	(27.2)	(1.8)
Consolidated profit for the twelve-month period	**53.8**	**15.2**	**(71.7)**
Profit/(loss) attributable to non-controlling interests	(6.5)	(14.8)	126.5
Profit/(loss) attributable to the Parent	**47.2**	**0.5**	**(99.0)**

Revenue

Revenue decreased by €210.4 million, or 3.9%, to €5,214.2 million in the year ended December 31, 2019 from €5,424.6 million in the year ended December 31, 2018. The decrease in revenue was primarily attributable to declines in the APAC and Europe regions (with 22.7% and 3.5% declines respectively, equivalent to €140.6 million and €91.8 million). In the case of APC this performance was significantly influenced by sales in China, down 25.9% or €135.3 million. European sales declines were affected by sales declines in UK, Austria and Spain.

In terms of business units, only our Doors segment saw an increase in sales, of 4.7% or €89.3 million. This was not enough to offset the negative sales evolution of our Headliners business unit, down 6.8% or €139.3 million, our Lighting segment, down 4.3% or €15.0 million or the Cockpits business unit, down 13.4% or €150.8 million.

Other operating income

Other operating income increased by €31.5 million, or 32.1% to €129.4 million in the year ended December 31, 2019 from €98.0 million in the year ended December 31, 2018. This increase was primarily due to an increase in other revenues for various services billed to clients.

Supplies

Supplies decreased by €189.2 million, or 5.3%, to €3,408.6 million in the year ended December 31, 2019 from €3,597.8 million in the year ended December 31, 2018. The decrease in supplies was primarily attributable to decreased revenues and the introduction of projects with higher costs of materials and components, primarily projects in our Cockpits segment. As a result, cost of supplies as percentage of revenue has decreased slightly from 66.3% in the year ended December 31, 2018 to 65.4% in the year ended December 31, 2019.

Staff costs

Staff costs increased by €38.7 million, or 4.0%, to €1,007.5 million in the year ended December 31, 2019 from €968.8 million in the year ended December 31, 2018. The increase in staff costs was primarily attributable to new companies, new project launches and increased activity at TCOs.

EBITDA

EBITDA, under IFRS 16 in the twelve months ended December 31, 2019, increased by €79.0 million, or 22.2%, to €434.9 million from €356.0 million in the twelve months ended December 31, 2018. For the purposes of providing comparable figures with fiscal year 2018, the EBITDA in the twelve months ended December 31, 2019, excluding the impact of the application of IFRS 16, would have been €362.0 million, representing an increase of €12.0 million or 3.8%. The increase in EBITDA (excluding the effect of IFRS 16) was primarily attributable to increased sales and ramp ups in USA, Germany and Czech Republic which offset sales declines in China, Mexico and UK. As a result of these different factors, EBITDA margin reached 8.3% in the twelve months ended December 31, 2019 from 6.6% in the twelve months ended December 31, 2018, under IFRS 16, while the EBITDA margin in the twelve months ended December 31, 2019, excluding the impact of the application of IFRS 16, was 6.9%, compared to an EBITDA margin of 6.6% in the twelve months ended December 31, 2018.

Depreciation and amortization expenses

Depreciation and amortization expenses increased by €99.5 million, or 51.0%, to €294.4 million in the year ended December 31, 2019 from €195.0 million in the year ended December 31, 2018. The increase in depreciation and amortization expense was primarily due to the application of IFRS 16, resulting in €68.3 million in depreciation for leasing, as well as tangible and intangible assets linked to new programs.

Other operating expenses

Other operating expenses decreased by €99.7 million, or 13.6%, to €634.4 million in the year ended December 31, 2019 from €734.1 million in the year ended December 31, 2018. The decrease in other operating expenses was mainly attributable the application of IFRS 16, resulting in €68.3 million in depreciation for leasing, and the normalization of activity after the launch of 6 new facilities through the twelve months ended December 31, 2018.

Profit for the year from continuing operations

Profit for the year from continuing operations decreased by €20.5 million, or 12.7%, to €140.4 million in the year ended December 31, 2019 from €160.9 million in the year ended December 31, 2018. The decrease in profit for the year from continuing operations was primarily attributable to decreased sales and increased personnel costs linked to launch costs.

Net finance income/(expense)

Net finance cost decreased by €14.5 million, or 22.6%, to €49.7 million in the year ended December 31, 2019 from €64.2 million in the year ended December 31, 2018. The decrease in net finance cost was primarily attributable to lower finance costs after the full year effect of the issuance of the 2026 Notes, the Amendment of the SFA and the signing of the EIB Facility offsetting exchange differences, all completed in 2018.

Corporate income tax

Corporate income tax was stable at €27.2 million in the year ended December 31, 2019 compared to €27.7 million in the year ended December 31, 2018. The stabilization in corporate income tax despite significantly lower profit before taxes was primarily attributable to the effect of supplementary corporate tax returns for 2017 and 2016 filed by the Spanish

consolidated tax group to which the parent and the majority of the Spanish consolidated subsidiaries belong. These settlements included fewer deductions in those years compared to those included in the tax returns initially filed.

Consolidated profit for the year

Consolidated profit for the year decreased by €38.6 million, or 71.7%, to €15.2 million in the year ended December 31, 2019 from €53.8 million in the year ended December 31, 2018. The decrease was primarily attributable decreased profit after tax in the twelve months ending December 31, 2019.

Segment Results of Operations

Headliners

	Year ended December 31		
	2018	**2019**	**% change**
	(audited)	**(audited)**	
	(€ million)		
Description:			
Revenue	2,060.5	1,921.2	(6.8)
Other operating (expenses)/income, net	(1,957.3)	(1,801.7)	(7.9)
EBITDA	**103.2**	**119.5**	**15.8**
Depreciation and amortization expenses	(50.7)	(84.2)	66.1
Operating profit/(loss) (EBIT)	**52.5**	**35.3**	**(32.7)**

Revenue. Revenue decreased by €139.4 million, or 6.8%, to €1,921.2 million in the twelve months ended December 31, 2019 from €2,060.5 million in twelve months ended December 31, 2018. Sales increases in the USA in Alabama (linked to Daimler "GLE", "GLS" and "GLE Coupe" SUVs), Wayne (Ford pick-ups), Spartanburg (BMW "X5" and "X7"), as well as in Silao in Mexico (FCA) and Slovakia (JLR) did not compensate revenue declines in Kentucky (VW), Hungary (Daimler), UK (JLR) and the scaling down of Rastatt.

Other operating (expenses)/income, net. Net operating expenses decreased by €155.6 million, or 7.9%, to €1,801.7 million in the twelve months ended December 31, 2019 from €1,957.3 million in twelve months ended December 31, 2018. The decrease in net operating expenses was primarily attributable to decreased sales and the application of IFRS 16.

EBITDA. EBITDA in the twelve months ended December 31, 2019, including the impact of the application of IFRS 16, increased by €16.3 million, or 15.8%, to €119.5 million from €103.2 million in the twelve months ended December 31, 2018. The increase in EBITDA was primarily attributable to the application of IFRS 16.

Depreciation and amortization expenses. Depreciation and amortization expenses increased by €33.5 million, or 66.1%, to €84.2 million in the year ended December 31, 2019 from €50.7 million in the year ended December 31, 2018. The increase in depreciation and amortization was primarily attributable to new project launches and the application of IFRS 16.

Operating profit/(loss) (EBIT). Operating profit decreased by €17.2 million, or 32.7%, to €35.3 million in the year ended December 31, 2019 from €52.5 million in the year ended December 31, 2018. The decrease in operating profit was primarily attributable to the increase in depreciation and amortization expenses.

Doors

	Year ended December 31,		
	2018	**2019**	**% change**
	(audited)	**(audited)**	
	(€ million)		
Description:			
Revenue	1,886.5	1,975.8	4.7
Other operating (expenses)/income, net	(1,682.9)	(1,754.2)	4.2
EBITDA	**203.6**	**221.5**	8.8
Depreciation and amortization expenses	(59.3)	(93.7)	58.0

	Year ended December 31,		
	2018	2019	% change
	(audited)	(audited)	
	(€ million)		
Operating profit/(loss) (EBIT)	**144.3**	**127.8**	**(11.4)**

Revenue. Revenue increased by €89.3 million, or 4.7%, to €1,975.8 million in the year ended December 31, 2019 from €1,886.5 million in the year ended December 31, 2018. The increase in revenue was primarily attributable to the favorable evolution of the market in North America, specifically the launch of the Dodge "Ram" in Shelby and the ramp up of BMW in Spartanburg, additionally sales for the Audi "Q3" in Turnov (Czech Republic) continued to grow.

Other operating (expenses)/income, net. Net operating expenses increased by €71.3 million, or 4.2%, to €1,754.2 million in the year ended December 31, 2019 from €1,682.9 million in the year ended December 31, 2018. The increase in net operating expenses was primarily attributable to the launch of the Spartanburg Assembly facility and the decreased activity in Hartlip (UK) as we consolidate production in Barton (UK).

EBITDA. EBITDA in the twelve months ended December 31, 2019, including the impact of the application of IFRS 16, increased by €17.9 million, or 8.8%, to €221.5 million from €203.6 million in the twelve months ended December 31, 2018. The increase in EBITDA was primarily attributable to the launch of the new Spartanburg Assembly and end of production of certain FCA models in Saltillo (Mexico) and the application of IFRS 16.

Depreciation and amortization expenses Depreciation and amortization expenses increased by €34.4 million, or 58.0%, to €93.7 million in the year ended December 31, 2019 from €59.3 million in the year ended December 31, 2018. The increase in depreciation and amortization was primarily attributable to new project launches and the application of IFRS 16.

Operating profit/(loss) (EBIT). Operating profit decreased by €16.5 million, or 11.4%, to €127.8 million in the year ended December 31, 2019 from €144.3 million in the year ended December 31, 2018. The decrease in operating profit was primarily attributable to the increase in depreciation and amortization expenses.

Cockpits

	Year ended December 31		
	2018	2019	% change
	(audited)	(audited)	
	(€ million)		
Description:			
Revenue	1,125.5	974.7	(13.4)
Other operating (expenses)/income, net	(1,036.2)	(869.3)	(16.1)
EBITDA	**89.3**	**105.4**	**18.0**
Depreciation and amortization expenses	(36.1)	(55.4)	53.5
Operating profit/(loss) (EBIT)	**53.2**	**50.0**	**(6.0)**

Revenue. Revenue decreased by €150.8 million, to €974.7 million in the year ended December 31, 2019 from €1,125.5 million in the year ended December 31, 2018. The decrease in revenue was primarily attributable to decreased sales in Changshu in China and Redditch in the UK, both principally linked to JLR models, as well as the sale of the Tianjin facility, which were not compensated by sales increases in Straubing and Liban (Germany and Czech Republic, respectively, both linked to BMW and Audi).

Other operating (expenses)/income, net. Net operating expenses decreased by €166.9 million, or 16.1%, to €869.3 million in the year ended December 31, 2019 from €1,036.2 million in the year ended December 31, 2018. The decrease in net operating expenses was primarily attributable to a decrease in revenue and the application of IFRS 16.

EBITDA. EBITDA in the twelve months ended December 31, 2019, including the impact of the application of IFRS 16, increased by €16.1 million, or 18.0%, to €105.4 million from €89.3 million in the twelve months ended December 31, 2018. The increase in EBITDA was primarily attributable to successful launches in Straubing and the sale of the Tianjin facility and the application of IFRS 16.

Depreciation and amortization expenses. Depreciation and amortization expenses increased by €19.3 million, or 53.5%, to €55.4 million in the year ended December 31, 2019 from €36.1 million in the year ended December 31, 2018. The increase in depreciation and amortization was primarily attributable to increases across numerous different facilities and the application off IFRS 16.

Operating profit/(loss) (EBIT). Operating profit decreased by €3.2 million, or 6.0%, to €50.0 million in the year ended December 31, 2019 from €53.2 million in the year ended December 31, 2018. The decrease in operating profit was primarily attributable to higher depreciation and amortization expenses.

Lighting

	Year ended December 31		
	2018	2019	% change
	(audited)	(audited)	
	(€ million)		
Description:			
Revenue	349.1	334.1	(4.3)
Other operating (expenses)/income, net	(287.1)	(247.9)	(13.7)
EBITDA	**62.0**	**86.2**	**39.0**
Depreciation and amortization expenses	(18.7)	(25.0)	33.7
Operating profit/(loss) (EBIT)	**43.3**	**61.2**	**41.3**

Revenue. Revenue decreased by €15.0 million, or 4.3%, to €334.1 million in the year ended December 31, 2019 from €349.1 million in the year ended December 31, 2018. The decrease in revenue was primarily attributable to decreased sales in Besançon linked primarily to French OEMs and in Suzhou in China.

Other operating (expenses)/income, net. Net operating expenses decreased by €39.2 million, or 13.7%, to €247.9 million in the year ended December 31, 2019 from €287.1 million in the year ended December 31, 2018. The decrease in net operating expenses was primarily attributable to decreased sales and the application of IFRS 16.

EBITDA. EBITDA in the twelve months ended December 31, 2019, including the impact of the application of IFRS 16, increased by €24.2 million, or 39.0%, to €86.2 million from €62.0 million in the twelve months ended December 31,2018. The increase in EBITDA was primarily attributable to continued successful launches in Bamberg and the application of IFRS 16.

Depreciation and amortization expenses. Depreciation and amortization expenses increased by €6.3 million, or 33.7%, to €25.0 million in the year ended December 31, 2019 from €18.7 million in the year ended December 31, 2018. The increase in depreciation and amortization was primarily attributable to the increase of amortization of capitalized development investments and the application of IFRS 16.

Operating profit/(loss) (EBIT). Operating profit increased by €17.9 million, or 41.3%, to €61.2 million in the year ended December 31, 2019 from €43.3 million in the year ended December 31, 2018. The increase in operating profit was primarily attributable to new projects awarded.

Liquidity and Capital Resources

Historical cash flows

The following tables set forth our historical cash flow items for the periods indicated:

	Year ended December 31			For the three months ended March 31	
	2018	2019	2020	2020	2021
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
			(€ million)		
Consolidated Cash Flow Information					
Cash flows from/(used in) ordinary operating activities:					
Consolidated profit/(loss) for the year before taxes	**81.4**	**42.4**	**(124.4)**	**(9.8)**	**17.2**
Adjustments for:					
Depreciation and amortization expenses	195.0	294.4	297.7	74.8	68.6
Allocation to/(reversal of) current provisions	16.8	(2.0)	0.3	3.0	0.8

	Year ended December 31			For the three months ended March 31	
	2018	2019	2020	2020	2021
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
			(€ million)		
Allocation to/(reversal of) non-current provisions	14.5	17.8	14.5	6.4	9.6
Capital grants and other grants taken to income	(0.7)	(1.0)	(0.8)	(0.2)	(0.2)
Net finance expense	64.2	49.7	53.8	10.5	6.8
Net impairment loss on non-current assets	17.5	35.3	36.9	—	5.9
Gains/(losses) on disposal of non-current assets	0.4	20.3	9.4	0.4	(1.2)
Change in fair value of financial instruments	—	—	—	—	—
Impairments and losses on disposal of non-current financial assets	—	—	—	—	—
Gains/(losses) on the loss of control over consolidated investments	—	(5.9)	—	—	—
Profit/(loss) of companies accounted for using the equity method	(2.6)	(0.7)	(1.5)	0.4	(0.7)
Impairments and losses due to loss of control over companies accounted for using the equity method	—	(0.6)	—	—	—
Operating profit before movements in working capital	**386.5**	**449.7**	**286.1**	**85.7**	**106.6**
(Increase)/decrease in trade and other receivables	114.8	(9.0)	180.8	55.8	(129.3)
(Increase)/decrease in inventories	(5.7)	115.5	107.9	18.2	(47.9)
Increase/(decrease) in trade and other payables	(71.6)	(71.5)	(113.6)	(15.9)	60.8
Increase/(decrease) in other current liabilities	(12.2)	31.5	0.5	(3.1)	11.3
Payments of provisions	(25.4)	(36.3)	(17.8)	(8.0)	(3.2)
Unrealized exchange differences and other items	(2.1)	(28.0)	(43.0)	(40.1)	15.3
Cash generated from operations	**384.2**	**451.8**	**401.2**	**92.5**	**13.6**
Corporate income tax reimbursed/(paid)	(21.8)	(7.2)	(4.4)	(5.3)	2.9
Net cash generated by/(used in) operating activities	**362.4**	**444.6**	**396.9**	**87.2**	**16.5**
Cash flows from/(used in) investing activities:					
Dividends received	**0.8**	**0.6**	**0.3**	—	—
Proceeds from disposal of investments in:					
Intangible assets	15.6	13.4	3.8	—	—
Associates	—	1.0	—	—	—
Group companies, net of cash outflows	—	6.3	0.0	—	0.3
Property, plant and equipment	2.1	2.0	2.4	—	3.6
Non-current financial assets	2.5	0.1	0.5	—	—
Current financial assets	—	—	—	0.4	0.5
Payments for investments in:					
Associates	(6.2)	(1.7)	(4.5)	—	—
Group companies	(8.7)	—	0.0	—	—
Property, plant and equipment	(185.4)	(160.2)	(86.9)	(28.1)	(26.6)
Intangible assets	(135.0)	(141.2)	(90.9)	(20.2)	(22.6)
Investment property	—	—	(0.0)	—	—
Non-current financial assets	(0.8)	(2.2)	—	(2.3)	(0.6)
Current financial assets	(0.8)	(1.8)	(2.3)	—	—
Non-current assets held for sale	—	—	—	—	—
Net cash generated by/(used in) investing activities	**(315.9)**	**(283.8)**	**(177.6)**	**(50.2)**	**(45.5)**
Cash flows from/(used in) financing activities:					
Proceeds from/(payments for) equity instruments:					
Acquisition of non-controlling interest's shares	(1.5)	(0.3)	—	—	—
Contributions from/(returns to) non-controlling interests	(5.7)	(8.2)	(9.2)	(1.4)	(7.2)
Proceeds from/(payments for) financial liabilities:					
Issue of bonds and syndicated loan, nominal	400.0	—	—	—	—
Early redemption of bonds	(400.0)	(14.6)	—	—	—
Repayment of syndicated loan	(17.1)	(16.8)	(16.8)	—	—
Repayment of loan "RDI & CONVERGENCE" Project	—	—	—	—	—
Proceeds from/(repayment of) other bank borrowings, net	38.3	(34.8)	58.7	98.2	(8.2)
Proceeds from/(repayment of) debts with Group's companies, net	—	—	—	—	—
Payments of lease liabilities (IFRS16)	—	(72.8)	(71.7)	(18.4)	(16.7)
Proceeds from/(repayment of) other financial liabilities, net	(0.7)	2.0	(8.9)	(2.0)	(0.6)
Other cash flows from/(used in) financing activities:					
Finance income and costs paid, net	(53.0)	(38.5)	(43.4)	(3.8)	(1.7)
Dividends paid and payments on other equity instruments	(30.0)	(14.0)	—	—	—
Net cash generated by/(used in) financing activities	**(69.6)**	**(198.0)**	**(91.3)**	**72.6**	**(34.2)**
Net increase/(decrease) in cash and cash equivalents from continuing operations	**(23.1)**	**(37.1)**	**128.1**	**109.5**	**(63.2)**
Net increase/(decrease) in cash and cash equivalents from discontinued operations	—	—	—	—	—
Cash and cash equivalents at beginning of the year	**333.9**	**310.8**	**273.7**	**273.7**	**401.7**
Cash or cash equivalents at end of the year	**310.8**	**273.7**	**401.7**	**383.2**	**338.5**

Net cash generated by/ (used in) operating activities

Our net cash generated by operating activities was €16.5 million in the three months ended March 31, 2021, primarily resulting from the consolidated profit before taxes for the three months ended March 31, 2021 of €17.2 million, as well as due to depreciation and amortization expenses which totaled €68.6 million, finance income and expenses of €10.0 million and an increase in net working capital of €106.6 million.

Our net cash generated by operating activities was €87.2 million in the three months ended March 31, 2020, due to the consolidated loss before taxes for the three months ended March 31, 2020 of €9.8 million, as well as due to depreciation

and amortization expenses which totaled €74.8 million, finance income and expenses of €11.4 million and a decrease in net working capital of €85.7 million.

Our net cash generated by operating activities was €396.9 million in the year ended December 31, 2020, primarily attributable to a consolidated loss for the year before taxes of €124.4 million, depreciation and amortization expenses which totalled €297.7 million, finance income of €53.8 million, payments of corporate income tax of €4.4 million and a decrease in working capital of €175.6 million.

Our net cash generated by operating activities was €444.6 million in the year ended December 31, 2019, primarily attributable to a consolidated profit for the year before taxes of €42.4 million, depreciation and amortization expenses which totalled €294.4 million, finance income of €49.7 million, payments of corporate income tax of €7.2 million and a decrease in working capital of €66.5 million.

Our net cash generated by operating activities was €362.4 million in the year ended December 31, 2018, primarily attributable to a consolidated profit for the year before taxes of €81.4 million, depreciation and amortization expenses which totalled €195.0 million, finance and income expenses of €64.2 million, payments of corporate income tax of €21.8 million and a decrease in working capital of €25.2 million.

Net cash used in investing activities

Our net cash used in investing activities was €45.5 million in the three months ended March 31, 2021, primarily attributable to investments in Liban (Czech Republic), Besançon (France), Alabama (USA), Bamberg (Germany), and Silao (México). Some of the main projects under development are Porsche "Macan", Audi Q5, Chrysler MP552 ("Jeep Compass"), Jaguar XF, Renault Kadjar, Chevrolet Traverse, -mini F6X or Qashqai.

Our net cash used in investing activities was €50.2 million in the three months ended March 31, 2020, primarily attributable to investments in Doors (€19.9 million), Headliners (€15.1 million) and Cockpits (€7.5 million). These three segments represented approximately 88.0% of investments. Some of the main projects under development are Porsche "Macan", Chrysler MP552 ("Jeep Compass"), Mercedes MFA2 ("B-Class"), Renault "Kadjar", Jaguar X391, VW T7 ("MultiVans"), BMW F40/44 ("1 Series").

Our net cash used in investing activities was €177.6 million in the year ended December 31, 2020, primarily attributable to €86.9 million invested in property, plant and equipment, corresponding to Antolín Interiors México, S.A. de C.V., Antolin Interiors UK, Ltd. y Grupo Antolin-Sibiu, S.R.L. and Cuautitlán (Mexico). Furthermore, we had €90.9 million invested in intangible assets in 2020, mainly due to certain new projects including Porsche "Macan NF EU22 IP", Ford "CX727 NA20 Panel", Chrysler "MP 552 MCA Panel", Skoda "S270 WW21 IP", Audi "PPE AU416/2 EU 22" and Jaguar "X260 21MY EU 20 Panel.

Our net cash used in investing activities was €283.8 million in the year ended December 31, 2019, primarily attributable to €160.2 million invested in property, plant and equipment, corresponding to Liban (Czech Republic), Toluca (Mexico), Besançon (France), Silesia (Poland), Bamberg (Germany), Turnov (Czech Republic), Kentucky (USA) and Cuautitlán (Mexico). Furthermore, we had €141.2 million invested in intangible assets in 2019, mainly due to certain new projects including BMW G1x ("8 Series"), Porsche Macan, Mercedes MFA2 ("B-Class"), Chrysler MP552 (Jeep Compass), Jaguar D7a ("F-Pace"), MAN SE ("TGL/TGM"),Skoda SK38 (Octavia), Renault Kadjar, Mercedes BR167 ("M-Klasse"). Payments from disposals of investments in Group Companies totalled €6.3 million during the year ended December 31, 2019 as a result of the divestiture of a 50% stake in Tianjin.

Our net cash used in investing activities was €315.9 million in the year ended December 31, 2018, primarily attributable to €185.4 million invested in property, plant and equipment, corresponding to (i) our new plants in Shelby and Alabama (both United States), Tianjin (China) and (ii) investments in the expansion of existing facilities, such as Silesia (Poland), Changshu (China), Kentucky (USA), and Spartanburg (USA). Furthermore, we had €135.0 million invested in intangible assets in 2018, mainly due to certain new projects including Audi "AU516 IP" (Q6 e-Tron), BMW "G05/G07 Luggage", BMW "F40/44 Panel" (1 Series), Seat "SE 326 IP" (Ateca), BMW "G29", Chrysler "FCA Panel", BMW "J29". Payments for investments in Associates totalled €6.2 million during the year ended December 31, 2018 as a result of the acquisitions of Walter Pack in an amount of €3.9 million and Slovakian Door Company in an amount of €2.3 million (increasing the participation in this company from 25% to 50%, although still remain as non-controlling interest shareholder). Payments for investments in Group companies totalled €8.7 million during the year ended December 31, 2018 principally as a result of the acquisition of Haselbeck for €6.6 million.

Net cash generated by/ (used in) financing activities

Our net cash used in our financing activities was €34.2 million in the three months ended March 31, 2021, primarily attributable to the €8.2 million of bank repayments and €16.7 million of payments related to lease liabilities under IFRS 16 .

Our net cash generated by our financing activities was €72.6 million in the three months ended March 31, 2020, primarily attributable to the €98.2 million of additional bank borrowings, principally the €98.2 million drawing under the Revolving Credit Facility.

Our net cash used in financing activities was €91.3 million in the year ended December 31, 2020, primarily attributable to the €71.7 million payments of lease liabilities (IFRS 16), the €43.4 million of interest payments, €16.8 million of scheduled repayments related to Senior Facilities and €58.7 million of proceeds principally related to credit lines, other loans and leasing's, through the twelve month period. Furthermore, we paid no dividends to our shareholders during the year.

Our net cash used in financing activities was €198.0 million in the year ended December 31, 2019, primarily attributable to the €72.8 million payments of lease liabilities (IFRS 16), the €38.5 million of interest payments, €16.8 million of scheduled repayments related to Senior Facilities, €14.6 million of prepayments of the 2024 Notes, and €34.8 million of repayments principally related to credit lines, other loans and leasing's, through the twelve month period. The €14.0 million dividend payments reflect payments to our shareholders.

Our net cash used in financing activities was €69.6 million in the year ended December 31, 2018, primarily attributable to the €400.0 million redemption of the 2022 Notes, offset by the combination of proceeds from the €250 million issuance of 2026 Notes, the €100 million EIB Facility, the €50.0 million increase in the Senior Facilities and €38.3 million related to drawdowns of short credit facilities principally linked to Chinese Joint Ventures. Other net cash used in financing activities includes €53.0 million of interest payments and costs related to the 2022 Notes' redemption, as well as €17.1 million of scheduled repayments, principally of the Senior Facilities through the twelve-month period. The €30.0 million dividend payments reflect payments to our shareholders. In addition, we had €5.7 million dividend payments to partners at our Turkish, Hungarian and US Joint Ventures, which are majority controlled by the Company and €1.5 million in acquisition of controlling interest in CIDUT (a Spanish tooling supplier acquired in June 2019).

Liquidity

Our principal source of liquidity is our operating cash flow, which is analysed above. Our ability to generate cash from our operations depends on our future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control, as well as other factors.

As of March 31, 2021, the cash and bank balances and other liquid assets amounted to €338.5 million. Additionally, we had available revolving credit facilities totaling €261.6 million, of which €200.0 million correspond to the Revolving Credit Facility made available under the Senior Facilities Agreement and €61.6 million under other credit lines.

Although we believe that our expected cash flows from operations, together with available borrowings and cash on hand, will be adequate to meet our anticipated liquidity and debt service needs, we cannot assure you that our business will generate sufficient cash flows from operations or that future debt and equity financing will be available to us in an amount sufficient to enable us to pay our debts when due or to fund our other liquidity needs.

We believe that the potential risks to our liquidity include:

- a reduction in operating cash flows due to a lowering of operating profit from our operations, which could be caused by a downturn in our performance or in the industry as a whole;

- the failure or delay of our customers to make payments due to us;

- a failure to maintain low working capital requirements; and

- the need to fund expansion and other development capital expenditures.

Our "free cash flow", which we calculate by deducting from our EBITDA of such period our capital expenditures, corporate income tax paid and changes in working capital, amounted to negative €55 million for the three months ended March 31, 2021, compared to €78 million for the three months ended March 31, 2020. In the twelve months ended March 31, 2021, "free cash flow" amounted to €132.9 million, while "free cash flow" amounted to €265.5 million for the twelve months ended December 31, 2020, compared to €192.7 million and €39.0 million for the twelve months ended December 31, 2019 and December 31, 2018, respectively. See *"—Working Capital" and "Capital Expenditures*".

If our future cash flows from operations and other capital resources (including borrowings under our current or any future credit facility) are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities and capital expenditures;
- sell our assets;
- obtain additional debt or equity financing; or
- restructure or refinance all or a portion of our debt on or before maturity.

We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In addition, the terms of our existing indebtedness and any future debt may limit our ability to pursue any of these alternatives.

In addition, we have not paid any dividends to our shareholders in 2020, considering the efforts made by the Company to properly adapt its structure to the competitive environment that resulted from the severe decline in both production and demand caused by the COVID-19 pandemic, which compares with the €30.0 million and €14.0 million paid in 2018 and 2019, respectively. This aspect reinforces the long-term commitment of the Antolin Family with the Company, as well as the alignment of interests with our bondholders.

As any other company that operates in our industry, we are leveraged and have debt service obligations. As of March 31 2021, we had loans and borrowings in an aggregate amount of €1,193.8 million outstanding. The main and most significant items included in this figure are (i) €635.4 million of 2024 Notes and 2026 Notes, (ii) €377.3 million of loans under the Senior Facility Agreement, (iii) €100.0 million under the EIB Facility (as of March 31, 2021, the €40 million under the EIB Incremental Facility was not drawn), (iv) €63.8 million from state aid loans in Spain (€43.8 million), France (€18.5 million) and Portugal (€1.5 million), (v) €3.8 million of other bank loans or obligations, (vi) €9.3 million in drawn revolving credit facilities and (vii) €9.3 million in accrued interest, excluding financial remeasurements.

As of March 31, 2021, soft loans (which could either be interest bearing soft loans or non-interest bearing soft loans) consist of (i) seventeen soft loans for an aggregate of €5.9 million granted by CDTI (*Centro para el Desarrollo Tecnologico Industrial*) and (ii) an aggregate of €11.0 million of state subsidies granted by Spanish and Portuguese Ministries.

As of December 31, 2020, soft loans (which could either be interest bearing soft loans or non-interest bearing soft loans) consisted of (i) sixteen soft loans for an aggregate of €6.3 million granted by CDTI (*Centro para el Desarrollo Tecnologico Industrial*) and (ii) an aggregate of €11.3 million of state subsidies granted by Spanish and Portuguese Ministries. See "*Description of Other Indebtedness— Existing Debt Facilities*".

Working Capital

The following table sets forth changes to our working capital during the periods indicated (the line items being derived from the financial statements):

	As of December 31			**For the three months ended March 31**		**For the twelve months ended March 31**
	2018	**2019**	**2020**	**2020**	**2021**	**2021**
	(audited)	***(audited)***	***(audited)***	***(unaudited)***	***(unaudited)***	***(unaudited)***
			(€ million)			
(Increase)/decrease in trade and other receivables	114.8	(9.0)	180.8	55.8	(129.3)	(4.4)
(Increase)/decrease in inventories....................................	(5.7)	115.5	107.9	18.2	(47.9)	41.8

	As of December 31			For the three months ended March 31		For the twelve months ended March 31
	2018	2019	2020	2020	2021	2021
	(audited)	*(audited)*	*(audited)*	*(unaudited)*	*(unaudited)*	*(unaudited)*
			(€ million)			
Increase/(decrease) in trade, sundry and other payables.	(71.6)	(71.5)	(113.6)	(15.9)	60.8	(36.8)
Increase/(decrease) in other current liabilities	(12.2)	31.5	0.5	(3.1)	11.3	14.9
Total (increase)/decrease in working capital	**25.2**	**66.5**	**175.6**	**55.0**	**(105.1)**	**15.5**

Our working capital requirements largely arise from our trade receivables, which are primarily composed of amounts owed to us by our customers, inventories primarily composed of materials (mainly textile fabric, plastic injection grain and petroleum-based resins) and other current assets which comprise receivables accounts with the public treasury by the advanced payments of taxes or refunds of taxes. Our trade payables primarily relate to trade payables to our suppliers for materials, services and fixed assets, other amounts to the public treasury for taxes and payments to our employees by way of salaries. We have historically funded our working capital requirements through funds generated from our operations, from borrowings under bank facilities and through funds from other finance sources.

Net working capital increased by €105.1 million in the three months ended March 31, 2021. This increase was due mainly to the recovery shown in the activity levels, given the positive trend in global demand and production following the lifting of restrictions imposed by COVID-19 pandemic, as well as thanks to the improved economic conditions, which made possible the restart of certain projects that were initially postponed.

Net working capital decreased by €55.0 million in the three months ended March 31, 2020. This decrease was due to the decrease of activity levels in the second half of March 2020, which negatively affected our operating working capital, plus the impact in tooling working capital related to accounts receivables invoiced at the end of 2019 but collected in 2020.

Net working capital decreased by €175.6 million in 2020. This decrease was due to tooling working capital of €79.1 million linked to new project launches and a decline in operative working capital of €96.5 million.

Net working capital decreased by €66.5 million in 2019. This decrease was due to reduced tooling working capital of €41.5 million, which was partially offset by a €38.0 million increase in operating working capital. Additionally, there was an increase in other liabilities, mainly related to VAT payables and other liabilities in an amount of €62.9 million.

Net working capital decreased by €25.2 million in 2018. This decrease was due to reduced tooling working capital of €94.1 million, which was partially offset by a €17.1 million increase in operating working capital. In addition, there was an increase of other receivables of €51.7 million mainly related to decreased VAT payables and other liabilities. Additionally, as of December 31, 2018, we had non-recourse factoring in an amount of €72.4 million that reduced the outstanding Account Receivables as rights were transferred to banks.

Our working capital requirements are mainly related to our inventories as the degree of vertical integration in our company is high.

We anticipate that our working capital requirements in the foreseeable future will generally be stable as a percentage of revenue. However, these requirements can fluctuate as a result of a variety of factors, including any significant increase in receivables due to longer time periods to collect payment from our customers or a substantial increase in the cost of our materials.

Capital Expenditures

The following table sets forth our cash used in investing activities for the periods indicated:

	As of December 31			For the three months ended March 31		For the twelve months ended March 31
	2018	2019	2020	2020	2021	2021
	(audited)	(audited	(audited)	(unaudited)	(unaudited)	(unaudited)
				(€ million)		
Property, plant and equipment	(185.4)	(160.2)	(86.9)	(28.1)	(26.6)	(85.4)
Intangible assets	(135.0)	(141.2)	(90.9)	(20.2)	(22.5)	(93.2)

	As of December 31			For the three months ended March 31		For the twelve months ended March 31
	2018	2019	2020	2020	2021	2021
	(audited)	(audited	(audited)	(unaudited)	(unaudited)	(unaudited)
				(€ million)		
Current financial assets	—	—	—	0.4	0.5	0.1
Capital expenditures	**(320.4)**	**(301.4)**	**(177.8)**	**(47.9)**	**(48.6)**	**(178.5)**
Associated companies	(6.2)	(1.7)	(4.5)	—	—	(4.5)
Group companies	(8.7)	—	(0.0)	—	—	—
Non-current financial assets	(0.8)	(2.2)	—	(2.3)	(0.6)	1.7
Current financial assets	(0.8)	(1.8)	(2.3)	—	—	(2.3)
Non-current assets held for sale	—	—	—	—	—	—
Payments for investments	**(336.9)**	**(307.1)**	**(184.6)**	**(50.2)**	**(49.2)**	**(183.6)**

Payments for investments during the financial years ended December 31, 2018, 2019 and 2020 totalled €336.9 million, €307.1 million and €184.6 million, respectively. For the three months ended March 31, 2020 and March 31, 2021 the payments for investments totalled €50.2 million and €49.2 million, respectively. Our capital expenditure consists principally in expenditure on development expenses, property, plant and equipment.

The main investments in tangible assets in the three months ended March 31, 2021, corresponded mainly to Liban (Czech Republic), Besançon (France), Alabama (USA), Bamberg (Germany, and Silao (México). Investments in intangible assets in the three months ended March 31, 2021, have been related mainly to development expenses on certain new projects, such as Porsche “Macan”, Audi Q5, Chrysler MP552 (“Jeep Compass”), Jaguar XF, Renault Kadjar, Chevrolet Traverse, -mini F6X or Qashqai.

The main investments in tangible assets in the three months ended March 31, 2020, corresponded mainly to Cuautitlán (México), Turnov (Czech Republic), Besançon (France), Italy, Toluca (México), Alabama (USA), Liban (Czech Republic), Aragusa (Spain) and Michigan (USA). Investments in intangible assets in the three months ended March 31, 2020, have been related mainly to development expenses on certain new projects, such as VW T7 Multivans, el Skoda Fabia, Porsche “Macan”, Audi Q5, Chrysler MP552 (“Jeep Compass”), Jaguar XF, Renault Kadjar, Chevrolet Traverse, -mini F6X or Qashqai.

The main investments in property, plant and equipment in the year ended December 31, 2020 correspond to facilities such as Antolín Interiors México, S.A. de C.V., Antolin Interiors UK, Ltd. y Grupo Antolin-Sibiu, S.R.L. and Cuautitlán (Mexico).

Investments in intangible assets in the year ended December 31, 2020 related mainly to development expenses on certain new projects like Porsche “Macan NF EU22 IP”, Ford “CX727 NA20 Panel”, Chrysler “MP 552 MCA Panel”, Skoda “S270 WW21 IP”, Audi “PPE AU416/2 EU 22” and Jaguar “X260 21MY EU 20 Panel.

The main investments in property, plant and equipment in the year ended December 31, 2019 corresponded to facilities in Liban (Czech Republic), Toluca (Mexico), Besançon (France), Silesia (Poland), Bamberg (Germany), Turnov (Czech Republic), Kentucky (USA) and Cuautitlán (Mexico).

Investments in intangible assets in the year ended December 31, 2019 related mainly to development expenses on certain new projects BMW G1x (“8 Series”), Porsche Macan, Mercedes MFA2 (“B-Class”), Chrysler MP552 (Jeep Compass), Jaguar D7a (“F-Pace”), MAN SE (“TGL/TGM”),Skoda SK38 (Octavia), Renault Kadjar, Mercedes BR167 (“M-Klasse”).

The main investments in property, plant and equipment in the year ended December 31, 2018 correspond to (i) our new plants in Shelby and Alabama (both United States) and Tianjin (China), as well as (ii) investments in the expansion of existing facilities, such as Silesia (Poland), Changshu (China), Kentucky (USA), and Spartanburg (USA).

Investments in intangible assets in the year ended December 31, 2018 related mainly to development expenses on certain new projects including Audi “AU516 IP” (Q6 e-Tron), BMW “G05/G07 Luggage”, BMW “F40/44 Panel” (1 Series), Seat “SE 326 IP” (Ateca), BMW “G29”, Chrysler “FCA Panel”, BMW “J29”.

In 2021, the Company expects to continue investing in building up its capabilities within the lighting and electronic systems arena in order to achieve its long-term global strategy of becoming a leading smart integrator of technologies and innovative solutions for the car interior, with particular focus on expanding its global footprint and being awarded with new profitable contract in high-growth regions like China. In parallel, we expect to maintain our leading position in the different

segments where we operate, for which we expect to maintain smooth and longstanding relationships with the world's largest automakers and OEMs going forward.

Contractual Obligations

We have included below contractual commitments providing for payments primarily pursuant to our outstanding financial debt. Based on these assumptions, our consolidated contractual obligations as of March 31, 2021, adjusted for the Transactions, would be as follows:

	Total	Less than 1 year	1-5 years	More than 5 years
		(€ million)		
Contractual Obligations				
Loans and borrowings[(1)]	1,193.8	65.2	454.0	674.6
Financial leases	0.5	0.3	0.2	0.0
Other financial liabilities[(2)]	24.4	11.4	11.1	1.9
Total Financial Debt	**1,218.8**	**76.9**	**465.3**	**676.5**
Operating leases	291.6	61.4	155.6	74.5
Other current liabilities	0.0	0.0	0.0	0.0
Total Soft Loans	**291.6**	**61.4**	**155.6**	**74.5**

(1) As of March 31, 2021, adjusted for the Transactions, we had interest bearing loans in an aggregate amount of €1,193.8 million outstanding (including re-mearurements). These include (i) the €400.0 million of the Notes, (ii) €250.0 million of the 2026 Notes, (iii) €377.3 million of loans under the Senior Facility Agreement, (iv) €100.0 million of other indebtedness (v) €63.8 million of COVID-19 loans partially guaranteed by Spanish, French and Porutgueses public bodies, (vi) €3,8 million of other loans, (vii) €8.2 million in drawn credit lines and €0.5 million related to collections linked to non recourse factorized invoiced and (viii) €9.3 million in accrued interest, excluding financial remeasurements.

(2) As of March 31, 2021, we had other financial liabilities in an aggregate amount of €24.4 million (including remeasurements). These include (i) €17.0 million in Spanish and Portuguese soft loans (which include €13.3 million of non-interest bearing soft loans), (ii) €7.4 million related to other liabilities (mainly to the payable balance of the long term loan held by the JV Iramec granted Küster and International Door Company), and less the financial re-measurements of €0.5 million.

Off-balance Sheet Arrangements

As of March 31, 2021, outstanding receivables assigned without recourse to financial entities amounted to €38,075 thousands. As of March 31, 2020 we had no assigned receivables without recourse.

As of December 31, 2020, the Company had agreements to carry-out non-recourse factoring for an amount of up to €100.0 million. Outstanding receivables assigned without recourse to financial entities as of 31 December 2020 amounted to €48.3 million. In relation with these factoring agreements, as of December, 31, 2020 we had a €7.0 million pending payment to financial institutions corresponding to collections made on account of them in the last days of December 2020 related to invoices assigned (this is reported as part of the credit liabilities).

As of December 31, 2019, the Company had no agreements with any banks to carry out non-recourse factoring.

As of December 31, 2018, the Company had agreements with 5 Spanish banks to carry out non-recourse factoring for a combined amount of up to €80.0 million. Outstanding receivables assigned without recourse to financial entities as of 31 December 2018 amounted to €72.4 million. In relation with these factoring agreements, as of 31 December 2018 the Company had €6.4 million pending payment to financial institutions corresponding to collections made on account of them in the last days of December 2018 related to invoices assigned to said entities. See Note 17 of our consolidated financial statements for the year ended December 31, 2018 for additional information.

Critical Accounting Policies

Our financial statements and the accompanying notes contain information that is pertinent to this discussion and analysis of our financial position and results of operations. The preparation of financial statements in conformity with IFRS requires our management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses, and the related disclosure of contingent assets and liabilities. Estimates are evaluated based on available information and experience. Actual results could differ from these estimates under different assumptions or conditions. For a detailed

description of our critical accounting policies, see note 3 to our consolidated financial statements for the years ended December 31, 2020, 2019 and 2018 included elsewhere in this Offering Memorandum.

The directors of the Company have assessed the potential impacts of applying these new standards in the future and consider that it may be significant for presenting and analysing certain items on our consolidated financial statements, although they will not affect the profit and loss attributable to the Company or the net equity attributable to its shareholders.

IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. We started applying IFRS 9 on January 1, 2018. See Note 2-b of our consolidated financial statements for the year ended December 31, 2019 for additional information.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized and also requires the provision of financial statements with certain additional disclosures. The objective is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. IFRS 15 replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. We started applying IFRS 15 on January 1, 2018. See Note 2-b of our consolidated financial statements for the year ended December 31, 2018 for the expected quantified effect of IFRS 15 on our consolidated financial statements in 2018.

IFRS 16 Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard, where lessors continue to classify leases as finance or operating leases. IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases/Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16. We started applying IFRS 16 initially on January 1, 2019. See Note 2-b of our consolidated financial statements for the year ended December 31, 2019 and Note 3 (f) of our consolidated financial statements for the year ended December 31, 2020 for the expected quantified effect of IFRS 16 on our consolidated financial statements in 2019 and 2020, respectively. For further information on IFRS 16 adoption, please see Note 3(f) to the audited consolidated financial statements as of and for the year ended December 31, 2020.

Market Risks

Our activities are exposed to a number of financial risks: market risk (fair value risk and price risk), credit risk, liquidity risk, exchange risk and interest-rate risk on cash flows. Our global risk management program is focused on the uncertainty of financial markets and seeks to minimize potential adverse effects on our financial performance. We use financial derivatives to hedge against certain risks. Risk management is controlled by our financial department in accordance with policies approved by our board of directors. Our financial department identifies, evaluates and hedges financial risks in close cooperation with our operating units. Our board of directors determines policies for the global management of risk, and for specific risk areas such as currency risk, interest rate risk, liquidity risk, risk derived from the use of derivative and non-derivative financial instruments and the investment of cash surpluses.

We are exposed to the risk of changes in market value of the investments held as “available for sale” which are classified under “non-current financial assets” in the consolidated statements of financial position.

The risk deriving from a possible increase in the prices of materials, including the purchase of components used in the production processes, is mitigated by the fact that we operate with our main suppliers under long-term agreements which afford stability in prices. On the other hand, we negotiate with our customers to pass on increases in the prices of certain materials. The terms of agreements with customers have resulted in lower prices, which could reduce our margins. We nevertheless

develop improvement programs and tools to offset these decreases with increases in productivity. We also negotiate with our suppliers to help them absorb these price reductions.

Credit risk

Our customer portfolio is diversified across the major vehicle manufacturing groups, as a result of which there is no particular concentration of credit risk. In the past, motor vehicle manufacturers were deemed not to have a major credit risk. We therefore consider that, in spite of the difficulties facing the motor vehicle sector, the credit ratings of its debtors are sound, and its receivables will be collectable as normal. We have policies for other customers to ensure that they in turn sell to customers who have suitable credit histories.

The credit risk on cash and cash equivalents, financial derivatives and deposits with banks and financial institutions is deemed to be immaterial, as these operations are only entered into with financial institutions with high credit ratings. We have policies for limiting the amount of the risk with any financial institution.

Liquidity risk

We manage liquidity risk prudently, based on maintaining sufficient cash and negotiable securities, the availability of funding by means of sufficient committed credit facilities and the capacity to liquidate positions in the market. Furthermore, the centralized cash pooling system we have set up allows us to manage financial resources with greater efficiency. Given the dynamic nature of the underlying businesses, our financial department aims to keep financing flexible through its use of the Senior Facilities.

Interest rate risks for cash flows and fair value risk

Given that we do not carry major amounts of interest-earning assets, our operating revenues and cash flows are fairly independent of the variations in market interest rates.

Our interest rate risk stems from our non-current borrowings. Our variable rate borrowings expose us to interest-rate risks for cash flows. Our fixed rate borrowings expose us to fair value interest rate risks at the end of the 2017 reporting period, taking into account financial derivatives contracted, approximately two thirds of borrowings were at fixed interest rates.

We consider that there are no significant differences between the carrying amount and the fair value of financial assets and liabilities.

Foreign currency risks

Our international expansion and our ever-growing volume of business outside the Eurozone expose it to exchange rate risks in currencies such as the Czech crown, the UK pound, the Brazilian real, the US dollar or the Mexican peso, which could have an impact on our results. To reduce our exposure to this risk, we avail ourselves of a variety of mechanisms, such as using local suppliers and negotiating with customers and suppliers to hedge against major movements in currencies. We have not entered into any foreign-currency hedge rate agreements or forward contracts.

We have carried out a sensitivity analysis of the key figures in our 2020 income statement, and have concluded that an additional 5% rise in the euro against currencies such as the Czech crown, the Brazilian real, the US dollar, the Mexican peso, the UK pound, the Chinese renminbi, the South African rand and the Russian ruble, would have reduced our revenues by approximately €121.8 million or approximately 3.1%, and our EBITDA would have decreased by approximately €8.4 million or approximately 3.1%.

Commodity risk

The primary materials used in our production facilities are textile fabrics, plastic injection grain, petroleum-based resins and certain metals, like copper. We are mostly neutral to changes in the price of materials as a result of our pass-through arrangements with OEMs, which function as a hedge of our material costs.

INDUSTRY

You should read the following discussion together with the sections entitled "Selected Financial and Other Information", "Risk Factors" and "Forward Looking Statements".

Introduction

The automotive industry designs, develops, manufactures, markets, sells and services motor vehicles which are usually classified into light vehicles and heavy commercial vehicles. The light vehicle segment is comprised of passenger cars, vans and light trucks with a gross vehicle weight of less than six tons, while the heavy commercial vehicle segment consists of vehicles with a gross vehicle weight of greater than six tons.

The automotive production value chain is split between OEMs such as Volkswagen Group, Renault-Nissan and Ford and automotive suppliers, such as Bosch, Continental, Magna and us. Automotive suppliers are then generally further categorized into three different tiers. Tier 1 suppliers, such as us, sell their products directly to OEMs. Typically these products are larger modules or systems which integrate components, sometimes sourced from Tier 2 automotive suppliers. Tier 2 suppliers provide individual components or component groups which in turn typically integrate individual parts produced by a further layer of Tier 3 suppliers. A clear delineation of the suppliers as Tier 1, Tier 2 or Tier 3 is not always possible because suppliers often manufacture and sell numerous products or product groups.

Automotive suppliers are typically further divided into sub-segments based on their components' function within the car. Each of these sub-segments is comprised of various product groups. A typical classification of automotive suppliers by vehicle function could include the following sub-segments: powertrain, body and structural, electronics, interior, transmission, suspension, climate control, wheels and tires, steering, fuel systems, passenger restraints, audio and telematics, exhaust and body glass. There are many different market leaders in the respective market niches. Consequently, a consistent definition of these niche markets does not often exist, and it is very difficult to determine the market position of an individual supplier by using objective criteria.

As an automotive supplier of interior components, our revenue development is linked to the development of automotive production numbers and changes in the content per vehicle for the components we produce.

Overview of and Key Trends in the Interior Components Market

We mainly act as a supplier to OEMs in the interior components market. The interior market in the broader sense is comprised by all the products and components that form the cabin interior of the car and surround the driver and passengers. As such, interior components have a direct effect on driver and passenger comfort and safety and therefore are important components that allow OEMs to differentiate between car models. Products typically included in this category are among others: instrument panels, arm and head rests, headliners, door panels, carpeting and floor covers, glove boxes, sun visors, interior panels, power controls, ashtrays, air outlets, handles, sound deadeners and horn pads.

Key trends in the interior market include higher consumer expectations of interior comfort, and likewise the demand for a higher standard of vehicle interior content. According to the J.D. Power and Associates 2017 Initial Quality Study examining consumer purchasing preferences, interior styling is the second most important purchasing factor influencing vehicle selection. In addition, according to the J.D. Power and Associates 2013 Avoider Study, which examined the reasons consumers do not consider, or avoid, particular models when shopping for a new vehicle, almost 20% of consumers do not consider vehicles with poorly executed interiors. The trend towards higher consumer expectations of interior content increases demand for qualities such as improved fit, finish and craftsmanship in interiors across all vehicle types. We believe OEMs are dedicating a larger portion of total cost per vehicle to interior components as they "upscale" vehicle interiors across their entire portfolio of platforms, from compact to sports utility vehicles to luxury vehicles. Suppliers with advanced design, materials and manufacturing capabilities to deliver a broad suite of interior component products across a wide range of price points should benefit from this continued focus on interior comfort and craftsmanship by both consumers and OEMs.

Additionally, OEMs are driven by regulatory changes and consumer preferences to invest heavily in environmental initiatives such as fuel efficiency, reduced emissions and overall environmental friendliness including recycling. See "*—Market and Industry Trends*". This creates a need for interior components that are lighter-weight, have improved acoustical performance and are environmentally friendly and will continue to provide an opportunity for differentiation for interior component supplier as OEMs strive to reduce the ecological footprint of their vehicles.

The automotive interior market has undergone substantial supplier rationalization over recent years. In 2008 and 2009, the decline in vehicle production volumes dramatically affected the financial condition of many OEMs and, consequently, many automotive suppliers were forced to either seek bankruptcy protection or liquidate. The COVID-19 impact hit the markets during an economic downturn and put automotive suppliers under additional pressures, as automotive production volumes fell sharply, especially in H1/2020, leading to unexpected revenue and industry margin declines. The automotive production in North America decreased from 8.5 million vehicles in 2019 H1 to 5.1 million in 2020 H1, representing a negative growth rate of 39.3%. In China the situation was slightly better—automotive production decreased from 11.4 million vehicles in 2019 H1 to 9.2 million vehicles in 2020 H1, representing a negative growth rate of 19.1%. The UK market was hit severely—automotive production decreased by 41.8% from 0.7 million vehicles in 2019 H1, to 0.4 million vehicles in 2020 H1. As a result, significant industry consolidation occurred within the automotive interiors segment. We expect this consolidation to continue as OEMs increasingly look to partner with a small number of global suppliers that have a broad product portfolio, a global manufacturing footprint as well as integrated design, engineering and program management capabilities. As the market continues to recover, we anticipate further consolidation as well-capitalized suppliers continue to vertically integrate their operations and expand geographies and diversify their product offering.

Market and Industry Trends

The global automotive supplier market is characterized by the following trends and growth factors:

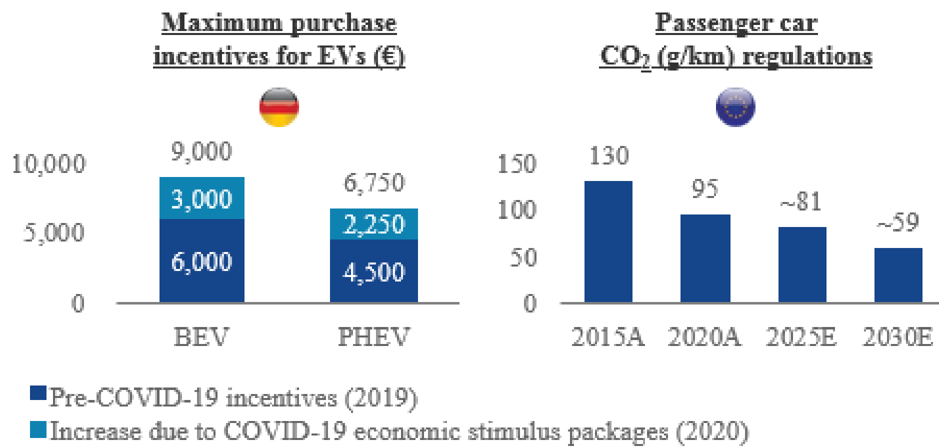
The market share of low-cost and premium automotive segments are expected to increase at the expense of the mid-market volume segment

In the long-term, the automotive market is expected to continue to shift focus away from mid-market towards low-tech and low-cost vehicles on the one hand and function oriented, innovative vehicles for premium customers on the other. In recent years, the market share of low-cost passenger cars (*i.e.* cars costing less than €7,000) has been increasing, predominantly in China, India, Brazil and Eastern Europe, and sales of small passenger cars are expected to grow further. These cars are mainly manufactured and sold in high-growth countries in APAC, as well as in Brazil and Eastern Europe. Growth in the premium segment is also expected to be driven by emerging markets, including China, India and Africa. Vehicles in the premium segment tend to be more technologically advanced in each sub-segment of automotive components, including the interior components segment.

Stricter carbon dioxide emission regulations and other regulatory and demand drivers worldwide are forcing OEMs to improve fuel efficiency and environmental friendliness of vehicles

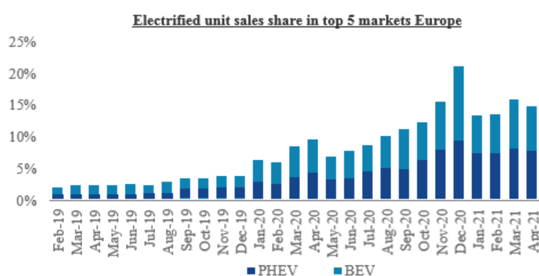
The development and production of more fuel-efficient vehicles is a key growth trend in the automotive sector. It is driven by consumers' preference to save money on fuel (particularly given rising oil prices) and regulatory factors. Furthermore, sustainability has become a strategic priority for the automotive industry. Increasing social and environmental awareness among end consumers is expected to play a greater role in vehicle purchase decisions. Consequently, OEMs face ongoing pressure to improve the fuel efficiency of their vehicles and thereby reduce carbon dioxide emissions. The regulatory obligation to improve the efficiency of existing technologies and to develop new environmentally friendly technologies, aimed at reducing fuel consumption and a consequent reduction in carbon dioxide emissions, is becoming a key focus for OEMs given stringent carbon dioxide consumption and emission standards throughout the industrial world, including in the European Union, the United States, China and Japan.

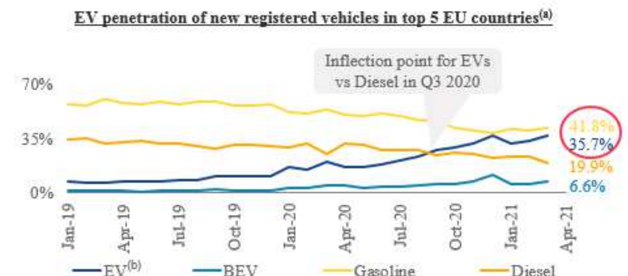
The development and production of innovative components and systems contributing to emission reduction is a key growth area in the automotive sector. Many countries have adopted emission regulations which set limits on the amount of pollutants that new vehicles can emit. These regulations limit, in particular, the emission of carbon monoxide, nitrogen oxides, hydrocarbons and particulate matter, all of which are considered harmful to human health. Within the next several years, emission limits worldwide are expected to become increasingly restrictive given growing environmental awareness. Regulations have been adopted in both developed and emerging markets; Brazil, India and China, for example, tend to adopt similar regulations a few years after they have been approved in Europe. The emission limits for nitrogen oxides and particulate matters emitted by diesel vehicles are expected to face the most substantial reductions. In the European Union, for example, the regulatory standard Euro 6, which became compulsory for all new passenger cars in 2015, reduced the emission limit of nitrogen oxides for diesel vehicles from 180 mg/km today to 80 mg/km. Passenger car carbon dioxide regulation limits are expected to decrease from 130 g/km in 2015 to around 59 g/km in 2030. The tightening of emission regulation worldwide will drive demand for more eco-friendly products, forcing OEMs and suppliers to develop innovative components and systems which comply with the more restrictive emission legislation.



Increasing number of electric and hybrid cars as sustainable vehicles are the future of transportation

Consumers are becoming increasingly environmentally conscious and this is affecting their vehicle purchase choice. Electric and hybrid vehicles have seen increasing production, with hybrids being more popular than purely electric vehicles. Despite the fact that the rates of adoption of these vehicles has, so far, been relatively slow—largely due to their relatively high price and, with respect to purely electric vehicles, short driving range and the lack of battery re-charging infrastructure, even in developed countries—in the last few years, a significant transformation has occurred in the motor vehicle landscape. Electric cars, which were once only a fringe element in a market dominated by major global automakers, are rapidly becoming mainstream. Several start-ups are currently developing EV offerings driven by rising environmental consciousness, as well as subsidies from local and national governments which are offering various forms of rebates and credits for the purchase of an EV, and have also begun to support the rise of e-mobility by accelerating the push for zero emission vehicles due to increased awareness of the impacts of global warming. EV penetration of new registered vehicles in Germany, France, UK, Italy and Spain has continued to grow and reached 35.7% in April 2021. Electrified unit sales share in these five European countries has continued to grow overall since February 2019.



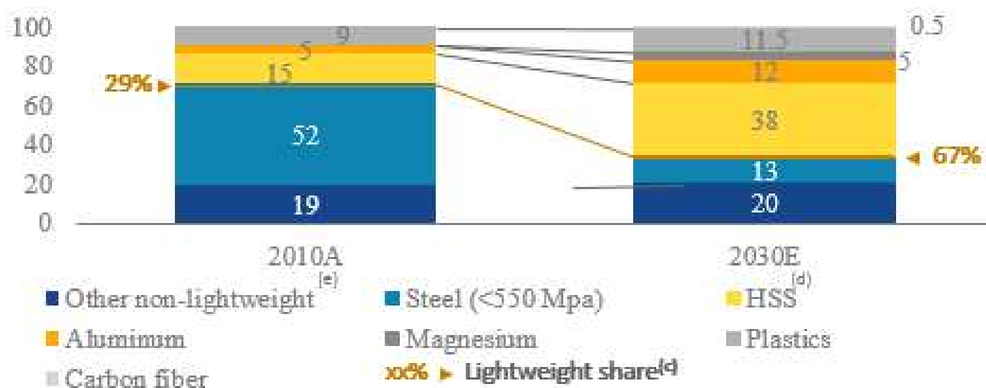


(a) HSS, aluminium, magnesium, plastics (beyond current use), glass/carbon fiber
(b) High-strength steel (>550 MPa)

Yet it is expected to be a number of years before battery technology is sufficiently improved and becomes affordable for mainstream use in automobiles. Moreover, it will also take time to develop charging stations to support these types of vehicles. Once these obstacles have been overcome, take up of both hybrid and electric cars is likely to further accelerate. During this stage, we are likely to see an increase in the number of automotive suppliers who manufacture electric motors, advanced automotive batteries as well as semiconductors, connectors and sensors which these vehicles will need. The transition from internal combustion engines to electric powertrains has resulted in significant efforts to reduce the weight of vehicles. Sustainability considerations are also factors that drive up the importance of lightweight materials in the automative industry. Therefore, manufacturers are forced to compensate for the increase in weight of power systems by reducing the weight of other subsystems such as interiors, body and chassis, and suspension, among others. The share of lightweight materials used in vehicle manufacturing is expected to more than double in the automotive industry by 2030, jumping from a 29% increase to a 67% increase. As such, exploring multi-material design approaches using advanced composites and metal alloys is a priority

on the R&D objectives list for material developers. Regardless, we believe that our business is largely agnostic to the increasing trends of electric and hybrid cars.

Material split: percentage



(c) HSS, aluminium, magnesium, plastics (beyond current use), glass/carbon fiber
(d) High-strength steel (>550 MPa)
(e) Mainly other metals, glass fluids, interior parts for automotive, etc

The move to common, global platforms provides strong opportunities for global suppliers, while increasing the pressure to globalize further

OEMs are increasingly designing vehicle models built on common but variable platforms which can be produced in high volumes. The use of common platforms allows OEMs to increase economies of scale across the value chain, differentiate their products from those of their competitors, expand the number of product segments in which they compete, extend the life of existing automobile platforms and remain responsive to changing lifestyle trends and customer tastes. This trend towards common platforms provides automotive suppliers, such as us, increased opportunities to supply larger volumes of products and also to benefit from economies of scale. Furthermore, there is an increased dependency on suppliers capable of managing complex projects, which in turn assures the quality standards across geographies globally.

There is strong consolidation pressure among global suppliers driven by evolving OEM requirements

In order to take advantage of the operational economies of scale across the value chain, OEMs are encouraging consolidation of their supplier-base with an increased focus on large, technically and financially strong global suppliers capable of producing consistent and high-quality products across geographies. The OEMs we supply use a number of factors to determine their suppliers including, among other things, quality, service (including location, service interruptions and on-time delivery), in-house R&D and technological capabilities, overall track record and quality of relationship with the OEM, production capacity, financial stability and price. In recent years, we have noticed that development expertise, an extensive geographical footprint, consistent and high quality production capability and diverse ancillary competencies tend to offset price-sensitivities among OEMs who appreciate the added-value inherent in these other factors.

The regional shift of the automotive industry will continue to intensify with the continuing increase in demand for vehicles in emerging markets

While vehicle production demands have fluctuated across the global economy in recent years, particularly at the height of the global financial crisis in 2008 and 2009, as well as during the COVID-19 pandemic in 2020, on a normalized level the demand in emerging economies has generally continued to increase. Industry sources forecast that in the years leading up to 2028, there will be a higher CAGR of sales in large and highly populated countries such as India, as well as in other emerging economies, than that experienced generally across Western Europe. In response to this, OEMs continue to develop their presence in these markets, resulting in an increased need for OEMs to establish supplier networks beyond their home markets, including the migration of component and vehicle design, development and engineering activities to certain of these markets. In certain of these markets, such as China, there is already significant demand for new, premium brand vehicle models. Nevertheless, vehicle demand in these emerging economies is predominantly for less advanced models with lower entry-level

price points. This increasing local demand of emerging markets has helped boost the local automotive industry in these countries and has attracted investments in manufacturing from North American, European and APAC based automobile manufacturers, through stand-alone investments and joint ventures with local partners. The evolution of volume demand in these markets is in tandem with an evolution of regulatory and industry standards modelled after those set earlier by more mature economies. This trend offers automobile suppliers, such as ourselves an opportunity to expand our business with our customers in these emerging markets.

Increased outsourcing by OEMs is driving a closer relationship with a selected group of suppliers that are acting as development partners

As OEMs increasingly focus their resources on automobile assembly, they are either maintaining or increasing the levels of production outsourcing to suppliers such as ourselves. As they grow outside of their home markets, they are more inclined to turn to external suppliers for content they might have done in-house. Suppliers, such as ourselves, can benefit from economies of scale derived from serving various customers that our OEM customers find more difficult to achieve in our product segment when manufacturing abroad. In addition, specialization has led to advances achieved by suppliers, such as ourselves, in certain technologies, which OEMs find difficult to match in-house in price and quality, thereby increasing outsourcing in these areas, even in mature economies. Furthermore, while know-how is still being developed by suppliers and the design is still controlled by OEMs, there is an increased importance in the collaboration with Tier 1 suppliers.

OEMs and suppliers increasingly pursue cooperative agreements to achieve scale quickly

In order to achieve economies of scale and defray developments costs, competing automobile component manufacturers are increasingly entering into cooperative alliances and arrangements relating to shared purchasing of components, joint engine, powertrain and/or platform development and sharing and other forms of cooperation. This cooperation among competing automobile component manufacturers is expected to continue. For example, we have entered into joint ventures in emerging markets to accelerate our international expansion with partners such as Krishna Maruti Limited (belonging to the Krishna Group) in India, NHK Spring (Thailand) Co., Ltd in Thailand, SKT Yedek Parca ve Makina Sanayi ve Ticaret A.S. in Turkey, Changshu Automotive Trim Co., Ltd. and Shanghai NAEN Auto Technology in China, and our partner Summit DV in Hungary.

Automotive production development by region

Following the global financial crisis in 2008 and 2009, automotive production worldwide steadily grew from 74.3 million vehicles in 2010 to 88.9 million vehicles in 2019, representing a CAGR of 2.0%. In 2020, global production declined by 15.8% compared to 2019 levels and reached 74.9 million, due to the global COVID-19 pandemic that halted production across the globe. By 2023, global automotive production is expected to grow to 95.7 million vehicles, representing a 2020-2023 CAGR of 8.6%. The following is a brief description of selected historical and forecast light vehicle production in key regions in which we operate, as well as selected annualized growth rates in production. Both historical and forecast data is based on data published by an independent third party provider. There can be no assurance that any of the forecasts presented below will be accurate.

Global light vehicle production volume by region, 2019–2024E (million units)

Europe

Following the financial crisis in 2008 and 2009, the automotive industry in Europe went through a challenging period with several supplier insolvencies, substantial overcapacity and capacity reduction efforts, as well as reduced investments. Thereafter, Europe experienced a period of growth in automotive production, from 19.1 million vehicles in 2010 to 21.2 million vehicles in 2019, representing a CAGR of 1.2%. In particular, before the pandemic crisis hit, many markets in the region were fully normalized, having taken the best part of a decade to recover from the financial crisis and subsequent Eurozone crisis. This long period of growth abruptly came to an end in 2020, with production down 21.8% to 16.6 million vehicles compared to previous year, after the market was heavily hit by the pandemic recession.

By 2023, automotive production in the region is expected to grow to 22.1 million vehicles, representing a 2020-2023 CAGR of 10.0%. This figure varies from country to country, for example, automotive production growth of 9.2% is expected in Spain for this same time period. While domestic demand in Spain has recently been subdued, local production is mostly designated for export to other European and international markets and benefits from a favorable cost position compared to other Western European markets. This is demonstrated by the fact that five of the ten best selling cars in Europe in 2020 were at least partially produced in Spain: Volkswagen, Renault-Nissan, Ford, Toyota, and Stellantis.

North America

North American car manufacturers faced significant challenges in the financial crisis, and the US government provided "bail-outs" to Chrysler and General Motors. Subsequently, production volumes rebounded from 11.8 million vehicles in 2010 to 16.2 million vehicles in 2019, representing a CAGR of 3.6%. This growth was driven by improvement in the broader macroeconomic environment and consumer sentiment, as well as low interest rates. However, from 2017, production has been declining primarily due to the trade war with China, further exacerbated by the negative effects of the global pandemic in 2020. By 2023, automotive production in the region is projected to grow to approximately 17.0 million vehicles, representing a CAGR of 9.0%. A continuing trend in North America is the fast growing European "transplants", or localization of European OEM production capacity in North America. The potential new measures proposed by the Biden administration may have a positive impact on future growth in the region, as the new government aims to lower the cost of electric vehicles by offering individuals, businesses and governments tax credits, rebates and other incentives.

Mercosur

Automotive production in Mercosur experienced a decline between 2010 and 2019, from 3.9 million vehicles in 2010 to 3.3 million vehicles in 2019, representing a negative CAGR of 2.0%. During 2020, the region was particularly hit by the pandemic recession and production volumes declined by 31.3%. By 2023, production is projected to rise to 3.4 million vehicles, representing a CAGR of 15.1% from 2020 to 2023.

Within Mercosur, Brazil is the largest automotive production market. The Brazilian government introduced tariffs and raised the tax on imported cars at the end of 2011, with further measures including tax breaks for OEMs if they did more engineering work in Brazil and used Brazilian automotive suppliers. In 2018, an additional incentive program known as Rota 2030 was approved with the aim to stimulate investments in research and development of products and technologies. On the demand side, Brazil introduced tax breaks on vehicles in 2012 to stimulate both sales and production.

APAC

The key automotive manufacturing countries in the region are China, followed by Japan, South Korea and India. Overall, the crisis had a limited impact on the region, but was more pronounced in Japan and South Korea, with Chinese manufacturing volumes remaining strong through the cycle until 2017, when the trade war with the US and the reduction of subsidies from the Chinese government started to weigh in on overall production volumes. Automotive production in Asia (excluding Japan) grew from 27.4 million vehicles in 2010 to 37.0 million vehicles in 2019, representing a CAGR of 3.4%. In 2020 total production was down 10.1% to 33.2 million vehicles, but it is expected to reach 41.5 million vehicles by 2023, representing a CAGR of 7.7%.

In recent years, China has become a key growth market with a number of OEMs and suppliers establishing production facilities in the country. As a result, automotive production in China grew at a CAGR of 4.2% between 2010 and 2019 (from 16.8 million vehicles in 2010 to 24.3 million vehicles in 2020), and is projected to grow at a CAGR of 5.8% between 2020 and 2023, reaching 27.6 million vehicles. A similar trend is observed in India, where automotive production grew at a CAGR of

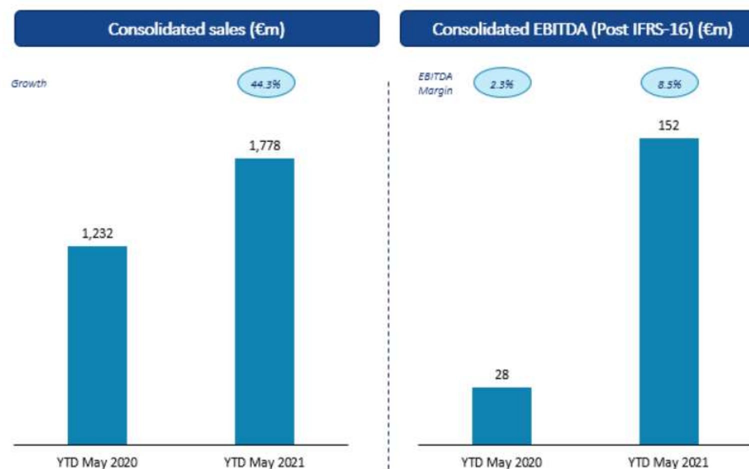
3.0% between 2010 and 2019 (from 3.2 million vehicles in 2010 to 4.2 million vehicles in 2019), and is projected to grow at a CAGR of 15.9% between 2020 and 2023 (to 5.0 million vehicles in 2023).

BUSINESS

Our Company

We are a leading Tier 1 player in the design, development, manufacturing and supply of automotive interior components, offering multi-technology solutions for overhead systems (or headliners) and soft trim, doors and hard trim, cockpits and center consoles and lighting and electronics systems for sale to OEMs. We have a geographically diversified platform of over 145 manufacturing plants and just in time, or JIT, assembly and sequencing facilities, as well as 24 technical-commercial offices, or TCOs, in 26 countries worldwide as of December 31, 2020. We supplied our products globally to over 75 different automotive brands belonging to approximately 30 OEMs in 2020. We provided components for more than 550 different vehicle models. Our product, geographical and customer diversification allows us to take advantage of global growth opportunities, in particular our presence in Eastern Europe, North America, Mercosur and APAC, which in the past has mitigated the impact of regional production fluctuations on our business during economic downturns. We are headquartered in Burgos, Spain, and in 2020 our average number of employees was over 26,600.

Our revenue and EBITDA for the year ended December 31, 2020 amounted to €3,974.5 million and €272.1 million, respectively. For the three months ended March 31, 2021, we generated revenues of €1,076.0 million and EBITDA of €96.4 million, representing increases of 2.1% (6.6% on a like-for-like basis) and 26.2% (32.4% on a like-for-like basis) against the same period last year, respectively. We also experienced accelerated positive growth in April and May 2021. Based on management estimates and information currently available, we estimate that April 2021 sales grew by approximately 27.4% and EBITDA grew by approximately 189.7% as compared to April 2020 and May sales grew by approximately 44.3% and EBITDA grew by approximately 435.7% as compared to May 2020 (as reflected in the below chart). We also estimate that EBITDA margin increased during the period to 8.5% from 2.3% compared to May 2020. We are wholly-owned by the Antolín family, who is fully committed to our business.



We organize our activities around four business segments:

- ***Overhead systems and soft trim ("Headliners"):*** We are a leader in the manufacturing of headliner modular solutions, incorporating acoustic, safety, panoramic and lighting functionalities. We cover the entire product spectrum for overhead systems, from the headliner substrate to more complex modular systems. We use key technologies for headliner substrates and benefit from full vertical integration, from the core polyurethane foam production to the final assembly of the overhead systems. Furthermore, the incorporation of sun visors into the overhead system is an important aspect of this business segment. We produce sun visors in all technologies available in the market, adding a whole range of functionalities to the end product. Our soft trim activities, including load floors, package trays, side linings, accessible floor bins and floor coverings, were moved to this business segment as well. In addition, we have a line of acoustic solutions such as deadeners and underbody shields. Our revenue and EBITDA attributable to our Headliners segment amounted to €1,478.0 million and €85.3 million for the year ended December 31, 2020, respectively, which represented 37.2% and 31.3% of our total consolidated revenue and EBITDA for that same period, respectively. For the three months ended March 31, 2021, our revenue and EBITDA attributable to our Headliners segment amounted to €396.2 million and €32.9 million, respectively, which represented 36.8% and 34.1% of our total consolidated revenue and EBITDA for that

same period, respectively. This represents a 17.2% increase in EBITDA compared to March 31, 2020, when the EBITDA attributable to Headliners was €28.1 million. In 2020, we were a leader in overhead systems, with around 22% of the global market share. Our market shares for overhead systems in Europe, North America, India and Mercosur in 2020 were 32%, 38%, 70% and 57%, respectively. In sun visors, we were a leader in Europe with a market share of 34%. As of March 31, 2021, the Headliners business segment included 86 facilities.

- ***Doors and hard trim ("Doors"):*** We have expertise in the manufacturing and supply of a wide range of door systems such as door panels (including front, rear and sliding door panels), pillars (including upper and lower pillar trim and quarter trim panels), window regulators, rear cargo and lift gate trim. We produce a wide range of specialized plastic parts, some of them with weight reduction and environmentally friendly properties, features highly demanded by the OEMs. We produce an extensive range of door mechanisms, from window regulators to complex modules. We also manufacture seat latches for specific complete vehicle platforms. Our decoration inserts supplied in partnership with Walter Pack provide an answer to the increasing demands in interior personalization. Our revenue and EBITDA attributable to our Doors segment amounted to €1,533.3 million and €173.3 million for the year ended December 31, 2020, respectively, which represented 38.6% and 63.7% of our total consolidated revenue and EBITDA for that same period, respectively. For the three months ended March 31, 2021, our revenue and EBITDA attributable to our Doors segment amounted to €418.7 million and €52.5 million, respectively, which represented 38.9% and 54.5% of our total consolidated revenue and EBITDA for that same period, respectively. This represents a 9.2% increase in EBITDA compared to March 31, 2020, when the EBITDA attributable to Doors was €48.1 million. In 2020, we were a leading producer in Europe with a market share of over 18% in door panels and 21% in window regulators. We were also a significant producer of door panels and window regulators in the Mercosur region with a market share in window regulators of over 15%. As of March 31, 2021, the Doors business segment included 42 facilities.

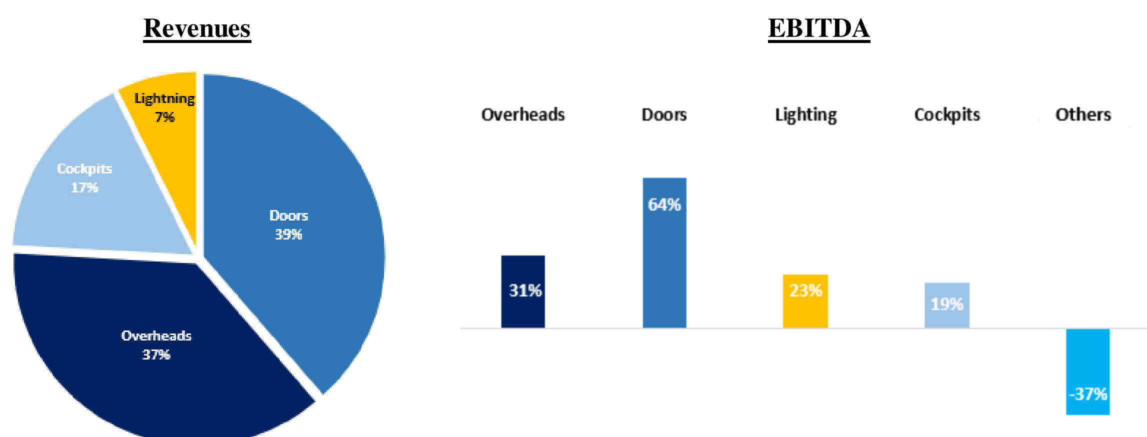
- ***Lighting and Electronic Systems ("Lighting"):*** We are a leading manufacturer of interior and exterior automotive lighting components worldwide, as more than one out of four cars are equipped with Grupo Antolin lighting products. Our lighting product portfolio comprises interior solutions based on LED including overhead consoles, side reading lamps, multi-purpose lamps, ambient lighting, electronics/smart lighting and exterior solutions such as daytime running lamps, center high mounted stop lamps and direction, position and license plate indicators and lighted emblems. We are one of the few suppliers which benefit from full vertical integration in the production of lighting components, from the manufacture of plastic parts and lenses, to the electronics and the light function. The potential integration of lighting elements with other interior automotive components, as well as with electronic systems, will unleash additional synergies with our other business lines since lighting is incorporated in instrument panels, door panelling and overhead systems, allowing us to offer our customers an integrated and innovative range of customized interior solutions, which we believe gives us an additional competitive advantage over other players in our industry. Creating light scenarios and sophisticated atmospheres is one of our main areas of expertise. Our revenue and EBITDA attributable to our Lighting segment amounted to €288.6 million and €61.6 million for the year ended December 31, 2020, respectively, which represented 7.3% and 22.6% of our total consolidated revenue and EBITDA for that same period, respectively. For the three months ended March 31, 2021, our revenue and EBITDA attributable to our Lighting segment amounted to €80.5 million and €21.7 million, respectively, which represented 7.5% and 22.5% of our total consolidated revenue and EBITDA for that same period, respectively. These figures represent a 10.9% increase in revenue and a 30.4% increase in EBITDA compared to March 31, 2020, when the revenue and EBITDA attributable to Lighting were €72.6 million and €16.6 million, respectively. In 2020, we were a leading producer in Europe with a market share of 36%. As of March 31, 2021, the Lighting business segment included 16 facilities.

- ***Cockpits and consoles ("Cockpits"):*** We are a global producer and supplier of cockpit modules, including instrument panels, center consoles and glove boxes, which we design, engineer and manufacture. Our capabilities include design and engineering, styling, tooling, manufacturing, assembly and sequencing and electrical/electronic system integration. The cockpit module plays a key role in defining the driver's experience and it integrates the instrument panel and several control functions such as wiring harness, instrument cluster, air vents, decorative inlays, glove boxes and passenger airbag systems, among others. The instrument panel is a key element of the cockpit module and is comprised of a sophisticated system of trims, foams, composites and metals. The center consoles are designed and manufactured to operate vehicle functions and store items. The primary technologies and processes involved in the manufacturing of these systems include low pressure and injection moulding, compression moulding, vacuum forming, slush skins, spray urethane, decorative stitching as well as manual and automated assembly and sequencing. Our revenue and EBITDA attributable to our Cockpits segment amounted to €668.2 million and €50.9 million for the year ended December 31, 2020, respectively, which

represented 16.8% and 18.7% of our total consolidated revenue and EBITDA for that same period, respectively. For the three months ended March 31, 2021, our revenue and EBITDA attributable to our Cockpits segment amounted to €179.7 million and €15.0 million, respectively, which represented 16.7% and 15.6% of our total consolidated revenue and EBITDA for that same period, respectively. These figures represent a 40.0% increase in revenue and a 81.1% increase in EBITDA compared to March 31, 2020, when the revenue and EBITDA attributable to Cockpits were €128.4 million and €8.3 million, respectively. As of March 31, 2021, the Cockpits business segment included 12 facilities.

The charts below show the percentage of revenues and EBITDA derived per business segment for the year ended December 31, 2020. The "Others" segment revenue referred to in the Segment Reporting section was used in calculating the denominator of the below pie chart—however, it is not detailed as such because it represents only 0.16% of the total consolidated revenues.

December 31, 2020:



We believe that our financial and operational success and stability have been, and continue to be, driven by our strategic, customer-focused geographical growth and diversified revenue streams, as well as our manufacturing, process, design and technological expertise. We believe that these factors have allowed us to achieve our position as a leading global supplier in the automotive industry, with high strategic importance to many of the largest OEMs.

Our Industry

The automotive industry designs, develops, manufactures, markets, sells and services motor vehicles which are usually classified into light vehicles (passenger cars and light commercial vehicles) and heavy commercial vehicles. The automotive production value chain is split between OEMs, such as Volkswagen Group, Renault-Nissan, Stellantis (FCA+PSA) Ford and automotive suppliers, such as Bosch, Continental, Magna and us. Automotive suppliers are then generally further categorized into three different tiers. Tier 1 suppliers like us sell their products directly to OEMs. Typically these products are larger modules or systems which integrate components, sometimes sourced from Tier 2 automotive suppliers. Tier 2 suppliers provide individual components or component groups which in turn typically integrate individual parts produced by a further layer of Tier 3 suppliers.

Automotive suppliers are typically further divided into sub-segments based on their components' function within the car. As an automotive supplier of interior components, our revenue is linked to the development of automotive production numbers and changes in the content per vehicle for the components and systems we produce. The interior market in the broader sense is comprised by all the products and systems that form the cabin interior of the car and surround the driver and passengers. As such, interior components have a direct effect on driver and passenger comfort and safety and therefore allow OEMs to differentiate between car models.

As the automotive industry continues to evolve, global trends have developed across the industry that are being driven by a combination of maturing consumer preferences, financial, technological, legal and regulatory requirements and the increasing importance of emerging economies relative to more traditional mature economies. According to different estimations from market data analysis and research providers, the global automotive production industry is expected to grow by approximately 15% in 2021, reflecting the impact of COVID-19 during 2020, when the industry was heavily hit when looking

at both volumes and demand. Also, global units produced are not expected to reach the volumes achieved in 2018 until 2022-2023. In terms of regions, APAC, North America and Europe are the largest markets as of December 31, 2020.

Global trends which will drive future industry growth and the long-term growth potential of the interior component market include, but are not limited to, the following:

Increasing penetration and development of shared mobility platforms and services: New shared mobility services and platforms used by those who decide not to own a car have been experiencing strong growth in recent years, with this trend expected to be one of the most significant in shaping the future of the global auto industry. This will also have implications in the global auto industry not only for automakers, but also for OEMs and suppliers, as ride-sharing companies such as Uber or Lyft provide access to automobiles that will have to be adapted to customer-specific needs. Standardized production platforms which are easily customizable, combined with capabilities to develop user experience and infotainment systems aimed at making cars much more comfortable, will be increasingly important to meet such companies' needs.

Higher consumer expectations of interior comfort: Increased comfort features in the car selection process is of growing importance for final customers, partially due to the increase in the average age of the population and greater time spent in the vehicle. The trend towards higher consumer expectations of interior comfort increases demand for qualities such as improved fit, finish and craftsmanship in interiors across all vehicle types. We believe OEMs are dedicating a larger portion of total cost per vehicle to interior components as they "upscale" vehicle interiors across their entire portfolio of platforms. Suppliers with advanced design, materials and manufacturing capabilities to deliver a broad suite of interior component products across a wide range of price points should benefit from this continued focus on interior comfort and craftsmanship by both consumers and OEMs. While increased consumer expectations of interior comfort play an important role in certain emerging markets in which we operate, like China and Thailand, other emerging markets, like India, are still lagging behind on this trend.

Sustainability and safety: The OEMs that we supply, and automobile manufacturers generally, are increasingly focused on weight and emissions reduction in order to meet increasing legal, regulatory and industry-standard requirements in the markets in which they operate, as well as on the safety of passengers, other road users and pedestrians. The development of the regulatory environment is complex and has required automotive suppliers, such as ourselves, to focus on the design and development of technologies to address the various regulations and to differentiate us from our competitors. Furthermore, we launched a Sustainability Master Plan in 2018 to ensure compliance with and increased focus on Environmental, Social and Governance ("**ESG**") practices, such as environmental commitment and sustainable positioning. We have no involvement with the nuclear power industry, and no significant direct involvement in the fossil fuel, coal, tar sands and oil shale industries, nor any other industries known to be controversial in the ESG sphere.

Globalization of platforms: OEMs are increasingly designing vehicle models built on common but variable platforms which can be produced in high volumes. The use of common platforms and standardizations allows OEMs to increase economies of scale across the value chain, differentiate their products from those of their competitors, expand the number of product segments in which they compete, extend the life of existing automobile platforms and remain responsive to changing lifestyle trends and customer tastes. This trend towards common platforms provides automotive suppliers such as us increased opportunities to supply larger volumes of products and also to benefit from economies of scale. Furthermore, there is an increased dependency on suppliers, such as us, that are capable of managing complex projects, which in turn assures the harmonization of quality standards across geographies globally.

Increasing market share of low-cost and premium automotive segments: In the long-term, the automotive market is expected to shift focus away from mid-market towards low-tech and low-cost vehicles on the one hand and function oriented, innovative vehicles for premium customers on the other hand. In recent years, the market share of low-cost passenger cars (*i.e.* cars costing less than €7,000) has been increasing, predominantly in China, India and Brazil, with sales of small passenger cars expected to grow further. These cars are mainly manufactured and sold in high-growth countries in APAC, as well as in Brazil and Eastern Europe. Growth in the premium segment is also expected to be driven by emerging markets, including China, India and Africa. Vehicles in the premium segment tend to be more technologically advanced in each sub-segment of automotive components, including the interior components segment.

Consolidation of supplier base: In order to take advantage of the operational economies of scale across the value chain, OEMs are encouraging consolidation of their supplier base with an increased focus on large, technically and financially strong global suppliers capable of producing consistent and high-quality products across geographies. The OEMs we supply use a number of factors to determine their choice of suppliers including, among other things, quality, service (including location, service interruptions and on-time delivery), in-house R&D and technological capabilities, overall track record and quality of relationship with the OEM, production capacity, financial stability and price. In recent years, we have noticed that development

expertise, an extensive geographical footprint, consistent and high quality production capability and diverse ancillary competencies tend to offset price-sensitivities among OEMs who appreciate the added-value inherent in these other factors.

Outsourcing and technological partnership with OEMs: As OEMs increasingly focus their resources on automobile assembly, they are either maintaining or increasing the levels of production outsourcing to suppliers such as ourselves. As they grow outside of their home markets, they are more inclined to turn to external suppliers for content they might have previously supplied in-house. Suppliers such as us can benefit from economies of scale derived from serving various customers that our OEM customers find more difficult to achieve in our product segment when manufacturing in-house abroad. In addition, specialization has led to advances achieved by suppliers such as ourselves in certain technologies, which OEMs find difficult to match in-house in price and quality, thereby increasing outsourcing in these areas, even in mature economies. Furthermore, while know-how is still being developed by suppliers and the design is still controlled by OEMs, there is an increased importance in the collaboration with Tier 1 suppliers.

The regional shift of the automotive industry with continuing increase in demand for vehicles in emerging markets: While vehicle production demands have fluctuated across the global economy in recent years, on a normalized level the demand in emerging economies has generally continued to increase. Industry sources forecast that in the years leading up to 2028, there will be a higher CAGR of sales in large and highly populated countries such as India, as well as in other emerging economies, than that experienced generally across Western Europe. In response to this, OEMs continue to develop their presence in these markets, resulting in an increased need for OEMs to establish supplier networks beyond their home markets, including the migration of component and vehicle design, development and engineering activities to certain of these markets. In certain of these markets, such as China, there is already significant demand for new, premium branded vehicle models, as well as for electric vehicles. Nevertheless, vehicle demand in these emerging economies is predominantly for less advanced models with lower entry-level price points. This increasing local demand in emerging markets has helped boost the local automotive industry in these countries and has attracted investments in manufacturing from North American-, European- and APAC-based automobile manufacturers, through stand-alone investments and joint ventures with local partners. The evolution of volume demand in these markets is in tandem with an evolution of regulatory and industry standards modelled after those set earlier by more mature economies. This trend offers automobile suppliers such as us an opportunity to expand our business with our customers in these emerging markets.

Increasing number of electric and hybrid cars: Consumers are becoming increasingly environmentally conscious and this is affecting their vehicle purchase choice. Electric and hybrid vehicles have seen increasing production, with hybrids being more popular than purely electric vehicles. However, the rates of adoption of these vehicles has, so far, been relatively slow, largely due to their relatively high price and, with respect to purely electric vehicles, short driving range and the lack of battery re-charging infrastructure, even in developed countries. It is expected to take a number of years until battery technology is sufficiently improved and becomes affordable for mainstream use in automobiles. Moreover, it will also take time to develop charging stations to support these types of vehicles. Once these obstacles have been overcome, take up of both hybrid and electric cars is likely to increase. During this stage, we are likely to see an increase in the number of automotive suppliers who manufacture electric motors, advanced automotive batteries as well as semiconductors, connectors and sensors which these vehicles will need. Regardless, we believe that our business is largely agnostic to the increasing trends of electric and hybrid cars.

Growth of cooperative agreements: In order to achieve economies of scale and delay developments costs, competing automobile component manufacturers are increasingly entering into cooperative alliances and arrangements relating to shared purchasing of components, joint engine, powertrain and/or platform development and sharing and other forms of cooperation. This cooperation among competing automobile component manufacturers is expected to continue. For example, we have entered into joint ventures in emerging markets to accelerate our international expansion with partners such as Krishna Maruti Limited (belonging to the Krishna Group) in India, NHK Spring (Thailand) Co., Ltd in Thailand, SKT Yedek Parca ve Makina Sanayi ve Ticaret A.S. in Turkey, Changshu Automotive Trim Co., Ltd. in China, Summit DV in Hungary and Shanghai NAEN Automotive Technology Co., Ltd. in China.

Our Key Strengths

We believe that our global footprint, proven track-record, successful and longstanding relationships with automakers and OEMs, extensive capabilities and deep expertise in a number of technologies and products, provide us with the following competitive strengths in comparison to our peers:

Strong positions in core markets

We are among the largest suppliers of automotive interior components worldwide, with a leading market share position across product lines including overhead systems, door panels, lighting systems and instrument panels in the main countries and regions where we operate.

We are involved in the design, development, manufacturing and supply of automotive interior components. In 2020, we were a leader in overhead systems, with around 22% of the global market share. Our market shares for overhead systems in Europe, North America, India and Mercosur in 2020 were 32%, 38%, 70% and 57%, respectively. In sun visors, we were a leader in Europe with a market share of 34%. In 2020, we were a leading producer in Europe with a market share of over 18% in door panels and 21% in window regulators. We were also a significant producer of door panels and window regulators in the Mercosur region, with a market share in window regulators of over 15%. Furthermore, we were a global producer and supplier of cockpit modules, including instrument panels, center consoles and glove boxes, which we design, engineer and manufacture. In this regard, our capabilities include, but are not limited to, design and engineering, styling, tooling, manufacturing, assembly and sequencing and electrical/electronic system integration. Finally, with respect to the lighting and electronic systems segment, we are a leading manufacturer of interior and exterior automotive lighting components segment worldwide.

Additionally, OEMs face substantial switching costs from operational, technical and logistical perspectives in replacing the supplier of a particular component or system during the life cycle of a specific vehicle model. The supplier of a component for a specific car model is often also appointed for the next generations of that model. This is mostly due to the long lead-time and large investment required to set up the production and supply processes, and to the scale operational efficiencies gained through experience with the lean manufacturing of certain products. We believe that such switching costs and our technological capacities strongly protect our leading market position.

Highly diversified business model

Regional diversification

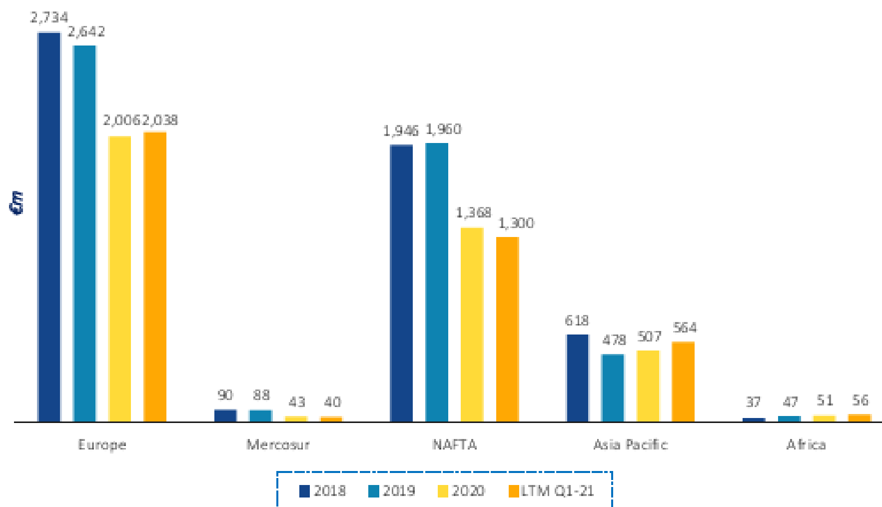
We have a geographically diversified platform of over 145 manufacturing plants and JIT assembly and sequencing facilities, as well as 24 TCOs in 26 countries worldwide as of December 31, 2020. We supplied our products around the world to over 75 different automotive brands belonging to approximately 30 OEMs in 2020. We provided components for more than 550 different vehicle models. Given the nature of our product, geographical and customer diversification allows us to take advantage of global growth opportunities, in particular owing to our presence in Eastern Europe, North America, Mercosur and APAC, which in the past has mitigated the impact of regional production fluctuations on our business during economic downturns.

We are a truly global player who has committed substantial investment to, and has a well-established presence in, growth markets. We believe we are a market leader measured by units of production in many of these markets, which gives us a competitive advantage over other players. Furthermore, our revenues from our APAC operations have increased from €82.2 million in 2010 to €507.2 million in 2020, representing around 12.8% of our revenues in 2020.

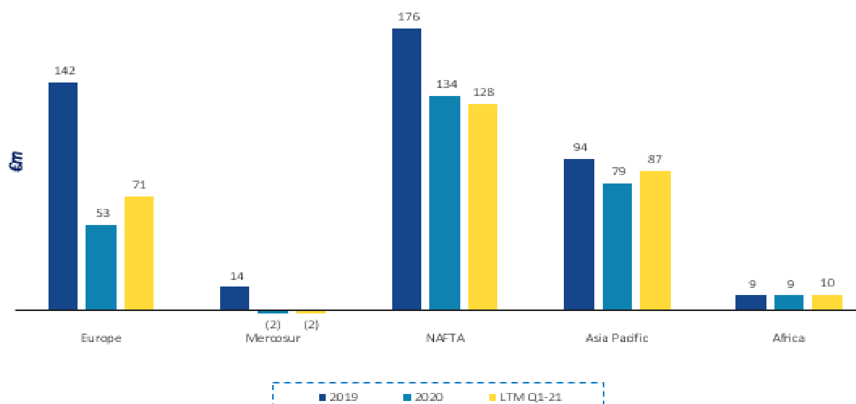
As part of our customer-focused approach to our expansion strategy, we have proactively coordinated our expansion plans into growth markets with those OEMs with whom we supply. When an OEM customer expands into a new market or location, we determine whether it is in our strategic interest to also open a facility in such location. Furthermore, our strong geographical diversification allows us to take advantage of global growth opportunities and mitigates the impact of regional demand fluctuations on our business during economic downturns. The charts below show our regional diversification as a percentage of our revenues.

Evolution of Regional Diversification

Revenue Trends by Geography:



EBITDA Trends by Geography:

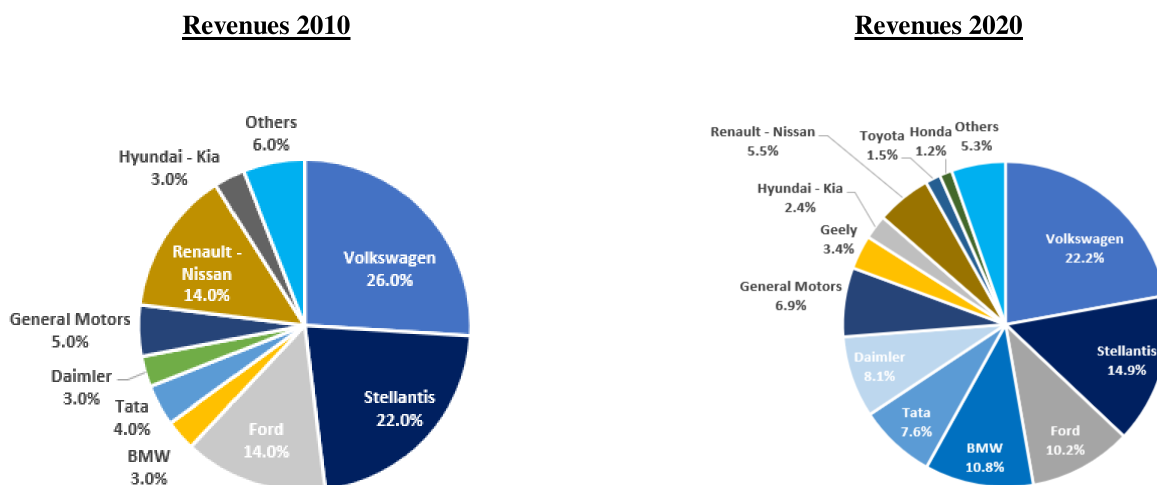


Customer diversification

Relative to our competitors, we have a well-diversified customer base which, through a successful development strategy, has improved across models and now supplies products globally to over 75 different automotive brands belonging to approximately 30 OEMs in 2020. Our OEM customers include Volkswagen Group, Ford, Tata Motors—Jaguar Land Rover, Stellantis (FCA+PSA), BMW and Renault Nissan, among others.

In the year ended December 31, 2020, seven of our OEM customers represented 80.6% of our total revenues. We have pursued a strategy of customer diversification and continue to develop new global relationships with some of the world's largest OEMs. Additionally, we have a diverse set of customers for each of our products and no single OEM is the largest customer in every one of our business segments. The charts below show the evolution of our customer diversification as a percentage of our revenues.

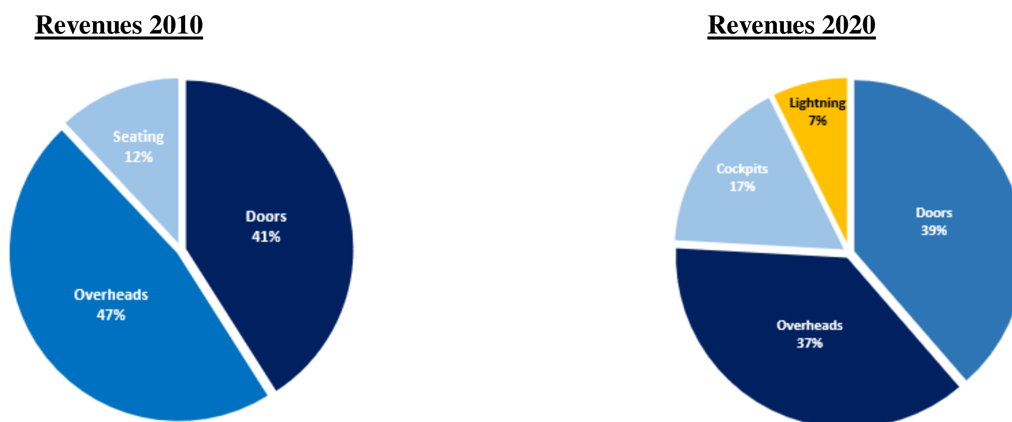
Evolution of Customer Diversification



Product diversification

Our historic product portfolio has been comprised primarily of products in our headliners, doors and interior plastics, lighting and, since 2015, the cockpit modules segments. The charts below show the evolution of our product diversification as a percentage of revenues.

Evolution of Product Diversification



Long-standing contractual customer relationships

We have strategic and long-standing relationships with our OEM customers, which are based on many years of successful collaboration. Our scale and ability to develop differentiated solutions for our OEM customers on a global scale are critical to our success and differentiate us from local and regional suppliers of automotive components.

Our global presence enables us to manufacture, assemble and sequence our products in our plants and JIT facilities, which are located close to OEMs around the world. This allows for JIT delivery systems on a global scale and on a consistent and high-quality basis, making us a clear choice for global OEMs.

Our well-developed technological capabilities, global manufacturing footprint and proximity to OEMs, operational scale and track record of financial performance enable us to supply products to support an OEM throughout the full product life cycle. Additionally, we often act as a development partner during the initial stages of product development which allow us to recommend and incorporate our products into potential designs well in advance of any formal orders from our OEM customers. Our ability to support the development process of OEMs and work as an outsourcing partner to them all over the world is a significant differentiator, in particular on new product solutions, and would take large investments and a long time to replicate, thereby making us a preferred partner to the leading OEMs in the industry.

Our ability to maintain our competitive advantages and technological leadership has resulted in strong customer relationships and translates into a consolidated customer base with our top five OEM customers representing around 66.2% of revenues for the year ended December 31, 2020. The relationships with key customers are long-standing and the sales from our top five OEM customers were €2,490.0 million in 2020.

Strong innovation track record

The automotive industry has a growing focus on innovation, due to continuously increasing customer expectations and the need to meet environmental goals and regulatory requirements. Our commitment to developing innovative and high quality products has defined our approach to our OEM customers. Many of our products are designed and manufactured using state-of-the-art technologies to implement new functionalities on board the vehicle that provide higher standards of safety, perceived quality and comfort while also focusing on weight reduction and cost optimization objectives as critical factors inherent to the automotive sector.

Over the last few years we have continuously invested in R&D, and in the year ended December 31, 2020, our total R&D spending amounted to €177.8 million or 4.5% of our revenues. This level of R&D spending allows us to respond to the growing demand and requirements of OEMs for products at the forefront of technical innovation. As of December 31, 2020, we had a dedicated team of around 1,600 employees in engineering functions throughout R&D, design and calculation engineering, advanced manufacturing and quality control processes, supporting our product innovation capabilities, as compared to around 550 employees in these functions in 2010. We also belong to around 30 international associations directly related to R&D and innovation activities, and collaborate with around 40 universities and research organizations.

In recent years, and particularly in 2020, Grupo Antolin's innovation activities were focused on building up our global capabilities within the electronic systems/HMI arena in order to provide our clients with innovative technological solutions for car interiors, to help us improve the overall profitability of the business, be more resilient to industry downturns and increase our product portfolio and client base. On one hand, we have continued to provide creative responses to the trends that continually redefine the concept of mobility on a global scale (such as the new CASE+P trends). On the other hand, we have signed strategic partnerships to further penetrate into high-growth and profitable segments, including geographies such as China, which are expected to continue delivering business opportunities in the future. In this manner, we expect to maintain a robust and well diversified business model to help us optimize the global efficiency levels of our operations—a critical factor in facing the shifts that are expected within our industry and potential adverse socioeconomic scenarios that could negatively impact our operations.

In this regard, we are prioritizing those programs aimed at technologically enhancing our products through the development of new functionalities and of processes which improve our efficiency and competitiveness.These programs include:

(i) Smart surfaces integrating capacitive sensors and backlighting solutions in combination with decorative finishes with high aesthetic quality;

(ii) Interior surfaces with improved designs for intensive use, easy cleaning and antimicrobial protection;

(iii) New dynamic ambient and functional lighting solutions in the interior of the vehicle to improve visual comfort and driving safety;

(iv) Heating surfaces and the study of their impact on the thermal comfort of occupants and their contribution to the improvement of the energy management of electric vehicles;

(v) Development of functional printing processes and formulations of conductive links for generating electrical circuits which would replace conventional wiring in certain components;

(vi) Innovative solutions for modularization of components and development of electronic control techniques to improve the performance of mechanisms and new functionalities in the vehicle; and

(vii) Solutions to reduce the environmental impact of our products and improve sustainability considerations, including new decorative finishes made with materials which are 100% of natural origin, technologies to facilitate the processing of materials with a high content of recycled plastic, the study of efficient ways to recycle waste originated in our industrial processes, and the development of structural foaming processes to reduce the weight of plastic parts.

As a result of our innovation activity, we currently own around 370 active patents, grouped in over 200 patent families. Between January 1, 2016 and December 31, 2020, we filed 156 patents (of which 129 are currently active). The active patents filed in that term correspond to 75 patent families related to innovations worldwide, such as hard trim manufacturing technologies, plastic window regulators and plastic multifunctional door parts, intelligent overhead systems and sun visors, headliner technologies, advanced finishing and decorative parts, embedded electronics and lighting effects and safe airbag integration.

Attractive market fundamentals

According to different estimations from market data analysis and research providers, such as LMC Automotive and Moody's, the global automotive production industry is expected to grow by approximately 12-15% in 2021, resulting from the impact of COVID-19 during 2020, during which the industry was heavily hit in terms of both volumes and demand. Also, global units produced are not expected to reach the volumes achieved in 2018 until 2022-2023. In terms of regions, APAC, North America and Europe are the largest markets as of December 31, 2020. The interior components market in which we operate is expected to outperform other sectors in the automotive industry due to the increasing interior component content per vehicle. This trend is driven by growing comfort requirements of consumers and rising technological demands from OEMs related to weight savings and noise and vibration insulation. These demands are driven by emissions reduction requirements and related engine downsizing measures by automotive OEMs with smaller, more technologically complex engines typically causing more noise and vibration.

We are in a strong position to continue to benefit from ongoing consolidation and supplier concentration in our market due to our competitive cost base and resulting strong profitability, worldwide presence, leading technological capabilities and solid financial position. As OEMs continue to introduce global platforms and modular toolkits as a basis for a large number of car models, they are more interested in working with global suppliers with strong development capabilities which can support them across their international operations.

Superior profitability and strong financial track record

Our strong financial performance is the result of our diversified client, product and geographic base as well as our long-standing customer relationships, operational excellence, technological expertise, leading market positions and internationalization strategy. We believe we are well-positioned to sustain our competitive advantages and increase revenue growth and profitability in the future, while benefitting from favorable trends in our industry. In addition, we have proven our ability to manage our business through economic downturns, as reflected in the fact that—during a period of unprecedented measures taken by governments from all over the world that heavily impacted our business operations—we managed to generate cash and reduce our debt significantly by implementing proven and efficient financial management strategies. These strategies helped us face increasing challenges within our industry while maintaining a healthy and stable financial posture, a robust liquidity position, a diversified set of financing instruments and no significant debt obligations maturing in the short-term. In 2020, we faced an unprecedented crisis caused by the COVID-19 pandemic and its unforeseen negative impact on many industries worldwide. To address these challenges, we successfully implemented a plan to optimize operations and adapt our structure to the new market landscape and competitive environment, particularly through different optimization and efficiency plans launched globally to recognize synergies between business units, resulting in a significant reduction of costs.

Furthermore, we have been able to generate cash in downturns due to high profitability and centralized working capital management policies. Our investment strategy has been oriented toward value added products and selected complementary acquisition opportunities. We have at all times retained a prudent approach to preserving cash and maintaining a strong liquidity profile, which helped us generate €89 million of cash (including factoring lines) during 2020, following the recovery in the global auto industry in terms of both volumes of production and sales. Furthermore, free cash flow for the year equaled €265.5 million as a result of the €175.6 million decrease in net working capital and the €79.1 million decrease in tooling working capital. These decreases resulted from the ongoing initiatives taken globally to properly align with the new industry

requirements and challenging competitive environment, reflected also in our ability to adapt our structure and reduce capex by over 40% during the year.

Our financial profile has remained strong at all times and our objective is to maintain a cautious financial strategy. Our prudent approach to financial management is strongly supported by our family shareholders.

Experienced management and committed core shareholder

Our management team has extensive experience in the automotive industry and the majority of our executive committee has been with the Company for more than 20 years, demonstrating a high degree of continuity and commitment in our leadership. Our high operational performance is deeply rooted in our organizational structure and culture. Our current Chief Executive Officer, Jesús Pascual, has been with the Company for over 30 years.

The management of the Company has always remained focused on building strategic long-term relationships with key customers, producing an innovative and broad range of products and leading our expansion internationally into key growth markets, which include the US, China, the UK, Germany and India.

Our management team has a demonstrated track record of achieving and maintaining resilient financial performance, particularly during a period in which our industry faced an unprecedented market environment that added additional pressures to our global operations. In this regard, a number of actions were taken on a global basis to properly adapt our strategies and operations to market and client requirements, given that both volumes and sales were heavily hit due to severe government-imposed regulations which forced us to close certain production facilities and halt production in others. As a consequence, efficiency plans were launched globally across all business units and regions to unleash potential synergies, rationalize our cost base and optimize our structure, while maintaining employee health and safety. These measures, including industrial footprint optimization, digitalization and standardization of processes, among others, allowed us to continue delivering profitability increases and saving additional costs of over €62 million throughout the year.

Our family ownership plays a crucial role in supporting our vision and strategy. Ernesto Antolín, who was appointed as the representative for our Chairman on January 31, 2015, having served as Vice-Chairman of Grupo Antolin since 1995, along with María Helena Antolín, who was appointed as the representative for our Vice-Chairman and has over 26 years of international experience with Grupo Antolin, and other members of the Antolín family, have been essential to driving our profitable growth strategy.

With the leadership of our dedicated and experienced management, we have also proven our ability to effectively integrate, manage and improve the state of acquired businesses, including the Magna Interiors Business.

Our Strategies

Our mission is to be a crucial strategic partner for our OEM customers around the world and across the entire spectrum of our product portfolio. The strategies to achieve our mission are based on innovation, flexibility, customer focused growth and further geographic, product and customer diversification, while maintaining the highest levels of customer satisfaction. We intend to achieve this by pursuing the following strategies:

Continue to be an innovation leader through research and development

To remain competitive in the new automotive market, we have worked to enhance our value proposition, which involves an evolution of the product offering as well as our manufacturing processes and the marketing and distribution to our customers. Beyond our capacity as a specialized plastics processing company, we have the opportunity to position Grupo Antolin as an efficient integrator of technologically complex and innovative solutions in the fields of electronics and lighting for interior components. Thus, in addition to enhancing the value of our products, we expect to be be able to meet customers' requirements to have interlocutors capable of providing multi-technology solutions for larger vehicle platforms, and with whom we will collaborate starting in the earliest stages of development.

Our objective is to be a smart integrator and a leading innovator in the automotive interior components industry. High consumer expectations, environmental goals and regulatory changes are three of the main drivers in the automotive market. We are involved in the design of highly innovative cars, as a result of our focus in four main areas:

- *Materials and Processes:* Our materials are designed to generate surfaces which are high quality, have improved performance with intensive use and are compatible with the integration of electronic and lighting functions. We also take into account environmental considerations through the development of more sustainable solutions based on the use of natural materials, the use of greater proportions of recycled material and the fulfilment of light-weighting objectives to contribute to the reduction of consumption and emissions.
- *Mobility of the future:* We focus on the design of new vehicle interiors and the incorporation of intelligent surfaces and advanced functionalities on board the vehicle. This includes the development of new interior concepts to address the preferences of users in different regions of the world in distinctive ways. It also includes the development of studies based on user experience for the optimization of visual, thermal and acoustic comfort aspects.
- *Electronic functions and technological solutions:* Our electronic functions and technological solutions are based on the development of hardware and software solutions for the control of functions related to dynamic lighting, driving assistance, connectivity, infotainment and human-machine interfaces (HMI), among others.
- *Smart product integration:* We engage in researching functions for advanced vehicle interior components and mechanism design and automation. The integration includes not only the aspects related to the functionality of the product, but also its constructive aspects, simplifying architecture and manufacturing or assembly processes to achieve cost and competitiveness improvements.

Effects of the CASE+P Model in the global auto market: The global automotive industry is being shaped and heavily impacted by the increasing importance of technological shifts in recent years, as well as by significant changes in customer demands and needs precipitated by recent lifestyle changes. Currently, the vast majority of car models marketed have innovative technologies aimed at facilitating and improving the driving experience, as well as providing additional safety features to users. Automobiles now are and are expected to be moreconnected, autonomous, shared, electric and personalized, thus opening a broad range of new possibilities and business opportunities for those companies which are well positioned and have global capabilities. Our long-term strategic plan is focused on increasing the capabilities within our new lighting and electronic systems business unit in order to become a leading smart systems integrator andprovider of innovative technological solutions to our clients. Our aim is to at continue improving our global profitability, increase product portfolio and increase our customer base.

Become a global full-service supplier to OEMs

We intend to strengthen our position as a Tier 1 supplier for automobile interiors with an extensive production and supply network that can flexibly service our customers on a global basis, providing major OEMs access to our global platform and product portfolio. In addition, we hope to increasingly take on additional responsibilities and activities of OEMs by managing Tier 2 and Tier 3 suppliers, thereby improving the manufacturing and product development efforts of our customers. Our acquisition of the Magna Interiors Business in 2015, which had strong relationships with premium OEMs, including BMW, Tata Motors—Jaguar Land Rover and Daimler, also allowed us to improve our position in the premium segment of the automotive interior industry.

Our approach to project and production management is increasingly focused on integral execution by locating our technical and manufacturing facilities close to the decision-making and manufacturing centers of our customers. Additionally, we aim to ensure engineering benchmarking, continuous improvements in operational excellence and standardization of processes in every country in which we operate. We intend to develop new industrial processes able to produce different products with the same investment. The capacity to produce a broader product portfolio will allow us to provide a better service to OEMs.

Develop design, engineering and production capacities across low cost countries

Our objective is to significantly increase our operations in low-cost countries in Eastern Europe and North America, as well as in APAC regions, particularly in China – the world's largest automotive market. Approximately a third of the world's total cars are produced and sold in China. Markets such as these present opportunities to capitalize on growing long-term demand relative to that of more mature economies. We intend to increase our internationalization by both selectively expanding our production capacities in new geographies and also expanding our product portfolio in such low-cost markets in which we already have successful operations.

Expand footprint in the APAC region

We have increased, and plan to continue to increase our presence in APAC consistently with the development trend of the automotive market in the region. APAC continues to be a significant contributor to margin expansion. Our revenue derived from the APAC region has increased from €82.2 million in the year ended December 31, 2010 to €507.2 million in the year ended December 31, 2020. In the year ended December 31, 2020, our revenue in China increased by over 16.0% from the year ended December 31, 2019, while industry-wide light vehicle production decreased by around 4.3%.

We believe that we are well positioned to take advantage of growth opportunities in APAC as a result of our existing footprint of high-quality production facilities in the region. We intend to capitalize on our current operations and reputation to increase our presence in the region through selective and disciplined investments and partnerships. For example, in China, we have three TCOs and we operate 25 sites. We have two TCOs and six operating sites in India, which serve customers including Tata Motors-Jaguar Land Rover, Mahindra, Ford, Stellantis (FCA+PSA), Volkswagen Group, Hyundai, Toyota and General Motors. Furthermore, we have a joint venture with the Krishna Group which supplies Maruti Suzuki and Honda. In South Korea, we have one TCO, and we provide automotive parts to Renault Samsung in a joint venture with Dongwon Tech.

Successfully continuing to integrate new acquisitions and realizing synergistic opportunities

In markets where we already have a strong presence, our growth strategy includes selected bolt-on acquisitions that complement and enhance our current operations. Part of our growth strategy involves identifying suitable acquisition candidates in markets where we currently operate, as well as in markets in which we have not previously operated. For example, in 2018 we acquired: (i) Haselbeck, a high-quality plastic injection mold maker based in Germany, to strengthen our tooling innovation capacity (for €6.6 million) and (ii) a 40.04% stake in Walter Pack, a Spanish-based company that specializes in the design and production of high-quality decorative technical surfaces and parts that combine effectively with our existing lighting capacities (for €3.9 million). In addition, we will also continue to consider future acquisitions from time to time as an opportunity to apply leading technologies to our product portfolio, cross-sell new and existing products to our existing customer base, expand our customer base and enhance our growth profile.

Additionally, in 2020 we acquired a strategic stake in AED Engineering, an electronic systems company based in Munich (and also present in Spain) which provides services to premium OEMs located in Germany. We also acquired a minority interest in the Israel-based startup Eyesight—now Cipia—specializing in state-of-the-art technology focused on driver monitoring systems. This acquisition served to help us continue building our capabilities within the electronic systems arena as part of our main goal to become a leading smart integrator of technological innovations within our products, in order to improve our global profitability and increase both our product portfolio and customer base. Also, in August we opened our new Innovation Center in Shanghai to develop our footprint and customer relationships in the Asian region, particularly in China. We also signed a commercial agreement with one of the largest Chinese electric vehicles manufacturers, Evergrande Auto, which awarded us with number of projects of both local and international OEMs operating in the region.

Continuing to follow advanced corporate practices and responsible management strategies

We are firmly committed to adopting and continuing to follow the most advanced good governance practices and standards. We are also committed to integrating and encouraging management to contribute to generating a responsible culture of transparency, ethics and compliance that protects the interests of all stakeholders. Grupo Antolin has voluntarily adopted a number of good governance standards applicable to Spanish listed companies.

Our governance model is structured through the general shareholders' meeting, the board of directors and the following non-mandatory committees: the audit commission, the appointments and remuneration commission (the "**ARC**"); and the Ethics, Corporate Governance, Compliance and Social Responsibility Committee (the "**ECCSRC**").

Additionally, the board of directors has an advisory board made up of six independent advisory directors, which serves as a consulting and advisory body for decisions related to their relevant responsibilities. Under the operation of an extended board of directors, its members and the independent directors (without voting rights) actively and simultaneously participate in the board meetings. The advisory board also meets independently to the board of directors, in order to propose suggestions and recommendations.

Our Corporate Governance Model is made up of a set of rules and principles that ensure the proper functioning of our governing and administrative bodies. In addition to mandatory corporate responsibility policies, our Corporate Governance Model includes a separate code of ethics and conduct, certain corporate policies (Compliance Policy, Gifts and Hospitality

Policy and Anti-Corruption Policy) and other internal codes, processes and procedures required or recommended through sector-related provisions. Our management model enables Grupo Antolin to meet the requirements of several international management system standards and internal management needs (e.g. ISO 37001:2016 Anti-Bribery Management Systems, UNE 19601:2017 Management system for Criminal Compliance).

In 2020, we continued making progress in aligning our corporate strategy with the best corporate governance practices through: (i) the incorporation of three new independent advisory directors, two of whom are women; (ii) an analysis of the main new amendments to the code of good governance of listed companies and verification of the proper application of any changes to our internal operations; and (iii) the preparation of the 2020 Annual Report as an Integrated Report, describing the relevant governance information and methodology in additional detail. Furthermore, the Sustainability Department now sits under the board of directors through the Chief Executive Officer and regularly reports to the ECCSRC. As part of this department, the Corporate Governance and Sustainable Financing Department was created with effect from January 1, 2021.

Additionally, we envisage, in the short term: (i) a review and update of the regulations of the board and of the delegated committees, adapted to the latest recommendations on good governance and sustainability; (ii) the implementation of new developments from the CNMV (i.e., the Spanish government agency responsible for Spanish securities markets) regarding the best corporate governance practices of listed companies; and (iii) a self-assessment—following the standards of good governance of listed companies—of the operation of the board of directors and the delegated committees of the board, according to our biennial planning and under the guidance of the independent advisor who chairs the ARC.

Our Products

Our product portfolio is primarily comprised of overhead systems (or headliners) and soft trim, doors and hard trim, cockpits and center consoles, lighting systems and complete seats and frames. The diversification of our product portfolio has helped us to strengthen our strategic relationships with OEMs, who are able to turn to us for innovative and market leading product solutions across the value chain. In 2020, we have undertaken over 340 projects in aggregate covering projects for all of our product portfolio. Furthermore, we have also provided our products to over 100 car models, and to nine out of ten of the global best-selling car models during the year, all ten of the top ten best-selling cars in Europe and eight out of the ten best-selling car models in the United States. We have a significant number of projects signed and currently in development, and our current backlog between 2021 and 2024 is €16.0 billion (over 90% of total expected sales).

Headliners

An overhead system comprises the headliner as well as all the components associated with it. Headliners conceal roof sheet metal, wiring and safety airbags and incorporate interior components, thus improving the perceived quality of the vehicle by the eventual vehicle owner. Our headliner product is a composite material that is affixed to the inside of the metal panel of a vehicle's roof. The headliner is a fundamental aspect of a vehicle's design and functionality and plays an important role in the aesthetics, comfort, safety and acoustics of the vehicle. From the start of our business, our overhead systems have identified us on a global scale as a pioneer in the R&D of such technologies. Overhead systems can be adapted to different configurations, from the simplest headliners through to the most complex modular integration. Our components include: substrate, sun visors, consoles, lighting, grab handles, air conditioning vents and solar protection systems. We develop technological solutions to account for key factors such as head impact regulations and the integration of fabric and lighting elements. The extensive offer meets the requirements of all segments available in the market.

The sun visor product is an interior component located above the windshield, designed to protect the driver from the sun. All sun visors are designed with a hinge that is adjustable to help shade the eyes of drivers and passengers from the glare of sunlight. Some luxury cars are equipped with doubled-shaded sun visors, allowing the driver/passenger to turn one of the shades toward the side window and the other forwards to the windshield to improve sunlight protection performance. The sun visor is an interior component with visual, functional and security customer requirements. Due to these last two requirements we invest significantly in concept design and we try to simulate as much as possible to obtain a robust product. The complete validation of a sun visor is complex and time consuming because of these requirements. One of the most recent pieces of equipment acquired by the Company is the ECE21, which differentiates us from our competitors and allows us to carry out head impact testing, greatly appreciated by our customers.

Manufacturing process

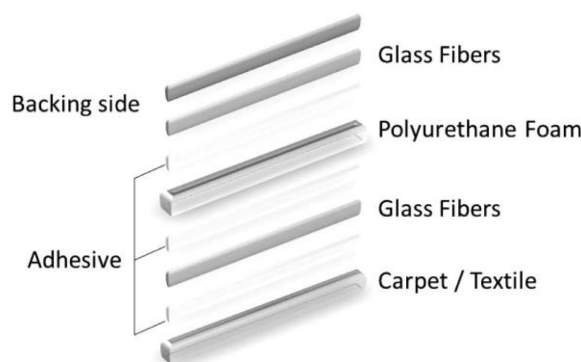
We begin the production process of our headliners by analyzing our customer's requirements as well as the features and components that will be incorporated into the headliner. Our technical departments determine the ideal material

construction and technology to produce the headliner at the most competitive cost and our engineering team then builds the detailed 3D specifications of the product. Once the part has been engineered, we begin the manufacturing process.

We manufacture our headliners using two production techniques: thermosetting technology and thermoplastic technology. Thermosetting technology uses a multi-layered composite structure (combining a core of polyurethane foam and layers of adhesive, glass fiber and an aesthetical cover) which is converted into a rigid product using a heating process, while thermoplastic technology uses a board of a fibrous material which is heated in a specialized oven and then pressed into its final shape using a cooling process.

The core material of the headliner is polyurethane foam. Manufacturing the foam is integrated in every production facility allowing us to customize the properties of the foam in accordance with customer specifications to achieve certain density, mechanical and acoustic requirements. The foam is created in large blocks which are then cut down in size to the required dimension and thickness.

Once the foam is cut into the appropriate dimensions, it is coated with adhesive, a catalyst is sprayed over the foam, then two layers of glass fiber are placed on and underneath the foam. Finally, a backing layer, either fleece or paper, is placed on the bottom side and an aesthetical layer, a textile or carpet, is placed on the upper side in order to create the final "sandwich" structure. The graphic below illustrates the final "sandwich" product.



The formed "sandwich" is then transferred into a heated tool to shape the headliner. After forming the headliner, it is trimmed using a pressurized water stream or with special die-cut tooling.

We produce a wide range of products by engineering the process to suit our customers' demands. We supply very economic headliners for the Tata Tiago, as well as the highly complex leather-covered modular headliner for the Maybach GLS.

In the thermoplastic stage, our thermoplastic technology processes boards of fibrous materials which are blends of polyester or polypropylene fibers with glass fibers by heating the boards in an infra-red oven and then molding the boards in a cold press while, at the same time, feeding the interior textile finish into the mold. Finally, the part is trimmed by water jet. The thermoplastic lines are fully automatic, reducing labor costs and boosting the competitiveness of this technology.

Following customer and market demands, we have developed different technologies to assemble various components, such as sunroof frames, console frames, fixing or locator features on the back of the headliner. These components can be incorporated during the forming or covering steps or in a specific additional tooling.

Sun visors are made up of several components and many different materials and processes. The core of the sun visor is made of injected plastic covered by various materials. The most popular cover is PVC. Other components are assembled to the sun visor, including plastic fasteners, metallic springs to ensure a good rotational function, vanity mirrors, airbag labels and ticket holders. The mirror is one of the most valued components in a sun visor and there are many varieties: non lighted, lighted with incandescent lamps or new LED generation. The LED mirrors are developed and produced in collaboration with our Lighting segment. The different assembly processes are manual, semi-automatic or fully automatized depending of the concept and the production country. Once we assemble all the components and obtain the finished product we have a standardized and automatic quality control system in all our production lines worldwide to ensure final quality. The sun visor market is very competitive. To win new business and reduce the quality issues, it is necessary to work on in-house standard components, design guides and standard processes.

As of December 31, 2020, the production process for our Headliners segment is spread out across over 86 facilities worldwide.

Customers and competitors

We sell our overhead systems globally and our main clients consist of most OEMs worldwide, including Ford, Volkswagen Group, Renault-Nissan, Xpeng, Toyota, Hyundai-Kia and Tata Motors—Jaguar Land Rover amongst others. Our global footprint in design and industrial capacity is a key factor for obtaining and maintaining our relationships with these OEMs.

The main competitors for our overhead systems are Howa Tramico, IAC, Motus, Industriale Sud, Yanfeng and GSK Group, amongst others. The main competitors for our sun visors are Shanghai Daimay, Toyota Boshoku, Kasai Kogyo, Shanghai Huate and Yong San, amongst others. The main competitors for our soft trim products are Borgers, Autoneum and Ideal, amongst others.

Doors

Our Doors segment produces door systems (including front, rear and sliding door panels), pillars (including upper and lower pillar trim and quarter trim panels), window regulators, rear cargo and liftgate trim and related components and also assembles complete door modules including components such as door latches, harnesses, loud-speakers and sealing. We also produce seat latches for specific vehicle platforms.

A door panel is the component covering the internal side of a vehicle's door. The door panel hides the door's metal panel and the internal components of the door such as window regulators, latches and certain wiring. The panel also incorporates electric switches, pull handles and armrests. The door panel brings together numerous different mechanical features and also plays a key feature in the interior design of the vehicle.

Also, as part of our global strategy to become a smart integrator, we have developed a wide range of innovative integrated solutions for car interiors in collaboration with our Lighting and Electronic Systems BU, in order to increase our product portfolio and offer a wider range of possibilities to our clients.

A window regulator is the component that moves the window in the door. The main function of the regulator is to move the window through a mechanic actuator engaged by a handle or by an electric motor. We develop and produce window regulators of any morphology as another component of the door system we offer, all of which satisfy the quality, cost, weight and ease of assembly demands of each client's assembly line and are subject to a rigorous validation processes to offer the very highest standards of reliability. Additionally, we have extensive experience in designing, validating and implementing motors in our window regulator systems. These motors have changed significantly in recent years, from being considered a high-end product to becoming a mass-produced standard in most vehicles. Our motors incorporate an electronic anti-pinch system which enables them to be activated automatically and safely, as well as forming part of the vehicle's electronic communications network. We developed and validated our first plastic window regulator and started production in 2016. It is a significant product improvement, as plastic window regulators are extremely light-weight. We were the first to market a plastic window regulator in Europe and we have started to successfully introduce the modular versions of plastic window regulators, establishing Grupo Antolin as a key player in light-weight solutions.

We have pioneered the introduction of lightweight technologies for injected thermoplastic in the European market, as well as in the use of environmentally-friendly processes and materials. Our techniques for injected plastic trim include chemical foaming injection, which achieves weight reduction in comparison to conventional technology.

The finish of a pillar trim can be fabric/leather wrapped or textured resin color matched to be in harmony with the headliner. We develop and test pillars to protect the driver during crash and for easy airbag deployment. Our focus on hard-trim activities is on using our innovative ideas to increase the added value of this product line, thereby offering a better product at a competitive price. The most noteworthy features of our hard-trim activities are the wide range of materials and technologies we can offer OEMs in conventional plastic covers, laminated parts or textile back injection pillars, with this last core competence focused on premium vehicles.

Manufacturing process

We begin the production process by analyzing our customer's requirements as well as the features and components that will be incorporated into the door panel. Our technical departments determine the ideal material construction and technology to produce the door panel at the most competitive cost and our engineering team then builds the detailed 3D specifications of the product. Once the part has been engineered, we begin the manufacturing process.

Due to the cutting-edge elements of these door panels, the traditional assembly chain is extremely complex. We provide OEMs with a final product which combines technical features with design while at the same time reducing the industrial complexity of the assembly chain.

A door panel is composed of several parts and each of them uses a different technology and production process. The first step of production is generally either injection molding or thermoplastic processing. Injection molding consists of plastic material being melted in order to fill a mold which is then cooled to solidify the panel. Door panels constructed using thermoplastic are produced with a thermoplastic shell, which is heated in an oven or a press machine and a mold.

Once the plastic component is finalized, a variety of covering technologies are utilized to cover the part with leather or fabric. The technologies used for the covering process include vacuum technology, edge wrapping and laser cutting which allows designs to be laser cut into the final product. Once all the individual parts are produced, they must be assembled together. The assembly process can be done in one of our production plants or can be done, totally or just partially, in a JIT facility close to the assembly plant of the customer to reduce logistic cost.

Window regulators are composed of several parts and each of them have a different technology and process of production. We use injection molding and stamping to make most of the individual parts which are then assembled using a variety of techniques including robotic and manual assembly lines.

As at December 31, 2020, the production process for our doors and interior plastics segment is spread out across 45 facilities worldwide. Additionally, in recent years we have set up window regulator production lines in other product manufacturing sites in India, Turkey, Russia and China.

Customers and competitors

We sell our doors and interior plastics products in Europe, North America, the Mercosur region and APAC, particularly in China. Our main clients are many of the top OEMs in the world, including Stellantis (FCA+PSA), Volkswagen Group, Renault-Nissan and Tata Motors—Jaguar Land Rover, amongst others. Our global footprint in design and industrial capacity is a key factor for obtaining and maintaining our relationships with these OEMs.

The main competitors for our doors are Yanfeng, Faurecia, Kasai Kogyo, Toyota Boshoku, Seoyon E-HWA, Motherson, IAC and Simoldes, amongst others. We believe we offer lower engineering costs compared to our competitors. In relation to window regulators, our main competitors are Brose, Hi Lex, Shiroki Corporation, Johnan Seisakusho, Inteva and Kwangjin, Magna amongst others. We are increasing our competitiveness by utilizing our wider manufacturing footprint. In the medium term we believe that our know-how in plastic window regulators and our longer experience in plastic injection and door modules will place us in a leading position among our competitors.

Cockpits

We are a global producer and supplier of cockpits modules, which include instrument panels, center consoles and glove boxes. The cockpit module plays a key role in defining the driver's experience and it integrates the instrument panel and several control functions such as HVAC, cross car beam, steering column, wiring harness, instrument cluster, air vents, decorative inlays, glove boxes and passenger airbag systems, among others. Our system integration capabilities allow us to design, engineer, manufacture and assemble these elements and supply complete cockpit systems for OEMs. The focus of this business segment is on innovation, examples of which include lighter materials, integration of electrical connection and increased functions.

The instrumental panel is the dashboard located directly in front of a vehicle's driver, displaying instrumentation and controls for the vehicle's operation. It is a key element of the cockpit module and is comprised of a sophisticated system of trims, foams, composites and metals. We provide a full range of instrument panel offerings to meet OEM design specifications and price points in every vehicle segment, from entry level to premium and luxury vehicles. While designing and manufacturing

the instrument panels, our engineers primarily focus on quality, function and decoration, while optimizing the cost/quality ratio. Our vertical integration capabilities also enable us to produce the majority of the components for instrument panel systems, including air distribution ducts, decorative appliqués and other plastic trim.

The center consoles are the control-bearing surfaces in the center of the front of the vehicle interior, often beginning in the instrument panel and continuing beneath it, running between the front of the driver and passenger seats. The center consoles complement the instrument panels and have become an increasingly complex part of our Cockpits business segment. Their design, in terms of ergonomic, comfort and quality play a significant role in the car interior. Our main focus with respect to center consoles is enabling the operation of vehicle functions and maximizing storage space. We have developed several innovative console features, such as movable consoles or storage areas combined with adjustable armrests. We also employ many of the same features and technologies used in our instrumental panels, such as sewn leather, appliques and air distribution, to ensure interior design continuity.

Additionally, as part of our global strategy to become a smart integrator, we have been working closely with our Lighting and Electronic Systems business unit to properly integrate advanced technologies and offer higher value-adding products and innovative solutions to our customers. We have collaborated with this business unit not only with regard to instrument panels, but also with regard to cockpits and consoles.

Our glove boxes are a key element of the instrument panel focusing on functionality. Storage and structural support for the complete system are some of the most noteworthy features of our glove boxes.

Our main current capabilities in this business segment include styling, engineering, tooling, manufacturing, assembly and sequencing and electrical/electronic system integration. In the final stages of the integration process, we expect to also be capable of creating synergies between other business segments such as Lighting. Integration of light into traditional plastic components is a defined target of our OEMs.

Manufacturing process

The primary technologies and processes employed in the manufacturing of interior components and systems include low pressure and injection molding, compression molding, vacuum forming, slush skins, spray urethane, leather covering, foaming as well as manual and automated assembly and sequencing.

We manufacture our instrument panels by injection molding of the main structural elements as carrier, warm air duct, center stack, airbag chute and glove box housing. For providing the surface of an instrument panel, the processes of vacuum covering and gluing, welding, foaming, hand and semi-automated covering of leather, milling, punching and laser cutting/weakening are performed. Assembly of air vents, bezels, plastic components and decorative trim parts completes the final product. To provide a complete cockpit, the following additional modules have to be assembled: cross car beam, wiring harness, climate control unit, steering column, electrical and electronical modules. An electrical end of line test ensures full functional performance of a cockpit before being delivered to the customer.

In order to manufacture our center consoles, we begin by injection molding of carrier and structural elements similar to the instrument panel. Process steps of welding, vacuum covering, foaming, leather wrapping and assembly of bezels and decorative trim parts are employed to complete the final product.

Our glove boxes are manufactured through a combination of injection molding, welding, foaming, covering and final assembly.

As at December 31, 2020, the production process is spread out between twelve facilities across China, Czech Republic, Germany, the UK and the US, all originally part of the Magna Interiors Business.

Customers and competitors

We sell our Cockpits products primarily in Europe, North America and APAC, particularly in China. Our main clients are among the top OEMs in the world, including Tata Motors—Jaguar Land Rover, General Motors, Volkswagen Group and BMW, amongst others. Our global footprint in design and industrial capacity is a key factor for obtaining and maintaining our relationships with these OEMs.

The main competitors for our cockpits and instrument panels are Faurecia, Yanfeng, Hyundai Mobis, Motherson, Calsonic Cansei and, IAC amongst others. Our competitive advantages lie in our global reach, innovation, design, our efficient cost structure and our ability to stay ahead of our competitors.

Lighting

Creating light scenarios and sophisticated atmospheres, as well as providing innovative technological solutions, is one of our main areas of expertise. We offer complete interior solutions including those based on LED such as overhead consoles, side reading lamps, multi-purpose lamps, ambient lighting, electronics/smart lighting and exterior solutions such as daytime running lamps, center high mounted stop lamps and direction, position and license plate indicators.

As one of the key players in the market, we pay special attention to innovation in this segment, maintaining strong development capabilities, mainly in electronics and optical design. Increasingly, we are seeing innovation in the market for our products. We now see solid-state LED technology replacing the historic incandescent lighting technology as well as specialized electronics becoming increasingly present in even the simpler products. Due to the inherent capabilities in the lighting and electronic sectors, plus other décor surface sectors, GA has identified many new HMI products as potential business opportunities that were not previously considered in our portfolio. In this regard, both the final product and the entire production process—which is essential for market competitiveness—are critical for customer satisfaction.

Manufacturing process

As with our other business segments, we begin the production process by analyzing our customer's requirements with regard to interior automotive lighting. Our production capabilities are vertically integrated, mastering the complete industrial process from R&D, conception and tooling to material processing, assembly, packaging and delivery.

The production processes for our lighting segment varies depending on the type of lighting required by our end customers. The manufacturing processes include plastic injection, different types of coatings, ultrasonic and vibration welding, electronics components processing, including PIN insertion for press-fit pin replacement of classical connector technology, wire-to-PCB soldering in the form of hot bar soldering, 100% in-line LED measurements and calibration, laser marking, wire stripping, tinning and termination equipment. We also have significant capacity in stamping technology which gives us a strong competitive edge in producing parts that essentially combine the functionality of electrical circuits, connectors and parts supports. Our toolmakers are renowned for their skills in creating complex tools that produce elegant and cost-effective mass production parts.

Furthermore, we are now equipped in-house with surface mounted device assembly process equipment in three sites. This enables us not only to be competitive with our offers, but also to stay abreast of the rapid evolution of customer requirements, and complements supply from our traditional subcontractor base.

As at December 31, 2020, the production process is spread out between 16 facilities across China, Czech Republic, Germany, France, Mexico, Spain, Morocco and Romania.

Customers and competitors

We sell our interior automotive lighting products primarily in Europe, North America, the Mercosur region and APAC, particularly in China. Our main clients are among the top OEMs in the world, including Volkswagen Group, Renault-Nissan, Stellantis (FCA+PSA) and Daimler, amongst others, as well as many Tier 1s. Our global footprint in design and industrial capacity is a key factor for obtaining and maintaining our relationships with these OEMs.

The main competitors for our lighting products are Hella, Il Heung, Flex, Kostal, Draexlmaier, Dr. Schneider, Cemm Thome, amongst other Chinese manufactures. Our competitive advantages lie in several factors, namely our global reach, electronics capabilities, design, our efficient cost structure and our ability to stay ahead of our competitors. Our expertise in retro illuminated decorative inserts thanks to our strategic alliance with Walter Pack makes Grupo Antolin the partner of choice for interior ambient solutions.

Suppliers

We purchase various components and materials for use in our manufacturing processes. All of these components and materials are available from numerous sources and we currently source materials from approximately 3,000 suppliers of which

approximately 16.6% make up to around 80% of total purchase volumes. We source our key materials from at least two main suppliers of international recognition which enables us to negotiate on more favorable terms and provides us with added price protection. We estimate that approximately 40% of the value of the materials we source come from suppliers chosen by OEMs, which allows us to benefit from their enhanced negotiation power and to be automatically compensated by the applicable OEM for any increase of material costs, other than for increases in material costs in relation to electronic components. In addition, we estimate that approximately over 5% of the value of the materials we source come from suppliers who have price transfer agreements directly with our customers where costs of materials outside of certain ranges are passed onto the OEM, thus helping us to minimize the impact of material price fluctuations.

Our main direct material suppliers are Lear Corporation, Lyondellbasell, Faurecia, BASF, Shawmut Corporation, ITW and Covestro, among others.

We conduct permanent monitoring and collaboration with our supply chain, at an international level. Our implementation of the warehouse management system guarantees accurate supply by suppliers. We work to promote medium and long-term relationships to achieve mutual growth.

Customers and Geography

Relative to our competitors, we have a well-diversified customer base which, through a successful development strategy, has expanded to include over 75 different automotive brands belonging to around 30 OEMs in 2020. In the year ended December 31, 2020, our top five OEM customers accounted around 65.7% of our revenue. The most significant increases since January 1, 2020 have come from Volkswagen Group, Stellantis (FCA+PSA) and Geely Group, which accounted for around 22.2%, 14.9% and 3.4% of our total revenue respectively.

We have developed long-standing business relationships with our automotive customers around the world. We work together with our customers along the full value chain, including development, industrial engineering, tooling and manufacturing. Quality assurance programs matching the highest standards underlie our service offering. In emerging economies in particular, our customers are focusing their own resources on vehicle assembly and seek to outsource to suppliers that are capable of providing an integrated supply service. We believe that our customers perceive us as a supplier that is capable on a global scale of providing (i) high-quality products at competitive prices with standardized high-level quality; (ii) innovative solutions for complex projects and (iii) on-time delivery and quality customer service.

Mandates in the automotive OEM business involve long-term production arrangements based on the lifecycle of the specific model or platform. As a result of our strategic and long-term relationships with our OEM customers, and given the prohibitive operational, technical and logistical costs of switching suppliers, particularly during the life cycle of a specific vehicle model, we have strong visibility on our mid-term revenues. Furthermore, we believe we can leverage our strong customer relationships to obtain similar awards in the future.

In addition to being diversified, our customer base is weighted towards premium and financially stable OEMs, meaning that, subject to the stage of the automotive industry cycle and prevailing macroeconomic conditions, our revenue streams are relatively secure.

Our geographical diversification strategy is aligned with the ongoing expansion by OEMs into emerging economies and the consolidation of their existing presence in established markets. As OEMs have sought to establish presence in growth markets and to grow outside of their home markets, we have adapted our geographical diversification strategy to focus less on our presence in Western Europe, which is well established, and more on these growing markets.

While we continue to pursue a measured strategy of geographical diversification, the basis of our technological expertise continues to be Western Europe.

Research, Development, Innovation and Intellectual Property

We operate in a highly competitive and globalized industry and must constantly change and adapt to meet our customer's needs and expectations. We consider innovation and R&D to be key success factors in the differentiation of our products and services from those of our competitors.

One of the global trends in the automotive industry is the increased focus on innovative and technologically advanced products that seek to address the parallel concerns of improved safety for passengers and road users and the reduction of weight

and emissions. Our commitment to developing innovative, high quality products has defined our approach to our customers. Investment in R&D is one of our main drivers.

Through the development of our innovation programs, we contribute to the objectives of Grupo Antolin to prepare for the exciting future that the automotive sector has ahead:

- To increase the added value of the company's current products and simultaneously be able to access new product ranges with greater technological sophistication.

- To improve our technical and industrial capacities in order to prepare for future mobility trends, as well as to improve our market position as suppliers of high technological content.

- To differentiate Grupo Antolin's offer with respect to its competitors by introducing innovations that allow optimization of costs, technical performance, functionality, comfort and perceived quality inside the vehicle.

- To improve aspects of industrial flexibility and efficiency, helping to implement advanced manufacturing tools in order to ensure the competitive strength of Grupo Antolin to face the current situation of uncertainty in the automotive market.

- To contribute to the fulfilment of the environmental commitments that affect the sector, including emission reductions in the coming years, as well as the implementation of circular economy characteristics that are becoming increasingly necessary.

The innovation strategy designed to achieve these objectives includes the development of open innovation initiatives. In this regard, during 2020 our innovation and advanced engineering teams have been focusing on a broad number of technologies, the most relevant ones being the development of new designs and colors, the re-engineering of products and processes, functional systems, advanced processes and product engineering, plastronics, new architectures, advanced materials and photonic technologies, among others. Additionally, the company has continued to focus on a number of strategies aimed at further positioning ourselves as a leading integrator of innovative technologies applied to interiors, including:

- Attracting talent, knowledge and skills with which to face the challenges affecting the sector;

- Expanding our innovation ecosystem, consolidating external technical support teams, as well as new collaboration models and alliances; and

- Conceiving new solutions to enhance our products and processes.

During the past year, we also launched a number of challenges in which a significant number of participants from a broad number of countries participated. We additionally finished an ambitious project aimed at developing an innovative cockpit for the future, in which a number of new technologies such as smart LEDs, HMI, DMS and lighting solutions, will be integrated to provide users an enhanced and safer driving experience.

Additionally, we developed two concept cars (*Virtual Ride Hailing Concept Car and Virtual Ride Sharing Concept Car-ELIN)* in which we explore different technologies that will shape the future of the industry. In the first case, we transformed the interior of the vehicle to facilitate relaxation, concentration and communication while travelling, as well as to provide users a safe and healthy environment in which to enjoy different entertainment solutions. In the second case, the ELIN concept introduced innovative solutions within the new mobility ecosystem and explored new technologies implemented in areas such as electric vehicles, autonomous driving, connectivity and shared mobility services, all embedded into a standard production platform easily customizable to the customer and user's needs.

The strategy also considers the establishment of collaborative relationships with other companies and R&D organizations. In 2020, collaborative agreements were established with:

- AED Engineering (Germany/Spain): a strategic agreement to develop advanced solutions for the interior within the electronic systems arena. Additionally, AED will expand its international footprint with the development of an advanced technological and innovation hub in Spain to explore and develop new technologies.

- Eyesight Technologies, now Cipia (Israel): a collaboration agreement to work on vision systems based on Artificial Intelligence (AI) in order to offer advanced driver and passenger monitoring solutions to car manufacturers.

- In the area of R&D, work has continued in the context of the e-SPACE Programme. This alliance with the *Centro Tecnológico de Automoción de Galicia* (CTAG, Spain) allows Grupo Antolin to receive support in the field of electronics for the development of several innovation projects. Collaborations with other Institutes and Technological Centers have been maintained for the development of the projects included in the Strategic Innovation Plan of our company.

- The opening of the new Innovation Center in China (Shanghai) to continue building our electronic systems capabilities, as well as to expand our current portfolio and client base in the APAC region.

At Grupo Antolin, we carry out our research and development work through a rigorous process called "*Innovation Development Process*". This development involves a multi-stage process aimed at turning ideas into innovations that can ultimately be commercialized. The initial stage of the process is designed to foster generation of ideas and includes, among other things: identification, understanding and analysis of social, digital, demographic, regulatory, industry and other trends which may create demand for, and thus drive development of new automotive technologies, competitive intelligence, technological observation, freedom-to-operate analysis, review of academic research and automotive customer input. Concepts that progress past this initial stage are further evaluated, including with respect to commercialization opportunities, as well as potential risks and challenges to further development. Winning innovations progress through subsequent stages towards product or process realization, validation and, eventually, product launch.

In the year ended December 31, 2020, we invested €177.8 million or 4.5% of our revenues of our revenues in R&D. Our innovative products and market leading processes are developed through our targeted R&D platforms across R&D centers throughout Europe, APAC, North America and the Mercosur region.

Underlying our innovative products and processes and in-house capabilities is the maintenance of rigorous quality management and testing systems in all of our manufacturing plants and R&D facilities. Through regular internal audits we are able to ensure that our products and processes are monitored to the highest industry standards. We believe that these competencies and capabilities along the entire value chain give us a competitive advantage over many of the other suppliers.

Joint Ventures

Joint ventures constitute a key aspect of our business strategy and we operate in many countries by means of partnerships with local partners. Joint ventures have historically been a strategic way for us to enter new geographies. While in some joint ventures we are not the majority shareholder, we nonetheless often exercise operational control over these entities. Below we present a summary of our most significant joint ventures.

Brazil—Intertrim Ltda.

On December 1, 1995, we formed Intertrim Ltda. with Luiz Rodovil Rossi, a Brazilian lawyer with experience in the Brazilian automotive business community, to produce overhead systems, namely headliners and sun visors. As of December 31, 2016, we held a majority of the capital stock of Intertrim Ltda. while Luiz Rodovil Rossi held the minority capital stock. The company is located in Brazil and produces headliners in Caçapava, Brazil and sun visors in Taubaté, Brazil. The company also has two logistic sites for sequencing and JIT delivery. The company produces parts for Volkswagen Group, PSA Group, Renault-Nissan, Toyota, Honda, Ford and Mitsubishi. As of December 31, 2020, the company employed 221 people.

China—Changchun Antolin Automotive Interiors Co., Ltd.

On October 16, 2015, as part of the Magna Interiors Business, we acquired a 60% interest in Changchun Intier Automotive Interiors Co., Ltd. (including its interests in Beijing Intier Automotive Interiors Co. Ltd., representing 100% of its share capital, and in Changchun Intier Automotive Interiors Co. Ltd. Beijing Branch, formed in 2015, representing 100% of its share capital), a joint venture that produces mainly instrument panels and door panels. The remaining interest is held by Changshu Automotive Trim Co., Ltd. The joint venture is located in Changchun, in the province of Jilin and its main customers are the Volkswagen Group and BMW. As of December 31, 2020, Changchun Intier Automotive Interiors Co., Ltd. employed 535 people. In January 2016, Changchun Intier Automotive Interiors Co. Ltd. was renamed Changchun Antolin Automotive Interiors Co., Ltd.; Beijing Intier Automotive Interiors Co. Ltd. was renamed Beijing Antolin Automotive Interiors Co. Ltd.

China—Changshu Antolin Automotive Interiors Co. Ltd.

On October 16, 2015, as part of the Magna Interiors Business, we acquired a 60% interest in Changshu Intier Automotive Interiors Co., Ltd., a joint venture that produces instrument panels, consoles, door panels, pillars, among other plastic automotive components. The remaining interest is held by Changshu Automotive Trim Co., Ltd. The joint venture is located in Changshu, in the province of Jiangsu and its main customers are Tata Group, General Motors and local Chinese Customers. As of December 31, 2020, Changshu Intier Automotive Interiors Co., Ltd. employed 463 people. In January 2016, Changshu Intier Automotive Interiors Co. Ltd. was renamed Changshu Antolin Automotive Interiors Co. Ltd.

India—Krishna Grupo Antolín Private Limited

On February 22, 2004, we entered into an agreement with an Indian company named Krishna Maruti Limited establishing a joint venture to produce automotive headliners and sunvisors within Northern India. Krishna Maruti Ltd. is a part of the Krishna Group, a corporation supplying seating systems, interior systems as well as fuel and exhaust systems for the main OEMs in India. The joint venture is called Krishna Grupo Antolín Private Ltd., and is located in Manesar-Gurgaon, New Delhi, India. It produces components for the main car manufacturers in the country such as Maruti-Suzuki, Honda and M&M. As of December 31, 2020, the Company employed 111 people. The Company has a license agreement with the joint venture for the manufacturing of headliners and sunvisors, in consideration for this it receives a percentage of the sales derived from this joint venture.

Netherlands—International Door Company B.V.

On May 4, 2000, the Company and Küster Holding GmbH signed a framework agreement for the management of the manufacturing of window regulator mechanisms and related systems. Under this framework agreement, a Dutch vehicle was incorporated (International Door Company, B.V.) which would cover all of the worldwide business of the Company and Küster Holding GmbH for the manufacturing of window regulators and related systems (except in Spain, France, Germany and Portugal, where both companies would continue operating separately). Currently, International Door Company B.V. holds the following stake in these entities (i) 100% of Iramec Autopeças Ltda. (Brazil), (ii) 99.99% of Mexican Door Company, S. de R.L. de C.V. (Mexico) which has had no activity since January of 2018 and is currently in the process of liquidation, and (iii) 100% of Slovakian Door Company (Slovakia). Iramec Autopeças Ltda. was incorporated on July 24, 1995 and is mainly focused in the manufacturing of window regulator systems. Mexican Door Company, S. de R.L. de C.V. (Mexico) was incorporated on March 17, 2004 and was mainly focused on the manufacturing of window regulatory systems. Slovakian Door Company, which was incorporated on March 2, 2000, manufactures window regulator mechanisms for Audi, Porsche and Renault/Smart.

Thailand—NHK Antolin (Thailand) Co., Ltd.

On October 22, 2012, NHK Antolin (Thailand) Co., Ltd. ("**NHKA**") was incorporated as a joint venture between NHK Spring (Thailand) Co. Ltd. and the Company, under which each party would own a 50% interest (direct or indirect) in NHKA. NHKA manufactures headliners for the local Thai market and other countries in the APAC region. It is located in Bangpoo Industrial State, Province of Samutprakan, near Bangkok, and produces and delivers headliners for the main car manufacturers in the country including FTM Ford, AAT, Nissan, Honda, General Motors, Isuzu and Mitsubishi. As of December 31, 2020, NHKA employed 172 people. Furthermore, in August 2013, NHKA created NHK Antolín Hemarak, a JIT facility in order to support the components assembly to complete the modules for NHKA, as well as for the in-sequence delivery of the final product to the customer. It is located in the Rayong province, and delivers headliners to Ford, AAT and General Motors. As of December 31, 2020, this entity employed 61 people.

Turkey—Ototrim Panel Sanayi ve Ticaret, A.S

On December 15, 1992, we entered into an agreement with SKT Yedek Parca ve Makina Sanayi ve Ticaret A.S., a producer of oil sealants and rubber components for motor vehicles, establishing a joint venture to produce components such as headliners, sunvisors, hard trim, door panels and mechanisms for the main car manufacturers in the country. The joint ventures' main customers are Ford, Renault-Nissan, Hyundai and PSA Group. As of December 31, 2020, Ototrim Panel Sanayi ve Ticaret A.S. employed 832 people. The Company grants a license to this joint venture for the manufacturing of headliners, door panels, and sunvisors and window regulators and, in consideration, it receives an annual percentage of sales derived from this joint venture.

USA—Grupo Antolín Primera Automotive Systems LLC

On December 17, 1998, we entered an operating agreement with Crown Automotive Industries LLC, a Michigan based company, to assemble and deliver automotive overhead systems for certain plants of Ford. The joint venture is Grupo Antolín Primera Automotive Systems LLC and is located in Michigan, USA. As of December 31, 2020, the joint venture employed approximately 204 people.

Property, Plant and Equipment

We have a geographically diversified platform of over 145 manufacturing plants and just in time, or JIT, assembly and sequencing facilities, as well as 24 technical-commercial offices, or TCOs, in 26 countries worldwide as of December 31, 2020.

The following table sets forth the total number of our plant and JIT facilities and our TCOs, by region as at December 31, 2020:

Region	Plant/JIT	TCO/Plant
Western Europe	47	12
Eastern Europe	23	1
North America	33	2
Mercosur	7	0
APAC	32	7
Other	5	2
Total	**147**	**24**

In April 2021, the Group decided to relocate the mass production projects that had been undertaken at the plant in Regenstauf (Germany) owned by the subsidiary Antolin Süddeutschland, GmbH. This process is currently in its early stages. Once the relocation of this activity is complete, the Regenstauf plant will be shut down and an employee benefit plan will be implemented in relation to the termination of the employment contracts of substantially all the workforce. In this regard, the accompanying unaudited condensed consolidated financial statements include an impairment loss on certain assets of this plant (see Note 7), whereas no provision has been included to cater for the costs arising in connection with the termination benefits to be paid to the employees since the decision to effect this redundancy plan, and the communication thereof to the employees, took place after 31 March 2021. The cost of the termination benefits to be paid to the employees of this plant is estimated to be between approximately €10 and €12 million.

Environmental

We have a strong commitment to environmental issues and the impact of our operations on the environment, including with respect to climate change. We are also committed to maintaining high standards of health and safety, both environmental and general. We have approved a management model, aimed at covering any legal requirements, and which currently applies to each entity in our Group. As of December 31, 2020, we had over 100 employees dedicated to environmental issues and around 100 employees dedicated to health and safety issues.

As manufacturers of automotive components, the environmental impact generated by us have to be taken into account throughout the life cycle of the vehicle and not only during the manufacturing phase of our parts. For this reason, we are committed to adapting and using the best techniques available for our components, as well as including environmental aspects in the design and operation of them. For example, our innovation processes seek weight reduction and make use of biomaterials and natural fibers, our design processes seek new products and production processes centered around efficient use of resources and energy, and we seek out recycling options for the components at the end of their useful life.

Over the past three years, we have had no relevant material environmental issues, actions, claims or liabilities that could have had a significant impact on our equity, financial position or results, and are currently not aware of any such issues, actions, claims or liabilities, excluding the claim in Brazil against our subsidiary Trimtec Ltda. See "—*Proceedings*".

As of December 31, 2020, we had achieved environmental certification in accordance with the standard ISO 14001 for 118 plants and production centers. The chart below shows a breakdown of our 118 ISO 14001 certifications by region as of December 31, 2020:

Region	ISO14001 Certifications
Europe	54
North America	23
Mercosur	5
Africa-APAC	36

Additionally, as of December 31, 2020, we had achieved new energy efficiency certification in accordance with the standard ISO 50001 for seven companies in Europe.

Our environmental activities focus on two general areas: (i) environmental management system, based on manuals and procedures common to all the centers defining the measures to ensure strict compliance with current legislation, the rational use of resources and energy and minimizing the generation of waste; and (ii) environmentally sensitive design, where we focus our design of our products with a view to minimizing the environmental impact of the vehicle over its useful life.

Health and Safety

In terms of health and safety we are aware of the risks in our business and have a policy that ensures that both our employees and those from other companies working on our premises have a safe and healthy working environment.

In accordance with this policy, we use the same criteria when assessing the performance of any company in terms of health and safety and no difference is established between the companies operating in the countries in which we are present.

Our management plan, based on the ISO 45001 model, includes the identification and verification of any applicable regulations, as well as the performance of internal audit controls to verify any applicable preventive measures and the level of compliance.

There is also a system of audits which verifies that any measures in health and safety meet with the criteria established in our policies, thereby assuring reliability and comparability among the companies.

Proceedings

We are from time to time involved in legal proceedings, claims or investigations that are incidental to the conduct of our business. We vigorously defend ourselves against these claims. In future periods, we could be subject to cash costs or non-cash charges to earnings if any of these matters are resolved on unfavorable terms. However, although the ultimate outcome of any legal matter cannot be predicted with certainty, based on current information, including our assessment of the merits of the particular claims, we do not expect that our pending legal proceedings or claims will have a material adverse impact on our future consolidated financial condition, results of operations or cash flows.

For example, Trimtec Ltda., our subsidiary in Brazil, is subject to, together with 49 other companies, an environmental claim initiated in 2009 and derived from the environmental damages created by *Companhia Brasileira de Bauxita* ("**CBB**"), who was hired to provide services of incineration and industrial waste disposal for Trimtec Ltda. and other companies in 2001. CBB did not perform such services and failed to dispose of the waste adequately, which allegedly ended up causing environmental damage. An expert in the assessment and valuation of environmental damages was appointed in connection with the proceedings and has issued an expert's report which was only submitted to the public prosecutor. The public prosecutor proposed terms of adjustment of conduct (TACs), to which Trimtec has adhered. Now that the environmental damages have been identified, an independent expert has been appointed to clarify the work that needs to be done to repair these damages. Currently, authorization is pending for Ulianapolis Administration and the Enviromental Secretary of Pará to allow an independent expert to access the affected zone and determine the scope of the repair work. Therefore, the proceedings are still ongoing. See "*Business—Proceedings*".

Furthermore, we are subject to several administrative and judicial tax proceedings in Brazil, of which four proceedings are due to the dispute over certain VAT deductions that we had taken under the exemption for certain manufacturers that applied to us under Brazilian tax law. As of December 31, 2020, we estimate the aggregate potential liability under administrative and judicial proceedings in Brazil amounts to be approximately €10.3 million.

Employees

As of December 31, 2020, the number of employees working for us was more than 26,600 globally (including employees from associated companies), with around 50% based in Europe, approximately 15.0% in APAC and over 30% in North America. The breakdown of our employees by business segment as at December 31, 2020 is as follows: approximately 30.0% and over 40.0% in Headliners and Doors respectively, and around 10.0% in Cockpits, Lighting and other areas.

Our strategy is to manage relations with our employees primarily on a plant level, with the "plant works council" being the forum for employee representation most favored by our employees. As a general rule, each plant has its own collective agreement. This policy allows us to benefit from a number of advantages:

- collective agreements are adapted to the specific circumstances and needs of each plant (for example different geographic areas within a country may have different average salary or cost of living allowances);

- collective agreements can be adapted to the economic performance and productivity of each plant; and

- workers identify themselves better with their own "plant works council" rather than with a country level one.

In addition to this strategy, we try to build open and trusting relations with union representatives at regional level or country level, in order to allow a bi-directional communication channel to provide them with relevant information, but also to understand their real worries and concerns.

During the global economic crisis, we proactively managed our employee requirements while endeavoring to find constructive measures to manage and retain experienced professionals. Given the global nature of our business and operations, the measures implemented required an in-depth analysis of the legal framework of each jurisdiction in which we operate. Our extensive global footprint has also given us a tool to fight the impact of the global economic crisis as it has allowed for increased geographical mobility and provided us with the ability to temporarily balance our resources across different regions, supporting strategic projects with the most skilled and experienced workers. This was particularly relevant during the entirety of 2020, when our global workforce was heavily impacted by the COVID-19 pandemic. During this time, we focused on securing and prioritizing our employees' health, and actively supporting all of them during the crisis through different mechanisms aimed at properly adapting our working conditions and securing our global operations. Specifically, we did so in moments during which some of our production plants were affected by temporary closures and lockdowns, resulting from different restrictions imposed by governments in response to the pandemic.

Where the opportunities have arisen and it has been possible to do so, we have deployed underutilized staffing resources from one area of our business to other areas experiencing increased staffing requirements, for example, between 2007 and 2009, we mobilized workers from various Spanish group entities in order to avoid temporary layoffs. In addition, between 2009 and 2011, we used the transfer of employees between different companies of the Group for the purposes of reducing the negative impact of some reductions in the workforce and the closure of some facilities. Furthermore, in 2013, as part of a restructuring, we offered employees the possibility of voluntary transfers from Grupo Antolín-Dapsa, S.A.U. to Grupo Antolín-Plasbur, S.A.U. and to the Company.

Where necessary and where the legal and regulatory labor and employment framework in a jurisdiction allows, we have implemented measures such as temporary reduction of the workforce, early retirement programs (as a way to achieve cost reduction in the short-term and to reduce the average age of the staff in the medium to long-term) and "substitute contracts" which has proven to be an efficient way to manage costs and rejuvenate the workforce, while accommodating the aging population.

MANAGEMENT

Board of Directors

The following table sets forth, as of the date of this Offering Memorandum, the name and title of each member of the board of directors of the Company, together with their representatives (in the case of corporate directors) and is followed by a summary of biographical information of each director or representative (in the case of corporate directors), including their respective ages.

Name	Position
Canea, S.L. (represented by Ernesto Antolín)	Chairman
Injat, S.L. (represented by María Helena Antolín)	Vice Chair
Jesús Pascual	Chief Executive Officer
Agrícola Cinegética San Quirce, S.L.U. (represented by Emma Antolín)	Director
Ampaber, S.L.U. (represented by Miguel Angel Vicente García)	Director

Ernesto Antolín (56). Representative of Canea, S.L. (Chairman of the Company) since January 2015. Ernesto Antolín served as Vice-Chairman of Grupo Antolin from 1995 to January 2015. He holds a degree in law *(licenciatura en derecho*) from the University of Burgos, and has obtained several post-graduate degrees from Boston University. He has 30 years of international experience within the automotive industry in the areas of strategy, marketing, industry and business diversification, of which 27 years have been with Grupo Antolin. He also serves as director of several of Grupo Antolin's subsidiary companies.

María Helena Antolín (54). Representative of Injat, S.L. (Vice Chair of the Company) since 2015. Former representative of Agrícola Cinegética San Quirce, S.L.U. (executive director of the Company) from 2009 to January 2015. María Helena Antolín was appointed as marketing and corporate affairs officer of Grupo Antolin in 2013. She holds a degree in international business and business administration from Eckerd College (Florida) and a Master in Business Administration from Anglia University (United Kingdom) and the Polytechnic University of Valencia. She has over 28 years of international experience with Grupo Antolin in the areas of product quality, industry, human resources and operations. She is a member of the steering committee of Grupo Antolin, member of the board of directors of Iberdrola, S.A., member of the board of directors of the Commission of Social Corporate Responsibility and the Permanent Commission of the "Management Excellence Club" (*Club Excelencia en Gestión*) and Chairwoman of SERNAUTO, the Spanish Association of Equipment Manufacturers and Automotive Components. She also serves as director of several of Grupo Antolin's subsidiary companies.

Jesús Pascual (57). Chief Executive Officer of Grupo Antolin since 2015. Mr. Pascual holds a degree in industrial engineering from the Polytechnic University of Burgos, as well as a Master in Business Administration from the European Business School in Burgos. He has over 35 years of international experience in the automotive industry, in the areas of operations and industrial development. Within Grupo Antolin he has held the position of Plant Manager in several factories, as well as Territorial Director for the Iberian Peninsula and Head of the Headliners segment from 2005 until 2013, and the position of Chief Operations Officer from 2013 until 2015. Mr. Pascual is a member of our executive and steering committees. He also serves as director of several of Grupo Antolin's subsidiary companies.

Emma Antolín (40). Representative of Agrícola Cinegética San Quirce, S.L.U (Director of the Company) since January 2015. Emma Antolín was appointed as Head of Corporate Social Responsibility of Grupo Antolin in 2007, and in January 2021 was appointed Director of Corporate Governance. She holds a degree in Psychology from the Pontifical University of Salamanca, an MBA from IEDE Business School and a Master in Financial Management from IE Instituto de Empresa. She has over 14 years of experience with Grupo Antolin in the area of Corporate Social Responsibility. She is a member of the Audit commission, the Appointments and Remuneration commission and the Ethics, Corporate Governance, Compliance and Corporate Social Responsibility commission of Grupo Antolin.

Miguel Ángel Vicente (66). Member of the Board of Directors of Grupo Antolin since January 2021. Previously Chief Operations Officer of Grupo Antolin since April 1, 2017. Mr. Vicente holds a degree in industrial engineering from the ENSAI University in Strasbourg (France), a Master in Business Administration from INSEAD in Fontainebleau (France) as well as a Master's degree in Engines from IFP School in Paris (France). He has 40 years of international experience within the automotive industry, and has worked for companies like Renault in areas such as research, engineering, quality, manufacturing and purchasing in France, Mexico and Spain. He has been working for Grupo Antolin for the last 28 years, where he first held the position of Industrial Operations Director. Subsequently, he also held the position of Operations Director in Europe

Mercosur and in North America, Head of the Doors segment from 2009 to 2013 and Chief Commercial Officer from 2013 to 2017. Mr. Vicente was a member of our executive and steering committees. On December 31, 2020, Mr. Vicente retired.

The business address of each member of the board of directors is our registered address at Ctra. Madrid-Irún km. 244,8 E09007, Burgos, Spain.

Senior Management

Our senior management team is led by Jesús Pascual, who has spent his entire career at Grupo Antolin, having held numerous positions of responsibility.

The following table sets forth, as of the date of this Offering Memorandum, the name and title of each member of the senior management team who does not also serve on the board of directors, and is followed by a summary of biographical information of each such member including their respective ages.

Name	Position
Miguel Ángel Prado	Chief Operations Officer
Miguel Marañón	Chief Commercial Officer
Cristina Blanco Santo Tomas	Chief Financial Officer
Pablo Ruiz	General Counsel

Miguel Angel Prado (53). Chief Operations Officer at Grupo Antolin since January 1, 2021. He holds a degree in industrial engineering from the FH Niederrhein University (Germany). He has been with the Company for over 26 years and has held several roles within the Industrial, Projects and Purchasing areas, such as Head of Cockpits and Consoles, among others. Mr. Prado, who started his professional career at Ed. Scharwächter, has over 30 years of experience within the Automotive sector. Mr. Prado is currently a member of the steering committee of the Company.

Miguel Marañón (51). Chief Commercial Officer of Grupo Antolin since 2017. He holds a degree in industrial engineering from the University of Valladolid. He has more than 24 years of experience with Grupo Antolín, having held several management positions within the Seating & Metal Business Unit and being named head of the Seating segment from 2013 to 2017. Mr. Marañon is a member of our executive and steering committees.

Cristina Blanco Santo Tomas (47). Chief Financial Officer of Grupo Antolin since 2016. She holds a degree in Business Administration from Universities of Dundee, Scotland and Burgos, Spain and a degree in Economics and Business Administration from UNED. She has 21 years of experience with Grupo Antolin, having held several management positions within the economic and financial division, most recently as the head of financial planning and treasury. Ms. Blanco is a member of our executive and steering committees.

Pablo Ruíz (63). General Counsel of Grupo Antolin and Secretary of the board of directors of the Company. Mr. Ruiz holds a degree in law (*licenciatura en derecho*) from the University of Valladolid. He has more than 30 years of experience within the automotive industry and is responsible for the legal department of Grupo Antolin. Mr. Ruiz is a member of our steering committee.

Advisory Board

The following table sets forth, as of the date of this Offering Memorandum, the name and title of each member of the advisory board of the Company and is followed by a summary of biographical information of each member, including their respective ages.

Name	Position
Carmen Gomez de Barreda	Member
Ramón de Sotomayor	Member
Bernardo Villazán	Member
Milagros Caiña	Member
Macarena Cassinello	Member
Juan de Antonio	Member

Carmen Gomez de Barreda (52). Member of our advisory board since January 1, 2018. She is currently an independent director of Grupo Ezentis S.A., Red Electrica de España, S.A. and Hispasat. Furthermore, she has been a representative of the Spanish delegation in the Emergency Issues Group and Markets Group of the International Energy Agency (AIE). She holds a degree in Economics and Business Studies from the Universidad Pontificia de Comillas (ICADE) and a Master's in Business from IESE (Executive MBA), University of Navarra.

Ramón de Sotomayor (56). Member of our advisory board since January 1, 2018. He was a member of the board of Abengoa, S.A. He graduated from the University of Portsmouth as an Industrial Engineer and holds an MBA from Rutgers University. He started his career at Ercross España and then joined Thyssenkrupp Elevator A.G., where he has held several positions, including Chief Executive Officer for Southern Europe, Africa and Middle East from 2011 until 2015. He has also acted as independent director of several companies including Velatia and Levantina Natural Stone.

Bernardo Villazán (62). Member of our advisory board since January 1, 2018. He is currently an independent director at Packbenefit and Member of the Advisory Board at Group IPS. He holds a degree in Industrial Engineering from the ICAI School of Engineering, where he is now Director of the Chair in Smart Industry 4.0. He holds a Senior Business Management Program Certification (PADE) from the IESE, University of Navarra, a Certification in Corporate Governance (Spanish Board Directors Association) and the ICADE Business School Independent Board Member Certificate. Formerly, he was President of Grupo Daorje, independent director and president of the Audit Committee at Laninver, Member of the Board at Abengoa Solar and President of the Remunerations Committee at Telvent GIT.

Milagros Caiña (58). Member of our advisory board since July 1, 2020. Between 2012 and 2019, she was a Member of the Board of Management of BMW AG, responsible for Human Resources and Labor Relations. Prior to joining BMW, Ms. Caiña was Head of Human Resources of the Transport and Logistics Division of Deutsche Bahn AG and Member of the Management Board from 2011 to 2012. She holds a degree in Business Administration from VWA Hagen.

Macarena Cassinello (56). Member of our advisory board since July 1, 2020. She is Head of QM&HSE On-Shore at Siemens-Gamesa. She was Chief Quality Officer at IVECO between 2013 and 2019 and Member of the Board of Directors of Iveco España. She started her professional career at Seat and Nissan, where she held different roles prior joining Fiat, and eventually becoming Chief Quality Officer at IVECO. She has been also a Member of the Advisory Board at IESE I-WILL and Board Member at IVECO Spain. She holds an Industrial Engineering Degree from ETSEIB, a Masters in Automotives from UPC and a GMP/MBA from INSEAD Business School.

Juan de Antonio (41). Member of our advisory board since July 1, 2020. He is the founder and CEO of Cabify, the Spanish mobility and car sharing company that is considered the first Spanish unicorn, which has operations in Spain and Latin America. Prior to that, he was a consultant at Boston Consulting Group and Business Development Director at Zero Motorcycles. He holds a Telecommunications Engineering Degree from the Polytechnical University in Madrid and an MBA from Stanford University.

Committees and Commissions

The board of directors may form committees and the commissions from among its members and members of the management team and charge the committees and the commissions with the performance of specific tasks. The committees' and the commissions' tasks, authorizations and processes are determined by the board of directors. Where permissible by law, important powers of the board of directors may also be transferred to the committees. As of December 31, 2020, the board of directors had established the following committees:

Executive committee

The executive committee is responsible for all tasks delegated to it by the board of directors, and is composed of the Chief Executive Officer, the Chief Commercial Officer and the Chief Financial Officer. The executive committee meets on a weekly basis.

Steering committee

The steering committee is responsible for (i) the presentation of the budget for its approval by our board of directors, (ii) approval of projects and innovation plans, (iii) discussion and approval of organizational duties and (iv) human resources, institutional relations and external communication policies. The steering committee is formed, *inter alia*, by the Chief Executive

Officer, the Chief Operations Officer, the Chief Commercial Officer, the Chief Financial Officer and the General Counsel. The steering committee meets every month.

Audit commission

The audit commission is responsible for, among others, reporting information on the annual financial statements, as well as on our quarterly financial. In addition, our audit commission proposes the appointment of the external financial auditors to the board of directors, and oversees our internal audit services, our financial information reporting process and our internal control systems. The audit commission meets as often as necessary in order to discharge its functions and at least once every two months. The audit commission is composed of Bernardo Villazán (as president), Emma Antolín, Miguel Angel Vicente and Macarena Cassinello (as members) and Pablo Ruiz (as secretary).

Appointments and remuneration commission

The duties and functions of our appointments and remuneration commission include, among others, the duty to inform our board of directors of appointments, re-elections, terminations and remuneration of the Board and its members, as well as upon general remuneration and incentives policy for the Board and senior management. The appointments and remuneration commission meets as often as necessary in order to perform its functions, and at least once every three months. The appointments and remuneration commission is composed of Ramón Sotomayor (as president), Ernesto Antolín, Jesús Pascual, Emma Antolín and Milagros Caina (as members) and Alberto Guerra (as secretary).

Ethics, corporate governance, compliance and corporate social responsibility commission

The commission was created by the board of directors on December 13, 2017. Its duties and functions include, among others, the monitoring of compliance with internal codes of ethics and conduct and the rules of corporate governance, the periodical supervision of compliance programs, environmental policies and corporate social responsibility, non-financial risk evaluation and the supervision of the communication strategy and investor and shareholder relations. The commission meets as often as necessary in order to perform its duties and functions, and at least once every three months. The Ethics, Corporate Governance, Compliance and Corporate Social Responsibility commission is composed of Carmen Gómez de Barreda (as president), Emma Antolín, Miguel Angel Vicente and Juan de Antonio (as members) and Alberto Guerra (as Secretary).

In 2020, the members of the board of directors of the company received €3.0 million in remuneration for their work as administrators of the Company, compared to the €2.8 million they received for the financial year ended December 31, 2019. Certain members of the board of directors of the company are also employees and, as such, earned wages, salaries and other benefits in an aggregate amount of €1.3 million for the year ended December 31, 2020, compared to the €1.2 million in remuneration they received for the financial year ended December 31, 2019.

SHAREHOLDERS AND CERTAIN TRANSACTIONS

Shareholders

As of the date of this Offering Memorandum, our issued share capital amounts to 37,468,535.47 consisting of 8,023,241 registered shares with a par value of €4.67 each.

Our shareholder is Grupo Antolin Holdco, S.A., a Spanish limited liability company (*sociedad anónima*), which holds 100.0% of the shares of the Company. Grupo Antolin Holdco, S.A. is wholly-owned by the Antolín family through different holding vehicles, including Avot Inversiones, S.L.

Avot Inversiones, S.L. is 100% owned by the Antolín family. The Antolín family has two branches, one for each of the two Antolín brothers who founded Grupo Antolin. Each family branch owns 50% of Avot Inversiones, S.L., holding their shares in Avot Inversiones, S.L. through separate investment vehicles.

The board of Avot Inversiones, S.L. is composed of two members of each branch of the Antolín family. In February 2013, the Antolín family signed a shareholders' agreement regarding its shareholding in Avot Inversiones, S.L. The Antolín family agreed to a ten-year lockup period, in which the sales of shares in Avot Inversiones, S.L. are restricted to certain requirements such as business interest and the maintenance of family-based control over the Company. The shareholders' agreement sets economic sanctions and penalties for any breach of the shareholders' agreement.

Terms and Conditions of Transactions with Related Parties

Transactions with associated companies

The Antolín family owns Compras y Logística Burgalesa, S.L.U., a company which manages non-productive material purchases and which primarily serves certain Spanish subsidiaries of our group. This entity had a net turnover of approximately €4.4 million in the year ended December 31, 2020, approximately 90% of which derived from sales to the Company and its subsidiaries.

In addition, the Antolín family owns Bodegas Imperiales, S.L., a winery in the area of "Ribera del Duero", devoted to the production and sale of wine. In the year ended December 31, 2020, this entity had a net turnover of approximately €1.7 million, of which approximately 17% derived from sales to the Company and its subsidiaries. In February 2021, Bodegas Imperiales, S.L. was renamed Bodegas Abadía San Quirce, S.L.

In 2018, the Company, as lessee, and Grupo Asuari Inversor, S.L. (an Antolín family owned company), as lessor, entered into a lease agreement for the lease of certain offices located in Madrid. The lease agreement was enter at arm's length. Pursuant to the winding-up of Grupo Asuari Inversor, S.L., the lease agreement was transferred to Canea, S.L. (which currently acts as the chairman of the board of directors of the Company).

See note 21 to our consolidated financial statements for the year ended December 31, 2020, note 21 to our consolidated financial statement for the year ended December 31, 2019 and note 22 to our consolidated financial statements for the years ended December 31, 2018, included elsewhere in this Offering Memorandum, for additional information regarding transactions with associated companies.

Transactions with Directors

Canea, S.L. and Injat, S.L., both companies owned by members of the Antolín family, act as the chairman and the vice chair of the board of directors of the Company, respectively and Agrícola Cinegética San Quirce, S.L.U. and Ampaber, S.L.U., also companies owned by members of the Antolín family, act as members of the board of directors of the Company. As previously mentioned, in 2020 the members of the board of directors of the Company received €3.0 million in remuneration for their work as administrators of the Company, compared with the €2.8 million they received for the financial year ended December 31, 2019.

See note 21 to our consolidated financial statements for the year ended December 31, 2020, note 21 to our consolidated financial statement for the year ended December 31, 2019 and note 22 to our consolidated financial statements for the years ended December 31, 2018, included elsewhere in this Offering Memorandum, for additional information regarding transactions with directors.

We or our shareholders or management, may from time to time and depending on liquidity, market conditions and other factors, repurchase or purchase our debt, including the 2024 Notes and the 2026 Notes.

DESCRIPTION OF OTHER INDEBTEDNESS

Senior Facilities Agreement

The following section contains a summary of certain key terms of the Senior Facilities Agreement, the Intercreditor Agreement, the 2026 Notes, the 2024 Notes and other financing arrangements. This section is intended to be a summary only and does not purport to be a complete or exhaustive description of the topics summarized. Terms not defined in the following section have the meanings given to them in the Senior Facilities Agreement.

Grupo Antolin-Irausa, S.A.U. is a party to a senior term and revolving facilities agreement dated March 13, 2014, as amended and/or amended and restated on June 4, 2015, October 26, 2016, April 27, 2018, June 3, 2020 and most recently on May 20, 2021 (the "**Senior Facilities Agreement**") entered into between, among others, Grupo Antolin-Irausa, S.A.U. as the company and original borrower (the "**Company**"), the original lenders listed therein and Deutsche Bank AG, London Branch as agent ("**Agent**") and security agent.

Facilities

After giving effect to the amendment and restatement of the Senior Facilities Agreement effective as of May 20, 2021, the Senior Facilities Agreement provides for committed facilities, with outstanding amounts as set out below:

- a euro term loan facility ("**Facility A**") in an aggregate amount of €377.3 million, comprising:
  - a tranche of approximately €164.3 million ("**Facility A1**") with an amortizing repayment profile;
  - a tranche of approximately €168.0 million ("**Facility A2**") with an amortizing repayment profile;
  - a tranche of €45.0 million ("**Facility A3**") with an amortizing repayment profile;
  - a multi-currency revolving credit facility of €200.0 million (the "**Revolving Credit Facility**").

Each of Facility A and the Revolving Credit Facility has a maturity date of (the "**Maturity Date**") 31 January 2024, if the 2024 Notes have not been refinanced on or before 31 January 2024, or 31 March 2026, if the 2024 Notes have been refinanced on or before 31 January 2024.

Interest rates and fees

The interest rate on each loan under the Senior Facilities Agreement for each interest period is the rate per annum which is the aggregate of the applicable (a) margin (as described below) and (b) LIBOR or, in relation to any loan in euro, EURIBOR.

Pursuant to the terms of the Senior Facilities Agreement the margin for Facility A and the Revolving Credit Facility ranges between 2.50% per annum to 1.25% per annum, subject to a margin adjustment mechanism in the Senior Facilities Agreement pursuant to which the margin applicable to Facility A and the Revolving Credit Facility is adjusted upwards or downwards based on the ratio of Net Financial Indebtedness to Adjusted EBITDA in respect of any relevant testing period, as demonstrated in the compliance certificate required delivered with the annual audited and quarterly unaudited financial statements of the Group. While an event of default is continuing under the Senior Facilities Agreement, the applicable margin will be the highest margin applicable to each Facility. In addition, the margin for the Revolving Credit Facility is subject to a separate margin adjustment mechanism whereby the margin can be adjusted upwards or downwards by, in each case, 0.025% per annum (but, in each case, will never be reduced or increased by more than 0.025% per annum) based on the compliance or non-compliance with certain sustainability performance indicators as set out in the Group's non-financial annual report (with the two benchmark indicators to be (i) greenhouse gas emissions and (ii) work accidents and occupational diseases).

Pursuant to the Senior Facilities Agreement, the Company is obligated to pay certain fees, including an agency and security agent's fee and a commitment fee in respect of the available but undrawn Revolving Credit Facility commitments.

Guarantees

Pursuant to the terms of the Senior Facilities Agreement, the Company and certain subsidiaries of the Company (together with the Company, the "**SFA Guarantors**") guarantee all amounts due to the lenders and other finance parties under the Senior Facilities Agreement and related finance documents. The guarantees granted by the SFA Guarantors are subject to certain guarantee limitations which are set out in the Senior Facilities Agreement, or in the case of the Portuguese Guarantors, in the Intercreditor Agreement. These guarantee limitations primarily limit the scope of the guarantees granted by the SFA Guarantors to ensure that they comply with the laws of the jurisdictions in which the SFA Guarantors are incorporated.

The Company is required to ensure that each of its subsidiaries in which it holds directly or indirectly at least 90% of the issued ordinary share capital, and which for the last financial year has earnings before interest, tax, depreciation and amortization (i) calculated on the same basis as EBITDA but on an unconsolidated basis, representing 2.50% or more of the Group's EBITDA; and (ii) (calculated on the same basis as EBITDA but on an unconsolidated basis) greater than €5,000,000 (a company meeting these criteria being a "**Material Company**"), accedes to the Senior Facilities Agreement as an additional guarantor as soon as possible after becoming a Material Company. The obligation to require such a Material Company to accede as a guarantor is subject to agreed security principles and certain limitations specified in the Senior Facilities Agreement and does not apply to a Spanish company established as an *Agrupación de Interés Económico* or a *Sociedad de responsabilidad limitada* or any subsidiary incorporated in Argentina, China, Costa Rica, France, India, Indonesia, Japan, Morocco, Romania, Russia, South Korea, South Africa, Thailand or Vietnam.

Any subsidiary of the Company that becomes a guarantor in respect of the 2024 Notes or 2026 Notes is also required to accede to the Senior Facilities Agreement as a guarantor.

Security

Grupo Antolin Holdco, S.A. has granted Spanish law pledges over the issued share capital of the Company held by it (comprising 100% of the entire issued share capital of the Company) (as extended and/or ratified from time to time, the "**First Share Pledges**").

Castilfalé Gestión, S.A.U. has granted Spanish law pledges over the issued share capital of the Company held by it (comprising 32.6% of the entire issued share capital of the Company) (as extended and/or ratified from time to time, the "**Second Share Pledges**"). In 2020, Castilfalé Gestión, S.A.U. was merged into Grupo Antolin Holdco, S.A. and as of the date hereof the entire issued share capital of the Company is held by Grupo Antolin Holdco, S.A. The Second Share Pledges over the shares held by Castilfalé Gestión, S.A.U. remain effective and the obligations under the corresponding security documents relating to such shares are legal, valid, binding and enforceable against Grupo Antolin Holdco, S.A. following such merger.

The First Share Pledges and the Second Share Pledges secure obligations owed under the Senior Facilities Agreement and related finance documents and the 2026 Notes and 2024 Notes.

The security created by the First Share Pledges and the Second Share Pledges rank in the order described in the section titled "Intercreditor Agreement" below.

Undertakings

The Senior Facilities Agreement contains certain negative undertakings that, subject to certain customary and other agreed exceptions, limit the ability of each obligor (and in certain cases, members of the Group) to, among other things:

- incur or allow remaining outstanding financial indebtedness (with the capacity to incur indebtedness having been increased by €200 million through the amendment and restatement effective as of June 3, 2020);
- be a creditor in respect of financial indebtedness;
- create or permit to subsist any security over any of its assets;
- issue or allow to remain outstanding any guarantee in respect of any liability or obligation owed to any person;
- declare or pay any dividend or other payment or distribution of any kind on or in respect of any of its shares; and

- make acquisitions of companies, businesses or undertakings.

In addition to the undertakings listed above, the Senior Facilities Agreement contains a number of other customary positive and negative undertakings.

Financial covenants

The Senior Facilities Agreement contains financial covenants that require the Group to ensure that:

- the ratio of Adjusted EBITDA to Financial Expenses shall not be less than 4.00:1.

- the ratio of Net Financial Indebtedness to Adjusted EBITDA shall not exceed 4.00:1 (such ratio to be lowered to 3.50:1 from March 31, 2022 onwards).

Until (and including) June 30, 2021, the Group is not required to comply with the financial covenants set out above, subject to maintaining minimum liquidity of €150 million.

Repayment

Loans drawn under Facility A are required to be repaid in semi-annual instalments, in accordance with an amortization schedule set out in the Senior Facilities Agreement, with the final repayment instalment due on the Maturity Date. Each loan under the Revolving Credit Facility is required to be repaid on the last day of each interest period; *provided*, *however*, that Revolving Credit Facility loans may be redrawn subject to the terms and conditions set out in the Senior Facilities Agreement. All outstanding loans under the Revolving Credit Facility and any outstanding letters of credit are required to be repaid in full on the Maturity Date.

Prepayments

Subject to certain conditions, the Company or the other borrowers under the Senior Facilities Agreement may voluntarily cancel any available commitments under, or voluntarily prepay any outstanding utilizations of, the Senior Facilities by giving three business days' prior notice to the Agent. Any Facility A loans that are prepaid may not be reborrowed and the relevant commitments will be canceled. Any Revolving Credit Facility utilizations that are prepaid may (subject to the terms of the Senior Facilities Agreement) be reborrowed.

Subject to certain exceptions and/or thresholds, mandatory prepayments of amounts outstanding under the Senior Facilities are required to be made upon the disposal of certain categories of assets, recovery of insurance claim proceeds or a flotation (which does not cause a change of control of the Company).

A change of control of the Company will trigger a 30 day consultation period with the lenders under the Senior Facilities Agreement. At the end of such consultation period, each lender who does not wish to continue being a lender under the Senior Facilities Agreement may request prepayment of all amounts owed to it. Any lender who makes such a request must be prepaid within five business days and all of such lender's commitments will be canceled. The Senior Facilities will be automatically canceled and be immediately repayable upon a sale of all or substantially all of the assets of the Group to a third party.

A "change of control" for these purposes means the Investors (being the Principals and any Related Party, each as defined in the Senior Facilities Agreement) ceasing to directly or indirectly (a) have the power to (i) cast, or control the casting of, at least 50.01% of the votes that may be cast in a general meeting of the Company; (ii) appoint or remove all, or the majority of the directors or equivalent officers of the Company; or (iii) give directions with respect to the operating and financial policies of the Company with which the directors or equivalent officers are obliged to comply; or (b) hold beneficially at least 50.01% of the issued share capital of the Company with voting rights.

Events of default

The Senior Facilities Agreement contains events of default customary for financings of this nature (with customary and agreed thresholds and carve-outs), the occurrence of any of which will allow the lenders under the Senior Facilities Agreement to cancel available commitments under the Senior Facilities, declare all amounts owed under the Senior Facilities

Agreement to be due upon demand and/or demand immediate repayment of all amounts owed under the Senior Facilities Agreement.

ESG Considerations

In March 2021, Vigeo Eiris ("**VE**") drafted an opinion regarding the integration of sustainability factors to the Company's Revolving Credit Facility, in particular focusing on two factors: greenhouse gas emissions, and work accidents and occupational diseases. Specifically, the opinion discussed how these two factors could influence the margin on the Revolving Credit Facility. The goals set by the selected key performance indicators ("**KPIs**") to be linked to the applicable credit margin were: (i) the decrease of greenhouse emissions of 5% by 2025, and (ii) the decrease in work accidents and occupational diseases by 46% by 2025.

VE combined data from public sources, their exclusive ESG ratings database and information provided by the Company itself to compile its report. Specifically, VE came to the following conclusions:

- The Company used best practices (the highest possible rating) in aligning with sustainability-linked loan principles.
- For example, the Company formalized five underlying commitments to ESG in their 2018 Sustainability Master Plan, two of which were directly related to the above KPIs (environmental commitment, and well-being, health and safety of people commitment).
- The targets set for the selected KPIs are aligned with the Company's general business practices.
- For example, the Company reduced its greenhouse gas emissions by 14% between 2018 and 2019, placing its 5% reduction forecast within easy reach.
- The Company's reporting practices regarding the two relevant KPIs are aligned with their predicted goals.
- The two KPIs are internally controlled through the Company's audits and publicly disclosed in their Annual Reports. The Company has furthered their calculation methodologies for each KPI since they began monitoring and reporting them (the Company has reported the first KPI since 2018 and the second since 2014).

European Investment Bank Facility

The Company has also entered into (i) a bilateral finance contract with the European Investment Bank dated June 12, 2018, as amended and restated on July 29, 2020, regarding a euro term loan facility of €100 million with an amortizing repayment profile and a fixed interest rate of 2.025%, which, as of the date hereof, remains fully outstanding ("**EIB Facility**") and (ii) a further finance contract with the European Investment Bank dated December 23, 2020, regarding a further euro term loan facility facility of €40 million with an amortizing repayment profile and a margin of 1.80% (with variable interest rates), which the Company expects to draw down upon the satisfaction of certain conditions set out therein ("**EIB Incremental Facility**", together with the EIB Facility, the "**EIB Facilities**"). The EIB Facility, insofar as obligations thereunder are outstanding, constitutes Senior Secured Debt under the Intercreditor Agreement and is otherwise governed by terms substantially similar as those set forth in the Senior Facilities Agreement. The EIB Incremental Facility will constitute Senior Secured Debt under the Intercreditor Agreement once included therein during the third quarter of 2021 and will be otherwise governed by terms substantially similar as those set forth in the Senior Facilities Agreement.

Intercreditor Agreement

The Company (including, in its capacity as the issuer), the SFA Guarantors, the trustee in respect of the 2026 Notes, the trustee in respect of the 2024 Notes, the Agent, the Security Agent, the lenders under the Senior Facilities Agreement, the EIB and certain other parties have entered into the Intercreditor Agreement to establish the relative rights of certain of the Group's creditors including creditors under the Senior Facilities Agreement, the indenture governing our 2024 Notes, the indenture governing our 2026 Notes and any Additional Senior Financings (as defined in the Intercreditor Agreement).

The Intercreditor Agreement sets out:

- the ranking of the indebtedness under the Senior Facilities Agreement, the 2024 Notes, the 2026 Notes and any Additional Senior Financing (together the "Senior Secured Debt" and the creditors to whom the Senior Secured Debt is owed being the "**Senior Secured Creditors**");

- the ranking of the security created pursuant to the Transaction Security (as defined in the Intercreditor Agreement);

- the procedure for enforcement of the Transaction Security and any guarantees granted in favor of the Senior Secured Creditors and the allocation of proceeds resulting from such enforcement;

- the types of disposals permitted under distressed scenarios and the Security Agent's authority to release the Transaction Security and all obligations of the group owed to the Senior Secured Creditors in case of a distressed disposal;

- the terms pursuant to which intra-Group debt and certain debt owed to equity investors ("**Equity Investor Liabilities**") will be subordinated; and

- turnover provisions.

The following description is a summary of certain provisions contained in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety.

Priority of debts

The Intercreditor Agreement provides that all liabilities owed under the Senior Facilities Agreement, the 2024 Notes, the 2026 Notes and the Additional Senior Financing (including in each case, any liabilities owed pursuant to any guarantees given in respect of such debt) will rank *pari passu* and without any preference between them and in priority to any intra-Group debt and Equity Investor Liabilities.

Ranking of security

The Intercreditor Agreement provides that the Transaction Security shall rank and secure the Senior Secured Debt as follows:

(a) first, security created pursuant to the First Share Pledge and Second Share Pledge which security secure the Senior Facility Liabilities and the Senior Secured Notes Liabilities (each term, as defined in the Intercreditor Agreement) *pari passu* and without any preference between them; and

(b) second, security created pursuant to the First Share Pledges, the Second Share Pledges and any security created pursuant to share pledges granted in favor of lenders of ancillary facilities entered into under the Senior Facilities Agreement after the original date of the First Share Pledges and the Second Share Pledges (each such facility a "Subsequent Ancillary Facility") in the order of priority in which they are entered into in respect of any Additional Senior Financing Liabilities (as defined in the Intercreditor Agreement) and any Subsequent Ancillary Facility.

Notwithstanding the order of ranking set out above, the date of execution or order the Transaction Security documents are entered into, or the ranking under applicable law, it is agreed that the Transaction Security shall rank and secure the Senior Secured Debt *pari passu* without preference between the different categories of Senior Secured Debt.

Enforcement and application of proceeds

The Intercreditor Agreement sets forth procedures for enforcement of the Transaction Security. Subject to the Transaction Security having become enforceable, Senior Secured Creditors whose Senior Credit Participations aggregate more than 50% of the total Senior Credit Participations (the "**Instructing Group**") are entitled to direct the Security Agent to enforce or refrain from enforcing the Transaction Security, as they see fit. The Security Agent may refrain from enforcing the Transaction Security unless otherwise instructed by the Instructing Group. For these purposes, "**Senior Credit Participations**" means at any time in relation to a Senior Secured Creditor, the aggregate amount owed to such Senior Secured Creditor.

The proceeds of enforcement of the Transaction Security or any guarantees granted in respect of the Senior Secured Debt and all other amounts paid to the Security Agent under the Intercreditor Agreement shall be applied in the following order:

- first, in payment on a *pari passu* and *pro rata* basis any sums (including fees, costs, expenses and liabilities) owing to (i) the Security Agent or any receiver, delegate, attorney or agent appointed under the Transaction Security documents or the Intercreditor Agreement; (ii) the Agent or any creditor representative in its capacity as such in respect of any Additional Senior Financing; (iii) the trustee in respect of the 2024 Notes; and (iv) the trustee in respect of the 2026 Notes;

- second, on a *pari passu* and *pro rata* basis to the (i) Agent on its own behalf and on behalf of the creditors under the Senior Facilities Agreement; (ii) the trustee on its own behalf and on behalf of the noteholders of the 2024 Notes; (iii) the trustee on its own behalf and on behalf of the noteholders of the 2026 Notes; and (iv) any creditor representative in respect of an Additional Senior Financing on its own behalf and on behalf of the creditors under such Additional Senior Financing, for application towards the discharge of amounts owed under the Senior Facilities Agreement (in accordance with the terms thereof), and any Additional Senior Financing (on a *pro rata* basis);

- third, if none of the debtors is under any further actual or contingent liability under any of the Senior Secured Debt documents, in payment to any person the Security Agent is obliged to pay in priority to any debtor; and

- fourth, in payment or distribution to the relevant debtors.

Distressed disposals

A "**Distressed Disposal**" means a disposal effected (i) by way of enforcement of the Transaction Security; (ii) at the request of the Instructing Group in circumstances where the Transaction Security has become enforceable; or (iii) by Holdco (in the case of a disposal of the secured shares) or a debtor to a third party (not being a member of the Group) after any of the Senior Secured Debt has been accelerated.

If to the extent permitted by applicable law a Distressed Disposal is being effected or the shares of the Company are being appropriated by the Security Agent, the Security Agent is authorized (without the requirement to obtain any further consent or authorization from any Senior Secured Creditor or other relevant party): (i) to release the Transaction Security or any other claim over any asset subject to the Distressed Disposal or appropriation; and (ii) if the asset subject to the Distressed Disposal or appropriation is the shares of a Group company, to release such Group Company and/or its subsidiaries from any liabilities under borrowings and/or guarantees under the Senior Secured Debt documents, intra-Group debt documents or documents evidencing Equity Investor Liabilities.

Intra-Group debt

Pursuant to the Intercreditor Agreement, the Company and its subsidiaries party thereto that are creditors in respect of intra-Group debt over a certain threshold have agreed to subordinate intra-Group debt to the Senior Secured Debt.

Neither the Company nor any of its subsidiaries that are creditors in respect of intra-Group debt may accept the benefit of any security, guarantee, indemnity or other assurance against loss in respect of intra-Group debt unless such action is permitted under the Senior Secured Debt documents. Neither the Company nor any other subsidiary may make any payment, prepayment, repayment or otherwise acquire or discharge any intra-Group debt if acceleration action has been taken in respect of any of the Senior Secured Debt unless the Instructing Group consent or such action is undertaken to facilitate repayment or prepayment of the Senior Secured Debt.

Equity Investor Liabilities

Pursuant to the Intercreditor Agreement, the Company and future equity investors party thereto have agreed to subordinate the Equity Investor Liabilities to the Senior Secured Debt. The Company and other debtors may make payments in respect of the Equity Investor Liabilities provided that such payments are permitted under the terms of the Senior Secured Debt documents and the documents evidencing the Equity Investor Liabilities. No equity investor may accept the benefit of any security, guarantee, indemnity or other assurance against loss in respect of Equity Investor Liabilities prior to the first date on which all of the Senior Secured Debt has been discharged.

Turnover

Subject to certain exceptions, if any creditor party to the Intercreditor Agreement (including the Agent, Security Agent, Trustee, the trustee of the 2024 Notes, the trustee of the 2026 Notes, Senior Secured Creditors, creditors in respect of intra-Group debt and creditors in respect of Equity Investor Liabilities) receives or recovers a payment (whether by way of direct payment, set-off or otherwise) except as permitted pursuant to the terms of the Intercreditor Agreement, such creditor shall hold such payment in trust for the Security Agent and promptly pay over such amounts to the Security Agent for application in accordance with the provision described above under "Enforcement and application of proceeds".

2024 Notes

Overview

On April 21, 2017, the Company issued €400.0 million aggregate principal amount of its 3.25% senior secured notes due 2024 (the "**2024 Notes**"). The 2024 Notes are admitted to the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market.

Interest Rate

The 2024 Notes accrue interest at a rate of 3.25% per annum and mature on April 30, 2024. Interest is payable in cash semi-annually on April 30 and October 30 of each year, commencing October 30, 2017.

Prepayments and redemptions

At any time prior to April 30, 2020, the Company may redeem all or part of the 2024 Notes at a redemption price equal to 100% of the principal amount of the 2024 Notes redeemed plus a "make whole" premium, plus accrued and unpaid interest and additional amounts, if any.

At any time on or after April 30, 2020, the Company may redeem all or part of the 2024 Notes at a redemption price (expressed as percentages of principal amount), plus accrued and unpaid interest and additional amounts, if any, at the redemption date. The redemption prices are 101.6250%, 100.8125% and 100.000%, for years 2020, 2021 and 2022 and thereafter, respectively.

At any time prior to April 30, 2020, the Company may redeem up to 40% of the aggregate principal amount of the 2024 Notes with the net cash proceeds from certain equity offerings at a redemption price equal to 103.250% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, to the redemption date provided that at least 60% of the aggregate principal amount of the notes remains outstanding after the redemption.

The Company may also redeem the 2024 Notes in whole, but not in part, at any time, if changes in tax laws would require the Company to pay additional amounts on the 2024 Notes. If the Company decides to do this, it must pay holders of the 2024 Notes a price equal to the principal amount of the notes plus interest and certain other amounts.

If the Company experiences specific kinds of changes in control, it may be required to offer to repurchase the 2024 Notes at a redemption price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest and additional amounts, if any.

Guarantee

The 2024 Notes are guaranteed jointly and severally, on a senior secured basis by each of the Guarantors and the Company. If the Company cannot make payments on the 2024 Notes when they are due, the Guarantors must make them instead. The laws of certain jurisdictions may limit enforceability of certain guarantees and of the rights to the collateral supporting such guarantees.

Certain covenants and Events of Default

The indenture governing our 2024 Notes contains a number of covenants that, among other things, restricts, subject to certain exceptions, our ability to:

- incur additional indebtedness
- create liens;
- pay dividends, redeem capital stock or make certain other restricted payments or investments;
- enter into agreements that restrict dividends from restricted subsidiaries;
- sell assets, including capital stock of restricted subsidiaries;
- engage in transactions with affiliates; and
- effect a consolidation or merger.

These covenants are subject to a number of important qualifications and exceptions and will be suspended with respect to the 2024 Notes if and when, and for so long as, the 2024 Notes are rated investment grade.

In addition, the indenture governing our 2024 Notes imposes certain requirements as to future subsidiary guarantors. The indenture governing our 2024 Notes also contains certain customary events of default.

2026 Notes

Overview

On April 27, 2018, the Company issued €250.0 million aggregate principal amount of its 3.375% senior secured notes due 2026 (the "**2026 Notes**"). The 2026 Notes are admitted to the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market.

Interest Rate

The 2026 Notes accrue interest at a rate of 3.375% per annum and mature on April 30, 2026. Interest is payable in cash semi-annually on April 30 and October 31 of each year, commencing October 31, 2018.

Prepayments and redemptions

At any time prior to April 30, 2021, the Company may redeem all or part of the 2026 Notes at a redemption price equal to 100% of the principal amount of the 2026 Notes redeemed plus a "make whole" premium, plus accrued and unpaid interest and additional amounts, if any.

At any time on or after April 30, 2021, the Company may redeem all or part of the 2026 Notes at a redemption price (expressed as percentages of principal amount), plus accrued and unpaid interest and additional amounts, if any, at the redemption date. The redemption prices are 101.688%, 100.844% and 100.000%, for years 2021, 2022 and 2023 and thereafter, respectively.

At any time prior to April 30, 2021, the Company may redeem up to 40% of the aggregate principal amount of the 2024 Notes with the net cash proceeds from certain equity offerings at a redemption price equal to 3.375% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, to the redemption date provided that at least 60% of the aggregate principal amount of the notes remains outstanding after the redemption.

The Company may also redeem the 2026 Notes in whole, but not in part, at any time, if changes in tax laws would require the Company to pay additional amounts on the 2026 Notes. If the Company decides to do this, it must pay holders of the 2026 Notes a price equal to the principal amount of the notes plus interest and certain other amounts.

If the Company experiences specific kinds of changes in control, it may be required to offer to repurchase the 2026 Notes at a redemption price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest and additional amounts, if any.

Guarantee

The 2026 Notes are guaranteed jointly and severally, on a senior secured basis by each of the Guarantors and the Company. If the Company cannot make payments on the 2026 Notes when they are due, the Guarantors must make them instead. The laws of certain jurisdictions may limit enforceability of certain guarantees and of the rights to the collateral supporting such guarantees.

Certain covenants and Events of Default

The indenture governing our 2026 Notes contains a number of covenants that, among other things, restricts, subject to certain exceptions, our ability to:

- incur additional indebtedness
- create liens;
- pay dividends, redeem capital stock or make certain other restricted payments or investments;
- enter into agreements that restrict dividends from restricted subsidiaries;
- sell assets, including capital stock of restricted subsidiaries;
- engage in transactions with affiliates; and
- effect a consolidation or merger.

These covenants are subject to a number of important qualifications and exceptions and will be suspended with respect to the 2024 Notes if and when, and for so long as, the 2024 Notes are rated investment grade.

In addition, the indenture governing our 2024 Notes imposes certain requirements as to future subsidiary guarantors. The indenture governing our 2024 Notes also contains certain customary events of default.

Existing Debt Facilities

On a consolidated basis as of December 31, 2020, we had financial debt of €1,218.3 million. We had bank loans, debentures and other marketable securities in an aggregate amount of €1,193.3 million outstanding and other financial liabilities in an aggregate amount of €25.0 million outstanding.

These bank loans, debentures and other marketable securities include (i) €635.4 million of 2024 Notes and 2026 Notes, (ii) €377.3 million of loans under the Senior Facility Agreement, (iii) €100.0 million under the EIB Facility, (iv) €63.8 million from state aid loans in Spain (€43.8 million), France (€18.5 million) and Portugal (€1.5 million), (v) €3.8 million of other bank loans, (vi) €17.3 million in drawn credit lines (including 7.0 million pending payments related to factoring), (vii) €0.6 million of lease agreements and (viii) €3.6 million in accrued interest, and (xix) less the financial re-measurement of €8.4 million.

Other financial liabilities include (i) €17.6 million in soft loans (which include €13.9 million of non-interest bearing soft loans from Spanish and Portuguese public entities, and €3.8 million of interest bearing loans from Spanish public entities), (ii) €6.6 million corresponding to the payable balance of the long term loan held by the JV Iramec granted Kuster and International Door Company, (iii) €0.6 million related to the acquisition of CIDUT, and (vii) €0.6 million in other liabilities; (vii) less the financial re-measurements of €0.6 million.

Soft loans (which could either be interest bearing soft loans and non-interest bearing soft loans) consist of (i) sixteen soft loans for an aggregate of €6.3 million granted by CDTI (*Centro para el Desarrollo Tecnologico Industrial*) and (ii) an aggregate of €11.3 million of state subsidies granted by Spanish and Portuguese Ministries.

The soft loans granted by CDTI, which include €3.4 million of non-interest bearing soft loans, are provided to Grupo Antolin Ingenieria, S.A.U., Grupo Antolin Aragusa, S.A.U., Keyland Sistemas de Gestión S.L. and Grupo Antolin-Irausa, S.A.U. must be repaid in ten instalments, falling due between 2021 and 2030, inclusive of a grace period of 2 years. They contain certain restrictive covenants like negative covenants or limitations on guarantees.

A number of the Company's subsidiaries have been granted state subsidies. These subsidies have been granted by resolutions of Spanish and Portuguese Ministries. The legal framework of the subsidies is comprised of state level general plans, designed to encourage and develop technological investigation and innovation activities in certain fields, including the automotive industry. These general plans are then executed by the Spanish and Portuguese ministries through executive orders, creating programs and sub programs that specify and set the total amounts and conditions by which the subsidies are being granted to companies. As part of such subsidies, loans and other forms of financial support have been awarded to the companies of the Group on the basis, and subject to compliance with, certain specified obligations, among others, compliance with the objectives of the subsidy program or special corporate and financial information requirements. As of December 31, 2020, we have €11.3 million outstanding in soft loans with the Spanish and Portuguese Ministries relating to certain public innovation plans in Spain and Portugal.

DESCRIPTION OF THE NOTES

You can find the definitions of certain terms used in this description under the subheading "Certain Definitions." In this description, the word "Company" refers only to Grupo Antolin-Irausa, S.A.U. and not to any of its subsidiaries, the word "HoldCo" refers to Grupo Antolin HoldCo, S.A.

The Company will issue €390.0 million aggregate principal amount of senior secured notes due 2028 (the "*Notes*") under an Indenture (the "*Indenture*") to be dated June 29, 2021, among itself, the Guarantors (as defined below), Deutsche Trustee Company Limited, as the trustee (in such capacity, the "*Trustee*"), Deutsche Bank AG, London Branch, as Security Agent, Deutsche Bank AG, London Branch, as paying agent and transfer agent, and Deutsche Bank Luxembourg S.A., as registrar, in a private transaction that is not subject to the registration requirements of the Securities Act. The Indenture will not incorporate or include any of the provisions of the U.S. Trust Indenture Act of 1939, as amended. See "Notice to Investors." The terms of the Notes will be subject to the provisions of the Indenture.

The proceeds of the offering of the Notes will be used by the Company, together with cash on hand, to redeem the €400 million 3.25% Senior Secured Notes due 2024 (the "2024 Notes") issued by the Company and to pay fees, costs and expenses incurred in connection with the Transactions (as defined below), in each case as set forth in this Offering Memorandum under the caption "*Use of Proceeds*."

Upon the initial issuance of the Notes, the Notes will be obligations of the Company and will be guaranteed by the Guarantors.

The following description is a summary of the material provisions of the Indenture and certain provisions of the Intercreditor Agreement. It does not restate the Indenture or the Intercreditor Agreement in their entirety. We urge you to read the Indenture because it, along with the Intercreditor Agreement, and not this description, defines your rights as a holder of the notes. Copies of the Indenture and the Intercreditor Agreement are available upon request as set forth under "*Where You Can Find More Information*." Certain defined terms used in this description but not defined below under "*—Certain Definitions*" have the meanings assigned to them in the Indenture.

The registered holder of a note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

Application will be made to list the Notes on the official list of the Luxembourg Stock Exchange and to trade on the Euro MTF Market of that exchange. The Company may also choose to list on another recognized stock exchange.

For purposes of any covenant summarized herein, any reference to an amount in "€" shall mean, in respect of any amount in any currency other than euro, the Euro Equivalent thereof.

Brief Description of the Notes, the Note Guarantees and the Intercreditor Agreement

The Notes will be initially guaranteed by the Guarantors as of the Issue Date and may, in the future, be guaranteed by further of the Company's Restricted Subsidiaries (each such guarantee, a "*Note Guarantee*"). A Note Guarantee given by a Guarantor may be released in certain circumstances described herein.

The Notes

The Notes will:

- be senior obligations of the Company;
- be secured by a pledge over the shares of the Capital Stock of the Company;
- rank *pari passu* in right of payment with all existing and future Indebtedness of the Company that is not subordinated to the Notes, including the Existing Notes;
- rank senior in right of payment to any and all future obligations of the Company that are subordinated to the Notes;

- be structurally subordinated to all Indebtedness, other obligations and claims of holders of preferred stock of the Company's subsidiaries that are not Guarantors;
- be effectively subordinated to all of the Company's existing and future obligations that are secured by property or assets of the Company, to the extent of the value of the property or assets securing such obligations, unless such property or assets also secure the Notes on an equal and ratable or priority basis; and
- be fully and unconditionally guaranteed by the Guarantors, as described under "—*The Note Guarantees*"; subject to the guarantee limitations described herein and in "*Risk Factors—Risks related to the Notes.*"

As of March 31, 2021, as adjusted for the Transactions (as defined below), we would have had total Indebtedness, including the Notes, of €1,510.3 million. See "*Use of Proceeds*" and "*Capitalization*".

The Note Guarantees

Each Note Guarantee will:

- be a senior unsecured obligation of each Guarantor;
- rank *pari passu* in right of payment with all existing and future Indebtedness of that Guarantor that is not subordinated to that Guarantor's Note Guarantee, including the Existing Notes;
- rank senior in right of payment to any future Indebtedness of that Guarantor that is subordinated in right of payment to that Guarantor's Note Guarantee;
- be effectively subordinated to that Guarantor's existing and future obligations that are secured by property or assets of such Guarantor to the extent of the value of the property or assets securing such obligations unless such property or assets also secure the Notes on an equal and ratable or priority basis;
- be structurally subordinated to all existing and future obligations of any of that Guarantor's subsidiaries that do not guarantee the Notes; and
- be subject to limitations described herein and in "*Risk Factors—Risks related to the Notes.*"

As of the Issue Date, all of the Company's Subsidiaries will be "Restricted Subsidiaries". However, under the circumstances described below under the subheading "—*Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*", the Company will be permitted to designate certain of its Subsidiaries as "Unrestricted Subsidiaries". The Unrestricted Subsidiaries will not be subject to many of the restrictive covenants in the Indenture.

Not all of our Subsidiaries will initially guarantee the Notes. In the event of a bankruptcy, liquidation or reorganization of any non-guarantor Subsidiaries, these Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Company.

The Guarantors will consist of certain of the Company's subsidiaries incorporated in Austria, Czech Republic, Germany, Mexico, Portugal, Slovakia, Spain, the United Kingdom and the United States, which will guarantee the Notes from the Issue Date. The guarantee of the Notes by any Guarantor incorporated in Portugal will not be included in the Indenture but will be granted as part of the Intercreditor Agreement. The Guarantors include both operating companies and various intermediate holding companies. As at March 31, 2021, the Guarantors, together with the Company, represented approximately 51.02% of our consolidated EBITDA and 63.63% of our consolidated revenue. As of March 31, 2021 on an adjusted basis assuming completion of the Transactions, the Company's subsidiaries that do not guarantee the Notes would have had approximately €28.9 million of Indebtedness outstanding.

In addition, pursuant to the covenant entitled "—*Additional Note Guarantees*", subject to certain exceptions, any Restricted Subsidiary (i) that after the Issue Date is or becomes a Material Subsidiary (except for Restricted Subsidiaries which are Material Subsidiaries at the Issue Date but not initial Guarantors and Restricted Subsidiaries that are not 90% or more owned by the Company) or (ii) that guarantees certain Indebtedness of other entities, will also be required to become a Guarantor.

The Note Guarantees are joint and several obligations of the Guarantors. The obligations of the Guarantors will be contractually limited under the applicable Note Guarantee to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners. In addition, the guarantees of Grupo Antolín Lusitânia-Componentes Automóvel Unipessoal LDA under the Indenture, the Existing Notes Indenture and the Senior Credit Facilities will be limited to an aggregate of €17.8 million. See "*Risk Factors—Risks related to the notes—One of the Guarantees will be limited to a specified amount and each of the Guarantees are significantly limited by applicable laws and are subject to certain limitations or defenses*." For a description of such limitations, see "*Risk Factors—Risks related to the notes—One of the Guarantees will be limited to a specified amount and each of the Guarantees are significantly limited by applicable laws and are subject to certain limitations or defenses*" and "*Risk Factors—Risks related to the notes—The granting of guarantees and security interests in the Collateral by Spanish companies is restricted by Spanish law*". See also "*Risk Factors—Risks related to the notes—Fraudulent conveyance laws may limit your rights as a holder of notes*".

Release of Note Guarantees

The Note Guarantee of a Guarantor will terminate and be released:

(1) in connection with any direct or indirect sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the Company or any Restricted Subsidiary, if the sale or other disposition does not violate the "Asset Sale" provisions of the Indenture, and all obligations of the Guarantor with respect to Indebtedness under the Senior Credit Facilities are also released;

(2) in connection with any sale directly or indirectly through the sale of a Parent Company of such Guarantor, of all of the Capital Stock of that Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or any Restricted Subsidiary, if the sale complies with the "Asset Sale" provisions of the Indenture, and all obligations of the Guarantor with respect to Indebtedness under the Senior Credit Facilities are also released;

(3) if the Company designates that Guarantor as an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

(4) upon legal defeasance or covenant defeasance or discharge of the Notes as described under the captions "—*Legal Defeasance and Covenant Defeasance*" and "—*Satisfaction and Discharge*";

(5) as described under the caption "—*Amendment, Supplement and Waiver*";

(6) in the case of a Note Guarantee granted pursuant to the covenant entitled "—*Additional Note Guarantees*", upon the discharge of the Indebtedness or the release and discharge of the guarantee that gave rise to the obligation to guarantee the Notes; or

(7) in accordance with an enforcement action pursuant to the Intercreditor Agreement and any Additional Intercreditor Agreement.

See "—*Certain Covenants—Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries*".

Substantially all the operations of the Company are conducted through its Subsidiaries. Claims of creditors of Subsidiaries that are not Guarantors, including trade creditors, secured creditors and creditors holding debt and guarantees issued by those Subsidiaries that are not Guarantors, and claims of preferred equity holders (if any) of those Subsidiaries generally will have priority with respect to the assets and earnings of those Subsidiaries over the claims of creditors of the Company and the Guarantors, including the holders of the Notes. The Notes and each Notes Guarantee will therefore be effectively subordinated to creditors (including trade creditors) and preferred equity holders (if any) of Subsidiaries of the Company that are not Guarantors. Although the Indenture will limit the incurrence of Indebtedness by Subsidiaries that are not Guarantors, the limitation is subject to a number of significant exceptions. Moreover, the Indenture does not impose any limitation on the incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See "—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock*".

Security

The Collateral

Pursuant to the Security Documents, the Notes will be secured by a pledge (numerally successive to the pledges securing the existing senior secured debt) over all of the shares of capital stock of the Company held by HoldCo (together with any additional property or assets securing the Notes or the Note Guarantees pursuant to the covenant described below under "—*Additional Note Guarantees*," the "*Collateral*"). Pursuant to the terms of the Intercreditor Agreement, recoveries received upon enforcement over Collateral will be applied (subject to certain claims of the Trustee, Deutsche Trustee Company Limited, as trustee under the Existing Notes (the "*Existing Notes Trustee*"), the Security Agent, the Facility Agent under the Senior Credit Facilities and costs and expenses related to the enforcement of the Collateral) *pro rata* in repayment of liabilities in respect of (i) obligations under the Indenture and the Notes, (ii) obligations under the indenture of the Existing Notes dated April 27, 2018 (the "*Existing Notes Indenture*") and the Existing Notes, (iii) obligations under the Senior Credit Facilities and the EIB Facility and (iv) any other Indebtedness of the Company and the Restricted Subsidiaries permitted to be incurred and secured by the Collateral pursuant to the Indenture, the Existing Notes Indenture, the Senior Credit Facilities and the Intercreditor Agreement.

The pledge over the shares of capital stock of the Company held by HoldCo will be executed within 120 days from the Issue Date. The Company has agreed to take all necessary actions to perfect and make effective the security interest in favor of the Security Agent (for the benefit of the holders of the Notes, among others) in the Collateral pursuant to the Security Documents and to the terms of the Intercreditor Agreement as soon as practicable.

Subject to certain conditions, including compliance with the covenant described under "—*Certain Covenants—Liens*", the Company is permitted to pledge or cause its Subsidiaries or HoldCo to pledge the Collateral in connection with future incurrence of Indebtedness, including issuances of Additional Notes, permitted under the Indenture on a *pari passu* basis with the then outstanding Notes. The Collateral can also be released from the Liens of the Security Documents under certain circumstances. See "—*Release of Security Interests*" below.

Administration of Collateral and Enforcement of Liens

The Collateral will be administered by a Security Agent pursuant to the terms of the Security Documents and the Intercreditor Agreement for the benefit of all holders of the Existing Notes and the Notes, the finance parties under the Senior Credit Facilities and certain other future secured creditors pursuant to the Intercreditor Agreement. For a description of the Intercreditor Agreement, see "*Description of Other Indebtedness—Intercreditor Agreement*".

The ability of holders of the Notes to realize upon the Collateral will be subject to various bankruptcy law limitations in the event of the HoldCo's bankruptcy and various limitations on enforcement contained in the Intercreditor Agreement. See "*Risk Factors—Risks related to the Notes—The enforcement of the Collateral may be restricted by Spanish law*," "*Risk Factors—Risks related to the Notes—Fraudulent conveyance laws may limit your rights as a holder of notes*" and "*Risk Factors—Risks related to the Notes—Local insolvency laws may not be as favorable to you as the insolvency laws of another jurisdiction with which you may be more familiar*."

The rights of the holders of the Notes with respect to the Collateral must be exercised by the Security Agent. Since the holders of the Notes are not a party to the Security Documents, holders may not, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The holders may only act through the Security Agent. The Security Agent will agree to any release of the security interest created by the Security Documents in accordance with terms of the Indenture and the Intercreditor Agreement without requiring any consent of the holders of the Notes. Subject to the terms of the Intercreditor Agreement, the holders of the Notes will, in certain circumstances, share in or have the ability to direct the Trustee to direct the Security Agent to commence enforcement action under the Security Documents. However, in enforcing the Liens provided for under the Security Documents, the Security Agent will take direction from the Trustee (subject to the terms of the Intercreditor Agreement). Please see "*Description of Other Indebtedness—Intercreditor Agreement*".

Subject to the terms of the Security Documents, until the acceleration of amounts due under the Notes in accordance with the Indenture, HoldCo will be entitled to exercise any and all voting rights in a manner which does not materially adversely affect the validity or enforceability of the Liens created under the Security Documents or the value of the Collateral and to receive and retain any and all cash dividends, stock dividends, liquidating dividends, non-cash dividends, shares of stock resulting from stock splits or reclassifications, rights issue, warrants, options and other distribution (whether similar or dissimilar to the foregoing) in respect of the shares that are part of the Collateral.

The value of the Collateral securing the Notes and the Existing Notes may not be sufficient to satisfy the Company's obligations under the Notes and the obligations of the Guarantors under their Note Guarantees, and the Collateral may be reduced or diluted under certain circumstances, including the issuance of Additional Notes or other future incurrences of Indebtedness and the disposition of assets comprising the Collateral, subject to the terms of the Indenture.

No appraisals of the Collateral have been prepared by or on behalf of the Company or the Guarantors in connection with this offering of the Notes. There can be no assurance that the proceeds of any sale of Collateral, in whole or in part, pursuant to the Intercreditor Agreement and the Security Documents following an Event of Default, would be sufficient to satisfy the amounts due on the Notes or the Note Guarantees. By its nature, all of the Collateral is likely to be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral would be sold in a timely manner or at all.

The Security Documents will be governed by Spanish law and will be subject to the jurisdiction of the Spanish courts.

The Trustee for the Notes has, and by accepting a Note, each Holder will be deemed to have:

- irrevocably appointed Deutsche Bank AG, London Branch as the Security Agent to act as its agent under the Intercreditor Agreement and the other relevant documents to which it is a party (including, without limitation, the Security Documents);

- irrevocably authorized the Security Agent (i) to perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement or other documents to which it is a party (including, without limitation, the Security Documents), together with any other incidental rights, powers and discretions; and (ii) execute each document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf; and

- accepted the terms and conditions of the Intercreditor Agreement and any Additional Intercreditor Agreement (as defined below) and each holder of the Notes will also be deemed to have authorized the Trustee and the Security Agent to enter into any such Additional Intercreditor Agreement.

Release of Security Interests

All of the Liens granted under the Security Documents will be automatically and unconditionally released in accordance with the terms and conditions in the Indenture upon Legal Defeasance or Covenant Defeasance as described under "*—Legal Defeasance and Covenant Defeasance*", if all obligations under the Indenture are discharged in accordance with the terms of the Indenture or as otherwise permitted in accordance with the Indenture, including but not limited to the covenants under "*—Certain Covenants—Impairment of Security Interest*", the Security Documents and the Intercreditor Agreement.

The Liens on the Collateral granted in the Security Documents will be released:

(1) to the extent that such Collateral is sold, directly or indirectly, or otherwise disposed of pursuant to an enforcement of the security over such Collateral under the applicable Security Document(s) in accordance with the Intercreditor Agreement;

(2) in the case of a Guarantor that is released from its Note Guarantee (with respect to the Lien securing such Note Guarantee granted by such Guarantor);

(3) if the Company designates any of its Restricted Subsidiaries to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property, assets and Capital Stock of such Restricted Subsidiary;

(4) upon legal defeasance or covenant defeasance or discharge of the Notes as described under the captions "*—Legal Defeasance and Covenant Defeasance*" and "*—Satisfaction and Discharge*";

(5) as described under "*—Amendment, Supplement and Waiver*"; or

(6) as otherwise provided in the Intercreditor Agreement.

The Security Agent will take all reasonable action required to effectuate any release of Collateral securing the Notes, in accordance with the provisions of the Indenture and the Intercreditor Agreement and the relevant Security Document. Each of the releases set forth above shall be effected by the Security Agent without the consent of the holders or any action on the part of the Trustee (unless action is required by it to effect such release).

Intercreditor Agreement

On the Issue Date, the Trustee will accede to the Intercreditor Agreement as described under "*Description of Other Indebtedness—Intercreditor Agreement*". The Collateral will be administered by a Security Agent pursuant to the terms of the Security Documents and the Intercreditor Agreement for the benefit of all holders of the Existing Notes, the Notes and the finance parties under the Senior Credit Facilities and the EIB Facility and certain other future secured creditors pursuant to the Intercreditor Agreement. Pursuant to the terms of the Intercreditor Agreement, recoveries received upon enforcement over Collateral will be applied (subject to certain claims of the Trustee, the Existing Notes Trustee, the Security Agent, the Facility Agent under the Senior Credit Facilities and costs and expenses related to the enforcement of the Collateral) *pro rata* in repayment of liabilities in respect of (i) obligations under the Indenture and the Notes, (ii) obligations under the Existing Notes Indenture and the Existing Notes, (iii) obligations under the Senior Credit Facilities and (iv) any other Indebtedness of the Company and the Restricted Subsidiaries permitted to be incurred and secured by the Collateral pursuant to the Indenture, the Existing Notes Indenture and the Intercreditor Agreement.

The Trustee, the Existing Notes Trustee and the creditors under the Senior Credit Facilities and the other secured parties under the Intercreditor Agreement have, and by accepting a Note, each holder of a Note will be deemed to have, irrevocably appointed Deutsche Bank AG, London Branch as Security Agent to act as its security agent under the Intercreditor Agreement, the Notes, the Indenture, and the Security Documents (together, the "*Finance Documents*"). The Trustee, the Existing Notes Trustee, the creditors under the Senior Credit Facilities and the other secured parties under the Intercreditor Agreement will have, and by accepting a Note, each holder of a Note will be deemed to have, irrevocably authorized the Security Agent to perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement or other Finance Documents, together with any incidental rights, power and discretions.

Additional Notes

From time to time, subject to compliance with the covenant described under "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock*" and "*—Certain Covenants—Liens*," the Company is permitted to issue additional Notes, which shall have terms substantially identical to the Notes except in respect of any of the following terms which shall be set forth in an Officer's Certificate delivered by the Company to the Trustee ("*Additional Notes*"):

(1) the title of such Additional Notes;

(2) the aggregate principal amount of such Additional Notes to be authenticated and delivered pursuant to the Indenture;

(3) the date or dates on which such Additional Notes will be issued and will mature;

(4) the rate or rates at which such Additional Notes shall bear interest and, with respect to Additional Notes with floating interest, the interest rate basis, formula or other method of determining such interest rate or rates, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable or the method by which such dates will be determined, the record dates for the determination of holders thereof to whom such interest is payable and the basis upon which such interest will be calculated;

(5) the currency or currencies in which such Additional Notes shall be denominated and the currency in which cash or government obligations in connection with such series of Additional Notes may be payable;

(6) the date or dates and price or prices at which, the period or periods within which, and the terms and conditions upon which, such Additional Notes may be redeemed, in whole or in part;

(7) in the case of Additional Notes with a floating interest date, the date or dates and price or prices at which, the period or periods within which, and the terms and conditions upon which, such Additional Notes may be redeemed, in whole or in part;

(8) if other than in denominations of €100,000 and in integral multiples of €1,000 in excess thereof, the denominations in which such Additional Notes shall be issued and redeemed; and

(9) the ISIN, Common Code, CUSIP or other securities identification numbers with respect to such Additional Notes.

Such Additional Notes will be treated, along with all other Notes, as a single class for the purposes of the Indenture with respect to waivers, amendments and all other matters which are not specifically distinguished for such series. Unless the context otherwise requires, for all purposes of the Indenture and this "Description of the Notes", references to "Notes" shall be deemed to include references to the Notes initially issued on the Issue Date as well as any Additional Notes. Additional Notes may also be designated to be of the same series as the Notes initially issued on the Issue Date, but only if they have terms substantially identical in all material respects to such initial Notes. However, in order for any Additional Notes to have the same ISIN or common code, as applicable, as the Notes initially issued on the Issue Date, such Additional Notes must be fungible with the initial Notes for U.S. federal income tax purposes.

Principal, Maturity and Interest and Payment of Notes

The Company will issue Notes in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF Market, the Company will publish a notice of any change in these denominations in accordance with the requirements of such rules. The Notes will mature on April 30, 2028.

Interest on the Notes will accrue at the rate of 3.500% per annum and will be payable in cash semi-annually in arrears on April 30 and October 31, commencing on October 31, 2021. The Company will make each interest payment to the holders of record on the Business Day immediately preceding the relevant interest payment date. The reimbursement price of the Notes at maturity will be 100% of the principal amount then outstanding.

Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Each interest period shall end on (but not include) the relevant interest payment date.

Methods of Receiving Payments on the Notes

The Company will pay all principal, interest, premium, and Additional Amounts, if any, on the Global Notes (as defined below) at the corporate trust office or agency of the Paying Agent (as defined below). All payments on the Global Notes will be made by wire transfer of immediately available funds to an account of the holder of the Global Notes in accordance with instructions given by the holder.

The rights of the holders of beneficial interests in the Notes to receive the payments on such Notes are subject to applicable procedures of Euroclear and Clearstream. If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of such delay.

Payments of principal of, and premium, if any, on each Note in definitive registered form ("*Definitive Registered Notes*") will be made by transfer on the due date to an account maintained by the payee pursuant to details provided by the holder or, if requested by the holder, by check, in each case against presentation and surrender (or, in the case of partial payment only, endorsement) of the relevant Definitive Registered Note at the office of any Paying Agent. Payments of interest in respect of each Definitive Registered Note will be made by transfer on the due date to an account maintained by the payee (the holder and account details of which appear on the register of holders at the close of business on the relevant record date) or, if requested by the holder, by check mailed on the relevant due date (or if that is not a Business Day, the immediately succeeding Business Day) to the holder (or to the first named of joint holders) of the Definitive Registered Note appearing on the register of holders at the close of business at the address shown on the register of holders on such record date. Payments in respect of principal of, premium, if any, and interest on Definitive Registered Notes are subject in all cases to any tax or other laws and regulations applicable in the place of payment but without prejudice to the provisions under the headings "—*Optional Tax Redemption*" and "—*Additional Amounts*". The Paying Agent may require payment of a sum sufficient to cover any transfer tax or similar

governmental charge in connection with any payment transfer instructions received by the Paying Agent. Definitive Registered Notes, if issued, will only be issued in registered form.

Paying Agent and Registrar for the Notes

The Company will maintain one or more paying agents (each, a "*Paying Agent*") for the Notes in the City of London, United Kingdom. The initial Paying Agent is Deutsche Bank AG, London Branch. The initial Transfer Agent is Deutsche Bank AG, London Branch. The Transfer Agent is responsible for, among other things, facilitating any transfers or exchanges of beneficial interests in different global notes and Definitive Registered Notes between holders.

The Company also will maintain one or more registrars (each a "*Registrar*"). The initial Registrar will be Deutsche Bank Luxembourg S.A. The Registrar will maintain a register reflecting ownership of Definitive Registered Notes and the Global Notes outstanding from time to time and will make payments on Definitive Registered Notes on behalf of the Company.

The Company may change the Paying Agent, the Transfer Agent or the Registrar without prior notice to the holders. For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF Market, the Company will publish a notice of any change of Paying Agent, Transfer Agent or Registrar in accordance with the requirements of such rules.

Form of Notes

The Notes will be issued in the form of global notes in registered form and will be issued in minimum denominations of €100,000 principal amount and integral multiples of €1,000. The Notes will be serially numbered. In no event will Definitive Registered Notes in bearer form be issued. See "*Book-Entry, Delivery and Form*".

Additional Amounts

All payments made by the Company or any Guarantor (each a "*Payor*") on the Notes or under or with respect to any Note Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, levies, imposts, assessments or similar governmental charges (including penalties, additions to tax, and interest related thereto) ("*Taxes*") unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) Spain or any political subdivision or governmental authority thereof or therein having power to tax;

(2) any jurisdiction from or through which payment on the Notes or a Note Guarantee is made, or any political subdivision or governmental authority thereof or therein having the power to tax; or

(3) any other jurisdiction in which any Payor is incorporated or organized or otherwise resident or doing business for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1), (2) and (3), a "*Relevant Taxing Jurisdiction*"),

will at any time be required from any payments made with respect to the Notes or any Note Guarantee, including payments of principal, redemption price, interest or premium (if any), the Payor will pay (together with such payments) such additional amounts (the "*Additional Amounts*") as may be necessary in order that the net amounts received in respect of such payments by each beneficial owner of the Notes or the Note Guarantee, as the case may be, after such withholding or deduction by any applicable withholding agent (including any such deduction or withholding from such Additional Amounts), equal the amounts which would have been received in respect of such payments in the absence of such withholding or deduction; *provided*, *however*, that no such Additional Amounts will be payable with respect to:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant holder or the beneficial owner of a Note (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant holder or beneficial owner, if the relevant holder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction, (including any Tax imposed as a result of a holder or beneficial owner being a citizen or resident or national or domiciliary of, or carrying on a business or maintaining a permanent establishment in, the Relevant Taxing Jurisdiction (such as, for the avoidance of doubt, the Personal Income Tax, the Corporate Income Tax or the Non-resident Income Tax imposed by Spain as a result of such holder

or beneficial owner being resident or doing business in Spain)), other than a connection resulting from the mere acquisition, ownership or disposition of such Note or enforcement of rights under or in respect of such Note or any Note Guarantee or the receipt of payments under or in respect of such Note or any Note Guarantee;

(2) any Taxes that would not have been so imposed if the holder or the beneficial owner of a Note had made a declaration of non-residence or any other claim or filing for exemption to which it is entitled (*provided* that (x) such declaration of non-residence or other claim or filing for exemption is required by applicable law, regulation, administrative practice or treaty of the Relevant Taxing Jurisdiction as a precondition to exemption from the requirement to deduct or withhold all or a part of such Taxes and (y) at least 30 days prior to the first payment date with respect to which such declaration of non-residence or other claim or filing for exemption is required under the applicable law of the Relevant Taxing Jurisdiction, the relevant holder at that time has been notified (in accordance with the procedures set forth in "—*Selection and Notice*") by the Payor or any other Person through whom payment may be made that a declaration of non-residence or other claim or filing for exemption is required to be made), but, in each case, only to the extent the holder or beneficial owner is legally eligible to make such declaration or other claim or filing;

(3) any Note presented for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented during such 30-day period);

(4) any Taxes that are payable otherwise than by withholding in respect of a payment of the principal of, premium, if any, interest or any other amounts under or with respect to the Notes or any Note Guarantee;

(5) any estate, inheritance, gift, sales, transfer, property or similar Taxes;

(6) any Taxes which could have been avoided by the presentation (where presentation is required) of the relevant Note to another Paying Agent in the United Kingdom or a member state of the European Union;

(7) any Spanish Taxes imposed or withheld on payments to the holder or the beneficial owner of the Notes or Note Guarantees as a result of a failure by the Paying Agent to deliver to the Company in a timely manner a duly executed and completed Payment Statement from the Paying Agent, pursuant to Law 10/2014 and regulations approved by Royal Decree 1065/2007, as amended, and any implementing legislation or regulation;

(8) any Taxes imposed on, or on a third party on behalf of, a Spanish-resident legal entity subject to Spanish Corporate Income Tax if the taxing authorities of the Kingdom of Spain determine that the Notes do not comply with exemption requirements specified in any applicable tax law, or its judicial or administrative interpretation, including the ruling of the General Directorate of Taxation (*Dirección General de Tributos*) dated July 27, 2004, or any legislation or regulation implementing or complying with, or introduced in order to conform to, such applicable law or such ruling, which law, ruling, legislation or regulation requires a withholding to be made;

(9) any withholding or deduction required to be made from a payment pursuant to Sections 1471-1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), as of the Issue Date (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), or any regulations or official interpretations thereof, any similar law or any fiscal or regulatory legislation, rule or practices adopted pursuant to any intergovernmental agreement between a non-U.S. jurisdiction and the United States implementing the foregoing or any agreements entered into pursuant to current Section 1471(b)(1) of the Code (or any amended or successor version described above); or

(10) any combination of (1) through (9) above.

In addition, no Additional Amounts shall be paid with respect to any payment to any holder who is a fiduciary or a partnership (or any other entity treated as a partnership for applicable tax purposes) or other than the beneficial owner of such Notes to the extent that the beneficiary or settlor with respect to such fiduciary, the member of such partnership (or any other entity treated as a partnership for applicable tax purposes) or the beneficial owner of such Notes would not have been entitled to Additional Amounts had such beneficiary, settlor, member or beneficial owner held such Notes directly, but only if there is

no material cost or commercial or legal restriction to transferring the Notes to such beneficiary, settlor, member or beneficial owner.

The applicable withholding agent will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use reasonable efforts to obtain certified copies of tax receipts or other documentary evidence, which is reasonably satisfactory to the Trustee (or holder), of the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes and will provide such evidence to the Trustee (or a holder upon request). The Payor will attach to each piece of documentary evidence a certificate stating (x) that the amount of withholding Taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of Notes then outstanding and (y) the amount of such withholding Taxes paid per €1,000 principal amount of the Notes. Copies of such documentation will be available for inspection during ordinary business hours at the office of the Trustee by the holders of the Notes upon request and will be made available at the offices of the Paying Agent located in Luxembourg if the Notes are then listed on the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF Market.

At least 30 days prior to each date on which any payment under or with respect to the Notes or any Note Guarantee is due and payable (unless such obligation to pay Additional Amounts arises shortly before or after the 30th day prior to such date, in which case it shall be promptly thereafter), if the Payor will be obligated to pay Additional Amounts with respect to such payment, the Payor will deliver to the Trustee an Officer's Certificate stating the fact that such Additional Amounts will be payable, the amounts so payable and will set forth such other information necessary to enable the Trustee to pay such Additional Amounts to holders on the payment date. Each such Officer's Certificate shall be relied upon until receipt of a further Officer's Certificate addressing such matters.

Wherever in the Indenture, the Notes, any Note Guarantee or this "Description of the Notes" there are mentioned, in any context:

(1) the payment of principal,

(2) purchase prices in connection with a purchase of Notes,

(3) interest, or

(4) any other amount payable on or with respect to the Notes or any Note Guarantee,

such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, issue, registration, court or documentary Taxes, or any other excise, property or similar Taxes which arise in any Relevant Taxing Jurisdiction from the execution, issuance, delivery, registration or enforcement of any Notes, the Indenture, any Note Guarantee or any other document or instrument referred to therein, or any payments under or with respect to the Notes or any Note Guarantee.

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture and will apply *mutatis mutandis* to any successor to a Payor and to any jurisdiction in which such successor is incorporated, organized, doing business or otherwise considered to be a resident for tax purposes, or any jurisdiction from or through which such successor (or its paying agent) makes any payment under or with respect to the Notes or any Note Guarantee and, in each case, any political subdivision or governmental authority thereof or therein having the power to tax.

Optional Redemption

At any time prior to April 30, 2024, at the option of the Company, the Company may, upon giving not less than 10 nor more than 60 days' notice to the holders of the Notes, on any one or more occasions redeem up to 40% of the aggregate principal amount of Notes issued under the Indenture at a redemption price of 103.500% of the principal amount thereof plus accrued and unpaid interest, if any, to, but excluding, the redemption date, with the Net Cash Proceeds of one or more Equity Offerings; *provided* that:

(1) at least 60% of the aggregate principal amount of Notes issued under the Indenture remain outstanding immediately after the occurrence of such redemption (excluding Notes held by the Company and its Subsidiaries); and

(2) the redemption occurs within 120 days of the date of the closing of such Equity Offering.

Notice of any redemption upon any Equity Offering may be given prior to the completion thereof.

After April 30, 2024, at the option of the Company, the Company may redeem all or a part of the Notes upon not less than 10 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest, if any, on the Notes redeemed, to the applicable redemption date, if redeemed during the twelve month period beginning on April 30 of the years indicated below:

Year	Percentage
2024	101.7500%
2025	100.8750%
2026 and thereafter	100.0000%

In addition, the Company may on or prior to April 30, 2024, upon giving not less than 10 nor more than 60 days' notice to the holders of the Notes, at its option on one or more occasions redeem all or a portion of the Notes (which includes Additional Notes, if any) at a redemption price equal to the sum of:

(1) 100% of the principal amount thereof, plus

(2) accrued and unpaid interest, if any, to the redemption date, plus

(3) the Applicable Premium at the redemption date, subject to the right of holders of record on the relevant record date to receive interest due on any interest payment date occurring on or prior to the redemption date.

Any redemption and notice of redemption may be, at the Company's discretion, subject to the satisfaction of one or more conditions precedent (including, in the case of a redemption related to an Equity Offering, the consummation of such Equity Offering). In addition, if any redemption is subject to one or more conditions precedent, the notice of redemption in respect thereof shall describe each such condition and, if applicable, shall state that, in the Company's discretion, the redemption date may be delayed (without the need for a new redemption notice) until such time (but not more than 60 days after the date the notice of redemption was delivered) as any such conditions shall be satisfied (or waived by the Company in its sole discretion), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Company in its sole discretion) by the redemption date, or by the redemption date as so delayed, or such notice may be rescinded at any time in the Company's discretion if in the good faith judgement of the Company any or all of such conditions will not be satisfied. The Company will provide the Trustee written confirmation (i) when conditions are satisfied or waived with respect to a new redemption date, in the event that a redemption is delayed in accordance with this paragraph and (ii) if any redemption notice is rescinded.

If the Company effects an optional redemption of the Notes, it will, for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, inform the Luxembourg Stock Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption by the Company.

The Company may repurchase Notes at any time and from time to time in the open market or otherwise.

Mandatory Redemption

The Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Optional Tax Redemption

The Company may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' notice to the holders of the Notes (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "*Tax Redemption*

Date") (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date) and Additional Amounts, if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if the Company determines that, as a result of:

(1) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined above) which change or amendment is publicly announced and becomes effective after the Issue Date (or, if a Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction on a date after the Issue Date, after such later date); or

(2) any change in position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including by virtue of a holding, judgment or order by a court of competent jurisdiction or a change in published administrative practice) of a Relevant Taxing Jurisdiction, which change or amendment is publicly announced and becomes effective after the Issue Date (or, if a Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction on a date after the Issue Date, after such later date);

the Company is, or on the next interest payment date in respect of the Notes would be, required to pay any Additional Amounts, and such obligation cannot be avoided by taking reasonable measures available to it (including, for the avoidance of doubt, the appointment of a new Paying Agent in accordance with the third paragraph under "*Paying Agent and Registrar for the Notes*" or payment through a Guarantor).

Notice of redemption for taxation reasons will be published in accordance with the procedures described under "—*Selection and Notice*". Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 180 days prior to the earliest date on which the Company would be obliged to pay Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company will deliver to the Trustee (a) an Officer's Certificate stating that the Company is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and (b) an opinion of an independent tax counsel of recognized standing to the Trustee to the effect that the circumstances referred to above exist. The Trustee will accept such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the holders.

The foregoing provisions will apply *mutatis mutandis* to any successor to the Company.

Repurchase at the Option of Holders

Change of Control

If a Change of Control occurs, each holder of Notes will have the right to require the Company to repurchase all or any part (equal to €100,000 or integral multiples of €1,000 in excess thereof) of that holder's Notes pursuant to a Change of Control Offer on the terms set forth in the Indenture. In the Change of Control Offer, the Company will offer a Change of Control Payment in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest, if any, on the Notes repurchased, to the date of purchase. Within 30 days following any Change of Control, the Company will mail a notice to each holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes on the Change of Control Payment Date specified in the notice, which date will be no earlier than 10 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by the Indenture and described in such notice. The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes and the related Note Guarantees as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of such compliance.

On the Change of Control Payment Date, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the relevant Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company.

The relevant Paying Agent will promptly mail to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each new Note will be in a principal amount of €100,000 or, if greater, an integral multiple of €1,000.

The provisions described above that require the Company to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holders of the Notes to require the Company to repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Company will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer. The Company also will not be required to make a Change of Control Offer following a Change of Control if it has theretofore issued a redemption notice in respect of all of the Notes in the manner and in accordance with the provisions described under "—*Optional Redemption*" and thereafter purchases all of the Notes pursuant to such notice.

Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making the Change of Control Offer.

If holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Company, or any third-party making a Change of Control Offer in lieu of the Company as described above, purchases all of the Notes validly tendered and not withdrawn by such holders, the Company or such third party will have the right, upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem all Notes that remain outstanding following such purchase at a price in cash equal to 101% of the aggregate principal amount of such Notes, plus accrued and unpaid interest, if any, thereon, to, but excluding the date of redemption.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require the Company to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain. In addition, it should be noted that recent case law suggests that, in the event that incumbent directors are replaced as a result of a contested election, issuers may nevertheless avoid triggering a change of control under a clause similar to clause (4) of the definition of "Change of Control", if the outgoing directors were to approve the new directors for the purpose of such change of control clause. As a result, it may be unclear as to whether a Change of Control has occurred and whether a holder of Notes may require the Company to make an offer to repurchase the Notes as described above.

Subject to the covenants described below, the Company could enter into certain transactions, including acquisitions, refinancings or other recapitalizations which, though not constituting a Change of Control under the Indenture, could increase the amount of outstanding debt or otherwise affect the Company's capital structure or credit ratings. In addition, we may not be able to finance the payments required for a Change of Control Offer. See "*Risk Factors—Risks related to the notes—We may not have the ability to raise the funds necessary to finance a change of control offer*".

The provisions of the Indenture relating to the Company's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of holders of a majority in outstanding aggregate principal amount of the Notes under the Indenture.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Trustee will select Notes for redemption on a *pro rata* basis, or otherwise as required by law or mandatory requirements, rules or regulations of the relevant Clearing System, the principal national securities exchange on which the Notes are listed or by such method as the Trustee deems fair and appropriate.

No Notes may be redeemed in part such that the remainder of the Note is less than €100,000 in aggregate principal amount. Notices of redemption will be mailed by first class mail at least 10 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

In addition, so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF Market and its rules so require, all notices to holders of the Notes will also be supplied to the Luxembourg Stock Exchange and are expected to be published at *www.bourse.lu*. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. In the case of Definitive Registered Notes, notices will be mailed to holders of the Notes by first class mail at their respective addresses as they appear on the records of the Registrar. If and so long as the Notes are listed on any other securities exchange, notices will also be given in accordance with any applicable requirements of such securities exchange. Notices given by publication will be deemed given on the first date on which publication is made. Notices given by first class mail, postage paid, will be deemed given five calendar days after mailing whether or not the addressee receives it.

For the Notes which are represented by Global Notes held on behalf of Euroclear or Clearstream, notices may be given by delivery of the relevant notices to Euroclear or Clearstream for communication to entitled account holders in substitution of the aforesaid mailing.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of Notes upon cancellation of the original Note and will be collectible at the office of the Paying Agent. Subject to the terms of the applicable redemption notice (including any conditions contained therein), Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of them called for redemption. If the redemption date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to holders of the Notes whose Notes will be subject to redemption by the Company.

Prescription

Claims against the Company or any Guarantor for the payment of principal of, or interest, premium, or Additional Amounts, if any, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of seven years, in the case of principal, or five years, in the case of interest, premium or Additional Amounts, if any, from the applicable original payment date therefor.

Certain Covenants

Restricted Payments

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than (A) dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company or Subordinated Shareholder Debt, (B) dividends or distributions to the Company or any of its Restricted Subsidiaries and (C) *pro rata* dividends or distributions made by a Subsidiary that is not a Wholly Owned Restricted Subsidiary to minority stockholders (or owners of any equivalent interest in the case of a Subsidiary that is an entity other than a corporation));

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any Parent Company;

(3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value (x) any Indebtedness that is subordinated in right of payment to the Notes or the Note Guarantees, except a payment of interest or principal at the Stated Maturity thereof or any purchase, redemption, defeasance or other acquisition or retirement of principal within one year of the Stated Maturity thereof or (y) any Subordinated Shareholder Debt; or

(4) make any Restricted Investment (all such payments and other actions set forth in these clauses (1) through (4) being collectively referred to as "*Restricted Payments*"),

unless, at the time of and after giving effect to such Restricted Payment:

(1) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment; and

(2) the Company would, after giving pro forma effect to such Restricted Payment (including the application thereof) as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least €1.00 of additional Indebtedness (other than Permitted Debt) pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption "*—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock*"; and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries after January 1, 2016 (excluding Restricted Payments permitted by clauses (2), (3), (4), (5), (6), and (11) of the next succeeding paragraph), is less than the sum, without duplication, of:

    (a) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from January 1, 2016 to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such aggregate Consolidated Net Income for such period is a deficit, less 100% of such deficit), *plus*

    (b) 100% of the aggregate net cash proceeds and Fair Market Value of property, assets or marketable securities received by the Company after January 1, 2016 as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Company (other than Disqualified Stock or Excluded Contributions) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Company that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of the Company or from Subordinated Shareholder Debt or Excluded Contributions), *plus*

    (c) 100% of any dividends or distributions (including payments made in respect of loans or advances) received by the Company or a Restricted Subsidiary of the Company after January 1, 2016 from an Unrestricted Subsidiary of the Company or a Permitted Joint Venture (excluding any dividends or distributions of any Chinese Investment), to the extent that such dividends or distributions were not otherwise included in Consolidated Net Income of the Company for such period (and *provided* that such dividends or distributions are not included in the calculation of that amount of Permitted Investments permitted under clause (10) of the definition thereof), *plus*

    (d) to the extent that any Unrestricted Subsidiary of the Company is redesignated as a Restricted Subsidiary after January 1, 2016, the Fair Market Value of the Company's Investment in such Subsidiary as of the date of such redesignation, *plus*

    (e) to the extent that any Restricted Investment that was made after January 1, 2016 is sold for cash or otherwise liquidated or repaid for cash or Cash Equivalents (including, without limitation, any sale

for cash or other Cash Equivalents of an Equity Interest in an Unrestricted Subsidiary), the cash return of capital with respect to such Restricted Investment (less the cost of disposition, if any), *plus*

(f) 100% of the cash received by the Company after January 1, 2016 in connection with the incurrence of any Subordinated Shareholder Debt.

The preceding provisions will not prohibit:

(1) the payment of any dividend within 60 days after the date of declaration of the dividend, if at the date of declaration the dividend payment would have complied with the provisions of the Indenture;

(2) the redemption, repurchase, retirement, defeasance or other acquisition of any subordinated Indebtedness of the Company or any Restricted Subsidiary or of any Equity Interests of the Company or any Parent Company by conversion into (in the case of subordinated Indebtedness) or in exchange for, or out of the Net Cash Proceeds of the substantially concurrent sale (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock) or Subordinated Shareholder Debt or from the substantially concurrent contribution of equity capital to the Company; *provided* that the amount of any such Net Cash Proceeds that are utilized for any such redemption, repurchase, retirement, defeasance or other acquisition will be excluded from clause (3)(b) of the preceding paragraph;

(3) the defeasance, redemption, repurchase or other acquisition or retirement of subordinated Indebtedness of the Company or any Guarantor with the Net Cash Proceeds from an incurrence of Permitted Refinancing Indebtedness in respect of such subordinated Indebtedness;

(4) Any Restricted Payment made by exchange for, or out of the proceeds of the substantially concurrent sale of, Equity Interests of the Company (other than Disqualified Stock) or a substantially concurrent cash capital contribution received by the Company from its shareholders; *provided*, *however*, that the Net Cash Proceeds from such sale or cash capital contribution shall be excluded from clause (3)(b) of the preceding paragraph;

(5) the repurchase, redemption or other acquisition for value of Equity Interests of any non-Wholly Owned Restricted Subsidiary of the Company if, as a result of such purchase, redemption or other acquisition, the Company increases its percentage ownership, directly or indirectly through its Restricted Subsidiaries, of such non-Wholly Owned Restricted Subsidiary;

(6) the repurchase, redemption or other acquisition for value of Equity Interests of the Company or its Restricted Subsidiaries representing fractional shares of such Equity Interests in connection with a merger, consolidation, amalgamation or other combination of the Company or any such Restricted Subsidiary;

(7) following the first Public Offering of the Company's ordinary shares or the ordinary shares of any Parent Company, the payment by the Company of, or loans or advances, dividends or distributions to any Parent Company to pay dividends on the ordinary shares of the Company or any Parent Company, in an amount not to exceed in any fiscal year the greater of (A) an amount equal to 3.0% of the Market Capitalization; *provided* that after giving pro forma effect to the payment of such amount the Leverage Ratio shall be no greater than 3.0 to 1.0 and (B) 6% per annum of the net cash proceeds received by the Company in any Public Offering or contributed in cash to the Company's ordinary shares with the net cash proceeds of any such Public Offerings by any Parent Company;

(8) loans or advances made to employees, officers or directors (not including the Permitted Holders) in amounts not exceeding €10.0 million at any time outstanding;

(9) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Equity Interests in (a) the Company or any Restricted Subsidiary (including any options, warrants or other rights in respect thereof) held by any current or former employee, director, officer, member of management or consultant (or members of their respective Immediate Family) of the Company or any Restricted Subsidiaries or (b) the Company held by any Parent Company if the proceeds are to be used to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value of Equity Interests of such Parent Company (including any options, warrants or other rights in respect thereof) held by any current or former employee, director, officer, member of management or consultant (or members of their respective Immediate

Family) of the Company or any Restricted Subsidiaries, in either case pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement; *provided* that the aggregate amount of all such purchased, repurchased, redeemed, defeased, acquired, cancelled or retired Equity Interests may not exceed €20 million;

(10) the declaration and payment of dividends to, or the making of loans to, any Parent Company in amounts required for such Parent Company to pay (i) franchise and similar taxes, and other fees and expenses, required to maintain such Parent Company's corporate existence and (ii) consolidated, combined or similar foreign, federal, state and local income and similar Taxes, to the extent such income Taxes are attributable to the income, revenue, receipts, capital or margin of the Company and the Restricted Subsidiaries and, to the extent of the amount actually received from the Company's Unrestricted Subsidiaries, in amounts required to pay such Taxes to the extent attributable to the income of such Unrestricted Subsidiaries; *provided* that in each case the amount of such payments in any fiscal year does not exceed the amount that the Company, the Restricted Subsidiaries and the Company's Unrestricted Subsidiaries (to the extent described above) would be required to pay in respect of foreign, federal, state and local Taxes for such fiscal year had the Company, the Restricted Subsidiaries and the Company's Unrestricted Subsidiaries (to the extent described above) been a standalone taxpayer (separate from any such Parent Company) for all fiscal years ending after the Issue Date;

(11) Restricted Payments made with the proceeds of Excluded Contributions;

(12) Restricted Payments pursuant to clause (f) of the second paragraph under "*—Transactions with Affiliates*";

(13) other Restricted Payments made after the Issue Date in an amount (measured on the date each such Restricted Payment was made and without giving effect to subsequent changes in value) when taken together with all other Restricted Payments made pursuant to this clause (13) not to exceed the greater of €40 million and 1.25% of Total Assets (*provided* that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person is subsequently designated a Restricted Subsidiary, such Investment shall thereafter be deemed to have been made pursuant to clause (3) of the definition of "Permitted Investments" and not this clause); and

(14) Restricted Payments; *provided* that for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of such Restricted Payment, on a pro forma basis, the Company and its Restricted Subsidiaries on a consolidated basis would have had a Leverage Ratio of no more than 1.75 to 1.00;

provided, *however*, that after giving effect to any Restricted Payment referred to in clauses (5), (7), (8), (9), (13) and (14) of this paragraph, no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the assets or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any assets or securities that are required to be valued by this covenant will be determined by the responsible financial or accounting officer of the Company. The determination of such responsible financial or accounting officer will be final and conclusive.

Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "*incur*") any Indebtedness (including Acquired Debt), and the Company will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided, however*, that the Company and any Restricted Subsidiary may incur Indebtedness, the Company or any Restricted Subsidiary may incur Acquired Debt and the Company may issue Disqualified Stock and any Restricted Subsidiary may issue shares of preferred stock, if the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued would have been at least 2.0 to 1.0, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or preferred stock had been issued, as the case may be, at the beginning of such four-quarter period; *provided* that a

Restricted Subsidiary of the Company that is not a Guarantor may incur Indebtedness or issue Disqualified Stock or preferred stock pursuant to this paragraph solely to the extent that the Non-Guarantor Leverage Ratio for the Company's most recently ended four fiscal quarters for which internal financial statements are available immediately preceding the date on which such Indebtedness is incurred or such Disqualified Stock or preferred stock is issued, as the case may be, would have been no greater than 1.00 to 1.00, as determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if such Indebtedness had been incurred or the Disqualified Stock or preferred stock had been issued, as the case may be, at the beginning of such four-quarter period.

The first paragraph of this covenant will not prohibit the incurrence by the Company or its Restricted Subsidiaries of any of the following items of Indebtedness (collectively, "*Permitted Debt*"):

(1) the incurrence by the Company and any Restricted Subsidiary of additional Indebtedness and letters of credit under Credit Facilities in an aggregate principal amount (a) at any one time outstanding under this clause (1) (a) not to exceed the greater of (i) €700 million and (ii) 20% of Total Assets and (b) at any one time outstanding under this clause (1) (b) not to exceed the greater of (i) €50 million and (ii) 1.5% of Total Assets under loans and other financing granted, guaranteed or supported, directly or indirectly, by any government, quasi-governmental authority or multilateral agency;

(2) the incurrence by the Company and its Restricted Subsidiaries of the Existing Indebtedness;

(3) the incurrence (a) by the Company of Indebtedness represented by the Notes to be issued hereby (but not including any Additional Notes) and (b) by the Company, the Guarantors and any future Guarantors of Indebtedness represented by a Note Guarantee (including Note Guarantees of Additional Notes incurred in compliance with the Indenture);

(4) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings, sale and leaseback transactions or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of the Company or such Restricted Subsidiary, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed the greater of (a) €100 million and (b) 3.0% of Total Assets at any time outstanding;

(5) the incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance or replace Indebtedness (other than intercompany Indebtedness) that was permitted by the Indenture to be incurred under the first paragraph of this covenant or clauses (2), (3), (5) or (15) of this paragraph;

(6) the incurrence by the Company or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries; *provided*, *however*, that:

(a) if the Company or any Guarantor is the obligor on such Indebtedness and the creditor is not a Guarantor, such Indebtedness must be unsecured and ((i) except in respect of intercompany liabilities incurred in connection with cash management positions of the Company and its Restricted Subsidiaries and (ii) only to the extent legally permitted (the Company and its Restricted Subsidiaries having completed all procedures required in the reasonable judgment of the directors or officers of the oblige or obligor to protect such persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness) expressly subordinated to the prior payment in full in cash of all Obligations with respect, in any bankruptcy, insolvency or winding up of such obligor, to its Note Guarantee and, in the case of the Company, its obligations under the Indenture, as applicable; and

(b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary of the Company and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary of the Company will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the incurrence by the Company or any of its Restricted Subsidiaries of Hedging Obligations that are incurred for the purpose of fixing or hedging interest rate risk or currency risk (i) with respect to any floating rate or non-euro denominated Indebtedness that is permitted by the terms of the Indenture to be outstanding or (ii) for non-speculative purposes in the ordinary course of business;

(8) the guarantee by the Company or any of the Guarantors (subject to compliance with the covenant "—*Additional Note Guarantees*") of Indebtedness of the Company or a Restricted Subsidiary of the Company that was permitted to be incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes or a Note Guarantee, then the guarantee must be expressly subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness being guaranteed;

(9) Indebtedness in respect of (a) self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Company or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or in respect of any governmental requirement, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or in respect of any governmental requirement; *provided*, *however*, that upon the drawing of such letters of credit or other similar instruments, the obligations are reimbursed within 30 days following such drawing, (c) the financing of insurance premiums in the ordinary course of business, (d) guarantees issued to a landlord in respect of leased real property and guarantees and counter-indemnities in favor of financial institutions that have guaranteed real property rent obligations, in each case, in the ordinary course of business, and (e) any Bank Products or related netting or setting off arrangements in the ordinary course of business;

(10) the incurrence by the Company or any Restricted Subsidiary of Indebtedness arising from agreements providing for indemnification or adjustment of purchase price or from guarantees or letters of credit securing any Obligations of the Company or any Restricted Subsidiary pursuant to such agreements, incurred in connection with the sale or other disposition of any business, assets or Restricted Subsidiary of the Company, other than guarantees or similar credit support by the Company or any Restricted Subsidiary of Indebtedness incurred by any Person acquiring such business, assets or subsidiary; *provided* that the maximum Indebtedness permitted by this clause (10) in respect of any such sale or other disposition of any business, assets or subsidiary shall not exceed the Net Cash Proceeds from such sale or other disposition;

(11) the incurrence by the Company or any Restricted Subsidiary of Indebtedness arising from guarantees to suppliers, lessors, licensees, contractors, franchisees or customers and incurred in the ordinary course of business;

(12) the incurrence by the Company or any Restricted Subsidiary of Indebtedness in respect of any obligations under workers' compensation laws and similar legislation;

(13) Indebtedness incurred pursuant to the factoring of Receivables arising in the ordinary course of business pursuant to customary arrangements; *provided*, that either (a) no portion of such Indebtedness has, directly or indirectly, contingent or otherwise, recourse to any property or assets of the Company or any of its Restricted Subsidiaries (other than the Receivables that are the subject of the factoring), or (b) if such Indebtedness has recourse to any property or assets of the Company or any of its Restricted Subsidiaries, only the portion of such Indebtedness that is not recourse to any property or assets of the Company or any of its Restricted Subsidiaries (other than Receivables that are the subject of the factoring) may be considered as "Permitted Debt" under this clause (13);

(14) the incurrence by the Company or any Restricted Subsidiary of guarantees of Indebtedness of Permitted Joint Ventures in an amount not to exceed the greater of (x) €75 million and (y) 2% of Total Assets;

(15) (a) Indebtedness, Disqualified Stock or preferred stock of Persons that are acquired by the Company or any Restricted Subsidiary of the Company or merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or a Restricted Subsidiary of the Company in accordance with the terms of the Indenture ("Acquired Debt") and

(b) Indebtedness, Disqualified Stock or preferred stock that is incurred or issued in connection with any acquisition, merger, consolidation, amalgamation or other combination, and, in each case, after giving effect to such acquisition, merger, consolidation, amalgamation or other combination, either:

(i) the Company or such Restricted Subsidiary would be permitted to incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first sentence, of this covenant; or

(ii) the Fixed Charge Coverage Ratio of the Company is no less than immediately prior to such acquisition, merger, consolidation, amalgamation or other combination;

(16) the incurrence by the Company or any Restricted Subsidiary of additional Indebtedness (including Acquired Debt) in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (16), not to exceed the greater of (a) €100 million and (b) 30% of Consolidated EBITDA; and

(17) (a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided* that such Indebtedness is extinguished within 10 Business Days of incurrence;

(b) customer deposits and advance payments received in the ordinary course of business from customers for goods or services purchased in the ordinary course of business;

(c) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions incurred in the ordinary course of business of the Company and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Company and its Restricted Subsidiaries; and

(d) Indebtedness incurred by a Restricted Subsidiary in connection with bankers' acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case, incurred or undertaken in the ordinary course of business.

To the extent any Restricted Subsidiary that is not a Guarantor is a joint obligor with respect to any Indebtedness, the entire amount of such Indebtedness shall be considered Indebtedness of a Restricted Subsidiary that is not a Guarantor for purposes of this covenant.

The accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock for purposes of this covenant; *provided* that, in each such case, that the amount thereof is included in Consolidated Interest Expense of the Company as accrued or paid in accordance with the definition of such term.

The incurrence by an Unrestricted Subsidiary of the Company of Non-Recourse Debt will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock for purposes of this covenant; *provided*, *however*, that if any such Indebtedness ceases to be Non-Recourse Debt of such Unrestricted Subsidiary, such Indebtedness shall be deemed to constitute an incurrence of Indebtedness by a Restricted Subsidiary of the Company that was not permitted by this covenant.

For purposes of determining compliance with this covenant, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (17) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, the Company will be permitted to classify such item of Indebtedness on the date of its incurrence, or later reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange

rate applicable, to the currencies in which such refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

For purposes of determining compliance with any euro denominated restriction on the incurrence of Indebtedness, the Euro Equivalent of the principal amount of Indebtedness denominated in another currency will be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term Indebtedness, or first committed, in the case of Indebtedness incurred under a revolving credit facility; *provided* that (1) if such Indebtedness is incurred to refinance other Indebtedness denominated in a currency other than euros, and such refinancing would cause the applicable euro denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro denominated restriction will be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced; (2) the Euro Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date will be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (3) if and for so long as any such Indebtedness is subject to an agreement intended to protect against fluctuations in currency exchange rates with respect to the currency in which such Indebtedness is denominated covering principal and interest on such Indebtedness, the amount of such Indebtedness, if denominated in euros, will be the amount of the principal payment required to be made under such currency agreement and, otherwise, the Euro Equivalent of such amount plus the Euro Equivalent of any premium which is at such time due and payable but is not covered by such currency agreement.

Liens

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind upon any of its assets or property (including Capital Stock of Restricted Subsidiaries), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "*Initial Lien*"), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Notes and the Indenture (or a Note Guarantee in the case of Liens of a Guarantor) are directly secured equally and ratably with, or senior in right of payment to, in the case of Liens with respect to subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Notes pursuant to the preceding paragraph will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates and (ii) as otherwise set forth under "*—Security—Release of Security Interests*".

For purposes of determining compliance with this covenant and for purposes of the definitions of "Permitted Liens" and "Permitted Collateral Liens", in the event that a Lien meets the criteria of more than one of the categories or exceptions contained in the definition of "Permitted Liens" or "Permitted Collateral Liens" (or any other definition used in this covenant or such definitions), as applicable, the Company will be permitted to divide and classify such Lien in any manner that complies with this covenant or such definition, and may later divide and/or reclassify any such Lien at any time and in any manner that complies with this covenant or such definition.

Dividend and Other Payment Restrictions Affecting Subsidiaries

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Company or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any indebtedness owed to the Company or any of its Restricted Subsidiaries;

(2) make loans or advances to the Company or any of its Restricted Subsidiaries; or

(3) transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements governing Existing Indebtedness and Credit Facilities as in effect on the Issue Date and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, modifications, restatements, renewals, increases, supplements, refundings, replacement or refinancings are no more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date;

(2) the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement, the Security Documents or any agreement related to the Transactions, and any notes and guarantees in connection with the subsequent issuance of debt securities in accordance with and on terms no less onerous than the Indenture;

(3) applicable law or regulation or the terms of any license, authorization, concession or permit to engage in a Permitted Business;

(4) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;

(5) customary non-assignment provisions in leases entered into in the ordinary course of business and consistent with past practices;

(6) purchase money obligations for property acquired in the ordinary course of business that impose restrictions on that property of the nature described in clause (4) of the second paragraph of the covenant entitled "—*Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock*";

(7) any agreement for the sale or other disposition of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(8) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(9) Liens securing Indebtedness otherwise permitted to be incurred under the provisions of the covenant entitled "—*Liens*" that limit the right of the debtor to dispose of the assets subject to such Liens;

(10) customary provisions in joint venture agreements, asset sale agreements, stock sale agreements, sale leaseback agreements and other similar agreements;

(11) provisions that restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or other contract entered into in the ordinary course of business;

(12) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business; and

(13) any agreement or instrument (A) relating to any Indebtedness or preferred stock of a Restricted Subsidiary of the Company permitted to be incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "—*Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock*" (i) if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the holders of the Notes than the encumbrances and restrictions contained in the Senior Credit Facilities as in effect on the Issue Date (as determined in good faith by the Company) or (ii) if the encumbrances and restrictions are not materially more disadvantageous to the holders of the Notes than is customary in comparable financings (as determined in good faith by the Company) and either (x) the Company determines that such encumbrance or restriction will not adversely affect the Company's ability to make principal and interest payments on the Notes as and when they come due or (y) such encumbrances and restrictions apply only during the continuance of a default in respect of a payment

or financial maintenance covenant relating to such Indebtedness, (B) constituting an intercreditor agreement on terms substantially equivalent to the Intercreditor Agreement or (C) relating to any loan or advance by the Company to a Restricted Subsidiary of the Company subsequent to the Issue Date; *provided* that with respect to this clause (13) the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the holders of the Notes than the encumbrances and restrictions contained in the Senior Credit Facilities, the Security Documents and the Intercreditor Agreement (as in effect on the Issue Date).

Merger, Consolidation or Sale of Assets

The Company may not, directly or indirectly: (1) consolidate or merge with or into another Person; or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person; unless:

(1) either: (a) the Company is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance or other disposition has been made (the "*Surviving Entity*") is a corporation organized or existing under the laws of (i) Spain, (ii) any other member of the European Union that has adopted the euro as its national currency, (iii) the United Kingdom or (iv) the United States, any state of the United States or the District of Columbia;

(2) the Surviving Entity (if other than the Company) assumes all the obligations of the Company under the Notes, the Indenture, the applicable Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement, pursuant to agreements satisfactory to the Trustee;

(3) immediately after giving effect to such transaction no Default or Event of Default exists or would exist; and

(4) the Company or the Surviving Entity, as the case may be, will:

  (a) on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, either (i) be permitted to incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant entitled "*—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock*" or (ii) the Fixed Charge Coverage Ratio of the Company (or, if applicable, the Surviving Entity) would equal or exceed the Fixed Charge Coverage Ratio of the Company immediately prior to giving effect to such transaction; and

  (b) deliver to the Trustee an Officer's Certificate and an Opinion of Counsel, in each case, stating that such consolidation, merger or transfer and any supplemental indenture comply with this covenant and the Indenture, and, if the Company is not the surviving entity, that the accession agreement executed in connection therewith is the legally valid and binding obligation of the Successor Entity enforceable (subject to customary exceptions and exclusions) in accordance with their terms.

In addition, the Company may not, directly or indirectly, lease all or substantially all of its properties or assets, in one or more related transactions, to any other Person. This "*—Merger, Consolidation or Sale of Assets*" covenant will not apply to a sale, assignment, transfer, conveyance or other disposition of assets between or among the Company and any of the Guarantors. Notwithstanding clause (4)(a) of the foregoing, the Company or any Guarantor may merge with an Affiliate solely for the purpose of reincorporating the Company or such Guarantor in another jurisdiction to realize tax or other benefits.

A Guarantor may not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person) another Person, other than the Company or another Guarantor, unless:

(1) immediately after giving effect to that transaction, no Default or Event of Default exists; and

(2) either:

(a) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes all the obligations of that Guarantor under the Indenture and its Note Guarantee pursuant to a supplemental indenture satisfactory to the Trustee and the applicable Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement;

(b) the net proceeds of such sale or other disposition are applied in accordance with the applicable provisions of the Indenture; or

(c) in any transaction between (i) the Company or a Guarantor and (ii) a Restricted Subsidiary that is not a Guarantor, the Company or such Guarantor is the surviving Person or the Restricted Subsidiary is the surviving Person and assumes all of the obligations of the Company or such Guarantor under the Indenture and its Note Guarantee, as applicable, pursuant to a supplemental indenture satisfactory to the Trustee.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Transactions with Affiliates

The Company will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each, an "*Affiliate Transaction*") involving aggregate payments or consideration in excess of €10.0 million, unless:

(1) the Affiliate Transaction is on terms no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person; and

(2) the Company delivers to the Trustee with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of €25 million, a resolution of the Board of Directors of the Company set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with clause (1) above.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(a) transactions between or among (i) the Company and/or (ii) its Restricted Subsidiaries;

(b) transactions with a Person (including any joint venture or equity investee) that is an Affiliate of the Company or a Restricted Subsidiary solely because the Company or a Restricted Subsidiary owns an Equity Interest in such Person;

(c) payment of reasonable director's and other fees to, indemnities provided on behalf of, and expenses (including expense reimbursement, employee benefit and pension expenses) relating to, officers, directors, employees or consultants of the Company or its Parent Company or the Company's Subsidiaries and payments of benefits and salaries to employees of the Company or its Subsidiaries in the ordinary course of business;

(d) issuances or sales of Equity Interests of the Company (other than Disqualified Stock) or Subordinated Shareholder Debt to Affiliates of the Company;

(e) Permitted Investments or Restricted Payments that are permitted by the provisions of the Indenture described above under the caption "*—Restricted Payments*" (other than Permitted Investments described in clauses (3), (10), (11)(i), (13) and (15) of the definition of "Permitted Investments");

(f) performance of any agreement of the Company or a Restricted Subsidiary as in effect on the Issue Date and disclosed in the Offering Memorandum under "*Shareholders and Certain Transactions*" and any amendment after the Issue Date (so long as such amendment is not disadvantageous to the holders of the Notes in any material respect) to any such agreement (except as covered by clause (e) hereof);

(g) transactions with customers, clients, suppliers or purchasers or sellers of goods or services (including, without limitation, pursuant to joint venture arrangements), in each case in the ordinary course of business, which are fair to the Company or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or an Officer of the Company or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(h) any transactions for which the Company or a Restricted Subsidiary delivers to the Trustee a letter from an independent financial advisor stating that such transaction is (i) fair to the Company or such Restricted Subsidiary from a financial standpoint or (ii) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate of the Company; and

(i) any participation in a public tender or exchange offers for securities or debt instruments issued by the Company or any of its Subsidiaries that are conducted on arms' length terms and provide for the same price or exchange ratio, as the case may be, to all holders accepting such tender or exchange offer.

Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries

The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(1) the Company (or the Restricted Subsidiary, as the case may be) receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at the time of the Asset Sale at least equal to the Fair Market Value (such Fair Market Value to be determined on the date of contractually agreeing to such Asset Sale) of the assets or Capital Stock issued or sold or otherwise disposed of;

(2) at least 75% of the consideration (excluding by way of relief from, or by any other Person assuming responsibility for, any liabilities contingent or otherwise) received in the Asset Sale (except to the extent the Asset Sale is a Permitted Asset Swap) by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents.

For purposes of this provision, each of the following will be deemed to be cash:

(a) any liabilities, as shown on the Company's or such Restricted Subsidiary's most recent balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Note Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation agreement that releases the Company or such Restricted Subsidiary from further liability;

(b) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 180 days of the receipt thereof, to the extent of the cash or Cash Equivalents received in that conversion; and

(c) any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, as determined in good faith by an officer of the Board of Directors of the Company, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed €50 million (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company may apply those Net Cash Proceeds, if any, at its option:

(1) (i) to repay, repurchase, prepay or redeem (a) (I) Indebtedness of a Restricted Subsidiary that is not a Guarantor (other than Indebtedness owed to the Company or an Affiliate of the Company), (II) Indebtedness which is secured by a Lien on such asset or (III) Indebtedness of the Company or any Restricted Subsidiary that is secured by assets which do not constitute Collateral or (b) Indebtedness of the Company or any other Restricted Subsidiary incurred under Credit Facilities pursuant to clause (1) of the second paragraph of the covenant entitled "—*Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock*" that is secured by a Lien on the Collateral; *provided*, *however*, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (i)(a), the Company or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased; (ii) to prepay, repay or purchase Pari Passu Indebtedness; *provided* that the Company shall redeem, repay or repurchase Pari Passu Indebtedness pursuant to this clause (ii) only if the Company either (A) reduces the aggregate principal amount of Notes on an equal or ratable basis with any such Pari Passu Indebtedness repaid pursuant to this clause (ii) by redeeming Notes as provided under "—*Optional Redemption*" and/or (B) makes (at such time or subsequently in compliance with this covenant) an offer to the holders of the Notes to purchase their Notes in accordance with the provisions set forth below of an Asset Sale Offer on an equal and ratable basis with any such Pari Passu Indebtedness repaid pursuant to this clause (ii) (which offer shall be deemed to be an Asset Sale Offer for purposes hereof); or (iii) to redeem Notes as provided under "—Optional Redemption" so long as such redemption is on a ratable or greater than ratable basis with any Pari Passu Indebtedness concurrently repaid;

(2) to acquire all or substantially all of the assets of, or a majority of the Voting Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary;

(3) to make a capital expenditure;

(4) to acquire other long-term assets (other than Indebtedness or Capital Stock) that are used or useful in a Permitted Business;

(5) to enter into a binding commitment to apply the Net Cash Proceeds pursuant to clause (2), (3) or (4) of this paragraph; *provided* that such binding commitment shall be treated as a permitted application of the Net Cash Proceeds from the date of such commitment until the earlier of (x) the date on which such acquisition or expenditure is consummated and (y) the 180th day following the expiration of the aforementioned 360 day period; or

(6) any combination of the foregoing.

Pending the final application of any Net Cash Proceeds, the Company may temporarily reduce revolving credit borrowings or otherwise invest the Net Cash Proceeds in any manner that is not prohibited by the Indenture. Notwithstanding the foregoing provisions of this covenant, the Company and the Restricted Subsidiaries will not be required to apply any Net Cash Proceeds in accordance with this covenant except to the extent that the aggregate Net Cash Proceeds from all Asset Sales which is not applied in accordance with this covenant exceeds €20 million.

Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in the preceding paragraph will constitute "*Excess Proceeds*." When the aggregate amount of Excess Proceeds exceeds €20 million, the Company will make an Asset Sale Offer to all holders of Notes, and the Company will make any required offer to purchase Pari Passu Indebtedness containing similar asset sale provisions, to purchase the maximum principal amount of Notes and such Pari Passu Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of principal amount plus accrued and unpaid interest to the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other Pari Passu Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Trustee will select the Notes and such other Pari Passu Indebtedness to be purchased on a *pro rata* basis. For the purposes of calculating the aggregate principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such aggregate principal amounts into their Euro Equivalent determined as of a date selected by the Company that is within the Asset Sale Offer period. Upon completion of each Asset Sale Offer the amount of Excess Proceeds will be reset at zero. To the extent any portion of Net Cash Proceeds payable in respect of the Notes are denominated in a currency other than the currency in which the relevant

Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which the Notes are denominated that is actually received by the Company upon converting such portion into such currency.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes and the related Note Guarantees pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached their respective obligations under the Asset Sale provisions of the Indenture by virtue of such compliance.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of the Company or, if required by applicable law, the shareholders of the Company may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary so designated will be deemed to be an Investment made as of the time of such designation and will either reduce the amount available for Restricted Payments under the first paragraph of the covenant entitled "*—Restricted Payments*" or reduce the amount available for future Investments under one or more clauses of the definition of Permitted Investments, as the Company shall determine. That designation will only be permitted if such Investment would be permitted at that time and if such Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors of the Company or, if required by applicable law, the shareholders of the Company may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if the redesignation would not cause a Default.

Additional Note Guarantees

The Company shall, within 60 days after the audited financial statements of the Company become available for each financial year of the Company beginning with the financial year ending December 31, 2021, cause any Restricted Subsidiary that after the Issue Date is or becomes a Material Subsidiary (except for any Restricted Subsidiary which was a Material Subsidiary at the Issue Date but was not an initial Guarantor, any Restricted Subsidiary that is already a Guarantor, or any Restricted Subsidiary as to which the Company and its Restricted Subsidiaries do not own, directly or indirectly, greater than 90% of the Capital Stock) to execute and deliver a supplemental indenture providing for the Note Guarantee by such Restricted Subsidiary on the same terms as the Note Guarantees granted by the other Guarantors hereunder.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF Market, the Company will publish a notice of such additional guarantees in accordance with the requirements of such rules.

The Company will not permit any of its Restricted Subsidiaries, directly or indirectly, to guarantee the payment of any other Credit Facilities or other Public Debt of the Company or any Guarantor unless such incurrence is permitted by the covenant entitled "*—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock*", and such Restricted Subsidiary (if not already a Guarantor) simultaneously executes and delivers a supplemental indenture and supplemental intercreditor agreement pursuant to which such Restricted Subsidiary will guarantee payment of the Notes on the same terms and conditions as those set forth in the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement and which Note Guarantee will be senior to or *pari passu* with such Restricted Subsidiary's guarantee of such other Credit Facilities or other Public Debt; *provided* that no such additional Note Guarantee need be provided in respect of Credit Facilities or other Public Debt of the Company or any Guarantor (i) that does not exceed €50 million, in the aggregate with all other Credit Facilities or other Public Debt described under this clause (i), (ii) if the guarantee of such Indebtedness is pursuant to a regulatory requirement and such Credit Facilities or other Public Debt is owed to a regulatory body, or (iii) if such Credit Facilities or other Public Debt is guaranteed by such Restricted Subsidiary on the Issue Date and such Restricted Subsidiary is not a Guarantor.

The Company shall not be obligated to cause such Restricted Subsidiary to guarantee the Notes to the extent that (A) such Note Guarantee could reasonably be expected to give rise to or result in: (1) any violation of applicable law that cannot be avoided or otherwise prevented through measures reasonably available to the Company or a Restricted Subsidiary; (2) any liability for the officers, directors or shareholders of such Restricted Subsidiary; (3) any cost, expense, liability or obligation (including any Tax) other than reasonable out of pocket expenses and other than reasonable governmental or regulatory filing

fees; and (4) a requirement under applicable law, rule or regulation to obtain or prepare financial statements or financial information of such Person to be included in any required filing with a legal or regulatory authority that the Company is not able to obtain or prepare through measures reasonably available to the Company, (B) such Restricted Subsidiary is incorporated in any jurisdiction located in Argentina, China, Costa Rica, France, India, Indonesia, Japan, Morocco, Romania, Russia, South Africa, South Korea, Thailand or Vietnam or (C) an inconsistency with the Intercreditor Agreement or the Agreed Security Principles.

Each additional Note Guarantee will be limited as necessary to recognize certain defences generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purposes, thin capitalization, distributable reserves, capital maintenance or similar laws, regulations or defences affecting the rights of creditors generally) or other considerations under applicable law.

Notwithstanding the preceding paragraphs of this covenant, any Note Guarantee by a Restricted Subsidiary will provide by its terms that it will be automatically and unconditionally released and discharged when (i) the Indebtedness that gave rise to the obligation to guarantee the Notes is discharged, (ii) in the case of any Note Guarantee granted as contemplated under the third paragraph of this covenant as a result of a Restricted Subsidiary guaranteeing other Credit Facilities or Public Debt, when such other Indebtedness is released and discharged, or (iii) otherwise under the circumstances described above under the caption "*—Brief Description of the Notes, the Note Guarantees and the Intercreditor Agreement—The Note Guarantees*." The terms, provisions and limitations related to the Note Guarantees will be included in the Indenture.

Impairment of Security Interest

The Company shall not and shall not permit any Restricted Subsidiary to, take or omit to take any action that would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Trustee and the holders of the Notes, and the Company shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the holders of the Notes and the other beneficiaries described in the Security Documents, any interest whatsoever in any of the Collateral, except that the Company and is Restricted Subsidiaries may incur Permitted Collateral Liens and the Collateral may be discharged, transferred or released in accordance with the Indenture, the applicable Security Documents or the Intercreditor Agreement; *provided*, *however*, that (a) nothing in this provision shall restrict the release or replacement of any security interests in compliance with the terms of the Indenture as described under "*—Security—Release of Security Interests*" and (b) any Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified or replaced, if contemporaneously with any such action, the Company delivers to the Trustee, either (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee, from an independent financial advisor confirming the solvency of the Company and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, (2) a certificate from the Board of Directors of the relevant Person which confirms the solvency of the Person granting such security interest after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release and replacement, or (3) an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, the Lien or Liens created under the security so amended, extended, renewed, restated, supplemented, modified or replaced are valid Liens, in each case, not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement. In the event that the Company complies with the requirements of this covenant, the Trustee and/or the Security Agent (as the case may be) shall (subject to customary protections and indemnifications) consent to any such amendment, extension, renewal, restatement, supplement, modification or replacement without the need for instructions from the holders of the Notes.

Suspension of Certain Covenants when Notes Rated Investment Grade

If on any date following the Issue Date, (1) two of the following three are satisfied: (i) the Notes are rated Baa3 or better by Moody's, (ii) the Notes are rated BBB− or better by S&P or (iii) the Notes are rated BBB− or better by Fitch (or, if either Moody's, S&P or Fitch ceases to rate the Notes for reasons outside of the control of the Company, the equivalent investment grade credit rating from any other "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act selected by the Company as a replacement agency so that the Notes are so rated by at least two such credit rating agencies); and (2) no Default or Event of Default shall have occurred and be continuing, then, beginning on that day and subject to the provisions of the following paragraph, the covenants specifically listed under the

following captions in this offering memorandum will be suspended and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries:

(1) "—*Restricted Payments*";

(2) "—*Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock*";

(3) "—*Dividend and Other Payment Restrictions Affecting Subsidiaries*";

(4) clause (4) of the first paragraph of the covenant described under the caption "—*Merger, Consolidation or Sale of Assets*";

(5) "—*Transactions with Affiliates*";

(6) "—*Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries*"; and

(7) "—*Additional Note Guarantees*".

During any period that the foregoing covenants have been suspended, the Company's Board of Directors may not designate any of its Subsidiaries as Unrestricted Subsidiaries pursuant to the covenant described below under the caption "—*Designation of Restricted and Unrestricted Subsidiaries*" or the second paragraph of the definition of "Unrestricted Subsidiary".

Notwithstanding the foregoing, if the rating assigned by any such rating agency should subsequently decline to below Baa3 or BBB−, as applicable, the foregoing covenants will be reinstituted as of and from the date of such rating decline. Such covenants will not, however, be of any effect with respect to actions properly taken during the period of suspension. Calculations under the reinstated "Restricted Payments" covenant will be made as if the "Restricted Payments" covenant had been in effect since the Issue Date except that no default will be deemed to have occurred by reason of a Restricted Payment made while that covenant was suspended. On the rating decline date, all Indebtedness incurred during the suspension period will be classified, at the Company's option, as having been incurred pursuant to the first paragraph of the covenant described under the caption "—*Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock*" or one or more of the clauses set forth in the second paragraph of such covenant (to the extent such Indebtedness would be permitted to be incurred thereunder as of the rating decline date and after giving effect to Indebtedness incurred prior to the suspension period and outstanding on the rating decline date). To the extent that such Indebtedness would be so permitted to be incurred under the first two paragraphs of the covenant described under "—*Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock*", such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified under clause (2) of the second paragraph of the covenant described under "—*Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock*".

The Company shall notify the Trustee that the conditions under this covenant have been satisfied, although such notification shall not be a condition for the suspension of the covenants set forth above to be effective. The Trustee shall not be obliged to notify holders of the Notes of such event.

Reports

The Company will post on its website and furnish to the Trustee and holders the following reports:

(1) within 120 days after the end of the Company's fiscal year beginning with the fiscal year ending December 31, 2021, annual reports containing a level of detail that is comparable in all material respects to the offering memorandum relating to the Offering Memorandum and the following information: (a) audited consolidated balance sheets of the Company as of the end of the two most recent fiscal years and audited consolidated income statements and cash flow of the Company for the three most recent fiscal years, including appropriate notes to such financial statements, and the report of the independent auditors on the financial statements; (b) pro forma income statement and balance sheet information, together with summary explanatory footnotes, for any acquisitions or dispositions that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates if the consolidated revenues, EBITDA or assets of the Person to which such acquisition or disposition relates, represent greater than 20% of the consolidated revenues, EBITDA or assets of the Company and its Subsidiaries on a pro forma basis or

recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates, in each case unless pro forma information has been provided in a previous report pursuant to clause (2) below (*provided* that an acquisition, disposition or recapitalization that has occurred fewer than 30 days prior to the last day of the completed fiscal year as to which such annual report relates shall be reported in the next interim report provided pursuant to this covenant); (c) to the extent relating to annual periods, an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies; (d) a description of the business, management and shareholders of the Company, all material affiliate transactions and a description of all material contractual arrangements, including material debt instruments; and (e) material risk factors and material recent developments (*provided* that, in the case of cash flow numbers, these need only be provided as an audited footnote to the financial statements referred to above);

(2) within (i) 60 days following the end of the first and third fiscal quarters in each fiscal year of the Company and (ii) 75 days following the end of the second quarter in each fiscal year of the Company, all quarterly financial statements containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year periods, together with condensed footnote disclosure; (b) pro forma income statement and balance sheet information, together with summary explanatory footnotes, for any acquisitions or dispositions that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates if the consolidated revenues, EBITDA or assets of the Person to which such acquisition or disposition relates, represent greater than 20% of the consolidated revenues, EBITDA or assets of the Company and its Subsidiaries on a pro forma basis or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates, in each case unless pro forma information has been provided in a previous report pursuant to clause (1) or (2) below (*provided* that an acquisition, disposition or recapitalization that has occurred fewer than 30 days prior to the last day of the completed fiscal quarter as to which such quarterly report relates shall be reported in the next interim report provided pursuant to this covenant); (c) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies; and (d) material recent developments and any material changes to the risk factors disclosed in the most recent annual report; and

(3) promptly after the occurrence of a material acquisition, disposition, restructuring, senior management or board of directors changes or change in auditors, a report containing a description of such event.

All financial statement and pro forma financial information shall be prepared on a consistent basis for the periods presented and the financial statements required under clause (1) may be presented in the same format as in the Offering Memorandum; *provided*, *however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in applicable International Financial Reporting Standards, present earlier periods on a basis that applied to such periods, subject to the provisions of the Indenture. No report need include separate financial statements or financial data for any Guarantors or non-guarantor Subsidiaries of the Company; *provided* that the annual report in clause (1) shall include a statement of the aggregate percentage of the consolidated EBITDA of the Company represented by the Guarantors.

At any time that any of the Company's Subsidiaries are Unrestricted Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, and in the operating and financial review of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

In addition, so long as the Notes remain outstanding and during any period during which the Company is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Company will furnish to the holders, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Notwithstanding the above, following the initial Public Offering of ordinary shares of the Company or any Parent Company, and for so long as such ordinary shares are listed on a recognized European or United States stock exchange, the

requirements of (1), (2) and (3) above shall be considered to have been fulfilled if the relevant entity listing its Capital Stock complies with the reporting requirements of such stock exchange.

Additional Intercreditor Agreements

At the request of the Company, in connection with the incurrence by the Company or its Restricted Subsidiaries of any Indebtedness permitted to be secured under the Indenture, the Company, the relevant Restricted Subsidiaries, the Trustee and the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized representatives) an intercreditor agreement (an "*Additional Intercreditor Agreement*") on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the holders (*provided* that the Trustee and the Security Agent shall have received an Officer's Certificate and an Opinion of Counsel to that effect)); *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or the Security Agent or, in the opinion of the Trustee or the Security Agent, adversely affect the rights, duties, liabilities or immunities of the Trustee or the Security Agent, as the case may be, under the Indenture or the Intercreditor Agreement.

At the direction of the Company and without the consent of holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (1) cure any ambiguity, omission, defect or inconsistency of any such agreement; (2) increase the amount or types of Indebtedness covered by any such agreement that may be incurred by the Company or any Restricted Subsidiary that is subject to any such agreement (including with respect to any Intercreditor Agreement or Additional Intercreditor Agreement the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes); (3) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement; (4) secure the Notes (including Additional Notes); (5) make provision for equal and ratable pledges of the Collateral to secure Additional Notes or other Indebtedness permitted to be secured by the Indenture; or (6) make any other change to any such agreement that does not adversely affect the holders in any material respect (*provided* that the Trustee and the Security Agent shall have received an Officer's Certificate and an Opinion of Counsel to that effect). The Company may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or the Security Agent, in the opinion of the Trustee or the Security Agent, or adversely affect the rights, duties, liabilities or immunities of the Trustee under the Indenture, any Intercreditor Agreement or Additional Intercreditor Agreement.

Each holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or an Additional Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein).

Financial Calculations

When calculating the availability under any basket or ratio under the Indenture, in each case in connection with any acquisition, merger, or investment, in each case, the consummation of which is not conditioned upon the availability of, or on obtaining, third party financing, where there is a time difference between commitment and closing or payment or incurrence (including in respect of incurrence of Indebtedness, Restricted Payments and Permitted Investments), the date of determination of such basket or ratio and of any Default or Event of Default shall, at the option of the Company, be the date the binding or definitive agreements for such acquisition, merger, or investment are entered into (or, in case of an acquisition or other investment in the form of a tender or exchange offer in connection with which no definitive agreement is entered into with the target company, the date of delivery of a binding offer, a "certain funds" tender offer, an irrevocable notice or a similar event) and such baskets or ratios shall be calculated on a pro forma basis after giving effect to such acquisition, merger, investment, to be entered into in connection therewith (including any incurrence of Indebtedness and the use of proceeds thereof) as if they occurred at the beginning of the applicable reference period for purposes of determining the ability to consummate any such transaction (and not for purposes of any subsequent availability of any basket or ratio). For the avoidance of doubt, (x) if any of such baskets or ratios are exceeded as a result of fluctuations in such basket or ratio (including due to fluctuations in Consolidated EBITDA or Total Assets of the Company or the target company) subsequent to such date of determination and at or prior to the consummation of the relevant transaction or arrangement, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the relevant transaction or arrangement and the related transactions are permitted hereunder and (y) such baskets or ratios shall not be tested at the time of consummation of such transaction or arrangement or related transactions; *provided* that if the Company elects to have such determinations occur at the time of entry into such definitive agreement (or the date of delivery of a binding offer, a "certain funds" tender offer, an irrevocable notice or a similar event, as the case may be), any such transactions (including any incurrence of Indebtedness and the use of proceeds thereof) shall be deemed to have occurred on the date the definitive agreements are entered and outstanding thereafter for purposes of calculating any baskets or ratios under the Indenture after the date of such

agreement and before the consummation of such transaction or arrangement; *provided*, *further*, that the Consolidated Net Income (and any other financial term derived therefrom), other than for purposes of calculating any ratios in connection with such merger, acquisition or other Investment, shall not include any Consolidated Net Income of or attributable to the target company or assets associated with any such merger, acquisition or Investment unless and until the consummation of such merger, acquisition or Investment shall have actually occurred.

Events of Default and Remedies

Each of the following is an Event of Default:

(1) default for 30 days in the payment when due of interest on, or Additional Amounts with respect to, the Notes;

(2) default in payment when due at maturity, upon redemption, upon repurchase, upon declaration or otherwise, of the principal of, or premium, if any, on the Notes;

(3) failure by the Company or any of its Subsidiaries to comply with the provisions described under the first paragraph of caption "*—Certain Covenants—Merger, Consolidation or Sale of Assets*";

(4) failure by the Company or any of its Subsidiaries for 30 days after written notice to comply with the provisions described under the captions "*—Repurchase at the Option of Holders*" and "*—Certain Covenants*" (in each case, other than a failure to purchase Notes which will constitute an Event of Default under clause (2) above and a failure to comply with the provisions described under the caption "*—Certain Covenants—Merger, Consolidation or Sale of Assets*" described in clause (3) above);

(5) failure by the Company or any of its Subsidiaries for 60 days after written notice to comply with any of the other agreements in the Indenture;

(6) default under any mortgage, Indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the Issue Date, if that default:

(a) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "*Payment Default*"); or

(b) results in the acceleration of such Indebtedness prior to its express maturity;

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates €40 million or more;

(7) failure by the Company or any of its Restricted Subsidiaries to pay final judgments (which are not covered by insurance as to which a claim has been submitted and the insurer has not disclaimed or indicated an intent to disclaim responsibility for the payment thereof) aggregating in excess of €40 million, which judgments are not paid, discharged or stayed for a period of 60 days;

(8) except as permitted by the Indenture, any Note Guarantee of any Significant Subsidiary of the Notes shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect and any such Default continues for 10 days or any Guarantor shall deny or disaffirm in writing its obligations under its Note Guarantee;

(9) any security interest under the Security Documents shall, at any time, cease to be in full force and effect (other than in accordance with the relevant Security Documents, the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement) for any reason other than satisfaction in full of all obligations of the Company and its Subsidiaries under the Indenture or the release of any such security interest in accordance with the Security Documents, the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, or the Indenture or any security interest created pursuant to the Indenture and the

Security Documents shall be declared invalid or unenforceable or the Company shall assent in writing that any such security interest is invalid or unenforceable or any pledgor disaffirms in writing its obligations under the Security Documents and any such Default continues for 10 days;

(10) default under any other Indebtedness that is secured by the Collateral if such default results in the creditors under such Indebtedness commencing an enforcement action of their security rights over the Collateral; and

(11) certain events of bankruptcy or insolvency described in the Indenture with respect to the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary.

However, a default under clauses (4), (5) or (6) of this paragraph will not constitute an Event of Default until the Trustee or the holders of 25% in aggregate principal amount of the outstanding Notes notify the Company of the default and, with respect to clauses (4), (5) or (6), the Company does not cure such default within the time specified in clauses (4), (5) or (6), as applicable, of this paragraph after receipt of such notice.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to the Company, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (6) under "*—Events of Default and Remedies*" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (6) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest, including Additional Amounts, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

Holders may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest, or Additional Amounts.

The holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest or Additional Amounts on, or the principal of, the Notes.

The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture. Upon becoming aware of any Default or Event of Default that would give either the Trustee or the holders of at least 25% or more in aggregate principal amount of Notes then outstanding the right to declare the Notes immediately due and payable, the Company is required to deliver to the Trustee a statement specifying such Default or Event of Default.

If a Default occurs for a failure to deliver a required certificate in connection with another default (an "*Initial Default*") then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action. Any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "*—Certain Covenants—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery within the 30 day period contemplated by clause (4) of the first paragraph under this caption "*—Events of Default and Remedies*" of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Company or any Guarantor, as such, will have any liability for any obligations of the Company or the Guarantors under the Notes, the Indenture or the Note Guarantees or for any

claim based on, in respect of, or by reason of, such obligations or their creation. Each holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws of the United States.

Legal Defeasance and Covenant Defeasance

The Company may, at its option and at any time, elect to have all of its obligations discharged with respect to the outstanding Notes and all obligations of any of the Guarantors discharged with respect to their Note Guarantees ("*Legal Defeasance*") except for:

(1) the rights of holders of outstanding Notes to receive payments in respect of the principal of, or interest or premium, and Additional Amounts, if any, on such Notes when such payments are due from the trust referred to below;

(2) the Company's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee, and the Company's and any Guarantor's obligations in connection therewith; and

(4) the Legal Defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have the obligations of the Company and any Guarantors released with respect to certain covenants that are described in the Indenture ("*Covenant Defeasance*") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under "*—Events of Default and Remedies*" will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Company must irrevocably deposit or cause to be deposited with the Trustee or an Agent nominated by the Trustee for such purpose, in trust, for the benefit of the holders of the Notes, cash in euros, non-callable European Government Obligations, or a combination of cash in euros and non-callable European Government Obligations, in amounts as will be sufficient, in the opinion of an internationally recognized firm of independent public accountants, to pay the principal of, or interest and premium, and Additional Amounts, if any, on the outstanding Notes on the stated maturity or on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to maturity or to a particular redemption date;

(2) in the case of Legal Defeasance, the Company has delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that (a) the Company has received from, or there has been published by, the United States Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable United States federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel will confirm that, the beneficial owners of the outstanding Notes will not recognize income, gain or loss for United States federal income tax purposes as a result of such Legal Defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Company has delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that the beneficial owners of the outstanding Notes will not recognize income, gain or loss for United States federal income tax purposes as a result of such Covenant Defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Event of Default described in clause (11) under "*—Events of Default and Remedies*" has occurred and is continuing on the date of such deposit;

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than the Indenture) to which the Company or any of its Restricted Subsidiaries is a party or by which the Company or any of its Restricted Subsidiaries is bound;

(6) the Company must deliver to the Trustee an Officer's Certificate stating that the deposit was not made or caused to be made by the Company with the intent of preferring the holders over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others; and

(7) the Company must deliver to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, Supplement and Waiver

Except as provided in the next two succeeding paragraphs, the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents may be amended or supplemented with the consent of the holders of at least a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing default or compliance with any provision of the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents may be waived with the consent of the holders of a majority in principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF Market and the rules of this exchange so require, the Company will inform the Luxembourg Stock Exchange and publish a notice of any such amendment, supplement or waiver at *www.bourse.lu*.

Without the consent of holders of at least 90% of the aggregate principal amount of then outstanding Notes affected (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes), an amendment or waiver may not (with respect to any Notes held by a non-consenting holder):

(1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (other than provisions relating to the covenant described above under the caption "*—Certain Covenants—Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries*");

(3) reduce the rate of or change the time for payment of interest on any Note;

(4) waive a Default or Event of Default in the payment of principal of, or interest, premium, or Additional Amounts, if any, on the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the Notes and a waiver of the payment default that resulted from such acceleration);

(5) make any Note payable in money other than that stated in the Notes;

(6) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of, or interest, premium, or Additional Amounts, if any, on the Notes;

(7) waive a redemption payment with respect to any Note (other than a payment required by the covenant described above under the caption "*—Certain Covenants—Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries*");

(8) release any Guarantor from any of its obligations under its Note Guarantee or the Indenture, except in accordance with the terms of the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement;

(9) release the security interest granted for the benefit of the holders of the Notes in the Collateral other than in accordance with the terms of the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement or as otherwise permitted by the Indenture; or

(10) make any change in the preceding amendment and waiver provisions.

Notwithstanding the preceding, without the consent of any holder of Notes, the Company and the Guarantors and the Trustee and the other parties thereto may amend or supplement the Indenture, the Notes or the Note Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents:

(1) to cure any ambiguity, omission, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of Definitive Registered Notes;

(3) to provide for the assumption of the Company's or a Guarantor's obligations to holders in the case of a merger or consolidation or sale of all or substantially all of the Company's or such Guarantor's assets;

(4) to make such changes as are necessary to provide for the issuance of Additional Notes in compliance with the covenants described herein (including for the issuance of Additional Notes denominated in a currency different from the currency of the initially issued Notes), or to add guarantees in favor of the Notes;

(5) to mortgage, pledge, hypothecate or grant security interest in favor of the Security Agent to the extent necessary to grant a security interest for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture and the covenant described under "*—Certain Covenants—Impairment of Security Interest*" is complied with;

(6) to conform the text of the Indenture, the Note Guarantees, the Security Documents or the Notes to any provision of this "Description of the Notes" to the extent that such provision in this "Description of the Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Security Documents, the Note Guarantees or the Notes;

(7) to add additional assets or property as Collateral;

(8) to evidence and provide the acceptance of the appointment of a successor Trustee or Security Agent under the Indenture, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(9) as provided under "*—Additional Intercreditor Agreements*";

(10) to allow any Guarantor to execute a supplemental indenture and/or a Guarantee with respect to the Notes;

(11) to confirm and evidence the release, termination, discharge or retaking of any guarantee or Lien (including the Collateral and the Security Documents) with respect to or securing the Notes when such release, termination, discharge or retaking is provided for under the Indenture, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement; or

(12) to make any change that would provide any additional rights or benefits to the holders or that does not adversely affect the legal rights under the Indenture of any such holder in any material respect.

The consent of the holders of Notes is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any holder of Notes given in connection with a tender of such holder's Notes will not be rendered invalid by such tender.

In formulating its opinion on such matters, the Trustee shall be entitled to rely absolutely on such evidence as it deems appropriate, including an Opinion of Counsel and an Officer's Certificate.

For purposes of determining whether holders of the requisite aggregate principal amount of Notes of a series have taken any action under the Indenture, the aggregate principal amount of any series of Notes will be deemed to be the Euro Equivalent of the aggregate principal amount of such Notes as of (i) such date (if a record date has been set with respect to the taking of such action) or (ii) the date the taking of such action by holders of the requisite aggregate principal amount of such Notes has been certified to the Trustee by the Company (if no such record date has been set).

Notwithstanding anything to the contrary in the paragraph above, in order to effect an amendment authorized by clause (10) above, it shall only be necessary for the supplemental indenture to be duly authorized and executed by the Company, such additional Guarantor and the Trustee.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

(1) either:

(a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Company, have been delivered to the Trustee for cancellation; or

(b) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Company or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the holders, cash in euros, non-callable European Government Obligations, or a combination of cash in euros and non-callable European Government Obligations, in an aggregate amount as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium, Additional Amounts, if any, and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default has occurred and is continuing on the date of such deposit or will occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company or any Guarantor is a party or by which the Company or any Guarantor is bound;

(3) the Company or any Guarantor has paid or caused to be paid all sums payable by it under the Indenture; and

(4) the Company has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or the redemption date, as the case may be.

In addition, the Company must deliver an Officer's Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Concerning the Trustee

If the Trustee becomes a creditor of the Company or any Guarantor, the Indenture limits its right to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days or resign. If the Trustee becomes the owner or pledgee of the Notes it may deal with the Company with the same rights it would have if it were not the Trustee, Paying Agent, Registrar or such other agent.

The holders of a majority in principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default occurs and is continuing, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. The Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations can be read into the Indenture against the Trustee. The Trustee will be under no obligation to exercise any of its rights or powers

under the Indenture at the request of any holder of Notes, unless such holder has offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

Judgment Currency

Any payment on account of an amount that is payable in euros, (each a "*Required Currency*") which is made to or for the account of any holder of a Note in lawful currency of any other jurisdiction (the "*Other Currency*") whether as a result of any judgment or order or the enforcement thereof or the realization of any security or the liquidation of any of the Company or any Guarantor shall constitute a discharge of the Company's or such Guarantor's obligation under the Indenture, the Notes or, the Note Guarantees, as the case may be, only to the extent of the amount of the Required Currency which such holder could purchase in the New York foreign exchange markets with the amount of the Other Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first day (other than a Saturday or Sunday) on which banks in New York, are generally open for business following receipt of the payment first referred to above. If the amount of the Required Currency that could be so purchased is less than the amount of the Required Currency originally due to such holder, the Company or such Guarantor, as the case may be, shall indemnify and save harmless such holder from and against all loss or damage arising out of or as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in the Indenture, the Notes or the Note Guarantees, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder of a Note from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

Consent to Jurisdiction and Service of Process

The Indenture will provide that the Company and each Guarantor will appoint Grupo Antolín-North America, Inc. as its agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Note Guarantees brought in any federal or state court located in the City of New York and will submit to such jurisdiction.

Additional Information

Anyone who receives this offering memorandum may obtain a copy of the Indenture without charge at the registered office of the Company and at the offices of the Paying Agent, Deutsche Bank AG, London Branch.

Governing Law

The Indenture, the Notes and the Note Guarantees are governed by the laws of the State of New York.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

"*Acquired Debt*" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person and, in the case of any natural Person, any Immediate Family Member of such Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; *provided* that beneficial ownership of 10% or more of the Voting Stock of a Person will be deemed to be control. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" shall have correlative meanings.

"*Applicable Premium*" means, with respect to a Note at any redemption date, the greater of (a) 1% of the principal amount of such Note at such time and (b) the excess of (A) the present value at such time of (i) the redemption price of such Note on April 30, 2024 (such redemption price being described in the table appearing in the second paragraph under the caption "—*Optional Redemption*" exclusive of any accrued interest to such redemption date), plus (ii) any required interest payments due on such Note through and including April 30, 2024 (excluding accrued but unpaid interest to the date of redemption), computed using a discount rate equal to the Bund Rate plus 50 basis points, over (B) the principal amount of such Note, as calculated by the Company or other Person appointed by the Company for this purpose. For the avoidance of doubt, calculation of the Applicable Premium shall not be an obligation or duty of the Trustee, the Paying Agent, the Registrar or the Transfer Agent.

"*Asset Sale*" means:

(1) the sale, lease, conveyance or other disposition of any assets, other than sales of inventory in the ordinary course of business; *provided* that the sale, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption "—*Repurchase at the Option of Holders—Change of Control*" and/or the provisions described above under the caption "—*Certain Covenants—Merger, Consolidation or Sale of Assets*" and not by the provisions of "—*Certain Covenants—Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries*"; and

(2) the issuance of Capital Stock in any of the Company's Restricted Subsidiaries or the sale by the Company or any of its Restricted Subsidiaries of Capital Stock in any of their respective Restricted Subsidiaries.

Notwithstanding the preceding, the following items will not be deemed to be Asset Sales:

(1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than €20 million;

(2) a transfer of assets between or among the Company and its Restricted Subsidiaries;

(3) an issuance of Equity Interests by a Restricted Subsidiary of the Company to the Company or to another Restricted Subsidiary of the Company;

(4) the sale, lease, assignment or sublease of equipment, inventory, accounts receivable or other assets in the ordinary course of business;

(5) the sale or other disposition of cash or Cash Equivalents;

(6) a Restricted Payment that is permitted by the covenant described above under the caption "—*Certain Covenants—Restricted Payments*";

(7) a Permitted Investment;

(8) a disposition of surplus, obsolete or worn-out equipment or any assets or equipment that is no longer useful in the conduct of the business of the Company and its Restricted Subsidiaries in the ordinary course of business;

(9) the grant of licenses and sublicenses of intellectual property rights and software to third parties in the ordinary course of business and the transfer or disposal to third parties of any intangible assets derived from the research and development of products of the Company in the ordinary course of business;

(10) the disposal or abandonment of intellectual property that is no longer economically practicable to maintain or which is no longer required for the business of the Company and its Restricted Subsidiaries;

(11) sales of dispositions of Receivables in connection with any factoring transaction arising in the ordinary course of business pursuant to customary arrangements; *provided* that any Indebtedness incurred in relation thereto is permitted to be incurred by clause (13) of the second paragraph of the covenant described under "—*Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*";

(12) a disposition by way of the granting of a Permitted Lien or foreclosures on assets;

(13) the loss, disposal or abandonment of assets in connection with tooling in the ordinary course of business of the Company or its Restricted Subsidiaries;

(14) a disposition by way of the granting of a Lien permitted by the covenant described above under the caption "—*Certain Covenants—Liens*," including Permitted Liens;

(15) the foreclosure, condemnation, abandonment or any similar action with respect to any property or other assets and any surrender or waiver of contract rights, or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(16) the disposition of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(17) sales or other dispositions of assets received by the Company or any Restricted Subsidiary upon the foreclosure on a Lien granted in favor of the Company or any Restricted Subsidiary; and

(18) the disposition of assets to a Person providing services in relation to such assets, including in connection with any services which have been or are to be outsourced by the Company or any Restricted Subsidiary to such Person.

"*Associate*" means (i) any Person engaged in a Permitted Business of which the Company or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture engaged in a Permitted Business entered into by the Company or any Restricted Subsidiary of the Company.

"*Bank Products*" means any facilities or services related to treasury and/or cash management, cash pooling, depository, overdraft, BACS, CHAPS, payment lines, processing, credit or debit card, purchase card, returned check concentration, electronic funds transfer, daylight exposures, open credits, contingent obligation lines, letters of credit, the collection of cheques, deposits and direct debits, account reconciliation and reporting, cash, or other cash management and cash pooling arrangements.

"*Beneficial Owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. The terms "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"*Board of Directors*" means:

(1) with respect to a corporation, the board of directors of the corporation;

(2) with respect to a partnership, the board of directors of the general partner of the partnership; and

(3) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Bund Rate*" means, with respect to any relevant date, the rate per annum equal to the equivalent yield to maturity as of such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such relevant date, where:

(1) "*Comparable German Bund Issue*" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to April 30, 2024, and that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly

equal to April 30, 2024; *provided*, *however*, that, if the period from such redemption date to April 30, 2024 is less than one year, a fixed maturity of one year shall be used;

(2) "*Comparable German Bund Price*" means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Company obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(3) "*Reference German Bund Dealer*" means any dealer of German Bundesanleihe securities appointed by the Company in good faith; and

(4) "*Reference German Bund Dealer Quotations*" means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Company of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany, time on the third Business Day preceding the relevant date.

"*Business Day*" means a day (other than a Saturday or Sunday) on which banks and financial institutions are open in New York, London, Madrid, Burgos and Luxembourg.

"*Capital Lease Obligation*" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) in accordance with GAAP, as in effect on the issue date of the Existing Notes.

"*Capital Stock*" means:

(1) in the case of a corporation, ordinary shares, preferred stock, corporate stock, share capital, acciones, participaciones or other participation in the share capital of such corporation;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"*Cash Equivalents*" means:

(1) (a) euros or U.S. dollars or, (b) in respect of any Restricted Subsidiary of the Company, its local currency;

(2) securities or marketable direct obligations issued by or directly and fully guaranteed or insured by the government of a member of the European Union, the United States, Canada, Switzerland or Japan having maturities of not more than twelve months from the date of acquisition;

(3) certificates of deposit and eurodollar time deposits with maturities of twelve months or less from the date of acquisition, bankers' acceptances with maturities not exceeding twelve months and overnight bank deposits, in each case, with any domestic commercial bank having capital and surplus in excess of €500 million;

(4) repurchase obligations and reverse repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper having at the time of acquisition thereof at least P-1 by Moody's or at least A-1 by S&P and in each case maturing within twelve months after the date of acquisition;

(6) Indebtedness or preferred stock issued by Persons with a ranking of "A" or higher from S&P or "A2" or higher from Moody's;

(7) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (6) of this definition;

(8) other instruments customarily utilized for high quality investments that can be readily monetized without material risk of loss in the good faith judgment of a responsible financial or accounting officer of the Company or any of its Restricted Subsidiaries; and

(9) indebtedness issued by Persons with a rating of at least "A" by S&P and "A2" by Moody's, in each case with maturities of 12 months or less from the date of acquisition.

"*Change of Control*" means the occurrence of any of the following:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole to another "person" (as that term is used in Section 13(d)(3) of the Exchange Act) (other than a "person" that is controlled by one or more Permitted Holders);

(2) the adoption of a plan relating to the liquidation or dissolution of the Company, except as part of a merger, a consolidation, or a sale, assignment, transfer conveyance or other disposition of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries permitted under "*—Certain Covenants—Merger, Consolidation or Sale of Assets*";

(3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as defined in clause (1) above) or any "group" (as that term is used in Section 14(d) of the Exchange Act), other than the Permitted Holders, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Company, measured, by voting power rather than number of shares; or

(4) the first day on which a majority of the members of the Board of Directors of the Company are not Continuing Directors.

"*Chinese Investment*" means any Permitted Investment made in reliance on clause (16) of the definition of Permitted Investment.

"*Chinese Venture*" means any joint venture, partnership, limited liability company, corporation, association or other business entity that is not a Restricted Subsidiary and that, in each case, is engaged primarily in a Permitted Business in the People's Republic of China.

"*Clearstream*" means Clearstream Banking, *société anonyme* as currently in effect or any successor securities clearing agency.

"*Consolidated EBITDA*" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus (without duplication to the extent reflected in the calculation of Consolidated Net Income):

(1) provision for taxes or other similar payments based on income or profits, property taxes, annual fees or other duties or taxation on activities of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus

(2) Consolidated Interest Expense of such Person and its Restricted Subsidiaries, changes in fair value in financial instruments and exchange gains and losses, for such period, to the extent that any such expense was deducted in computing such Consolidated Net Income; plus

(3) depreciation, amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses

(excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income; plus

(4) the proceeds of any business interruption insurance received or that become receivable during such period; plus

(5) any charge attributable to earn-out obligations and contingent consideration obligations (including to the extent accounted for as bonuses or otherwise) and adjustments thereof and purchase price adjustment; plus

(6) start-up or initial costs for any project or new production line, division or new line of business or other business optimization expenses or reserves including, without limitation, costs or reserves associated with improvements to IT and accounting functions, integration and facilities opening costs or any one-time costs incurred in connection with acquisitions and Investments and costs related to the closure and/or consolidation of facilities; plus

(7) any severance and relocation costs, consolidation and closing costs, integration costs, non-recurring and unusual expenses relating to relocation, remodeling, or modernization of fixed assets, plant or facility costs or losses, business optimization costs, transition costs, restructuring costs, costs relating to the undertaking or implementation of strategic initiatives, operating expense reductions, rebranding costs, recruiting costs, signing, retention or completion bonuses and curtailments or modifications to pension and post-retirement employee benefit plans, excess pension charges, and extraordinary litigation and arbitration costs; minus

(8) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business; plus

(9) costs and expenses associated with the Transactions,

in each case, on a consolidated basis and determined in accordance with GAAP.

"*Consolidated Interest Expense*" means, with respect to any Person for any period, the sum, without duplication, of (1) the consolidated interest expense (net of interest income) of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (including, without limitation, amortization of original issue discount, Additional Amounts, non-cash interest payments, the interest component of any deferred payment obligations (which shall be deemed to be equal to the principal of any such payment obligation less the amount of such principal discounted to net present value at an interest rate (equal to the interest rate on one-year EURIBOR at the date of determination) on an annualized basis), the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net payments (if any) pursuant to Hedging Obligations), (2) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period (but excluding such interest on Subordinated Shareholder Debt that was capitalized during such period), (3) any interest expense on Indebtedness of another Person that is guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries (whether or not such guarantee or Lien is called upon) and (4) all dividend payments on any series of preferred stock of such Person or any of its Restricted Subsidiaries, in each case, on a consolidated basis and in accordance with GAAP.

"*Consolidated Net Income*" means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; *provided* that:

(1) the Net Income (but not loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or distributions paid in cash to the specified Person, or a Restricted Subsidiary of the Person;

(2) for the purposes of the covenant described under "*—Certain Covenants—Restricted Payments*", the Net Income of any Restricted Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or

indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation (based, for purposes of Spanish legal reserve requirements, on the reserve status as of the determination thereof at the most recent meeting of stockholders of the applicable Restricted Subsidiary) applicable to that Restricted Subsidiary or its stockholders, unless, in each case, such restriction has (a) been legally waived, or (b) constitutes a restriction described in clauses (1), (2), (9), (10), (11) and (13) of the second paragraph of the covenant "*Dividend and Other Payment Restrictions Affecting Subsidiaries*";

(3) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition will be excluded;

(4) the cumulative effect of a change in accounting principles shall be excluded;

(5) any net after tax gain or loss (a) realized in connection with any disposal of assets other than in the ordinary course, disposal of businesses and the disposal of any securities by the Company or any of its Restricted Subsidiaries or the extinguishment or forgiveness of any Indebtedness, or (b) arising from discontinued operations, shall be excluded;

(6) any goodwill or other intangible asset amortization or impairment charge, shall be excluded;

(7) any extraordinary, exceptional, unusual or non-recurring gain, loss, change or expense, or charges in reserves in respect of any restructuring, redundancy or severance, shall be excluded;

(8) the impact of any capitalized interest (including accreting or pay-in-kind interest) on any Subordinated Shareholder Debt, shall be excluded;

(9) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provisions shall be excluded;

(10) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write off or forgiveness of Indebtedness shall be excluded;

(11) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations shall be excluded;

(12) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies shall be excluded; and

(13) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness of the Company or any Restricted Subsidiary owing to the Company or any Restricted Subsidiary shall be excluded.

For purposes of clause (2) above, the net income of a Restricted Subsidiary that could have or actually distributed such net income to the relevant Person shall be included in such net income.

"*Consolidated Net Non-Guarantor Indebtedness*" means (1) the sum of the aggregate outstanding Indebtedness of the Company and its Restricted Subsidiaries as of the relevant date of calculation less (2) the sum of (a) the aggregate outstanding Indebtedness incurred solely by the Company and/or a Guarantor as of the relevant date of calculation, plus (b) the amount of cash and Cash Equivalents to the extent held by the Restricted Subsidiaries of the Company who are not Guarantors. Consolidated Net Non-Guarantor Indebtedness will be determined on the basis of the balance sheet of the Company and its Restricted Subsidiaries as of such date on a consolidated basis in accordance with GAAP and without regard for any Indebtedness of the Company or a Restricted Subsidiary owed to the Company or a Restricted Subsidiary. For the avoidance of doubt, to the extent any Restricted Subsidiary that is not a Guarantor is a joint obligor together with the Company or a

Guarantor with respect to any such Indebtedness, Indebtedness under clause (1) above shall not be reduced by the amount of such Indebtedness pursuant to this definition.

"*Continuing Directors*" means, as of any date of determination, any member of the Board of Directors of the Company who:

(1) was a member of such Board of Directors on the Issue Date; or

(2) was nominated for election or elected to such Board of Directors with the approval of either (a) a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election or (b) the Principals and their respective Related Parties for so long as they own more than 50% of the Voting Stock of the Company.

"*Credit Facilities*" means, one or more debt facilities or commercial paper facilities, in each case with banks, other institutional lenders or governmental lending agencies providing for revolving credit loans, bonds, notes, debt securities, term loans, Receivables financing (including through the sale of Receivables to such lenders or to special purpose entities formed to borrow from such lenders against such Receivables) or letters of credit, including the Senior Credit Facilities and the EIB Facilities, in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time by such debt facilities or commercial paper facilities and, in each case, including all agreements, indentures, instruments, purchase agreements and documents executed and delivered pursuant to or in connection with the foregoing (including any letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facilities" shall include any agreement or instrument (i) changing the maturity of any Indebtedness incurred thereunder, (ii) adding Subsidiaries of the Company as additional borrowers, issuers or guarantors thereunder, (iii) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Designated Non-Cash Consideration*" means the fair market value (as determined in good faith by an officer or the Board of Directors of the Company) of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under "—*Certain Covenants—Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries*".

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 365 days after the date on which the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Company to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Company may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "—*Certain Covenants—Restricted Payments*".

"*EIB Facility*" means the finance contract entered into by Grupo Antolín-Irausa, S.A.U and the European Investment Bank on June 12, 2018, as amended and restated on July 29, 2020.

"*EIB Facilities*" means the EIB Facility and the EIB Incremental Facility.

"*EIB Incremental Facility*" means the finance contract entered into by Grupo Antolín-Irausa, S.A.U and the European Investment Bank on December 23, 2020.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Equity Offering*" means any public or private sale of Equity Interests (other than Disqualified Stock) of the Company or a Parent Company whereby the Company or a Parent Company receives gross proceeds, together with the gross proceeds received by the Company or a Parent Company in any prior public or private sale of such Equity Interest, of not less than €100 million, other than public offerings with respect to common stock of the Company or a Parent Company registered on Form S-8 but, in the case of any such offering by a Parent Company, only to the extent the net cash proceeds thereof are contributed as Subordinated Shareholder Debt or to the equity (other than through the issuance of Disqualified Stock) of the Company.

"*Euro Equivalent*" means, with respect to any monetary amount in a currency other than the euro, at any time for the determination thereof, the amount of euro obtained by converting such foreign currency involved in such computation into euro at the spot rate for the purchase of euros with the applicable foreign currency as quoted by Reuters at approximately 11:00 a.m. (New York City time) on the date not more than two Business Days prior to such determination. For purposes of determining whether any Indebtedness can be incurred (including Permitted Debt), any Investment can be made or any transaction described in the "*—Certain Covenants—Transactions with Affiliates*" covenant can be undertaken (a "*Tested Transaction*"), the Euro Equivalent of such Indebtedness, Investment or transaction described in the "*—Certain Covenants—Transactions with Affiliates*" covenant shall be determined on the date incurred, made or undertaken and, in each case, no subsequent change in the Euro Equivalent shall cause such Tested Transaction to have been incurred, made or undertaken in violation of the Indenture.

"*Euroclear*" means Euroclear Bank SA/NV, or any successor security clearing agency.

"*European Government Obligations*" means direct obligations (or certificates representing an ownership interest in such obligations) of a member state of the European Union (including any agency or instrumentality thereof) for the payment of which the full faith and credit of such government is pledged.

"*Event of Default*" has the meaning set forth under "*—Events of Default and Remedies*".

"*Exchange Act*" means the U.S. Exchange Act of 1934, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Excluded Contribution*" means Net Cash Proceeds and/or the Fair Market Value of property other than cash, (a) contributed to the ordinary equity of the Company or any Restricted Subsidiary or (b) received by the Company from the sale (other than to a Restricted Subsidiary of the Company or pursuant to any management equity plan or share option plan or any other management or employee benefit plan or arrangement of the Company or its Restricted Subsidiaries, as the case may be) of Equity Interests (other than Disqualified Stock) of the Company, in each case, designated as Excluded Contributions pursuant to an Officer's Certificate, in each case which, for the avoidance of doubt, are excluded from the calculation set forth in clause (3) of the first paragraph under "*—Certain Covenants—Restricted Payments*".

"*Existing Indebtedness*" means Indebtedness in existence on the Issue Date, other than Indebtedness in existence under the Senior Credit Facilities and the EIB Facilities.

"*Existing Notes*" means the €250.0 million 3.375% Senior Secured Notes due 2026 issued by the Company.

"*Fair Market Value*" means, with respect to any asset or property, the price which could be negotiated in an arm's length, free market transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction. For purposes of "*—Certain Covenants—Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries*" and "*—Certain Covenants—Restricted Payments*", the Fair Market Value of property or assets other than cash which involves an aggregate amount in excess of €30 million, shall be set forth in a resolution approved by at least a majority of the Board of Directors of the Company set forth in an Officer's Certificate delivered to the Trustee. Except as otherwise provided herein, and for the purposes of "*—Certain Covenants—Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries*" and "*—Certain Covenants—Restricted Payments*," for all other purposes of the Indenture, Fair Market Value will be determined in good faith by the responsible accounting or financial officer of the Company, whose determination will be final and conclusive.

"*Fitch*" means Fitch Ratings.

"*Fixed Charge Coverage Ratio*" means with respect to any specified Person for any period, the ratio of the Consolidated EBITDA of such Person for such period to the Consolidated Interest Expense of such Person for such period. In the event that the specified Person or any of its Subsidiaries incurs, assumes, guarantees, repays, repurchases or redeems any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Calculation Date*"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided*, *however*, that the pro forma calculation of Consolidated Interest Expense shall not give effect to any Permitted Debt (as defined in "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock*") incurred on the date of determination or to any discharge on the date of determination of any Indebtedness to the extent such discharge results from the proceeds of Permitted Debt.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date shall be given pro forma effect as if they had occurred on the first day of the four-quarter reference period and Consolidated EBITDA for such reference period shall be calculated on a pro forma basis, but without giving effect to clause (2) of the proviso set forth in the definition of Consolidated Net Income;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of or the operations of which are substantially terminated prior to the Calculation Date, shall be excluded;

(3) the Consolidated Interest Expense attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded, but only to the extent that the obligations giving rise to such Consolidated Interest Expense will not be obligations of the specified Person or any of its Subsidiaries following the Calculation Date; and

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four quarter period; and any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four quarter period.

For purposes of this definition, whenever pro forma effect is to be given to an acquisition of assets, the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness incurred in connection therewith, the pro forma calculations shall be determined in good faith by a responsible financial or accounting officer of the Company and may include pro forma expenses and cost reductions and cost synergies that have occurred or are reasonably expected to occur in the good faith judgment of a responsible financial or accounting officer of the Company. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness). For purposes of this definition, whenever pro forma effect is to be given to any Indebtedness incurred pursuant to a revolving credit facility, the amount outstanding on the date of such calculation will be computed based on (1) the average daily balance of such Indebtedness during such four fiscal quarters or such shorter period for which the facility was outstanding or (2) if such facility was created after the end of such four fiscal quarters, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation. Interest on Indebtedness that may optionally be determined at an interest rate based on a prime or similar rate, a euro interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen or, if none, then based upon such optional rate chosen as the relevant Person may designate.

"*GAAP*" means International Financial Reporting Standards promulgated by the International Accounting Standards Board and as adopted by the European Union or any variation thereof with which the Company or its Restricted Subsidiaries are, or may be, required to comply; *provided* that, other than for purposes of the covenant described above under the caption "*—Certain Covenants—Reports*", (i) at any date after the Issue Date the Company may make an irrevocable election to establish that "GAAP" shall mean GAAP as in effect on a date that is on or prior to the date of such election and (ii) GAAP in

respect of the accounting for operating leases shall mean GAAP in respect of operating leases in accordance with GAAP as at the issued date of the Existing Notes.

"*guarantee*" means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness.

"*Guarantors*" means each of Grupo Antolín Bamberg GmbH & Co. KG, Antolín Deutschland, GmbH, Grupo Antolín Logistik Deutschland, GmbH, Grupo Antolín-North America, Inc., Grupo Antolín-Kentucky, Inc., Grupo Antolín Illinois, Inc., Grupo Antolín Michigan, Inc., Antolin Interiors USA, Inc., Grupo Antolín Missouri, LLC, Antolín Shelby Inc., Antolín Alabama LLC, Grupo Antolín-Autotrim, S.A.U., Grupo Antolín-Dapsa, S.A.U., Grupo Antolín-Ingeniería, S.A.U., Grupo Antolín-Navarra, S.A.U., Grupo Antolín-Eurotrim, S.A.U., Grupo Antolín-Glass, S.A.U., Grupo Antolín-Plasbur, S.A.U., Grupo Antolín-RyA, S.A.U., Grupo Antolín-Aragusa, S.A.U. Grupo Antolín Silao, S.A. de C.V., Grupo Antolín Saltillo S. de R.L. de C.V., Grupo Antolín Lusitânia, Componentes Automóvel Unipessoal, LDA, Antolín Interiors México, S.A. de C.V., Grupo Antolín UK Limited, Antolin Interiors UK, Limited Grupo Antolín Leamington, Limited, Grupo Antolín Bohemia, a.s., Grupo Antolín-Bratislava, s.r.o., Grupo Antolín Ostrava s.r.o., Grupo Antolín Turnov s.r.o., Antolin Ebergassing GmbH, Antolín Liban s.r.o., Antolín Straubing GmbH and any other Restricted Subsidiary that guarantees the Notes from time to time; *provided*, in each case, that a Guarantor shall cease to be a Guarantor upon release of its Note Guarantee in accordance with the terms of the Indenture.

"*Hedging Obligations*" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements; and

(2) other agreements or arrangements designed to protect such Person against fluctuations in interest rates or foreign exchange rates.

"*Immediate Family*" has the meaning specified in Rule 16a-1(e) of the Exchange Act;

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person:

(A) the principal and premium amount of any indebtedness of such Person, whether or not contingent:

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or, without duplication, reimbursement agreements in respect thereof, except to the extent such reimbursement obligation relates to a trade payable and such obligation is satisfied within 30 days of incurrence);

(3) in respect of banker's acceptances;

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property which deferred purchase price is due more than twelve months after taking delivery and title thereof (but not including, for the purpose of calculating the Fixed Charge Coverage Ratio, any amount deemed to represent interest pursuant to the definition of Consolidated Interest Expense); or

(6) representing any Hedging Obligations entered into in connection with currency exchange rate or interest rate hedging (the amount of any such indebtedness to be equal at any time to the net payments that would be payable by such Person at such time under the Hedging Obligation at its scheduled termination date),

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of the specified Person prepared in accordance with GAAP.

(B) In addition, the term "Indebtedness" shall include all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the guarantee by the specified Person of any indebtedness of any other Person (to the extent guaranteed by such Person).

(C) Notwithstanding the foregoing, in no event shall the following constitute Indebtedness: (i) advances paid by customers in the ordinary course of business for services or products to be provided or delivered in the future, (ii) deferred taxes, (iii) post-closing payment adjustments in connection with the purchase of any business to which a seller may be entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter, (iv) any contingent obligation in respect of workers' compensation claims, early retirement obligations, obligations in respect of severance or retirement or pension fund contributions, (v) contingent obligations in the ordinary course, (vi) operating leases, (vii) obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance, performance bond, advance payment bonds, surety bonds, completion or performance guarantees, VAT or other tax guarantees or similar transactions, to the extent that such letters, bonds, guarantees or similar credit transactions are not drawn upon, (viii) obligations of any other Person except as provided by (B) above, and (ix) Subordinated Shareholder Debt.

The amount of any Indebtedness outstanding as of any date shall be:

(1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount; and

(2) the principal amount of the Indebtedness in the case of any other Indebtedness.

The amount of Indebtedness of any Persons at any time in the case of a revolving credit facility shall be the total amount of funds borrowed and then outstanding.

"*Intercreditor Agreement*" means the Intercreditor Agreement dated March 14, 2014, between, amongst others, the Company, the Guarantors, the trustee in respect of the Existing Notes, the Security Agent and the lenders under the Senior Credit Facilities, as amended from time to time.

"*Investments*" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of other extensions of credit, loans (including the maintenance of current accounts, cash accounts, and the extension of guarantees or other obligations), advances (other than advances to suppliers in the ordinary course of business or to customers in the ordinary course of business that are recorded as Receivables) or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet (excluding the footnotes) prepared in accordance with GAAP. If the Company or any Subsidiary of the Company sells or otherwise disposes of any Equity Interests of any direct or indirect Subsidiary of the Company such that, after giving effect to any such sale or disposition, such Person is no longer a Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Equity Interests of such Subsidiary not sold or disposed of in an amount determined as provided in the last paragraph of the covenant described above under the caption "*—Certain Covenants—Restricted Payments*". The acquisition by the Company or any Subsidiary of the Company of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investment held by the acquired Person in such third Person in an amount determined as provided in the last paragraph of the covenant described above under the caption "*—Certain Covenants—Restricted Payments*".

"*Issue Date*" means June 29, 2021.

"*Leverage Ratio*" means for any Person as of any date of determination, the ratio of (x) Indebtedness as of such date to (y) the aggregate amount of Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which consolidated financial statements of that Person are available. In the event that the specified Person or any of its Subsidiaries incurs, assumes, guarantees, repays, repurchases or redeems any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the

commencement of the period for which the Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Leverage Ratio is made (the "*Leverage Ratio Calculation Date*"), then the Leverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Leverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Leverage Ratio Calculation Date shall be given pro forma effect as if they had occurred on the first day of the four-quarter reference period and Consolidated EBITDA for such reference period shall be calculated on a pro forma basis, but without giving effect to clause (3) of the proviso set forth in the definition of Consolidated Net Income;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of or the operations of which are substantially terminated prior to the Leverage Ratio Calculation Date, shall be excluded;

(3) the Consolidated Interest Expense attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded, but only to the extent that the obligations giving rise to such Consolidated Interest Expense will not be obligations of the specified Person or any of its Subsidiaries following the Calculation Date; and

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four quarter period; and any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four quarter period.

For purposes of this definition, whenever pro forma effect is to be given to an acquisition of assets, the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness incurred in connection therewith, the pro forma calculations shall be determined in good faith by a responsible financial or accounting officer of the Company and may include pro forma expenses and cost reductions and cost synergies that have occurred or are reasonably expected to occur in the good faith judgment of a responsible financial or accounting officer of the Company. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness). For purposes of this definition, whenever pro forma effect is to be given to any Indebtedness incurred pursuant to a revolving credit facility, the amount outstanding on the date of such calculation will be computed based on (1) the average daily balance of such Indebtedness during such four fiscal quarters or such shorter period for which the facility was outstanding or (2) if such facility was created after the end of such four fiscal quarters, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation. Interest on Indebtedness that may optionally be determined at an interest rate based on a prime or similar rate, a euro interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen or, if none, then based upon such optional rate chosen as the relevant Person may designate.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding ordinary shares of the entity conducting the Public Offering on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing price per ordinary share for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"*Material Subsidiary*" means any Restricted Subsidiary whose operating profit less depreciation, amortization and impairment losses calculated on a basis consistent with Consolidated EBITDA and excluding intra-group items is greater than

(x) €5 million and (y) 2.5% of the Consolidated EBITDA of the Company and its Subsidiaries, in each case, determined by reference to the most recently available audited accounts delivered to the Trustee pursuant to the Indenture. A determination by a responsible accounting or financial officer of the Company that a Restricted Subsidiary is or is not a Material Subsidiary shall in the absence of manifest error be final and conclusive.

"*Moody's*" means Moody's Investors Service, Inc.

"*Net Cash Proceeds*" means (a) the aggregate proceeds in cash or Cash Equivalents received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash in cash or Cash Equivalents received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, and amounts required to be applied to the repayment of Indebtedness, secured by a Lien on the asset or assets that were the subject of such Asset Sale and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP and (b) with respect to any issuance or sale of Capital Stock or Permitted Refinancing Indebtedness, the proceeds of such issuance or sale in the form of cash or Cash Equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Cash Equivalents (except to the extent that such obligations are financed or sold with recourse to the Company or any Restricted Subsidiary), net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultants' and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"*Net Income*" means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends.

"*Non-Guarantor Leverage Ratio*" means the Leverage Ratio, but calculated by replacing Indebtedness in clause (x) of such definition with Consolidated Net Non-Guarantor Indebtedness.

"*Non-Recourse Debt*" means Indebtedness:

(1) as to which neither the Company nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) constitutes the lender;

(2) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness (other than the Notes) of the Company or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity (except for any such right that would arise pursuant to Existing Indebtedness or Credit Facilities including any refinancing in respect thereof permitted by the Indenture); and

(3) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of the Company or any of its Restricted Subsidiaries.

"*Obligations*" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"*Offering Memorandum*" means the offering memorandum in relation to the Notes.

"*Officer's Certificate*" means, with respect to any Person, a certificate signed by one authorized legal or financial officer of such Person.

"*Opinion of Counsel*" means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Company or its Subsidiaries.

"*Parent Company*" means any corporation, association or other business entity that beneficially owns greater than 50% of the Capital Stock of the Company and of which the Company is a Subsidiary.

"*Pari Passu Indebtedness*" means Indebtedness of the Company or any Guarantor or any guarantor if such guarantee ranks equally in the right of payment to the Note Guarantees which, in each case, is secured by Liens on assets of the Company or any Guarantor.

"*Permitted Asset Swap*" means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents between the Company or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries*".

"*Permitted Business*" means the automobile and other transportation vehicles parts and components manufacturing business and other businesses necessary for and incident to, connected with, ancillary or complementary to, arising out, or developed or operated to permit or facilitate the conduct of the automobile and other transportation vehicles parts and components manufacturing business, that are either (A) directly related to the operation of an automobile and other transportation vehicles parts and components manufacturing business, or (B) unrelated to the operation of an automobile and other transportation vehicles parts and components manufacturing business but not in excess, on a pro forma basis, of 20% of the Fair Market Value of the Total Assets of the Company and its Subsidiaries, taken as a whole.

"*Permitted Collateral Liens*" means (1) Liens on the Collateral (a) arising by operation of law or that are described in one or more of clauses (5), (8), (9), (11), (14), (17) and (27) of the definition of "Permitted Liens" or (b) that are Liens granted to cash management banks securing cash management operations and that, in each case, would not materially interfere with the ability of the Security Agent to enforce the Liens on the Collateral; (2) Liens on the Collateral to secure Indebtedness of the Company or any of its Restricted Subsidiaries that is permitted to be incurred under clauses (1), (8) (to the extent such guarantee is in respect of Indebtedness otherwise permitted to be secured and is specified in this definition of "Permitted Collateral Liens") and (16) of the second paragraph of the covenant described under "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*", (3) Liens on the Collateral to secure (a) Hedging Obligations incurred under clause (7) of the second paragraph of the covenant described under "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*" and (b) the Existing Notes incurred under clause (2) (including any Permitted Refinancing Indebtedness in respect thereof), in each case of the second paragraph of the covenant described under "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*"; (4) Liens on the Collateral securing the Notes on the Issue Date and any Permitted Refinancing Indebtedness in respect thereof and the related Note Guarantees of the Notes or such Permitted Refinancing Indebtedness in respect thereof; (5) Liens on the Collateral securing Indebtedness incurred under the first paragraph of the covenant described under "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*"; *provided* that in the case of this clause (5), after giving pro forma effect to such incurrence on that date and the application of the proceeds thereof, the Secured Leverage Ratio of the Company and its Restricted Subsidiaries shall be no greater than 3.5 to 1.0 and (6) Liens on the Collateral securing Indebtedness incurred clause (5) of the second paragraph of the covenant described under "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*"; *provided* that, in the case of Indebtedness under clause (5) of such covenant, at the time of Incurrence (or, at the option of the Company, the acquisition or other transaction pursuant to which such Indebtedness is incurred) and after giving pro forma effect to such acquisition or transaction, the incurrence of such Indebtedness and the application of the proceeds thereof, the Secured Leverage Ratio either (A) does not exceed 3.50 to 1.0 or (B) is not greater than immediately prior to such incurrence; *provided*, *further*, that such Liens securing Indebtedness incurred under clause (5)(a) of such covenant may only secure the assets acquired by the Company or any Restricted Subsidiary.

"*Permitted Holders*" means, collectively, (a) the Principals and any Related Party thereof and (b) any one or more Persons whose beneficial ownership constitutes or results in a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture.

"*Permitted Investments*" means:

(1) any Investment in the Company or a Restricted Subsidiary of the Company;

(2) any Investment in Cash Equivalents;

(3) any Investment by the Company or any Restricted Subsidiary of the Company in a Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary of the Company; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company;

(4) any Investment made as a result of the receipt of non-cash consideration including Replacement Assets from an Asset Sale (or a transaction excepted from the definition of Asset Sale) that was made pursuant to and in compliance with the covenant described above under the caption "*—Certain Covenants—Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries*";

(5) any acquisition of assets solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company or Subordinated Shareholder Debt;

(6) Receivables owing to the Company or any Restricted Subsidiary if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; *provided*, *however*, that such trade terms may include such concessionary terms as the Company or any such Restricted Subsidiary deems reasonable under the circumstances;

(7) (i) Bank Products and (ii) loans and advances to, and guarantees of loans or advances to, employees in the ordinary course of business and on terms consistent with past practice, including without limitation, travel, relocation and other like advances;

(8) lease, utility and other similar deposits in the ordinary course of business;

(9) Hedging Obligations, which transactions or obligations are incurred in compliance with "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock*";

(10) Investments made after the Issue Date having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (10) that are at the time outstanding not to exceed (i) the greater of (x) €50 million and (y) 1.5% of Total Assets plus (ii) an amount equal to 100% of the dividends or distributions (including payments received in respect of loans and advances) received by the Company or a Restricted Subsidiary from a Permitted Joint Venture (excluding any dividends or distributions from any Chinese Investment) (which dividends or distributions are not included in the calculation in clauses (3)(a) through (3)(e) of the first paragraph of the covenant described under "*—Certain Covenants—Restricted Payments*" and dividends and distributions that reduce amounts outstanding under clause (i) hereof); *provided* that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain Covenants—Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (3) of the definition of "Permitted Investments" and not this clause;

(11) (i) guarantees not prohibited by the covenant described under "*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock*" and (ii) (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business;

(12) any Investment existing on the Issue Date or Investments in Permitted Joint Ventures pursuant to commitments or agreements in existence on the Issue Date and in each case disclosed in the Offering Memorandum;

(13) any Investments in Permitted Joint Ventures made after the Issue Date, not exceeding, in aggregate, an amount equal to 7.5% of Total Assets of the Company and its Subsidiaries, taken as a whole;

(14) any Investment in the Existing Notes and the Notes;

(15) Investments in Associates in an aggregate amount when taken together with all other Investments made pursuant to this clause (15) that are at the time outstanding not to exceed an amount equal to 5.0% of Total Assets of the Company and its Subsidiaries, taken as a whole; and

(16) any Investment in a Chinese Venture.

"*Permitted Joint Venture*" means (a) any corporation, association or other business entity (other than a partnership) that is not a Restricted Subsidiary and that, in each case, is engaged primarily in a Permitted Business and of which at least 20% of the total equity and total Voting Stock is at the time of determination owned or controlled, directly or indirectly, by the Company or one or more Restricted Subsidiaries or a combination thereof and (b) any partnership, joint venture, limited liability company or similar entity that is not a Restricted Subsidiary and that, in each case, is engaged primarily in a Permitted Business and of which at least 20% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are at the time of determination, owned or controlled, directly or indirectly, by the Company or one or more Restricted Subsidiaries or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise.

"*Permitted Liens*" means:

(1) Liens on assets of the Company and any Restricted Subsidiary securing Indebtedness and other Obligations under Credit Facilities incurred pursuant to clause (1) of the second paragraph under the covenant described under "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock*" in a principal amount not exceeding €25 million;

(2) Liens in favor of the Company or a Restricted Subsidiary (but not, in the case of a Restricted Subsidiary that is not a Guarantor, Liens in favor of such Restricted Subsidiary over the assets of a Guarantor);

(3) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with the Company or any Restricted Subsidiary of the Company; *provided* that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Company or the Restricted Subsidiary;

(4) Liens on property existing at the time of acquisition of the property by the Company or any Restricted Subsidiary of the Company; *provided* that such Liens were in existence prior to the contemplation of such acquisition;

(5) Liens to secure the performance of statutory or regulatory requirements, indemnity, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;

(6) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by clause (4) of the second paragraph of the covenant entitled "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock*" covering only the assets acquired with such Indebtedness;

(7) Liens securing Permitted Refinancing Indebtedness of secured Indebtedness incurred by the Company or a Restricted Subsidiary permitted to be incurred under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured the Indebtedness being refinanced;

(8) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; *provided* that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(9) Liens, pledges and deposits incurred in connection with workers' compensation, unemployment insurance and other types of statutory obligations;

(10) any Lien that is a Permitted Collateral Lien, or a Lien favor of the Notes and the Note Guarantees, including the Liens created pursuant to the Security Documents;

(11) Liens in favor of customs or revenue authorities to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;

(12) Liens arising out of put/call agreements with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(13) Liens securing Indebtedness incurred under clause (7) of the second paragraph under the covenant described under "—*Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*";

(14) easements, rights-of-way, municipal and zoning ordinances, utility agreements, reservations, encroachments, restrictions and similar charges, encumbrances, title defects or other irregularities that do not materially interfere with the ordinary course of business of the Company or any of its Restricted Subsidiaries;

(15) Liens on cash or Cash Equivalents set aside at the time of the incurrence of any Indebtedness, to the extent such cash or Cash Equivalents refund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(16) Liens on assets of Unrestricted Subsidiaries that secure Non-Recourse Debt of Unrestricted Subsidiaries;

(17) Liens imposed by law, such as carriers', landlords', warehousemen's, suppliers', and mechanics' Liens and other similar Liens, on the property of the Company or any Restricted Subsidiary arising in the ordinary course of business;

(18) Liens on property of the Company or any Restricted Subsidiary pursuant to conditional sale or title retention agreements;

(19) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(20) deposit arrangements entered into in connection with acquisitions or in the ordinary course of business excluding arrangements for borrowed money;

(21) Liens of the Company or any Restricted Subsidiary of the Company with respect to Obligations that do not exceed 5.0% of the Total Assets of the Company and its Subsidiaries, taken as a whole, at any one time outstanding;

(22) Liens existing on the Issue Date;

(23) Liens on the Capital Stock and assets of a Permitted Joint Venture that secure the Indebtedness of such a Permitted Joint Ventures;

(24) Liens in respect of factoring of Receivables arising in the ordinary course of business pursuant to customary arrangements, including Liens over bank accounts of the Company or any of its Restricted Subsidiaries into which payments on any such Receivables which have been previously sold, assigned or transferred by the Company or any of its Restricted Subsidiaries on a non-recourse basis and are also being serviced by the Company or any Restricted Subsidiary are made until such amounts are transferred to the factor or its assigns; *provided* that any Indebtedness incurred in relation thereto is permitted to be incurred by clause (13) of the second paragraph of the covenant described under "—*Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*";

(25) Liens on any proceeds loan made by the Company (or a Restricted Subsidiary) in connection with any future incurrence of Indebtedness (other than Additional Notes) permitted under the Indenture (without any requirement to secure the Notes with a Lien on such proceeds loan);

(26) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

(27) Liens (i) in connection with (a) Bank Products, or (b) arising under general business conditions in the ordinary course of business, including without limitation the general business conditions of any bank or financial institution with whom the Company or any of its Restricted Subsidiaries maintains a banking relationship in the ordinary course of business, and including without limitation any Liens in respect of any cash pooling

arrangements (or daylight exposures in respect of banking and treasury arrangements) or arising under customary terms and conditions of banks with whom the Company or any of its Restricted Subsidiaries maintains a banking relationship to secure cash management and banking services, netting and set-off arrangements, and encumbrances over credit balances on bank accounts to facilitate operation of such bank accounts on a cash-pooled and net balance basis, and (ii) arising out of judgments or awards not constituting an Event of Default and notices and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(28) Liens to secure Indebtedness incurred under the first paragraph of the covenant described under "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock*" by a Restricted Subsidiary of the Company that is not a Guarantor; *provided* that any such Lien shall extend only to the property or assets of such Restricted Subsidiary of the Company that is not a Guarantor;

(29) Liens on escrowed proceeds from the issuance of Indebtedness for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest or premium or discount on such Indebtedness (or any costs related to the issuance of such Indebtedness) and are held in an escrow account or similar arrangement to be applied for such purpose;

(30) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Company and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Company and its Restricted Subsidiaries; and

(31) any extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clauses (1) through (30); *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is the security for a Permitted Lien hereunder.

"*Permitted Refinancing Indebtedness*" means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness); *provided* that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness extended, refinanced, renewed, replaced, defeased or refunded (plus all accrued interest on the Indebtedness and the amount of all costs, fees, expenses and premiums incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;

(3) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Notes or any Note Guarantee, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the Notes or the Note Guarantee (as applicable) on terms at least as favorable to the holders of Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and

(4) such Indebtedness is incurred either by the Company or by the Restricted Subsidiary who is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; *provided* that the Company and any Guarantor may incur refinancing Indebtedness in respect of the Company, any Guarantor, or any Restricted Subsidiary.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*Principals*" means Ernesto Antolín Arribas, Ana Berta Antolín Arribas, José Antolín Toledano, Colette Judith Granet Estienne, María Helena Antolin Raybaud, Emma Antolín Granet and José Antolín Granet.

"*Public Debt*" means any bonds, debentures, notes or other indebtedness of a type that could be issued or traded in any market where capital funds (whether debt or equity) are traded, including private placement sources of debt and equity as well as organized markets and exchanges, whether such indebtedness is issued in a public offering or in a private placement to institutional investors or otherwise.

"*Public Offering*" means any Equity Offering; *provided* that such Equity Offering is an offering of ordinary shares of the Company or any Parent Company following which at least 20% of the total issued and outstanding shares of the Company or any Parent Company not owned by a Permitted Holder are listed on an exchange and/or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act, to professional market investors or similar Persons).

"*Receivable*" means a right to receive payment arising from a sale or lease of goods or services by a Person pursuant to an arrangement with another person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit, as determined in accordance with GAAP.

"*Related Party*" means:

(1) any Immediate Family member of any Principal; or

(2) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding an 80% or more controlling interest of which consist the Principals and/or such other Persons referred to in the immediately preceding clause (1).

"*Replacement Assets*" means, with respect to any Asset Sale by the Company or a Restricted Subsidiary, consideration received in the form of:

(1) properties and assets (other than cash or any common stock or other security) that will be used in a Permitted Business by the Company or a Restricted Subsidiary; or

(2) Capital Stock of any Person (i) that will become, be merged into, be liquidated into or otherwise combined or amalgamated with, on or within 90 days of the date of acquisition thereof, a Restricted Subsidiary, if such Person is engaged in a Permitted Business or (ii) that is or that will become a Restricted Subsidiary engaged in a Permitted Business upon the date of acquisition thereof.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

"*SEC*" means the U.S. Securities and Exchange Commission or any successor thereto.

"*S&P*" means Standard and Poor's Rating Group.

"*Secured Leverage Ratio*" means the Leverage Ratio of the Company and its Restricted Subsidiaries, but reducing Indebtedness in clause (x) of such definition by an amount equal to all Indebtedness of such Person and its Restricted Subsidiaries that is not secured by a Lien on the Collateral.

"*Securities Act*" means the U.S. Securities Act of 1933 and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Security Agent*" means any Person acting as security agent with respect to the Collateral pursuant to the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement or such successor security agent as may be appointed thereunder.

"*Security Documents*" means each security agreement, pledge agreement, assignment or other document under which a security interest is granted to secure the payment and performance when due of the Company and/or the Guarantors under the Notes, the Note Guarantees and the Indenture, as the case may be.

"*Senior Credit Facilities*" means the senior term and revolving facilities agreement dated March 13, 2014 (as amended on June 4, 2015, October 26, 2016, April 17, 2018, June 3, 2020 and May 20, 2021) entered into between, among others, the Company, as the company and original guarantor, various subsidiaries of the Company as original guarantors, the original lenders listed therein, Deutsche Bank AG, London Branch as agent and security agent, as the same may be further amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part).

"*Significant Subsidiary*" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date hereof.

"*Similar Business*" means (a) any businesses, services or activities engaged in by the Company or any of its Subsidiaries on the Issue Date and (b) any businesses, services and activities engaged in by the Company or any of its Subsidiaries that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Stated Maturity*" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Shareholder Debt*" means, collectively, any debt of the Company issued to and held by any direct or indirect Parent Company or one or more shareholders of a Parent Company or any Permitted Holder or Affiliate thereof, that:

(1) does not mature or require any cash amortization, redemption or other cash repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through the conversion or exchange of any such security or instrument into Capital Stock (other than Disqualified Stock) of the Company or for any indebtedness meeting the requirements of this definition);

(2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;

(3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes;

(4) does not provide for or require any security interest or encumbrance over any asset of the Company or any of its Restricted Subsidiaries and is not guaranteed by any Restricted Subsidiary of the Company;

(5) does not restrict the payment of amounts due in respect of the Notes or compliance by the Company with its obligations under the Notes and the Indenture;

(6) does not contain any covenants (financial or otherwise), as applicable, other than a covenant to pay such Subordinated Shareholder Debt; and

(7) is fully subordinated and junior in right of payment to the Notes pursuant to the Intercreditor Agreement or to subordination, payment blockage and enforcement limitation terms which taken as a whole are no less favorable in any material respect to the holders of the Notes than those contained in the Intercreditor Agreement as in effect on the Issue Date;

provided, *however*, that any event or circumstance that results in such funding ceasing to qualify as Subordinated Shareholder Debt, such funding shall constitute an incurrence of Indebtedness by the Company, and any and all Restricted Payments made through the use of the net proceeds from the incurrence of such funding since the date of the original issuance of such Subordinated Shareholder Debt shall constitute new Restricted Payments that are deemed to have been made after the date of the original issuance of such Subordinated Shareholder Debt.

"*Subsidiary*" means, with respect to any specified Person:

(1) any corporation, association or other business entity (a) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); or (b) where that Person or one or more of the Subsidiaries of that Person (or a combination thereof) have the right to appoint or remove a majority of its board of directors or equivalent administration, management or supervisory body; or (c) where such Person or one or more of the Subsidiaries of that Person (or a combination thereof) has the right to exercise a dominant influence (which must include the right to give directions with respect to operating and financial policies of that corporation, association or other business entity which its directors are obliged to comply with whether or not for its benefit) over such corporation association or other business entity, or by virtue of a control contract which is in writing and is authorized by its articles (or equivalent) and is permitted by its law of incorporation; or (d) which is a member of such Person's Group and such Person controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in such corporation, association or other business entity or the rights under its constitution to direct the overall policy of such corporation, association or other business entity or alter the terms of its constitution; and

(2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

For the purposes of this definition, a subsidiary shall include any person the shares or ownership interests in which are subject to a security interest and where the legal title to the shares or ownership interests so secured are registered in the name of the secured party or its nominee pursuant to such security interest.

"*Total Assets*" means, as of the date of determination, with respect to any Person, the consolidated total assets of such Person as shown on its most recent available balance sheet prepared in accordance with GAAP, after giving pro forma effect to take into account any assets acquired or disposed of since the date of the Person's latest balance sheet and any anticipated acquisitions which have become subject to a definitive purchase agreement or contract.

"*Transactions*" means (i) the offering of the Notes, (ii) the repayment or repurchase of the 2024 Notes, (iii) the amendment of the Senior Credit Facilities and (iv) the payment of costs, fees and expenses in connection with the foregoing.

"*Unrestricted Subsidiary*" means any Subsidiary of the Company that is designated by the Board of Directors as an Unrestricted Subsidiary pursuant to a board resolution, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary of the Company unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company;

(3) is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Company or any of its Restricted Subsidiaries.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary shall be evidenced to the Trustee by filing with the Trustee a certified copy of the board resolution giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption "*—Certain Covenants—Restricted Payments*". If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of the

Company as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock*", the Company will be in default of such covenant. The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock*", calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period; and (2) no Default or Event of Default would be in existence following such designation.

"*Voting Stock*" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

"*Wholly Owned Restricted Subsidiary*" of any specified Person means a Restricted Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares) will at the time be owned by such Person or by one or more Wholly Owned Restricted Subsidiaries of such Person and one or more Wholly Owned Restricted Subsidiaries of such Person.

BOOK-ENTRY, DELIVERY AND FORM

General

The Notes issued to qualified institutional buyers (as defined in Rule 144A under the Securities Act) in reliance on Rule 144A (the "**Rule 144A Global Notes**") will in each case be represented by one or more global Notes in registered form without interest coupons attached and the Notes issued to non-US persons outside the Unites States in reliance on Regulation S under the Securities Act (the "**Regulation S Global Notes**") will initially in each case be represented by one or more global Notes in registered form without interest coupons attached. The Rule 144A Global Notes together with the Regulation S Global Notes are collectively referred to as the "**Global Notes**". The Global Notes will be deposited with a common depositary, and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Notes (the "**Restricted Book-Entry Interests**") and ownership of interests in the Regulation S Global Notes (the "**Unrestricted Book-Entry Interests**" and, together with the Restricted Book-Entry Interests, the "**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear or Clearstream or persons that hold interests through such participants.

Euroclear or Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, Notes will not be issued in definitive form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear or Clearstream and their participants. The laws of some jurisdictions, including some states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, Euroclear or Clearstream, as applicable, will be considered the sole holder(s) of the Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of Euroclear or Clearstream and indirect participants must rely on the procedures of the participants through which they own Book-Entry Interests to transfer their interests or to exercise any rights of holders under the Indenture. Neither we nor the Trustee will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Payments on Global Notes

Payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and Additional Amounts, if any) will be made by us to the common depositary or its nominee for Euroclear and Clearstream. The common depositary or its nominee will distribute such payments to participants in accordance with their procedures. Payments of all such amounts will be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made by any applicable law or regulation or otherwise as described under "Description of the Notes—Additional Amounts", then, to the extent described under "Description of the Notes—Additional Amounts", such Additional Amounts will be paid as may be necessary in order for the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. We expect that payments by participants to owners of Book-Entry Interests held through those participants will be governed by standing customer instructions and customary practices. Under the terms of the Indenture, we and the Trustee will treat the registered holder of the Global Notes (*e.g.* Euroclear or Clearstream (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, neither we, the Trustee nor any of our or the Trustee's agents have or will have any responsibility or liability for:

(1) any aspect of the records of Euroclear or Clearstream or of any participant or indirect participant relating to or payments made on account of a Book-Entry Interest, or for maintaining, supervising or reviewing the records of Euroclear or Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest;

(2) Euroclear or Clearstream or any participant or indirect participant; or

(3) the records of the common depositary.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interest in such Notes through Euroclear or Clearstream in Euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an Event of Default under the Notes, Euroclear and Clearstream reserve the right to exchange the Global Notes for Definitive Registered Notes in certificated form, and to distribute such Definitive Registered Notes to its participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream rules and will be settled in immediately available funds. If a holder of Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interest in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture.

The Global Notes will bear a legend to the effect set forth in "Transfer Restrictions". Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "Notice to Investors".

Transfer of Restricted Book-Entry Interests to persons wishing to take delivery of Restricted Book-Entry Interests will at all times be subject to such transfer restrictions.

Restricted Book-Entry Interests may be transferred to a person who takes delivery in the form of any Unrestricted Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the Securities Act.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note, and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes only:

(1) if Euroclear or Clearstream notifies us that it is unwilling or unable to continue to act and a successor is not appointed by us within 90 days; or

(2) if Euroclear or Clearstream so requests following an Event of Default under the Indenture.

Information Concerning Euroclear and Clearstream

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to

Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with Euroclear or Clearstream participants, either directly or indirectly.

Trustee's Powers

In considering the interests of the holders of the Notes, while title to the Notes is registered in the name of a nominee for a clearing system, the Trustee may have regard to any information provided to it by that clearing system as to the identity (either individually or by category) of its account holders with entitlements to Notes and may consider such interests as if such account holders were the holders of the Notes.

Enforcement

For the purposes of enforcement of the provisions of the Indenture against the Trustee, the persons named in a certificate of the holder of the Notes in respect of which a Global Note is issued shall be recognized as the beneficiaries of the trusts set out in the Indenture to the extent of the principal amounts of their interests in Notes set out in the certificate of the holder, as if they were themselves the holders of Notes in such principal amounts.

TAXATION

If you are a prospective investor, you should consult your tax advisor on the possible tax consequences of buying, holding or selling any Notes under the laws of your country of citizenship, residence or domicile, including the effect of any local taxes applicable to you. The discussions that follow do not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase, hold or sell Notes. In particular, these discussions do not consider any specific facts or circumstances that may apply to you. The discussions that follow for each jurisdiction are based upon the applicable laws and interpretations thereof as in effect as of the date of this Offering Memorandum. These tax laws and interpretations are subject to change, possibly with retroactive or retrospective effect.

Certain United States Federal Income Tax Consequences to US Holders

The following is a summary of certain United States federal income tax consequences of the purchase, ownership and disposition of Notes as of the date hereof. This summary deals only with Notes that are held as capital assets by a US holder (as defined below) and that are acquired upon original issuance at their "issue price" (the first price at which a substantial amount of Notes is sold to investors for cash, not including sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers).

For purposes of this summary, a "US holder" means a beneficial owner of a Note that is, for United States federal income tax purposes, any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This summary is based upon provisions of the Internal Revenue Code of 1986, as amended (the "**Code**"), and applicable United States Treasury regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income tax consequences different from those summarized below. We have not requested, and will not request, a ruling from the United States Internal Revenue Service (the "**IRS**") with respect to any of the United States federal income tax consequences described below, and as a result there can be no assurance that the IRS will not disagree with or challenge any of the conclusions we have reached and describe herein.

This summary does not address all aspects of United States federal income taxes, does not address any United States federal taxes other than United States federal income taxes (such as estate or gift taxes or the Medicare tax on certain investment income) and does not deal with any foreign, state, local or other tax consequences that may be relevant to US holders in light of their particular circumstances. In addition, it does not represent a detailed description of the United States federal income tax consequences applicable to US holders subject to special treatment under the United States federal income tax laws. For example, this summary does not address:

- tax consequences to holders who may be subject to special tax treatment, such as dealers in securities or currencies, traders in securities that elect to use the mark-to-market method of accounting for their securities, persons required to accelerate the recognition of any items of gross income with respect to the Notes as a result of such income being recognized on an applicable financial statement, financial institutions, regulated investment companies, real estate investment trusts, investors in partnerships or other pass-through entities for United States federal income tax purposes, tax-exempt entities or insurance companies;
- tax consequences to persons holding the Notes as part of a hedging, integrated, constructive sale or conversion transaction or a straddle;
- tax consequences to US holders whose "functional currency" is not the US dollar; or

- alternative minimum tax consequences, if any.

If an entity treated as a partnership (or other pass-through entity) for United States federal income tax purposes holds our Notes, the tax treatment of a partner in such a partnership (or other owner in such a pass-through entity) will generally depend upon the status of the partner (or other owner) and the activities of the entity. If you are a partner of a partnership (or other owner of a pass-through entity) considering an investment in our Notes, you should consult your own tax advisors.

If you are considering the purchase of Notes, you should consult your own tax advisors concerning the particular United States federal tax consequences to you of the purchase, ownership and disposition of the Notes, as well as the consequences to you arising under the laws of any other taxing jurisdiction.

Notes subject to contingencies

In certain circumstances (see, e.g., "*Description of Notes—Change of Control*"), we may be obligated to pay you additional amounts in excess of stated interest or principal on the Notes. It is possible that our obligation to make additional payments on the Notes could implicate the provisions of Treasury regulations relating to "contingent payment debt instruments". If the Notes were characterized as contingent payment debt instruments, you might, among other things, be required to accrue interest income at a higher rate than the stated interest rate on the Notes and to treat any gain recognized on the sale or other disposition of a Note as ordinary income rather than as capital gain.

We intend to take the position that the likelihood of additional payments on the Notes is remote, and thus, that the Notes should not be treated as contingent payment debt instruments. Our determination that these contingencies are remote is binding on you unless you disclose your contrary position in the manner required by applicable Treasury regulations. Our determination, however, is not binding on the IRS, and if the IRS were to challenge this determination, you might be required to include in gross income an amount of interest in excess of stated interest and prior to the receipt of cash, and you might be required to treat income recognized on the taxable disposition of a Note as ordinary income rather than as capital gain. In the event a contingency occurs, it would affect the amount and timing of income recognized by you. If any contingent amounts are in fact paid, you will be required to recognize such amounts as income.

The remainder of this summary assumes that our determination that the contingencies are remote is correct. The Treasury regulations applicable to contingent payment debt instruments have not been the subject of authoritative interpretation, however, and the scope of the regulations is not certain. You are urged to consult your own tax advisor regarding the possible application of the contingent payment debt instrument rules to the Notes.

Payments of interest

Subject to the foreign currency rules discussed below, "stated interest" on a Note (including any amount withheld as withholding tax, and additional amounts paid in respect thereof) generally will be taxable to you as ordinary income at the time it is paid or accrued in accordance with your regular method of accounting for United States federal income tax purposes.

You may be entitled to deduct or credit any foreign tax withheld, subject to certain limitations (including that the election to deduct or credit foreign taxes applies to all of your applicable foreign taxes for a particular tax year). Interest on a Note (including any additional amounts) generally will be considered foreign source income and, for purposes of the United States foreign tax credit, generally will be considered passive category income or, in the case of certain US holders, general category income. You generally will be denied a foreign tax credit for foreign taxes imposed with respect to the Notes where you do not meet a minimum holding period requirement during which you are not protected from risk of loss. The rules governing the foreign tax credit are complex. You should consult your own tax advisors regarding availability of the foreign tax credit under your particular circumstances.

If you use the cash basis method of accounting for United States federal income tax purposes, you will be required to include in income (as ordinary income) the United States dollar value of the euro interest payment, determined by translating the euro received at the spot rate (as defined in United States Treasury regulations) in effect on the date such payment is received, regardless of whether the payment is in fact converted into United States dollars. You will not recognize foreign currency exchange gain or loss with respect to the receipt of such interest, but you may have exchange gain or loss attributable to the actual disposition of the euro so received.

If you use the accrual method of accounting for United States federal income tax purposes, you may determine the amount of income recognized with respect to the euro interest payment in accordance with either of two methods. Under the

first method, which will apply unless you elect to use the second method described below, you will be required to include in income (as ordinary income) for each taxable year the United States dollar value of the euro-denominated interest that has accrued during such year, determined by translating such interest into United States dollars at the average spot rate of exchange for the period or periods (or portions thereof) in such taxable year during which such interest accrued. Under the second method, you may elect to translate interest income into United States dollars at the spot rate on (i) the last day of the interest accrual period; (ii) the last day of the taxable year for any portion of any accrual period ending on the last day of such taxable year; or (iii) the date the interest payment is received, if such date is within five business days of the end of the accrual period. This election will apply to all debt obligations you hold from year to year and cannot be changed without the consent of the IRS. You should consult your own tax advisors as to the advisability of making the above election.

Upon receipt of an interest payment on a Note (including amounts received upon the sale, exchange, retirement, redemption or other taxable disposition of a Note attributable to accrued but unpaid interest), a US holder using the accrual method will recognize foreign currency exchange gain or loss in an amount equal to the difference, if any, between the United States dollar value of such payment (determined by translating the euro received at the spot rate in effect on the date of receipt) and the United States dollar value of the interest previously included in income with respect to such payment, regardless of whether the payment is in fact converted into United States dollars at such time. Any such foreign currency exchange gain or loss generally will be treated, for United States foreign tax credit purposes, as United States source ordinary income or loss, and generally will not be treated as an adjustment to interest income or expense.

Sale, exchange, retirement, redemption or other taxable disposition of notes

Subject to the foreign currency rules discussed below, upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, you generally will recognize gain or loss equal to the difference, if any, between the amount realized upon such sale, exchange, retirement, redemption or other taxable disposition (less any amounts attributable to accrued but unpaid interest, which will be taxable as interest income as described above in *"—Payments of interest"* to the extent not previously included in income) and your adjusted tax basis in the Note.

Your adjusted tax basis in a Note will generally be your United States dollar cost for the Note. If you purchased your Note with euros, your United States dollar cost generally will be the United States dollar value of the euros paid for such Note determined at the spot rate at the time of purchase. If your Note is sold, exchanged, retired, redeemed or otherwise disposed of in a taxable transaction for euros, then your amount realized generally will be the United States dollar value of the euros received based on the spot rate in effect on the date of such disposition. However, if you are a cash method taxpayer and the Notes are traded on an established securities market, the amount realized generally will be the United States dollar value of such euros received based on the spot rate in effect on the settlement date of the disposition. An accrual method taxpayer may elect the same treatment with respect to the sale of Notes traded on an established securities market, provided that the election is applied consistently to all debt instruments held by such US holder. Such election cannot be changed without the consent of the IRS. An accrual method taxpayer that does not make the foregoing election will recognize foreign currency exchange gain or loss (taxable as ordinary income or loss) if there are exchange rate fluctuations between the disposition date and the settlement date.

Subject to the foreign currency rules discussed below, any gain or loss recognized generally will be capital gain or loss and will be long-term capital gain or loss if at the time of the disposition, you have held the Note for more than one year. Long-term capital gains of non-corporate US holders (including individuals) are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss realized by you on the disposition of a Note would generally be treated as United States source gain or loss.

A portion of any gain or loss with respect to the principal amount of a Note may be treated as exchange gain or loss. Any exchange gain or loss generally will be treated as ordinary income or loss and generally will be treated as United States source gain or loss for United States foreign tax credit purposes. For these purposes, the principal amount of the Note is your purchase price for the Note calculated in euros on the date of purchase, and the amount of exchange gain or loss recognized is equal to the difference, if any, between (i) the United States dollar value of the principal amount determined at the spot rate on the date of the disposition of the Note (or, possibly, in the case of a cash basis or electing accrual basis taxpayer, the settlement date of disposition, if the Note is treated as traded on an established securities market for United States federal income tax purposes) and (ii) the United States dollar value of the principal amount determined at the spot rate on the date you purchased the Note (or, possibly, in the case of a cash basis or electing accrual basis taxpayer, the settlement date of purchase, if the Note is treated as traded on an established securities market for United States federal income tax purposes). The amount of exchange gain or loss (including with respect to any accrued interest) will be limited to the amount of overall gain or loss realized on the disposition of the Note.

Exchange gain or loss with respect to foreign currency

On a sale or other taxable disposition of euros, you generally will recognize gain or loss in an amount equal to the difference, if any, between (i) the amount of United States dollars, or the fair market value in United States dollars of any other property, received by you in such disposition and (ii) your adjusted tax basis in the euros. Your adjusted tax basis in any euros received as interest on, or on the sale, exchange, retirement, redemption or other taxable disposition of, a Note will be the United States dollar value thereof at the spot rate in effect on the date the euros are received.

Any gain or loss recognized by you on a sale or other taxable disposition of euros generally will be ordinary income or loss and generally will be United States source gain or loss for United States foreign tax credit purposes.

Reportable transactions

Applicable United States Treasury regulations meant to require the reporting of certain tax shelter transactions could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the applicable United States Treasury regulations, certain transactions are required to be reported to the IRS, including, in certain circumstances, a sale, exchange, retirement, redemption or other taxable disposition of a foreign currency note or foreign currency received in respect of a foreign currency note to the extent that such sale, exchange, retirement, redemption or other taxable disposition results in a tax loss in excess of a threshold amount. If you are considering the purchase of a Note, you are urged to consult your own tax advisors to determine the tax return obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement) as part of your United States federal income tax return, and the significant penalties for non-compliance.

Backup withholding and information reporting

Generally, information reporting requirements will apply to all payments of interest on, and the proceeds from a sale, exchange, retirement, redemption or other disposition of, a Note paid to you, unless you are an exempt recipient (such as a corporation). Additionally, if you fail to provide your taxpayer identification number or to certify that you are not subject to backup withholding, you may be subject to backup withholding with respect to the foregoing amounts.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against your United States federal income tax liability, if any, provided the required information is timely furnished to the IRS.

Foreign financial asset reporting

Certain US holders are required to report information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by United States financial institutions), by attaching a complete IRS Form 8938 (Statement of Specified Foreign Financial Assets) to their tax return for each year in which they hold an interest in the Notes. You are urged to consult your own tax advisors regarding information reporting requirements relating to your ownership of the Notes, including the significant penalties for non-compliance.

Taxation in the Kingdom of Spain

The following is a general description of certain Spanish tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Spain or elsewhere, or to deal with the tax consequences applicable to all categories of investors, some of which might be subject to special rules. Holders or prospective holders of Notes should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Spain of acquiring, holding and disposing of the Notes and receiving payments of interest, principal or other amounts under the Notes. The discussions below are included for general information purposes only.

This summary is based on law and regulations applicable generally in Spain which are in effect as of the date of this Offering Memorandum and is subject to any changes that can be enacted after that date. Special rules may apply in specific areas or regions within Spain. Prospective investors should seek specific advice in this regard.

Tax residency

The Issuer is a company incorporated under the Laws of Spain and is regarded as resident for tax purposes in Spain.

Applicable law

The information below has been prepared in accordance with the applicable Spanish tax legislation in effect as of the date of this Offering Memorandum, including the following most relevant laws and regulations:

(a) General application:

- Additional Provision One of Law 10/2014, of June 26, 2014 on the ordering, supervision and solvency of credit institutions ("**Law 10/2014**")
- Regulations of the procedures for the application, administration and inspection of taxes, approved by Royal Decree 1065/2007 ("**Royal Decree 1065/ 2007**"), of July 27, 2007, as amended

(b) For individuals who are resident for tax purposes in Spain ("**Spanish resident individuals**") and therefore are subject to the Personal Income Tax ("**PIT**") (*Impuesto sobre la Renta de las Personas Físicas*):

- Law 35/2006 of November 28, 2006, on the Personal Income Tax (PIT) and on the partial amendment of the Corporate Income Tax Law, the Non-Residents Income Tax Law and the Net Wealth Tax Law, as amended ("**PIT Law**"), as amended
- PIT regulations, approved by Royal Decree 439/2007 of March 30, 2007, as amended
- Law 19/1991 of June 6, 1991 on the Net Wealth Tax (*Impuesto sobre el Patrimonio*), as amended
- Law 29/1987, of December 18, 1987 on the Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*), as amended

(c) For legal entities that are resident for tax purposes in Spain ("**Spanish resident entities**") and are therefore subject to the Corporate Income Tax ("**CIT**") (*Impuesto sobre Sociedades*):

- Law 27/2014, of November 27, 2014 on Corporate Income Tax (CIT), as amended
- CIT regulations approved by Royal Decree 634/2015, of July 10, 2015 as amended

(d) For individuals and entities who are not resident for tax purposes in Spain ("nonresident holders") and are therefore subject to the Non-Resident Income Tax ("**NRIT**") (*Impuesto sobre la Renta de No Residentes*):

- Non-Resident Income Tax Law, consolidated text approved by Royal Legislative Decree 5/2004, of March 5, 2004, as amended
- NRIT regulations approved by Royal Decree 1776/2004 of July 30, 2004, as amended
- Law 19/1991 of June 6, 1991 on the Net Wealth Tax, as amended
- Law 29/1987, of December 18, 1987 on the Inheritance and Gift Tax, as amended

Indirect taxation

Whatever the nature and residence of the holders of the Notes, the acquisition and transfer of the Notes will be exempt from indirect taxes in Spain, i.e., Transfer Tax and Stamp Duty, in accordance with the consolidated text of such tax promulgated by Royal Legislative Decree 1/1993, of September 24, 1993, and exempt from Value Added Tax, in accordance with Law 37/1992, of December 28, 1992 regulating such tax.

Tax rules for Notes listed on a regulated market, on a multi-lateral trading facility or on any other organized market on any interest payment date

Spanish resident individuals

Personal Income Tax

In the case of Spanish resident individuals, both interest periodically received and income derived from the transfer or redemption of the Notes constitute a return on investment obtained from the lending of capital in accordance with the provisions of Section 25 of the PIT Law, and therefore will form part of the savings income tax base and will be taxed at the applicable rates, currently ranging from 19.0% to 26.0%.

In the case of Spanish resident individuals, no withholding on account of PIT will be imposed on payments of interest by the Company or the Principal Paying Agent or on income derived from the redemption of the Notes by the Company or the Principal Paying Agent, provided that certain requirements are met (including that the Principal Paying Agent provides the Company, in a timely manner, with a duly executed and completed Payment Statement). See "—Compliance with certain requirements in connection with income payments".

Notwithstanding the above, in the case that the Notes held by Spanish resident individuals are deposited with a Spanish resident entity or individual or with a permanent establishment in Spain of a nonresident entity acting as depositary or collecting agent, interest collected under the Notes and income obtained upon the redemption of the Notes may be subject to withholding tax at the applicable rate, currently 19%. Income obtained upon the transfer of the Notes may also be subject to this withholding. In any event, the individual holder may credit the withholding against his or her final PIT liability for the relevant tax year.

Net Wealth Tax

Spanish resident individuals whose net worth is above €700,000 on the last day of any year will be subject to Spanish Net Wealth Tax on their total net wealth (including the Notes) for such year at rates currently ranging from 0.2% to 3.5%. The Notes shall be valued using their average market value during the last quarter of such year. The Ministry of Finance publishes annually this average trading price for the Wealth Tax purposes.

The minimum exempt amount and the tax rates may vary among the different autonomous communities of Spain. Therefore, Spanish tax resident individuals holding the Notes should consult with their tax advisors when it comes to their specific situation.

Inheritance and Gift Tax

Spanish resident individuals who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to the Spanish Inheritance and Gift Tax at rates currently ranging from 7.65% to 34%. However, after applying all relevant factors (such as the specific regulations imposed by each Spanish autonomous community, the amount of the pre-existing assets of the taxpayer and the degree of kinship with the deceased or donor), the final effective tax rate may range from 0% (full exemption) to 81.6%.

Disclosure obligation for assets held abroad

Notes held by Spanish resident individuals deposited with or managed by nonresident entities shall be subject to the general obligation to disclose information regarding assets located outside Spain.

Spanish resident entities

Corporate Income Tax

In the case of Spanish resident entities, both interest periodically received and income derived from the transfer or redemption of the Notes are subject to CIT at the current general flat tax rate—currently 25% or the special tax rate that may apply to certain taxpayers (such as banks, which are subject to a tax rate of 30%).

In the case of Spanish resident entities, no withholding on account of CIT will be imposed on payments of interest by the Company or the Principal Paying Agent or on income derived from the redemption of the Notes by the Company or the

Principal Paying Agent, provided that certain requirements are met (including that the Principal Paying Agent provides the Company, in a timely manner, with a duly executed and completed Payment Statement). See "—*Compliance with certain requirements in connection with income payments*".

Notwithstanding the above, in the case that the Notes held by Spanish resident entities are deposited with a Spanish resident entity or individual or with a permanent establishment in Spain of a nonresident entity acting as depositary or collecting agent, interest collected under the Notes and income obtained upon the redemption of the Notes may be subject to withholding tax at the applicable rate (currently 19%). Income obtained upon the transfer of the Notes may also be subject to this withholding. However, there is no obligation to withhold on income obtained by Spanish resident entities (which, for the sake of clarity, include Spanish tax resident investment funds and Spanish tax resident pension funds) from financial instruments issued by Spanish resident entities—as is the case of the Notes—placed and traded in organized markets in OECD countries. We will make an application for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be traded on the Euro MTF. However, there are no assurances that the Notes will be, or will remain, listed and admitted to trade on the Euro MTF. See "—*Tax rules for Notes not listed on a regulated market, on a multi-lateral trading facility or on any other organized market on any interest payment date*" in relation to the main tax implications derived from the Notes not being listed.

Amounts withheld, if any, may be credited by corporate investors against their final CIT liability.

Disclosure obligation for assets held abroad

Notes held by Spanish resident entities deposited before or managed by nonresident entities shall be subject to the general obligation to disclose information regarding assets located outside Spain.

Nonresident holders

Nonresident Income Tax

Nonresident holders acting through a permanent establishment in Spain

If the Notes form part of the assets of a permanent establishment in Spain of a nonresident holder, the tax rules applicable to income deriving from such Notes are, generally, the same as those set out above for Spanish resident entities. See "—*Spanish resident entities*". Ownership of the Notes by a nonresident holder will not in itself create a permanent establishment in Spain.

Nonresident holders not acting through a permanent establishment in Spain

Both interest periodically received and income derived from the transfer or redemption of the Notes obtained by nonresident holders which do not act, with respect to the Notes, through a permanent establishment in Spain, are exempt from NRIT and therefore no withholding on account of NRIT will be levied on such income provided certain requirements are met (including that the Principal Paying Agent provides the Company, in a timely manner, with a duly executed and completed Payment Statement). See "—*Compliance with certain requirements in connection with income payments*".

If the Principal Paying Agent for any reason fails to deliver a duly executed and completed Payment Statement to the Company in a timely manner in respect of a payment of income under the Notes, the Company will withhold Spanish withholding tax at the then-applicable rate (currently 19%) on such payment. In this case nonresident holders are entitled to a refund of the amount withheld, with no need for any action on their part, if the Principal Paying Agent provides the Company with a duly executed and completed Payment Statement no later than the 10th calendar day of the month immediately following the relevant payment date. In addition, following the 20th calendar day of the month immediately following the relevant payment date, the nonresident holder may apply to the Spanish tax authorities for any refund to which it may be entitled. The application may be filed within four years following the last day on which the Company may pay any amount so withheld to the Spanish Treasury (which is generally the 20th calendar day of the month immediately following the relevant payment date), by filing with the Spanish tax authorities (i) the relevant Spanish tax form, (ii) proof of ownership and (iii) a certificate of residence issued by the tax authorities of the country of tax residence of the nonresident holder, among other documents. Nonresident holders are advised to consult their own tax advisors regarding their eligibility to claim a refund from the Spanish tax authorities and the procedures to be followed in such circumstances.

Net Wealth Tax

Nonresident holders who are individuals ("nonresident individuals") are subject to Spanish Net Wealth Tax, which imposes a tax on property and rights in excess of €700,000 that are located in Spain, or can be exercised within the Spanish territory, on the last day of any year (such as the Notes).

Notwithstanding the above, nonresident individuals who are residents of a member state of the European Union or the European Economic Area and do not obtain income from the Notes through a permanent establishment in Spain will be exempt from Spanish Net Wealth Tax regarding the holding of the Notes. Furthermore, holders of the Notes who benefit from a tax treaty for the avoidance of double taxation with respect to wealth tax that provides for taxation only in the country of residence of the holder of the Notes will not be subject to Spanish Net Wealth Tax.

If the provisions of the foregoing paragraph do not apply, nonresident individuals whose net worth related to property located, or rights that can be exercised, in Spain is above €700,000 and who hold Notes on the last day of any year would be subject to Spanish Net Wealth Tax for such year at the applicable rates—currently ranging from 0.2% to 3.5%—on the average market value of the Notes during the last quarter of such year. However, nonresident individuals who are resident in an EU or European Economic Area member state may apply the rules approved by the autonomous region where the largest value of assets and rights is located.

Nonresident holders which are legal entities ("nonresident entities") are not subject to the Spanish Net Wealth Tax.

Inheritance and Gift Tax

Nonresident individuals who acquire ownership or other rights over the Notes by inheritance, gift or legacy will be subject to the Spanish Inheritance and Gift Tax, at rates currently ranging from 7.65% to 34. However, after applying all relevant factors (such as the specific regulations imposed by each Spanish autonomous community, the amount of the pre-existing assets of the taxpayer and the degree of kinship with the deceased or donor), the final effective tax rate may range from 0% (full exemption) to 81.6%.

However, if the nonresident individual is a tax resident of a country which has entered with Spain into a treaty for the avoidance of double taxation in relation to Inheritance and Gift Tax the provisions of the relevant treaty will apply.

Nonresident entities which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the Spanish Inheritance and Gift Tax, but such acquisitions will be subject to NRIT, without prejudice to the provisions of any applicable tax treaty for the avoidance of double taxation on income entered into by Spain. In general, tax treaties for the avoidance of double taxation on income provide for the taxation of this type of income exclusively in the country of tax residence of the beneficiary.

Compliance with certain requirements in connection with income payments

As described under *"—Spanish resident individuals—Personal Income Tax", "—Spanish resident entities—Corporate Income Tax" and "—Nonresident holders—Nonresident Income Tax"*, provided the conditions set forth in additional provision 1 of Law 10/2014 and in the Regulations approved by Royal Decree 1065/ 2007 are met, income paid in respect of the Notes by the Company or the Principal Paying Agent will not be subject to Spanish withholding tax. For these purposes, "income" includes interest paid on the Notes or the amount of the difference, if any, between the aggregate redemption price paid upon the redemption of the Notes (or a portion thereof) and the aggregate principal amount of such Notes.

Such conditions include the following:

a) The Notes must be admitted to listing on a regulated market, on a multi-lateral trading facility or on any other organized market. We believe the Notes will comply with this requirement.

b) The Notes must originally be registered in a clearing system, which, in the case of resident individuals, must be located outside Spain. We believe the Notes will comply with this requirement.

c) At the time of each relevant payment date the Principal Paying Agent must submit to the Company a duly executed and completed Payment Statement including the following information:

(i) identification of the Notes,

(ii) payment date,

(iii) total amount of income to be paid on the relevant payment date, and

(iv) total amount of income corresponding to Notes held through each clearing system.

Additional information would have to be included in the Payment Statement if the clearing system in which the Notes are originally registered were located in Spain.

In light of the above, the Company and the Principal Paying Agent will enter into a paying agency agreement which, among other things, will provide for the timely provision by the Principal Paying Agent of a duly executed and completed Payment Statement in connection with each income payment under the Notes.

Tax rules for Notes not listed on a regulated market, on a multi-lateral trading facility or on any other organized market on any interest payment date

Withholding on account of PIT, NRIT and CIT

If the Notes are not listed on a regulated market, on a multi-lateral trading facility or on any other organized market on any date on which income in respect of the Notes will be paid (i.e., either a date on which interest is payable on the Notes or a date on which the Notes are transferred or redeemed), payments of income to holders of the Notes in respect of the Notes will be subject to Spanish withholding tax at the then-applicable rate (currently, 19%) except in the case of holders of the Notes which are (A) residents of a European Union member state other than Spain and that obtain such income either directly or through a permanent establishment located in another European Union member state; provided that such holders of the Notes (i) do not obtain such income on the Notes through a permanent establishment in Spain and (ii) are not resident of, are not located in, nor obtain income through, a tax haven according to the Spanish legislation and the criteria set forth by the Spanish tax authorities from time to time; or (B) resident for tax purposes in a country which has entered into a tax treaty for the avoidance of double taxation with Spain which provides for a full exemption from Spanish tax or a reduced withholding tax rate with respect to income payable to any holder of the Notes.

Individuals and entities that may benefit from such exemptions or reduced tax rates should apply directly to the Spanish tax authorities for any refund to which they may be entitled. In such case, additional amounts would be payable in respect of such Spanish withholding tax, as described in "*Description of the Notes—Additional Amounts.*"

Tax rules for payments made by the Guarantors

Although there is no precedent or regulation on this matter, the Spanish tax authorities might take the position that the Guarantors have effectively assumed the obligations of the Company under the Notes (whether contractually or by any other means) and, therefore, the Spanish tax authorities may take the position that payments made by the Guarantors should be subject to the same tax rules set out for payments made by the Company.

Financial transaction tax

In February 2013, the European Commission published a proposal for a directive for a common financial transaction tax (the "**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The proposed FTT had a very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt. Under the current proposals, the FTT could apply, in certain circumstances, to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation with the FTT.

In Spain, the Spanish law which implements the Spanish tax on financial transactions (the "**Spanish FTT**") was approved on October 7, 2020 (the "**FTT Law**") and the FTT Law was published on the Spanish Official State Gazzete on October 16, 2020.

Spanish FTT will charge a 0.2% rate on specific acquisitions of listed shares issued by Spanish companies whose market capitalization exceeds €1 billion, regardless of the jurisdiction of residence of the parties involved in the transaction. According to the terms of the Spanish FTT Law, this indirect tax should not apply to the acquisition of the Notes or dealings in the Notes thereafter.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the Notes by employee benefit plans that are subject to Title I of the US Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the US Internal Revenue Code of 1986, as amended (the "**Code**") or provisions under any other federal, state, local, non-US or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, "**Similar Laws**"), and entities whose underlying assets are considered to include "plan assets" of such plans, accounts and arrangements pursuant to ERISA or otherwise (each, a "**Plan**").

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an "**ERISA Plan**") and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan. Each ERISA Plan should consider that none of the Company, the Initial Purchasers, nor any of their respective affiliates (the "**Transaction Parties**") will act as a fiduciary to any ERISA Plan with respect to any decision to invest in the Notes and is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, with respect to such decision.

In considering an investment in the Notes of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to the fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

Prohibited Transaction Laws

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest", within the meaning of Section 3(14) of ERISA, or "disqualified persons", within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engaged in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and/or the Code.

The acquisition and/or holding of the Notes by an ERISA Plan with respect to which the Company, a Subsidiary Guarantor or an Initial Purchaser is a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the US Department of Labor has issued Prohibited Transaction Class Exemptions ("**PTCEs**") that may apply to the acquisition and holding of the Notes. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. Each of the above-noted exemptions contains conditions and limitations on its application. Fiduciaries of ERISA Plans considering acquiring and/or holdings the Notes in reliance on these or any other exemption should carefully review the exemption to assure it is applicable. There can be no assurance that any class exemption or any other exemption will be available with respect to any particular transaction involving the Notes, or that if an exemption is available, it will cover all aspects of any particular transaction.

Representation

Accordingly, by acceptance of a Note or any interest therein, each purchaser and holder will be deemed to have represented and warranted that either (i) it is not acquiring or holding the Notes (or any interest therein) with the assets of a Plan or (ii) the acquisition and holding of the Notes (or any interest therein) will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws. In addition, if it is a Plan, it will be deemed to have represented and warranted that none of the Transaction Parties has

undertaken or will undertake to provide impartial investment advice, or has given or will give advice in a fiduciary capacity in connection with the Transactions.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the Notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be applicable to the purchase and holding of the Notes.

PLAN OF DISTRIBUTION

Under the terms and subject to the conditions contained in a purchase agreement dated on or about the date of this Offering Memorandum, we have agreed to sell to the Initial Purchasers, for whom Deutsche Bank Aktiengesellschaft is acting as representative, on a several and not joint basis, the following respective principal amount of Notes:

Initial Purchasers	**Principal amount of Notes (€)**
Deutsche Bank Aktiengesellschaft	€180,000,000.00
CaixaBank, S.A.	€30,000,000.00
Banco Bilbao Vizcaya Argentaria, S.A.	€30,000,000.00
BNP Paribas	€30,000,000.00
Credit Suisse Securities Sociedad de Valores S.A.	€30,000,000.00
HSBC Continental Europe S.A	€30,000,000.00
Société Générale	€30,000,000.00
Banca March, S.A.	€10,000,000.00
Banco de Sabadell, S.A.	€10,000,000.00
Bankinter, S.A.	€10,000,000.00
Total	**€390,000,000.00**

The Initial Purchasers may make offers and sales through certain affiliates of the Initial Purchasers. One or more of the Initial Purchasers may sell through affiliates or other appropriately licensed entities for sales of the Notes in jurisdictions in which they are not otherwise permitted.

CaixaBank, S.A. is only participating in the Offering outside the United States under Regulation S of the Securities Act. CaixaBank, S.A. is not a broker dealer registered with the SEC and will not be offering or selling securities in the United States or to US nationals or residents.

Banco Bilbao Vizcaya Argentaria, S.A. is not a broker-dealer registered with the SEC and therefore may not make sales of any securities in the United States or to US persons except in compliance with applicable US laws and regulations. Any offers and sales into the United States by Banco Bilbao Vizcaya Argentaria, S.A. will only be made through one or more US registered broker dealers, or otherwise as permitted by applicable US law.

Bankinter, S.A. is only participating in the Offering outside the United States under Regulation S of the Securities Act. Bankinter, S.A. is not a registered broker dealer registered with the SEC and will not be offering or selling securities in the United States or to US nationals or residents.

Banca March, S.A. is only participating in the Offering outside the United States under Regulation S of the Securities Act. Banca March, S.A. is not a registered broker dealer registered with the SEC and will not be offering or selling securities in the United States or to US nationals or residents.

Banco de Sabadell, S.A. is only participating in the Offering outside the United States under Regulation S of the Securities Act. Banco de Sabadell, S.A. is not a registered broker dealer registered with the SEC and will not be offering or selling securities in the United States or to US nationals or residents.

The Initial Purchasers will receive customary commissions and discounts under the purchase agreement upon the consummation of the offering of the Notes. In the purchase agreement, subject to the conditions thereof, the Initial Purchasers have agreed to purchase the Notes offered hereby at a discount from the price indicated on the cover page of this Offering Memorandum and to resell such Notes to purchasers as described herein. See "*Notice to Investors*". The Offering by the Initial Purchasers is subject to receipt and acceptance and subject to the Initial Purchasers' right to reject any order in whole or in part. After the Offering, the offering prices and other selling terms may from time to time be varied by the Initial Purchasers. The purchase agreement provides that the obligation of the Initial Purchasers to pay for and accept delivery of the Notes is subject to, among other conditions, the delivery of certain legal opinions by our counsel.

The purchase agreement provides that the Company and the Guarantors, on one hand, and the several Initial Purchasers, on the other hand, will indemnify each other against certain liabilities, including liabilities under the Securities Act, and will contribute to payments the other may be required to make in respect thereof. In order to facilitate the Offering, the

Initial Purchasers may engage in transactions that stabilize, maintain or otherwise affect the prices of the Notes. Specifically, the Initial Purchasers may over allot in connection with this offering, creating a short position in the Notes for their own accounts. In addition, to cover overallotments or to stabilize the prices of the Notes, the Initial Purchasers may bid for, and purchase, Notes in the open market. Finally, the Initial Purchasers may reclaim selling concessions allowed to a trustee or dealer for distributing the Notes in this offering if the Initial Purchasers repurchase previously distributed Notes in transactions to cover short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the Notes above independent market levels. The Initial Purchasers are not required to engage in these activities, and may end any of these activities at any time. No assurance can be given that active public markets or other markets will develop for the Notes or as to the liquidity of the trading market for the Notes.

The Company and the Guarantors have agreed that they will not offer, sell, contract to sell or otherwise dispose of any of their debt securities or any debt securities of our subsidiaries similar to the Notes during the period beginning on the date of this Offering Memorandum and ending on the date that is 90 days following the closing date of this offering without the prior written consent of Deutsche Bank Aktiengesellschaft.

The Notes and the related Guarantees have not been and will not be registered under the Securities Act. The Initial Purchasers have agreed that they will only offer or sell the Notes (1) outside the United States in offshore transactions in reliance on Regulation S and (2) in the United States to QIBs in reliance on Rule 144A. The terms used above have the meanings given to them by Regulation S and Rule 144A.

In addition, until 40 days after the commencement of the Offering, an offer or sale of such Notes within the United States by a dealer that is not participating in the Offering may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the Securities Act.

The Notes will be new securities for which there are currently no markets. An application will be made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be traded on the Euro MTF. However, there are no assurances that the Notes will be, or will remain, listed and admitted to trade on the Euro MTF. Further, the Company cannot assure you that the initial prices at which the Notes will sell in the market after this offering will not be lower than the initial offering prices or that active trading markets for the Notes will develop and continue after completion of this offering. The Initial Purchasers have advised us that they currently intend to make a market for the Notes. However, the Initial Purchasers are not obligated to do so, and may discontinue any market making activities with respect to the Notes at any time without notice. In addition, market making activities will be subject to the limits imposed by the Exchange Act, and may be limited. Accordingly, the Company cannot assure you as to the liquidity of, or trading markets for, the Notes.

Each Initial Purchaser has represented and agreed that this Offering Memorandum is directed solely at:

(i) persons who are outside the United Kingdom;

(ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended;

(iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended; and

(iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated,

(all such persons in (i), (ii), (iii) and (iv) above together being referred to as "**relevant persons**").

Accordingly, by accepting delivery of this Offering Memorandum, the recipient warrants and acknowledges that it is such a relevant person. The Notes are available only to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Offering Memorandum or any of its contents. No part of this Offering Memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without our prior written consent. The Notes are not being offered or sold to any person in the United Kingdom, except in circumstances which will not result in

an offer of securities to the public in the United Kingdom within the meaning of Part VI of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.

Certain of the Initial Purchasers or their respective affiliates that have a lending relationship with us routinely hedge their credit exposure consistent with their customary risk management policies. Typically, such Initial Purchasers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. In addition, the Initial Purchasers and their affiliates may acquire the Notes for their own proprietary account.

The Initial Purchasers may also impose a penalty bid. This occurs when a particular Initial Purchaser repays to the Initial Purchasers a portion of the underwriting discount received by it because the representative has repurchased Notes sold by or for the account of such purchaser in stabilizing or short covering transactions.

The Initial Purchasers or their respective affiliates have engaged in, and may in the future engage in, investment banking, financial advisory, consulting, commercial banking and other commercial dealings, including as acting as hedge counterparties with us, our principal shareholders or our affiliates. In addition, the Initial Purchasers or their respective affiliates have lending relationships with us, our principal shareholders or our affiliates including pursuant to bilateral loan facilities, multilateral and/or syndicated loan facilities, guarantee, overdraft or cash management facilities and other forms of credit lines. They have received, and expect to receive, customary fees, commissions and expense reimbursements for these transactions. Each of the Initial Purchasers or their respective affiliates are lenders and/or agents under the Senior Facilities Agreement. One or more of the Initial Purchasers or their respective affiliates may hold 2024 Notes and receive proceeds from this Offering.

Deutsche Bank Aktiengesellschaft is only acting for the Company and the Guarantors in connection with the transaction referred to in this Offering Memorandum and no one else and will not be responsible to anyone other than the Company and the Guarantors for providing the protections offered to clients of Deutsche Bank Aktiengesellschaft nor for providing advice in relation to the transaction, this document or any arrangement or other matter referred to herein.

We expect that delivery of the Notes will be made to investors on or about June 29, 2021, which will be the 10th business day following the date hereof (such settlement being referred to as "T+10"). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade on the date of pricing of the Notes or the next five succeeding business days will be required, by virtue of the fact that the Notes initially settle in T+10, to specify an alternative settlement arrangement at the time of such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes prior to their date of delivery hereunder should consult their advisors.

Solely for the purposes of the product approval process of each manufacturer for the purposes of MiFID II ("**MiFID II**") (each a "**Manufacturer**" and, together, the "**Manufacturers**"), the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II and (ii) all channels for distribution of such securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the Manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target Market assessment) and determining appropriate distribution channels.

Solely for the purposes of the product approval process of each manufacturer for the purposes of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") (each a "**UK Manufacturer**" and, together, the "**UK Manufacturers**"), the target market assessment in respect of the Notes described in this Offering Memorandum has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**") and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the UK Manufacturer's target market assessment; however, a distributor subject to the UK MiFIR Product Governance Rules is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the UK Manufacturer's target market assessment) and determining appropriate distribution channels.

Neither the Initial Purchasers nor any of their respective affiliates have authorised the whole or any part of this Offering Memorandum and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Offering Memorandum or any responsibility for any act or omission of the Issuer, the Guarantors or any other person (other than the relevant Initial Purchaser) in connection with the issue and offering of the Notes. Neither the delivery of this Offering Memorandum nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Company or the Guarantors since the date of this Offering Memorandum.

TRANSFER RESTRICTIONS

The Company has not registered the Notes under the Securities Act and, therefore, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, US persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are only to be offered and sold to:

(1) QIBs in compliance with Rule 144A under the Securities Act; and

(2) in offers and sales that occur outside the United States to foreign purchasers, that is, purchasers who are not US persons.

The term "**foreign purchasers**" includes dealers or other professional fiduciaries in the United States acting on a discretionary basis for foreign beneficial owners, other than an estate or trust, in offshore transactions meeting the requirements of Rule 903 of Regulation S. We use the terms "**offshore transaction**", "**US person**" and "**United States**" with the meanings given to them in Regulation S.

If you purchase Notes, you will be deemed to have represented and agreed as follows:

(1) You understand and acknowledge that the Notes have not been registered under the Securities Act or any other applicable securities laws and that the Notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to an exemption therefrom, or in a transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraph (4) below.

(2) You are not our "**affiliate**" (as defined in Rule 144), you are not acting on our behalf and you are either:

  (a) a QIB and are aware that any sale of these Notes to you will be made in reliance on Rule 144A and such acquisition will be for your own account or for the account of another QIB; or

  (b) not a "**US person**" as defined in Regulation S or purchasing for the account or benefit of a US person (other than a distributor) and you are purchasing Notes in an offshore transaction in accordance with Regulation S.

(3) You acknowledge that neither the Company, the Initial Purchasers nor any person representing the Company or the Initial Purchasers has made any representation to you with respect to the Company or the offer or sale of any of the Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that the Initial Purchasers make no representation or warranty as to the accuracy or completeness of this Offering Memorandum. You have had access to such financial and other information concerning us and the Notes, including an opportunity to ask questions of, and request information from, the Company and the Initial Purchasers.

(4) You are purchasing Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other available exemption from registration available under the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing the Notes, and each subsequent holder of these Notes by its acceptance thereof will agree, to offer, sell or otherwise transfer such Notes prior to (x) the date which is one year (or such shorter period of time as permitted by Rule 144(k) under the Securities Act or any successor provision thereunder) after the later of the date of the original issue of these Notes and the last date on which the Company or any of its affiliates were the owner of such Notes (or any predecessor thereto) or (y) such later date, if any, as may be required by applicable law (the "**Resale Restriction Termination Date**") only:

(a) to us;

(b) pursuant to a registration statement which has been declared effective under the Securities Act;

(c) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person you reasonably believe is a QIB that purchases for its own account or for the account of another QIB to whom you give notice that the transfer is being made in reliance on Rule 144A;

(d) pursuant to offers and sales to non-US persons occurring outside the United States within the meaning of Regulation S; or

(e) pursuant to any other available exemption from the registration requirements of the Securities Act,

subject in each of the foregoing cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be within the seller or account's control, and in compliance with any applicable state securities laws.

The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. You acknowledge that the Company, the Trustee and the registrar reserve the right prior to any offer, sale or other transfer of the Notes pursuant to clause (d) above prior to the end of the 40-day distribution compliance period within the meaning of Regulation S or pursuant to clause (e) above prior to the Resale Restriction Termination Date of the Notes to require the delivery of an opinion of counsel, certifications and other information satisfactory to us, the Trustee and the registrar.

Each purchaser acknowledges that each note will contain a legend substantially in the following form:

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**U.S. SECURITIES ACT**"), OR OTHER SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (2) AGREES THAT IT WILL NOT PRIOR TO (X) THE DATE THAT IS, [IN THE CASE OF RULE 144A NOTES: ONE YEAR] [IN THE CASE OF REGULATION S NOTES: 40 DAYS] AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF (OR OF ANY PREDECESSOR OF THIS NOTE) OR THE LAST DAY ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WERE THE OWNERS OF THIS NOTE (OR ANY PREDECESSOR OF THIS NOTE) AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW (THE "**RESALE RESTRICTION TERMINATION DATE**"), OFFER, SELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE U.S. SECURITIES ACT, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; PROVIDED THAT THE ISSUER, THE TRUSTEE AND THE REGISTRAR SHALL HAVE THE RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) PRIOR TO THE END OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD WITHIN THE MEANING OF REGULATION S UNDER THE U.S. SECURITIES ACT OR PURSUANT TO CLAUSE (E) PRIOR TO THE RESALE RESTRICTION TERMINATION DATE TO REQUIRE THAT AN OPINION OF COUNSEL, CERTIFICATIONS AND OTHER INFORMATION SATISFACTORY TO THE ISSUER, THE TRUSTEE AND THE

REGISTRAR IS COMPLETED AND DELIVERED BY THE TRANSFEROR. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. AS USED HEREIN, THE TERMS "**OFFSHORE TRANSACTION**", "**UNITED STATES**" AND "**U.S. PERSON**" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE U.S. SECURITIES ACT".

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(1) You acknowledge that the registrar will not be required to accept for registration of transfer any Notes acquired by you, except upon presentation of evidence satisfactory to us and the registrar that the restrictions set forth herein have been complied with.

(2) You acknowledge that:

(a) the Company, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations and agreements set forth herein and you agree that, if any of your acknowledgements, representations or agreements herein cease to be accurate and complete, you will notify us and the Initial Purchasers promptly in writing; and

(b) if you are acquiring any Notes as fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:

(i) you have sole investment discretion; and

(ii) you have full power to make the foregoing acknowledgements, representations and agreements.

(3) You agree that you will give to each person to whom you transfer these Notes notice of any restrictions on the transfer of the Notes.

(4) If you are a purchaser in a sale that occurs outside the United States within the meaning of Regulation S, you acknowledge that until the expiration of the "distribution compliance period" (as defined below), you shall not make any offer or sale of these Notes to a US person or for the account or benefit of a US person within the meaning of Rule 902 under the Securities Act. The "**distribution compliance period**" means the 40-day period following the Issue Date for the Notes.

(5) You understand that no action has been taken in any jurisdiction (including the United States) by the Company or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Company or the Notes in any jurisdiction where action for that purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "*Plan of Distribution*".

(6) Either (a) you are not acquiring or holding the Notes (or any interest therein) with the assets of (i) an employee benefit plan that is subject to Title I of the US Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), (ii) a plan, individual retirement account or other arrangement that is subject to Section 4975 of the US Internal Revenue Code of 1986, as amended (the "**Code**") or provisions under any other federal, state, local, non-US or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, "**Similar Laws**"), or (iii) an entity whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement described in clause (i), (ii) or (ii) pursuant to ERISA or otherwise (each, a "**Plan**"), or (b) the acquisition and holding of the Note (or any interest therein) will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws.

(7) If you are a Plan, none of the Transaction Parties has undertaken or will undertake to provide impartial investment advice, or has given or will give advice in a fiduciary capacity, in connection with the Transactions

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for the Company by Paul, Weiss, Rifkind, Wharton & Garrison LLP, as to matters of US federal and New York State law and by J&A Garrigues, S.L.P. as to matters of Spanish law. Certain legal matters in connection with the Offering will be passed upon for the Initial Purchasers by Cahill Gordon & Reindel (UK) LLP as to matters of US federal and New York State law and by Linklaters, S.L.P. as to matters of Spanish law.

INDEPENDENT AUDITORS

Our consolidated financial statements as of and for the financial years ended December 31, 2018, 2019 and 2020 included in this Offering Memorandum, have been audited by Deloitte, S.L., independent auditors, as stated in their unqualified reports appearing herein on pages F-1, F-174 and F-372 of this Offering Memorandum.

WHERE YOU CAN FIND MORE INFORMATION

Each purchaser of the Notes from the Initial Purchasers will be furnished with a copy of this Offering Memorandum and, to the extent provided to the Initial Purchasers by us for such purpose, any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to the Offering Memorandum acknowledges that:

(a) such person has been afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(b) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(c) except as provided pursuant to (a) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

We are not currently subject to the periodic reporting and other information requirements of the Exchange Act.

For so long as any of the Notes remain outstanding and are “restricted securities” within the meaning of Rule 144A(a)(3) under the Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, as amended, nor exempt from the reporting requirements under Rule 12g3-2(b) of the Exchange Act, as amended, make available to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act. Any such request should be directed to the Company.

ENFORCEABILITY OF CIVIL LIABILITIES AND INSOLVENCY REGIME

Spain

Enforceability of civil liabilities

The Company and some of the Guarantors are organized under the laws of Spain with limited liability. The controlling shareholders of the Company, and the directors and the executive officers of the Company and the Guarantors organized under the laws of Spain are nonresidents of the United States and a significant portion of the assets of such persons are located outside the United States. As a result, in order to enforce in Spain a judgment entered in another jurisdiction, the service of process on such persons or the Company or the Guarantors organized under the laws of Spain must be made in accordance with the Law 29/2015, of July 30, on international judicial cooperation in civil matters (*Ley 29/2015, de 30 de julio, de cooperación jurídica internacional en materia civil*) (the "**ILCC Law**") and the Law of Civil Procedure (*Ley de Enjuiciamiento Civil*) (the "**LEC 2000**"). An investor may also experience difficulty in effecting service of process on or enforcing judgments against such persons or the Company or the Guarantors organized under the laws of Spain based on civil liability provisions of the US Federal and state securities laws or other laws.

We have been advised by our Spanish counsel that the United States and Spain are not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments. In the absence of any such treaty such judgment will be recognized and enforced in Spain provided that none of the circumstances set forth in article 46 of the ILCC concur in them:

- that the judgment is contrary to Spanish public policy ("*órden público*");
- that the judgment has been rendered by clearly breaching the rights of defense of any of the parties and, in particular, if the judgment has been rendered by default of the defendant ("*en rebeldía*") it would be deemed to breach his rights of defense if the defendant was not regularly and timely notified to enable him to defend himself properly;
- that the subject matter in respect of which the judgment has been rendered falls within the exclusive jurisdiction of the Spanish courts or, in any other matters, if the foreign court jurisdiction does not have a reasonable connection with the dispute;
- that the foreign judgment is incompatible with other Spanish judgments;
- that the foreign judgment is incompatible with another country's judgment which meets the requirements to be enforceable in Spain; or
- that there is an ongoing proceeding between the same parties and dealing with the same subject which was opened before a Spanish court prior to the opening of the proceedings before the foreign court.

According to Article 3.2 of ILCC Law, the Spanish Government may deny cooperation with other state's authorities if there has been a reiteration refusal of cooperation or a legal prohibition of providing cooperation by such other state's authorities provided that the Spanish Government passes a Royal Decree for these purposes.

The enforcement of any judgments in Spain will be subject to article 54.4 of the ILCC Law and, among others, the following formal requirements: (a) documents in a language other than Spanish must be accompanied by a translation into Spanish (translator's fees will be payable); (b) certain professional fees are required for the verification of the legal authority of a party litigating in Spain if needed; (c) the payment of certain court fees; and (d) the procedural acts of a party litigating in Spain shall be directed by an attorney at law and the party shall be represented by a court agent with the exception of enforcements of judgments issued in a proceeding in which such direction and representation is not needed. In addition, please note that Spanish civil proceedings rules cannot be amended by agreement of the parties and will therefore prevail notwithstanding any provision to the contrary in the Notes.

Pursuant to Article 54 of LEC 2000, the parties to an agreement are entitled to clearly submit to one judge (*juzgado*) or court (*tribunal*) (*provided that* under the Spanish Procedural Law and the Spanish Judicial Law (*Ley 6/1985, de 1 de Julio, Orgánica del Poder Judicial*) the relevant judge or court is competent to solve the corresponding dispute); therefore such article does not cover the validity of nonexclusive jurisdiction clauses, at least for conflicts between different Spanish courts.

The Company and the Guarantors have agreed that any suit, action or proceeding arising out of or based upon the Indenture, the Notes or the Guarantees may be instituted in any federal or state court located in New York City, and the Company and the Guarantors have appointed Grupo Antolin-North America, Inc. as their agent for service of process in any such suit, action or proceeding.

Insolvency regime

Under Spanish insolvency law, your right to receive payments of interest and principal on the Notes in case of insolvency may be more limited than would be the case under US bankruptcy laws.

On May 5, 2020, the Spanish Council of Ministers enacted the Spanish Insolvency Law. The Spanish Insolvency Law is the result of the mandate granted by the Spanish Parliament to recast, harmonize, clarify and organize the Spanish insolvency legislation (essentially contained in the former Law 22/2003, of July 9, on Insolvency (*Ley 22/2003, de 9 de julio, Concursal*)).

The Spanish Insolvency Law governs certain out-of court restructurings or refinancings and court insolvency proceedings. This section summarizes the main aspects of Spanish insolvency law affecting corporations, and not individuals, as there are certain specialties for the insolvency of the latest.

Concept and petition for insolvency

In Spain, insolvency proceedings are only triggered in the event of a debtor's current insolvency (*insolvencia actual*) or imminent insolvency (*insolvencia inminente*). Under the Spanish Insolvency Law, a debtor is insolvent when it becomes unable to regularly meet its obligations as they become due and payable (current insolvency) or when it expects that it will shortly be unable to do so (imminent insolvency). A petition for current insolvency may be initiated by the debtor, by any creditor (provided that it has not acquired the credit within the six months prior to the filing of the petition for insolvency, for *inter vivos* acts, on a singular basis and once the credit was mature) or by certain other interested third parties. Notwithstanding, only the debtor may file a petition for insolvency on the basis of its imminent insolvency.

Voluntary insolvency

Insolvency is considered voluntary (*concurso voluntario*) if filed by the debtor.

The debtor is obliged to file a petition for insolvency within two months after it becomes aware, or should have become aware, of its state of insolvency. It is presumed that the debtor becomes aware of its insolvency, unless otherwise proved, if any of the circumstances that qualify as the basis for a petition for mandatory insolvency occur.

Notwithstanding the foregoing, the general duty to file for insolvency within the referred two months does not apply if the debtor notifies the applicable court that it has initiated negotiations with its creditors to obtain support to reach a pre-packaged composition agreement (*propuesta de convenio anticipado*) or an out-of-court workout (a refinancing agreement) in accordance with Title II (*Titulo II) of* the Second Book (*Libro Segundo*)of the Spanish Insolvency Law (the "**Opening of Negotiations Communication**").

Effectively, by means of the Opening of Negotiations Communication, the debtor gains an additional (as from the Opening of Negotiations Communication Communication filing) three-month period to achieve an agreement with its creditors or to obtain accessions to an anticipated composition agreement and one further month to file for the declaration of insolvency. During such period of time, creditors' petitions for mandatory insolvency will not be accepted and court or out-of-court enforcement actions, other than those arising from public law claims, over those assets or rights deemed necessary for the continuity of the debtor's business activities, are prohibited or suspended (as applicable).

In addition, enforcement proceedings that have been brought by creditors holding financial liabilities (as defined in Article 606 of the Spanish Insolvency Law) are prohibited or suspended (as applicable) provided that it is evidenced that at least 51% of the creditors holding financial liabilities (by value) have supported the initiation of negotiations to enter into a refinancing agreement and have agreed to suspend or not initiate enforcement proceedings against the debtor while creditors holding financial liabilities are still negotiating. Nevertheless, secured creditors are entitled to bring enforcement proceedings against the corresponding secured assets although once proceedings have been initiated they shall be immediately suspended.

Mandatory insolvency

Insolvency is considered mandatory (*concurso necesario*) if filed by a third-party creditor.

Under Article 2.4 of the Spanish Insolvency Law, a creditor can seek a debtor's declaration of insolvency if the creditor can prove that the debtor has failed to attach any assets, or sufficient assets, to pay the amount owed. A creditor may also apply for a declaration of insolvency if, *inter alia*: (i) there is a generalized default on payments by the debtor; (ii) there is a seizure of assets affecting or comprising the generality of the debtor's assets; (iii) there is a misplacement, "fire sale" or sale or ruinous liquidation of the debtor's assets; or (iv) there is a generalized default on certain tax, social security and employment obligations during the applicable statutory period (three months).

Conclusion of insolvency: proposal of agreement or liquidation

The Spanish Insolvency Law provides that insolvency proceedings conclude following either the implementation of an agreement between the creditors and the debtor (the "**Company Voluntary Agreement**" or the "**CVA**") or the liquidation of the debtor. An insolvency proceeding can also conclude (i) at any moment when it is verified that there are insufficient assets to pay post insolvency debt, (ii) at any moment when it is verified that all of the credits have been paid, or the situation of insolvency does no longer exist, or (iii) when it is verified that all of the creditors have waived their credit rights.

Enforcement and termination in a pre-insolvency scenario

The obligations under the Notes, the Note Guarantees and the security interest might not necessarily be enforced in accordance with their respective terms in every circumstance. Such enforcement is subject to, *inter alia*, the nature of the remedies available in the Spanish courts, the acceptance by such court of jurisdiction, the discretion of the courts, the power of such courts to stay proceedings, the provisions of the LEC 2000 regarding remedies and enforcement measures available under Spanish law, the provisions of the Spanish Insolvency Law and other principles of law of general application. Among others:

(i) Spanish law does not expressly recognize the concept of an indemnity. Section 1,152 of the Spanish Civil Code (*Código Civil*) establishes that any penalty (*cláusula penal*) agreed by the parties in an agreement will substitute damages (*indemnización de daños*) and the payment of interest (*abono de intereses*) in an event of breach, unless otherwise agreed. Spanish courts may modify the penalty agreed on an equitable basis if the debtor has partially or irregularly performed its obligations, unless the penalty (liquidated damages) was aimed at such partial performance. There is doubt as to the enforceability of punitive damages in Spain;

(ii) where obligations are to be performed in a jurisdiction outside Spain, they may not be enforceable in Spain to the extent that performance would be illegal under the laws of the applicable jurisdiction;

(iii) Spanish law precludes the validity and performance of contractual obligations to be left at the discretion of one of the contracting parties. Therefore, Spanish courts may refuse to uphold and enforce terms and conditions of an agreement giving discretionary authority to one of the contracting parties;

(iv) Spanish law, as applied by the Spanish Supreme Court, permits Spanish courts to preclude termination of an agreement if the basis of the breach of obligations, undertakings or covenants are merely ancillary or complementary to the main undertakings foreseen under the relevant agreement (such as payment obligations under financing agreements);

(v) under Spanish law, acts carried out in accordance with the terms of a legal provision whenever said acts seek a result which is forbidden by or contrary to law, shall be deemed to have been executed in circumvention of law (*fraude de ley*) and the provisions whose application was intended to be avoided shall apply.

Certain effects of the insolvency for the debtor and on contracts

On debtors

As a general rule and subject to certain exceptions, the debtor in a voluntary insolvency retains its powers to manage its business, but is subject to the court appointed intervention of the insolvency administrators (*administración concursal*) (intervention regime). In case of mandatory insolvency, as a general rule and subject to certain exceptions, the debtor no longer has power over its assets, and management's powers (including the power to dispose of assets) are conferred solely upon the

insolvency administrators (suspension regimen). However, the court has the power to modify this general regime subject to the specific circumstances of the case. In addition, upon the insolvency administrator request, the court has the power to swap the intervention regime for a suspension regime or vice versa.

Actions carried out by the debtor that breach any required supervision of the insolvency authorities may be declared null and void unless ratified by the insolvency administrators.

On contracts

A declaration of insolvency does not affect agreements with reciprocal obligations pending on performance by either the insolvent party or the counterparty (executory contracts), which remain in full force and effect, and the obligations of the insolvent debtor will be fulfilled against the insolvent estate. The court can nonetheless terminate any such contracts at the request of the insolvency administrators (provided that management's powers have been solely conferred upon the insolvency administrators), or the company itself (if its powers to manage its business are only subject to the intervention of the insolvency administrators), when such termination is in the interest of the estate (rejection) (*resolución del contrato en interés del concurso*) or at the request of the non-insolvent party if there has been a breach of such contract. The termination of such contracts may result in the insolvent debtor having to return, and indemnify damages to its counterpart against the insolvency estate (*con cargo a la masa).* On the other hand, the judge may decide to cure any breach of the insolvent debtor at its request or the insolvency administrators' request (assumption) (*mantenimiento del contrato en interés del concurso*), in which case the non-insolvent party shall be entitled to seek specific performance against the insolvency estate (pre-deductible claim from the estate). Lastly, under Section 156 of the Spanish Insolvency Law, all clauses in contracts that entitle any party to terminate an agreement based solely on the other party's declaration of insolvency (*ipso facto* clauses) are deemed as not included in the agreement (void) and, therefore, unenforceable, except if expressly permitted by specific laws (i.e., agency laws).

Additionally, the declaration of insolvency determines that interest accrual is suspended, except (i) credit rights secured with an *in rem* right, in which case interest accrues up to the value of the security, and (ii) any wage credits in favor of employees, which will accrue the legal interest set forth in the corresponding State Budget Act (*Ley de Presupuestos del Estado*).

On enforcement proceedings

As a general rule, insolvency proceedings are not compatible with other enforcement proceedings and, therefore, such proceedings can have an effect on the estate (excluding enforcement proceedings with regard to financial collateral (as defined in RDL 5/2005)). When compatible, in order to protect the interests of the debtor and creditors, the Spanish Insolvency Law extends the jurisdiction of the court dealing with insolvency proceedings, which is then legally authorized to handle any enforcement proceedings or interim measures affecting the debtor's assets (whether based upon civil, labor, or administrative law).

The enforcement of any security over certain assets that are deemed as necessary by the Court in charge of the insolvency proceeding to the continuation of the commercial or professional activity of the insolvent company (*in rem* securities) is prohibited until the earlier of: (i) an arrangement of a composition agreement being reached, provided that the composition agreement does not affect such right; or (ii) one year having elapsed as of the declaration of the insolvency without the opening of the liquidation phase. Nevertheless, shares/quota shares held by an insolvent debtor in another company whose only activity is the holding of a material asset and servicing the financing provided in connection with the acquisition of that asset, are not considered to be an asset necessary for the debtor's business activity as long as the foreclosure of the relevant security interest that has been granted over such shares/quota shares does not bring about an early termination or amendment of the contractual relations permitting the economic exploitation of the relevant asset.

Ranking of credits

Creditors are required to report their claims to the insolvency administrators within one month from the day following the last official publication of the court order declaring the insolvency, providing documentation to justify such claims. Based on the documentation provided by the creditors and documentation held by the debtor, the court administrators draw up a list of acknowledged creditors/ claims and classify them according to the categories established in the Spanish Insolvency Law.

Under the Spanish Insolvency Law, claims are classified in two groups:

(i) Estate Claims (*créditos contra la masa*): Section 242 of the Spanish Insolvency Law sets out the "estate claims" which are pre-deductible (when they become due and payable) claims from the estate (excluding those assets of the insolvent debtor subject to *in rem* security). Debt against the insolvency estate includes, among others, (i) certain amounts of the employee payroll, (ii) costs and expenses of the insolvency proceedings, (iii) certain amounts arising from services provided by the insolvent debtor under reciprocal contracts and outstanding obligations that remain in force after insolvency proceedings are declared and deriving from obligations to return and indemnity in cases of voluntary termination or breach by the insolvent debtor, (iv) those that derive from the exercise of a claw back action within the insolvency proceedings of acts performed by the insolvent debtor and correspond to a refund of consideration received by it (except in cases of bad faith), (v) certain amounts arising from obligations created by law or from the non-contractual liability of the insolvent debtor after the declaration of insolvency and until its conclusion, (vi) certain debts incurred by the debtor following the declaration of insolvency, (vii) in case of liquidation, the credit rights granted to the debtor under a composition agreement in accordance with Section 332 of the Spanish Insolvency Law, (viii) 50% of the new funds lent under a refinancing arrangement entered into in compliance with the requirements set forth in Title II (*Titulo II*) of the Second Book (*Libro Segundo*) of the Spanish Insolvency Law.

(ii) Insolvency Claims: Insolvency claims are classified as follows:

(a) Specially Privileged Claims: Creditors benefiting from special privileges, representing security over certain assets (*in rem* securities) up to the amount of the value of their security, provided that such security is listed in the creditors' list (in this regard, the value of a security shall be 90% of the reasonable value—calculated as provided for in the Spanish Insolvency Law—of the secured asset minus those claims that hold higher ranking security over such asset). The part of the claim exceeding the value of its security will be classified according to the nature of the claim. These claims benefiting from special privileges may entail separate proceedings, though subject to certain restrictions derived from a waiting period that may last up to one year and certain additional limitations set forth in the Spanish Insolvency Law. However, within such waiting period or while any enforcement proceedings remain suspended under the Spanish Insolvency Law, the insolvency administrator has the option to pay the relevant claims against the insolvency estate under specific payment rules. Privileged creditors are not subject to the CVA unless they give their express support by voting in favor of the CVA or, in case they do not give such express support, if creditors holding security which represent at least 60% (or 75% depending on the conditions of the CVA) of the total value of secured claims of the same class vote in favor of such CVA. In the event of liquidation, they are the first to collect payment against the assets on which they are secured.

(b) Generally Privileged Claims: Creditors benefiting from a general privilege, including, among others, specific labor claims and specific claims brought by public entities or authorities are recognized for half their amount, and claims held by the creditor taking the initiative to apply for the insolvency proceedings, for up to 50% of the amount of such debt. New funds under a refinancing arrangement entered into in compliance with the requirements set forth in Title II (*Titulo II*) of the Second Book (*Libro Segundo*) of the Spanish Insolvency Law in the amount not admitted as a debt against the insolvency estate (*crédito contra la masa*) will also be credits with general privileges. The holders of general privileges are not to be affected by the CVA except if they give their express support by voting in favor of the CVA unless creditors holding claims benefiting from general privileges which represent at least 60% (or 75% depending on the conditions of the CVA) of the total value of claims benefiting from general privileges of the same class vote in favor of such CVA. In the event of liquidation, they will collect payment, in accordance with the ranking established under the Spanish Insolvency Law.

(c) Ordinary Claims: Ordinary creditors (non-subordinated and non-privileged claims) are paid pro rata once estate claims and both generally and specially privileged claims have been paid.

(d) Subordinated Claims: Subordinated creditors (thus classified by virtue of an agreement or pursuant to law), include, among others: credits communicated outside the specific one-month period mentioned above; credits which are contractually subordinated *vis-à-vis* all other credits of the debtor; credits relating to unpaid interest claims (including default interest) except for those credits secured with an *in*

rem right up to the secured amount; fines; and claims of creditors which are "specially related parties" to the insolvent debtor.

In the case of individuals, the following shall be deemed as "specially related parties": their relatives, legal entities controlled by the debtor or its relatives, the factual or legal administrators of such legal entities, any other legal entity forming part of the same group of companies and the legal entities in respect of which the people described in this paragraph are their factual and legal administrators.

In the case of a legal entity, the following shall be deemed as "specially related parties": (i) shareholders with unlimited liability (in case such shareholders are natural persons it would include any special related party to these shareholders, as described herein); (ii) limited liability shareholders holding, directly or indirectly, 10% or more of the insolvent company's share capital (or 5% if the company is listed or has securities listed in a secondary official market) at the time when the relevant credit right arises; or (iii) directors (either *de jure* or *de facto*) insolvency liquidators and those holding general powers of attorney from the insolvent company (including those people that have held these position during the two years prior to the insolvency declaration); and (iv) companies pertaining to the same group as the debtor and their common shareholders provided such shareholders meet the minimum shareholding requirements set forth in (ii) above. Notwithstanding the above, creditors who have directly or indirectly capitalized their credit rights pursuant to a refinancing arrangement entered into in compliance with the requirements set forth in Title II (*Titulo II*) of the Second Book (*Libro Segundo*) of the Spanish Insolvency Law shall not be considered as being in a special relationship with the debtor, in respect of credits against the debtor, as a result of the financing granted under such refinancing arrangement. Claims related to accrued and unpaid interest, unless and to the extent they are secured by an *in rem*, right are also subordinated. Subordinated creditors are second-level creditors; they may not vote on a CVA and have limited chances of collection. Furthermore, in the absence of evidence to the contrary, assignees or awardees of claims belonging to any of the persons mentioned in this paragraph are presumed to be persons specially related to the insolvent debtor as long as the acquisition has taken place within two years prior to the insolvency proceedings being declared.

As an exception to the subordination regime, new money granted to the debtor pursuant to a refinancing agreement regulated under Title II (*Titulo II*) of the Second Book (*Libro Segundo*) of the Spanish Insolvency Law, which also contemplates a debt-for-equity swap executed before the granting of fresh money, shall not be classified as subordinated claim under Section 281.5 of the Spanish Insolvency Law provided that the requirements set out in Section 283 of the Spanish Insolvency Law are met. This is an incentive to promote fresh money and debt-for-equity swaps in order to remove insolvency out-of-court. Subordinated creditors do not vote on the CVA and in the event of liquidation collect payment according to the ranking established in the Spanish Insolvency Law (once ordinary creditors have been paid in full).

As a general rule, insolvency proceedings are not compatible with other enforcement proceedings and, therefore, such proceedings can have an effect on the estate (excluding enforcement proceedings with regard to financial collateral (as defined in RDL 5/2005)). When compatible, in order to protect the interests of the debtor and creditors, the Spanish Insolvency Law extends the jurisdiction of the court dealing with insolvency proceedings, which is then legally authorized to handle any enforcement proceedings or interim measures affecting the debtor's assets (whether based upon civil, labor or administrative law).

No termination effect

The general principle of "no termination effect" is established such that all agreements remain effective at the time of the insolvency. Therefore, the declaration of insolvency does not impair the existence of the contracts entered into by the debtor, which would remain in force. Any contractual arrangements establishing the termination of a contract with mutual obligations and/or entitling the relevant creditor to terminate it in the event of the declaration of insolvency of the debtor will be unenforceable.

As a general rule, the declaration of insolvency does not alter the general contractual rules on termination, but under the Spanish Insolvency Law, the judge may decide to remedy an eventual default of the insolvent party by reinstating an agreement, with the effect that any outstanding amounts and further payments under the agreement will be post-insolvency claims. If the court deems it appropriate for the interests of the insolvent party, it is also entitled to terminate an agreement, with compensation for damages if it deems it is best for the insolvency proceeding. There are specific rules for employment agreements, mainly affecting collective dismissals, which are dealt with by the insolvency judge.

Hardening periods

There is no claw back date by operation of law. Therefore, there are no prior transactions that automatically become void as a result of the initiation of insolvency proceedings. Instead, the insolvency administrators (or creditors that have asked the insolvency administrators to do so in the absence of action by the insolvency administrators) must expressly challenge those transactions. Under the Spanish Insolvency Law, upon the declaration of insolvency, only transactions that could be deemed as having damaged (*perjudiciales*) the insolvent debtor's estate (i.e., causing a so-called "patrimonial damage") during the two years prior to the date the insolvency is declared, may be challenged. Transactions taking place earlier than two years prior to the declaration of insolvency may be declared null and void subject to ordinary Spanish Civil Code (*Código Civil*) based actions.

The Spanish Insolvency Law does not define the meaning of "patrimonial damage". Damage does not refer to the intention of the parties, but to the consequences of the transaction on the debtor's interest or on the equality of treatment among creditors. There are several "irrebuttable presumptions" expressly set forth by the Spanish Insolvency Law (i.e., free disposals and prepayment or cancellation of the company's unsecured claims or obligations prior to them being due and where the due dates of the relevant unsecured claims or payment obligations fall after the date of declaration of insolvency), in which case such transactions are rescinded if they fall within the hardening period. In addition to the above, the Spanish Insolvency Law sets forth certain actions which are deemed to cause a "patrimonial damage" to the insolvent company, but which are "rebuttable presumptions" and therefore subject to being contested by the other party (i.e., disposals in favor of "specially related parties" (as described above), the provision of security with respect to previously existing obligations or with respect to new obligations replacing existing ones and the prepayment and cancellation of the company's secured claims or obligations which fall due after the date of declaration of insolvency). Ordinary transactions carried out within the debtor's ordinary course of the business cannot be rescinded, provided that they are carried out at arm's length.

In any event, fraudulent acts that have been entered into by creditors may always be rescinded and also those payments made by the debtor in respect of obligations which the debtor, at the time of payment, could not be compelled to pay. The consequence of the court resolution rescinding a prejudicial act is that the parties involved are required to return their reciprocal consideration with any accrued rents or interest. Such claims are generally regarded as claims against the estate unless in case of bad faith of the relevant creditor in which case its claims will be subordinated.

Notwithstanding the foregoing, pursuant to Section 730 of the Spanish Insolvency Law, acts and transactions governed by laws other than Spanish law will not be subject to claw back actions if such act or transaction cannot be rescinded or challenged by any means and under any grounds whatsoever (i.e., not only in insolvency scenarios) under the relevant non-Spanish applicable laws.

Conclusion of insolvency

Settlement

Once the debtor's assets and liabilities have been identified, the Spanish Insolvency Law encourages creditors to reach an agreement regarding payment of the insolvency debts. This agreement may be proposed either by the debtor or by the creditors, and it shall set forth how, when and up to what amount creditors are to be paid. Once executed, this agreement must be honored by the debtor and respected by the creditors.

The settlement or CVA should contain proposals for write-offs and stays and it may also contain alternative or complementary proposals for all creditors or for certain classes of creditors (except for Public Law creditors), including conversion of debt into shares, into profit-sharing credits, convertible bonds or subordinated debt, or any financial instrument different from the original debt. It may also include proposals for allocation of all assets or of certain assets to a specific person with a commitment from the acquirer to continue the activity and to pay off the debt as determined in the settlement.

The proposals in the settlement shall include a payment schedule.

In order for a settlement or CVA to be deemed approved by the creditors, certain majorities shall be met at the creditors' meeting pursuant to the rules set forth in the Spanish Insolvency Law. The holders of subordinated credits and those creditors considered as especially related to the debtor are not entitled to vote.

Although in principle secured creditors are not subject to an approved settlement or CVA (unless they have expressly voted in its favor) the effects of an approved CVA can be extended to secured and creditors benefitting from a general privilege

provided that the relevant CVA of creditors has been approved by certain majorities of creditors within its category pursuant to the rules set forth in the Spanish Insolvency Law.

Cramdown effects of certain refinancing agreements

In order to seek protection against claw back, refinancing agreements (out-of-court workouts) may be judicially sanctioned (*homologado*) by the commercial court that will be competent to conduct an eventual insolvency proceeding of the debtor, upon request by the debtor or by any creditor having entered into such refinancing agreements, if (i) they entail a significant enlargement of debtor's credit or a change in the financial structure by either granting a longer term or replacing previous claims with new ones; (ii) they have been subscribed by creditors holding financial liabilities representing, at least, 51% of the debtor's financial liabilities whether or not subject to financial supervision (that is to say the Spanish Insolvency Law excludes public creditors, labor creditors and those of commercial transactions in order to calculate whether the required thresholds are met) at the date of the refinancing agreement; (iii) the debtor's auditor issues a certificate acknowledging that the required thresholds have been reached (in the case of a group a companies, the majority refers both individually to each company and to the group as a whole where the intercompany claims are not taken into account); and (iv) the agreement is formalized in a public instrument. Judicially sanctioned refinancing agreements may not be subject to a claw back action.

As to the rules to calculate whether the required thresholds have been reached, all creditors holding an interest in a syndicated loan will be deemed to have adhered to the refinancing agreement (for the purposes of petitioning protection against claw back) if it is favorably voted upon by at least 75% of the liabilities represented by the loan, or a lower majority if so established in the syndicated loan agreement. The scope of this measure (particularly as to whether this majority of 75% might also serve for the cramdown of discharges and stays of payments over the rest of syndicated claims) is not clear among Spanish scholars or courts and therefore it is not possible yet to ascertain what its practical effects will be.

The following cramdown effects of homologated refinancing agreements may be imposed on (i) dissenting or non-participating unsecured financial creditors or (ii) on secured financial creditors to the extent of that part of their secured claim not covered by their security interest, as such security interest is to be valued in accordance with the rules set out by the latest reform of the Spanish Insolvency Law:

(i) If the judicially sanctioned refinancing agreement is supported by creditors representing at least 60% of the debtor's financial liabilities, stays of payments may be granted for up to five years or the debt converted into "profit participation loans" (*préstamos participativos*) of duration up to five years.

(ii) Further, these effects may be extended to the amount of secured claims of non-participating or dissenting creditors, when the agreement has been entered into by financial creditors holding secured claims which represent at least 65% of the value of all secured claims of the debtor.

(iii) If the judicially sanctioned refinancing agreement is supported by creditors representing at least 75% of the debtor's aggregate financial liabilities:

    (a) a deferral either of principal, interest or any other owed amount for a period of five or more years (but not more than ten years);

    (b) haircuts (note that a cap has not been established);

    (c) capitalization of debt. Nevertheless, those creditors that have not supported such refinancing agreement (either because they did not sign the agreement or because they oppose it) may choose between (i) the debt for equity swap contemplated by the agreement; or (ii) a discharge of their claims equal to the nominal amount (including any share premium) of the shares/quota shares that would have corresponded to that creditor as a consequence of the relevant debt for equity swap;

    (d) conversion of debt into profit participation loans of up to ten years, convertible obligations, subordinated loans, payment in kind facilities, or in any other financial instrument with a ranking, maturity and features different to the original debt; and

    (e) assignment of assets or rights as assignment in kind for total or partial payment of the debt (*datio pro soluto*).

Further, these effects may be extended to the amount of secured claims of non-participating or dissenting financial creditors in the amount covered by their security interest (valued in accordance with the rules set out in Title II (*Titulo II*) of

the Second Book (*Libro Segundo*) of the Spanish Insolvency Law, pursuant to Article 626 of the Spanish Insolvency Law), when the agreement has been entered into by financial creditors holding secured claims which represent at least 80% of the value of all secured claims of the debtor.

Liquidation

Liquidation is conceived as an outcome subsidiary to settlement. It operates where a CVA is not reached or when it is decided upon by the insolvency court. The insolvent company is entitled to request the liquidation at any time and, in any event, it must file a petition for liquidation if, during the period while the CVA is in force, it becomes aware that it is no longer able to meet the payment commitments and obligations undertaken after the approval of such settlement. In such a case, the company will be aimed at dissolution and the directors and liquidators will be removed. Deferred credits will compulsorily fall due and credits consisting of other benefits are converted into cash credits.

The insolvency administration will be required to prepare a liquidation plan that must be approved by the insolvency court. The insolvency administration is required to report quarterly on the liquidation and has one year to complete it, although in practise such term is usually extended due to the work load of courts.

Termination of the insolvency proceedings

Article 465.6 of the Spanish Insolvency Law foresees the termination of the insolvency proceeding at any stage when it is proven that all credits have been paid, or that all creditors have been entirely satisfied by other means, or that the situation of insolvency (i.e. the impossibility to face payment obligations regularly) has been overcome.

Finally, it must be noted that Article 473 of the Spanish Insolvency Law foresees the termination of the insolvency proceeding at any time when no future claw back actions are envisaged, nor actions claiming liability to third parties, nor the assessment of the proceeding as guilty, and the current assets are not enough to pay post insolvency debt.

Fraudulent Conveyance Laws

Under Spanish law, in addition to the insolvency claw back action, the insolvency administrator and any creditor may bring an action to rescind a contract or agreement (*acción rescisoria pauliana*) against the debtor and the third party which is a party to such contract or agreement, provided that the same is performed or entered into fraudulently and the creditor cannot obtain payment of the amounts owed in any other way. Although case law is not entirely consistent, it is broadly accepted that the following requirements must be met in order for a creditor to bring such action:

(i) the debtor owes the creditor an amount under a valid contract and the fraudulent action took place after such debt was created;

(ii) the debtor has carried out an act that is detrimental to the creditor and beneficial to the third party;

(iii) such act was fraudulent;

(iv) there is no other legal remedy available to the creditor to obtain compensation for the damages suffered; and

(v) debtor's insolvency, construed as the situation where there has been a relevant decrease in the debtor's estate making it impossible or more difficult to collect the claim.

The existence of fraud (which must be evidenced by the creditor) is one of the essential requirements under Spanish law for the action to rescind to succeed. Pursuant to Article 1,297 of the Spanish Civil Code (*Código Civil*): (i) agreements by virtue of which the debtor transfers assets for no consideration, and (ii) transfers for consideration carried out by parties who have been held liable by a court (*sentencia condenatoria*) or whose assets have been subject to a writ of attachment (*mandamiento de embargo*) will be considered fraudulent. The presumption referred to in (i) above is an iuris et de iure presumption (i.e. it cannot be rebutted by evidence), unlike the presumption indicated in (ii) above, which is an iuris tantum presumption (i.e. it is a rebuttable presumption).

If the rescission action were to be upheld, the third party would be liable to return to the debtor the consideration received under the contract in order to satisfy the debt owed to the creditor. Following that, the creditor would need to carry out the actions necessary to obtain the amount owed by the debtor. If the consideration received by the third party under the contract cannot be returned to the debtor, the third party must indemnify the creditor for such damages.

Set-off

Spanish Insolvency Law generally prohibits set-off of the credits and debts of the insolvent company once it has been declared insolvent, but such set-off whose requirements in order to operate were met before the declaration of insolvency can still apply. However, set-off may be exercised by a determined creditor *vis-à-vis* the insolvent company if the governing law of the reciprocal credit right of the insolvent company permits it under insolvency scenarios.

Applicable jurisdiction

The applicable jurisdiction to conduct an insolvency proceeding is the one in which the insolvent party has its center of main interest ("**COMI**"). This COMI is deemed to be where the insolvent party conducts the administration of its interests on a regular basis and which may be recognized as such by third parties (although under European Union and Spanish law there is a presumption that a debtor's COMI is located where its registered address is). Insolvency proceedings conducted by the court of the COMI are considered "the principal insolvency proceedings" and have universal reach affecting all the assets of the insolvent party worldwide. If the COMI is not in Spain, but the insolvent party has a permanent establishment in Spain, Spanish courts will only have jurisdiction over the assets located in Spain (the "territorial insolvency proceedings").

Directors and shadow directors

The characterization proceedings start with the allegations of the interested parties, followed by the reports of the insolvency receivers and the public prosecutor. If either of these two bodies proposes characterizing the insolvency as "negligent", the procedure will continue in relation to the people who have been identified as being affected by the characterization, who are summoned at that time, so that they may make allegations and present evidence. After the hearing, the insolvency characterization proceedings conclude with a resolution declaring the characterization (assessment) of the insolvency as "fortuitous" or "negligent", by virtue of the judgment.

In order for an insolvency to be characterized as "negligent", serious fraud or negligence on the part of the debtor or its directors or shadow directors must be detected. However, the law also establishes assumptions of negligence with regards to the insolvency. Some assumptions do not admit proof to the contrary (e.g. substantial irregularities in the accounting, serious inaccuracies in the documents submitted with the application, concealment of assets); whereas others do admit proof to the contrary (e.g. breach of the legal duties to apply for the declaration of insolvency, to approve annual accounts or to collaborate with the insolvency receivers, or refusing to capitalize credits without just cause).

If the insolvency is characterized as "negligent", the people affected by this characterization may be barred from acting as directors and may lose any rights they may have in the insolvency proceedings.

If the insolvency is classified as "negligent" when the characterization proceedings commence as a result of the company's liquidation, the directors may also be sentenced to pay the company's debts that have not been settled with the proceeds obtained from the company's liquidation, in full or in part. This exceptional provision only seems to apply where the directors have acted with malice or serious negligence and damage derives for the creditors from said action. However, because the legal wording is vague, it causes great uncertainty.

Liability in the context of an insolvency extends, as in the commercial context, to the directors and shadow directors, with the latter being understood as those individuals who, with no formal designation, exercise the authority corresponding to the members of the company's management body (which entails a transfer of duties, without their prior appointment for this purpose).

Furthermore, in the context of an insolvency, anyone who held the post of director in the two years prior to the declaration of insolvency can be held liable, provided that the events that led to the characterization of the insolvency can be attributed to them.

In order to ensure this liability, from the time insolvency is declared, the judge of the insolvency proceedings may order, at his or her own initiative or at the justified request of the insolvency receivers, as a precautionary measure, the seizure of assets and rights of the company's directors and shadow directors, attorneys and any other parties holding this post during the two years prior to the date of declaration of insolvency, when the actions justify the possibility that, in the judgment on the insolvency characterization proceedings, the persons affected by the seizure of assets may be ordered to cover the deficit resulting from the liquidation.

Finally, shareholders may also be found liable for refusing to capitalize credits without just cause.

Limited history

Finally, please note that: (i) the current Spanish Insolvency Law came into effect in September 2020; and (ii) the former Law 22/2003, of July 9, on insolvency (*Ley 22/2003, de 9 de julio, Concursal*) came into effect in September 2004; and as such, there is only a relatively limited history of the Spanish Insolvency Law -indicated above in (i)- application by Spanish courts and with limited high court resolutions about it.

Temporary special insolvency provisions enacted due to the COVID-19 pandemic

The effects and impact derived from the COVID-19 pandemic have led the Spanish Government to enact a series of regulations that introduce or establish certain temporary measures in the field of insolvency law aimed at the preservation of the Spanish business tissue and the creation of a stable restructuring scenario. These regulations include, mainly: (i) Royal Decree-Law 8/2020, of March 17, regarding urgent extraordinary measures to mitigate the economic and social impact of COVID-19 (*Real Decreto-ley 8/2020, de 17 de marzo, de medidas urgentes extraordinarias para hacer frente al impacto económico y social del COVID-19*); (ii) Royal Decree-Law 16/2020, of April 28, of procedural and organizational measures against COVID-19 in the field of the Department of Justice (*Real Decreto-ley 16/2020, de 28 de abril, de medidas procesales y organizativas para hacer frente al COVID-19 en el ámbito de la Administración de Justicia*), which was repealed by, and its relevant provisions incorporated in, Law 3/2020, of September 18, regarding procedural and organizational measures against COVID-19 in the field of the Department of Justice (*Ley 3/2020, de 18 de septiembre, de medidas procesales y organizativas para hacer frente al COVID-19 en el ámbito de la Administración de Justicia*); and (iii) Royal Decree-Law 34/2020, of November 17, regarding urgent measures to support corporate solvency and the energy sector, and on tax matters (*Real Decreto-ley 34/2020, de 17 de noviembre, de medidas urgentes de apoyo a la solvencia empresarial y al sector energético, y en materia tributaria*) (altogether the "**COVID-19 Regulations**"), as amended. Among other measures related to debtors which have already filed for insolvency or subject to opened insolvency proceedings or which have entered into composition agreements or refinancing scheme agreements before the enactment of the COVID-19 Regulations, the main measures related to insolvency law introduced by the COVID-19 Regulations summarily include:

(i) **Insolvency moratorium**. the COVID-19 Regulations entailed the introduction and subsequent extensions of an exemption in relation to the duty to file for insolvency irrespective of whether the initiation of negotiations for debt restructuring with creditors has been notified the Court.

(ii) **New money provided by specially related persons**. the COVID-19 Regulations set forth that as regards insolvency proceedings declared during the two years following the declaration of the state of alarm due to the COVID-19 crisis (i.e., until March 14, 2022), new money provided by specially related persons and any claims in which such specially related person is subrogated, in each case after the declaration of the state of alarm, will have the consideration of ordinary claims, and not of subordinated claims.

(iii) **Insolvency proceedings and liquidation plans**. the COVID-19 Regulations introduced different measures to accelerate insolvency proceedings, and in particular, regarding challenges against the list of creditors (*lista de acreedores*) or assets (*inventario*) and auctions, and claw back actions (*reintegración de la masa activa*), where no oral hearing (*vista*) would be required, unless otherwise determined by the Court. Finally, as a general measure, the approval of liquidation plans has been expedited.

Winding-up as a consequence of 2020 losses.

The COVID-19 Regulations provided that losses attributable to 2020 results will not be taken into account for the purposes of of determining if a company would fall under the obligation to wind-up due to losse set out in article 363.1 e) of the Spanish Companies Act. . Nevertheless, if 2021 results reveal that the company must be wound-up (i.e., because losses reduce such company's equity to an amount lower than half of its share capital), then administrators must call a general shareholders' meeting to proceed to the dissolution of such company or remediate the equity imbalance situation.

LISTING AND GENERAL INFORMATION

1. Application will be made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be traded on the Euro MTF.

2. So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Euro MTF and the rules of such exchange shall so require, copies of our Articles of Association, the Indenture governing the Notes, the organizational documents of the Guarantors, the Intercreditor Agreement and Offering Memorandum will be available free of charge at the specified office of the Listing Agent in Luxembourg referred to in paragraph 6 below. So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Euro MTF and the rules of such exchange shall so require, copies of all of our annual financial statements and those for all subsequent fiscal years will be available free of charge during normal business hours on any weekday at the offices of such Listing Agent in Luxembourg referred to in paragraph 6 below.

3. We accept responsibility for the information contained in this Offering Memorandum. To the best of our knowledge, except as otherwise noted, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of this Offering Memorandum.

4. Save as disclosed herein, there has been no material adverse change in our consolidated financial position or prospects since December 31, 2020.

5. Neither we nor any of our subsidiaries is a party to any litigation that, in our judgment, is material in the context of the issue of the Notes, except as disclosed herein.

6. We have appointed Deutsche Bank Luxembourg S.A. as our Listing Agent in Luxembourg. We reserve the right to vary such appointment and shall publish notice of such change of appointment in a newspaper having general circulation in Luxembourg (which is expected to be the Luxembourg Wort) or on the Luxembourg Stock Exchange's website, www.bourse.lu. The Listing Agent in Luxembourg will act as intermediary between the holders of the Notes and us and as long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Euro MTF and the rules of such exchange shall so require, we will maintain a listing agent in Luxembourg. The office of the Listing Agent in Luxembourg is located at 2, Boulevard Konrad Adenauer, L-1115 Luxembourg, Grand Duchy of Luxembourg.

7. The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream. The ISIN numbers for the Notes sold pursuant to Rule 144A and the Notes sold pursuant to Regulation S are XS2355632667 and XS2355632584, respectively. The Common Codes for the Notes sold pursuant to Rule 144A and the Notes sold pursuant to Regulation S are 235563266 and 235563258, respectively.

8. The Company is incorporated in Spain under tax identification number A-09092305 and with its registered office at Ctra. Madrid-Irún km. 244,8 E09007, Burgos, Spain. The telephone number of the Company is +34 947 47 77 00. The Company was incorporated on November 5, 1987, for an undefinite term, and its LEI code is 213800OILC5Q9AR63B63.

9. We may from time to time and depending on our liquidity position, market conditions and other factors, repurchase our debt, including the 2026 Notes and the Notes.

10. The offering and issuance of the Notes has been authorized by a resolution of the Company's board of directors and a resolution of its sole shareholder, which were passed on June 3, 2021.

11. The table below sets out the registered office address of each Guarantor:

Guarantor	Country	Registered Office
Antolin Ebergassing GmbH	(Austria)	Götzendroferstrasse 3-5, Ebergassing 2435

Guarantor	Country	Registered Office
Grupo Antolín-Bohemia, a.s.	(Czech Republic)	Prumyslova zona Sever, Svárovská 696, 463 03 Stráž nad Nisou, Czech Republic
Grupo Antolín Ostrava s.r.o.	(Czech Republic)	Na Rovince 912, Hrabová, 720 00 Ostrava, Czech Republic
Grupo Antolín Turnov s.r.o.	(Czech Republic)	Průmyslová 3000 511 01 Turnov, Czech Republic
Antolin Liban s.r.o.	(Czech Republic)	Komenskeho 30, PSC 507 23, Liban, Czech Republic
Grupo Antolín Bamberg GmbH & Co. KG	(Germany)	Kronacherstraße 70-80, Bamberg 96052
Antolin Deutschland GmbH	(Germany)	Am Ziegelwerk, 1, Allerhausen, 85391
Grupo Antolin Logistik Deutschland GmbH	(Germany)	Am Coloneum 4, Colonia 50829
Antolin Straubing GmbH	(Germany)	Stettiner Str. 7, Straubing, 94315
Antolín Interiors México, S.A. de C.V.	(Mexico)	Av. Industria Automotriz 1402, Col. Parque Industrial El Coecillo, Toluca, 50200
Grupo Antolín Silao, S.A. de C.V.	(Mexico)	Av. Ingenieros 411, Col. Parque Industrial Fipasi, Silao de la Victoria, 36100
Grupo Antolín Saltillo, S. de R.L. de C.V.	(Mexico)	Carr. Jesús Valdés Sánchez S/N, Interior B, Arteaga, 25350
Grupo Antolín Tlaxcala, S. de R.L. de C.V.	(Mexico)	Virgen de la Caridad S/N, Lote 19, Col. Ciudad Industrial Xicohtencatl II, Tlaxcala, 90500
Grupo Antolín Lusitânia, Componentes Automóvel, Unipessoal, Lda.	(Portugal)	Zona Industrial Polo Dois, Viana do Castelo, Condelho: Vila Nova de Cerveira Freguesia: Compos e Vila Meâ 4920 012 CAMPOS VNC, Viana do Castelo

Guarantor	Country	Registered Office
Grupo Antolín-Bratislava, s.r.o.	(Slovakia)	Opletalova 73, 841 07 Bratislava- Devínska Nová Ves, Slovak Republic
Grupo Antolín-Aragusa, S.A.U.	(Spain)	MONTE LA ABADESA. PARQUE EMPRESARIAL., Burgos
Grupo Antolín-Autotrim, S.A.U.	(Spain)	Carretera Madrid-Irún km. 244,8, Burgos
Grupo Antolín-Dapsa, S.A.U.	(Spain)	C/ Alcalde Martín Cobos s/n (Pol. Ind. Gamonal Villimar), Burgos
Grupo Antolín-Eurotrim, S.A.U.	(Spain)	Carretera Madrid-Irún, km. 244,8, Burgos
Grupo Antolín-Glass, S.A.U.	(Spain)	Carretera Madrid-Irún, km. 244,8, Burgos
Grupo Antolín-Ingeniería, S.A.U.	(Spain)	Carretera Madrid-Irún, km. 244,8, Burgos
Grupo Antolín-Navarra, S.A.U.	(Spain)	Arazuri-Navarra, Poligono Industrial Arazuri-Orcoyen. Calle D-Parcela 3,1-,31170, Arazuri-Navarra
Grupo Antolín-Plasbur, S.A.U.	(Spain)	C/Condado de Treviño nº 21, Polígono Industrial de Villalonquéjar, Burgos
Grupo Antolín-RyA, S.A.U.	(Spain)	Carretera Madrid-Irún, km. 244, Burgos
Antolin Interiors UK Limited	(United Kingdom)	Apollo Way, Tachbrook Park, Warwick, Warwickshire, United Kingdom, CV34 6RW
Grupo Antolin Leamington Limited	(United Kingdom)	Tachbrook Park Drive, Leamington Spa, Warwick, Warwickshire, CV34 6RH, United Kingdom
Grupo Antolin UK Limited	(United Kingdom)	5 Apollo Way, Tachbrook Park, Warwick, Warwickshire, CV34 6RW, United Kingdom

Guarantor	Country	Registered Office
Antolín Alabama, LLC	(United States)	1700 Atlantic Blvd, Auburn Hills, Michigan, 48329
Antolin Interiors USA, Inc.	(United States)	1700 Atlantic Blvd, Auburn Hills, Michigan, 48329
Antolín Shelby, Inc.	(United States)	1700 Atlantic Blvd, Auburn Hills, Michigan, 48329
Grupo Antolin Missouri, LLC	(United States)	1700 Atlantic Blvd, Auburn Hills, Michigan, 48329
Grupo Antolín North America, Inc.	(United States)	1700 Atlantic Blvd, Auburn Hills, Michigan, 48329
Grupo Antolín Kentucky, Inc.	(United States)	1700 Atlantic Blvd, Auburn Hills, Michigan, 48329
Grupo Antolín Illinois, Inc.	(United States)	1700 Atlantic Blvd, Auburn Hills, Michigan, 48329
Grupo Antolín Michigan, Inc.	(United States)	1700 Atlantic Blvd, Auburn Hills, Michigan, 48329

INDEX TO THE FINANCIAL STATEMENTS

Audited Consolidated Financial Statements of the Company as of and for the year ended December 31, 2018:
Independent auditor's report on Grupo Antolin-Irausa, S.A.U. and Subsidiaries F-1
Consolidated statements of financial position as at December 31, 2018 .... F-12
Consolidated income statement for the year ended December 31, 2018 .... F-13
Consolidated statement of changes in equity for the year ended December 31, 2018. .... F-15
Consolidated statement of cash flows for the year ended December 31, 2018. .... F-16
Notes to the consolidated financial statements for the year ended December 31, 2018........ F-17
Audited Consolidated Financial Statements of the Company as of and for the year ended December 31, 2019:
Independent auditor's report on Grupo Antolin-Irausa, S.A.U. and Subsidiaries F-174
Consolidated statements of financial position as at December 31, 2019 .... F-185
Consolidated income statement for the year ended December 31, 2019 .... F-186
Consolidated statement of changes in consolidated shareholders' equity for the year ended December 31, 2019........ F-187
Consolidated statement of cash flows for the year ended December 31, 2019. .... F-189
Notes to the consolidated financial statements for the year ended December 31, 2019........ F-190
Audited Consolidated Financial Statements of the Company as of and for the year ended December 31, 2020:
Independent auditor's report on Grupo Antolin-Irausa, S.A.U. and Subsidiaries F-372
Consolidated statements of financial position as at December 31, 2020 .... F-381
Consolidated income statement for the year ended December 31, 2020 .... F-382
Consolidated statement of changes in equity for the year ended December 31, 2020. .... F-384
Consolidated statement of cash flows for the year ended December 31, 2020. .... F-385
Notes to the consolidated financial statements for the year ended December 31, 2020........ F-386
Unaudited Condensed Consolidated Interim Financial Statements of the Company as of and for the three months ended March 31, 2021:
Limited review report on Grupo Antolin-Irausa, S.A.U. and Subsidiaries F-583
Condensed consolidated balance sheet as at March 31, 2021 .... F-589
Condensed consolidated income statement for the three months ended March 31, 2021 .... F-590
Condensed consolidated statement of changes in equity for the three months ended March 31, 2021........ F-592
Condensed consolidated statement of cash flows for the three months ended March 31, 2021. .... F-593
Notes to the condensed consolidated interim financial statements for the three months ended March 31, 2021 .... F-594

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Grupo Antolin-Irausa, S.A. and Subsidiaries

Auditor's Report

Consolidated Financial Statements for the year ended 31 December 2018, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, together with Consolidated Directors' Report for 2018

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 28). In the event of a discrepancy, the Spanish-language version prevails.

Deloitte.

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47001 Valladolid
España

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 28). In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Grupo Antolin-Irausa, S.A.,

Opinion

We have audited the consolidated financial statements of Grupo Antolin-Irausa, S.A. (*"the Parent"*) and its subsidiaries (*"the Group"*), which comprise the consolidated statement of financial position at 31 December 2018, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2018, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

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

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

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

Most Significant Audit Matters

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

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

Impairment of goodwill, other intangible assets and property, plant and equipment

Description

At 31 December 2018, the Group had recognised goodwill of EUR 119 million relating basically to certain businesses acquired in 2012 and 2015, as well as other intangible assets *(customer relationships and other development expenditure)* and property, plant and equipment amounting to EUR 371 million and EUR 866 million, respectively. Under EU-IFRSs, the Group is required to conduct annual impairment tests on the goodwill recognised in the consolidated financial statements, as well as on any intangible assets and property, plant and equipment that present indications of impairment. In this connection, as discussed in Notes 7 and 8 to the accompanying consolidated financial statements, in 2018 the Group recognised net impairment losses of EUR 6.6 million on goodwill and EUR 11 million on other assets.

Group management uses value-in-use models *(taking value in use to be the present value of the estimated future cash flows of the corresponding cash-generating units or projects)* to test the aforementioned assets for impairment, although for certain items of property, plant and equipment, it considers their fair value less costs to sell, if this is higher. This process of assessing impairment is complex and involves the use of a significant level of estimates and judgements since it is based on assumptions and hypotheses *(inter alia, in the projection of cash flows from operating activities and in the determination of discount and long-term growth rates)*, the future evolution of which will depend on market performance and economic conditions. Therefore, and due to the materiality of the amounts recognised for the aforementioned items at 31 December 2018, this matter was considered to be one of the most significant in our audit.

Procedures applied in the audit

Our audit procedures included, among others, obtaining the impairment tests performed by the Group to evaluate the risks of impairment of the goodwill and of the assets whose cash-generating units or projects presented indications of impairment, and verifying the clerical accuracy of the calculations performed and the reasonableness of the conclusions reached.

For this purpose, we analysed the consistency of the estimated future cash flows considered in the aforementioned tests with the most recently approved business plans and profitability studies for each cash-generating unit or project, as well as with the budgets for 2019 and other internal and external data, reviewing whether they are consistent with the information available. Also, we evaluated the reasonableness of the main key assumptions considered in these tests in relation to the future cash flow projections *(such as the evolution of revenue, gross margins, forecast investments, etc.)*.

We involved our in-house valuation experts in order to evaluate, mainly, the methodology employed by the Group in the impairment tests conducted and the assumptions relating to the discount rates considered *(by assessing the Group's cost of capital and that of comparable organisations)* and the terminal value, expressed in perpetuity growth terms, of the projected future cash flows. In addition, we reviewed the sensitivity analysis performed on the key assumptions.

Lastly, we checked that the disclosures included by the Group in the notes to the accompanying consolidated financial statements in connection with the criteria, assumptions and results relating to this matter (see Notes 3-b, 3-c, 3-d, 7 and 8) are in conformity with those required by the applicable accounting regulations.

Recoverability of deferred tax assets

Description

The balance of "Deferred Tax Assets" in the accompanying consolidated statement of financial position at 31 December 2018, amounting to approximately EUR 85.5 million, relates mainly to tax loss and tax credit carryforwards, as well as to the tax effect of temporary differences, a significant portion of which corresponds to the Spanish companies.

In order to recognise the deferred tax assets and assess their realisability, at the end of the reporting period Group management prepares financial models with which it estimates the future taxable profits of the corresponding consolidated subsidiaries or, where appropriate, of the consolidated tax groups of which they form part, on the basis of the most recent budgets and business plans of the Group companies, and considering the applicable new legislative developments.

We considered this matter to be significant in our audit in view of the amount capitalised and because the preparation of these models requires a significant level of judgement, basically in connection with the evolution and projection of the Group companies' results, which affect the estimate and the conclusion on the recoverability of the deferred tax assets.

Procedures applied in the audit

Our audit procedures included, among others, understanding the criteria applied by Group management in preparing the aforementioned financial models, reviewing those models and checking whether the figures used therein were obtained from the most recently approved budgets and business plans for the Group companies. In this connection, we analysed the reasonableness of the projections for future years and the consistency of these projections with those used in other areas *(such as the assessment of the impairment of goodwill, other intangible assets and property, plant and equipment)*. Also, we analysed the reasonableness of the tax assumptions considered and whether they are in conformity with the applicable legislation in each case.

In addition, we verified the arithmetic calculations performed by Group management when determining the recoverable amounts and the estimated timetable for the recovery of the deferred tax assets recognised.

Lastly, we assessed the adequacy of the disclosures included in the accompanying consolidated financial statements (see Notes 3-p and 20 to the accompanying consolidated financial statements) with respect to those required in this connection by the regulatory financial reporting framework applicable to the Group.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2018, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the information contained in the consolidated directors' report is defined in the audit regulations in force, which establish two distinct levels of responsibility in this regard:

a) A specific level that applies to the non-financial information statement, which consists solely of checking that the aforementioned information has been provided in the consolidated directors' report, or, as the case may be, that the consolidated directors' report contains the corresponding reference to the separate report on non-financial information as provided for in the applicable legislation and, if this is not the case, reporting this fact.

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

Based on the work performed, as described above, we have checked that the information described in section a) above is provided in the consolidated directors' report and that the other information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2018 and its content and presentation are in conformity with the applicable regulations.

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

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

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

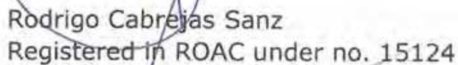
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

A further description of our responsibilities for the audit of the consolidated financial statements is included in the Appendix to this auditor's report. This description, which is on pages 6 and 7, forms part of our auditor's report.

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



Rodrigo Cabrejas Sanz
Registered in ROAC under no. 15124

29 March 2019

Appendix to our auditor's report

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

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

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

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

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

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

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

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

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

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

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

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

Grupo Antolin-Irausa, S.A. and Subsidiaries

Consolidated Financial Statements for the year ended 31 December 2018, together with Consolidated Directors' Report for 2018

Grupo Antolin-Irausa, S.A. - Ins. R. M. Burgos, T 182, L 102, Secc. 3ª, F 135, H 1960, Insc. 1ª - CIF ES-A-09092305
Ctra. Madrid-Irún, Km. 244,8 - E09007 BURGOS - Apdo. 2069 - ESPAÑA - Tel: 34 - 947 47 77 00

GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

INDEX

	Page
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	**1**
CONSOLIDATED INCOME STATEMENT	**2**
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	**3**
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	**4**
CONSOLIDATED STATEMENT OF CASH FLOWS	**5**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:	
1. Description of the Group	**6**
Parent and Group activities	6
Subsidiary companies	7
Associates and joint ventures	12
Joint operations	14
2. Basis of presentation of the consolidated financial statements and consolidation standards	**15**
a) True and fair view	15
b) Adopting new standards and interpretations issued	15
c) Functional currency	20
d) Comparative information	20
e) Responsibility for the information provided and estimates made	20
f) Consolidation standards	21
g) Changes in the scope of consolidation	23
h) Definition of the Group for the purposes of preparing consolidated annual financial statements	24
3. Accounting principles, policies and measurement criteria	**25**
a) Going-concern principle	25
b) Goodwill and negative goodwill on first consolidation	26
c) Other intangible assets	27
d) Property, plant and equipment	28
e) Investment property	29
f) Accounting for leasing operations	30
g) Non-current assets held for sale	30
h) Inventories	30
i) Trade receivables and customer advances	31
j) Financial instruments	31
k) Financial derivatives and accounting for hedges	34
l) Balances and transactions denominated in foreign currencies	35
m) Provisions and contingencies	35
n) Termination benefits	36
o) Pension commitments	36
p) Corporate income tax	37
q) Recognition of income and expense	38
r) Classification of assets and liabilities as current	39
s) Set-off of balances	39
t) Discontinued operations	39
u) Consolidated statement of cash flows	40

		Page
4.	**Allocation of the Parent's profit**	**41**
5.	**Business combinations**	**42**
6.	**Information by segment**	**43**
7.	**Intangible assets**	**47**
	Goodwill	47
	Other intangible assets	48
8.	**Property, plant and equipment**	**50**
9.	**Non-current financial assets and other current financial assets**	**55**
10.	**Inventories**	**56**
11.	**Other receivables**	**57**
12.	**Cash and bank balances**	**57**
13.	**Equity**	**57**
	Share capital	57
	Additional paid-in capital	58
	Other reserves of the Parent	58
	Distribution of dividends	58
	Capital management	59
	Contribution of the consolidated companies to the Group's reserves and exchange differences	59
	Contribution of the consolidated companies to profit and loss for 2018 and 2017 attributable to the Parent	61
	Valuation adjustments	63
	Non-controlling interests	64
14.	**Earnings per share**	**66**
	Basic earnings per share	66
	Diluted earnings per share	66
15.	**Grants**	**67**
16.	**Current and non-current provisions**	**67**
17.	**Bank loans, debentures and other marketable securities**	**69**
18.	**Derivative financial instruments**	**76**
19.	**Other financial liabilities**	**76**
20.	**Tax matters and tax receivables and payables**	**77**
21.	**Revenues and expenses**	**82**
	Net turnover	82
	Other operating income	83
	Supplies	83
	Staff costs	84
	Average number of employees	84
	Functional analysis by gender	85
	Other operating expenses	85
22.	**Balances and transactions with related parties**	**86**
23.	**Information about the Directors of the Parent and Key Staff of the Group**	**88**
24.	**Risk management policy**	**89**
25.	**Discontinued operations**	**93**
26.	**Other information**	**96**
	Guarantees given to third parties and other contingent liabilities	96
	Other current liabilities	96
	Fees paid to the auditors	96
	Disclosure on the average payment period to suppliers in Spain	96
	Environmental information	97
27.	**Events after the reporting period**	**98**
28.	**Explanation added for translation to English**	**98**
CONSOLIDATED DIRECTORS' REPORT FOR 2018		**99**

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 28). In the event of a discrepancy, the Spanish-language version prevails.

GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2018 AND 2017 (NOTES 1 TO 6)

(Thousands of Euros)

ASSETS	31/12/2018	31/12/2017
NON-CURRENT ASSETS:		
Intangible assets (Note 7)-	**490,120**	**457,456**
Goodwill	118,718	120,770
Other intangible assets	371,402	336,686
Property, plant and equipment (Note 8)	**866,490**	**789,474**
Investment property	**4,458**	**4,517**
Investments in companies accounted for using the equity method (Note 1)	**31,043**	**22,542**
Non-current financial assets (Note 9)	**4,062**	**4,425**
Deferred tax assets (Note 20)	**85,540**	**71,023**
Non-current assets	**1,481,713**	**1,349,437**
CURRENT ASSETS:		
Non-current assets held for sale (Note 3-g)	**6,760**	**6,640**
Inventories (Note 10)	**917,540**	**910,681**
Trade and other receivables-	**900,418**	**1,036,981**
Trade receivables	749,193	883,389
Associates (Note 22)	1,485	3,543
Other receivables (Note 11)	152,054	154,126
Provisions	(2,314)	(4,077)
Current investments in Group and associated companies (Notes 20 and 22)	**39,548**	**37,387**
Other current financial assets (Note 9)	**2,394**	**2,945**
Cash and bank balances (Note 12)	**310,802**	**333,932**
Total current assets	**2,177,462**	**2,328,566**
TOTAL ASSETS	**3,659,175**	**3,678,003**

EQUITY AND LIABILITIES	31/12/2018	31/12/2017
EQUITY (Notes 13 and 14):		
CAPITAL AND RESERVES-	**866,414**	**851,507**
Share capital	**37,469**	**37,469**
Additional paid-in capital	**72,578**	**72,578**
Reserves-	**709,122**	**499,350**
Other reserves of the Parent	467,636	167,939
Reserves in Fully or Proportionally accounted companies	218,715	313,005
Reserves in companies accounted for using the equity method	22,771	18,406
Profit attributable to the Parent	**47,245**	**242,110**
ADJUSTMENTS FOR CHANGES IN VALUE-	**(114,052)**	**(124,496)**
Hedging operations		**-**
Exchange differences	**(111,113)**	**(120,847)**
Other	**(2,939)**	**(3,649)**
Net equity attributable to the Parent	**752,362**	**727,011**
NON-CONTROLLING INTERESTS	**61,977**	**65,914**
Total net equity	**814,339**	**792,925**
NON-CURRENT LIABILITIES:		
Grants (Note 15)	**5,440**	**5,401**
Non-current provisions (Note 16)	**106,699**	**113,771**
Non-current financial liabilities-	**1,168,303**	**1,177,696**
Bank loans, debentures and other marketable securities (Note 17)	1,142,028	1,152,743
Derivatives (Note 18)	-	-
Other financial liabilities (Note 19)	26,275	24,953
Deferred tax liabilities (Note 20)	**79,946**	**65,110**
Total non-current liabilities	**1,360,388**	**1,361,978**
CURRENT LIABILITIES:		
Current provisions (Note 16)	**39,922**	**32,846**
Current financial liabilities-	**82,584**	**46,602**
Bank loans, debentures and other marketable securities (Note 17)	71,951	34,420
Other financial liabilities (Note 19)	10,633	12,182
Current payables to Group and associated companies (Notes 20 and 22)	**3,304**	**-**
Trade and other payables-	**1,215,040**	**1,287,818**
Trade, sundry and other payables	1,134,980	1,185,606
Payable to suppliers - Group companies and associates (Note 22)	55	110
Current tax liabilities (Note 20)	9,132	19,029
Other taxes and Social Security contributions (Note 20)	70,873	83,073
Other current liabilities (Note 25)	**143,598**	**155,834**
Total current liabilities	**1,484,448**	**1,523,100**
TOTAL EQUITY AND LIABILITIES	**3,659,175**	**3,678,003**

The accompanying consolidated Notes 1 to 28 are an integral part of the consolidated statement of financial position at 31 December 2018.

GRUPO ANTOLIN

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 28). In the event of a discrepancy, the Spanish-language version prevails.

GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT

FOR THE YEARS ENDED

31 DECEMBER 2018 AND 2017 (NOTES 1 TO 6)

(Thousands of Euros)

	2018	2017 (*)
CONTINUING OPERATIONS:		
Revenue (Note 21)	5,424,627	5,391,409
Changes in inventories of finished goods and work in progress	535	8,433
Capital grants and other grants taken to income (Note 15)	710	931
Other operating income (Note 21)	97,950	109,484
Total operating income	***5,523,822***	***5,510,257***
Supplies (Note 21)	(3,597,844)	(3,565,287)
Staff costs (Note 21)	(968,780)	(884,723)
Depreciation and amortisation expenses	(194,986)	(174,698)
Change in trade provisions	349	961
Other operating expenses (Note 21)	(734,085)	(718,271)
Less-Own work capitalised	132,463	122,750
Total operating expenses	***(5,362,883)***	***(5,219,268)***
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**160,939**	**290,989**
Finance income	1,634	2,932
Finance costs	(59,706)	(66,821)
Net fair value gain/(loss) on financial instruments (Note 18)	-	(1,963)
Exchange differences	(6,140)	(23,909)
NET FINANCE INCOME	**(64,212)**	**(89,761)**
Gains/(losses) on the loss of significant influence over consolidated investments (Note 2-g)	-	(217)
Net impairment loss on non-current assets (Notes 7 and 8)	(17,517)	(56,508)
Gain/(loss) on disposal of non-current assets (Notes 7 and 8)	(359)	(926)
Profit of companies accounted for using the equity method (Note 1)	2,577	3,281
PROFIT BEFORE TAXES	**81,428**	**146,858**
Corporate income tax (Note 20)	(27,658)	(37,399)
NET PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**53,770**	**109,459**
Profit after tax for the year from discontinued operations	-	148,796
CONSOLIDATED PROFIT FOR THE YEAR	**53,770**	**258,255**
Profit attributable to non-controlling interests (Note 13)	**(6,525)**	**(16,145)**
Profit attributable to the Parent	**47,245**	**242,110**

Earnings per share (Note 14) (Euros)-		
From continuing operations:		
Basic	5.89	30.18
Diluted	5.89	30.18

The accompanying consolidated Notes 1 to 28 are an integral part of the consolidated income statement for the year ended 31 December 2018.

(*) Figures for 2017 restated (see Note 2-b to the accompanying financial statements).

GRUPO ANTOLIN

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GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017 (NOTES 1 TO 6)

(Thousands of Euros)

	2018	2017
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR (I)	53,770	258,255
Items to be reclassified to consolidated profit or loss-		
- From cash flow hedges (Notes 13 and 18)	-	(64)
- Exchange differences (Note 13)	6,541	(67,410)
- Actuarial gains and losses (Notes 13 and 16)	710	1,173
- Tax effect (Note 13)	-	16
TOTAL INCOME RECOGNISED DIRECTLY IN EQUITY (II)	7,251	(66,285)
Transfers to the consolidated income statement-		
- Exchange differences (Note 13)	-	141
- From cash flow hedges (Notes 13 and 18)	-	2,821
- Tax effect (Note 13)	-	(742)
TOTAL TRANSFERS TO THE CONSOLIDATED INCOME STATEMENT IN THE YEAR (III)	-	2,220
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (I+II+III)	61,021	194,190
Attributable to the Parent	57,689	185,017
Attributable to non-controlling interests	3,332	9,173

The accompanying consolidated Notes 1 to 28 are an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2018.

GRUPO ANTOLIN

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 28). In the event of a discrepancy, the Spanish-language version prevails.

GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017 (NOTES 1 TO 6)

	Thousands of Euros											
			Reserves					Adjustments for Changes in Value				
			Other Reserves of the Parent		Reserves in Fully or Proportionally Consolidated Companies	Reserves in Companies Accounted for Using the Equity Method						
	Share Capital	Share Premium	Restricted	Other			Profit Attributable to the Parent	Hedging Operations	Exchange Differences	Other	Non-Controlling Interests	Total Net Equity
Closing balance 2016	37,469	72,578	9,435	101,778	209,569	14,366	177,636	(2,031)	(60,550)	(4,822)	65,330	620,758
Adjustments for changes in accounting policy 2016	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments to correct errors 2016	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted balance at 1 January 2017	37,469	72,578	9,435	101,778	209,569	14,366	177,636	(2,031)	(60,550)	(4,822)	65,330	620,758
Consolidated recognised income and expense	-	-	-	-	-	-	242,110	2,031	(60,297)	1,173	9,173	194,190
Allocation of profit for the year ended 31 December 2016:												
- To reserves	-	-	2,000	54,726	100,865	4,045	(161,636)	-	-	-	-	-
- To Dividends	-	-	-	-	-	-	(16,000)	-	-	-	-	(16,000)
Contributions from non-controlling interests and dividends, net (Note 13)	-	-	-	-	-	-	-	-	-	-	(7,702)	(7,702)
Retirements due to loss of significant influence over companies accounted for using the equity method (Notes 1 and 2)	-	-	-	-	-	-	-	-	-	-	(887)	(887)
Other movements	-	-	-	-	2,571	(5)	-	-	-	-	-	2,566
Closing balance 2017	37,469	72,578	11,435	156,504	313,005	18,406	242,110	-	(120,847)	(3,649)	65,914	792,925
Adjustments for changes in accounting policy 2017	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments to correct errors 2017	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted balance at 1 January 2018	37,469	72,578	11,435	156,504	313,005	18,406	242,110	-	(120,847)	(3,649)	65,914	792,925
Impact of the first-time application of IFRS 9 (Note 2-b)	-	-	-	-	(396)	-	-	-	-	-	-	(396)
Consolidated recognised income and expense	-	-	-	-	-	-	47,245	-	9,734	710	3,332	61,021
Allocation of profit for the year ended 31 December 2017:												
- To reserves	-	-	2,000	297,697	(91,952)	4,365	(212,110)	-	-	-	-	-
- To Dividends (Note 4)	-	-	-	-	-	-	(30,000)	-	-	-	-	(30,000)
Contributions from non-controlling interests and dividends, net (Note 13)	-	-	-	-	-	-	-	-	-	-	(5,668)	(5,668)
Acquisition of non-controlling interests (Notes 1 and 13)	-	-	-	-	111	-	-	-	-	-	(1,601)	(1,490)
Other movements	-	-	-	-	(2,053)	-	-	-	-	-	-	(2,053)
Closing balance 2018	37,469	72,578	13,435	454,201	218,715	22,771	47,245	-	(111,113)	(2,939)	61,977	814,339

The accompanying consolidated Notes 1 to 28 are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2018.

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GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED

31 DECEMBER 2018 AND 2017 (NOTES 1 TO 6)

(Thousands of Euros)

	2018	2017 (*)
1. CASH FLOWS FROM ORDINARY OPERATING ACTIVITIES:		
Consolidated profit for the year before taxes	**81,428**	**146,858**
Adjustments for-		
Depreciation and amortisation expenses	194,986	174,698
Allocation to/(reversal of) current provisions	16,808	7,748
Allocation to/(reversal of) non-current provisions	14,462	15,043
Capital grants and other grants taken to income (Note 15)	(710)	(931)
Finance income and expense	64,212	87,798
Net impairment loss on non-current assets	17,517	56,508
Gain/(Loss) on disposal of non-current assets (Notes 7 and 8)	359	926
Change in fair value of financial instruments	-	1,963
Gains/(Losses) on the loss of significant influence over consolidated investments (Note 2-g)	-	217
Profit of companies accounted for using the equity method (Note 1)	(2,577)	(3,281)
Operating profit before movements in working capital	**386,485**	**487,547**
(Increase)/decrease in trade and other receivables	114,758	(27,454)
(Increase)/decrease in inventories	(5,657)	(123,830)
Increase/(decrease) in trade and other payables	(71,629)	10,572
Increase/(decrease) in other current liabilities	(12,236)	8,379
Payments of provisions	(25,405)	(23,116)
Unrealised exchange differences and other items	(2,116)	13,454
Cash generated from operations	**384,200**	**345,552**
Corporate income tax paid	**(21,825)**	**(112,416)**
Net cash generated by/(used in) operating activities	**362,375**	**233,136**
2. CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends received (Note 1)	**788**	**970**
Proceeds from disposal of investments in-		
Intangible assets	15,643	3,160
Property, plant and equipment	2,056	9,950
Non-current financial assets	1,164	3,599
Current financial assets	1,355	-
Payments for investments in-		
Associates (Note 1)	(6,220)	-
Group companies, net of cash in business combinations (Note 3-u)	(8,694)	(8,842)
Property, plant and equipment	(185,398)	(208,087)
Intangible assets	(134,984)	(125,339)
Non-current financial assets	(801)	-
Current financial assets	(802)	(644)
Net cash generated by/(used in) investing activities	**(315,893)**	**(325,233)**
3. CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from/(payments for) equity instruments-		
Acquisition of non-controlling interests' shares	(1,490)	-
Returns to non-controlling interests (Note 13)	(5,668)	(7,702)
Proceeds from/(payments for) financial liabilities (Note 2-b)-		
Issue of bonds in 2017, nominal (Note 17)	250,000	400,000
Syndicated loan and EIB loan, nominal (Note 17)	150,000	-
Early redemption of bonds (Note 17)	(400,000)	(400,000)
Repayment of syndicated loan (Note 17)	(17,083)	(8,699)
Repayment of loan "RDI & CONVERGENCE" Project (Note 17)	-	(60,000)
Proceeds from/(repayment of) other bank borrowings, net	38,321	(3,543)
Proceeds from/(repayment of) other financial liabilities, net	(706)	(1,014)
Other cash flows from financing activities-		
Finance income and expense paid, net	(52,986)	(60,599)
Dividends paid and payments on other equity instruments (Note 13)	**(30,000)**	**(16,000)**
Net cash generated by/(used in) financing activities	**(69,612)**	**(157,557)**
NET DECREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS (I)	**(23,130)**	**(249,654)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS (Note 25) (II)	**-**	**277,120**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**333,932**	**306,466**
CASH OR CASH EQUIVALENTS AT END OF THE YEAR (NOTE 12)	**310,802**	**333,932**

The accompanying consolidated Notes 1 to 28 are an integral part of the consolidated statement of cash flows for the year ended 31 December 2018.

(*) Figures for 2017 restated (see Note 2-d to the accompanying financial statements).

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GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(1) DESCRIPTION OF THE GROUP

Parent and Group activities-

Grupo Antolin-Irausa, S.A. *(hereinafter referred to as "the Parent")* was set up on 5 November 1987, as "*Grupo Antolin, S.A.*". Subsequently, on 1 November 1993, it adopted its current name "*Grupo Antolin-Irausa, S.A.*". Its registered office is in Burgos, Carretera Madrid-Irún, Km. 244.8.

Corporate purpose of the Parent-

The corporate purpose of Grupo Antolin-Irausa, S.A. consists of:

a) The manufacture, marketing, transformation, importing and exporting of products related to the automotive or similar industries.
b) The provision of advice and technical, financial and administrative assistance related with those companies in which it has invested or could invest by virtue of rights for participating in their share capital or shareholders' equity.
c) The provision of assistance or support services to investee companies or those within its group of companies, including the granting or otherwise of participating loans to said companies, and the granting of appropriate guarantees or securities.
d) The development and promotion of research techniques and the operation, acquisition and disposal, by any means, of licences, permits, brands, patents and exclusives be they domestic or foreign.
e) The participation in other companies with an identical or similar corporate purpose, for the own development of this Group, via the subscription of shares or stakes in the incorporation or increase in capital of the same or the acquisition of these by any means.

Activities of the Group-

Grupo Antolin-Irausa, S.A. *(hereinafter "the Group" or "Grupo Antolin")* heads an international group made up of companies that engage, basically, in manufacturing and selling automobile components.

Ownership of the Group-

At 31 December 2018 and 2017 all the share capital of the Parent was held directly or indirectly by Avot Inversiones, S.L., a company whose registered offices are in Burgos and whose owners are members of the Antolin family (see Note 13).

Subsidiary companies-

"Subsidiary companies" are defined as those companies over which the Group has control. In accordance with IFRS 10, an investor controls an investee if, and only if, the following three conditions are met:

- it has power over the investee;
- it receives, or has the right to receive, variable returns from its investment;
- it has the ability to use its power to affect the amount of these returns.

The Parent assesses if it controls an investee when events or circumstances indicate that changes apply to one or more of the cited conditions.

Set out below is the most significant information at 31 December 2018 about the subsidiary companies which have been included in the consolidated annual financial statements for 2018 as *"fully consolidated companies"*:

Companies in which Grupo Antolin-Irausa, S.A. has a direct shareholding-

Company	Registered Office	Business Activity	Percentage Held	Thousands of Euros
				Cost of the Holding
Grupo Antolin-Aragusa, S.A.U.	Burgos	Automobile components	100.00	12,127
Grupo Antolin-Autotrim, S.A.U.	Burgos *(Plant: Almussafes)*	Automobile components	100.00	1,328
Grupo Antolin-Dapsa, S.A.U.	Burgos	Automobile components	100.00	3,039
Grupo Antolin-Eurotrim, S.A.U.	Burgos	Automobile components	100.00	10,197
Grupo Antolin-Gestión de Inversiones, S.L.U.	Burgos	Holding company	100.00	241,861
Grupo Antolin-Glass, S.A.U.	Burgos	Provision of services	100.00	10,328
Grupo Antolin-Ingeniería, S.A.U.	Burgos	Technical studies	100.00	18,537
Grupo Antolin-Navarra, S.A.U.	Pamplona	Automobile components	100.00	3,316
Grupo Antolin-Plasbur, S.A.U.	Burgos	Automobile components	100.00	1,862
Grupo Antolin-RyA, S.A.U.	Burgos *(Plant: Valladolid)*	Automobile components	100.00	5,704
Grupo Antolin-Valplas, S.A.U.	Burgos *(Plant: Sollana-Valencia)*	Automobile components	100.00	12,300
ASH Reciclado de Techos, S.L.	Burgos	Recycling industrial waste	100.00	4,080
Cidut, S.L.	Burgos	Automobile components	100.00	579
Keyland Sistemas de Gestión, S.L.	Burgos	Provision of services	50.00 (a)	250
Grupo Antolin-Lusitânia, S.A.	Vila Nova (Portugal)	Automobile components	100.00	2,658
Grupo Antolin-France, S.A.S.	Saint-Etienne (France)	Holding company and Technical services and sales	92.56 (b)	211,876
Grupo Antolin-Amsterdam, B.V.	Amsterdam (Netherlands)	Holding company	100.00	2,427
Grupo Antolin-Holland, B.V.	Amsterdam (Netherlands)	Holding company	100.00	34,362
Broomco (3051), Ltd.	Bury St Edmunds (United Kingdom)	Holding company	100.00	-
Grupo Antolin-UK, Ltd.	Essex (United Kingdom)	Technical services and sales	100.00	765
Antolin Deutschland, GmbH	Weyhausen (Germany)	Holding company	100.00	102,015
Grupo Antolin-Italia, S.r.l.	Milan (Italy)	Automobile components	100.00	12,700
Grupo Antolin-Bohemia, a.s.	Chrastava (Czech Republic)	Automobile components	100.00	42,235
Grupo Antolin-Ostrava, s.r.o.	Ostrava (Czech Republic)	Automobile components	100.00	3,400
Grupo Antolin-Turnov, s.r.o.	Turnov (Czech Republic)	Automobile components	100.00	6,415
Antolin-CIE Czech Republic, s.r.o.	Prague (Czech Republic)	Automobile components	100.00	7
Grupo Antolin-Bratislava, s.r.o.	Bratislava (Slovakia)	Automobile components	100.00	17,204
Grupo Antolin-Saint Petersburg	Saint Petersburg (Russia)	Automobile components	100.00	46,535
Antolin Avtotechnika Nizhny Nóvgorod, Ltd.	Nizhny Nóvgorod (Russia)	Automobile components	100.00	12,168
Antolin Tanger, S.A.R.L.	Tangiers (Morocco)	Automobile components	100.00	21,100
Grupo Antolin-South Africa, Ltd.	Port Elizabeth (South Africa)	Automobile components	100.00	12,474
Gestión Industrial de Sonora, S.A. de C.V.	Hermosillo (Mexico)	Provision of services	99.99 (b)	151
Grupo Antolin-Saltillo, S. de R.L. de C.V.	Saltillo (Mexico)	Automobile components	99.99 (b)	10,832
Grupo Antolin-Silao, S.A. de C.V.	Silao (Mexico)	Automobile components	70.82 (b)	31,501
Grupo Antolin-Tlaxcala S. de R.L. de C.V.	Tlaxcala (Mexico)	Automobile components	100.00	24,035
Grupo Antolin-Cuautitlán, S. de R.L. de C.V.	Cuautitlán (Mexico)	Automobile components	100.00 (c)	-
Intertrim, Ltda.	Caçapava (Brazil)	Automobile components	85.28	17,806
Trimtec, Ltda.	Caçapava (Brazil)	Automobile components	100.00	113,747
Irauto, S.A.	Buenos Aires (Argentina)	Automobile components	92.08 (b)	4,286
Grupo Antolin-India PVT, Ltd.	Pune (India)	Automobile components	99.99 (b)	25,069
Grupo Antolin-Japan, Co.	Tokyo (Japan)	Technical services and sales	100.00	691
Grupo Antolin-Korea, L.L.C.	Suwon-si (South Korea)	Technical services and sales	100.00	350
Antolin China Investment Co., Ltd.	Beijing (China)	Holding company	100.00	106,388
Antolin Liban, s.r.o.	Liban (Czech Republic)	Automobile components	100.00	5,925
Antolin Austria Holding, GmbH	Ebergassing (Austria)	Holding company	100.00	10,288
Antolin Hungary, Kft.	Helvécia (Hungary)	Automobile components	100.00	6,535
Antolin Trnava, s.r.o.	Trnava (Slovakia)	Automobile components	100.00	17,709
Antolin Interiors Mexico, S.A. de C.V.	Saltillo (Mexico)	Automobile components	100.00	56,750
Gestión Industrial de Toluca, S.A. de C.V.	Toluca (Mexico)	Provision of services	100.00	2,491
Gestión Industrial de Arteaga, S.A. de C.V.	Arteaga (Mexico)	Provision of services	100.00	792
Antolin Interiors UK, Ltd.	Warwick (United Kingdom)	Automobile components	100.00	160,949
Antolin Silesia, Sp. zo.o.	Wroclaw (Poland)	Automobile components	100.00	15,145
				1,465,289

Companies in which the Group has a shareholding via other consolidated companies-

Company	Registered Office	Business Activity	Percentage Held	Thousands of Euros Cost of the Holding
Company in which the Group has a shareholding via Grupo Antolin-Ingeniería, S.A.U.-				
Grupo Antolin-India PVT, Ltd.	Pune (India)	Automobile components	0.01 (b)	-
Gestión Industrial de Sonora, S.A. de C.V.	Hermosillo (Mexico)	Provision of services	0.01 (b)	-
Grupo Antolin-Saltillo, S. de R.L. de C.V.	Hermosillo (Mexico)	Automobile components	0.01 (b)	-
Company in which the Group has a shareholding via Grupo Antolin-India PVT, Ltd.-				
Grupo Antolin-Chakan, Ltd.	Delhi (India)	Automobile components	100.00	5,972
Companies in which the Group has a shareholding via Grupo Antolin-Holland, B.V.-				
Grupo Antolin-France, S.A.S.	Saint-Etienne (France)	Holding company and Technical services and sales	7.44 (b)	15,802
Grupo Antolin-Silao, S.A. de C.V.	Silao (Mexico)	Automobile components	29.18 (b)	14,237
Grupo Antolin-Leamington, Ltd.	Kent (United Kingdom)	Automobile components	100.00	50,906
Companies in which the Group has a shareholding via Grupo Antolin-Amsterdam, B.V.-				
Ototrim Panel Sanayi ve Ticaret, A.S.	Bursa (Turkey)	Automobile components	50.00 (a)	2,413
Irauto, S.A.	Buenos Aires (Argentina)	Automobile components	7.92 (b)	2,065
Companies in which the Group has a shareholding via Grupo Antolin-Gestión de Inversiones, S.L.U.-				
Grupo Antolin-North America, Inc.	Detroit (United States)	Technical services and sales	100.00	232,000
Companies in which the Group has a shareholding via Grupo Antolin-North America, Inc.-				
Grupo Antolin-Kentucky, Inc.	Kentucky (United States)	Automobile components	100.00	20,033
Grupo Antolin-Michigan, Inc.	Marlette (United States)	Automobile components	100.00	12,495
Grupo Antolin-Illinois, Inc.	Troy (United States)	Automobile components	100.00	2,649
Grupo Antolin-Missouri, LLC	Clayton (United States)	Automobile components	100.00	1,501
Antolin Interiors USA, Inc.	Troy (United States)	Automobile components	100.00	85,758
Antolin Alabama, Inc.	McCalla (United States)	Automobile components	100.00	1,877
Antolin Shelby, Inc.	Shelby (United States)	Automobile components	100.00	6,963
Antolin Spartanburg Assembly, Inc.	Spartanburg (United States)	Automobile components	100.00	1
Companies in which the Group has a shareholding via Antolin Interiors USA, Inc.-				
Antolin Lighting, LLC	Auburn Hills (United States)	Holding company	100.00	7,897
Companies in which the Group has a shareholding via Antolin Lighting, LLC-				
Suzhou Antolin Automotive Interiors Co., Ltd.	Kunshan Jiangsu (China)	Automobile components	100.00	1,868
Companies in which the Group has a shareholding via Grupo Antolin-Kentucky, Inc.-				
Grupo Antolin-Primera Automotive Systems, LLC	Wayne (United States)	Automobile components	49.00 (a)	18
Companies in which the Group has a shareholding via Grupo Antolin-France, S.A.S.-				
Grupo Antolin-IGA, S.A.S.	Henin Beaumont (France)	Automobile components	100.00	57,953
Grupo Antolin-Vosges, S.A.S.	Rupt-Sur-Moselle (France)	Automobile components	100.00	53,196
Grupo Antolin-Cambrai, S.A.S.	Paris (France)	Automobile components	100.00	81,864
Grupo Antolin-Besançon, S.A.S.	Besançon (France)	Automobile components	100.00	65,000
Companies in which the Group has a shareholding via Keyland Sistemas de Gestión, S.L.				
Keyland Mexico, S. de R.L. de C.V.	Mexico D.F. (Mexico)	Provision of services	100.00 (a)	-
Companies in which the Group has a shareholding via International Door Company, B.V. *(in which the group has a shareholding of 50%)-*				
Iramec Autopeças, Ltda.	Caçapava (Brazil)	Automobile components	100.00 (a)	1,300
Mexican Door Company, S. de R.L. de C.V.	Mexico D.F. (Mexico)	Automobile components	100.00 (a)	7,866
Company in which the Group has a shareholding via Broomco (3051), Ltd.-				
CML Innovative Technologies, Ltd.	Bury St Edmunds (United Kingdom)	Lighting products	100.00	7,982

Continued…

Company	Registered Office	Business Activity	Percentage Held	Thousands of Euros Cost of the Holding
Companies in which the Group has a shareholding via Antolin Deutshland GmbH-				
Grupo Antolin-Logistik Deutschland, GmbH	Cologne (Germany)	Automobile components	100.00	11,314
Grupo Antolin-Hranice, s.r.o.	Hranice (Czech Republic)	Automobile components	100.00	116
CML Technologies, GmbH & Co. KG	Bad Durkheim (Germany)	Lighting products	100.00	9,711
Grupo Antolin-Bamberg, GmbH & Co. KG	Bamberg (Germany)	Automobile components	100.00	30,660
Antolin Massen, GmbH	Massen-Niederlausitz (Germany)	Automobile components	100.00	13,988
Antolin Süddeutschland, GmbH	Regenstauff (Germany)	Automobile components	100.00	21,695
Antolin Straubing, GmbH	Straubing (Germany)	Automobile components	100.00	25,492
Haselbeck Formen-und Werkzeugbau, GmbH	Deggendorf (Germany)	Automobile components	100.00 (c)	6,646
Companies held by Antolin Austria Holding, GmbH-				
Antolin Ebergassing, GmbH	Ebergassing (Austria)	Automobile components	100.00	45,248
Companies in which the Group has a shareholding via Grupo Antolin-Besançon, S.A.S.-				
Grupo Antolin-Sibiu, S.R.L.	Sibiu (Romania)	Automobile components	100.00	5,806
Guangzhou Antolin Lighting Co, Ltd.	Guangzhou (China)	Automobile components	100.00	1,310
Companies in which the Group has a shareholding via Antolin China Investment Co., Ltd.-				
Antolin Shanghai Auto-Parts Co., Ltd.	Shanghai (China)	Automobile components	100.00	35,096
Guangzhou Antolin Auto-Parts Co., Ltd.	Guangzhou (China)	Automobile components	100.00	10,698
Chongqing Antolin Tuopu Overhead System Co., Ltd.	Chongqing (China)	Automobile components	61.00	3,801
Dongfeng Antolin (Wuhan) Overhead Systems, Co., Ltd.	Wuhan (China)	Automobile components	51.00	1,036
Changshu Antolin Automotive Interiors Co., Ltd.	Changshu (China)	Automobile components	60.00	18,586
Changchun Antolin Automotive Interiors Co., Ltd.	Changchun (China)	Automobile components	60.00	39,452
Chengdu Antolin Automotive Interiors Co., Ltd.	Chengdu (China)	Automobile components	60.00	1,938
Tianjin Antolin Auto-Parts Co., Ltd.	Tianjin (China)	Automobile components	60.00	7,333
Shenyang Antolin Auto Parts Co., Ltd.	Lialong (China)	Automobile components	100.00	2,186
Wuhan Donghuan Antolin Auto Parts, Co., Ltd.	Wuhan (China)	Automobile components	51.00 (c)	65
Antolin Chongqing Auto Interiors Trim Systems, Co. Ltd.	Chongqing (China)	Automobile components	51.00 (c)	1,036
Companies in which the Group has a shareholding via Changshu Antolin Automotive Interiors Co., Ltd. *(in which the group has a shareholding of 60%)*-				
Changshu Antolin Auto Parts Co., Ltd.	Changshu (China)	Automobile components	100.00	2,326
Companies in which the Group has a shareholding via Changchun Antolin Automotive Interiors Co., Ltd. *(in which the group has a shareholding of 60%)*-				
Beijing Antolin Automotive Interiors Co., Ltd.	Beijing (China)	Automobile components	100.00	1,351
Company in which the Group has a shareholding via Antolin Hungary, Kft.-				
Plastimat Hungary, Kft.	Esztergom (Hungary)	Automobile components	74.00	6,951
Company in which the Group has a shareholding via Antolin Tanger, S.A.R.L.-				
Gold Set, S.A.R.L.A.U.	Tangiers (Morocco)	Automobile components	100.00	1
Company in which the Group has a shareholding via Chongqing Antolin Tuopu Overhead System Co., Ltd. *(in which the group has a shareholding of 61%)*-				
Hangzhou Antolin Tuopu Overhead System Co., Ltd. (HATOS)	Hangzhou (China)	Automobile components	100.00	398
Harbin Antolin Tuopu Overhead System Co., Ltd.	Harbin (China)	Automobile components	100.00	137
				1,043,993

(a) These companies in which the Group has a direct or indirect holding of 50% or less have been included in the consolidated financial statements as "*fully consolidated companies*", because the Group has control over them.

(b) As indicated in the tables above, the Group has direct or indirect shareholdings in the share capital of these subsidiary companies, bringing the total holding in their capital up to 100%.

(c) Companies acquired or incorporated in 2018.

The following additions or retirements from the scope of consolidation took place during 2018:

- In January 2018 the Group acquired an additional 45% stake in the share capital of Irauto, S.A., in which it had previously held 50%, for a price of practically zero, and subsequently subscribed to an increase in its share capital via the compensation of loans. As a result of these transactions, the Group now has a 100% shareholding in said company and exercises control of it. Accordingly, this company, over which the Group exercised significant influence, has changed from an associated company to a subsidiary company and, in consequence, is now "fully consolidated".

- The Chinese companies Wuhan Donghuan Antolin Auto Parts, Co., Ltd., which produces electric windows, and Antolin Chongqing Auto Interiors Trim Systems Co., Ltd., which produces headliners, have been incorporated, and with the Group holding 51% of their share capital. At 31 December 2018 these companies were still at an initial stage of its operations.

- In addition, with effect from 31 August 2018 the Group has acquired a 100% shareholding in the German company Haselbeck Formen-und Werkzeugbau, GmbH.

- The subsidiary company Grupo Antolin-Cuautitlán, S. de R.L. de C.V., in which the Group has a 100% shareholding, has been incorporated, and the subsidiary company Grupo Antolin-Dutch, B.V., fully owned by the Parent Company, was dissolved and wound up.

Also in 2018 the Group acquired the shareholding held by non-controlling interests in the subsidiary company Cidut, S.L., over which the Group exercised control, for an amount of 1,490 thousand euros. As a result of this transaction, the Group's holding in this company increased from 50% to 100%. The Group has also increased its holding in the associated company Slovakian Door Company, s.r.o., from 25% to 50%. These transactions have not resulted in any changes to the scope of consolidation.

The effect of these variations on the Group's consolidated financial statements has not been significant.

Financial year of the subsidiary companies-

The financial year of all the subsidiary companies, like that of the Parent, is the same as the calendar year, except for the Indian subsidiaries, whose financial year ends on 31 March. For the Indian companies in the process of being incorporated into the scope of consolidation, the financial statements for the 12 month period from 1 January 2018 to 31 December 2018 have been used, for the remaining companies the individual financial statements for the year ended 31 December 2018 have been used. The figures in the tables above correspond to the financial position at 31 December 2018. The financial position of the subsidiaries is stated in their individual financial statements.

Audit of the individual annual financial statements of the subsidiary companies-

The individual annual financial statements for 2018 of most of the subsidiary companies are audited by Deloitte or by other auditors. Set out below are the subsidiary companies whose annual financial statements are examined by auditors other than Deloitte:

Company	Audited by
Grupo Antolin-Hranice, s.r.o.	Chebska Auditorska spol. s.r.o.
Grupo Antolin-Sibiu, S.R.L.	T&T Audit, S.R.L.
Plastimat Hungary, Kft.	RSM AUDIT Hungary Zrt.
Antolin Avtotechnika Nizhny Nóvgorod, Ltd.	Gruppa Financy LLC, Nexia Finance Group
CML Innovative Technologies, Ltd.	Whiting and Partners, Ltd.
Broomco (3051), Ltd.	Whiting and Partners, Ltd.
Mexican Door Company, S. de R.L. de C.V.	KPMG
Gestión Industrial de Sonora, S.A. de C.V.	KPMG
Antolin Interiors USA, Inc.	Urbach Hacker Young International, LLP
Grupo Antolin-North America, Inc.	Urbach Hacker Young International, LLP
Grupo Antolin-Illinois, Inc.	Urbach Hacker Young International, LLP
Grupo Antolin-Kentucky, Inc.	Urbach Hacker Young International, LLP
Grupo Antolin-Michigan, Inc.	Urbach Hacker Young International, LLP
Grupo Antolin-Primera Automotive Systems, LLC	Urbach Hacker Young International, LLP
Grupo Antolin-Missouri, Inc.	Urbach Hacker Young International, LLP
Antolin Alabama, Inc.	Urbach Hacker Young International, LLP
Antolin Shelby, Inc.	Urbach Hacker Young International, LLP
Irauto, S.A.	Alberto A. González
Antolin China Investment Co., Ltd.	Shanghai Certified Public Accountants SGP
Chongqing Antolin Tuopu Overhead System Co., Ltd.	BDO China Li Xin CPA Chongqing Branch
Hangzhou Antolin Tuopu Overhead System Co., Ltd. (HATOS)	BDO China Li Xin CPA Chongqing Branch
Harbin Antolin Tuopu Overhead System Co., Ltd.	BDO China Li Xin CPA Chongqing Branch
Beijing Antolin Automotive Interiors Co., Ltd.	BDO China Shu Lun Pan Certified Public Accounts LLP
Changchun Antolin Automotive Interiors Co., Ltd.	BDO China Shu Lun Pan Certified Public Accounts LLP
Changshu Antolin Automotive Interiors Co., Ltd.	BDO China Shu Lun Pan Certified Public Accounts LLP
Tianjin Antolin Auto-Parts Co., Ltd.	BDO China Shu Lun Pan Certified Public Accounts LLP
Chengdu Antolin Automotive Interiors Co., Ltd.	BDO China Shu Lun Pan Certified Public Accounts LLP
Changshu Antolin Auto Parts Co., Ltd	BDO China Shu Lun Pan Certified Public Accounts LLP
Shenyang Antolin Auto Parts Co., Ltd.	Liaoning Tian Xin Certified Public Accounts
Dongfeng Antolin (Wuhan) Overhead Systems, Co., Ltd.	Pricewaterhouse Coopers Zhong Tian LLP
Guangzhou Antolin Auto-Parts Co., Ltd.	GuangZHou HuaDu CPA, Ltd.
Guangzhou Antolin Lighting Co., Ltd.	Shanghai Certified Public Accountants SGP
Grupo Antolin-India Private, Ltd.	Ernst & Young

Associates and joint ventures-

"*Associates*" are defined as companies where the Group has powers to exercise a significant influence.

The Company has the power to participate in financial and operating policy decisions but does not have control or joint control.

IFRS 11 defines a joint venture *(as opposed to a joint operation as described in the next section of this Note)* as an agreement under which the controlling parties *("joint venturers")* have rights to the net assets of the company. Joint control is the contractually agreed sharing of control and requires all substantive decisions to be unanimously agreed by all parties sharing joint control.

The Group's holdings in Associates and joint ventures *(accounted for in consolidated financial statements for 2018 and 2017 using the equity method)*, and the corresponding carrying amounts recognised under "Investments in companies accounted for using the equity method" in the consolidated statement of financial position at 31 December 2018 and 2017, are as follows:

Company	Registered Office	Business Activity	Percentage of Group's Holding At 31/12/18	At 31/12/17	Thousands of Euros Carrying Amount at 31/12/18	Carrying Amount at 31/12/17
Companies in which Grupo Antolin-Irausa, S.A. has a direct shareholding-						
Dongwon Technology Co., Ltd.	Kyoung-Nam (South Korea)	Automobile components	30.00	30.00	8,132	7,415
NHK Antolin (Thailand) Co., Ltd.	Samutprakarn (Thailand)	Automobile components	50.00	50.00	2,621	1,409
Krishna Grupo Antolin Private, Ltd.	Chandigarh (India)	Automobile components	50.00	50.00	4,706	5,040
CREA-Antolin Co., Ltd.	Ansan (Korea)	Automobile components	50.00 (a)	50.00 (a)	6,622	6,622
Walter Pack, S.L.	Igorre (Vizcaya)	Automobile components	40.03 (b)	-	3,899	-
Companies in which the Group has a shareholding via Antolin China Investment Co., Ltd.-						
Dongfeng Antolin (Wuhan) Automotive Trim Co., Ltd.	Wuhan (China)	Automobile components	49.00	49.00	982	1,149
Companies in which the Group has a shareholding via International Door Company, B.V.-						
Slovakian Door Company, s.r.o	Bratislava (Slovakia)	Automobile components	50.00 (c)	25.00	3,873	1,538
International Door Systems, S.R.L. de C.V.	Hermosillo (Mexico)	Automobile components	25.00	25.00	208	196
Companies in which the Group has a shareholding via Grupo Antolin-Amsterdam, B.V.-						
Irauto, S.A.	Buenos Aires (Argentina)	Automobile components	- (d)	50.00	-	(827)
					31,043	**22,542**

(a) In 2017 a contract was signed with the other shareholder of this associate by which the Group is expected to sell it the 50% holding it owns in the share capital of CREA-Antolin Co., Ltd. once certain conditions have been satisfied. In relation with this operation, at 31 December 2018 the Group had received an amount of 5,874 thousand euros *(3,679 thousand euros at 31 December 2017)*, on account of the sale price, which is recorded under "Current financial liabilities-Other financial liabilities" in the accompanying consolidated statement of financial position at said date (see Note 19). This holding is expected to be transferred in 2019 and this operation will generate a profit for the Group, although it is not expected to be significant.

(b) In November 2018 the Group acquired a 40.04% interest in the share capital of Walter Pack, S.L., the head company of a group with an international presence, for 2,339 thousand euros, and on the same date made a monetary contribution of 1,560 thousand euros, in a capital increase made by that company. After this operation, the Group holds 40.03% of the share capital of this investee company. However, the contract of acquisition of this holding envisages in 2020 an adjustment to the price paid or the Group's percentage holding, in line with the evolution of certain variables at the end of 2019.

(c) At 31 December 2017 the Group owned 25% of Slovakian Door Company, s.r.o. In 2018, the company International Door Company, B.V. *(in which the group has a shareholding of 50%)* acquired a 50% holding in Slovakian Door Company, s.r.o. from another shareholder of this company. As a result of this operation, at 31 December 2018 the Group indirectly owns 50% of the share capital of Slovakian Door Company, s.r.o., which continues to be considered an associated company.

(d) At 31 December 2017 the Group owned 50% of Irauto, S.A. In 2018 the Group acquired an additional 45% stake in the share capital from another shareholder of this company, and subsequently carried out an increase in its share capital via the compensation of loans. As a result of these operations, at 31 December 2018 the Group owns 100% of the share capital of Irauto, S.A. which is now considered a subsidiary company and, in consequence, is fully consolidated.

Movements in 2018 and 2017 recorded under "Investments in companies accounted for using the equity method" in the consolidated statement of financial position were as follows:

	Thousands of Euros
Balances at 31 December 2016	**20,907**
Profit of companies accounted for using the equity method	3,281
Dividends (a)	(970)
Translation differences	(464)
Other	(212)
Balances at 31 December 2017	**22,542**
Profit of companies accounted for using the equity method	2,577
Acquisition of a holding in Walter Pack, S.L.	3,899
Additions for contributions made by the Group	2,321
Dividends (a)	(788)
Translation differences	(224)
Retirement of Irauto, S.A., which is now fully consolidated	827
Other	(111)
Balances at 31 December 2018	**31,043**

(a) In the first half of 2018 the Group received dividends from Dongwon Technology Co., Ltd. and Krishna Grupo Antolin Private, Ltd., for amounts of 647 and 141 thousand euros, while in 2017 the Group received dividends from Dongwon Technology Co., Ltd. and Krishna Grupo Antolin Private, Ltd., for 784 and 186 thousand euros, respectively. All these dividends were recognised as a reduction in the carrying amount of the investment.

Financial year and audit of the individual annual financial statements of Associates and joint ventures included in the scope of consolidation-

The financial year of Associates and joint ventures is the same as the calendar year, except for Krishna Grupo Antolin Private, Ltd., whose financial year ends on 31 March. For Krishna Grupo Antolin Private, Ltd., the financial statements for the 12 month period from 1 January 2018 to 31 December 2018 have been used, for the remaining companies the individual financial statements for the year ended 31 December 2018 have been used. Some of the aforementioned annual financial statements are currently being examined by the following auditors:

Company	Audited by
Dongwon Technology Co., Ltd.	PricewaterhouseCoopers
NHK Antolin Thailand Co., Ltd.	PricewaterhouseCoopers ABAS Ltd.
Dongfeng Antolin (Wuhan) Automotive Trim, Co., Ltd.	PricewaterhouseCoopers Zhong Tian LLP
CREA-Antolin Co., Ltd.	Ernst & Young
Walter Pack, S.L.	Economical Auditores, S.L.
Slovakian Door Company, s.r.o.	BDR, spol. s r.o.
International Door Systems, S.R.L. de C.V.	KPMG

Joint operations-

IFRS 11 defines a joint operation as an agreement under which the parties *("joint operators")* have rights to the assets and obligations for the liabilities of the agreement. Joint control is the contractually agreed sharing of control and requires all substantive decisions to be unanimously agreed by all parties sharing joint control.

Following an assessment by the Group, the only investment which is deemed a joint operation is International Door Company, B.V., a holding company registered in Amsterdam (Netherlands), in which the Parent has a 50% stake *(this cost 7,909 thousand euros at 31 December 2018 while at 31 December 2017 it cost 6,808 thousand euros)*. The other 50% is held by Küster Holding, GmbH, and the company's financial statements have been proportionally consolidated.

The figures for assets and liabilities, and the net turnover and the result for 2017 contributed by this joint venture are not significant compared to the figures for consolidated totals of the Group.

(2) BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATION STANDARDS

a) True and fair view-

In accordance with Final Provision Eleven of Law 62/2003 on Tax, Administrative and Social Order Measures, of 30 December, companies with holdings are required to draw up consolidated annual financial statements and directors' reports. At year end none of the companies in the Group has issued shares that are listed on an official market of any member State of the European Union. They may therefore opt to present their consolidated annual financial statements for the years beginning from 1 January 2005 in accordance with Spanish accounting standards or in accordance with the International Financial Reporting Standards adopted by the European Union. Accordingly, Grupo Antolin-Irausa, S.A. decided to apply voluntarily, for the first time in the financial year 2007, said International Financial Reporting Standards adopted by the European Union for drawing up its consolidated annual financial statements.

The consolidated annual financial statements for 2018, which were prepared from the individual accounting records of the Parent and of the companies included in consolidation *(listed in Note 1)*, are presented in accordance with the International Financial Reporting Standards adopted by the European Union *(hereinafter referred to as "IFRS-EU")* and, accordingly, give a true and fair view of the Group's consolidated net worth, consolidated financial position at 31 December 2018, and results of operations, changes in consolidated equity and cash flows that have taken place during the year then ended.

These consolidated annual financial statements for 2018 have been prepared by the Parent's Directors and will be submitted to the Annual General Meeting of Shareholders of the Parent for approval.

The consolidated financial statements for 2017 were approved by the General Meeting of Shareholders of the Parent held on 28 March 2018.

b) Adopting new standards and interpretations issued-

Grupo Antolin's consolidated annual financial statements for the financial years to 31 December 2018 and 2017 have been drawn up in accordance with International Financial Reporting Standards, in accordance with the terms of Regulation (EC) No. 1606/2002 of the European Parliament and the Council dated 19 July 2002, taking into account all mandatory accounting principles, standards and measurement bases with a material impact and the alternatives permitted under the standards in this respect.

Standards and interpretations in force in 2018-

In 2018, the following new accounting standards have come into force and have been taken into account when drawing up the consolidated annual financial statements for 2018:

Standards, amendments and interpretations:		Mandatory Application for Financial Years Beginning On or After:
Approved for use in the European Union		
New standards:		
IFRS 15: Revenues from contracts with customers	New standard on the recognition of revenues *(replacing IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31)*	1 January 2018
IFRS 9 Financial instruments	Replaces IAS 39 requirements for the classification, measurement and derecognition of financial assets and liabilities, hedge accounting and accounting for impairments.	1 January 2018
Amendments and/or interpretations:		
Amendments to IFRS 2 Classification and measurement of share-based payments *(issued in June 2016)*	Narrow scope amendments to clarify the accounting for cash-settled share-based payment transactions, the classification of share-based payments settled net of tax withholdings, and some aspects of the modifications affecting types of share-based payment transactions	1 January 2018
Change to IFRS 4 'Insurance contracts'	Allows entities issuing contracts within the scope of IFRS 4 the option of applying IFRS 9 *("the overlay approach")* or a temporary exemption	1 January 2018
Amendment to IAS 40 Reclassification of investment property *(issued in December 2016)*	The amendment clarifies that assets may only be transferred to, or from, investment property when there is evidence of a change in use.	1 January 2018
IFRS Annual Improvements 2014-2016 *(issued in December 2016)*	Minor amendments to a collection of standards.	1 January 2018
IFRIC 22 Foreign currency transactions and advance consideration *(issued in December 2016)*	This interpretation establishes the "transaction date" for the purposes of determining the exchange rate to be applied to transactions that include advance consideration in a foreign currency	1 January 2018

The first-time application of these standards to the Group's consolidated financial statements has had the following impacts:

IFRS 9 Financial instruments-

IFRS 9 came into force on 1 January 2018. The Group has applied IFRS 9 retroactively without restating comparative information. Based on an analysis of the Group's financial assets and liabilities at 31 December 2017, carried out on the basis of the events and circumstances prevailing at that date, Group management has applied the new classification and valuation criteria of IFRS 9. The particular effects of this first-time application and any impact of this are shown below:

- With regard to impairment, financial assets measured at amortised cost, customer receivables and other loans, in addition to financial guarantee contracts, are subject to the provisions of IFRS 9, that requires expected impairment losses to be recorded either at 12 months *(assets classified as available for sale)* or over the whole lifetime *(trade receivables)*. The Group has defined its model of expected impairment losses which requires estimates of future loan losses. Given the nature, conditions and high credit quality of its accounts receivable and loans, the amount of the additional provision required as a result of the application of the new model to the financial asset balances at 1 January 2018 is small *(528 thousand euros)*. This provision has resulted in a smaller amount of reserves at 1 January 2018, net of the corresponding tax effect *(396 thousand euros)*.

- The new classification and valuation criteria have had no impact on the consolidated financial statements for 2018 as most of the financial assets will continue to be valued at amortised cost, except for equity instruments and derivative financial instruments which are carried at fair value. At 31 December 2018 and 2017, the Group had not contracted any financial hedging instruments, so the impact of the application of IFRS 9 for the accounting of hedges is nil.

IFRS 15 Revenue from contracts with customers-

IFRS 15 came into force on 1 January 2018. The Group has applied IFRS 15 retroactively, restating comparative information. Among other aspects, this new IFRS outlines the requirements for the recognition of revenue at a moment in time or over time.

Based on an in-depth analysis of sales transactions and contracts, the Group estimates that the application of IFRS 15 will not result in changes to the recognition of revenues from its ordinary activity which corresponds, basically, to the sale of components for automobiles.

In relation with the recording of revenue and profit and loss from the manufacture of project tools for customers, bearing in mind the significant increase in the billing issued by the Group for this item in recent years, it has been considered that the manufacture of tools for customers represents an ordinary activity that the Group carries out in the normal course of its business and not as a transaction that is accessory to its core business *(the sale of components)*, as it had been considered until the previous year. As a result of this interpretation, the Group has changed the criteria for the reporting in the consolidated income statement of revenue from the sale of project tools, which is now recorded under the heading "net turnover" and of the costs of sales of said project tools, which are now reported under the heading "Supplies". The Group had been reporting the net profit or loss obtained from the sale of project tools *(offsetting revenue against the costs generated in the same transaction)* under the heading "Other operating income", in line with the provisions of IAS 1, section 34, regarding the reporting of accessory transactions.

In addition, it has been considered that profit or loss on the manufacture of the tools will generally be recognised when control of these is transferred to the customer, which usually occurs when the tools have passed the corresponding technical certification or verification by the customer, or close to the beginning of the mass production of the parts of the project with the said tools. Consequently, it has been considered that the application of IFRS 15 has not had a significant impact on when the profit or loss on the sale of project tools is recognised.

It has also been estimated that the application of IFRS 15 does not imply significant changes to the recording of other Group revenue transactions.

Consequently, the first-time application of IFRS 15 has basically impacted the Group's consolidated financial statements as regards the reporting of the sales and cost of sales of tools and, in this respect, the comparative information included in relation with the consolidated income statement for 2017 has been restated to adapt this to the new standard. For this reason, the aforementioned comparative information included in these consolidated financial statements does not coincide with the amounts contained in the consolidated financial statements for 2017. The impact that the application of this new IFRS has had on the consolidated income statement *(there has been no impact of this IFRS on the consolidated statement of financial position)* and the headings affected are shown below:

Impacts on the income statement for 2017:

	Thousands of Euros		
	Balances According to the Approved Consolidated Financial Statements for 2017	Effect of the Retroactive Application of IFRS 15	Balances According to Comparative Information for 2017
CONTINUING OPERATIONS:			
Net turnover	5,036,681	354,728	5,391,409
Change in inventories of finished products and work in progress	8,433	-	8,433
Capital grants and other grants taken to income	931	-	931
Other operating income	174,495	(65,011)	109,484
Total operating income	*5,220,540*	*289,717*	*5,510,257*
Supplies	(3,275,570)	(289,717)	(3,565,287)
Staff costs	(884,723)	-	(884,723)
Depreciation of property, plant and equipment	(174,698)	-	(174,698)
Change in trade provisions	961	-	961
Other operating expenses	(718,271)	-	(718,271)
Less - Own work capitalised	122,750	-	122,750
Total operating income	*(4,929,551)*	*(289,717)*	*(5,219,268)*
OPERATING PROFIT FROM CONTINUING OPERATIONS	**290,989**	**-**	**290,989**

Other amendments and/or interpretations:

These new aspects of accounting regulations have had practically no impact on the consolidated financial statements.

Standards and interpretations not in force-

The most significant standards, changes and interpretations that had been published by the IASB at the date on which these consolidated financial statements for 2018 were prepared but had not yet come into force, either because their effective date is later than the date of the consolidated annual financial statements, or because they have not yet been endorsed by the European Union, are as follows:

Standards, amendments and interpretations:		Mandatory Application for Financial Years Beginning On or After:
Approved for use in the European Union		
New standards:		
IFRS 16 Leases	Replaces IAS 17 and related interpretations. The new standard introduces a single lessee accounting model requiring all leases to be reported on the balance sheet *(with some limited exceptions)*, as currently applies to finance leases *(recording depreciation against the right-of-use asset and a financial expense for the amortised cost of the liability).*	1 January 2019
Amendments and/or interpretations:		
Amendment to IFRS 9 Prepayment features with negative compensation *(issued in October 2017)*	It allows the measurement at amortised cost of certain financial instruments with prepayment features allowing the payment of an amount less than the unpaid amounts of principal and interest.	1 January 2019
IFRIC 23 Uncertainty over income tax treatments *(issued in June 2017)*	This interpretation clarifies how to apply IAS 12 recognition and measurement criteria when there is uncertainty regarding the tax authorities' acceptance of a certain tax treatment used by the entity.	1 January 2019
Not approved for use in the European Union		
New standards:		
IFRS 17 Insurance contracts (issued in September 2017)	Replaces IFRS 4. This establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts with the aim of ensuring that an entity provides relevant and reliable information that enables users of the information to assess the effect that the contracts have on the financial statements.	1 January 2021 (a)
Amendments and/or interpretations:		
Amendment to IAS 28 Long-term interests in associates and joint ventures	Clarifies that IFRS 9 should be applied to long-term interests in an associate or joint venture to which the equity method is not applied.	1 January 2019
IFRS Annual Improvements 2015-2017 Cycle	Minor amendments to a collection of standards.	1 January 2019
Amendment to IAS 19 Amendment, curtailment or settlement of a plan *(issued in February 2018)*	Clarifies how to calculate the cost of the service for the current period and the net interest for the rest of an annual period when there is an amendment, curtailment or settlement of a defined benefit plan.	1 January 2019
Amendment to IFRS 3 Definition of business *(issued in October 2018)*	Clarifications regarding the definition of business.	1 January 2020
Amendments to IAS 1 and IAS 8 Definition of "materiality" *(issued in October 2018)*	Amendments to IAS 1 and IAS 8 to bring the definition of "materiality" into line with that included in the conceptual framework.	1 January 2020

(a) The date of first-time application of this standard is being reviewed by the IASB and may be delayed to 1 January 2022.

None of the aforementioned standards was applied prior to the mandatory effective date in 2018.

The coming into force of these standards will result in impacts in the following cases:

IFRS 16 Leases-

IFRS 16 will be applicable from 1 January 2019.

Group Management is assessing the total impact of the application of IFRS 16 on the consolidated financial statements. IAS 17 does not require the recognition of any asset or liability for the right of use of future payments on these leases; however, the notes to the financial statements include certain information such as operating lease agreements (see Note 8). A preliminary assessment of the impacts of IFRS 16 *(whose main novelty lies in a single lessee accounting model requiring all leases to be reported on the statement of financial position as if they were financed purchases, i.e. in accordance with the current treatment of finance leases, with some limited exceptions)* indicates that these agreements comply with the definition of a lease in accordance with IFRS 16 and so the entity will recognise an asset for right of use and the corresponding liability *(not including low value or short term leases).*

Group management has decided to apply this standard retroactively on the transition date, via the application of the option that allows the current value of the right-of-use asset and of the lease liability to be calculated using the Group's incremental rate for loans on the date of first-time application, so comparative information will not be restated and at the aforementioned date of first-time application *(1 January 2019)* the Group will recognise a right-of-use asset and a lease liability for the same amount.

The new IFRS 16 requirements are expected to have a significant impact on the amounts recorded in the Group's consolidated financial statements and Management is currently quantifying this potential impact Specifically, based on the assessments made, the application of IFRS 16 leases will result on the date of first-time application in the recognition in the consolidated statement of financial position of non-current assets and payables on leases of approximately 389 million euros. It has also been estimated that, in relation to the balances that would have been originated by the application of the previous IAS 17, in the consolidated income statement for 2019 the new standard will result in a reduction in the balance of the heading "Other operating expenses" in an amount of approximately 73 million euros, and an increase in the balances of the headings "Depreciation of property, plant and equipment" and "Financial expenses" of 68 and 5 million euros, approximately and respectively.

Other standards, amendments and interpretations-

The Group is beginning to assess the potential impact of the future application of these standards and, after a first analysis, estimates that these will not have a significant impact on the Group's consolidated financial statements.

c) Functional currency-

The consolidated annual financial statements are presented in thousands of euros as this is the currency of the main economic area in which the Group operates. Foreign operations are recorded in accordance with the policies described in Notes 2-f and 3-l.

d) Comparative information-

In accordance with the requirements of IAS 1, the information set out in these notes to consolidated financial statements relating to 2017 is presented, for the purposes of comparison, with the figures for 2018.

There have been no major changes in the accounting policies that affect 2018 and 2017. Neither have any corrections of errors relating to prior years been made, nor have any major changes been made in the accounting estimates that affect these financial years or that are likely to affect future financial years. This comparative information has been modified as a result of the coming into effect of IFRS 15 "Revenues from contracts with customers" and IFRS 9 "Financial instruments". The impacts of these Standards are indicated in Note 2-b of these explanatory notes.

In addition, the information included in the affected notes has been modified.

e) Responsibility for the information provided and estimates made-

The information set out in these consolidated annual financial statements for 2018 is the responsibility of the Directors of the Parent.

The consolidated results and the calculation of consolidated net assets are sensitive to the accounting principles, policies, measurement criteria and estimates used by the Parent's Directors in the preparation of the consolidated annual financial statements. The main accounting principles and policies and measurement criteria used are disclosed in Note 3.

In preparing the annual financial statements for 2018 estimates made by senior management *(subsequently ratified by the Parent's Directors)* have been used on occasion to measure certain assets, liabilities, revenues, expenses and commitments that are recorded therein. Principally, these estimates, made based on the best information available, refer to:

- The assessment of possible impairment losses on certain assets.
- The measurement of goodwill.
- The useful life of property, plant and equipment, intangible fixed assets and investment property.
- The classification of leases as operating or financial leases.
- The market value of certain financial instruments.
- The fair value of certain unlisted assets.
- The amount of the provisions.
- The application of deferred tax assets.
- The capacity to exercise control in some consolidated companies and the timing thereof.

Although these estimates were made based on the best information available at 31 December 2018 for the events being analysed, future events may make it necessary to revise these estimates *(upward or downward)* in coming years. Any such changes would be applied prospectively, and the effects of the change in estimate would be taken to the consolidated income statement in the years affected, as provided for in IAS 8.

f) Consolidation standards-

Subsidiary companies-

The individual annual financial statements of the *"subsidiary companies"* have been fully consolidated with those of the Parent and, therefore:

1. All major balances and transactions between the fully consolidated companies and material gains or losses on internal operations not carried out with third parties have been eliminated on consolidation.

2. In the consolidation process adjustments and reclassifications have been made so as to bring the accounting principles and policies used by the subsidiary companies into line with those used by the Parent.

3. When a subsidiary is acquired, its assets, liabilities and contingent liabilities are recorded at their fair values at the acquisition date. Any excess of the acquisition price over the fair values of the identifiable net assets acquired is recognised in "Intangible assets - goodwill". Negative differences are taken directly to income on the acquisition date.

4. The share of profit or loss and net changes in subsidiaries' equity attributable to non-controlling interests is calculated based on the voting rights existing at that time, excluding any potential exercisable or convertible rights. Any loss attributable to the non-controlling interests over and above the carrying amount of said non-controlling interests is charged to the holdings of the Parent, except when the non-controlling interests are under a binding obligation to cover part or all of the losses and provided that they are able to make the necessary additional investment.

5. The equity and results of the subsidiary companies attributable to non-controlling interests are presented in consolidated net equity, under "Non-controlling interests", in the consolidated statement of financial position, and under "Profit attributable to non-controlling interests" in the consolidated income statement, respectively.

6. Changes in the net worth of the consolidated subsidiary companies since they were acquired that cannot be attributed to changes in the percentage held are recorded under "Equity - Reserves - Reserves of fully and proportionally consolidated companies" in the consolidated statement of financial position.

7. The results generated by subsidiary companies acquired during the year are included in the consolidated income statement only from the date of acquisition to the year end. Similarly, the results of subsidiary companies disposed of during the year are included in the consolidated income statement only as from the beginning of the year to the date of disposal.

8. Acquisitions from non-controlling shareholders of their holdings in subsidiary companies in which the Group already had effective control of the companies and which, therefore, lead only to an increase in the Group's percentage holding in these companies, are treated, for the purposes of consolidation, as operations with equity instruments. The balance recorded under "Non-controlling interests" is therefore reduced and consolidated reserves are restated for the difference between the value of the consideration paid by the Group and the amount by which the balance recognised under "Non-controlling interests" has been changed. No "Goodwill" whatsoever is recorded for this operation.

The annual financial statements of the subsidiary companies used in the consolidation process refer to the same reporting date and cover the same period as those of the Parent.

Associates and joint ventures-

"Associates" and *"joint ventures"* are stated in the consolidated annual financial statements using the equity method, i.e. the investment is recorded originally at cost and the carrying amount is later increased or reduced so as to recognise the Group's share in the profit and loss of the year recorded by the investee company, after the date of acquisition. The Group thus recognises in its consolidated income statement for the year its proportional share in the profit and loss of the associate or joint venture. Dividends received from associates and joint ventures reduce the carrying amount of the investment. It may also be necessary to make adjustments to record any changes that may occur in the proportional holding in the associate or joint venture as a result of any changes in net equity that it may not have taken to income in the year. Gains and losses on transactions with associates and joint ventures are eliminated in proportion to the Group's investment in them.

Joint operations-

The annual financial statements of investee companies classified as *"joint ventures"* are proportionally consolidated, i.e. recognising the assets, rights and obligations and the income and expenses of these companies in proportion to the Group's holding in these companies.

Translation of annual financial statements of foreign companies included in the scope of consolidation-

The statements of financial position and income statements of the foreign companies included in the scope of consolidation denominated in currencies other than the euro were translated to euros using the *closing rate method*. All the assets, rights and obligations of these companies were translated to euros at the year-end exchange rates. Their share capital and reserves were translated at their historical exchange rates. To counteract seasonal effects, the income statement items of these companies were translated to euros at the average exchange rates for the year, based on the volume of transactions performed in each period.

The exchange differences arising from the application of these methods are taken to equity under "Remeasurements-Exchange differences" in the consolidated statement of financial position, net of the portion of these differences corresponding to non-controlling interests, which is taken to equity under "Non-controlling interests" in the consolidated statement of financial position. Such exchange differences are recognised as income or as expense in the year in which the investment is made or divested.

g) Changes in the scope of consolidation-

2018:

The main changes to the Group's scope of consolidation in 2018 were as follows:

- In January 2018 the Group acquired an additional 45% stake in the share capital of Irauto, S.A., for a price of practically zero, and subsequently carried out an increase in its share capital via the compensation of loans. As a result of these transactions, the Group now has a 100% shareholding in said company and now exercises control of it. Accordingly, this company, over which the Group exercised significant influence, has changed from an associated company to a subsidiary company and, in consequence, is now fully consolidated (see Note 1).

- Two Chinese companies have been incorporated: Wuhan Donghuan Antolin Auto Parts Co., Ltd., which will make electric windows, and Antolin Chongqing Auto Interiors Trim Systems, Co. Ltd., which will make headliners, and in which the Group owns 51% of their share capital. At 31 December 2018 these companies were still at an initial stage of their operations.

- Also, effective 31 August 2018 the Group has acquired a 100% holding of the share capital of the German company Haselbeck Formen-und Werkzeugbau, GmbH, which specialises in the manufacture of plastic injection moulds, which has a headcount of over 100, a production plant in Deggendorf (Germany) and a large portfolio of customers. This operation, with a purchase price of around 6,646 thousand euros, is a strategic opportunity for the Antolin Group to continue research into the development and manufacture of moulds and so strengthen its R+D+I in respect of production processes.

- In November 2018 the Group acquired a 40.03% interest in the share capital of Spanish company Walter Pack, S.L., the head company of a group with an international presence specialising in the design and production of high quality decorative technical surfaces and parts.

- The subsidiary company Grupo Antolin-Cuautitlán, S. de R.L. de C.V., in which the Group has a 100% shareholding, has been incorporated, and Grupo Antolin-Dutch, B.V., fully owned by the Parent Company, was dissolved and wound up.

Also in 2018 the Group acquired the shareholding held by non-controlling interests in the subsidiary company Cidut, S.L., over which the Group exercised control, for an amount of 1,490 thousand euros. As a result of this transaction, the Group's holding in this company increased from 50% to 100%. The Group has also increased its holding in the associated company Slovakian Door Company, s.r.o., from 25% to 50%. These transactions have not resulted in any changes to the scope of consolidation.

The effect of these variations on the Group’s consolidated financial statements has not been significant.

2017:

The main changes to the Group's scope of consolidation in 2017 were as follows:

- With effect from 28 April 2017 *(the date of loss of control)* the Group sold to the North American multinational Lear Corporation the holding it owned in the subsidiary companies that comprised the “Seats and Metal” business unit *(which constituted a business segment)*. Specifically, the subsidiary companies included in the business unit that was sold were the following companies directly owned by the Parent Company: Midtown Invest, S.L., Grupo Antolin-Valença Componentes Automóvil, Soc. Unipessoal, Lda. and Antolin-CIE Czech Republic, s.r.o. *(all owned 100% by the Group except for the last one in which the Group had a 70% stake in its share capital)* and in addition the following companies indirectly owned by the Parent Company: Grupo Antolin-Álava, S.A.U., Grupo Antolin-

Ara, S.A.U., Grupo Antolin-Ardasa, S.A.U., Grupo Antolin-Magnesio, S.A.U., Grupo Antolin-Martorell, S.A.U., Grupo Antolin-PGA, S.A.U., Grupo Antolin-Vigo, S.A.U., Grupo Antolin-Ingenierie Sièges, S.A.S., Grupo Antolin-Loire, S.A.S. and Grupo Antolin-Jarny, S.A.S. *(all 100% owned by the Group)* In addition, certain assets of other Group companies linked to the "Seats and Metal" activity were also sold.

The gains/(losses) arising from this transaction and that are recorded in the heading "Gains/(losses) for the year from discontinued operations, net of tax" of the accompanying consolidated income statement for 2017 amounted to 148,796 thousand euros (see Note 25), and break down as follows:

	Thousands of Euros
Gains/(losses) after tax on discontinued operations for the period between 1 January and 28 April 2017	6,541
Gains/(losses) after tax from the disposal of the assets and liabilities that comprised the discontinued operations	142,255
Gains/(losses) for the period from discontinued operations, net of tax	**148,796**

In accordance with the provisions of IFRS 5, "Non-current assets held for sale and discontinued operations", in these consolidated financial statements the operations of this business unit are presented as "Discontinued operations" (see Notes 3-t and 25). The revenues and expenses of the "Seats and Metal" business unit in 2017 are indicated in Note 25. In addition, this Note indicates the assets and liabilities which have been removed from the scope of consolidation as a result of this transaction.

- The subsidiary companies Antolin Alabama, Inc., Antolin Shelby, Inc. and Antolin Spartanburg Assembly, Inc., in the United States, for which the Group has subscribed 100% of their share capital, have been incorporated, as have the Chinese companies Chengdu Antolin Automotive Interiors Co., Ltd., Tianjin Antolin Auto-Parts Co., Ltd. and Changshu Antolin Auto Parts Co., Ltd., in which the Group owns 60% of their share capital. At 31 December 2017 and 2018 these companies were still at an initial stage of their operations.

- The subsidiary company Grupo Antolin-Autoform, GmbH & Co., KG was dissolved, resulting in a loss of 217 thousand euros, which is included in the caption "Gains/(losses) on the loss of significant influence over consolidated investments" in the accompanying consolidated income statement for 2017.

Also in 2017 the merger occurred of the subsidiary companies Antolin Deutschland, GmbH *(merging company)* and Grupo Antolin Deutschland, GmbH and Antolin Interiors Deutschland, GmbH *(merged companies)*.

h) Definition of the Group for the purposes of preparing consolidated annual financial statements-

Although Grupo Antolin-Irausa, S.A. is directly and indirectly controlled by Avot Inversiones, S.L. (see Notes 1 and 13), these consolidated annual financial statements correspond to the group of subsidiary companies headed by Grupo Antolin-Irausa, S.A. All companies belonging to this Group have been included in these consolidated financial statements, being understood to refer to all the companies making up a single decision-making unit, in accordance with Article 42 of the Commercial Code. No company has been excluded.

Avot Inversiones, S.L. is a holding company controlled by the Antolín family whose principal assets are direct and indirect equity investments in Castilfalé Gestión, S.A.U. and Grupo Antolin-Holdco, S.A. *(holding companies whose main activity is to hold shares in Grupo Antolin-Irausa, S.A.)*. Consequently, the other companies in the Parent Group headed by Avot Inversiones, S.L. contributed little or no assets, turnover or profit to the consolidated financial statements of said Group for the year ended 31 December 2018.

With regard to Grupo Asuari Inversor, S.L, the parent of a group of companies also controlled by the Antolín family and therefore associated with Grupo Antolin, the Directors and legal advisers of the Parent consider that the companies do not form a decision-making unit nor are they managed on a unified basis, as their activities are distinct and independent and the commercial and financial relationships between them are not significant, there being no common activity.

(3) ACCOUNTING PRINCIPLES, POLICIES AND MEASUREMENT CRITERIA

In preparing the consolidated financial statements for 2018 the following accounting principles and policies and measurement criteria were applied:

a) Going-concern principle-

In recent financial years the Group has reported profits and generated significant financial resources in the course of its operations. Although the global economic and financial situation will continue to affect the Group's performance in 2019, the major car manufacturers are forecasting that production levels will be around 1.1% higher than in 2018. According to the latest estimates, therefore, the output of the worldwide automobile industry will continue to grow between 2019 and 2020.

The Parent's Directors consider that, following the addition of the interior components business unit acquired from the international Magna Automotive group in 2015, Grupo Antolin is a more diversified corporation that will be better able to cope with the vagaries of the market. The Group has added new products to its portfolio, strengthening and expanding its presence in the main automobile markets and improving its range. The Group's technological know-how and its global presence in terms of products, customers and markets will also enable it to strengthen its market position and take a considerable share of the market in all segments of the sector *(from the most basic models to premium vehicles)*. Also in 2017, the Group decided to sell its “Seats and Metals” business unit (see Note 25). This strategic decision reflected the Group's vision for growth and leadership in the medium and long term, and is taken in response to the increasingly competitive nature of the automobile industry and, in particular, the interior components manufacturing sector. The operation was in line with the Group's growth strategy, which will focus its activities on those businesses which have larger market shares and an established global presence, to which end the Group made substantial investments in 2018 and intends to continue to do so in coming years.

The Parent's Directors consider that the financial and economic measures taken in recent years, and those planned for the coming year, will make a positive contribution to ensuring that the Group continues to grow and meet its profit targets.

The consolidated annual financial statements for 2018 have accordingly been prepared on a going-concern basis.

b) Goodwill and negative goodwill on first consolidation-

Business combinations are accounted for using the acquisition method, which requires the identifiable assets acquired and liabilities assumed *(including any contingent liabilities)* to be measured at their fair values at the acquisition date, provided said fair value can be reliably measured. The assets and liabilities recognised by the Group will be those received and assumed, respectively, as a result of the operation, irrespective of whether these assets and liabilities were previously not recognised in the annual financial statements of the investee because they did not meet the criteria for recognition in said financial statements.

Any positive difference between the acquisition cost of the Group's holdings in the capital of the subsidiary companies and the fair values of the identifiable net assets acquired is recognised as “Goodwill”. Negative differences are taken directly to income on the acquisition date.

“Goodwill” is only recorded when it has been acquired for a consideration and represents, therefore, advance payments made by the acquiring entity for the future economic benefits deriving from the assets of the acquired entity that are not individually and separately identifiable and recognisable.

In accordance with IFRS 3, goodwill is not amortised but is reviewed for impairment *(i.e. a reduction in the recoverable amount of the “Goodwill” to below its carrying amount)* at the end of each reporting period and any impairment is charged to “Net impairment losses on non-current assets” in the consolidated income statement. Impairment losses relating to “Goodwill” cannot subsequently be reversed.

The recoverable value of goodwill and of other intangible and tangible assets is measured as the higher of fair value less costs to sell and value in use, understood as the present value of expected future cash flows from the investment. The Group's Directors apply the following methodology to test goodwill, other intangible assets and property, plant and equipment for impairment (see Notes 7 and 8):

- The recoverable amount is calculated for each cash generating unit, although wherever possible individual, item-by-item impairment calculations are performed on property, plant and equipment.
- The Group's Directors regularly prepare a business plan for each cash generating unit, broken down by market and activity, covering a period of at least five years. An annual budget is also prepared each year for the following financial year. The main components of said plan and budget are:
    - Results forecasts.
    - Investment and working capital forecasts.
- Other variables influencing the calculation of recoverable value are:
    - The discount rate to be applied, i.e. the weighted average cost of capital. The main factors affecting this are the cost of the liabilities and specific risks related to the assets.
    - The growth rate applied to cash flows to extrapolate them beyond the period covered by budgets and forecasts, up to five financial years.

Forecasts are prepared on the basis of past experience and the best available estimates in line with externally obtained information.

The business plans thus prepared are reviewed and approved by the Parent's Board of Directors.

If an impairment loss must be recognised for a cash generating unit to which all or part of the goodwill has been assigned, first the carrying amount of the goodwill corresponding to the cash generating unit will be reduced. If the impairment is greater than the amount of goodwill carried, the remaining assets of the cash generating unit will be reduced, in proportion to their carrying amount, up to the highest of their fair value less costs to sell, value in use, and zero.

At the 2018 year end, impairment losses on the goodwill of certain subsidiary companies were recorded in an amount of 6,622 thousand euros, recognised under "Net impairment losses on non-current assets" in the accompanying consolidated income statement for 2018 *(35,510 thousand euros in 2017)*.

"Goodwill" recognised in the consolidated statement of financial position at 31 December 2018 corresponds basically to the consolidated subsidiary companies and plants acquired in 2015 from the international Magna Automotive group and other companies forming part of the "Lighting" business acquired from the "CML Innovative Technologies" group in 2012, and other non-material goodwill recognised (see Note 7).

c) *Other intangible assets-*

Intangible assets are defined as identifiable non-monetary assets without physical substance which arise as a result of a legal transaction or which are developed in-house by the consolidated companies. Only intangible assets whose cost can reasonably be objectively estimated and from which the consolidated companies consider it probable that future economic benefits will be generated are recognised.

Intangible assets are stated initially at acquisition or production cost and subsequently at cost less any accumulated amortisation and impairment losses.

Development expenses-

The costs incurred in each development project are capitalised when the following conditions are met:

- The development cost of the asset can be assessed reliably.
- The costs are specifically itemised for each project and correspond to an identifiable asset.
- The Group can prove that the project is technically viable.
- The project is likely to generate profits in the future.

Development expenses incurred using the Group's own resources are recorded (*by type*) in the consolidated income statement, while development expenses for projects which meet the above conditions are debited to "Development Expenses" in the consolidated statement of financial position and credited to "Own work capitalised" in the consolidated income statement.

Capitalised development expenses are in practically all cases amortised on a straight-line basis over the estimated useful lives of the projects as from the date the related projects are completed.

Development expenses relate mainly to the costs incurred in this connection by the consolidated subsidiary Grupo Antolin-Ingeniería, S.A.U. and the Group's other research and development centres. Research expenses are taken directly to income in the financial year in which they are incurred.

Software and other intangible assets-

Other intangible assets with a finite useful life are amortised accordingly, using criteria similar to those used for property, plant and equipment. Specifically, "Computer software" is written off over a period of 5 years as from when it starts to be used.

When accounting for the business combinations involving the “Lighting” business acquired from the “CML Innovative Technologies” group in 2012 and the companies and plants acquired in 2015 from the international Magna Automotive group, “Customer relations” in the automobile industry was identified as an intangible asset, on the basis that one of the Group's aims in carrying out said operation was to develop new services and products in this sector. This intangible asset has been measured at its fair value determined using the multi-period excess earnings (MPEE) method, based on calculating the operating cash flows generated for the acquired company by the asset, net of any expenses charged for the assets involved in generating said cash flows. These cash flows are discounted using the weighted average cost of capital *(between 8.3% and 12.9% for the “Lighting” segment, plus a 2% spread to reflect the intangible nature of the asset, and between 8.1% and 15.6% for the companies and plants acquired from the international Magna Automotive group)*. The remaining useful life of these intangible assets was estimated to be 7 years for the 2012 operation and between 2 and 7 years for the 2015 operation, over which periods they will be amortised.

The annual amortisation expense for intangible assets with finite useful lives is charged to “Depreciation and amortisation expense” in the consolidated income statement.

Impairment losses-

The consolidated companies recognise any impairment loss on the carrying amount of these assets with a charge to “Net impairment losses on non-current assets” in the consolidated income statement. The criteria used to recognise the impairment losses on these assets and, where applicable, the recovery of impairment losses recognised in prior years are similar to those used for property, plant and equipment for own use.

d) Property, plant and equipment-

Property, plant and equipment include the assets that the Group has for its current or future use in producing or supplying goods and services or for administrative purposes and which are expected to be used for more than one financial year. Property, plant and equipment are stated on the consolidated statement of financial position at their acquisition or production cost, adjusted or revalued, whenever applicable, in accordance with applicable legal provisions, or at their “fair value” as determined by independent experts on the date of transition to “IFRS-EU” (*1 January 2006*), which amount is recorded as an attributed cost, less accumulated depreciation and any impairment losses.

The cost of extensions, modernisations or improvements that increase the productivity, capacity or efficiency or prolong the useful life of an asset are capitalised as an increase in the cost of said asset.

Borrowing costs directly attributable to building or developing property, plant and equipment that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are ready to become operational. In cases where financing has been received specifically for building said assets, the amount of the interest and other financial expense capitalised reflects the actual costs incurred during the period, less income earned from temporarily reinvesting the financing that has not yet been invested in the qualifying assets. Where the financing received is of a general nature, the amount of interest capitalised is calculated using a rate based on the weighted average of the interest costs applicable to the average unrepaid financing in the year excluding financing for specific purposes. However, the capitalisation of interest is suspended during the periods when the construction work is at a standstill, provided that such periods are not particularly long. In 2018 and 2017, the Group has not capitalised any financial expense as an increase in the carrying amount of “Property, plant and equipment”.

Upkeep and maintenance expenses for property, plant and equipment for own use are expensed in the year they are incurred.

The Group transfers PP&E under construction to PP&E used in operations when the assets in question become operational, from which time depreciation is charged.

Property, plant and equipment used in operations are depreciated on a straight-line basis, based on the acquisition or production cost of the assets or their restated value, less their residual value. The land on which buildings and other constructions are located is deemed to have an indefinite lifespan and is therefore not subject to depreciation. Annual depreciation charges on property, plant and equipment are charged to "Depreciation and amortisation expense" in the consolidated income statement over the average estimated useful life of the assets, as indicated below:

Type of Asset	Years of estimated useful life
Buildings and other structures	20 to 50
Plant and machinery-	
Machinery	5 to 12.5
Plant	6 to 25
Other plant, tools and furniture-	
Tools, dies and moulds	2 to 6
Office furniture and equipment	5 to 10
Other property, plant and equipment-	
Vehicles	5 to 10
Information technology equipment	4 to 5

Reviews are made at regular intervals of the estimated useful life of property, plant and equipment for own use in order to identify any significant changes therein. If any such changes are identified, the relevant adjustment is made to the depreciation charged to the consolidated income statements in future years based on the new useful lives.

At the end of each reporting period, the consolidated companies test for any internal or external signs that the recoverable amount of their property, plant and equipment is less than the carrying amount. If so, the carrying amount is reduced to the recoverable value and the future charges for depreciation are adjusted in proportion to their adjusted carrying amount and their new remaining useful life if it was also necessary to re-estimate this. Any such reduction in the carrying amount of property, plant and equipment for own use is charged to "Net impairment losses on non-current assets" in the consolidated income statement.

Similarly, whenever there are signs that the value of an impaired tangible asset has recovered, the consolidated companies reverse impairment losses recognised in prior years, crediting "Net impairment losses on non-current assets" in the consolidated income statement and adjusting future depreciation charges accordingly. The increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss previously been recognised for the asset.

e) Investment property-

Investment property comprises land, buildings or other constructions held to earn rents or for capital appreciation upon disposal due to future increases in their respective market prices. At 31 December 2018 and 2017, this included a factory *(land and buildings)* in Almussafes (Valencia), to be operated under a lease, and other properties.

The same methods of valuation, depreciation, and for estimating their respective useful lives and for recording any impairment losses are used as for property, plant and equipment for own use.

f) Accounting for leasing operations-

Leases are classified as "finance leases" whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as "operating leases".

Finance leases-

During 2018 and 2017, the Group has not signed any lease agreement as a lessor which might be classified as a finance lease.

In finance lease transactions where the Group acts as lessee, the cost of the leased assets is recognised in the consolidated statement of financial position according to the nature of the leased assets and, simultaneously, a liability for the same amount is also recognised. That amount will be the lower of the fair value of the leased assets and the present value at the start of the lease of the minimum payments agreed, including the purchase option if there are no reasonable doubts as to its exercise. This calculation will not include contingent payments, the cost of services and the taxes payable by the lessor. The total financial cost of the contract is taken to the consolidated income statement in the years it accrues, applying the *"effective interest rate method" (as defined in paragraph j) below)*. Contingent rentals are recognised as expenses in the year incurred.

Assets recorded for operations of this type are depreciated following a similar policy to that applied to property, plant and equipment as a whole, in accordance with the nature of the asset.

Operating leases-

In operating leases, the lessor retains ownership of the asset leased and substantially all the risks and benefits of ownership of the asset.

Whenever the Group acts as lessor, the cost of acquiring the assets leased is stated in "Investment property". Depreciation is charged on these assets in accordance with the policies adopted for similar PP&E items for own use, and the revenues from the lease contracts are released to the consolidated income statement on a straight-line basis.

Whenever the Group acts as lessee, the lease expenses, including any incentives that may be granted by the lessor, are charged to the consolidated income statement on a straight-line basis.

g) Non-current assets held for sale-

Assets which are highly likely to be sold, in their present condition, within one year from the end of the reporting period are recorded under this heading in the consolidated statement of financial position. The carrying amount of these assets is, therefore, expected to be recovered via their selling price rather than from their ongoing use. Assets classified as "Non-current assets held for sale" are stated at the lower of their carrying amount when they are classified as such and their fair value net of their estimated cost to sell. Amortisable intangible assets and depreciable PP&E are not amortised or depreciated while classified as held for sale.

In 2018 and 2017 the Group held land in Tangiers (Morocco) acquired in 2014 classified under "Non-current assets held for sale". Based on assessments made by an independent expert and offers recently received, the fair value of this building is at least equal to its carrying amount. It is expected to be sold over the next twelve months.

h) Inventories-

The Group values its inventories as follows:

- Raw materials and other supplies, packaging and containers, replacement parts, sundry materials, add-on parts and stocks for resale are valued at the lower of cost applying the weighted average price method, and net realisable value.

- Finished goods, semi-finished goods and work-in-process *are stated at the lower of real average production cost (raw and other materials used, labour and direct and indirect manufacturing expenses) and net realisable value.*

- Tools for new projects, which are developed and manufactured by the Group to be sold later on to its customers, are stated at the lower of either the costs incurred to manufacture them, as and when they are incurred, and their estimated realisable value.

Net realisable value corresponds to the estimated selling price less the estimated costs of completing the products and the costs to be incurred in marketing, selling and distribution.

Obsolete, defective or slow-moving inventories have been reduced to their realisable value. The Group recognises the appropriate valuation adjustments as an expense when the net realisable value of inventory is lower than its acquisition or production cost.

i) Trade receivables and customer advances-

Trade receivables do not accrue interest and are carried at their nominal amount. However, a provision is set up for impairment losses on trade receivables when there is objective evidence that the amounts receivable cannot be collected.

Customer advances received prior to recognising the sale of the corresponding assets *(specifically tools for projects)*, are recorded in current liabilities under "Trade and other payables" in the consolidated statement of financial position (see Note 3-r).

j) Financial instruments-

Definitions-

A *"financial instrument"* is a contract representing a financial asset for one entity and, simultaneously, a financial liability or equity instrument for another.

An *"equity instrument"* is any contract that evidences a residual interest in the assets of the issuing entity after deducting all of its liabilities.

A *"financial derivative"* is a financial instrument the value of which changes in response to changes in an observable market variable *(such as an interest rate, exchange rate, the price of a financial instrument or a market index)*, where the initial investment is very low compared to other financial instruments with similar responses to changes in market conditions and which is, as a general rule, settled on a future date.

The operations referred to below are not treated for accounting purposes as financial instruments:

- Shareholdings in associates.
- Rights and obligations arising from employee benefit schemes.
- Rights and obligations originating in insurance contracts.
- Contracts and obligations relating to employee remuneration based on equity instruments.

Recording financial instruments for the first time-

Financial instruments are recorded for the first time in the consolidated statement of financial position when the Group becomes party to the contract that originates them, in accordance with the terms thereof. Specifically, debt instruments are recorded as from the date the effective legal right to receive or the effective legal obligation to pay arise, respectively. Financial derivatives are, as a general rule, recorded on the date they are contracted.

Operations to sell and buy financial assets in the form of conventional contracts, defined as contracts where the reciprocal obligations of the parties must be fulfilled by a deadline set under the regulations or conventions of the market, and may not be settled as differences, are recorded as from the date the benefits, risks, rights and duties of ownership pass to the acquiring party. Depending on the type of financial asset bought or sold, this may be the contract date or the settlement or delivery date.

Derecognition of financial instruments-

A financial asset is derecognised in the following circumstances:

- The contractual rights regarding the cash flows it generates have expired; or

- The financial asset is transferred and the risks and benefits of the financial asset are substantially transferred, or, even when they are not transferred or substantially withheld, control over the financial asset is transferred.

The Group assigns without recourse a portion of its receivables to various financial institutions. As this involves transferring part of the risks and benefits of the assets and control thereof, the Group directly reduces its trade receivables by the amount of the receivables assigned to the financial institutions and does not, therefore, recognise any financial liability in this connection. Outstanding receivables assigned without recourse to financial institutions at 31 December 2018 amounted to approximately 72 million euros. At 31 December 2017 the Group had no outstanding receivables assigned without recourse to financial institutions.

Financial liabilities are derecognised from the consolidated statement of financial position when the obligations that have generated them have been discharged.

Fair value of financial instruments-

The *"fair value"* of a financial instrument on a particular date is defined as the amount at which it could have been exchanged at that date between knowledgeable parties in arm's length transactions. The most objective and common reference for the fair value of a financial instrument is the price that would be paid for it on an organised, transparent and deep market *("quoted price" or "market price").*

When there is no market price for a specific financial instrument, fair value is estimated on the basis of recent arm's length transactions in similar instruments and, if there are none, using measurement models that have been sufficiently verified by the international financial community, bearing in mind the specific nature of the instrument to be valued and, in particular, the different types of risk associated with it.

Specifically, the fair value of the financial derivatives traded on organised, transparent, deep markets included in trading portfolios is deemed to be their daily listed price and if, for exceptional reasons, their listed price cannot be determined on a particular date, the methods used to state them are similar to those used for stating derivatives contracted OTC.

The fair value of OTC derivatives or derivatives traded in shallow markets or markets where there is little transparency, is deemed to be the sum of the future cash flows originating in the instrument, discounted as at the valuation date *("present value" or "theoretical closing")*, using methods recognised by financial markets *("net present value", "options pricing systems", etc.)*.

For financial reporting purposes, measurements of fair value are classified under three levels according to the extent to which the inputs applied are observable and according to how significant said inputs are for the entire measurement:

- Level 1: inputs are quoted *(unadjusted)* prices in active markets for identical assets or liabilities.
- Level 2: inputs are quoted prices in active markets for similar assets or liabilities *(not included within Level 1)*, quoted prices for identical or similar assets or liabilities in markets that are not active, and techniques based on measurement models for which all the significant inputs that are derived from or corroborated by observable market data.
- Level 3: inputs are generally unobservable and reflect estimates based on market assumptions to determine the price of the asset or liability. Unobservable data used in measurement models are a significant part of the fair value of the assets and liabilities.

Amortised cost of financial instruments-

"Amortised cost" is deemed to be the cost of acquiring a financial asset or liability, adjusted up or down, depending on the case, for repayments of principal and interest payments and, adjusted up or down, depending on the case, for the part taken to the consolidated income statement, using the "*effective interest rate*" method, of the difference between the initial amount and the repayment value of said financial instrument. The amortised cost of financial instruments also includes any impairment adjustments recognised.

The "*effective interest rate*" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. For fixed-rate financial instruments, the effective interest rate coincides with the rate of interest established in the contract at the time of acquisition, adjusted as necessary for any commissions or fees which should be included in the calculation of this effective interest rate. For floating interest rate financial instruments, the effective interest rate is estimated in a similar fashion as for fixed interest rate operations, and is recalculated on every contractual interest rate adjustment date of the operation, taking into account the changes in the effective future cash flows of the instruments.

Classification and valuation of financial assets and liabilities-

Financial liabilities are classified in the consolidated statement of financial position into the following categories:

Financial assets-

- Financial assets held for trading: assets acquired with the intention of selling them in the short term, or which form part of a portfolio of identified and jointly managed financial instruments for which there is evidence that action has recently been taken to make short-term profits, and derivatives that have not been designated as hedges.
- Investments held to maturity: assets yielding income of a determinable amount and maturing on a fixed date, where the Company states its intent and ability to maintain these assets under its control until their maturity. This category does not include loans or receivables from third parties.
- Loans and receivables generated by the Group: financial assets originated by the Group in exchange for providing cash flow, assets or services directly to a debtor. They are stated at "amortised cost".

- Available-for-sale financial assets: securities acquired that are not held for trading purposes and are not classified as held-to-maturity investments, and equity instruments held by the Group in companies that are not subsidiary or associate companies or joint ventures.

Held-for-trading and available-for-sale financial assets are stated at fair value at subsequent statement dates. Gains and losses arising from changes in fair value of traded securities are taken to income in the year. In the case of available-for-sale investments, gains and losses from changes in fair value are recognised directly in equity until the asset is disposed of or it is determined that it has become impaired, at which time any cumulative gains or losses previously recognised in equity are taken to income in the year.

Held-to-maturity investments, loans and accounts receivable generated by the Group are stated at amortised cost, and accrued interest income is taken to the consolidated income statement using the "effective interest rate". Amortised cost is understood to be the initial cost minus principal repayments, plus or minus the cumulative amortisation of any difference between the initial amount and the amount on maturity, minus any reduction for impairment or default.

Since 1 January 2018, financial assets valued at amortised cost, trade receivables and other loans, in addition to financial guarantee contracts, have been subject to the recording of an impairment loss based on the expected loss of credit, either at 12 months *(assets classified as investments available for sale)* or over the whole lifetime *(trade debtor accounts)*. In order to calculate the impairment loss based on the expected loss, the Group has established a model which requires estimates of future credit losses using a simplified approach. Given the nature, conditions and high credit quality of its accounts receivable and loans, the amount of impairment losses required as a result of the application of the new model to the financial asset balances is usually of little significance.

Financial liabilities-

Financial liabilities are classified in accordance with the content of the contractual arrangements. The main financial liabilities held by the consolidated companies are held-to-maturity financial liabilities that are stated at amortised cost.

Bank loans and overdrafts: interest bearing liabilities that are stated at the amount received net of direct issue costs. Financial expenses, including premiums payable on settlement or redemption and direct issue costs, are recognised in the consolidated income statement on an accrual basis using the effective interest method and any portion of such expenses that is not settled in the period in which they arise is added to the carrying amount of the instrument.

Trade payables, which accrue no interest, are recorded at their nominal value.

Equity-

Equity instruments are classified in accordance with the content of the contractual arrangements. The amounts received for equity instruments issued by the Parent are recognised in consolidated equity, net of the direct issue costs.

k) Financial derivatives and accounting for hedges-

The Parent's bank borrowings expose the Group to interest-rate risk. To hedge against this exposure, the Group has been using derivatives, essentially "Interest Rate Swaps" (IRS). The Group does not use derivative financial instruments for speculative purposes.

The Group classifies such financial instruments, provided they meet the requirements laid down by IAS 39 in this regard, as hedges in a cash flow hedge relationship. Under IAS 39, to qualify as an accounting hedge, a financial derivative must be used to hedge against one of the three types of risk listed below:

1. "*Fair-value hedges*": exposure to changes in fair value of a recognised asset or liability due to changes in price, interest rate and/or foreign exchange rate affecting the position or balance to be covered.

2. "*Cash-flow hedges*": exposure to variability in estimated cash flows generated from financial assets, liabilities and commitments or from highly probable forecast transactions.

3. "*Hedging of net investments in foreign operations*".

In addition, hedges must effectively eliminate the risk inherent in the hedged item or position during the entire term planned for the hedge, and it must be formally documented that the financial derivative was arranged specifically to be used as a hedge for certain balances or transactions.

Under IAS 39, all financial instruments must be recognised as an asset or a liability on the statement of financial position, at their fair value, and any changes in this value must be taken to profit and loss for the year, except in those cases where, having opted for "hedge accounting", the effective portion of the hedging relationship must be recorded under net equity *("cash-flow hedges" and "hedges of net investment in foreign subsidiaries")*.

Hedge accounting, when applied, is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer meets the criteria for hedge accounting. Any cumulative gain or loss on the hedging instrument that has been recognised in equity shall remain in equity until the forecast transaction occurs. When the hedged transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that has been recognised in equity shall be reclassified from equity to the consolidated income statement.

Until 2017, the Group treated said derivatives as cash flow hedges and therefore subject to "hedge accounting", recognising changes in the fair value of the effective portion of the hedge in consolidated net equity. During 2017 the Group cancelled the derivative financial instruments it had contracted and at 31 December 2017 and 2018 had no instrument of this kind contracted (see Notes 13 and 18).

l) Balances and transactions denominated in foreign currencies-

The Group uses the euro as its working currency. Consequently, transactions in other currencies are considered denominated in foreign currency and are recorded according to the exchange rates prevailing on the transaction date. Gains or losses on transactions denominated in foreign currencies are taken to the consolidated income statement as and when they occur.

At the year end, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rate prevailing at the end of the reporting period. Any resulting gains or losses are recognised directly in the consolidated income statement.

m) Provisions and contingencies-

Provisions are current obligations of the Group, arising as a result of past events, the nature of which is clearly specified as at the date of the consolidated annual financial statements, but whose amount and/or reversal date are uncertain and the reversal of which will probably result in an outflow of resources embodying economic benefits.

Contingent liabilities are possible obligations of the Group, arising as a result of past events, which depend on whether or not one or more events beyond the Group's control occur in the future. They include the Group's current obligations whose settlement will probably not require an outflow of resources embodying economic benefits, or where a sufficiently reliable estimate of the amount of the obligation cannot be made.

Provisions are recognised in the consolidated statement of financial position wherever it is more likely than not that an outflow of resources will be required to settle the obligation. Contingent liabilities are not recognised in the consolidated statement of financial position, but rather, whenever applicable, are disclosed in the Notes to the financial statements.

Provisions are measured using the best information available of the expenditures required to settle the obligation and are reviewed and adjusted at the end of each reporting period to reflect the current best estimate. They are used to meet the specific obligations for which they were originally recognised and are fully or partially reversed when those obligations cease to exist or are reduced.

The value of these provisions corresponds to the current value of the best estimate possible of the amount necessary to cancel or transfer the obligation, recording the adjustments made from updating said provisions as financial costs as they accrue. Specifically, the liabilities recorded under "Current provisions" in the consolidated statement of financial position at 31 December 2018 correspond to provisions made to cover losses which certain subsidiary companies are expected to incur to comply with contracts signed prior to the end of the reporting period and whose costs will exceed the expected returns generated. The provision was made when the liabilities in respect of the contracts arose for the affected companies (see Note 16).

The provisions deemed necessary in accordance with these criteria, and the reversals thereof, are recorded as a charge or credit, respectively, in the consolidated income statement.

n) Termination benefits-

Under current employment legislation, the Group companies are obliged to pay termination benefits to employees whose contract is terminated under certain conditions.

Where the amount of the benefits can be reasonably estimated, such benefits are recognised as an expense in the year in which the decision is made, provided the parties involved have been formally notified and there is, therefore, a valid expectation on the part of those involved that the consolidated companies will make the dismissals. The accompanying consolidated statement of financial position at 31 December 2018 includes a number of provisions under this heading, the most significant being the one for the estimated amount of the termination benefits and other costs deriving from the closure of the plant the subsidiary company Antolin Süddeutschland, GmbH has in Rastatt (Germany) which is due to take place between 2019 and 2020. At 31 December 2018 the amount of this provision was approximately 16.9 million euros. Other provisions for termination benefits are not material.

o) Pension commitments-

Some Grupo Antolin companies have assumed commitments to pay contributions to the retirement pensions of some of their current and former employees (*retirement plans based on years of service, age and salary*). These commitments affect, primarily, Group companies located in Germany, Austria, the United Kingdom and Mexico.

A significant portion of these commitments has been outsourced and is covered by insurance policies or pension plans with insurance companies. The Group pays fixed contributions into a fund and is obliged to make additional contributions if the fund does not have sufficient assets to pay all the employees the benefits to which it is committed.

The Group records the present value of these defined benefit commitments as liabilities in the consolidated statement of financial position under "Non-current provisions", net of the fair value of the assets that meet the requirements to be treated as "assets earmarked for the plan". The aforementioned insurance policies *(or pension plans)* are treated as earmarked assets as they are not owned by the Group but by an unassociated third party, they may only be used to pay or finance employee benefits and may not be returned to the Group unless the assets held within the plan are sufficient to meet all obligations.

Changes in the provision recognised for these commitments in the consolidated statement of financial position corresponding to the cost of the service in the financial year, to interest or changes in the cost for past services provided, are taken to the income statement in the financial year in which they are incurred. "Actuarial gains and losses" *(as a result of differences between previous actuarial assumptions and real outcomes or of changes to the actuarial assumptions used)* are taken directly to equity as "Remeasurements".

p) *Corporate income tax-*

Grupo Antolin-Irausa, S.A. and practically all of its consolidated Spanish subsidiaries domiciled in Spanish "common territory" in which it has direct or indirect holdings of 75% or more file consolidated corporation tax returns. Until 31 December 2014 the parent of the consolidated tax group was Grupo Antolin-Irausa, S.A. Since 1 January 2015 the parent of the consolidated tax group under which these companies file has been Avot Inversiones, S.L., the Group's indirect shareholder (see Notes 1, 13 and 20).

The income tax expense is calculated as the tax payable with respect to the taxable profit for the year, after considering any changes in the assets and liabilities recognised arising from temporary differences and from tax credit and tax loss carryforwards (see Note 20).

The Group considers that a timing difference exists when there is a difference between the carrying amount of an asset or liability and its tax base. The tax base for assets and liabilities is treated as the amount attributed to it for tax purposes. A taxable timing difference is understood to be a difference that will generate a future obligation for the Group to pay taxes to the relevant tax authorities. A deductible timing difference is one that will generate a right for the Group to a refund or to make a lower payment to the relevant tax authorities in the future.

Tax credits and deductions and tax loss carryforwards are amounts that, after performance of the activity or obtainment of the profit or loss giving entitlement to them, are not used for tax purposes in the related tax return until the conditions for doing so established in tax regulations are met, provided that the Group considers it probable that they will be used in future periods.

Current tax assets and liabilities are the taxes that are expected to be recoverable from or payable to the related tax authorities within twelve months from the date they are recognised. Deferred tax assets and liabilities are those amounts that are expected to be recoverable from or payable to the relevant tax authorities in future years.

Deferred tax liabilities are recognised for all taxable temporary differences. In this regard, a deferred tax liability is recognised for the taxable timing differences resulting from investments in subsidiary companies and associate companies, and from holdings in joint ventures, except when the Group can control the reversal of the timing differences and they are not expected to be reversed in the foreseeable future.

The consolidated companies only recognise deferred tax assets arising from deductible temporary differences and from tax credit and tax loss carryforwards to the extent that it is probable that they will have sufficient future taxable profits against which these assets can be utilised.

Deferred tax assets and liabilities are not recognised if they arise from the initial recognition of an asset or liability *(other than in a business combination)* that at the time of recognition affects neither accounting profit nor taxable profit.

The deferred tax assets and liabilities recognised are reassessed each year in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

q) Recognition of income and expense-

Income and expenses are taken to the consolidated income statement on an accruals basis.

Revenue is measured at the fair value of the consideration received and represents the amounts received or receivable for the goods and services provided in the normal course of business, net of discounts, VAT and other recoverable sales-related taxes. Where it is doubtful as to whether the revenues will be collected, recognition is deferred until they are effectively collected.

- Revenues on sales of assets are recognised when control of the assets is transferred, which generally occurs when the assets are delivered *(sent to the customer's specific location)*.

- Ordinary revenue from the provision of services is recognised in line with the stage of completion of the transaction as at the end of the reporting period.

- Revenues on the sale of project tools. The Group records this income under "Net turnover" in the consolidated income statement, when control of these is transferred to the customer, which usually occurs when the tools have passed the corresponding technical certification or verification by the customer, or at a time near to the beginning of the mass production of the parts of the project with the said tools. The Company's Directors consider that even when the tools made for customers have no alternative use for the Group, in the event that the order is rescinded by the customer, the Group has no right to receive payment for performance until that date, given that it would only have the right to collect the costs incurred but not to a reasonable profit margin. For this reason, tool manufacture is recorded as a performance obligation satisfied at a specific moment.

  Amounts billed in advance by the Group until control of these tools has been transferred are recorded as a liability under "Trade and other payables" in the consolidated statement of financial position.

  Moreover, any final losses expected to be sustained on tools are recognised in full when such a loss becomes apparent, and the related provisions are recognised under this heading in the consolidated income statement.

- Rental income is recorded on an accrual basis, with incentive benefits and the up-front costs of the lease agreements released on a straight-line basis.

- Capital grants are recognised in the consolidated statement of financial position as deferred income when the Group has met the relevant qualifying conditions and there are, therefore, no reasonable doubts about their being collected. These capital grants are taken to the consolidated income statement under "Capital grants and other grants taken to income" on a straight-line basis over the useful lives of the assets.

  Government grants to cover or finance expenses incurred by the Group are recognised once all the conditions attaching to them have been fulfilled and will be taken to income when the financed expenses are incurred.

- Interest income and expense is recognised on an accruals basis using the *“effective interest rate method”.*

- Dividends received from other companies are recognised as income in the income statement when the consolidated companies' right to receive them arises.

An expense is recognised in the consolidated income statement when there is a decrease in the future economic benefits related to a reduction of an asset, or an increase in a liability, which can be measured reliably. This means that the recognition of an expense takes place simultaneously with the recognition of the increase in the liability or the depletion of the asset.

An expense is recognised immediately when a disbursement does not give rise to future economic benefits or when the requirements for recognition as an asset are not met.

An expense is also recognised when a liability is incurred and no asset is recognised, as in the case of a liability relating to a guarantee.

r) Classification of assets and liabilities as current-

In the consolidated statement of financial position, assets and liabilities that are expected to be recovered, consumed or settled in twelve months or less, as from the end of the reporting period, are classified as current, except for project tools, which are recorded as “Inventories” under “Current assets” in the consolidated statement of financial position, as they are expected to be realised in the normal course of the Group's business *(as part of its normal operating cycle)*, and the liabilities connected with said inventories *(customer advances)* which are recognised under “Current liabilities” in the consolidated statement of financial position, regardless of when they fall due. When the Group does not have an unconditional right by the year end to defer settlement of a liability for at least twelve months as from the end of the reporting period, the liability is recorded as current.

s) Set-off of balances-

Balances receivable and payable are only set off against each other, and therefore stated as a net figure in the consolidated statement of financial position, when they arise from transactions that provide, either contractually or in accordance with prevailing legislation, for the possibility of set-off and the intention is to settle the balance for the net amount, or to realise the asset and pay the liability at the same time.

t) Discontinued operations-

A discontinued operation is a line of business that it has been decided to abandon and/or sell and whose assets, liabilities and net profit or loss can be distinguished physically, operationally and for financial reporting purposes. Revenues and expenses from discontinued operations are disclosed separately in the consolidated income statement.

No Group business line or segment was discontinued in 2018, while in 2017 the operations of the “Seats and Metal” business unit that the Group had been carrying out through the subsidiary companies indicated in Note 1 (see Notes 2-g and 25) were discontinued.

In relation with these discontinued operations and in accordance with the provisions of IFRS 5 “Non-current assets held for sale and discontinued operations”, the Group has included the gains/(losses) after tax of the discontinued operations in the accompanying consolidated income statement for 2017, separately, in a single item called “Gains/(losses) for the year from discontinued operations, net of tax”.

In addition, when operations are classified as discontinued, the Group includes the amount of the previous year corresponding to these at the date of the consolidated financial statements in the above mentioned consolidated income statement heading (see Note 2-d).

u) *Consolidated statement of cash flows-*

The consolidated statement of cash flows is prepared according to the indirect method using the following terms with the meanings given below:

- Cash flows: inflows and outflows of cash and cash equivalents, the latter being short-term, highly liquid investments subject to low risk of changes in value.
- Operating activities: the typical activities of companies in the motor parts industry and other activities that cannot be classified as investing or financing activities.
- Investment activities: the acquisition, sale or disposal by other means of non-current assets and other assets not classified as cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of equity and liabilities that are not part of operating activities.

For the purposes of preparing the consolidated statement of cash flows, cash and cash equivalents include cash and demand deposits at banks and highly liquid current investments which are easily convertible into determinate cash amounts and are subject to insignificant risk as regards changes in value.

The balances of the heading "Payments for investments in Group companies, net of cash in business combinations" of the accompanying consolidated statement of cash flows for 2017 correspond to the repayment of loans held with consolidated companies of the "Seats and Metal" business unit which was removed from the scope of consolidation in 2017.

Following is a reconciliation of the carrying amount of the liabilities originated by financing activities, distinguishing between the changes that give rise to cash flows due to "Proceeds from *(Payments for)* for Financial Liabilities" *(which are recognised under "Cash Flows from Financing Activities" in the accompanying consolidated statement of cash flows for 2018 and 2017)* and those that do not:

2018

	Thousands of Euros				
			No Impact in Terms of Cash Flows		
	Balances at 01/01/18	Cash Flows	Exchange Rate	Other	Balances at 31/12/18
Bonds	800,000	(150,000) (a)	-	-	650,000
Syndicated loan	377,903	32,917 (a)	-	-	410,820
European Investment Bank (EIB) loan	-	100,000	-	-	100,000
Other bank borrowings (b)	22,337	38,321	-	971	61,629
Other financial liabilities (Note 19)	37,135	(706)	-	479	36,908
Total financing activity liabilities	**1,237,375**	**20,532**	**-**	**1,450**	**1,259,357**

(a) In the consolidated statement of cash flows for 2018 the payment for the redemption of the bonds issued in 2015 *(400,000 thousand euros)* is presented separately from the collection of the bonds issued in 2018 *(250,000 thousand euros)* and, similarly, the increase in the syndicated loan *(50,000 thousand euros)* is presented separately from its repayments in 2018 *(17,083 thousand euros)* (see Note 17).

(b) Includes other loans, credit lines, factoring lines and payables under finance leases (see Note 17).

2017

	Thousands of Euros					
			No Impact in Terms of Cash Flows			
	Balances at 01/01/17	Cash Flows	Exchange Rate	Effect of the Retirement of "Seats and Metals"	Other	Balances at 31/12/17
Bonds	800,000	- (a)	-	-	-	800,000
Syndicated loan	386,602	(8,699)	-	-	-	377,903
Loan for "RDI & CONVERGENCE" project	60,000	(60,000)	-	-	-	-
Other bank borrowings (b)	32,390	(3,543)	(610)	(5,900)	-	22,337
Other financial liabilities (Note 19)	50,265	(546)	-	(13,636)	1,052	37,135
Total financing activity liabilities	**1,329,257**	**(72,788)**	**(610)**	**(19,536)**	**1,052**	**1,237,375**

(a) In the consolidated statement of cash flows for 2017 the payment for the redemption of the bonds issued in 2014 *(400,000 thousand euros)* is presented separately from the collection of the bonds issued in 2017 *(400,000 thousand euros)* (see Note 17).

(b) Includes other loans, credit lines and payables under finance leases (see Note 17).

Discontinued operations-

Net cash flows attributable to the ordinary operating, investing and financing activities of the discontinued operations are presented separately in the consolidated statement of cash flows in a single heading called "Net Increase (Decrease) in cash and cash equivalents from discontinued operations". This heading also includes net cash flows obtained from the sale of the discontinued operations.

In addition, when operations are classified as discontinued, the net cash flows of the previous year corresponding to these are presented separately in the comparative information in the above mentioned heading.

(4) ALLOCATION OF THE PARENT'S PROFIT

The profit of the Parent for 2018, as formulated by its Directors, will be allocated as presented below, together with the allocation of profit for the financial year to 31 December 2017 which was approved on 28 March 2018 by the General Meeting of Shareholders:

	Thousands of Euros	
	2018	2017
Distributable profit:		
Profit for the year	**54,672**	**281,230**
Distribution to:		
Capitalisation reserve	-	2,000
Voluntary reserves	40,672	249,230
To dividends	14,000	30,000
	54,672	**281,230**

(5) BUSINESS COMBINATIONS

2018

As indicated in Note 2-g, in January 2018 the consolidated subsidiary Grupo Antolin-Amsterdam, B.V. acquired a 45% stake in the share capital of Irauto, S.A. for a price of practically zero, and subsequently the Group subscribed to an increase in its share capital via the compensation of loans. As a result of these operations, the Group now owns 100% of the share capital of this company *(at 31 December 2017 it owned 50%)*, and now controls it.

Also, effective 31 August 2018 the consolidated subsidiary Antolin Deutschland, GmbH acquired the German company Haselbeck Formen-und Werkzeugbau, GmbH, which specialises in the manufacture of plastic injection moulds, The acquisition price was 6,646 thousand euros. The company's production plant is located in Deggendorf (Germany).

The assets and liabilities recognised at the acquisition date *(1 January 2018, for Irauto, S.A., and 31 August 2018, for Haselbeck Formen-und Werkzeugbau, GmbH)*, which have been measured at fair value, were the following:

	Thousands of Euros	
	Irauto, S.A.	Haselbeck Formen-und Werkzeugbau, GmbH
ASSETS-		
Non-current assets:		
Intangible assets (Note 7)	-	57
Property, plant and equipment (Note 8)	363	2,946
Current assets:		
Inventories	2,119	2,661
Trade debtors and other receivables	1,571	1,873
Current financial assets	2	-
Short-term accruals	17	54
Cash and cash equivalents	81	33
Total assets	**4,153**	**7,624**
LIABILITIES-		
Non-current liabilities:		
Non-current provisions	-	(772)
Other non-current payables	(266)	-
Current liabilities:		
Bank borrowings	(971)	-
Trade and other payables, and others	(4,568)	(4,290)
Total liabilities	**(5,805)**	**(5,062)**
Net	**(1,652)**	**2,562**

The carrying amounts of the assets and liabilities in these business combinations do not significant differ from the values at which they were carried in the books of the companies when the businesses were combined. The contingent liabilities of these companies have been guaranteed by the sellers.

As a consequence of the recognition of the aforementioned assets and liabilities, goodwill has been generated in amounts of 519 and 4,083 thousand euros, respectively, recorded under the consolidated statement of financial position heading "Intangible assets-Goodwill". Details of the calculations made to determine the goodwill of these operations is shown below:

Item	Thousands of Euros	
	Irauto, S.A.	Haselbeck Formen-und Werkzeugbau, GmbH
Cost of the business combination	1	6,646
Less fair value of the assets acquired	518	(2,562)
Goodwill (Note 7)	**519**	**4,083**

(a) In the case of Irauto, S.A. 50% of the share capital was acquired as the other 50% was already owned by the Group.

Details of the revenue and expenses, in addition to profit or loss, attributable to the business combinations between the date of acquisition or inclusion in the scope of consolidation and 31 December 2018 *(in other words, between 1 January and 31 December 2018, in the case of Irauto, S.A., and between 1 September and 31 December 2018, in the case of Haselbeck Formen-und Werkzeugbau, GmbH)*, are as follows:

Item	Thousands of euros	
	Irauto, S.A.	Haselbeck Formen-und Werkzeugbau, GmbH
Net turnover	11,224	3,112
Other operating income	452	-
Supplies	(5,848)	(976)
Staff costs	(4,443)	(1,566)
Depreciation and amortisation	(87)	(215)
Other operating expenses	(2,656)	(618)
Operating income / (loss)	(1,358)	(263)
Finance income and expense	(1,296)	(46)
Other income and expense	-	-
Profit (loss) before tax	(2,654)	(309)
Income tax	544	81
Profit (loss) for the period	**(2,110)**	**(228)**
Profit attributable to non-controlling interests	**-**	**-**
Profit (loss) attributable to the Parent	**(2,110)**	**(228)**

These companies will foreseeably improve their results in the next few years or, at least, they will not generate losses.

2017

No business combinations were effected in 2017.

(6) INFORMATION BY SEGMENT

The information by segments used by Group Management for management purposes is structured on the basis of the Group's different business units, and also by geographical segments.

In each business unit the production plants are grouped in accordance with the specific product or activity, rather than in accordance with the main activity of the company to which each plant belongs. This business unit or segment structure is focused on the production and development of each type of product and will allow the operations of the businesses to be managed more efficiently. The main business units or segments of Grupo Antolin are the following four, defined taking into account the nature of the products: “Overheads and Soft Trim”, “Doors and Hard Trim”, “Cockpit & Consoles” and “Lighting”.

Also, until it was sold in 2017, there was another business unit called “Seats and Metal” (see Notes 2-g and 25).

There is also a “Corporate Unit” *(included under “Other”)* which centrally manages certain assets and the funding received by the Group from third parties, and other minor activities.

The geographical segments defined by the group are: “Asia-Pacific”, “Europe”, “Mercosur”, “NAFTA” and “Africa”.

Basis and methodology for segment reporting-

The business segment reports below are based on monthly reports prepared by Group Management, which are generated using the same computer application as is used to obtain all the Group's accounting data. This information includes the segments of the discontinued operations.

The revenues reported for each segment are those which are directly attributable to the production plants included in that segment for management purposes, so these also include secondary revenues that said plants may have obtained from sales or the provision of services to other segments. The income of each segment does not include interest or dividend income or the gains on sales of investments or of non-current assets.

The expenses of each segment are calculated as being the expenses arising out of the operating activities of the segment that may be directly attributed to the plants included in that segment for management purposes. In this respect, with effect from 1 January 2017, the model for the allocation of head office and structural Corporate Unit costs among the various Group companies and business segments has been modified, and for purposes of management information, the monitoring of the performance of the segments is carried out without taking into account these overheads. Accordingly, these costs are presented in the segment information as corresponding to the “Corporate Unit”. The expenses of each segment do not include interest expense, impairments or losses on sales of investments or of non-current assets.

Assets and liabilities in the segments are those that are directly connected with the operations of the plants in each segment, although virtually all the financial debt of the Group has been centralised in the Corporate Unit.

The segment information for 2017 included in this Note for purposes of comparison has been modified as a result of the application of IFRS 15 “Revenues from contracts with customers”, and so differs from that presented in the consolidated financial statements for 2017.

2018

By business segment

Description	Thousands of Euros					
	Doors	Headliners	Lighting	Cockpits and Consoles	Other (a)	Total
Net turnover	1,886,484	2,060,509	349,101	1,125,501	3,032	5,424,627
Other operating (expenses) / income, net	(1,682,884)	(1,957,283)	(287,126)	(1,036,237)	(105,172)	(5,068,702)
EBITDA	**203,600**	**103,226**	**61,975**	**89,264**	**(102,140)**	**355,925**
Depreciation and amortisation charge	(59,308)	(50,733)	(18,684)	(36,061)	(30,200)	(194,986)
Operating income / (loss) (EBIT)	**144,292**	**52,493**	**43,291**	**53,203**	**(132,340)**	**160,939**
Net financial income and expenses						(64,212)
Other profit and loss						(15,299)
Income tax						(27,658)
Profit for the year from continuing operations						**53,770**
Other information:						
Investments in intangible assets in 2018	45,580	40,298	10,374	23,464	8,163	127,879
Capital expenditures on property, plant and equipment in 2018	71,912	55,512	16,975	36,144	4,855	185,398
Assets attributable to the segment at 31 December 2018	**1,097,749**	**973,526**	**294,636**	**744,593**	**548,671**	**3,659,175**
Liabilities attributable to the segment at 31 December 2018	**(470,294)**	**(511,249)**	**(147,195)**	**(445,022)**	**(1,271,076)**	**(2,844,836)**

(a) The operating income presented in this column corresponds principally to the amortisation of gains assigned to intangible assets and property plant and equipment in the business combinations of the “Lighting” and “Cockpits” business segments. The goodwill arising on these business combinations also forms part of the assets presented in this column.

By geographical segment

Description	Thousands of Euros					
	Asia/Pacific	Europe	Mercosur	NAFTA	Africa	Total
Net turnover	618,290	2,733,500	90,206	1,945,893	36,738	5,424,627
Other operating (expenses) / income, net	(552,997)	(2,630,486)	(90,054)	(1,766,725)	(28,440)	(5,068,702)
Depreciation and amortisation	(17,098)	(121,362)	(3,290)	(51,439)	(1,797)	(194,986)
Operating income / (loss) (EBIT)	**48,195**	**(18,348)**	**(3,138)**	**127,729**	**6,501**	**160,939**
EBITDA	**65,293**	**103,014**	**152**	**179,168**	**8,298**	**355,925**
Other information:						
Investments in intangible assets in 2018	9,504	79,402	2,164	35,322	1,487	127,879
Capital expenditures on property, plant and equipment in 2018	34,893	82,448	2,266	62,696	3,095	185,398
Assets attributable to the segment at 31 December 2018	**565,825**	**2,015,410**	**48,097**	**988,541**	**41,302**	**3,659,175**
Liabilities attributable to the segment at 31 December 2018	**(297,584)**	**(2,112,501)**	**(22,374)**	**(401,686)**	**(10,691)**	**(2,844,836)**

2017

By business segment

Description	Thousands of Euros					
	Doors	Headliners	Lighting	Cockpits and Consoles	Other (a)	Total
Net turnover	1,828,286	2,128,420	324,479	1,107,769	2,455	5,391,409
Other operating (expenses) / income, net	(1,627,137)	(1,937,796)	(266,018)	(1,030,856)	(63,915)	(4,925,722)
EBITDA	**201,149**	**190,624**	**58,461**	**76,913**	**(61,460)**	**465,687**
Depreciation and amortisation charge	(52,219)	(45,167)	(16,632)	(28,406)	(32,274)	(174,698)
Operating income / (loss) (EBIT)	**148,930**	**145,457**	**41,829**	**48,507**	**(93,734)**	**290,989**
Net financial income and expenses						(89,761)
Other profit and loss						(54,370)
Income tax						(37,399)
Profit for the year from continuing operations						**109,459**

Other information:						
Investments in intangible assets in 2017	42,462	44,808	13,830	24,239	-	125,339
Capital expenditures on property, plant and equipment in 2017	92,128	56,128	17,224	34,380	8,227	208,087
Assets attributable to the segment at 31 December 2017	**1,155,847**	**1,025,899**	**325,736**	**640,569**	**529,952**	**3,678,003**
Liabilities attributable to the segment at 31 December 2017	**(537,958)**	**(559,936)**	**(169,918)**	**(344,296)**	**(1,272,970)**	**(2,885,078)**

(a) The operating income presented in this column corresponds principally to the amortisation of gains assigned to intangible assets and property plant and equipment in the business combinations of the "Lighting" and "Cockpits" business segments. The goodwill arising on these business combinations also forms part of the assets presented in this column.

By geographical segment

Description	Thousands of Euros					
	Asia/Pacific	Europe	Mercosur	NAFTA	Africa	Total
Net turnover	511,331	2,950,211	88,653	1,809,190	32,025	5,391,410
Other operating (expenses) / income, net	(430,756)	(2,762,888)	(83,811)	(1,624,579)	(23,689)	(4,925,723)
Depreciation and amortisation	(13,864)	(117,216)	(3,191)	(38,830)	(1,597)	(174,698)
Operating income / (loss) (EBIT)	**66,711**	**70,107**	**1,651**	**145,781**	**6,739**	**290,989**
EBITDA	**80,575**	**187,323**	**4,842**	**184,611**	**8,336**	**465,687**

Other information:						
Investments in intangible assets in 2017	9,056	69,400	3,802	41,874	1,207	125,339
Capital expenditures on property, plant and equipment in 2017	31,703	72,538	2,139	100,500	1,207	208,087
Assets attributable to the segment at 31 December 2017	**508,032**	**2,133,753**	**46,114**	**962,953**	**27,151**	**3,678,003**
Liabilities attributable to the segment at 31 December 2017	**(239,610)**	**(2,194,822)**	**(19,283)**	**(422,310)**	**(9,053)**	**(2,885,078)**

(7) INTANGIBLE ASSETS

Goodwill-

The movements in "Goodwill" in 2017 and 2018 are as follows:

	Thousands of Euros
Balance at 31 December 2016	**156,566**
Retirements:	
Effect of the sale of the "Seats and Metals" division	(290)
Impairment (a)	(35,510)
Exchange differences	4
Balance at 31 December 2017	**120,770**
Additions:	
Irauto, S.A.	519
Haselbeck Formen-und Werkzeugbau, GmbH	4,083
Impairment	(6,622)
Exchange differences	(32)
Balance at 31 December 2018	**118,718**

(a) In 2017 goodwill impairment was recorded in relation to the businesses of Antolin Ebergassing, GmbH, Antolin Silesia, Sp. zo.o, Antolin Trnava, s.r.o. and the UK lighting business.

The balances of this heading of the consolidated statement of financial position at 31 December 2018 and 2017 correspond to the following cash-generating units:

Cash generating unit or entity	Thousands of Euros	
	31/12/18	31/12/17
"Lighting" business unit		
Business in Germany and the Czech republic	12,959	15,959
Business in France and its subsidiaries in other countries	31,450	31,450
Grupo Antolin-Chakan, Ltd.	-	1,103
Antolin Interiors UK, Ltd.	21,588	23,588
Antolin Interiors Mexico, S.A. de C.V.	26,629	26,629
Changchun Antolin Automotive Interiors Co., Ltd.	11,025	11,025
Changshu Antolin Automotive Interiors Co., Ltd.	9,352	9,352
Haselbeck Formen-und Werkzeugbau, GmbH	4,083	-
Other cash generating units or entities	1,632	2,104
	118,718	**121,210**

Impairment tests-

At the end of each reporting period, the Group makes an estimate of whether there has been any impairment that reduces the recoverable value of goodwill to less than its carrying amount and makes any adjustments necessary. The policies applied by the Group to test for impairment to goodwill are described in Note 3-b.

In this respect, at 31 December 2018 the Group carried out the corresponding analyses, evaluating the recoverable amount of the cash generating units associated with the goodwill *(practically entirely corresponding to consolidated subsidiaries which are generating profits at present or are expected to do so in coming years as certain projects are launched)* by reference to the value in use, calculated on the basis of cash flow projections that represent best estimates, covering a period of five years, with a terminal value estimated assuming a growth rate in perpetuity. To determine the recoverable amount, at the 2018 close the Group's Directors reviewed and updated the assumptions relating to the future activities and forecast results of the corresponding businesses and their impact on cash flows, taking into consideration the performance of the main variables in the budgets approved for 2019 and in the business plans *(approved by the Board of Directors)*.

The discount rate before tax used for the purposes of this impairment test varies from country to country and ranges from 8% *(for businesses in Western Europe and the United States)* to 10% *(for businesses in Eastern Europe, Mexico and Asia)*, while in 2017 this range was at similar levels. The terminal value is calculated assuming sustainable average cash flows and a forecast growth rate of 1%.

The conclusion of this analysis carried out by the Group is that the recoverable value of its goodwill was higher than the carrying amount, except in the case of Grupo Antolin-Chakan, Ltd., Irauto, S.A., Antolin Interiors UK, Ltd. and the lighting business in Germany and the Czech Republic. As regards the last two businesses, at present these are generating profits and, moreover, are expected to continue to do so in coming years, although cash flows forecasts have been reduced vs those of previous years either because sales expectations have been affected by the political and economic backdrop of the markets in which they operate or it has been verified that returns on future projects will be smaller than those obtained from the projects whose manufacture has been discontinued in 2018 and, in addition, these new projects require significant investment in coming years.

Consequently, at the 2018 year end, the Group adjusted the value of this goodwill, recording impairment losses in a total amount of 6,622 thousand euros, recognised under "Net impairment losses on non-current assets" in the accompanying consolidated income statement *(35,510 thousand euros in 2017)*.

The Group's Directors have also performed a sensitivity analysis estimating that even if the expected sales growth is not achieved *(and current levels are maintained)* and/or the discount rates increase there is no expected risk of impairment, except in the case of the goodwill assigned to the “Lighting” businesses in Germany and the Czech Republic, and to Antolin Interiors UK, Ltd., cases where the impairment would not be material.

Other intangible assets-

The movements under this heading and the related accumulated amortisation and impairment losses in the years to 31 December 2017 and 2018 were as follows:

	Thousands of Euros			
	Development Expenses	Computer Software	Other Intangible Assets	Total
COST:				
Balances at 31 December 2016	**577,443**	**64,128**	**166,377**	**807,948**
Additions	118,852	5,207	1,280	125,339
Removals from the scope of consolidation (Notes 2-g and 25)	(106,994)	(2,600)	(15)	(109,609)
Retirements or disposals	(48,971)	(1,696)	(4)	(50,671)
Transfers between accounts	(5,450)	10	5,440	-
Transfers from property, plant and equipment	221	260	-	481
Exchange differences and other items	(19,824)	(808)	(8)	(20,640)
Balances at 31 December 2017	**515,277**	**64,501**	**173,070**	**752,848**
Additions	123,172	4,705	7,107	134,984
Additions to the scope of consolidation (Note 5)	-	100	2	102
Retirements or disposals	(20,954)	(493)	(107)	(21,554)
Exchange differences and other items	(1,968)	(22)	(264)	(2,254)
Balances at 31 December 2018	**615,527**	**68,791**	**179,808**	**864,126**
ACCUMULATED AMORTISATION:				
Balances at 31 December 2016	**(319,427)**	**(54,578)**	**(64,762)**	**(438,767)**
Amortisation	(31,770)	(4,074)	(27,474)	(63,318)
Removals from the scope of consolidation (Notes 2-g and 25)	65,828	2,503	15	68,346
Retirements or disposals	45,223	1,647	-	46,870
Transfers between accounts	(649)	649	-	-
Transfers from property, plant and equipment	-	(123)	-	(123)
Exchange differences and other items	8,833	734	65	9,632
Balances at 31 December 2017	**(231,962)**	**(53,242)**	**(92,156)**	**(377,360)**
Amortisation	(43,354)	(4,226)	(24,641)	(72,221)
Additions to the scope of consolidation (Note 5)	-	(43)	(2)	(45)
Retirements or disposals	3,244	445	-	3,689
Exchange differences and other items	(1,645)	(546)	78	(2,113)
Balances at 31 December 2018	**(273,717)**	**(57,612)**	**(116,721)**	**(448,050)**
IMPAIRMENT LOSSES:				
Balances at 31 December 2016	**(28,615)**	**-**	**-**	**(28,615)**
(Impairments) taken to income and reversals thereof, net	(12,367)	-	-	(12,367)
Removals from the scope of consolidation (Notes 2-g and 25)	563	-	-	563
Retirements or disposals	3,301	-	-	3,301
Transfers from property, plant and equipment	(2,695)	-	-	(2,695)
Exchange differences and other items	1,011	-	-	1,011
Balances at 31 December 2017	**(38,802)**	**-**	**-**	**(38,802)**
(Impairments) taken to income and reversals thereof, net	(9,495)	-	-	(9,495)
Retirements or disposals	1,933	-	-	1,933
Exchange differences and other items	1,690	-	-	1,690
Balances at 31 December 2018	**(44,674)**	**-**	**-**	**(44,674)**
Net intangible assets at 31 December 2017	**244,513**	**11,259**	**80,914**	**336,686**
Net intangible assets at 31 December 2018	**297,136**	**11,179**	**63,087**	**371,402**

Development expenses-

Capitalised development expenses at 31 December 2018 correspond to a range of projects relating to headliners, trays, panels, consoles and automobile mechanisms. A portion of the capitalised development expenses *(approximately 169 million euros)* corresponds to projects in progress at 31 December 2018 *(approximately 140 million euros at 31 December 2017),* and, accordingly, the related expenses will not start to be amortised until the projects have been completed. The Directors of the Parent forecast that during 2019 and 2020 most of the development projects under way at 31 December 2018 will be completed, at which time the corresponding products will go into mass production.

The main additions to development expenses in 2018 correspond to the projects Audi "AU516 EU18", BMW "G05/G07 NA18 Luggage C", BMW "F40/F44 WW19", Seat "326 IP", BMW "G29 EU18", Chrysler "FCA DT US18 Panel" and BMW "J29 IP". Mass production for some of these projects began in 2018.

Development costs derecognised in 2018 correspond principally to the billing of third parties and certain projects which were almost fully amortised. The Group recognised a net loss of 234 thousand euros as a result of these operations, which was taken to income under "Profit/(loss) on disposal of non-current assets" in the accompanying consolidated income statement (*in 2017 the losses recorded were non-material*).

Impairment losses-

At the end of every reporting period, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. Should any such signs of impairment exist, the recoverable amount of these assets is quantified in order to determine any impairment loss suffered. The recoverable amount of the cash generating unit associated with these intangible assets was revised taking their value in use based on best estimates of cash flows over the life of the corresponding project. The discount rate before tax used for the purposes of these impairment tests is between 8% and 10%.

Accordingly, at 31 December 2018, the Group had recorded provisions for impairments totalling 44,674 thousand euros *(38,802 thousand at 31 December 2017)*, corresponding to a decrease in the value of the capitalised development expenses of certain seating, panelling and headliner projects which are currently loss-making, and for which the recoverable value is lower than their carrying amount. Approximately 11,701 thousand euros of this amount was recognised under "Net impairment losses on non-current assets" in the accompanying consolidated income statement for 2018 *(approximately 12.4 million euros in 2017)*. Impairment provisions were reversed in an amount of 2,206 thousand euros against this heading of the consolidated income statement for 2018 *(virtually no impairment provisions were reversed in 2017)*.

Other intangible assets-

A significant part of the balance of this heading at 31 December 2018 corresponds to customer relations recognised in 2015 in the business combinations of the interior components business unit of the international Magna Automotive group, which will be amortised over periods from 2 to 7 years.

Fully amortised assets-

The Group's intangible assets include certain assets which had been fully amortised at 31 December 2018 and 2017. The total cost and related accumulated amortisation of these assets amounted to approximately 366 and 250 million euros, respectively.

(8) PROPERTY, PLANT AND EQUIPMENT

The movements in the years to 31 December 2017 and 2018 in property, plant and equipment and in the related accumulated depreciation and impairment losses were as follows:

	Thousands of Euros			
	Land and Buildings	Technical Plant, Machinery and Other PP&E	PP&E under Construction and Prepayments	Total
COST:				
Balances at 31 December 2016	**319,974**	**1,599,678**	**106,010**	**2,025,662**
Additions	15,833	135,502	56,752	208,087
Removals from the scope of consolidation (Notes 2-g and 25)	(36,169)	(145,821)	(10,150)	(192,140)
Retirements or disposals	(2,726)	(43,921)	(7,488)	(54,135)
Transfers to intangible assets	-	(481)	-	(481)
Transfers from Inventories	-	-	8,833	8,833
Transfers between accounts	880	85,720	(86,600)	-
Exchange differences and other items	(4,319)	(69,968)	(3,232)	(77,519)
Balances at 31 December 2017	**293,473**	**1,560,709**	**64,125**	**1,918,307**
Additions	6,529	97,874	80,995	185,398
Additions to the scope of consolidation (Note 5)	-	4,166	-	4,166
Retirements or disposals	(700)	(18,964)	(1,287)	(20,951)
Transfers between accounts	-	(51,755)	51,755	-
Exchange differences and other items	(2,974)	7,889	7,267	12,182
Balances at 31 December 2018	**296,328**	**1,599,919**	**202,855**	**2,099,102**
ACCUMULATED DEPRECIATION:				
Balances at 31 December 2016	**(104,214)**	**(1,099,038)**	**-**	**(1,203,252)**
Amortisation	(10,561)	(100,759)	-	(111,320)
Removals from the scope of consolidation (Notes 2-g and 25)	8,217	107,419	-	115,636
Retirements or disposals	1,567	41,497	-	43,064
Transfers to intangible assets	-	123	-	123
Transfers between accounts	(3,034)	3,034	-	-
Exchange differences and other items	2,078	42,760	-	44,838
Balances at 31 December 2017	**(105,947)**	**(1,004,964)**	**-**	**(1,110,911)**
Amortisation	(9,714)	(112,991)	-	(122,705)
Additions to the scope of consolidation (Note 5)	-	(857)		(857)
Retirements or disposals	880	17,744	-	18,624
Exchange differences and other items	395	2,331	-	2,726
Balances at 31 December 2018	**(114,386)**	**(1,098,737)**	**-**	**(1,213,123)**
IMPAIRMENT LOSSES:				
Balances at 31 December 2016	**(2,236)**	**(11,786)**	**-**	**(14,022)**
(Provisions) reversals taken to income	-	(8,631)	-	(8,631)
Removals from the scope of consolidation (Notes 2-g and 25)	-	1,069	-	1,069
Retirements or disposals	-	273	-	273
Transfers to intangible assets	-	2,695	-	2,695
Exchange differences and other items	-	694	-	694
Balances at 31 December 2017	**(2,236)**	**(15,686)**	**-**	**(17,922)**
(Provisions) reversals taken to income	-	(1,400)	-	(1,400)
Retirements or disposals	-	201	-	201
Exchange differences and other items	-	(368)	-	(368)
Balances at 31 December 2018	**(2,236)**	**(17,253)**	**-**	**(19,489)**
Net PPE at 31 December 2017	**185,290**	**540,059**	**64,125**	**789,474**
Net PPE at 31 December 2018	**179,706**	**483,929**	**202,855**	**866,490**

Additions and retirements in 2018 and 2017-

The main additions to the Group's property, plant and equipment in 2018 corresponded to investments to extend production facilities, some of which were still in progress at 31 December 2018. These include investments by Grupo Antolin-Kentucky, Inc. (USA), Antolin Interiors USA, Inc. (USA), Antolin Shelby, Inc. (USA), Antolin Interiors UK, Ltd. (UK), Antolin Silesia, Sp zo.o. (Poland), Antolin Ebergassing, GmbH (Austria), Grupo Antolin-Besançon, S.A.S. (France), Grupo Antolin-Bamberg, GmbH & Co. KG (Germany), Changshu Antolin Automotive Interiors Co., Ltd. (China) and Tianjin Antolin Auto-Parts Co., Ltd. (China). In 2018 Grupo Antolin inaugurated the plants of Shelby and Alabama (USA) and Shenyang (China).

The main additions to the Group's property, plant and equipment in 2017 corresponded to investments to extend production facilities, some of which were still in progress at 31 December 2017. These include investments by Antolin Interiors USA, Inc. (USA), Antolin Shelby, Inc. (USA), Antolin Straubing, GmbH (Germany) and Grupo Antolin-Turnov, s.r.o. (Czech Republic).

The most significant retirements in 2018 correspond to machinery and other items, most of which were fully depreciated and which were not in productive use. No material gains were generated.

The most significant retirements in 2017 correspond to those deriving from the sale of the “Seats and Metal” business unit and those recognised by Antolin Interiors USA, Inc. (USA), Antolin Ebergassing, GmbH (Austria) and Antolin Interiors UK, Ltd. (United Kingdom) in relation to machinery and other elements, which were, for the most part, fully depreciated and which were not in productive use. No material gains were generated.

Land-

The cost of "Land and constructions" at 31 December 2018 and 2017 includes 39,977 and 40,943 thousand euros, respectively, corresponding to the carrying amount of the land at those dates.

The Group's land holdings in the Iberian Peninsula were stated at their fair value at the transition date to IFRS-EU *(1 January 2006)* in accordance with the stipulations of IFRS 1. The highest value attributed to said assets at 31 December 2018 was 16,187 thousand euros *(14,068 thousand euros corresponding to property, plant and equipment and the rest to investment properties)* and was determined on the basis of valuations performed by independent experts based on market prices or estimated discounted future cash flows.

Investment budget for 2019-

The Group's Directors plan to invest 205,503 thousand euros in property, plant and equipment in 2019, broken down as follows:

Business Segment	Thousands of Euros
Doors function *(Doors and Hard Trim)*	84,220
Headliner function *(Overheads and Soft Trim)*	43,862
Lighting function	18,731
Cockpits and Consoles Function	58,690
	205,503

Investments are planned for many of the Group's plants, the most significant of which *(over 6 million euros)* are linked to the acquisition of replacement machinery and plant by Antolin Interiors Mexico, S.A. de C.V., Antolin Interiors UK, Ltd., Changsu Antolin Automotive Interiors Co., Ltd., Antolin Liban, s.r.o., Antolin Straubing, GmbH, Grupo Antolin-Kentucky, Inc., Grupo Antolin-Besançon, S.A.S., Grupo Antolin-Silao, S.A. de C.V., Grupo Antolin-Turnov, s.r.o. and Antolin Silesia, Sp. zo.o.

The Group is also planning to start up a number of companies in China and in Mexico, in which it expects to make additional investments in property, plant and equipment amounting to approximately 6 and 3 million euros, respectively, included in the table above.

Assets located outside Spain-

The cost of the Group's property, plant and equipment located outside Spain and the corresponding accumulated depreciation and provisions for impairment at 31 December 2018 and 2017 are as follows:

Type of Asset	Thousands of Euros Cost	Accumulated Depreciation and Impairment	Net
As at 31 December 2017-			
Land and buildings	222,410	(88,807)	133,603
Technical plant, machinery and other PP&E	1,354,867	(863,975)	490,892
Advances and fixed assets in progress	64,099	-	64,099
	1,641,376	**(952,782)**	**688,594**
As at 31 December 2018-			
Land and buildings	225,420	(97,217)	128,203
Technical plant, machinery and other PP&E	1,475,777	(920,403)	555,374
Advances and fixed assets in progress	94,132	-	94,132
	1,795,329	**(1,017,620)**	**777,709**

Finance leases *(leasing)*-

Shown below is a breakdown of the leased assets recognised by the Company at 31 December 2018 and 2017 as lessee under finance leases *(valued in accordance with the criterion described in Note 3-f)* with details of their key features and the corresponding finance leases signed (see Note 17):

At 31 December 2018

			Thousand Euros *(Excluding VAT and Interest)*			
Description of Asset	Contract Term (Months)	Months Elapsed to 31/12/18	Original Cost	Lease Instal-ments Paid in Prior Years	Lease Instal-ments Paid in 2018	Lease Payments Outstanding Including Purchase Option
Buildings and facilities (a)	93	84	2,952	1,323	252	633
Machinery (b)	72	42	829	331	160	338
Machinery (b)	72	43	269	112	52	105
Machinery (b)	72	43	823	347	158	318
Machinery (b)	53	43	975	489	197	289
Machinery (c)	29	6	488	-	98	390
Machinery (c)	40	6	268	-	39	229
			6,604	**2,602**	**956**	**2,302**

At 31 December 2017

Description of Asset	Contract Term (Months)	Months Elapsed to 31/12/17	Thousand Euros *(Excluding VAT and Interest)* Original Cost	Lease Instal-ments Paid in Prior Years	Lease Instal-ments Paid in 2017	Lease Payments Outstanding Including Purchase Option
Buildings and facilities (a)	93	72	2,952	1,078	245	884
Machinery (b)	72	30	829	197	134	498
Machinery (b)	72	31	269	68	44	157
Machinery (b)	72	31	823	212	135	476
Machinery (b)	53	31	975	296	193	486
			5,848	**1,851**	**751**	**2,501**

(a) These assets correspond to certain items of machinery and buildings incorporated by the Group at their carrying amount as a result of the acquisition by Grupo Antolin-Italia, S.r.l., of the business of the Italian CRS group in February 2012. These items were used under finance leases to which the Group was subrogated.

(b) The machinery corresponds to investments made by the consolidated subsidiary Grupo Antolin-Turnov, s.r.o. in 2015.

(c) These assets correspond to presses acquired by the subsidiary company Haselbeck Formen-und Werkzeugbau, GmbH.

Operating leases-

The consolidated companies lease buildings which house a part of their warehouses, production facilities and offices. The related contracts signed with the owners of these buildings provide that the rental periods will expire over the coming years, although they provide for the possibility of successive, tacit extensions.

The Group depreciates the property, plant and equipment installed in these buildings based on the shorter of the useful life of the assets or the estimated life of the project, as the Directors of the Parent do not foresee any difficulties in extending the terms of the corresponding lease contracts indefinitely.

The rental cost of said buildings for 2018 totalled 58 million euros, approximately *(62 million euros, approximately, in 2017)*, recorded under "Other operating expenses" on the accompanying consolidated income statement.

The lease instalments payable to the lessors under the operating leases signed by the Group with third parties at 31 December 2018 and 2017 are as follows:

Period	Thousands of Euros 31/12/18	31/12/17
Not later than one year	59,368	66,750
Between one and five years	186,078	236,838
More than five years	176,111	162,523
	421,557	**466,111**

Impairment losses-

At the end of each reporting period, the Group tests for any internal or external signs that the recoverable amount of their property, plant and equipment is less than the carrying amount. If so, the carrying amount is reduced to the recoverable value and the future charges for depreciation are adjusted in proportion to their adjusted carrying amount and their new remaining useful life if it was also necessary to re-estimate this. Any such reduction in the carrying amount of property, plant and equipment for own use is charged to "Net impairment losses on non-current assets" in the consolidated income statement.

Similarly, whenever there are signs that the value of an impaired asset has recovered, the consolidated companies reverse impairment losses recognised in prior years. The increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss previously been recognised for the asset.

At 31 December 2018 the Group's consolidated companies tested for signs of any impairment to the recoverable amount of its property, plant and equipment, and quantified the recoverable amount where such signs were detected. Where the asset does not itself generate cash inflows that are independent of those from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

An asset's recoverable amount is the higher of its fair value *(less sale costs)* and its value in use. In calculating value in use at 31 December 2018, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. These future cash flows are derived from the forecasts made by the Group for each cash generating unit for a period of five years *(using assumptions concerning changes in sale prices, costs and volumes based on experience and future expectations in accordance with the currently approved strategic plan and the budget for the coming year)*, with a residual value calculated using a growth rate of zero.

Based on this analysis, at 31 December 2018 the Group recognised impairment losses to property, plant and equipment totalling 19,489 thousand euros *(of which 1,400 thousand euros were recognised in 2018, 8,631 thousand euros in 2017 and the rest in years prior to 2017)*. These losses corresponded mainly to assets at the plants in Christava *(owned by Grupo Antolin-Bohemia, a.s.)*, Spartanburg *(owned by Antolin Interiors USA, Inc.) and Redditch (owned by Antolin Interiors UK Ltd.)* and the plants owned by Trimtec, Ltda., Iramec, Ltda. and Grupo Antolin-Saint Petersburg, which are presently generating losses or have done so in the past and whose recoverable amount is less than their carrying amount *(at 31 December 2017 the Group had recognised an impairment of 17,922 thousand euros).*

Fully depreciated property, plant and equipment-

The Group's property, plant and equipment include certain assets which had been fully depreciated at 31 December 2018 and 2017. The total cost and related accumulated depreciation of these assets amounted to approximately 602 and 632 million euros respectively.

Insurance policy-

The Group takes out insurance policies to cover the possible risks to which its property, plant and equipment are exposed. The Parent's Directors consider that the policies taken out are adequate in view of the various locations of its property, plant and equipment.

(9) NON-CURRENT FINANCIAL ASSETS AND OTHER CURRENT FINANCIAL ASSETS

The balances on these headings in the consolidated statement of financial position at 31 December 2018 and 2017 are broken down below by type:

	Thousands of Euros			
	31/12/18		31/12/17	
	Non-Current	Current	Non-Current	Current
Non-current investment securities	630	-	556	-
Other financial assets-				
Other loans	972	948	2,136	2,303
Guarantee deposits and deposits given	2,460	1,446	1,733	642
Net total	**4,062**	**2,394**	**4,425**	**2,945**

Non-current investment securities-

The balances under this heading at 31 December 2018 and 2017 correspond to a number of shareholdings in unlisted companies which had been classified as "Available-for-sale financial assets". During 2018 net additions amounting to 74 thousand euros were recognised under this heading.

During 2017 a net amount of 25 thousand euros was derecognised from under this heading and no other additions, retirements or movements were recorded.

Other loans-

The balances under this heading at 31 December 2018 include 514 thousand euros *(1,611 thousand euros at 31 December 2017)*, corresponding to the balance receivable of the long-term loan maintained by the Parent Company with Avot Inversiones, S.L., which matures on 31 December 2020 and bears annual interest at a variable market rate (see Note 22).

(10) INVENTORIES

The Group's inventories at 31 December 2018 and 2017 were as follows:

Item	Thousands of Euros	
	31/12/18	31/12/17
Raw materials and supplies	306,422	283,238
Other supplies	205	188
Merchandise	18,056	11,896
Work-in-process and semifinished goods	38,682	31,628
Project tools	487,979	511,016
Finished products	79,794	78,476
Advances to suppliers	9,373	14,420
Impairment provisions	(22,971)	(20,181)
	917,540	**910,681**

Project tools-

The balances of this item at 31 December 2018 and 2017 correspond to the costs incurred by the Group on the project tools being manufactured at said dates. As at 31 December 2018 and 2017, the Group had billed approximately 228 and 222 million euros respectively as advances, recorded as current liabilities under "Trade and other payables" caption in the accompanying consolidated statement of financial position.

The Directors of the Parent consider that the income in respect of the sale of practically all the project tools being manufactured at 31 December 2018 will be realised in 2019 with significant profits.

Insurance policy-

The Group takes out insurance policies to cover the possible risks to which practically all its inventories are exposed. In the opinion of the Parent's Directors, the cover provided by the policies taken out at 31 December 2018 is sufficient.

(11) OTHER RECEIVABLES

The composition of other receivables in the consolidated statement of financial position at 31 December 2018 and 2017 is as follows:

Item	Thousands of Euros	
	31/12/18	31/12/17
Sundry receivables, staff and prepaid expenses	**54,072**	**34,058**
Taxes and Social Security-		
Tax receivables (Note 20)	95,326	118,618
Receivable from public authorities for grants awarded	1,997	532
Other receivables from public authorities	659	918
	97,982	**120,068**
	152,054	**154,126**

(12) CASH AND BANK BALANCES

Cash and cash equivalents in the consolidated statement of financial position include the cash and current bank accounts of the Group and short-term bank deposits *(in amounts equivalent to 32,303 thousand euros at 31 December 2018 and 16,027 thousand euros at 31 December 2017)*, generally maturing in January of the following year and accruing interest at an annual rate of between 0.85% and 2% *(around 0.1% at 31 December 2017)*. The carrying amounts of these assets are the same as their fair value.

(13) EQUITY

Share capital-

The share capital of the Parent at 31 December 2018 and 2017 comprised 8,023,241 registered shares *(3,114,603 "class A" shares, 3,074,733 "class B" shares and 1,833,905 "class C" shares)*, fully subscribed and paid in, each with a par value of 4.67 euros.

Shareholder	Percentage Held
Grupo Antolin-Holdco, S.A.	67.38
Castilfalé Gestión, S.A.U.	32.62
	100.00

At 31 December 2018 and 2017 all the share capital of the Parent was held directly or indirectly by Avot Inversiones, S.L. *(parent company of the company's two shareholders)*, a company whose registered offices are in Burgos and whose owners are members of the Antolin family (see Note 1).

All the Grupo Antolin-Irausa, S.A. shares carry the same voting and dividend rights, although they are distinguished by their transfer regime.

At 31 December 2018 all the shares of the Parent were pledged as guarantee for the bonds issued in 2017 and 2018 by the Parent Company, the "Senior Facilities Agreement" signed by the Parent with a number of financial institutions and the long-term loan granted in 2018 by the European Investment Bank (EIB), which has signed the intercreditor agreement which governs relations between the Group's financial creditors (see Note 17).

Additional paid-in capital-

The revised text of the Spanish Corporate Enterprise Act expressly allows the use of the additional paid-in capital balance to increase share capital and establishes no specific restrictions as to its use.

Other reserves of the Parent-

This heading in the consolidated statement of financial position at 31 December 2018 and 2017 includes the following reserves:

Legal reserve-

The revised text of the Spanish Corporate Enterprise Act stipulates that 10% of the net profits of the year must be appropriated to the legal reserve until it attains at least 20% of share capital. At 31 December 2018 and 2017 the legal reserve amounted to 7,494 thousand euros *(equivalent to 20% of the Parent's share capital)*.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

Capitalisation reserve-

The Parent's "Capitalisation reserve" at 31 December 2018 amounted to 5,800 thousand euros *(3,800 thousand euros at 31 December 2017)*. This reserve was set up in compliance with Law 27/2014, of 27 November, on Corporate Income Tax and is restricted for five years from the end of the year to which the reduction in the final tax base for corporate income tax corresponds *(consequently, 2,000 thousand euros are restricted until 31 December 2022, 2,000 thousand euros are restricted until 31 December 2021 and 1,800 thousand euros until 31 December 2020)*. The amount matches that by which the final tax base applied was reduced for this item in the Spanish consolidated tax group's corporate income tax return for 2015, 2016 and 2017.

Other reserves-

The balance under this heading at 31 December 2018 includes losses carried forward from previous financial years *(41,241 thousand euros)* and other unrestricted reserves of the Parent.

Distribution of dividends-

Dividends distributed in 2018 and 2017-

On 28 March 2018 the Ordinary General Meeting of Shareholders of the Parent agreed the distribution of a dividend against 2017 profits of 30,000 thousand euros. This dividend was paid to the Parent's shareholders in April and November 2018.

On 4 April 2017 the Ordinary General Meeting of Shareholders of the Parent agreed the distribution of a dividend against 2016 profits of 16,000 thousand euros. This dividend was paid to the Parent's shareholders in June 2017.

For all these dividends, the Parent complied with the limits imposed in the financing agreements in place at the distribution date.

Restrictions on the distribution of dividends-

As indicated in Note 17, on 21 March 2014 the Parent signed a "Senior Facility Agreement" with major Spanish and international financial institutions, which has been modified and renewed successively, the last renewal being dated 17 April 2018, under which the Group obtained financing by means of a syndicated loan *("Loan Facility") (whose outstanding balance at 31 December 2018 was 410,820 thousand euros)*, and a multi-currency Revolving Credit Facility with a 200 million euro limit. In addition, an intercreditor agreement has been executed governing relations between creditors: bond holders, financial entities and the European Investment Bank (EIB) which signed this in 2018 as a result of the financing granted to the Group. These financing agreements allow the distribution of dividends provided certain requirements are met. These include:

- *If the Group's debt-equity ratio is less than 3.50 but higher than 2.50, the dividends distributed may not exceed 25% of its consolidated net profit.*
- *If the Group's debt-equity ratio is less than 2.50, the dividends distributed may not exceed 50% of its consolidated net profit.*

At 31 December 2018 the Group's debt-equity ratio was around 2.65, and therefore it could distribute dividends up to an amount equivalent to 25% of its consolidated net profit.

Capital management-

The Group's capital management focuses on achieving a financial structure that optimises the cost of capital to ensure a sound financial position. This policy enables value creation for shareholders to be compatible with access to financial markets at a competitive cost to cover the needs for refinancing debt and financing the investment plan not covered by the funds generated by the business.

In this regard, in line with standard practice in the business world and in the industry in which it operates, the Group uses the following ratios to analyse its situation:

- Financial leverage *(Net borrowing/net equity attributable to the Parent)*: The Group's ratio at 31 December 2017 was 1.19. As at the end of 2018, it was 1.22.
- Debt-to-income *(Net borrowing/EBITDA)*: The Group's ratio at 31 December 2017 was 1.86. As at the end of 2018, it was 2.58.
- Interest coverage *(EBITDA/Net Finance Income)*: The Group's ratio at 31 December 2017 was 10.58. As at the end of 2018, it was 9.28.

As stated in Note 17, the Group has been granted loans by third parties, which requires that certain specific financial ratios be fulfilled.

Contribution of the consolidated companies to the Group's reserves and exchange differences-

Set out below is a breakdown by company, of the balances recorded under "Reserves of fully and proportionally consolidated companies", "Reserves of companies accounted for using the equity method" and "Exchange differences" in the accompanying consolidated statement of financial position at 31 December 2018 and 2017:

Company	Thousands of Euros			
	Reserves in Consolidated Companies		Exchange Differences	
	31/12/18	31/12/17	31/12/18	31/12/17
Fully consolidated companies -				
Grupo Antolin-Irausa, S.A. (a)	(470,627)	(196,817)	(14,107)	(13,780)
Grupo Antolin-Dapsa, S.A.U.	3,401	3,216	-	-
Grupo Antolin-Aragusa, S.A.U.	41,994	31,136	-	-
Grupo Antolin-Eurotrim, S.A.U.	20,185	15,662	-	-
Grupo Antolin-RyA, S.A.U.	33,109	29,700	-	-
Grupo Antolin-Autotrim, S.A.U.	55,658	49,832	-	-
Grupo Antolin-Plasbur, S.A.U.	52,114	47,606	-	-
Grupo Antolin-Lusitânia, S.A.	19,995	17,594	-	-
Grupo Antolin-Ingeniería, S.A.U.	54,544	30,478	(425)	(425)
Grupo Antolin-Amsterdam, B.V.	1,409	1,885	-	-
Grupo Antolin-Deutschland, GmbH	5,330	1,378	-	-
Grupo Antolin-Holland, B.V.	5,068	5,152	-	-
Grupo Antolin-Bohemia, a.s. (b)	(19,749)	(18,906)	(1,050)	(727)
Grupo Antolin-North America, Inc.	7,484	3,136	4,340	(8,722)
Grupo Antolin-IGA, S.A.S. (b)	(51,634)	(53,145)	-	-
Grupo Antolin-France, S.A.S. (b)	(28,374)	(49,358)	-	-
Grupo Antolin-Turnov, s.r.o.	84,458	79,654	1,212	1,608
Grupo Antolin-Kentucky, Inc.	64,531	64,180	4,208	3,639
Ototrim Panel Sanayi ve Ticaret, A.S.	45,894	38,940	(16,060)	(12,543)
Grupo Antolin-Silao, S.A. de C.V.	41,144	32,023	(18,454)	(20,586)
Trimtec, Ltda. (b)	(107,775)	(107,646)	(8,690)	(7,080)
Iramec Autopeças, Ltda.	8,781	9,612	(19)	(56)
Intertrim, Ltda.	(9,564)	(8,566)	(4,211)	(3,585)
Grupo Antolin-South Africa, Ltd.	(534)	(1,011)	(1,815)	(782)
Grupo Antolin-India PTV, Ltd. (b)	3,534	2,652	(4,109)	(3,358)
Grupo Antolin-Leamington, Ltd. (b)	17,915	15,406	(7,374)	(7,236)
Grupo Antolin-Logistik Deutschland, GmbH	40,749	36,187	-	-
Grupo Antolin-Vosges, S.A.S. (b)	(22,753)	(26,246)	-	-
Grupo Antolin-Glass, S.A.U.	1,584	1,407	-	-
Grupo Antolin-Navarra, S.A.U.	15,564	17,308	-	-
Grupo Antolin-Saint Petersburg (b)	(36,675)	(37,136)	(5,227)	(4,184)
Antolin Tanger, S.A.R.L. (b)	(1,849)	(7,296)	134	(353)
Grupo Antolin-Cambrai, S.A.S. (b)	(63,857)	(57,707)	-	-
Grupo Antolin-Ostrava, s.r.o.	26,227	24,415	(654)	(506)
Grupo Antolin-Bratislava, s.r.o.	9,646	11,663	713	713
Grupo Antolin-Michigan, Inc.	86,529	70,773	3,196	2,023
Grupo Antolin-Illinois, Inc.	85,112	85,228	5,621	5,548
Mexican Door Company, S. de R.L. de C.V.	9,014	8,849	(2,771)	(2,904)
Grupo Antolin-Bamberg, GmbH & Co. KG KG	(4,171)	2,838	-	-
Grupo Antolin-Besançon, S.A.S.	26,636	22,118	-	-
Grupo Antolin-Gestión de Inversiones, S.L.U.	(6,672)	(6,695)	-	-
Antolin Shanghai Autoparts Co., Ltd.	28,651	23,880	3,285	3,525
Chongqing Antolin Tuopu Overhead System Co., Ltd.	19,090	17,165	815	798
Grupo Antolin-Saltillo, S. de R.L. de C.V.	24,435	19,774	(4,041)	(4,775)
Grupo Antolin-Primera Automotive Systems, LLC	16,244	13,622	(326)	(631)
Antolin China Investment Co., Ltd.	(301)	(236)	37	208
Guangzhou Antolin Lighting Co, Ltd.	21,116	14,991	(673)	(450)
Guangzhou Antolin Auto-Parts Co., Ltd.	8,145	8,119	1,468	1,531
Grupo Antolin-UK, Ltd.	1,053	650	901	913
Grupo Antolin-Missouri, LLC	13,174	8,180	439	199
Antolin Avtotechnika Nizhny Nóvgorod, Ltd. (b)	(7,789)	(6,700)	(3,022)	(2,321)
Grupo Antolin-Tlaxcala S. de R.L. de C.V. (b)	(5,460)	(12,594)	(4,720)	(5,525)
Grupo Antolin-Valplas, S.A.U. (b)	(7,737)	(6,419)	-	-
Antolin Interiors UK, Ltd. (b)	(26,489)	(28,901)	(20,748)	(20,108)
Antolin Interiors USA, Inc. (b)	(26,101)	(13,012)	559	(2,402)
Antolin Interiors Mexico, S.A. de C.V.	53,091	34,379	(9,276)	(10,636)
Antolin Ebergassing, GmbH	15,983	12,284	-	-
Antolin Süddeutschland, GmbH	1,088	11,637	-	-
Antolin Hungary, Kft.	13,212	10,218	-	-
Antolin Straubing, GmbH	11,875	8,564	-	-
Suzhou Antolin Automotive Interiors Co., Ltd.	15,553	13,441	(2,826)	(2,263)
Antolin Silesia, Sp. zo.o.	8,903	8,439	(867)	(238)

Continued...

Company	Thousands of Euros			
	Reserves in Consolidated Companies		Exchange Differences	
	31/12/18	31/12/17	31/12/18	31/12/17
Changshu Antolin Automotive Interiors Co., Ltd.	8,698	5,031	(1,125)	(966)
Antolin Austria Holding, GmbH	5,793	6,251	-	-
CML Technologies, GmbH & Co. KG KG	5,235	4,625	-	-
Plastimat Hungary, Kft.	4,910	2,936	-	-
Changchun Antolin Automotive Interiors Co., Ltd.	3,962	1,130	(1,859)	(2,057)
Beijing Antolin Automotive Interiors Co., Ltd.	3,807	2,276	(428)	(372)
Grupo Antolin-Sibiu, S.R.L.	3,546	3,804	(1,108)	(1,096)
Antolin Liban, s.r.o.	2,389	1,965	352	431
Cidut, S.L.	2,030	1,773	-	-
Antolin Alabama, Inc. (b)	(1,841)	-	(163)	107
Broomco (3051), Ltd.	(2,523)	(2,199)	175	173
Antolin Shelby, Inc. (b)	(3,991)	-	418	232
Grupo Antolin-Italia, S.r.l. (b)	(8,802)	(7,198)	-	-
Antolin Massen, GmbH (b)	(18,989)	(7,358)	-	-
Antolin Trnava, s.r.o. (b)	(9,088)	(2,408)	-	-
Irauto, S.A. (b)	(1,088)	-	(1,617)	-
Other companies	1,096	(27,071)	102	(719)
	216,255	**310,537**	**(109,790)**	**(119,738)**
Proportionally consolidated companies-				
International Door Company, B.V.	**2,460**	**2,468**	**(194)**	**(204)**
Companies accounted for using the equity method-				
International Door Systems, S.R.L. de C.V.	6,856	6,877	(342)	(353)
Slovakian Door Company, s.r.o.	1,101	1,193	-	-
Dongwon Technology Co., Ltd.	6,908	4,953	451	414
NHK Antolin (Thailand) Co., Ltd.	(1,080)	(1,866)	27	(134)
Irauto, S.A.	-	94	-	(299)
Krishna Grupo Antolin Private, Ltd.	5,877	5,113	(1,287)	(581)
Dongfeng Antolin (Wuhan) Automotive Trim, Co., Ltd.	(138)	(341)	(143)	(106)
CREA-Antolin, Co., Ltd.	3,247	2,383	165	154
	22,771	**18,406**	**(1,129)**	**(905)**
Total	**241,486**	**331,411**	**(111,113)**	**(120,847)**

(a) These figures are for the reserves of consolidated companies attributable to the Parent following the consolidation process *(eliminating dividends received, etc.).*

(b) In recent financial years the Group has implemented an efficiency programme and measures to improve the performance of these consolidated subsidiaries with the medium-term goal of reversing the recurring losses currently being reported by most of them. In general this is being achieved. Others are going through the start up of their activities or the launch of new projects.

Contribution of the consolidated companies to profit and loss for 2018 and 2017 attributable to the Parent-

The contribution of each of the consolidated companies to the 2018 and 2017 profit and loss attributable to the Parent is as follows:

Company	Thousands of Euros 2018 Consolidated Profit/(loss) for 2018	2018 Profit Attributable to Non-controlling Interests	2018 Profit Attributable to the Parent	2017 Consolidated Profit/(loss) for 2017	2017 Profit Attributable to Non-controlling Interests	2017 Profit Attributable to the Parent
Fully consolidated companies -						
Grupo Antolin-Irausa, S.A.	(25,181)	-	(25,181)	84,748	-	84,748
Grupo Antolin-Dapsa, S.A.U.	705	-	705	185	-	185
Grupo Antolin-Aragusa, S.A.U.	5,478	-	5,478	10,858	-	10,858
Grupo Antolin-Eurotrim, S.A.U.	2,549	-	2,549	4,524	-	4,524
Grupo Antolin-RyA, S.A.U.	975	-	975	3,409	-	3,409
Grupo Antolin-Autotrim, S.A.U.	3,233	-	3,233	5,826	-	5,826
Grupo Antolin-Plasbur, S.A.U.	2,877	-	2,877	4,508	-	4,508
Grupo Antolin-Navarra, S.A.U.	2,757	-	2,757	(1,744)	-	(1,744)
Grupo Antolin-Glass, S.A.U.	205	-	205	177	-	177
Grupo Antolin-Valplas, S.A.U. (a)	(1,651)	-	(1,651)	(1,317)	-	(1,317)
Grupo Antolin-Ingeniería, S.A.U.	3,147	-	3,147	24,066	-	24,066
ASH Reciclado de Techos, S.L.	(154)	-	(154)	(135)	-	(135)
Grupo Antolin-Lusitânia, S.A.	2,437	-	2,437	2,628	-	2,628
Grupo Antolin-Bohemia, a.s.	1,062	-	1,062	(843)	-	(843)
Grupo Antolin-IGA, S.A.S.	1,062	-	1,062	1,511	-	1,511
Grupo Antolin-France, S.A.S.	5,258	-	5,258	20,984	-	20,984
Grupo Antolin-Turnov, s.r.o.	5,854	-	5,854	4,816	-	4,816
Ototrim Panel Sanayi ve Ticaret, A.S.	12,672	(6,336)	6,336	13,937	(6,968)	6,969
Grupo Antolin-Silao, S.A. de C.V.	7,220	-	7,220	9,119	-	9,119
Grupo Antolin-Tlaxcala S. de R.L. de C.V. (a)	4,397	-	4,397	7,134	-	7,134
Trimtec, Ltda. (a)	(111)	-	(111)	(129)	-	(129)
Iramec Autopeças, Ltda. (a)	(6,030)	3,015	(3,015)	(1,662)	831	(831)
Intertrim, Ltda. (a)	(1,269)	187	(1,082)	(1,170)	172	(998)
Grupo Antolin-India Private PVT, Ltd.	3,400	-	3,400	879	-	879
Grupo Antolin-Leamington, Ltd.	3,469	-	3,469	2,509	-	2,509
Grupo Antolin-Logistik Deutschland, GmbH	1,094	-	1,094	4,287	-	4,287
Grupo Antolin-Vosges, S.A.S.	2,006	-	2,006	3,494	-	3,494
Antolin Shanghai Autoparts Co. Ltd.	3,592	-	3,592	4,748	-	4,748
Mexican Door Company, S. de R.L. de C.V.	(959)	479	(480)	331	(166)	165
Antolin Tanger, S.A.R.L.	1,581	-	1,581	5,447	-	5,447
Chongqing Antolin Tuopu Overhead System Co., Ltd.	1,076	(502)	574	3,204	(1,603)	1,601
Grupo Antolin-Bratislava, s.r.o. (a)	(9,781)	-	(9,781)	(2,017)	-	(2,017)
Grupo Antolin-Cambrai, S.A.S.	1,233	-	1,233	(6,150)	-	(6,150)
Grupo Antolin-Illinois, Inc.	367	-	367	(116)	-	(116)
Grupo Antolin-Kentucky, Inc. (a)	(9,610)	-	(9,610)	351	-	351
Grupo Antolin-Michigan, Inc.	4,037	-	4,037	15,756	-	15,756
Grupo Antolin-Saltillo, S. de R.L. de C.V.	4,641	-	4,641	4,661	-	4,661
Guangzhou Antolin Auto-Parts Co., Ltd.	1,022	-	1,022	55	-	55
Antolin Deutschland, GmbH	4,146	-	4,146	3,952	-	3,952
Grupo Antolin-Ostrava, s.r.o.	1,566	-	1,566	1,812	-	1,812
Grupo Antolin-Bamberg, GmbH & Co. KG KG (a)	(2,450)	-	(2,450)	(7,009)	-	(7,009)
CML Technologies, GmbH & Co. KG KG	678	-	678	807	-	807
Grupo Antolin-Besançon, S.A.S.	6772	-	6772	4,471	-	4,471
Guangzhou Antolin Lighting Co, Ltd.	4,321	-	4,321	6,124	-	6,124
Grupo Antolin-Saint Petersburg	173	-	173	464	-	464
Grupo Antolin-Primera Automotive Systems, LLC	3,123	(1,593)	1,530	5,350	(2,728)	2,622
Grupo Antolin-Gestión de Inversiones, S.L.U.	17	-	17	23	-	23
Antolin Autotechnika Nizhny Nóvgorod, Ltd. (a) (a)	(367)	-	(367)	(1,086)	-	(1,086)
Antolin China Investment Co., Ltd.	1,016	-	1,016	(66)	-	(66)
Antolin Austria Holding, GmbH	(92)	-	(92)	(458)	-	(458)
Changshu Antolin Automotive Interiors Co., Ltd.	8,786	(3,744)	5,042	6,499	(2,600)	3,899
Changchun Antolin Automotive Interiors Co., Ltd.	4,486	(2,119)	2,367	5,314	(2,126)	3,188
Antolin Ebergassing, GmbH	(832)	-	(832)	3,669	-	3,669
Plastimat Hungary, Kft.	1,565	(407)	1,158	2,668	(694)	1,974
Antolin Süddeutschland, GmbH (a)	(10,293)	-	(10,293)	(10,549)	-	(10,549)
Antolin Interiors UK, Ltd. (a)	(9,127)	-	(9,127)	3,230	-	3,230
Antolin Interiors Mexico, S.A. de C.V.	12,655	-	12,655	18,713	-	18,713
Antolin Interiors USA, Inc.	7,772	-	7,772	(12,001)	-	(12,001)
Antolin Straubing, GmbH	2,519	-	2,519	3,312	-	3,312
Antolin-Missouri, LLC	3,126	-	3,126	4,994	-	4,994
Suzhou Antolin Automotive Interiors Co., Ltd.	8,629	-	8,629	2,121	-	2,121
Antolin Silesia, Sp. zo.o.	1,321	-	1,321	464	-	464
Antolin Trnava, s.r.o. (a)	(5,691)	-	(5,691)	(6,680)	-	(6,680)
Antolin Massen, GmbH (a)	(2,269)	-	(2,269)	(11,631)	-	(11,631)

Continued…

Company	Thousands of Euros					
	2018			2017		
	Consolidated Profit/(loss) for 2018	Profit Attributable to Non-controlling Interests	Profit Attributable to the Parent	Consolidated Profit/(loss) for 2017	Profit Attributable to Non-controlling Interests	Profit Attributable to the Parent
Antolin Shelby, Inc.	1,048	-	1,048	(3,991)	-	(3,991)
Tianjin Antolin Auto-Parts Co., Ltd. (a)	(10,116)	4,046	(6,070)	(2,580)	-	(2,580)
Grupo Antolin-Sibiu, S.R.L.	(3,720)	-	(3,720)	(259)	-	(259)
Gestión Industrial de Toluca, S.A. de C.V.	1,005	-	1,005	851	-	851
Beijing Antolin Automotive Interiors Co., Ltd.	1,706	(682)	1,024	2,552	(1,021)	1,531
Chengdu Antolin Automotive Interiors Co., Ltd. (a)	(3,096)	1,239	(1,857)	(1,883)	753	(1,130)
Grupo Antolin-North America, Inc.	10,564	-	10,564	4,347	-	4,347
Grupo Antolin-Italia, S.r.l. (a)	(2,337)	-	(2,337)	(1,603)	-	(1,603)
Antolin Hungary, Kft. (a)	(6,602)	-	(6,602)	2,994	-	2,994
Antolin Alabama, Inc. (a)	(8,764)	-	(8,764)	(1,841)	-	(1,841)
Antolin Spartanburg Assembly, Inc. (a)	(4,517)	-	(4,517)	(107)	-	(107)
Other companies	(287)	(108)	(395)	3,126	5	3,131
	51,094	**(6,525)**	**44,569**	**254,982**	**(16,145)**	**238,837**
Proportionally consolidated companies-						
International Door Company, B.V.	**99**	**-**	**99**	**(8)**	**-**	**(8)**
Companies accounted for using the equity method-						
International Door System S.R.L. de C.V.	2	-	2	(21)	-	(21)
Slovakian Door Company, s.r.o.	13	-	13	(91)	-	(91)
Dongwon Technology Co., Ltd.	1,359	-	1,359	1,987	-	1,987
NHK Antolin (Thailand) Co., Ltd.	1,042	-	1,042	749	-	749
Krishna Grupo Antolin Private, Ltd.	305	-	305	763	-	763
Irauto, S.A.	-	-	-	(1,182)	-	(1,182)
Dongfeng Antolin (Wuhan) Automotive Trim Co., Ltd.	(144)	-	(144)	203	-	203
CREA-Antolin Co., Ltd.	-	-	-	873	-	873
	2,577	**-**	**2,577**	**3,281**	**-**	**3,281**
Total	**53,770**	**(6,525)**	**47,245**	**258,255**	**(16,145)**	**242,110**

(a) In recent financial years the Group has implemented an efficiency programme and measures to improve the performance of some of these consolidated subsidiaries with the medium-term goal of reversing the trend for recurring losses. This is being achieved in some cases. Others are starting up their activities, expanding their installations or launching new projects.

Valuation adjustments-

The balances on this heading at 31 December 2018 and 2017 in the accompanying consolidated statement of financial position include net changes in the fair value of:

- Any financial derivatives designated as hedges in a cash flow hedge relationship (see Note 18).
- Actuarial gains and losses (see Note 16).
- Exchange differences.

Set out below is the movement in these items during the financial years to 31 December 2018 and 2017:

Item	Thousands of Euros						
	Balance at 31/12/16	Amounts Transferred to Income	Change in Fair Value, Net	Balance at 31/12/17	Amounts Transferred to Income	Change in Fair Value, Net	Balance at 31/12/18
Cash flow hedges	(2,757)	2,821	(64)	-	-	-	-
Less- tax effect (Note 20)	726	(742)	16	-	-	-	-
	(2,031)	**2,079**	**(48)**	**-**	**-**	**-**	**-**
Actuarial gains and losses	**(4,822)**	**-**	**1,173**	**(3,649)**	**-**	**710**	**(2,939)**

Exchange Differences	Thousands of Euros Balance at 31/12/16	Amounts Transferred to Income	Net Change	Balance at 31/12/17	Amounts Transferred to Income	Net Change	Balance at 31/12/18
Net exchange differences in fully or proportionally consolidated companies	(77,045)	141	(66,946)	(143,850)	-	6,765	(137,085)
Less - Exchange differences attributable to non-controlling interests	16,936	-	6,972	23,908	-	3,193	27,101
	(60,109)	141	(59,974)	(119,942)	-	9,958	(109,984)
Net exchange differences in companies consolidated using the equity method	(441)	-	(464)	(905)	-	(224)	(1,129)
	(60,550)	**141**	**(60,438)**	**(120,847)**	-	**9,734**	**(111,113)**

Non-controlling interests-

The balance of this heading in the consolidated statement of financial position relates to the equity held by non-controlling interests in the fully consolidated companies. The balance of “Profit attributable to non-controlling interests” in the consolidated income statement relates to the non-controlling shareholders' share of profit and loss for the year.

The movements in this heading in the consolidated statement of financial position in 2018 and 2017 are as follows:

2018

Company	Thousands of Euros Opening Balance	Additions and Retirements	Acquisition by the Group of Non-controlling Interests (Notes 1 and 2-g)	Dividends and Other Items	Profit/(loss) for 2018 Attributable to Non-controlling Interests	Exchange Differences	Closing Balance
Ototrim Panel Sanayi ve Ticaret, A.S.	15,160	-	-	(5,587)	6,336	(3,517)	12,392
Iramec Autopeças, Ltda.	546	-	-	-	(3,015)	37	(2,432)
Intertrim, Ltda.	(1,236)	-	-	-	(187)	(108)	(1,531)
Mexican Door Company, S.R.L. de C.V.	3,489	-	-	(941)	(479)	133	2,202
Chongqing Antolin Tuopu Overhead System Co., Ltd. (a)	2,305	-	-	(1,516)	502	8	1,299
Keyland Sistemas de Gestión, S.L.	350	-	-	-	109	-	459
Cidut, S.L.	1,601	-	(1,601)	-	-	-	-
Keyland Mexico, S. de R.L. de C.V.	36	-	-	(1)	7	2	44
Grupo Antolin-Primera Automotive Systems, LLC	8,176	-	-	(2,106)	1,593	317	7,980
Dongfeng Antolin (Wuhan) Overhead Systems, Ltd.	1,121	-	-	-	56	(10)	1,167
Plastimat Hungary, Kft.	2,376	-	-	(456)	407	-	2,327
Changchun Antolin Automotive Interiors Co., Ltd. (b)	17,597	-	-	-	2,802	85	20,484
Changshu Antolin Automotive Interiors Co., Ltd. (c)	9,987	3,394	-	(1)	3,851	(129)	17,102
Chengdu Antolin Automotive Interiors Co., Ltd.	545	-	-	-	(1,239)	6	(688)
Tianjin Antolin Auto-Parts Co., Ltd.	3,861	-	-	550	(4,046)	(18)	347
Antolin Chongqing Auto Interiors Trim Systems, Co. Ltd.	-	996	-	-	(172)	1	825
	65,914	**4,390**	**(1,601)**	**(10,058)**	**6,525**	**(3,193)**	**61,977**

2017

Company	Opening Balance	Additions and Retire-ments	Removals from the Scope of Consolidation (Notes 2-g and 25)	Dividends and Other Items	Profit/(loss) for 2017 Attribu-table to Non-controlling Interests	Exchange Differences	Closing Balance
	Thousands of Euros						
Ototrim Panel Sanayi ve Ticaret, A.S.	14,878	-	-	(3,621)	6,968	(3,065)	15,160
Iramec Autopeças, Ltda.	1,921	-	-	-	(831)	(544)	546
Intertrim, Ltda.	(964)	-	-	-	(172)	(100)	(1,236)
Mexican Door Company, S.R.L. de C.V.	5,629	-	-	(2,006)	166	(300)	3,489
Chongqing Antolin Tuopu Overhead System Co., Ltd. (a)	2,852	-	-	(1,968)	1,603	(182)	2,305
Keyland Sistemas de Gestión, S.L.	302	-	-	5	43	-	350
Cidut, S.L.	1,443	-	-	(100)	258	-	1,601
Keyland Mexico, S. de R.L. de C.V.	26	-	-	-	13	(3)	36
Grupo Antolin-Primera Automotive Systems, LLC	8,436	-	-	(2,002)	2,728	(986)	8,176
Antolin-CIE Czech Republic, s.r.o. (Notes 2-g and 25)	887	-	(887)	-	-	-	-
Dongfeng Antolin (Wuhan) Overhead Systems, Ltd.	1,062	-	-	(1)	129	(69)	1,121
Plastimat Hungary, Kft.	2,722	-	-	(1,040)	694	-	2,376
Changchun Antolin Automotive Interiors Co., Ltd. (b)	18,458	-	-	(3,150)	3,472	(1,183)	17,597
Changshu Antolin Automotive Interiors Co., Ltd. (c)	7,678	-	-	-	2,859	(550)	9,987
Chengdu Antolin Automotive Interiors Co., Ltd.	-	1,292	-	-	(753)	6	545
Tianjin Antolin Auto-Parts Co., Ltd.	-	4,889	-	-	(1,032)	4	3,861
	65,330	**6,181**	**(887)**	**(13,883)**	**16,145**	**(6,972)**	**65,914**

(a) Corresponds to the consolidated carrying amount of the subgroup which this company heads, including the percentage attributable to non-controlling interests in the consolidated subsidiaries Hangzhou Antolin Tuopu Overhead System Co., Ltd. (HATOS) and Harbin Antolin Tuopu Overhead System Co., Ltd.

(b) Corresponds to the consolidated carrying amount of the subgroup which this company heads, including the percentage attributable to non-controlling interests in the consolidated subsidiary Beijing Antolin Automotive Interiors Co., Ltd.

(c) Corresponds to the consolidated carrying amount of the subgroup which this company heads, including the percentage attributable to non-controlling interests in the consolidated subsidiary Changshu Antolin Auto-Parts Co., Ltd.

Set out below is an itemised analysis, by consolidated subsidiary, of the balance of this heading at 31 December 2018:

Company	Capital	Reserves and Prior Year Losses, Net	Profit/(Loss) for 2018	Exchange Differences	Total
	Thousands of Euros				
Ototrim Panel Sanayi ve Ticaret, A.S.	2,413	23,424	6,336	(19,781)	12,392
Iramec Autopeças, Ltda.	4,810	(2,216)	(3,015)	(2,011)	(2,432)
Intertrim, Ltda.	1,678	(2,099)	(187)	(923)	(1,531)
Mexican Door Company, S.R.L. de C.V.	3,933	964	(479)	(2,216)	2,202
Chongqing Antolin Tuopu Overhead System Co., Ltd.	693	(315)	502	419	1,299
Keyland Sistemas de Gestión, S.L.	250	100	109	-	459
Keyland Mexico, S. de R.L. de C.V.	-	43	7	(6)	44
Grupo Antolin-Primera Automotive Systems, LLC	25	6,410	1,593	(48)	7,980
Dongfeng Antolin (Wuhan) Overhead Systems, Co., Ltd.	1,421	(163)	56	(147)	1,167
Plastimat Hungary, Kft.	1,560	360	407	-	2,327
Changchun Antolin Automotive Interiors Co., Ltd.	5,347	13,927	2,802	(1,592)	20,484
Changshu Antolin Automotive Interiors Co., Ltd.	9,612	4,434	3,851	(795)	17,102
Chengdu Antolin Automotive Interiors Co., Ltd.	1,292	(753)	(1,239)	12	(688)
Tianjin Antolin Auto-Parts Co., Ltd.	4,889	(482)	(4,046)	(14)	347
Antolin Chongqing Auto Interiors Trim Systems, Co., Ltd.	996	-	(172)	1	825
	38,919	**43,634**	**6,525**	**(27,101)**	**61,977**

Set out below are the non-controlling interests with holdings of more than 5% in the share capital of any subsidiary company:

Subsidiary company	Non-controlling interest	Percentage held
Ototrim Panel Sanayi ve Ticaret, A.S.	SKT Yedek Parça ve Makina Sanayi ve Ticaret, A.S.	50.00
Iramec Autopeças, Ltda.	Küster Holding, GmbH (a)	50.00
Intertrim, Ltda.	Luiz Rodovil Rossi	14.72
Mexican Door Company, S. de R.L. de C.V.	Küster Holding, GmbH (a)	50.00
Chongqing Antolin Tuopu Overhead System Co., Ltd.	Ningbo Tuopu Vibration Control System Co., Ltd. (c)	39.00
Keyland Sistemas de Gestión, S.L.	Vector Software Factory, S.L.	50.00
Keyland Mexico, S. de R.L. de C.V.	Vector Software Factory, S.L. (b)	50.00
Grupo Antolin-Primera Automotive Systems, LLC	Crown Automotive Systems, LLC	51.00
Dongfeng Antolin (Wuhan) Overhead Systems, Co. Ltd.	Dongfeng Visteon Automotive Trim Systems Co., Ltd. (c)	49.00
Plastimat Hungary, Kft.	Summit D & V Autóipari Gyártó és Szerelő Korlátolt Felelősségű Társaság	26.00
Changchun Antolin Automotive Interiors Co., Ltd.	Changshu Automotive Trim Co., Ltd. (c)	40.00
Changshu Antolin Automotive Interiors Co., Ltd.	Changshu Automotive Trim Co., Ltd. (c)	40.00
Chengdu Antolin Automotive Interiors Co., Ltd.	Changshu Automotive Trim Co., Ltd. (c)	40.00
Tianjin Antolin Auto-Parts Co., Ltd.	Changshu Automotive Trim Co., Ltd. (c)	40.00
Antolin Chongqing Auto Interiors Trim Systems, Co., Ltd.	Changshu Automotive Trim Co., Ltd. (c)	49.00

(a) Holding held indirectly via International Door Company, B.V.

(b) Holding held indirectly via Keyland Sistemas de Gestión, S.L.

(c) Holdings held indirectly via Antolin China Investment Co., Ltd.

(14) EARNINGS PER SHARE

Basic earnings per share-

Basic earnings per share are calculated by dividing the net profit attributed to the holders of equity instruments in the Parent by the weighted average number of shares outstanding during that year, excluding the average number of treasury shares held during the year.

Set out below is an analysis of basic earnings per share:

Item	Thousands of Euros	
	2018	2017
Income for the year attributed to holders of net equity instruments in the Parent *(thousand euros)*	47,245	242,110
Weighted average number of shares outstanding in the year *(thousand shares)* 8,023	8,023	8,023
Earnings per share (euros)	**5.89**	**30.18**

The weighted average number of shares outstanding at 31 December 2018 and 2017 was 8,023,241.

Diluted earnings per share-

Diluted earnings per share are calculated in much the same way as basic earnings per share, but the weighted average number of shares outstanding is adjusted to take into account the potential diluting effect of the share options, warrants and convertible debt current at the year end.

As at 31 December 2018 and 2017, diluted earnings per share were the same as basic earnings per share as the Group had no diluting instruments.

(15) GRANTS

The movements in this heading in the consolidated statement of financial position in the financial years 2018 and 2017 are as follows:

	Thousands of Euros
Balance at 31 December 2016	**6,473**
Income recognised in the year	(931)
Grants awarded during 2017	110
Retirements due to the removal from the scope of consolidation of the "Seats and Metal" business unit (Notes 2-g and 25)	(148)
Other items	(103)
Balance at 31 December 2017	**5,401**
Income recognised in the year	(710)
Grants awarded during 2018	760
Other items	(11)
Balance at 31 December 2018	**5,440**

These non-refundable grants were awarded by Romanian, Spanish, French, German, Portuguese and Hungarian public bodies, to finance certain investments made by the Group in a number of production plants.

In order for these grants to qualify as non-refundable, the companies receiving them must fulfil a number of general and specific conditions, such as making the approved investments, creating and maintaining a given number of jobs and evidencing a certain level of capital and reserves at the end of a specified period. The Parent's Directors consider that all the general and specific conditions established in the respective Individual Grant Resolutions relating to the capital grants made to the consolidated companies have been and/or will be met.

Capital grants received by the Group at 31 December 2018 will be taken to income as follows:

Released to Income	Thousands of Euros
In one year	792
Between one and five years	2,409
After five years	2,239
	5,440

(16) CURRENT AND NON-CURRENT PROVISIONS

The movements in this heading in the consolidated statement of financial position in the financial years to 31 December 2018 and 2017 are as follows:

Item	Thousands of Euros			
	Non-current Provisions			Current Provisions
	Provisions for Pension Commitments	Other Provisions	Total	
Balances at 31 December 2016	**26,288**	**85,564**	**111,852**	**33,643**
Removals from the scope of consolidation (Notes 2-g and 25)	-	(527)	(527)	-
Transfers between accounts	-	1,371	1,371	(1,371)
Taken to income for the year	1,216	24,730	25,946	14,663
Reversals credited to income for the year	-	(10,903)	(10,903)	(1,967)
Provisions applied	-	(10,055)	(10,055)	(11,547)
Contributions to the pension plan contracted with an insurance entity and payments to beneficiaries	(1,511)	-	(1,511)	-
Remeasurements recognised *(for actuarial gains and losses)*	(1,173)	-	(1,173)	-
Exchange differences and other items	(211)	(1,018)	(1,229)	(575)
Balances at 31 December 2017	**24,609**	**89,162**	**113,771**	**32,846**
Additions to the scope of consolidation (Note 5)	-	766	766	-
Transfers between accounts	-	1,237	1,237	(1,237)
Taken to income for the year	1,331	22,298	23,629	16,895
Reversals credited to income for the year	-	(9,262)	(9,262)	(2,433)
Provisions applied	-	(17,888)	(17,888)	(6,067)
Contributions to the pension plan contracted with an insurance entity and payments to beneficiaries	(1,450)	-	(1,450)	-
Remeasurements recognised *(for actuarial gains and losses)*	(710)	-	(710)	-
Exchange differences and other items	510	(3,904)	(3,394)	(82)
Balances at 31 December 2018	**24,290**	**82,409**	**106,699**	**39,922**

Provisions for pension commitments-

The balance of this heading at 31 December 2018 corresponds to provisions to meet long-term commitments to staff *(pension commitments to certain current and former employees)* in the British, French and German companies belonging to the "Lighting" business and other German, Austrian and Mexican companies. Some of these companies have outsourced their pensions liabilities with an insurance company.

The amounts recognised in the consolidated statement of financial position at 31 December 2018 and 2017 were determined as follows:

	Thousands of Euros	
	31/12/18	31/12/17
Present value of the obligations at the end of the reporting period	39,350	40,862
Fair value of the assets assigned to the plan at the end of the reporting period	(15,060)	(16,253)
Liability in the consolidated statement of financial position at the end of the reporting period	**24,290**	**24,609**

These amounts have been calculated using appropriate actuarial studies. The technical assumptions applied by the consolidated subsidiaries *(interest rates, mortality tables, accumulated annual CPI, etc.)* are in line with the socio-economic situation of each country *(the discounted interest rates used at 31 December 2018 range from 1.45% to 7.25% while in 2017 they ranged from 1.5% to 7.25%)*.

Other non-current provisions-

The balance of this heading at 31 December 2018 essentially comprises provisions set up to meet commitments entered into with the personnel of some of the consolidated companies in addition to those included under "Provisions for pension commitments" *(11,493 thousand euros)*, the cost of restructuring of production plants *(16,885 thousand euros)*, for some claims by suppliers and customers for retroactive pricing arrangements and similar *(25,243 thousand euros)*, for future liabilities which are expected to be incurred in

the long term *(15,164 thousand euros)*, provisions for the reversal or dismantling of assets *(7,120 thousand euros)*, and for certain liabilities in respect of court proceedings and claims that have been brought against the consolidated subsidiaries *(6,504 thousand euros)* during the normal course of their business and which are pending resolution at 31 December 2018. The claims in progress include an environmental claim in Brazil, although it is not considered probable that an economic loss will arise for the Group in this connection and at 31 December 2018 no provision was registered for this item. Neither the legal advisers of the Group nor the Directors of the Parent expect any of these proceedings and claims pending resolution at 31 December 2018 to produce a material impact on the consolidated annual financial statements for the years in which said proceedings are concluded.

In 2018, Lear Corporation, the group that acquired the "Seats and Metal" business unit (see Notes 2-g and 25), filed various demands against the Group in relation with the contract for the sale of said business unit signed in 2017, because the buyer believed that Grupo Antolin should have met certain guarantees and obligations arising from said contract. After negotiations between the two parties, the amount to be paid in this connection was established at 1.8 million euros. At 31 December 2018, the Group had recognised an account payable for said amount under "Trade, sundry and other payables" in the accompanying consolidated statement of financial position.

Current provisions-

A significant part of the balance recorded under this heading at 31 December 2018 corresponds to provisions established principally to cover claims by suppliers and customers and retroactive pricing arrangements.

(17) BANK LOANS, DEBENTURES AND OTHER MARKETABLE SECURITIES

The financing facilities granted to the Group by financial institutions and the debentures and bonds issued at 31 December 2018 and 2017 are as follows:

	Thousands of Euros					
	31/12/18			31/12/17		
Item	Current Liabilities	Non-current Liabilities	Total	Current Liabilities	Non-current Liabilities	Total
Debentures and bonds	-	650,000	650,000	-	800,000	800,000
Syndicated loan facility	16,768	394,052	410,820	25,129	352,774	377,903
Multi-currency Revolving Credit Facility	-	-	-	-	-	-
EIB loan	-	100,000	100,000	-	-	-
Other loans	3,119	6,487	9,606	1,941	9,574	11,515
Other credit lines	43,341	-	43,341	8,321	-	8,321
Factoring lines	6,380	-	6,380	-	-	-
Payables under finance leases	1,442	860	2,302	769	1,732	2,501
Interest payable	3,089	-	3,089	2,223	-	2,223
Less- Financial remeasurement	(2,188)	(9,371)	(11,559)	(3,963)	(11,337)	(15,300)
	71,951	**1,142,028**	**1,213,979**	**34,420**	**1,152,743**	**1,187,163**

The schedule of maturities of this financial debt at 31 December 2018 and 2017, excluding the reduction for financial remeasurement, is as set out below:

Maturing in the Year	Thousands of Euros	
	Debt as at 31/12/18	Debt as at 31/12/17
2018	-	38,383
2019	74,139	48,777
2020	20,078	85,189
2021	26,629	228,828
2022	166,492	401,260
2023	223,903	26
2024 and later	714,297	400,000
	1,225,538	**1,202,463**

Debentures and bonds-

Bond issue effected on 18 April 2018-

On 18 April 2018, the Parent completed the process of placing with qualified and institutional investors an issue of ordinary long-term bonds totalling 250 million euros The aim of this operation was to obtain some of the funds for the early redemption of the bonds issued by the subsidiary company Grupo Antolin-Dutch, B.V. on 10 June 2015 maturing in 2024 *(redemption carried out effective 2 July 2018)*, and, in addition, the syndicated loan signed on 21 March 2014 was increased by a further 50 million euros and the European Investment Bank (EIB) granted a long-term loan of 100 million euros. As a result of these operations, the Group has reduced its interest costs and extended its repayment periods. The key terms and conditions of this bond issue are:

- The amount of the issue was 250 million euros maturing in 8 years *(on 30 April 2026).*
- The credit rating of the issuer and/or the issue was BB-/Ba3.
- The issue's ISIN code is XS1812087598 and the bonds are traded on the Luxembourg Euro MTF market.
- The bonds bear annual interest at 3.375% payable six-monthly.

At 31 December 2018 the bonds were trading at 79.849%.

Bond issue effected on 10 April 2017-

On 10 April 2017, the Parent completed the process of placing with qualified and institutional investors an issue of ordinary long-term bonds totalling 400 million euros. The aim of this operation was to obtain funds for the early redemption of the bonds issued by the subsidiary company Grupo Antolin-Dutch, B.V. on 21 March 2014, and to reduce their interest costs and extend their repayment periods. The key terms and conditions of this bond issue are:

- The amount of the issue was 400 million euros maturing in 7 years *(on 30 April 2024).*
- The credit rating of the issuer and/or the issue was BB-/Ba3.
- The issue's ISIN code is XS1598243142 and the bonds are traded on the Luxembourg Euro MTF market.
- The bonds bear annual interest at 3.25% payable six-monthly.

At 31 December 2018 the bonds were trading at 87.574% *(104.32% at 31 December 2017).*

Bond issues effected on 10 June 2015 (redeemed in 2018) and 21 March 2014 (redeemed in 2017)-

On 10 June 2015 and 21 March 2014, the Group, through the subsidiary Grupo Antolin-Dutch, B.V., a wholly-owned subsidiary of Grupo Antolin-Irausa, S.A. whose registered offices are at Muiderstraat 1, NL-1011 PZ Amsterdam (Netherlands), completed the process of placing with qualified and institutional investors two issues of ordinary long-term bonds totalling 400 million euros each. However, in 2018 and 2017, respectively, the Group redeemed all these bonds. The key terms and conditions of these bond issues were:

ISIN code:	XS1246049073	XS1046537665
Issue date:	10 June 2015	21 March 2014
Amount:	400,000 thousand euros	400,000 thousand euros
Envisaged maturity:	01 June 2022	01 April 2017
Annual interest rate:	5.125%	4.75%
Price at 31/12/17:	105.09%	N/A
Early redemption date:	July 2018	May 2017

Other significant terms of the bond issues effected in 2017 and 2018-

- The bonds are jointly guaranteed by Grupo Antolin-Irausa, S.A. and certain subsidiaries of the Group, and, in addition, a lien on 100% of the shares of the Parent has been established (see Note 13).
- The issuer of the bonds may redeem all or part of the bonds at any date from 30 April 2020 *(for the 2017 issue)* and from 30 April 2021 *(for the 2018 issue)*. Prior to these dates, it may redeem all or part of the bonds subject to certain conditions. Also, all the bonds may be redeemed at any date if any changes to tax legislation are introduced whereby the issuers would be required to pay additional amounts for the bonds.
- With respect to these bond issues, an Intercreditor Agreement was signed governing the relationship between creditors *(bondholders and the financial institutions of the Senior Facilities Agreement)*, under which said creditors will have an equal share in any guarantee issued.
- Certain limits have been established with respect to the Group's capacity to perform specific operations *(the distribution of dividends, the signing or provision of additional debt guarantees, certain investments and acquisitions, mergers with other companies, the sale of assets or investments, etc.)*, subject to some exceptions and conditions. The Directors of the Parent consider that the Group complies and will comply with these limits and commitments.

Syndicated loan *("Loan Facility")*, and a multi-currency Revolving Credit Facility-

On 21 March 2014 the Parent signed a "Senior Facilities Agreement" with major Spanish and international financial institutions under which the Group obtained financing by means of a 200 million euro syndicated loan *("Loan Facility"),* and a multi-currency Revolving Credit Facility with a 200 million euro limit. Subsequently, on 10 June 2015 a 200 million euro extension to the syndicated loan *("Loan Facility")* was agreed, increasing the capital of said loan to 400 million euros, all of which was drawn by the Parent Company prior to 31 December 2015.

On 26 October 2016 the group signed a novation of the "Senior Facilities Agreement", amending the repayment schedule and extending the final maturity date of the contract to 2021 *(originally this was 2020)* and the interest rate was modified *(Euribor plus a market spread)* thereby reducing the Group's financial expense.

In 2015, 2016 and 2017, repayments were made in amounts of 4,500, 8,898 and 8,699 thousand euros, respectively, and in the first few months of 2018 an amount of 8,699 thousand euros was repaid.

Finally, on 17 April 2018, a change to the “Senior Facilities Agreement” *(“Amendment and Restatement Agreement”)* was signed, increasing the syndicated loan by 50 million euros, all of which was drawn by the Parent Company in 2018. The amount of the loan is now 419,204 thousand euros and it has been divided into 3 tranches. In this modification of the loan a new financial entity has become a lender (HSBC Bank plc), the final maturity of the contract has been extended until 2023, and the repayment schedule has been changed as has the interest rate, reducing the cost of this financing. On 31 December 2018 the first repayment was made on the new principal, in an amount of 8,384 thousand euros.

The outstanding principal on the syndicated loan at 31 December 2018 and 2017 was 410,820 and 377,903 thousand euros, respectively, and so at those dates the Group had not drawn any amount against the multi-currency Revolving Credit Facility. The outstanding principal on the syndicated loan at 31 December 2018 has the following repayment schedule:

Thousands of Euros					
Maturing in:					
2019	2020	2021	2022	2023	Total
16,768	16,768	16,768	150,914	209,602	**410,820**

Notwithstanding the above schedule, the Group may, at any moment during the life of the loan, opt to repay all or part of the outstanding syndicated loan or multi-currency revolving credit facility, provided certain conditions are met. Furthermore, the following events will trigger full or partial early repayment of these loans:

- Subject to certain exceptions and amounts, the disposal of specific asset categories, the receipt of indemnities from insurance companies or the flotation of the Parent *(with no change of control of the Group).*

- In the event of a change of control in the Group, any of the financial institutions may decide to leave the financing arrangements in place or may request early repayment of the proportional part of the loan corresponding to said institution.

Interest-

These loans bear annual interest benchmarked to the Euribor, plus a variable market spread of between 1.05% and 1.25%, to be reviewed annually on the basis of certain financial ratios.

The Group must also pay a commission with respect to the undrawn amount of the multi-currency revolving credit facility.

Loan guarantees-

These loans are backed by an irrevocable and unconditional guarantee from a significant number of the companies forming Grupo Antolin, although the guarantees provided by some subsidiary companies *(specifically certain Portuguese, Czech, Austrian and German companies)* are limited to amounts established by the applicable local legislation. In order to comply with the obligations related to these loans, the Group has given a commitment to each of the subsidiary companies in which it holds at least 90% of the share capital, that it will become a guarantor if any of the following circumstances arises: its EBITDA for the year represents at least 2.5% of the Group's EBITDA and exceeds 5 million euros, or its net assets represent at least 2.5% of the net assets of the Group.

In addition, liens have been established on the share capital of the Parent (see Note 13).

Early repayment-

The Senior Facilities Agreement under which these loans were ceded includes clauses specifying that the following events will trigger their full early repayment:

- Failure to repay the principal or pay the interest on the loans as and when they fall due.

- Failure of the Group to meet the financial ratios set in the agreement under which these loans were ceded or to remedy said failure within 20 days of the issue of the "ratio compliance certificate" in which it is detailed.

- Failure to comply with other obligations established in the loan agreement *(false disclosures, failure to provide information, etc.)* without rectifying said failure within a determined period.

- Failure to pay other borrowings falling due, provided certain circumstances are met, or the insolvency of the Parent, a material subsidiary, or the shareholders.

- A change in the ownership of the shares of the Parent, or the cession of businesses, expropriation, lawsuits and legal claims, the seizure of or embargoes on assets, material changes and any other circumstances which have a material adverse effect on the Group. The loans will also be repayable if the Group's auditors issue a disclaimer of opinion, or an adverse or qualified opinion. The loans will also be repayable if the Group's auditors issue a disclaimer of opinion, or an adverse or qualified opinion.

As at 31 December 2018, the agreed "financial ratios and covenants" had been met and the Parent's Directors considered that all the clauses and obligations set out in the agreement in respect of the loans had been fulfilled and no event which could trigger full or partial early repayment had occurred. They also considered that all conditions will be met in the next 12 months.

Other obligations and commitments-

The Senior Facilities Agreement contains certain obligations and commitments limiting the Group's capacity to perform certain operations during the life of the loans, including the following:

- Limits on obtaining additional financing, the constitution of charges or guarantees against its assets, and the granting of guarantees or sureties to third parties.
- Limits on the sale, cession, transfer or disposal of its assets.
- Limits on the acquisition of companies or businesses.
- Limits on the distribution of dividends by the Parent (see Note 13).

Long-term loan granted by the European Investment Bank (EIB)-

On 12 June 2018 the Parent and the European Investment Bank (EIB), and other group companies as guarantors, signed a contract by which said entity has granted the Group a long-term loan of 100,000 thousand euros, to finance a project called "Antolin Car Interiors RDI", implementing the Group's R+D+I strategy for the development of new solutions for vehicle interiors. The total planned investment in the project is 217,172 thousand euros and must be implemented by various Group companies located in Spain, Germany and France between 2018 and 2020.

This loan accrues annual interest of 2.025% and is backed by a joint and several guarantee from various Group companies, acting as guarantors.

The principal is to be repaid in 14 half-yearly instalments of equal amounts, the first of which falls due on 30 November 2021 and the last on 31 May 2028. At 31 December 2018 the outstanding principal of this loan totalled 100,000 thousand euros. The repayment schedule is set out below:

Thousands of Euros						
Maturing in:						
2019	2020	2021	2022	2023	2024 and Later	Total
-	-	7,143	14,286	14,286	64,285	**100,000**

The European Investment Bank (EIB) has signed the intercreditor agreement which governs relations between bondholders, financial creditors and the Group, having agreed to adopt the covenants and conditions for the distribution of dividends envisaged in the loan agreement for the "Antolin Car Interiors RDI" project, and the guarantees, causes of early repayment and other obligations and commitments to those established in the aforementioned intercreditor agreement. The causes of obligatory partial or total repayment of the loan include failure to make the envisaged investments or the reduction of the cost of the project to a certain amount.

In the light of this inscription to the intercreditor agreement and the conditions established in the loan agreement, at 31 December 2018 the Parent's Directors considered that all the clauses and obligations set out in the loan agreement have been fulfilled and no event which could trigger full or partial early repayment has occurred. They also consider that all conditions will be met in the next 12 months.

Other loans-

Other loans granted to the Group at 31 December 2018 are as follows:

	Thousands of Euros						
	Maturing in:						
Nature of Loan	2019	2020	2021	2022	2023	2024 and Later	Total
Euro loans	3,119	2,617	2,550	1,293	15	12	**9,606**

These loans accrue interest at a variable market rate.

In 2017, the Group prepaid a long term loan granted by the *Agencia de Innovación, Financiación e Internacionalización Empresarial de Castilla y León* (ADE) to finance a project entitled "RDI & CONVERGENCE". The Group repaid a total amount of 60,000 thousand euros of this loan.

Other credit lines-

The following other credit lines had been granted to the Group as at 31 December 2018:

Nature of loan	Thousands of Euros		
	Limit	Balance Drawn	Balance Available
Euro credit lines (a)	19,527	12,231	7,296
Credit lines in foreign currencies	76,012	31,110	44,902
	95,539	**43,341**	**52,198**

(a) This amount includes a current account overdraft limit of 17,000 thousand euros granted to the Group as part of a framework agreement with a financial institution for the provision of banking services.

The Directors of the Parent foresee no difficulty renewing these credit lines when they expire.

Also, as mentioned above, in March 2014 the Group contracted a multi-currency long-term Revolving Credit Facility with a 200 million euro limit maturing at 30 June 2023. At 31 December 2018 and 2017 no amount had been drawn down against this facility. As a result, as at 31 December 2018 the undrawn amount available to the Group from credit lines and overdraft facilities totalled 252,198 thousand euros. These credit lines and overdraft facilities accrue interest at variable market rates.

At 31 December 2017 the undrawn amount available to the Group from credit lines in euros totalled 248 thousand euros and in foreign currency in an amount of 8,073 thousand euros. The total combined credit lines granted to the Group at that date amounted to 84,629 thousand euros.

Factoring lines-

At 31 December 2018, Grupo Antolin had signed recourse and non-recourse factoring agreements with various financial entities for a total limit of 80,000 thousand euros.

Outstanding receivables assigned without recourse to financial institutions at 31 December 2018 amounted to 72,418 thousand euros. As this involves transferring part of the risks and benefits of the assets and control thereof, the Group directly reduces its trade receivables by the amount of the receivables assigned to the financial institutions and does not, therefore, recognise any financial liability in this connection (see Note 3-j).

In relation with these factoring agreements, at 31 December 2018 Grupo Antolin had 6,380 thousand euros pending payment to financial institutions in respect of collections made by these in the final days of December 2018 regarding invoices ceded to these entities. This amount, which is included under liabilities in the accompanying consolidated statement of financial position at 31 December 2018 as payable to the corresponding entities, was paid in the first days of 2019.

At 31 December 2017 the Group had not ceded accounts receivable to financial entities under any type of factoring.

Payables under finance leases-

The lease payments outstanding at 31 December 2018, including the purchase options, fall due as follows (see Note 8):

Thousands of Euros				
Maturing in:				Total
2019	2020	2021	2022	
1,442	692	168	-	**2,302**

This financing accrues interest at a variable market rate.

(18) DERIVATIVE FINANCIAL INSTRUMENTS

The Group used to contract financial derivatives over the counter (OTC), with Spanish and international financial institutions with high credit ratings. The purpose of these contracts was to offset the impact of a rise in variable interest rates (EURIBOR) on a significant part of the Group's financing flows.

At 31 December 2018 and 2017 the Group has no derivative financial instruments contracted. In 2017 the Group cancelled derivatives whose valuation at 31 December 2016 amounted to a negative amount of 3,155 thousand euros.

In relation with these derivative financial instruments *(one of which was classified as a hedge and the other not)*, in the accompanying consolidated income statement for 2017 the Group recorded financial expenses in an amount of 740 thousand euros, corresponding to interest payments and a loss for a net amount of 1,963 thousand euros, charged to the item "Change in the fair value of financial instruments".

(19) OTHER FINANCIAL LIABILITIES

"Other current financial liabilities" and "Other non-current financial liabilities" in the consolidated statement of financial position at 31 December 2018 and 2017 were as follows:

	Thousands of Euros					
	At 31/12/18			At 31/12/17		
Item	Current Liabilities	Non-current Liabilities	Total	Current Liabilities	Non-current Liabilities	Total
Loans granted by Spanish public bodies	3,676	18,409	22,085	3,653	20,722	24,375
Payables to the Magna Automotive group	746	-	746	2,245	-	2,245
Other financial liabilities	6,211	9,165	15,376	6,284	6,009	12,293
Less- financial remeasurement	-	(1,299)	(1,299)	-	(1,778)	(1,778)
	10,633	**26,275**	**36,908**	**12,182**	**24,953**	**37,135**

Loans granted by Spanish public bodies-

Most of the balances under this heading at 31 December 2018 and 2017 corresponded to loans granted to Grupo Antolin by certain Spanish public bodies to finance research and development projects and improve competitiveness. In 2009, 2010, 2011 and 2012, the Ministry for Industry, Tourism and Trade, through the Plan for Competitiveness of the Motor Industry, granted long-term interest-free loans to Grupo Antolin. Generally, these loans must be repaid in 10 regular annual instalments falling due between 2015 and 2026.

In 2017 loans granted to certain Spanish companies belonging to the "Seats and Metal" business unit were repaid before maturity (see Notes 2-g and 25).

The nominal amount of these and other loans granted by Spanish public bodies outstanding at 31 December 2018 and 2017 *(which are recorded at said dates at their amortised cost)* will be repaid in accordance with the following maturity schedule:

	Thousands of Euros							
	Maturing in:							
	2018	2019	2020	2021	2022	2023	2024 and Later	Total
31/12/2018	-	3,676	3,807	3,921	3,439	2,466	4,776	**22,085**
31/12/2017	3,653	3,693	3,772	3,868	3,359	2,386	3,644	**24,375**

Payables to the Magna Automotive group-

The balance of this heading at 31 December 2018 corresponds to certain debts with the international group Magna Automotive in an amount of 746 thousand euros *(2,245 thousand euros at 31 December 2017)* deriving from the liabilities assumed for the business combination involving the interior components division acquired from said group in 2015, which are paid when the acquired companies recognise certain receipts. These payables do not bear interest unless paid late. The outstanding balance at 31 December 2018 is expected to be settled in 2019.

Other financial liabilities-

The balance of this current liabilities heading at 31 December 2018 includes 5,874 thousand euros *(3,679 thousand euros at 31 December 2017)* received in respect of an advance payment on the sale of the holding held by the Parent in the share capital of the associate CREA-Antolin Co., Ltd., representing 50% of the latter's share capital. By virtue of the contract signed by the parties, the effective transfer of this holding is to take place in the first few months of 2019, once certain conditions have been met. As a result of this transaction a profit will be generated for the group although this is not expected to be significant (see Note 1).

Also, as indicated in Notes 1 and 2-g, in 2018 the Parent acquired the shareholding held by non-controlling interests in the subsidiary company Cidut, S.L. *(representing 50% of the share capital)* for an amount of 1,490 thousand euros. The sale agreement stipulates that this amount will be paid in five annual instalments of 298 thousand euros, with the first of these due on 15 June 2018 and the last on 15 June 2022. The outstanding amount payable at 31 December 2018 in relation with this operation is included under "Other financial liabilities" of the current and non-current liabilities headings of the accompanying consolidated statement of financial position depending on maturity.

(20) TAX MATTERS AND TAX RECEIVABLES AND PAYABLES

Balances with the tax authorities and Social Security administration-

Grupo Antolin's balances with the Tax and Social Security authorities at 31 December 2018 and 2017 were as follows:

	Thousands of Euros			
	31/12/18		31/12/17	
	Current	Non-current	Current	Non-current
TAX ASSETS:				
Deferred tax assets	**-**	**85,540**	**-**	**71,023**
Tax receivables (Note 11)-				
VAT and other receivables	95,326	-	118,618 (a)	-
TOTAL TAX ASSETS	**95,326**	**85,540**	**118,618**	**71,023**
TAX LIABILITIES:				
Deferred tax liabilities	**-**	**79,946**	**-**	**65,110**
Tax payables-				
Current tax liabilities	9,132	-	19,029	-
Other taxes	70,873	-	66,123	-
Accrued social security taxes payable	-	-	16,950	-
TOTAL TAX LIABILITIES	**80,005**	**79,946**	**102,102**	**65,110**

(a) At 31 December 2017, this balance receivable includes a significant amount in respect of current corporate income tax assets relating, basically, to US companies.

Corporation Tax-

As indicated in Note 3-p, Grupo Antolin-Irausa, S.A. and all of its consolidated Spanish subsidiaries domiciled in Spanish "common territory" in which it has holdings of 75% or more file consolidated corporation tax returns. The parent of the consolidated tax group under which these companies file has been Avot Inversiones, S.L. *(until 31 December 2014 the parent of the consolidated tax group was Grupo Antolin-Irausa, S.A.).*

The corporate income tax charge is calculated for each consolidated subsidiary based on accounting profit, determined in accordance with generally accepted accounting principles, which need not coincide with taxable income, this latter being the tax base.

The reconciliation of consolidated accounting income to the expected tax base for corporate income tax purposes for 2018 and 2017 is as follows:

Item	Thousands of Euros	
	2018	2017
Consolidated profit for the year before taxes		
From continuing operations	81,428	146,858
From discontinued operations	-	151,584
	81,428	**298,442**
Permanent differences-		
Losses incurred by certain foreign consolidated companies for which no tax asset has been recorded	52,600	38,885
Exemption of the profit obtained on the sale of the companies comprising the "Seats and Metal" business unit.	-	(137,343)
Individual companies and adjustments in consolidation:		
Goodwill impairment (Note 7)	6,622	35,510
Other increases (a)	80,126	48,186
Decreases (a)	(7,821)	(14,327)
Share in profit and loss of companies consolidated using the equity method	(2,577)	(3,281)
Timing differences-		
Increases:		
Individual companies (b)	40,670	51,944
Consolidation adjustments	38,141	35,291
Decreases:		
Individual companies (b)	(124,109)	(161,999)
Consolidation adjustments	-	(25,226)
Application of tax loss carryforwards-		
For which a tax credit had been recorded	(19,681)	(29,499)
For which no tax credit had been recorded	(12,186)	(21,083)
Reduction for capitalisation reserve in Spain	**-**	**(4,000)**
Consolidated taxable income	**133,213**	**111,500**

(a) Increases include the effect of the application in Spain of the bringing forward of the reversal of impairment losses on investments in the capital or shareholders' equity of Group companies that had been tax deductible in the years in which they were recognised, prior to 1 January 2013, by virtue of the provisions of Royal Decree-Law 3/2016 of 2 December, by which measures in the tax sphere aimed at the consolidation of public finances and other urgent social security measures were adopted.

(b) The most significant increases correspond to allocations made to certain provisions and other expenses incurred which the Group considers are not tax-deductible *(timing differences).* The most significant decreases correspond, basically, to the effect of the accelerated depreciation applied mainly by certain US consolidated companies, and to the reversal of certain provisions that were not considered to be tax deductible when originally allocated *(timing differences).*

The balance under "Current payables to Group and associated companies" in the consolidated statement of financial position at 31 December 2018 includes an amount of 3,304 thousand euros that corresponds to tax expense payable to Avot Inversiones, S.L. *(Parent of the Spanish consolidated tax group)* derived from the tax bases, deductions, withholdings and payments on account contributed by the Group's Spanish companies to the consolidated income tax declaration for 2018.

The balance under "Current payables to Group and associated companies" in the accompanying consolidated statement of financial position at 31 December 2018 *(40,822 thousand euros)* corresponds to the tax expense receivable for 2017 in an amount of 37,387 thousand euros received by Avot Inversiones, S.L. *(Parent of the Spanish consolidated tax group)* in the first months of 2019, which simultaneously paid this amount to Grupo Antolin-Irausa, S.A. The remaining amount of this heading at 31 December 2018 corresponds to financial accounts and loans that the Group holds with related parties (see Note 22)

Corporate income tax expense-

The balances of the "Corporate income tax" heading in the consolidated income statement for the financial years to 31 December 2018 and 2017 have been determined as follows:

Item	Thousands of Euros	
	2018	2017
Consolidated profit for the year before taxes:		
From continuing operations	81,428	146,858
From discontinued operations	-	151,584
	81,428	**298,442**
Permanent differences	128,950	(32,370)
Application of prior year tax losses for which no tax credit had been recognised	(12,186)	(21,083)
Reduction for capitalisation reserve in Spain	-	(4,000)
	198,192	**240,989**
Estimated tax expense *(25%)*	**49,548**	**60,247**
Tax deductions applied for which no tax credit had been capitalised	(9,289)	(12,945)
Capitalisation of tax credits for prior years' losses and other deferred tax assets	(5,112)	-
Taxes paid by the companies in other countries *(withholdings)* (a)	3,693	2,133
Other items and adjustments (b)	(11,182)	(8,603) (c)
Corporate income tax expense	**27,658**	**40,832**
Corporate income tax expense attributable to discontinued operations (Note 25)	**-**	**3,433**
Corporate income tax expense attributable to continuing operations *(balance of the heading "Corporate income tax" of the consolidated income statement)*	**27,658**	**37,399**

(a) Corresponding to taxes paid in other countries on dividends, interest and other amounts paid to the Parent and other consolidated subsidiary companies for which said companies have made no deductions.

(b) A significant part of this amount corresponds to the difference in the corporate income tax rates prevailing in the various jurisdictions.

(c) A significant part of the amount recognised in 2017 corresponds to the difference *(a 14% reduction)* between the corporate income tax rate prevailing in the US at 31 December 2017 and that envisaged from 1 January 2018 as a result of the tax reform approved in that country in 2017. In addition, this amount includes income derived from the difference between the definitive corporate income tax declarations for 2016 filed by certain Group companies based in the US and the provision recognised by these in the consolidated financial statements for 2016.

Tax loss carryforwards-

Although as at 31 December 2018 some of the consolidated companies were carrying significant tax loss carryforwards *(around 778 million euros in total)*, the consolidated statement of financial position at that date only includes a tax asset of 29,794 thousand euros relating to the tax effect of offsetting the following tax loss carryforwards, which can reasonably be expected to be applied *(basically, they correspond to tax losses generated in 2009, 2011 and 2012 by the Spanish consolidated tax group and to tax losses generated by French, Austrian and Chinese companies, and by an Italian company and a Russian company).*

Tax losses generated in a given year can be carried forward for offset against the taxable income of the immediately following years, as established in the tax legislation of the countries in which the consolidated companies are located.

The Group has recognised a part of the tax effect of the losses generated by the consolidated subsidiary companies that are not in the Spanish consolidated tax Group *(for which said consolidated subsidiaries capitalised no tax credit)* through provisions made by the Parent for impairments to the value of its shareholdings in said consolidated subsidiaries which were treated as tax-deductible expenses until 2013.

Foreign subsidiaries-

At 31 December 2018 there were no proposed dividend distributions by foreign consolidated subsidiary companies and associates which were pending execution. There is therefore no impact on the Corporate income tax payable by the Group.

Deferred tax assets and liabilities-

The movements in the financial years to 31 December 2017 and 2018 under "Deferred tax assets" and "Deferred tax liabilities" in the consolidated statement of financial position were as follows:

Item	Thousands of Euros	
	Assets	Liabilities
Balances at 31 December 2016	**87,643**	**47,369**
Retirements due to the removal from the scope of consolidation of the "Seats and Metal" business unit (Notes 2-g and 25)	(1,685)	(3,783)
Application of tax loss carryforwards	(7,564)	-
Capitalisation of tax loss carryforwards	2,223	-
Application of deductions for which a deferred tax asset had been recognised	(3,280)	-
Capitalisation of other tax credits	304	-
Market valuation of derivative financial derivatives (Note 13)	(726)	-
Changes for timing differences, exchange differences and other items	(5,892)	21,524
Balances at 31 December 2017	**71,023**	**65,110**
Tax effect of first time application of IFRS 9 (Note 2-b)	132	-
Application of tax loss carryforwards	(4,920)	-
Application of deductions for which a deferred tax asset had been recognised	(941)	-
Capitalisation of tax loss carryforwards	10,839	-
Changes for timing differences, exchange differences and other items	9,407	14,836
Balances at 31 December 2018	**85,540**	**79,946**

The aforementioned deferred tax assets have been recognised in the consolidated statement of financial position because the Parent's Directors are reasonably sure that they will be recovered, based on recent forecasts of the future tax bases of the consolidated subsidiaries. The key figures set out in Grupo Antolin's current Business Plan for 2017-2022, revised by the Parent's Board of Directors and prepared by the Group Directors in April 2018, and replacing the 2019 figures with those predicted in the 2019 budget, are as follows:

	Million Euros			
	2019	2020	2021	2022
Consolidated income *(without sales of tools)*	5,130	5,294	5,422	5,475
Consolidated EBITDA	442	492	512	516
Consolidated EBIT	215	256	277	279

At the 2018 close in the accompanying consolidated statement of financial position the Group has not recognised any deferred asset amounts in respect of certain tax loss carryforwards of consolidated subsidiary companies *(in an amount of approximately 653 million euros), deductions pending application (in an amount of 44 million euros)* or other timing differences, as it considers that their future recovery does not meet the requirements of probability provided for in applicable accounting standards and/or in the application of the principle of prudence.

The deferred tax assets recognised in the consolidated statement of financial position at 31 December 2018 and 2017 were generated as follows:

Deferred tax assets originating in:	Thousands of Euros	
	31/12/18	31/12/17
Tax loss carryforwards and unused deductions and refunds	36,823	32,283
Elimination of internal gain / (loss) in the consolidation process on development expenses invoiced by G.A. Ingeniería, S.A.U.	5,353	4,737
Amortisation and depreciation not deductible in the period	812	949
Timing differences as a result of certain provisions, expenses that are not deductible in the period and other items	42,552	33,054
	85,540	**71,023**

The deferred tax liabilities recognised in the consolidated statement of financial position at 31 December 2018 and 2017 were generated as follows:

Deferred tax liabilities originating in:	Thousands of Euros	
	31/12/18	31/12/17
Revaluation of certain plots of land recognised under property, plant and equipment and investment property on first application of the "IFRS-EU" (Note 8)	4,782	5,023
Recognition of assets at fair value in the consolidation process and in business combinations in previous financial years	978	2,113
Recognition of assets at fair value *(customer relations)* in business combinations in 2015	11,107	16,249
Difference between carrying amount and taxable value of assets and liabilities, accelerated depreciation and amortisation of property, plant and equipment and intangible assets and other items	63,079	41,725
	79,946	**65,110**

In relation to the modification of Spanish Corporate Income Tax law introduced by Royal Decree-Law 3/2016 of 2 December, regarding the tax reversal of impairment losses on holdings in the capital of companies generated prior to 1 January 2013, the Group has not recognised at the 2018 close any tax liability as it considers that no specific situations of potential restrictions of a legal, contractual or other kind exist in relation with the possible transmission of said holdings. At 31 December 2018, the amount of impairment losses on holdings in other companies recognised prior to 1 January 2013 pending reversal was 113,849 thousand euros. The future tax charge for the reversal of these impairments in coming years amounts to 28,462 thousand euros *(in principle, at a rate of 14,231 thousand euros a year over the next two years)*.

Tax credits-

The corporate income tax legislation in force provides for various tax incentives. The tax credits earned in one year in excess of the applicable legal limits may be deducted from the corporate income tax payable in subsequent years, up to the limits and within the periods established in this connection by the related tax regulations. The Group has availed itself of the tax benefits provided for by this legislation and deducted 10,230 and 16,225 thousand euros, respectively, from the consolidated corporate income tax charge for 2018 and 2017, for which the Group had recorded tax credits of 941 thousand euros for the deductions applied in 2018 and 3,280 thousand euros for those applied in 2017.

At 31 December 2018 and 2017, after the aforementioned tax credits had been applied, certain foreign Group companies had unused deductions amounting to 8,004 thousand euros, while the Group's Spanish subsidiaries had the following unused deductions:

Item	Thousands of Euros	
	31/12/18	31/12/17
Deductions for research and development activities (a)	42,768	47,429
Other deductions	473	312
	43,241	**47,741**

(a) At 31 December 2018 these corresponded to deductions for R&D activities from 2004 to 2018, and can be applied for 18 years from the year in which they were generated.

"Deferred tax assets" in the consolidated statement of financial position at 31 December 2018 includes a tax credit totalling 7,027 thousand euros *(7,969 thousand euros at 31 December 2017)*, for unused deductions at that date, generated by the companies in the Spanish consolidated tax Group, which are reasonably expected to be used on the basis of recent estimates made by the Parent's Directors about the future performance of the consolidated tax Group *(7,024 thousand euros)*, and for deductions of a Russian company *(3 thousand euros)*.

Years open to tax inspection-

Under current legislation, tax settlements cannot be considered to be final until the tax returns filed have been inspected by the tax authorities or until the statute-of-limitations period has expired *(generally four or five years in the countries in which the Group's companies are located*).

In Spain, at 31 December 2018 the Group had the years 2015 to 2018, both inclusive, open to inspection for all applicable taxes, and, additionally, the year 2014 for corporate income tax.

The Parent's Directors believe that the settlements of those taxes have been done properly, so, even if differences were to arise in the interpretation of the regulations governing the tax treatment of its operations, such liabilities as could arise as a result of inspections in certain subsidiary companies of the aforementioned years would not have a material effect on the consolidated financial statements for the financial year to 31 December 2018.

(21) REVENUES AND EXPENSES

Net turnover-

The breakdown of the Group's net turnover by geographical market for the financial years to 31 December 2018 and 2017 is as follows:

Product	Thousands of Euros	
	2018	2017
Sales of components:		
Doors	1,940,015	1,988,946
Headliners	1,945,110	2,029,448
Seats and Metals	869	26,552
Lighting	322,754	309,173
Cockpits and Consoles	807,058	682,562
	5,015,806	**5,036,681**
Sales of tools	**408,821**	**354,728**
	5,424,627	**5,391,409**

Geographical market	Thousands of Euros 2018	2017
Spain	266,837	309,583
Germany	783,028	866,290
France	208,909	248,828
USA	1,325,241	1,210,689
United Kingdom	555,764	737,922
Mexico	612,305	594,071
Czech republic	258,266	212,101
China	522,813	399,003
Other countries	891,464	812,922
	5,424,627	**5,391,409**

The breakdown of the Group's ordinary revenues *(sales of components)* by customer is as follows:

Car Manufacturer	Percentage 2018	2017
Volkswagen Group	20	18
Renault-Nissan Group	7	8
Ford Group	12	12
Chrysler-Fiat Group	13	11
General Motors Group	9	8
BMW Group	8	9
Tata Group	9	12
Other manufacturers	22	22
	100	**100**

Other operating revenue-

The balances of this heading in the consolidated income statement for the financial years to 31 December 2018 and 2017 break down as follows:

Item	Thousands of Euros 2018	2017
Operating grants	7,269	4,472
Income from leases of investment property	955	1,052
Revenues from the assignment of industrial property	253	-
Other revenues (a)	89,473	103,960
	97,950	**109,484**

(a) These amounts basically include revenue from the provision of R+D and computer services, insurance company indemnity payments and other revenues for various services billed to clients.

Supplies-

The balances of this heading in the consolidated income statement for the financial years to 31 December 2018 and 2017 break down as follows:

Item	Thousands of Euros	
	2018	2017
Purchases of goods for resale and raw materials	3,113,045	3,136,224
Purchases of other supplies	39,081	34,634
Purchases of prototypes	13,038	20,387
Transportation of purchases	87,256	82,210
Work performed by other companies	37,922	47,101
Less- bulk discounts and returns	(4,494)	(4,793)
Cost of sales of tools	341,359	289,717
Change in inventories of goods for resale, raw materials and other supplies	(29,363)	(40,193)
	3,597,844	**3,565,287**

Staff costs-

The balances of this heading in the consolidated income statement for the financial years to 31 December 2018 and 2017 break down as follows:

Item	Thousands of Euros	
	2018	2017
Salaries and wages	725,274	658,952
Termination benefits	1,016	527
Employer's social security contributions	177,742	155,967
Other employee benefits expenses	64,748	69,277
	968,780	**884,723**

Average number of employees-

Set out below is the average number of employees working for the Group in the financial years to 31 December 2018 and 2017:

	Average Number of Employees	
	2018	2017
Continuing Operations-		
Direct labour	17,671	15,294
Indirect labour	9,635	8,599
General employees	4,279	3,660
	31,585	**27,553**
Discontinued operations-		
Direct labour	-	213
Indirect labour	-	127
General employees	-	58
	-	**398**
	31,585	**27,951**

The average number of employees in Associates in 2018 and 2017 was 940 and 962, respectively.

The average number of employees in the Group in the financial years to 31 December 2018 and 2017 with disabilities of 33% or more was 248 and 289, respectively, distributed as follows by function:

	Average Number of Employees	
	2018	2017
Continuing operations-		
Direct labour	162	167
Indirect labour	60	58
General employees	26	60
	248	**285**
Discontinued operations-		
Direct labour	-	3
Indirect labour	-	1
General employees	-	-
	-	**4**
	248	**289**

Functional analysis by gender-

Set out below is a functional breakdown of the work force of the group by gender as at 31 December 2018 and 2017:

	Number of Employees					
	At 31/12/18			At 31/12/17		
	Male	Female	Total	Male	Female	Total
Continuing operations-						
Direct labour	9,118	8,266	17,384	8,908	7,254	16,162
Indirect labour	7,238	2,012	9,250	7,217	1,752	8,969
General employees	2,812	1,453	4,265	2,225	1,351	3,576
	19,168	**11,731**	**30,899**	**18,350**	**10,357**	**28,707**

The number of employees of Associates as at 31 December 2018 was 1,416 *(1,077 men and 339 women)*, and at 31 December 2017 there were 937 employees *(828 men and 109 women)*.

At 31 December 2018 and 2017 the Parent's Board of Directors comprised one private individual *(a man)*, and four members who are legal entities, represented by one man and three women.

At 31 December 2018, the Group's senior management comprised ten private individuals *(eight men and two woman) (nine private individuals, eight men and one woman at 31 December 2017)*.

Other operating expenses-

The balances of this heading in the consolidated income statement for the financial years to 31 December 2018 and 2017 break down as follows:

Item	Thousands of Euros 2018	2017
Research and development expenses	21,584	15,434
Leases	89,792	77,594
Repairs and maintenance	78,212	74,524
Independent professional services	26,663	26,883
Transport	73,593	83,666
Insurance premiums	10,190	10,099
Banking and similar services	494	425
Advertising, publicity and public relations	4,016	3,546
Utilities	68,934	64,550
Other services	321,374	331,101
Total external services	**694,852**	**687,822**
Taxes	**16,441**	**12,941**
Other operating expenses	**22,792**	**17,508**
Other operating expenses	**734,085**	**718,271**

(22) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Balances and transactions with associates and joint ventures-

The Group's balances with associates and joint ventures at 31 December 2018 and 2017 are as follows:

	Thousands of Euros					
	31/12/18			31/12/17		
Company	Current Loans (a)	Trade Receivables	Trade Suppliers	Current Loans (b)	Trade Receivables	Trade Suppliers
International Door Systems, S.R.L. de C.V.	2,544	1	2	1,250	1	-
Slovakian Door Company, s.r.o	-	149		-	779	-
NHK Antolin (Thailand) Co., Ltd.	-	205	12	-	267	-
Irauto, S.A. (a)	-	-	-	-	1,489	-
Krishna Grupo Antolin Private, Ltd.	-	854	36	-	692	110
Dongfeng Antolin (Wuhan) Automotive Trim, Co., Ltd.	-	250	5	-	293	-
Dongwon Technology Co., Ltd.	-	22	-	-	19	-
CREA-Antolin Co., Ltd.	-	4	-	-	3	-
	2,544	**1,485**	**55**	**1,250**	**3,543**	**110**

(a) Irauto, S.A. is now fully consolidated in 2018.

(b) These amounts are presented as part of the balances of the heading "Current investments in Group and associated companies" in the consolidated statement of financial position at 31 December 2018. At 31 December 2017 these amounts were presented under "Other current financial assets" in the consolidated statement of financial position at that date.

The Group's transactions with associates and joint ventures *(sales and services provided and received)* during 2018 and 2017 are as follows:

Company	Thousands of Euros			
	Sales and Services Provided		Goods and Services Received	
	2018	2017	2018	2017
International Door Systems, S.R.L. de C.V.	44	3	-	-
Slovakian Door Company, s.r.o.	2,501	5,153	97	85
NHK Antolin (Thailand) Co., Ltd.	1,024	1,245	40	18
Dongwon Technology Co., Ltd.	43	145	38	57
Krishna Grupo Antolin Private, Ltd.	1,073	1,479	30	159
Irauto, S.A. (a)	-	866	-	280
Dongfeng Antolin (Wuhan) Automotive Trim, Co., Ltd.	450	934	-	-
CREA-Antolin Co., Ltd.	1	1	-	-
	5,136	**9,826**	**205**	**599**

(a) This company is now classified as a subsidiary in 2018 (see Note 1).

The transactions detailed above were carried out in the normal course of business and under market conditions.

Balances and operations with shareholders and Directors of the Parent-

At 31 December 2018 and 2017, the Group held the following balances with Avot Inversiones, S.L.:

	Thousands of Euros	
	31/12/18	31/12/17
Non-current financial assets:		
Financial account (Note 9)	514	1,611
Current investments in Group companies and associates:		
Credit from the consolidated tax group relating to the 2017 Income Tax (Note 20)	37,004 (a)	37,387
Financial account	-	-
	37,518	**38,998**
Current debts with Group companies and associates:		
Debt from the consolidated tax group (Note 20)	**(3,304)**	**-**

(a) This amount has been received in January 2019.

At 31 December 2018 and 2017 the Group had no balances with other shareholders and/or Directors of the Parent

The Group's transactions with shareholders and Directors of the Parent during the financial years to 31 December 2018 and 2017 are as follows:

Shareholders and/or Directors and type of operation	Thousands of Euros	
	2018	2017
Finance income:		
Avot Inversiones, S.L. *(indirect shareholder)*	486	71
Remuneration, wages, salaries and other benefits paid to the Directors	**4,116**	**4,117**

Balances and transactions with related parties-

During the financial years to 31 December 2018 and 2017 the Group made purchases from CYLBUR, Compras y Logística Burgalesa, S.L., a company owned by Grupo Asuari Inversor (see Note 2-h) in the amounts of 5,641 and 7,374 thousand euros, approximately. These transactions were carried out in the normal course of business and under market conditions. As a consequence of these transactions, at 31 December 2018 and 2017 the Group had payables with this related company totalling approximately 1,029 and 1,448 thousand euros, respectively.

Purchases and services were received in the financial year to 31 December 2018 from other companies related to said group and from their shareholders amounting to 538 thousand euros *(375 thousand euros in the year to 31 December 2017)*. In addition, in 2017 as a result of financing granted by a related company to certain Directors of the Parent, interest accrued in favour of said company amounting to 67 thousand euros *(no interest was accrued in 2018)*.

As a result of the operations carried out with these related companies, at 31 December 2018 the Group has accounts payable to said companies in an amount of 131 thousand euros *(at 31 December 2017 there was no balance for this item)*.

Finally, other transactions with parties and persons indirectly related to the Directors were effected in the ordinary course of the Group's business. These were not however material and are not relevant for the purposes of giving a true and fair view of the consolidated net assets, financial position or results of the Group.

(23) INFORMATION ABOUT THE DIRECTORS OF THE PARENT AND KEY STAFF OF THE GROUP

Parent Directors' remuneration and other benefits-

Certain members of the Board of Directors of the Parent resigned in 2017 thereby reducing the number of administrators.

In 2018 the members of the Board of Directors of the Parent received 2,800 thousand euros in remuneration for their work as administrators of the Parent *(2,904 thousand euros in 2017)*. In addition, those Directors who resigned from the Board in 2017 received remuneration for other functions in the Group in that year *(allowances for attending meetings of other committees and of the advisory committee)* in an amount of 179 thousand euros. Some of the members of the Parent's Board of Directors are also employees and, as such, earned wages and salaries and other benefits totalling 1,316 thousand euros in the year to 31 December 2018 *(1,213 thousand euros in 2017)*.

In 2018 and 2017 the Parent's Directors did not provide any service for which remuneration was paid.

The sum of these amounts represents the total remuneration earned by the Parent's Directors in the year to 31 December 2018 and 2017 in all connections.

The Group does not have any pension or life insurance commitments to any of the current or previous Parent's Directors, although it has paid civil liability insurance premiums for the Parent's Directors in 2018 and 2017 of approximately 40 thousand euros in both years.

At 31 December 2018 and 2017 the Parent had not conceded any loan or advance to any of its Directors or given any guarantees in their favour. Moreover, at these dates the Parent had not given any guarantees in their favour.

During 2018 and 2017 no contract between the Group and the shareholders of the Parent or persons acting on their behalf were concluded, modified or terminated early, corresponding to operations outside the ordinary business of the Group or which were not carried out under normal market conditions. In these years no contracts were signed between the Group and the Directors of the Parent.

Remuneration and other benefits paid to senior management of the Group-

The remuneration accruing to the Group's senior managers *(members of the Management Committee who are not Directors of the Company)* during the year to 31 December 2018 totalled 3,057 thousand euros *(3,090 thousand euros in the year to 31 December 2017).*

The Group has not entered into any pension commitments, nor has it granted any advances, loans or guarantees to any member of the Group's senior management. On 25 June 2015, however, it approved a "Multi-year remuneration plan" for the Group's senior managers for the three-year periods 2015-2017, 2016-2018 and 2017-2019, and, also, in 2018 it approved the Plan for the period 2018-2020, which is subject to certain targets being met; the remuneration is to be paid in the first few months of the year following the end of each three-year period. At 31 December 2017 a provision of 1,950 thousand euros had been constituted to cover the liability accrued in relation with this plan which was reverted in 2018 as the established conditions are not being met and it is estimated that payment of this multi-year remuneration is unlikely. Consequently, at 31 December 2018 the Group has not recorded any provision in this respect.

Disclosure on conflicts of interest of the Parent's Directors-

In compliance with article 229 "Duty to prevent situations of conflict of interest" of the revised text of the Spanish Corporate Enterprise Act, approved by Royal Decree 1/2010, of 2 July and amended 4 December 2014, it is disclosed that none of the members of the Board of Directors of the Parent nor any party related to said Board members or the companies comprising the Group has any direct or indirect conflict of interest with the Group. Transactions between the Group and companies related to certain directors are detailed in Note 22.

(24) RISK MANAGEMENT POLICY

Financial risk factors-

The Group's activities are exposed to a number of financial risks: market risk *(fair value risk and price risk)*, credit risk, liquidity risk and interest-rate risk on cash flows. The Group's global risk management programme is focused on the uncertainty of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Grupo Antolin uses financial derivatives to hedge against certain risks.

Risk management is controlled by the Group's Financial Department in accordance with policies approved by the Board of Directors of the Parent. This Department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Parent's Board of Directors determines policies for the global management of risk, and for specific risk areas such as currency risk, interest rate risk, liquidity risk, risk derived from the use of derivative and non-derivative financial instruments and the investment of cash surpluses.

i) Market risk-

The Group is exposed to the risk of changes in market value of the investments held as "available for sale" which are classified under "Non-current financial assets" in the consolidated statement of financial position, although this risk is not significant as the investments held at 31 December 2018 are not material.

The risk deriving from a possible increase in the prices of raw materials, including the purchase of components used in the production processes, is mitigated by the fact that Grupo Antolin operates with its main suppliers under long-term agreements which afford stability in prices. On the other hand, Grupo Antolin negotiates with its customers to pass on increases in the prices of certain raw materials.

The terms of agreements with customers have resulted in lower prices, which could reduce the Group's margins. The Group develops improvement programmes and tools to offset such impacts with higher productivity. Grupo Antolin also negotiates with its suppliers to help it absorb these price reductions.

ii) Credit risk-

Grupo Antolin's customer portfolio is diversified across the major vehicle manufacturing groups, as a result of which there is no particular concentration of credit risk. In the past, motor vehicle manufacturers were deemed not to have a major credit risk. The Group therefore considers that the credit ratings of its debtors are sound and its receivables in the first months of 2019 will be collectable as normal. The Group has policies for other customers to ensure that it sells to customers who have suitable credit histories.

At 31 December 2018 the trade receivables past due for which provision had not been made were not material.

The credit risk on cash and cash equivalents, financial derivatives and deposits with banks and financial institutions is deemed to be immaterial, as these operations are only entered into with financial institutions with high credit ratings. Grupo Antolin has policies for limiting the amount of the risk with any financial institution.

iii) Liquidity risk-

Grupo Antolin manages liquidity risk prudently, based on maintaining sufficient cash and negotiable securities, the availability of funding by means of sufficient committed credit facilities and the capacity to liquidate positions in the market. Furthermore, the centralised cash system the Group has set up allows it to manage financial resources with greater efficiency. Given the dynamic nature of the underlying businesses, the Group's Financial Department aims to keep financing flexible, by contracting credit lines or factoring lines with or without recourse *(assigning receivables to third parties)*.

Group Management monitors cash requirements, and developments in its borrowings. The key figures in Grupo Antolin's cash budget approved for 2019 are as follows:

Item	Thousands of Euros
EBITDA	442,845
Net payment of financial expenses	(33,052)
Corporate income tax payment	(59,000)
Cash-flow from ordinary operations	**350,793**
CAPEX	(323,135)
Divestments	-
Change in working capital for project tools	(12,484)
Change in the rest of the working capital and others	6,919
Free cash flow of the business	**22,093**
Debt repayments *(not including credit lines)*	(10,595)
Distribution of dividends	-
Dividends received	-
Increase in cash or cash equivalents in 2019 (a)	**11,498**
Cash or cash equivalents at 31 December 2018	**310,802**
Forecast cash or cash equivalents at 31 December 2019	**322,300**

(a) This budget approved before the 2018 closing does not include dividends that were subsequently agreed or the effects of other improvements and operations that have been performed or are intended to be performed.

iv) Interest rate risk for cash flows and fair value risk-

Given that the Group does not carry major amounts of interest-earning assets, its operating revenues and cash flows are fairly independent of the variations in market interest rates.

The Group's interest rate risk stems from its non-current borrowings. The Group's variable rate borrowings expose it to interest-rate risks for cash flows. The Group's fixed rate borrowings expose it to fair value interest rate risks. At the end of the 2018 reporting period, approximately 55% of borrowings were at fixed interest rates.

The Group mainly manages the interest rate risk on cash flows using variable to fixed interest rate swaps. These interest rate swaps have the financial effect of converting variable interest rate borrowings into fixed interest rate borrowings. When the Group borrows long term at variable interest rates, it assesses whether to swap these for fixed interest rates, trying to obtain lower fixed rates than those that the Group would have obtained had it borrowed directly at fixed rates. Under the terms of the interest rate swaps, the Group undertakes to exchange with other parties, at set intervals *(normally every six months)*, the difference between the fixed interest and the variable interest calculated based on the notionals contracted.

At 31 December 2018 the Group has no derivative instruments contracted to cover its exposure to variable interest rates. Taking into account the contractual terms of the funding in force as at said date, it has been estimated that a 0.50% change in interest rates would lead to a fluctuation of approximately 2 million euros in interest expenses.

The Group considers that there are no significant differences between the carrying amount and the fair value of financial assets and liabilities.

v) Foreign-exchange risk-

The international expansion of the Group and its ever-growing volume of business outside the euro zone expose it, principally, to exchange rate risks in currencies such as the Czech koruna, the Brazilian real, the US dollar, the Mexican peso, UK pound sterling and the Chinese yuan, which could have an impact on its results.

To reduce its exposure to this risk, the Group avails itself of a variety of mechanisms, such as using local suppliers and negotiating with customers and suppliers to hedge against major movements in currencies. Grupo Antolin has not entered into any foreign-currency hedge rate agreements or forward contracts.

The Group has carried out a sensitivity analysis of the key figures in its 2019 budget income statement, and has concluded that a 5% rise in the euro against currencies such as the Czech koruna, the Brazilian real, the US dollar, the Mexican peso, UK pound sterling and the Chinese yuan, would reduce net turnover by approximately 161 million euros *(approximately 3% of the amount budgeted)*, and budgeted consolidated profit and loss for 2019 *(before tax)* would fall by approximately 6 million euros.

Other risk factors-

The activities of the Antolin Group are also exposed to other risks that could impact on the economic growth or on the business activity of the markets in which it operates. The Group's global risk management programme is also focused on the uncertainty of these other risks and seeks to minimise adverse effects on the Group's profitability. The Board of Directors of the Parent provides policies for global risk management in close co-operation with the business units.

i) Uncertainty surrounding Brexit and the outcome of future agreements between the EU and the UK-

Brexit could increase the volatility of the currencies we use in our transactions. The lack of clarity in respect of the future laws and regulations of the UK, and which EU laws the UK will decide to replace and which to replicate if Brexit goes ahead, could increase the costs associated with operations for the UK, for Europe or for both. Sentiment regarding the possible impact of Brexit could negatively impact business activity, political stability and economic conditions in the UK, the EU and in the rest of the world, and affect the stability of financial markets, the availability of credit and the financial and monetary system.

During the year ended 31 December 2018, 9.5% of Group revenues related to production in the UK *(12.8% in 2017)*. The Group operates in the UK with a technical-commercial office and 5 plants, mainly manufacturing components related to the "Doors and Hard Trim" and "Cockpits and Consoles" segments. The Group's main customers in the UK in 2018 were TATA and BMW and, to a lesser extent, Nissan and Toyota.

The Group's average headcount in the UK in 2018 was 1,913. Despite the uncertainty surrounding 2019, the Group expects to maintain turnover at similar levels to those of 2018.

ii) Events deriving from the US presidential elections-

Donald J. Trump's administration favours a significant change in fiscal and taxation policies, international agreements, and corporate regulatory oversight, and greater restrictions on free trade, including an increase in tariffs on goods imported by the US, mainly from China and Mexico At the end of 2017, a series of tax reforms were approved in the US which are expected to have a positive impact for the Group, at least in the short term *(basically, due to the reduction in the corporate income tax rate)*. In the future, the proposals defended by President Trump could give rise to changes in social, political, regulatory and economic conditions in the US or in the laws and policies that affect taxation, development and investment in countries in which we currently operate. In the year ended 31 December 2018, 36% of Group revenues came from the NAFTA area.

These events could impact our business, financial position, liquidity and the results of our operations. However, for the moment, it is not possible to quantify or predict with any certainty the possible impact of these changes on our business model, prospects, financial position or the results of our operations. The Parent's Directors consider that the Group is a diversified corporation in respect of products, clients and markets and so able to cope with the vagaries of the market.

(25) DISCONTINUED OPERATIONS

2018

No line of business or business segment was discontinued in 2018.

2017

As indicated in Notes 2-g and 3-t, in 2017, and with accounting effect from 28 April 2017, the Group sold the "Seats and Metal" business unit. In accordance with the General Accounting Plan, the disposal of this business has been classified as a "discontinued operation".

A breakdown of the measurement of the assets and liabilities associated with this business line at the date of sale and at 31 December 2016 *(net of the effect of consolidation adjustments to eliminate gains/(losses) on operations between Group companies)*, is as follows:

Item	Thousands of Euros	
	28/04/17	31/12/16
Non-current assets:		
Intangible assets (Note 7)	40,740	40,700
Property, plant and equipment (Note 8)	78,637	75,435
Non-current financial assets	548	545
Deferred tax assets (Note 20)	1,645	1,685
Current assets	162,252	103,360
Less- Non-current liabilities:		
Grants	(148)	(174)
Non-current provisions (Note 16)	(513)	(527)
Non-current financial liabilities	(7,872)	(2,265)
Deferred tax liabilities (Note 20)	(3,775)	(3,783)
Less- Current liabilities	(143,488)	(91,256)
	128,026	123,720
Less- Non-controlling interests	(245)	(888)
Net equity attributable to the Parent	**127,781**	**122,832**

The definitive sale price of these assets amounted to 274,104 thousand euros and, in addition, the Group sold certain accounts receivable of another Group company linked to the "Seats and Metal" activity for 5,600 thousand euros, and the Group had to repay an amount of 1,650 thousand euros for a loan which was granted by one of the sold companies. Accordingly, the net amount received for this transaction totalled 279,704 thousand euros.

Shown below is a breakdown of the revenue and expenses recognised by this discontinued business line in 2017, whose net gains/(losses) are presented separately under the balances of the heading "Profit after tax for the year from discontinued operations" of the accompanying consolidated income statement for 2017:

	Thousands of Euros
	Period Ended 28/04/17 (*)
DISCONTINUED OPERATIONS:	
Net turnover	125,403
Change in inventories of finished products and work in progress	-
Capital grants and other grants taken to income	26
Other operating income	2,314
Total operating income	**127,743**
Supplies	(74,766)
Staff costs	(24,383)
Depreciation and amortisation	(4,631)
Change in trade provisions	-
Other operating expenses	(14,540)
Less- Own work capitalised	(478)
Total operating expenses	**(118,798)**
Operating profit of discontinued operations	**8,945**
Financial income	3
Finance expenses	(1,100)
Exchange gains (losses), net	2
Net financial income and expenses	**(1,095)**
Gain/(loss) on disposal of non-current assets	(2)
Profit before tax of discontinued operations	**7,848**
Corporate income tax	(1,952)
Profit for the period from discontinued operations, net of tax	**5,896**
Profit attributable to non-controlling interests (loss)	645
Profit attributable to the Parent	**6,541**

(*) Amounts corresponding to the period between 1 January and 28 April 2017, the date of the disposal of the business line for accounting purposes.

The balance of the heading "Profit for the period from discontinued operations, net of tax" of the consolidated income statement for 2017 corresponds to the sum of profits after tax of the of the discontinued operations during the period between 1 January and 28 April 2017 attributed to the Parent *(6,541 thousand euros)* and the profit after tax obtained from the disposal of the business line which amounted to 142,255 thousand euros (see Note 2-g).

Details of the net increase in cash and cash equivalents in 2017 from the discontinued operations included in the consolidated statement of cash flows of the Group for said years under the heading "Net Increase (Decrease) in cash and cash equivalents due to discontinued operations" are as follows:

	Thousands of Euros
CASH FLOWS FROM OPERATING ACTIVITIES (I):	
Consolidated profit for the year before taxes	**7,848**
Adjustments for-	
- Depreciation and amortisation	4,631
- Non-current provisions	-
Capital grants and other grants taken to income	(26)
- Finance income and expense	1,095
- Gain/(loss) on disposal of non-current assets	2
Operating profit before changes in working capital	**13,550**
(Increase)/decrease in trade and other receivables	(19,871)
(Increase)/decrease in inventories	(4,750)
(Increase)/decrease in trade and other payables	23,938
Increase in other current liabilities	2,977
Payments for provisions	(14)
Unrealised exchange differences and other items	44
Cash generated (used) in operations	**15,874**
Corporate income tax paid	**(1,952)**
Total cash flows from ordinary operating activities	**13,922**
CASH FLOWS FROM INVESTING ACTIVITIES (II):	
Proceeds from disposal of investments in-	
- Property, plant and equipment	340
- Intangible assets	402
Group companies and associates (b)	10,802
Payments for investments in-	
- Property, plant and equipment	(6,309)
- Intangible assets	(2,308)
- Financial assets	(8)
Total cash flows from investing activities	**2,919**
CASH FLOWS FROM FINANCING ACTIVITIES (III):	
Proceeds from/(payments for) equity instruments-	
-Issue of equity instruments (b)	7,304
Proceeds and payments relating to financial liability instruments-	
- Proceeds from/(repayment of) other bank borrowings, net	4,700
- Proceeds from/(repayment of) other financial liabilities, net	(4,636)
Other cash flows from financing activities-	
- Finance income and expense paid, net	(1,095)
Dividends paid and payments on other equity instruments (b)	(8,900)
Total cash flows from financing activities	**(2,627)**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES (IV)	**-**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS (I+II+III+IV)	**14,214**
Cash flows from the sale-	
- Cash receivable (a)	278,054
- Cash derecognised on the sale (balance in cash and banks accounts)	(15,148)
TOTAL NET INCREASE IN CASH AND CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS	**277,120**

(a) Sale price *(274,964 thousand euros, plus the definitive adjustment to the price of 4,740 thousand euros)*, less 1,650 thousand euros in respect of a loan of the "Seats and Metal" business unit that has been directly repaid by the Parent.

(b) Receivables and payables on operations carried out by companies of the "Seats and Metal" business unit with companies of continuing activities, for financing, dividends and equity contributions in 2017.

(26) OTHER INFORMATION

Guarantees given to third parties and other contingent liabilities-

At 31 December 2018 and 2017 various financial institutions had also provided guarantees to public bodies on the Group's behalf to guarantee compliance with the general and particular terms of certain capital and operating grants made to the Group (see Note 15), and the repayment of a number of loans granted by public bodies to fund research and development projects (see Note 19).

The contract for the sale of the "Seats and Metal" business unit establishes various guarantees provided by the Group in the event that losses or liabilities were to come to light arising from events prior to the date of transmission that were not envisaged in the financial statements of the companies sold at said date (see Notes 2-g, 16 and 25).

The Parent's Directors consider that any liabilities which might arise from the guarantees provided and for which provision was not made at 31 December 2018 would not be material.

Other current liabilities-

The balance recorded under this heading at 31 December 2018 corresponds mainly to outstanding remuneration to staff, to accruals recorded to match revenues to expenses and to record operations on an accruals basis.

Fees paid to the auditors-

The fees for audit and other services provided during 2018 and 2017 by the Group's main auditor, or by companies related to it through common control, ownership interests or management, together with fees for services provided by other auditors to companies included in the scope of consolidation, or by companies related to them through common control, ownership interests or management, are as follows:

	Thousands of Euros			
	2018		2017	
Description	Services Provided by the Main Auditor	Services Provided by Other Audit Firms	Services Provided by the Main Auditor	Services Provided by Other Audit Firms
Audit services	2,233	1,220	2,369	897
Other verification services	731	124	681	518
Total audit and related services	**2,964**	**1,344**	**3,050**	**1,415**
Other services	**1,393**	**1,615**	**861**	**2,941**
Total professional services	**4,357**	**2,959**	**3,911**	**4,356**

Disclosure on the average payment period to suppliers in Spain-

This Note contains the information required in accordance with Law 15/2010, of 5 July, modifying Law 3/2004, of 29 December, establishing measures to combat late payment in commercial transactions *(amended by the Second Final Provision of Law 31/2015, of 3 December),* prepared in compliance with the Resolution issued on 29 January 2016 by the Institute of Accounting and Account Auditing (ICAC) on the disclosures required in the notes to the financial statements with regard to the average payment period to trade suppliers and service providers in Spain. Trade payables are understood to include amounts payable for the supply of goods or services *(not including suppliers of property, plant and equipment).*

For the purposes of preparing this information, and given the nature of the Group's activities and operations, the “payment period” is treated as the period between the invoice date *(which in practice is generally on or close to the date the goods and services are received from the supplier)* and the payment date.

In accordance with the above, the information required under this legislation for the financial years ended 31 December 2018 and 2017 for payments made by the Group's Spanish companies is as follows:

	2018	2017
	Days (a)	Days (a)
Average payment period to suppliers	43.02	46.15
Transactions paid ratio	47.02	48.66
Transactions payable ratio	23.67	33.46
	Amount (Thousands of Euros)	Amount (Thousands of Euros)
Total payments made	348,392	191,506
Total payments outstanding	72,116	37,815

(a) In accordance with Law 11/2013, of 26 July, establishing measures to support entrepreneurs and stimulate growth and the creation of jobs, amending Law 3/2004, the maximum legal payment period is 30 days, which may be extended to up to 60 days with the agreement of both parties.

Environmental information-

Grupo Antolin’s environmental activities focus on two general areas:

- Environmental Management System. Based on manuals and procedures common to all the centres defining the measures to ensure strict compliance with current legislation, the rational use of resources and energy and minimising the generation of waste.
- Environment-Sensitive Design. Through its research and development centres, the Group designs its products with a view to minimising the environmental impact of the vehicle over its useful life.

The Group’s property, plant and equipment include certain investments whose carrying amount at 31 December 2018 and 2017 totalled approximately 714 and 568 thousand euros respectively, their purpose being to reduce the environmental impact of the Group’s activity and to protect and enhance the environment. In 2018 and 2017 the Group also incurred certain expenses aimed at protecting and enhancing the environment, totalling approximately 3,847 and 4,167 thousand euros, respectively.

Grupo Antolin has no other environmental liabilities, provisions or contingencies that could have a significant impact on its equity, financial position or results (see Note 16).

In particular, given the nature of its activity, the facilities of the Spanish consolidated companies were not included in the national plan for the allocation of greenhouse gas emission allowances and, therefore, they have been allotted no greenhouse effect gas emission rights. No greenhouse effect gas emission rights have therefore been recognised in the consolidated statement of financial position at 31 December 2018 nor has any movement occurred under this heading in 2018. Furthermore, in 2018, the Group has incurred no expenses nor has it recorded any provision in connection with this item. The Group has not entered into any futures contract relating to emission rights, nor has it received any grants associated with such rights, nor are there any contingencies arising from greenhouse effect gas emission rights.

(27) EVENTS AFTER THE REPORTING PERIOD

In January 2019 the Group began talks to sell a 50% holding in the share capital of Tianjin Antolin Auto-Parts, Co., Ltd. to its non-controlling shareholder. As a result of this operation, the Group's holding in this company will decline to 10%, and so it will no longer exercise control over this subsidiary which will exit the sphere of consolidation. The Group is expected to obtain profits from this operation.

No other significant events occurred subsequently to the 2018 year close.

(28) EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (see Note 2-b). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR 2018

Performance of the businesses in 2018-

Despite uncertainty over protectionist measures in the US, the uncertain outcome of the Brexit negotiations, higher oil prices and signs of economic slowdown in China, the global economy grew by 3% in 2018.

The automobile sector was affected not only by the uncertainty generated by the geopolitical and macroeconomic factors mentioned above, but also by regulatory changes regarding the control of vehicles' polluting gas emissions *(WLTP -Worldwide Harmonized Light Vehicles Test Procedure)*.

As a result of all the above, vehicle manufacturers began a gradual and widespread reduction in volumes in the last quarter of 2018, which meant that at the end of 2018 global vehicle production had fallen by 0.5% vs 2017, to 94.5 million units.

In Western Europe the decline in production has been estimated at 1.8%, driven by the UK (-6.8%) and Germany (-6.9%).

Eastern Europe performed positively with an increase of 4.3% thanks to countries like Russia, Rumania and Slovakia.

Production volumes in the NAFTA area fell by nearly 0.2%, with Mexico seeing growth of 1.1% and the US 0.1%, while Canada saw volumes slip by 3.5%.

In the Asia Pacific area, vehicle production levels in China fell by 3.5%, translating into almost one million fewer units than in the previous year. Korea and Japan recorded more moderate decreases of -2% and -0.2%, respectively. Conversely, India saw 6.6% growth in volumes.

Mercosur on the whole did well (+3.4%), thanks to Brazil (+5%) and despite Argentina's poor performance (-6.1%).

Against this backdrop, Grupo Antolin's sales increased by 0.62% *(taking into account the impact of the application of IFRS 15)*. The application of IFRS 15 from 1 January 2018 has meant including in sales the revenues from the sale of tools which in 2018 and 2017 amounted to 409 and 355 million euros, respectively. Prior to this new standard coming into force, profit or loss from the sale of tools was included under the heading "Other operating income" as the net result of subtracting the costs of tools from the sales thereof. Stripping out the unfavourable impact of exchange rates which amounted to 138 million euros, the difference vs 2017 would have been 3.2%. Out of total sales, 92.5% corresponds to sales of interior components and 7.5% to the sale of tools.

Not including sales of tools, sales in 2018 would have recorded a slight decline of 0.4% or 21 million euros vs the previous year. This decline is explained by the unfavourable exchange rate impact which has been estimated at some 131 million euros in 2018. Stripping out this effect, the increase in sales without tools in 2018 would have been 2.16%.

The negative exchange rate effect was caused by the depreciation of the US dollar, the Mexican peso, the Chinese Yuan and the Brazilian real against the euro.

The increase in activity in 2018 was the result of the launch of new projects in various existing companies and the start up of new plants in Europe, NAFTA and China.

The performance by business unit was as follows: Doors & Hard Trim *(+3,2% or +58 million euros)*, Lighting *(+7.6% or +25 million euros)*, Cockpits & Consoles *(+1.6% or 17 million euros)* and Overheads & Soft Trim *(-3.2% or -68 million euros)*.

By region, the Group's growth was accounted for mainly by strong sales in Asia Pacific *(+21% or +107 million euros)*, NAFTA *(+7.6% or +137 million euros)* and Mercosur *(+1.8% or +1.5 million euros)*. Conversely, Europe saw sales fall *(-7.3% or -217 million euros)*.

The decline seen in Europe was mainly a result of volume reductions in various programmes in the UK and Germany, the end of others that overlapped with the launch of new models.

The increase recorded in Asia Pacific was due above all to the new industrialised projects in various plants located in China and to the beginning of mass production at the Tianjin, Changshu Interiors and Chengdu Interiors plants.

The increase of our production recorded in NAFTA was mainly due to Fiat Chrysler's doors projects starting mass production in our Shelby plant and the increase in volumes in the Tlaxcala and Toluca factories.

By clients, the main increase in the revenue has been recorded in Fiat Chrysler Group, Geely Group, VW Group and GM.

Our international expansion and diversification strategy has again been highlighted by two significant indicators. Some 92.2% of the Group's staff were employed outside Spain in 2018, while foreign consolidated sales accounted for 95.8% of the total.

In terms of results, the Group has achieved EBITDA and EBIT margins of around 6.6% and 2.9%, respectively. The narrowing of margins in relation to those of 2017 was due, mainly, to the numerous launches made during the first half of 2018, delays to the start of mass production at new plants such as Shelby, Tianjin and Alabama, the depreciation of most countries' currencies, customers exerting greater pressure on prices, and the generalised reduction in manufacturers' volumes as a result of new import duty policies, new regulations governing polluting emissions (WLPT), and uncertainty surrounding Brexit.

Significant events in 2018-

Key events in 2018 included:

- In April 2018 an 8-year bond was issued for 250 million euros in order to carry out the early redemption of the bond issued in March 2015 for 400 million euros and to reduce the cost from 5.125% to 3.375%. In addition, the syndicated loan has been increased by 50 million euros and a 100 million euro loan was obtained from the European Investment Bank.

- In February 2018, through the Dutch company Grupo Antolin-Amsterdam, B.V., 45% of the Argentine joint venture Irauto, S.A., which manufactures headliners, was acquired from the other partner. Subsequently, the Group subscribed all of an increase in the company's share capital, Grupo Antolin effectively achieving a 100% holding.

- Also in February 2018, the Chinese company Wuhan Donghuan Antolin Auto Parts Co., Ltd., was incorporated. Its activity will be the manufacture of electric windows and Grupo Antolin has a 51% interest. Subsequently, the Chinese company Antolin Chongqing Auto Interiors Trim Systems, Co., Ltd., which manufactures headliners, and in which the Group has a 51% of its share capital, was incorporated.

- In April 2018 Grupo Antolin, through Dutch company International Door Company, B.V., acquired 25% of Slovakian Door Company, s.r.o., increasing its shareholding from 25% to 50%.

- In June 2018 Grupo Antolin bought 50% of the Cidut, S.L. joint venture, which makes tools, from the other partner, achieving an effective 100% stake.

- In September 2018 the Group acquired the German company Haselbeck Formen-und Werkzeugbau, GmbH, which specialises in the manufacture of plastic injection moulds. With this acquisition, Grupo Antolin enhances its technological leadership in association with a leading sector company.

- At the end of November 2018 the Group acquired a 40.03% interest in the share capital of company Spanish Walter Pack, S.L., the head company of a group with an international presence specialising in the design and production of high quality decorative technical surfaces and parts. This alliance strengthens our range of products and consolidates our position as a global provider of automobile interiors.

Research and development-

Investment in cutting-edge technology has enabled us to incorporate the most advanced support for design work and ensure the analysis and validation of our products and processes.

Grupo Antolin's Innovation Plan envisages the following strategic lines, fields in which the Group has vast experience and which are proving to be very important for car manufacturers:

- MATERIALS and PROCESSES *(focused on weight reduction to minimise CO2 emissions).*
- INDUSTRIAL FLEXIBILITY *(innovative processes to produce different functions),* and
- INTELLIGENT INTERIORS *(supporting our customers' brand strategies is crucial to the end user's experience and perceived quality according to personalisation).*

We continue to see industrial design and innovation as a distinguishing feature that customers appreciate in the advanced stages of projects.

The latest acquisitions of Germany company Haselbeck Formen-und Werkzeugbau, GmbH and of the holding in the Walter Pack Group, represent a new commitment to continue investing into the development and manufacture of moulds and the development of decorative parts with a high technological component, thereby strengthening R+D+I applied to production processes and to our products.

Environmental and human resources issues-

One of Grupo Antolin's goals is to demonstrate its environmental commitment by dedicating time, effort and resources to waste management, consumption, energy efficiency and management and social awareness.

Our focus is based on reducing the environmental impact of our business activity.

In environmental and human resources matters we would draw attention to the following measures taken by Grupo Antolin in 2018:

- In 2018, Grupo Antolin continued to increase its commitment to the environment through its policies for "Environmental Management" and "Design for the Environment". This commitment has resulted in technological solutions which favour sustainability, prioritising innovative approaches that reduce weight, facilitate recycling and make use of natural materials, features widely demanded by the market.

- In order to reduce CO_2 emissions and minimise the use of energy from fossil fuels, we are developing numerous products based on two environmental concepts: *Light & Green*. The Group works with makers on projects to reduce CO_2 emissions and develop technologically sustainable products.

  As proof of our commitment, Grupo Antolin adopts and applies the main conventions and guidelines established in the UN's Global Pact *(principles 7, 8 and 9)* and in the Carbon Disclosure Project *(CDP Water Disclosure Project)*.

  Although we are not directly responsible for vehicle emissions, we can help to reduce the environmental impact of these through the optimisation of energy in our chain, and the efficient management of natural resources and of the materials we use.

- In 2018, Grupo Antolin maintained and strengthened the commitment it made in 2003 to the United Nations Global Compact and its principles of good governance based on respect for human rights, protecting the environment and ensuring decent working conditions.

Main risks deriving from activities-

The main risks which could affect the future development of our business and the corresponding measures put in place by the Group to offset them, are as follows:

- Derivatives are used to eliminate or reduce exposure to interest rate fluctuations in certain financial operations, given the impact an increase in interest rates could have on the Group's results. However, at 31 December 2018 no instruments of this kind have been contracted.

- The risk deriving from a possible increase in the prices of raw materials, including the purchase of components used in the production processes, is mitigated by the fact that Grupo Antolin deals with its main suppliers under long-term agreements which help keep prices stable. On the other hand, Grupo Antolin negotiates with its customers to pass on increases in the prices of certain raw materials.

- The terms of agreements with customers have resulted in lower prices, which could reduce the Group's margins. The Group develops improvement programmes and tools to offset such impacts with higher productivity. Grupo Antolin also negotiates with its suppliers to help it absorb these price reductions.

- The international expansion of the Group and its ever-growing volume of business outside the euro zone expose it to exchange rate risks in currencies such as the pound sterling, the US dollar, the Mexican peso or the Chinese Yuan, which could have an impact on its results. To reduce its exposure to this risk, the Grupo uses a variety of mechanisms, such as using local suppliers and negotiating with customers and suppliers to hedge against major movements in currencies.

Outlook for the Group-

Despite the uncertainty surrounding the global economy in 2019 as a result of various factors such as trade tensions among countries due above all to the US' protectionist policies, high corporate debt and signs of economic slowdown in China, the Brexit process and the rebound in raw material prices, global GDP is expected to grow by a little under 3% in 2019.

Vehicle production volumes are expected to grow by 1.1% worldwide in 2019 vs 2018, to 95.8 million.

In Europe a 0.5% drop in volumes is forecast. This growth is not evenly distributed, with output in Eastern Europe expected to grow by 1.4%, led by Russia and Slovakia, while in Western Europe a decline of 1.5% is expected with the UK and Italy standing out.

Meanwhile, in the NAFTA region production is forecast to grow by 0.5%, with growth of 2.2% in the Asia Pacific area, led by China and India.

Mercosur presents positive growth of 1.4%.

In terms of results, our latest estimates point to growth in turnover in 2019, not including sales of tools, of over 2%.

In addition, the Group is confident of increasing profit margins as a result of the conclusion of the numerous launches made in 2018 and the beginning of mass production in the new industrial plants.

Non-organic growth remains a key part of the Group's strategic approach and we will continue to explore the market for opportunities that will complement our current business units, helping to add value to our product portfolio and make it more attractive.

In response to new challenges in the automobile sector, Grupo Antolin is already working on new market trends related to driverless cars, new sources of energy, transport systems and connectivity.

To lead the industry revolution and anticipate customers' needs, last year Grupo Antolin strengthened its Innovation department with the new Electronics and Integrated Products department. The aim is to improve capacities in electronics and commit to the integrated development of new solutions. To meet these new challenges and maintain our position as market leaders, Grupo Antolin is supported by a highly experienced and effective team of human resources whose abilities, initiative and talent are recognised by the sector.

Grupo Antolin continues to launch numerous initiatives in respect of Sustainability, as part of our firm commitment with the environment and the society in which we live.

The Group continues to implement new measures to improve and streamline spending and to ensure investments are more efficient in order to maintain margins at levels that continue to enhance shareholder value.

Disclosure on the average payment period to suppliers in Spain-

The details of the average payment period to suppliers in 2018 and 2017 by the consolidated companies in Spain, prepared in compliance with the Resolution issued on 29 January 2016 by the Institute of Accounting and Account Auditing (ICAC), is as follows:

	2018	2017
	Days (a)	Days (a)
Average payment period to suppliers	43.02	46.15
Transactions paid ratio	47.02	48.66
Transactions payable ratio	23.67	33.46
	Amount (Thousands of Euros)	Amount (Thousands of Euros)
Total payments made	348,392	191,506
Total payments outstanding	72,116	37,815

(a) In accordance with Law 11/2013, of 26 July, establishing measures to support entrepreneurs and stimulate growth and the creation of jobs, amending Law 3/2004, the maximum legal payment period is 30 days, which may be extended to up to 60 days with the agreement of both parties.

In accordance with the aforementioned regulations, only information relating to payments to suppliers and trade creditors located in Spain has been included.

In general, the Group is complying with the maximum legal payment periods to trade suppliers established in Spanish law to combat late payment. It is currently assessing measures to be implemented in the next financial year to reduce the payment period in those cases where the maximum period has been exceeded. These measures will centre on reducing the processing time for receiving, checking, approving and accounting for invoices *(with improved use of electronic channels and technology)* and improving procedures for resolving incidents in this process, so that payment orders can be released on the monthly payment dates established by the Group and within the maximum period established in legislation to combat late payment.

Events after the reporting period-

In January 2019 the Group began the process of the disposal of a 50% holding in the share capital of Tianjin Antolin Auto-Parts Co., Ltd. to its non-controlling shareholder. As a result of this operation, the Group will no longer exercise control over this subsidiary which will exit the sphere of consolidation. The Group's stake in this company will decline from 60% to 10% of its share capital and the Group is expected to obtain profits from this disposal.

No other significant events occurred subsequently to the 2018 year close.

Shares in the Parent-

The Group companies held no shares in the Parent at 31 December 2018, and no operations were performed with such shares during the year then ended.

Consolidated statement of non-financial information-

Hereinafter, the consolidated statement of non-financial information is included as part of the 2018 consolidated Directors' report of Grupo Antolin.

STATEMENT OF NON-FINANCIAL INFORMATION OF GRUPO ANTOLIN-IRAUSA, S.A.

I. TABLE OF CONTENTS

II. Business Model ... 107
Grupo Antolin ... 107
Regional diversification ... 108
Grupo Antolin's Strategies ... 109
III. Global plans of Grupo Antolin ... 109
Governance Model: Policies, Processes and Guidelines ... 109
Due diligence as a guarantee of compliance ... 110
Conflict of interest ... 111
Monitoring and updating ... 111
IV. Risk Management Model ... 111
Key principles ... 111
Roles and responsibilities in corporate risk management ... 112
Grupo Antolin Risk Procedure and Catalogue ... 112
Strategy management ... 113
Sustainability Master Plan ... 114
V. About this report ... 115
Our relevant issues: 360⁰ analysis - Knowing how to listen and understand- ... 115
Our strengths: essential for generating value ... 116
Our focus: graphic analysis of materiality ... 117
Our aspiration: Grupo Antolin's purpose ... 117
Other considerations in this report ... 117
VI. Environmental management ... 118
Introduction: risk areas and management approach ... 118
General detailed information- ... 119
Environmental certifications obtained ... 119
Resources dedicated to preventing environmental risks ... 119
Application of the precaution principle ... 119
Contamination- ... 120
Other emissions (NOx, SOx, substances that affect the ozone layer) ... 120
Circular economy and waste prevention and management ... 120
Sustainable use of resources- ... 121
The environment in figures ... 121
Climate change ... 122
Protection of biodiversity ... 122
VII. Social and staff management ... 122
Connected to the future ... 122
Policies and commitments- ... 123
Strategic lines and commitments: ... 123

Policies, Processes and Guidelines: People.......... 125
Corporate diversity and equal opportunities.......... 127
Work organization 129
Training and development 129
Social relations.......... 130
Health and safety.......... 131
People management in figures.......... 132
VIII. Human rights 135
At the root of our decisions and actions 135
Our policies and commitments- 136
Internal reference framework 136
External reference framework: 137
Impact on human rights in figures 137
IX. Corruption and bribery 138
Introduction: risk areas and management approach- 138
Main risks in matters of corruption and bribery 138
Areas affected and sensitive activities.......... 139
Policies and commitments 139
Internal reference framework 139
External reference framework: 140
Due diligence and prevention practices for members of the organization, third parties and business partners.......... 141
Measures taken to prevent corruption and bribery.......... 141
Transparency channel and other reporting mechanisms 142
Measures taken to combat money laundering 142
X. Society 142
Local roots to develop the global project 142
Policies and commitments-.......... 143
Internal reference framework 143
External reference framework: 144
Commitment to sustainable development.......... 144
Creation of shared value-.......... 145
Social Contribution.......... 145
Consumers.......... 150
Tax information.......... 150
XI. Appendix I. Explanatory Notes.......... 151
XII. Appendix II. Table of contents required by Law 11/2018 154

II. BUSINESS MODEL

Grupo Antolin-

Grupo Antolin is a leading Tier 1 player in the design, development, manufacturing and supply of automotive interior components, offering multi-technology solutions for overhead systems *(or headliners)* and soft trim, doors and hard trim, cockpits and center consoles and lighting systems for sale to OEMs. The Company has a geographically diversified platform of 155 manufacturing plants and just in time, or JIT, assembly and sequencing facilities, as well as 25 technical-commercial offices, or TCOs, in 25 countries worldwide as of December 31, 2018. Grupo Antolin supplied products globally to the top 18 OEMs by production volume in 2018. The Company provided components for more than 500 different vehicle models and believes it supplied products for approximately one out of every three vehicles manufactured worldwide. Grupo Antolin's product, geographical and customer diversification allows it to take advantage of global growth opportunities, in particular its presence in Eastern Europe, North America, Mercosur and APAC, which in the past has mitigated the impact of regional production fluctuations on the business during economic downturns. The Group is headquartered in Burgos, Spain, and in 2018 its average number of employees was approximately 31,036[1].

Grupo Antolin is a wholly-owned by the Antolin family, who is fully committed to the business.

As of December 31, 2018, the Company organized its activities around four business segments:

Overhead systems and soft trim ("Headliners"): the Company believes it is a leader in the manufacturing of headliner modular solutions, incorporating acoustic, safety, panoramic and lighting functionalities. The Company covers the entire product spectrum for overhead systems, from the headliner substrate to more complex modular systems. Grupo Antolin use key technologies for headliner substrates and benefit from full vertical integration, from the core polyurethane foam production to the final assembly of the overhead systems. Furthermore, the incorporation of sunvisors into the overhead system is an important aspect of this business segment. The Company produces sunvisors in all technologies available in the market, adding a whole range of functionalities to the end product. As at December 31, 2018, the Headliners business segment included 81 facilities.

Doors and hard trim ("Doors"): the Company has expertise in the manufacturing and supply of a wide range of door systems such as door panels *(including front, rear and sliding door panels), pillars (including upper and lower pillar trim and quarter trim panels)*, window regulators, rear cargo and lift gate trim. Grupo Antolin produces a wide range of specialized plastic parts, some of them with weight reduction and environmentally friendly properties. The Company produces an extensive range of door mechanisms, from window regulators to complex modules. Grupo Antolin also produces seat latches for specific vehicle platforms. As at December 31, 2018, the Doors business segment included 48 facilities.

Cockpits and consoles *("Cockpits")*: the Company is a global producer and supplier of cockpit modules, including instrument panels, center consoles and glove boxes, which it designs, engineers and manufactures. Grupo Antolin's capabilities include design and engineering, styling, tooling, manufacturing, assembly and sequencing and electrical/electronic system integration. The cockpit module plays a key role in defining the driver's experience and it integrates the instrument panel and several control functions such as wiring harness, instrument cluster, air vents, decorative inlays, glove boxes and passenger airbag systems, among others. The instrument panel is a key element of the cockpit module and is comprised of a sophisticated system of trims, foams, composites and metals. The center consoles are designed and manufactured to operate vehicle functions and store items. The primary technologies and processes involved in the manufacturing of these systems include low pressure and injection molding, compression molding, vacuum forming, slush skins, spray urethane, decorative stitching as well as manual and automated assembly and sequencing. As at December 31, 2018, the Cockpits business segment included 14 facilities, all of which were originally part of the Magna Interiors Business and which are currently integrated within the Group.

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[1] See note 2 of Appendix I

Lighting: the Company's lighting product portfolio comprises interior solutions based on LED including overhead consoles, side reading lamps, multi-purpose lamps, ambient lighting, electronics/smart lighting and exterior solutions such as daytime running lamps, center high mounted stop lamps and direction, position and license plate indicators. Grupo Antolin is one of the few suppliers which benefit from full vertical integration in the production of lighting components, from the manufacture of plastic parts and lenses, to the electronics and the light function. The potential integration of lighting elements with other interior automotive components increasingly provides synergies with our other business lines since lighting is incorporated in instrument panels, door paneling and overhead systems, allowing the Company to offer its customers an integrated and innovative range of customized interior solutions, which it believe gives the Company an additional competitive advantage over other players in our industry. Creating light scenarios and sophisticated atmospheres is one of our main areas of expertise. As at December 31, 2018, the Company's Lighting business segment included 12 facilities.

The Company believes that its financial and operational success and stability have been, and continue to be, driven by its strategic, customer-focused geographical growth and diversified revenue streams, as well as its manufacturing, process, design and technological expertise. Grupo Antolin believes that these factors have allowed the Company to achieve its position as a leading global supplier in the automotive industry, with high strategic importance to many of the largest OEMs.

Regional diversification-

The Company has a geographically diversified platform of 155 manufacturing plants and JIT assembly and sequencing facilities, as well as 25 TCOs in 25 countries worldwide as of December 31, 2018.

Country	Production Facility	Technical Commercial Office	Total
Argentina	1	-	1
Austria	2	-	2
Brazil	5	1	6
China	28	3	31
Czech Republic	11	1	12
France	4	2	6
Germany	14	7	21
Hungary	2	-	2
India	7	2	9
Italy	2	-	2
Japan	-	1	1
Mexico	13	1	14
Morocco	1	1	2
Poland	1	-	1
Portugal	2	-	2
Romania	3	-	3
Russian Fed.	3	-	3
Slovakia	5	-	5
South Africa	4	1	5
South Korea	1	1	2
Spain	12	2	14
Turkey	3	-	3
Thailand	2	-	2
United Kingdom	11	1	12
United States	18	1	19
	155	**25**	**180**

In the last few years Grupo Antolin has focused its expansion outside its traditional markets in Western Europe, where it has been able to capture increasing demand for its products, in part driven by an increase in market share. For example, in the twelve months ended 31 December 2018 the Company opened 3 new facilities in the United States *(Shelby, Spartanburg Assembly and Alabama)* which began to ramp up operations in the second half of the year.

As part of Grupo Antolin's customer-focused approach to its expansion strategy, the Company has proactively coordinated its expansion plans into growth markets with those OEMs which it supplies. When an OEM customer expands into a new market or location, the Company determines whether it is in its strategic interest to also open a facility in such location. Grupo Antolin's strong geographical diversification allows the Company to take advantage of global growth opportunities and mitigates the impact of regional demand fluctuations on its business during economic downturns. The charts below show the evolution of Grupo Antolin's regional diversification as a percentage of its revenues.

Grupo Antolin's Strategies-

The Company's mission is to be a crucial strategic partner for its OEM customers around the world and across the entire spectrum of our product portfolio. The strategies to achieve its mission are based on innovation, flexibility, customer focused growth and further geographic, product and customer diversification, while maintaining the highest levels of customer satisfaction. Grupo Antolin intends to achieve this by pursuing the following strategies:

✓ ***Continue to be an innovation leader through research and development through:***

- *Materials and processes*
- *Industrial flexibility*
- *Smart interiors*

✓ ***Become a global full service supplier to OEMs.***

✓ ***Develop design, engineering and production capacities across low cost countries.***

✓ ***Expand footprint in the APAC region.***

✓ ***Successfully continuing to integrate new acquisitions and realizing synergistic opportunities.***

III. GLOBAL PLANS OF GRUPO ANTOLIN

Governance Model: Policies, Processes and Guidelines-

The Grupo Antolin Corporate Governance Model comprises the set of rules and principles that ensure the proper functioning of the governing and administrative bodies of the company. It incorporates all of the internal regulations of the company and of Grupo Antolin, which are composed of:

- The Articles of Association;
- The internal Corporate Governance rules;
- The Vision and Values;
- The Code of Ethics and Conduct;
- The Corporate Policies that implement the principles on which the system is based;
- The other internal codes, processes and procedures required or recommended by sector-related provisions and enacted to implement the previous standards and principles, approved by the competent bodies
- The Regulations of the Board of Directors and of the Delegated Committees.

Grupo Antolin's organization model is based on process management. The management model is therefore an essential part of the company's governance approach linked to the strategic decision about which management systems and regulations must be established.

It is comprised of a set of policies, processes, procedures, guidelines and forms for responding to the requirements of international management system standards and internal management needs. It includes the use of various comprehensive management systems:

- IATF 16949. Quality
- OHSAS 18001. Occupational Health and Safety
- ISO 45001. Occupational Health and Safety. 2019
- ISO 14001. Environment
- ISO 17025. Laboratory and Calibration
- ISO 27001. Security of information
- UNE 19601. Compliance
- ISO 50001. Energy Efficiency
- Other internal processes and procedures

We apply legal compliance, respect and ethical behaviour by everyone forming part of the company, always in keeping with the values and commitments described in Grupo Antolin's Code of Ethics and Conduct, to our relations and/or associations with external people and bodies.

Due diligence as a guarantee of compliance-

The will of the company to enforce its principles and values in its relationships with its external and internal stakeholders requires systems and procedures that guarantee this. From this perspective, knowing the behaviour of those who want to have a relationship with the organization is a minimum business precaution, for which the due diligence procedures, included within the compliance system, are key. These are procedures through which the company defines, implements and manages the due diligence common to all employees and people in vulnerable positions within the organization; as well as third parties and business associates linked to Grupo Antolin's activities with a different scope and purpose, focusing on the point of the organization's perimeter where the risk may penetrate.

Internal dissemination is to:

- All employees of the company, to ensure that they are aware of the expectations of the organization regarding their compliance-based activities;
- People occupying positions that are especially vulnerable to compliance risks;

External dissemination is to:

- Customers *(upstream level)* as recipients of its goods and/or services, based on the way in which customers use them for purposes or in contexts which contradict the commitments or values of Grupo Antolin.
- Suppliers *(downstream level)* to ensure that the supply chain is aligned with the objectives in the organization's management system. This is especially important when suppliers are located in tolerant countries with inadequate practices, especially in relation to the areas of corruption and working conditions.
- Business partners and/or third parties *(sideways level)* related to the company for the purposes of collaborating from an autonomous perspective, with common objectives vis-a-vis a third party. The analysis will be determined by Grupo Antolin's degree of influence over the partner/third party.

Through the detection of those relationships and/or situations that may entail a risk, the monitoring methods defined by the organization are put into place so that they can be appropriately monitored and subsequently validated. This allows action plans to be defined that guarantee the good work of the company and compliance with Grupo Antolin's governance model.

Conflict of interest-

This is defined as a factual situation that affects the level of objectivity, neutrality or independence of a person, existing when the judgement of a person about the organization in which they work tends to be unduly influenced by a secondary interest, either personal or financial.

In order to identify and manage conflicts of interest, Grupo Antolin has implemented and approved the Conflict of Interest Policy, which includes measures to prevent and declare these conflicts, such as:

- Implementation of effective procedures that impede or control the exchange of information between people who participate in risky activities, as well as separate monitoring of those people whose main functions consist of carrying out activities or services that may involve some type of risk.
- To do this, a conflict of interest form/certificate has been established, which consists of an individual and confidential declaration to be completed by a certain group that, due to their responsibility and authority, participate in decision-making and are therefore exposed to greater risk *(directors, plant managers and personnel with responsibility in the areas of purchasing, sales and human resources)*.
- Establishment of procedures that allow any employee to report or request advice about potential situations of this type. Both a private compliance email address and a transparency channel are provided to communicate all queries or circumstances in this regard.
- Training of employees regarding conflicts of interest. Employees are informed of the approval of the Conflict of Interest Policy through internal communications.
- Existence of separation of functions procedures. Establishment of a separation of functions procedure under the SAP GRC tool *(Access Control)*.

Monitoring and updating-

The Corporate Compliance Director, with the support of the different areas of the organization, monitors the due diligence procedures implemented by Grupo Antolin. In this way, they can detect any possible new risk profiles, assess the action plans established in terms of their efficiency, and inform and report these conclusions, along with all other information on the compliance management system, in accordance with that indicated in the Compliance Management Process.

IV. RISK MANAGEMENT MODEL

Key principles-

Grupo Antolin considers the management of risks as a key and indispensable task within the company. Grupo Antolin's Internal Control system includes risk management and is designed to effectively manage all risks that may threaten the achievement of its objectives. Grupo Antolin defines risk as any internal or external contingency that, should it materialize, would significantly impede or hinder the achievement of the objectives set by the organization.

The key principles of risk management at Grupo Antolin are:

- To manage risks throughout the company, with no exceptions, in order to achieve the strategic objectives set.
- To ensure compliance with the corporate risk management process, which includes the identification, assessment, response monitoring or tracking of the risks and information on them.
- To set the risk levels deemed acceptable by the company.
- To provide responses to these risks that are consistent and extensively adapted to the conditions of the business and the economic environment.
- To regularly review the assessment of risks and the responses that have been designed.

- To monitor the controls and strategies related to risk management to ensure that they work effectively.
- To regularly assess the fulfilment of the activities to identify, assess, respond to, monitor or track the risks and information on them, in accordance with the latest standards.
- To design the information systems, internal controls and strategies for managing and mitigating risks.

Roles and responsibilities in corporate risk management-

The Board of Directors has the role of monitoring and managing the risk control system in the Audit Committee, and the Management Committee is responsible for the proper functioning of the Risk Management Model at Grupo Antolin.

The effectiveness of the company's Risk Management Model and the control activities carried out are regularly assessed, reporting the results to the Audit Committee and the Chief Executive Officer. Independent reviews can be carried out, both through Grupo Antolin's own Internal Audit department and through external experts.

The basic responsibilities of the Management Committee in the area of risk management, regardless of those that may be awarded to it additionally in response to short-term needs, are the following:

- Under the leadership of the Chief Executive Officer, it is responsible for implementing and managing the strategy, culture, people, processes and technology comprising the company's Risk Management Model.
- Reviewing the budget assigned to the Risk Management Function and monitoring the evolution of assigned costs.
- Promoting the application of best practices in the field of risk management at Grupo Antolin, being responsible for the continuous improvement of the function.
- Providing and involving the necessary staff members in the management of risks within the scope of their responsibility, involving them in the identification, assessment, response and monitoring of these and promoting the application of Grupo Antolin's methodology.

The Risk Committee is comprised of representatives from the following functions in the organization: operations, sales, financial, legal advice, internal audit, compliance and human resources, and the Corporate Risk Manager. Its basic responsibilities in the area of risk management, regardless of those that may be awarded to it additionally in response to short-term needs, are the following:

- Detailed analysis of Grupo Antolin's Risk Catalogue, a detailed monitoring and analysis of these risks and, where appropriate, recommendations for the development of specific action plans.
- Promoting the implementation of the action and/or contingency plans agreed with the Risk Management function.
- Identifying new risks and updating the risk catalogue.
- Defining the risk assessment scale and the weight of these for their subsequent consolidation. (CPI)
- Establishing tolerance thresholds for the indicators *(level of risk aversion)*.

Grupo Antolin Risk Procedure and Catalogue-

The defining, updating, approval and dissemination of the Corporate Risk Management Policy is delegated by the Board of Directors to the Management Committee. It is documented and reviewed every three years.

The Management Committee documents the organization and responsibilities of the Corporate Risk Committee. The identification of corporate risks consists of carrying out a search for potential events associated with internal or external factors that may give rise to risks or opportunities, in the context of the global scope of Grupo Antolin, also identifying the strategic objectives affected.

Following the COSO II model, the corporate risks included in Grupo Antolin's Risk Catalogue are classified into the following four groups:

- Strategic Risks: Those that affect the high-level objectives, directly related to Grupo Antolin's strategic plan *(for example, country risk in emerging countries, penalties for breaches of financing agreements, shortage of human resources, etc.)*.
- Operational Risks: Those that affect the objectives linked to the effective and efficient use of resources *(for example, customer credit risk, increased raw material prices, fraud in the purchasing process, etc.)*.
- Reporting Risks: Those that affect the objective of reliability of the information supplied, both internally and externally *(for example, reliability of financial information, fraud or error in the data reported to official bodies, etc.)*.
- Compliance Risks: Those that affect the objectives related to complying with the applicable laws and standards *(for example, a breach of the local labor or environmental legislation in countries where Grupo Antolin operates, a breach of obligations deriving from the National Securities Market Commission - CMNV, etc.)*.

The addition/removal of a risk in the Risk Catalogue is proposed by the Corporate Risk Manager and approved by the Corporate Risk Committee. The Corporate Risk Manager is responsible for updating and amending the Risk Catalogue. The annual budgetary cycle involves the determination of the inclusion of new risks that affect Grupo Antolin, updating existing ones and/or deleting obsolete risks.

Throughout 2018, Grupo Antolin has worked on implementing the Corporate Risk Map into SAP GRC Risk Management in order to facilitate and reduce the effort involved in risk management and also allow this model to be scalable in the future for more automated scenarios. SAP GRC RM is expected to be operational at a corporate level throughout the first quarter of 2019.

Strategy management-

The Management Committee annually reviews the Mission, Vision and Values of Grupo Antolin, if necessary adapting them to comply with the planned strategy. The fields to consider in the analysis, and those responsible for providing the information, are as follows:

Position with markets and customers	Marketing, Communication and IR (Institutional Relations) Department
Position with products by region	Marketing, Communication and IR (Institutional Relations) Department
Position with the main competitors	Marketing, Communication and IR (Institutional Relations) Department
Position with industrial operations/implementations	Corporate Industrial Department
Position with technology, current and trends	Corporate Innovation Department
Position with the organization, people and society	Human Resources Department
Position with the economic environment, profitability and financial capacity	Corporate Finance Department

Each Business Unit carries out an analysis of the environment, through a SWOT analysis *(Strengths, Weaknesses, Opportunities and Threats)*, based on the information available in the scope of its responsibility, on customers, competitors, markets, technologies, etc., previously structured and prepared. The SWOT allows the analysis of the strengths and weaknesses of the organization in relation to the opportunities and threats of the environment. The Corporate Industrial Department establishes the information, preparing a SWOT-Global Grupo Antolin.

The combination of the 4 components of the SWOT *(S-Strengths, W-Weaknesses, O-Opportunities and T-Threats)* gives rise to the strategic lines, based on:

SO *(using strengths to take advantage of opportunities).*

WO *(overcoming weaknesses and taking advantage of opportunities).*

ST *(using strengths to avoid threats).*

WT *(reducing weaknesses to a minimum and avoiding threats).*

Each Business Unit selects, prioritizes and explains, in the SWOT tool, the strategic lines receiving scores lower than 4 *(with 5 being the highest)*. The Business Units establish the strategic objectives and strategic guidelines for each prioritized strategic line.

The strategic guidelines contain the guidelines-instructions for later establishing the strategic actions. Once the strategic areas, objectives and guidelines have been identified, each Business Unit defines the strategic actions, operational objectives, responsible parties and resources that contribute to achieving the objectives for which it is responsible. The Corporate Industrial Department organizes, groups, consolidates and analyzes the information received.

Grupo Antolin's Management Committee, with the information contained in the SWOT-global and consolidated Strategic Plan, establishes and determines the final strategic areas, objectives and actions of the Strategic Plan and Planning *(execution time and the annual value of the strategic objective)*. The Management Committee ensures that each department contributes equally and proportionally, ensuring the robustness, consistency, possible redundancies and oversights of the strategic actions and objectives.

The executives forming the Management Committee, with the support of the Corporate Communication Department, communicate the Strategic Plan, the priorities of Grupo Antolin and the actions to be implemented for their achievement clearly, verbally and in writing, within the scope of their responsibility.

The corporate and operational departments deploy the Strategic Plan within the scope of their responsibility, through the Business Plan and its materialization in the annual budgets.

Sustainability Master Plan-

Included within the company's Strategic Framework, the Sustainability Master Plan is our roadmap for the next three years that must guide Grupo Antolin and allow it to be a company that is more committed to the development and well-being of the society in which we live, taking into account the United Nations' Sustainable Development Goals.

Thanks to the different areas covered by the Plan, the company is committed to forming part of this global movement, through the transformation and adaptation of these goals into specific measures and actions.

The new Sustainability Master Plan arises from the internal desire of Grupo Antolin to be a sustainable business, as part of the company's strategy. Its content is based on a 360° analysis of the matters considered most important for the future of Grupo Antolin, from the expectations shared by shareholders, customers, investors, employees, suppliers and experts in sustainability; taking into account the evolution of the sector and the global trends that affect it.

The Plan responds to the challenges and opportunities of the environments in which we operate, is aligned with best practices, meets the expectations of our stakeholders, and establishes some guidelines that will allow us to integrate sustainability into our entire value chain to:

- Promote competitiveness and guarantee the future profitability of the business
- Strengthen the corporate culture and values.
- Attract and retain the best talent.
- Differentiate ourselves from our competitors.
- Be the preferred option for customers.
- Manage impacts through the supply chain.
- Improve the relationship with our environment.
- Meet the requirements set by investors.

7 strategic lines. 7 working teams. 28 milestones, 31,322 collaborators. 1 plan

V. ABOUT THIS REPORT

Our relevant issues: 360º analysis - Knowing how to listen and understand-

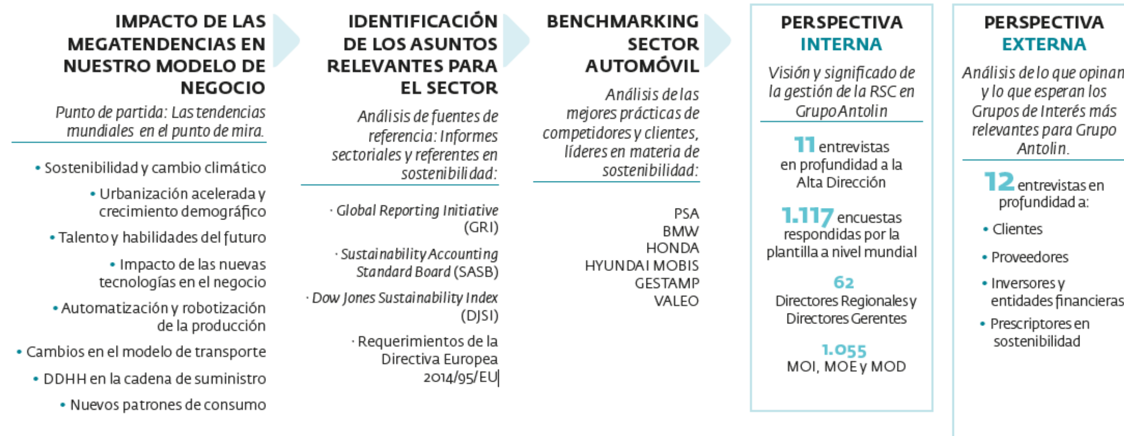
In a market as dynamic as the current one, with the profound transformation being faced by the automotive industry, the ability to adapt, listen to and understand the signals of the environment, differentiating between what is important and priority and what is not, plays a key role in the future viability of the business.

In order to be able to identify the expectations and concerns of our stakeholders and try to respond to them, through our business model and the performance of our business activity, a new materiality study was carried out during the final quarter of 2017. This study involved the collaboration of an independent expert in all its phases.

The ultimate goal of the study is to interrelate and align our strategy, going beyond the financial, with the real needs and expectations of our stakeholders and the environment, which can be translated into objectives that are common to the company but customizable for each function, business unit and region, based on:

- VISION > What does Grupo Antolin want?
- GLOBAL TRENDS > How are we planning to deal with them? How should we do this?
- STAKEHOLDERS > What do they expect from Grupo Antolin?
- RISKS and OPPORTUNITIES > Of all the possible impacts generated as a result of our decisions and operations, which require more of our efforts and resources? How can we transform the identified risks into business opportunities?
- BEST PRACTICES > What is our benchmark? Internal? External?

Methodology:



As a result of analyzing the above information, along with Grupo Antolin's progress in matters of sustainability and the action areas identified with the initiatives already implemented by the company, the matters relevant to Grupo Antolin were defined according to the degree of maturity in their management, their importance at the present time and their importance in the future. We can also add that the scores awarded by the different stakeholders have been weighted according to the weight of their opinion for the business.

From here, in order to prioritize the different issues identified, the risk and opportunity that each of them constitutes for Grupo Antolin in each of the phases that define our business model has been taken into account.

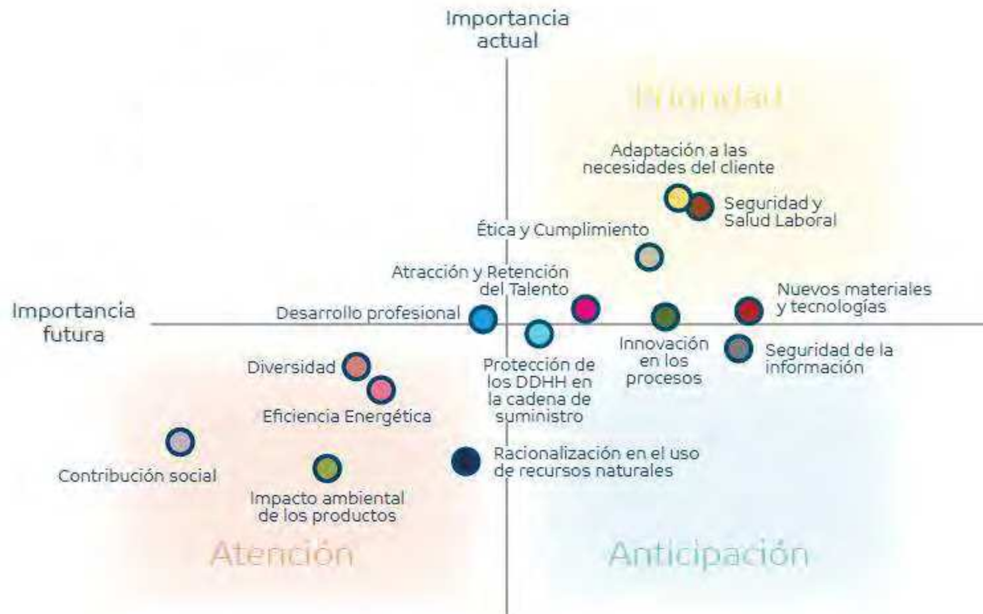
Our strengths: essential for generating value

Six aspects define the company's success:

- The long-term vision linked to being a family company;
- Excellent risk management in decision making;
- Economic efficiency and financial strength in a sector with little room for maneuver;
- Its ability to work with the customer globally;
- Operational management, technical knowledge and business focus
- Team commitment.

Our focus: graphic analysis of materiality

Prioritize, anticipate and pay attention



Our aspiration: Grupo Antolin's purpose

To make a difference with our values and commitments to sustainability, being recognized as a pioneer company in the field of sustainability within the automotive components sector due to our commitment to corporate social responsibility.

To be an active part in constructing the mobility of the future from the inside: our people, our products.

Other considerations in this report

This Statement of Non-Financial Information has been prepared in keeping with the requirements established in Law 11/2018, of December 28, 2018, on non-financial information and diversity, approved on December 13, 2018 by the Congress of Deputies, modifying the Commercial Code, the consolidated text of the Capital Companies Law, approved by Legislative Royal Decree 1/2010, of July 2, and Law 22/2015, of July 20, on the Auditing of Accounts, on matters of non-financial information and diversity *(from Royal Decree-Law 18/2017, of November 24)*.

To ensure that the content of this report reflects our performance with regard to sustainability, the Global Compact principles and guidelines, the GRI *(Global Reporting Initiative)* Standards and Directive 2014/95/EU on non-financial information and diversity have been taken into account. Following the policy of previous years, the company wants to progress gradually in rationalizing data and correctly integrating the information to be offered as a step prior to its verification by external entities.

When writing this report and selecting its content, the results of the materiality analysis carried out during the last quarter of 2017 were taken into account. This was carried out with a clear objective: to interrelate and align our strategy as a business, from a wider perspective than just the financial, with the needs and expectations of the strategies of our stakeholders and the environment, which can be translated into objectives that are common to the company but customizable for each function, business unit and region. In accordance with this materiality, operations and the company's business model, the content of the law relating to biodiversity and consumers has been considered as "not material".

The reporting scope of this Statement of Non-Financial Information is the same as that for the consolidation of financial information, with the exception of new acquisitions in 2018, consolidations through the equity method, joint ventures or companies that do not report information in this regard. As a consequence of this, a non-significant difference is observed with the data reported in the Consolidated Annual Accounts. For more information, see Appendix I and the explanatory notes included in the "Environment in figures" table in chapter VI. Environmental Management.

In accordance with the current mercantile regulations, this Statement of Non-Financial Information has been verified by KPMG Asesores, S.L. The independent Verification Report is attached to this Statement of Non-Financial Information on pages 160, 161 and 162.

VI. ENVIRONMENTAL MANAGEMENT

Introduction: risk areas and management approach-

As part of its environmental commitment, Grupo Antolin has drawn up its Sustainability Master Plan for the three-year period 2018-2021 in order to establish the framework of actions with which to respond to the challenges and opportunities of the environments where the company operates, ensuring the participation of its main stakeholders in these to integrate sustainability in its entire value chain.

The areas defined in the Plan must contribute to achieving the sustainable development objectives in Grupo Antolin as part of its Vision and Values, and also its Corporate Social Responsibility policy.

These areas include attention to the environment, dedicating time, effort and resources to improving waste management, reducing consumption, improving energy efficiency and management, as well as to developing complementary social awareness actions. The objective of the environmental commitment area is to reduce the environmental impact of Grupo Antolin's business activity in order to facilitate its positioning as a leading company due to its respect for the environment, as well as its contribution to the fight against climate change and its support for the transition towards a low-carbon economy.

The commitment includes the implementation of a Work Plan for the three-year period 2018 - 2021, which is focused on four main lines of action:

(i) Transition towards a low-carbon economy,
(ii) Strategy and promotion of the circular economy,
(iii) Partnerships to promote sustainability,
(iv) Sustainable financing strategy.

The relevant environmental aspects are CO2 emissions and the generation of waste, which is mainly non-hazardous. For this reason, Grupo Antolin launched the 2014-2016 Green Program, the first multi-year program focused on reducing electricity consumption, the main source of indirect CO2 emissions and the generation of non-hazardous waste. This program established annual reduction targets for each item, calculated individually for each plant with regard to its production. The first program covered more than 70 plants. This program was reviewed in 2017 to include new plants and set new stricter targets for those plants that did not reach their improvement objectives. In 2018, 83 companies formed part of the Green Program.

As proof of our commitment, Grupo Antolin adopts and applies the main conventions and guidelines established in the Global Compact *(Principles 7, 8 and 9)* and the Carbon Disclosure Project *(CDP Water Disclosure Project)*.

The company works to be a benchmark due to the respect we show for our environment, for our contribution in the fight against climate change and the transition towards a low-carbon economy when carrying out our activity. It therefore seeks to (i) minimize our impact on the environment; (ii) optimize processes and the development of innovative sustainable solutions; and (iii) stay ahead of the market in relation to future regulation.

Although we are not directly responsible for emissions from vehicles, we can contribute to alleviating their impact on the environment through optimizing energy in our chain, efficiently managing natural resources and examining the materials we use.

Grupo Antolin's Management Model establishes the corporate governance approach linked to the strategic decision about which Management Systems and internal regulations must be implemented in of all the companies worldwide. It is comprised of a set of documents organized by process and procedure in order to comply with the requirements of the international management system standards and internal management needs.

It includes the use of various integrated management systems, among which is the Environmental Management System (EMS) based on ISO standard 14001.

The Management Model includes the corporate policies approved by Grupo Antolin's senior management and that must be adopted and respected by all its companies. The Environmental Policy includes a commitment to prevent pollution on a global scale and to continuously improve its environmental behaviour, respecting the laws and requirements of customers, minimizing the use of energy and resources and encouraging the participation of employees.

The EMS allows us to identify the specific risks and opportunities of each company. Each company also identifies and assesses its main environmental impact every year, establishing improvement programs whose progress continues at regular intervals.

Each company has operating instructions that cover normal operating conditions and emergency instructions describing how to act in order to minimize impact in the event of an accident.

General detailed information-

Environmental certifications obtained

The Environmental Management System (EMS), based on ISO standard 14001, is implemented in the main industrial companies with the greatest environmental impact, as well as in some assembly and sequencing (JIT) centers when requested by the customer. The headquarters is also certified. As of December 2018, a total of 94 centers had the ISO 14001 certification.

Resources dedicated to preventing environmental risks

There is a Corporate Environmental Department formed by 2 people who work with 2 qualified corporate auditors for various management systems *(quality and the environment)*. There are also 3 regional managers in North America and China who perform combined duties focusing on quality and the environment.

Each certified company also has at least one person responsible for the environment who usually combines this work with other duties, including occupational health and safety. Several of these responsible persons are also qualified as internal auditors to perform cross audits.

A total of 115 people are dedicated to preventing environmental risks.

Application of the precaution principle

The global pollution prevention commitment emanating from the Environmental Policy is applied to several stages of the business:

Product and process design: the environmental impact is taken into account from the initial design phases. Examples of some improvements: replacement of solvent-based adhesives for water-based adhesives for shaping overheads. Use of returnable packaging for the shipment of products, whenever possible

End of life: creation of the company ASH, manager of waste from the manufacturing of overhead trims at the Spanish plants

Live mass production: implementation of emergency instructions that include the handling of damage prevention measures in the event of an accident *(chemical retention systems, spill kits, training and drills, etc.)*.

Grupo Antolin has no other environmental responsibilities, provisions or contingencies that might be material in relation to its assets, financial position and results.

Contamination-

Reducing emissions is a strategic objective for Grupo Antolin and is addressed with actions aimed at lightening the weight of the products it manufactures in order to be able to help mitigate the impact of the vehicle on the environment. In this regard, it is worth mentioning the company's work in the field of structural foaming through different processes *(chemical, physical and syntactic)*, with which it is possible to manufacture components with a foamed core but dense and compact outer skins. Also relevant in relation to lightening is the work at Grupo Antolin aimed at developing composite materials with different types and lengths of reinforcing fibers as well as the development of the necessary technologies for their processing. An example of our environmental commitment is the plastic door module project for FCA in the U.S., which reduces the amount of plastic used.

Other emissions (NOx, SOx, substances that affect the ozone layer)

NOx and SOx emissions mainly come from the combustion of fossil fuels, mostly natural gas and propane, which are low in sulfur so the SOx emissions are lower.

However, some companies use these fuels in their processes *(steam generation, thermal oil heating, etc.)* for heating. Preventative maintenance is carried out to ensure the proper functioning of the boilers and thus reduce NOx emissions. The boilers are of a power that means they do not require a continuous monitoring system according to the current legislation in each country. They only require regular measurements to verify their compliance with the atmospheric emission limits. These measurements are always taken by external maintenance companies or authorized control bodies, managed by each company.

Other substances that deplete the ozone layer are usually gases used in cooling and firefighting systems. Both systems are reviewed by maintenance and/or inspection companies to verify the absence of leaks and their compliance with the legislation applicable in each country. These activities are verified internally and also during internal and external audits. During 2018, no significant incidents in this matter have been identified.

There is no system for reporting and monitoring the emissions of combustion gases or leaks of substances that affect the ozone layer, so we are not aware of the total amount of this type of emissions.

Circular economy and waste prevention and management-

In the field of promoting the circular economy, Grupo Antolin has developed the Novaform® technology in an integrated manner in order to enable the processing of thermoplastic materials regardless of their rheological properties, thus allowing a significant increase in the proportion of recycled material of post-industrial origin that can be reused to manufacture certain vehicle interior components.

Moreover, Grupo Antolin has developed a range of technical materials with the name Coretech® that offer excellent noise insulation properties and protection against moisture, which is why they have found various applications in the construction sector. Waste from the overhead lining manufacturing process is used to develop these materials, thus contributing to their recycling. Reusing pallets used in the logistics processes, as well as other measures aimed at the reuse, recycling and reduction of waste, have been implemented in the company's industrial centers.

The environmental aspects also extend to Grupo Antolin's product strategy. So, the company works on sustainable interiors whose components promote the use of materials from renewable sources instead of alternatives with a fossil origin. In this field, Grupo Antolin has developed, for example, polyurethane foams with a high content of biological and renewable polyol, which are already industrialized in the

production of interior overhead linings. It is also working on the development of surface finishes with high added value, using 100% natural materials in order to favor aspects of end-of-life recyclability: mineral materials, corks and natural materials encapsulated in polymeric substrates.

A highlight is the creation of a multi-disciplinary team with representatives from the different areas of the company, which facilitates the mainstreaming of the environmental commitment throughout the company.

Sustainable use of resources-

One of the main environmental impacts is direct and indirect CO2 emissions, which is linked to energy consumption *(electricity, natural gas and other fuels)*. The generation of waste and consumption of raw materials is also material.

Water does not represent a material impact at Grupo Antolin as its use in the production processes is very limited *(water jet cutting, steam for EPP production, adhesive catalyst, etc.)*. The main use of water is for sanitary purposes.

The environment in figures

Of the 180 facilities forming part of Grupo Antolin, there are 3 types: assembly and sequencing centers (JIT), technical-sales offices (OTC), as well as industrial companies.

The JIT (87) and OTC (25) centers are the most numerous, but their environmental impact is very limited compared to the industrial centers.

In contrast, the large industrial centers (68), dedicated to manufacture of vehicle components, represent the biggest environmental impact, mainly due to the CO2 emissions associated with energy consumption and the generation of both hazardous and non-hazardous waste. The energy consumption of the headquarters, where the largest component testing and validation center in the entire company is located, is also relevant.

Therefore, the data reported on energy consumption, emissions, water and waste correspond to the industrial facilities and the research center at the headquarters *(69 centers)*, as these facilities are the ones with the greatest impact on the environment due to their type of activity.

Indicator (Unit)	2018 Figures
Non-hazardous waste (T) (*1)	82,581
Hazardous waste (T) (*2)	4,014
Consumption of water (m3) (*3)	1,400,466
Consumption of plastic pellets (T)	107,202
Consumption of polyol/isocyanate foams (T)	29,030
Direct consumption of energy (Gwh) (*4)	161.63
Indirect consumption of energy (electricity) (Gwh) (*4)	545.26
Generation of renewable energy (kWh)	500,627
Greenhouse gas emissions by direct consumption of energy (scope 1) (Tons of CO2) (*4)	26,287
Greenhouse gas emissions by consumption of electricity (scope 2) (Tons of CO2) (*4)	217,768

*(*1) Non-hazardous waste figures correspond 98% (by sales) to Grupo Antolin's industrial centers (including the research center at the headquarters).*

*(*2) Hazardous waste figures correspond 89% (by sales) to Grupo Antolin's industrial centers (including the research center at the headquarters).*

*(*3) Water figures correspond 96% (by sales) to Grupo Antolin's industrial centers (including the research center at the headquarters).*

*(*4) Energy and emission figures correspond 99% (by sales) to Grupo Antolin's industrial centers (including the research center at the headquarters).*

In terms of the raw materials consumed, figures are provided on the two main families for the following reasons:

Polyol Isocyanate: Grupo Antolin is the global leader in the manufacturing of overhead trims for vehicles. Polyurethane foam is used to manufacture overhead trims, this in turn being made from two chemical components: polyol and isocyanate. Therefore, they are raw materials common to all overhead trims. Although in a smaller quantity, both compounds are also used in instrument panels and other accessories. Through in-situ foaming, a padded finish is given to the final part. A total of 45 companies use polyol and isocyanate.

Plastics: plastic pellets are widely used to manufacture multiple automotive parts, from instrument panels, door panels, pillars, and other small parts or subcomponents for sun visors, window regulators, lighting parts, etc. A total of 34 companies manufacture plastic parts by injection.

Climate change-

Detailed below are some measures implemented to improve energy efficiency and other measures aimed at a low carbon economy to mitigate the effects of climate change:

- Energy audits in 15 European plants carried out between 2015 and 2016. In accordance with the current legislation, these must be repeated every 4 years.
- Certification of the Energy Management System 50001 at 4 centers
- Generation of renewable electricity with the installation of photovoltaic panels situated at the headquarters.
- Systems for the recovery of residual heat from processes to heat the facilities (compressors)
- Replacement of florescent lights with LED lights
- Lagging of spindles from injection machines
- Campaign to control leaks of compressed air

Grupo Antolin has an internal application *(Environmental and Energy Indicators)* in which the 96 most important industrial centers and assembly and sequencing centers report their environmental figures *(consumption of electricity, fuels, water and generation of hazardous and non-hazardous waste).*

Using the figures reported, the application calculates the greenhouse gas emissions by direct consumption of energy (scope 1) and consumption of electricity (scope 2). The calculation is based on the methodology published by the organization Greenhouse Gas Protocol http://www.ghgprotocol.org/

Grupo Antolin does not currently calculate the scope 3 greenhouse gas emissions as it has no control over these types of emission.

Protection of biodiversity-

Grupo Antolin's activity has no significant impact on biodiversity, as can be seen from the materiality analysis carried out by the company and which takes into account the different stakeholders, both internal and external.

VII. SOCIAL AND STAFF MANAGEMENT

Connected to the future-

The vehicle's interior will play a leading role in the mobility of the future, motivated by the profound transformation that the automotive sector is experiencing. As in the other business areas, factors such as globalization, the emergence of the self-driving and connected vehicle, its electrification, business digitalization, the new mobility models, and the automation and robotization of production are already determining the features of the future labor market. Being a part of this transformation presents multiple challenges that result in the need to currently address the global challenges with policies, programs and projects, and a strong commitment to the greatest asset that companies have: their people.

Leading this revolution means fostering a new type of leadership that is capable of managing people, resources and results and identifying growth opportunities for the organization and its team, to build a future from today. Attracting, managing and retaining the best professionals is essential in the knowledge economy of the 21st century. We need to have high performance teams working on innovative projects. Only with the best team will Grupo Antolin be able to lead the global market for the manufacturing of car interiors.

Grupo Antolin wants to become the leading company in innovation, technology, quality, production and talent. This means knowing how to manage, look after and enhance the talent of its employees, as well as committing to corporate social responsibility and to being an example of good governance and ethics; bringing its good work and expertise not only to the customers, but also to investors, suppliers and society as a whole.

As an organization, each day the Company faces numerous important challenges that we can overcome thanks to the effort and dedication of a global team of highly qualified professionals committed to their work. Team commitment has been considered one of Grupo Antolin's main strengths by its stakeholders, according to the 2017 Materiality Study described in this report.

We must all contribute to making Grupo Antolin a better company each day in an extremely competitive industry. Along with Family Spirit, Passion, Innovation and Contribution, People is one of the company's 5 values that form the key to success. Having People as a value means generating a climate of trust, being tolerant of mistakes and learning from them, recognizing achievements, working as a team, listening to others, communicating better among ourselves and acting with transparency. In this task, the role of the managers and directors of the different departments, business units and regions is essential. The different ways of understanding the world, together with the many different experiences of the employees, bring unique value to a company as global Grupo Antolin.

Policies and commitments-

People are the origin and objective of the human resources strategy defined by the company. Part of Grupo Antolin's Strategic Plan, the 2018-2022 Human Resources Strategic Plan defines action lines, policies and tools that facilitate the implementation of programs and projects to stimulate, attract and accompany the professional development of the people who form the company, as people and professionals.

In an environment as diverse as that of Grupo Antolin, its policies are based on the same foundation for all centers and places where the company operates. However, following the maxim "I think globally and act locally", Grupo Antolin always works from the point of view of respect for the culture and customs of each country, adapting its policies and systems locally to the specific peculiarities, legislation and environment.

Strategic lines and commitments:

- Management, attraction and retention of talent
    - *Employer branding:* strengthening and consolidating the company's global image as an employer brand throughout the Grupo Antolin world;
    - *Industrial talent:* identifying, developing and retaining key industrial talent;
    - *Young talent:* improving the acquisition of talent through attracting and developing young talent;
    - *Extraordinary leader:* transforming good leaders into excellent ones;
    - *Mobility grid:* identifying employees in the company who are performing well in their current positions and available to support the organization internationally in certain situations, through temporary secondments;
    - *Successions plan:* clarifying and managing the development and contribution of people in the organization depending on their level of contribution.

- Value-based management

  - *Performance management system:* target-based strategy and management. FUEL Model. Effective performance feedback conversations based on 360-degree communication, the vision and values of Grupo Antolin.
  - *Basic Work Units – BWU:* basic Work Units that intervene in the companies and/or organizational units of Grupo Antolin, coordinated by a leader and formed by a team of people with a shared mission: to promote the participation of people in working teams based on communication, training and recognition.

- Professional development

  - *Corporate training:* developing the organization's professionals through continuous training aligned with the company's strategy, so that it impacts on people's behaviour: on their skills, attitudes and/or knowledge. Highlights are 4.0 Training Programs and Insight Skills.
  - *Dual Vocational Training:* coaching, training and preparing young people in the company's processes and technologies, through a cross-cutting process of technical theoretical-practical training. Scope: Germany. Spain. United States. Mexico.

- Digitalization and reliability - Tools

  - *Success factor:* digitalization of recruitment/selection and training processes.
  - *SAP HR:* use of the data related to people in the company's different tools for internal decision making and external information.
  - *ERS. e-request:* integrated management for HR application processes, vacancies, candidates, transfers and global and individual salary increases.
  - *Business intelligence:* human resources management indicators scorecard.

- Remuneration

  - *Total Remuneration Model: measurement of the emotional salary as a non-monetary element of compensation.*
  - *Global strategy: definition of specific strategies in countries with particularly active wage markets: Eastern Europe, India, China and the United States.*
  - *MBO: alignment of variable remuneration with personalized strategic objectives according to function.*

- Mobility

  - *Global mobility:* alignment of the geographical mobility function with the business strategy and new groups: GiG employees *(micro-projects)*, Millennials, Centennials, Early Retirees, Mobility Grid.

- Diversity and inclusion

  - *Corporate diversity:* recognition and integration of the different dimensions of diversity into the management of the work teams, taking into account the performance of the people who comprise the team with their different roles, as a factor for the differentiation and growth of the company.

- Occupational health and safety

  - *ZERO 0.0:* design and industrialization of safer and more ergonomic processes.
  - *It's in your hands:* promotion of the culture of a safe and healthy workplace.
  - *Think about your health:* promotion of well-being in the workplace as part of the Healthy Company program.

Policies, Processes and Guidelines: People

Internal reference framework.

As a complement to the company's Governance Model, described in the Global Plans section of this report, listed below are the policies, processes and other internal provisions specifically applicable to social and personnel management:

- Vision and values - the value of people
  - *People, the key to success* - Recognize achievements: everyone contributes to success; Generate a climate of trust; Be tolerant with mistakes; Listen, communicate: act with transparency; Teamwork.
- Code of Ethics and Conduct - Grupo Antolin's Commitments
  - *Labor Standards* - Grupo Antolin defends the freedom of association and the effective recognition of the right to collective bargaining; supports the elimination of all forms of forced or coerced labor; respects the current legislation of each country regarding working hours; applies salary policies in line with the local legislation, including respecting minimum wage conditions; supports the eradication of child labor; is in favor of the abolition of discriminatory practices in employment and occupation; and guarantees a management system for occupational health and safety.
  - *Diversity and equality* - Grupo Antolin establishes its commitment and implements policies that include equal treatment and opportunities for men and women without any direct or indirect discrimination on grounds of sex, race, color, language, religion, opinion, origin or any other personal and/or social condition or circumstance. Grupo Antolin considers diversity in all policies regarding people management as a cross-cutting factor that is used as the basis for all decisions taken in this area.
- Strategic human resources plan - Defines the cross-cutting lines and accompanying programs in the professional development of the people who form the company:
  - *Management of talent and professional development*
  - *Organization, remuneration and mobility*
  - *HR digitalization*
  - *Diversity and inclusion*
  - *Occupational health and safety*
- Sustainability Master Plan. 7 strategic lines: Committed team
  - *Purpose* - To consolidate the corporate identity of Grupo Antolin on a global level, through a project where employees feel valued, adopt the company's commitments as their own and feel part of the goals.
  - *Motivation* - Enhance internal talent by promoting the professional development of people. Identify with the business project thanks to its adaptation to the needs and reality of the context; promote a dynamic and motivating environment to be proud of.
  - *Scope* - Attracting and retaining the best talent - technical and human; Listening and talking to employees; Commitment to different and diverse talent; Promotion of a safe and healthy work culture
- Diversity policy and equal opportunities principle
  - Recognition and integration of the different dimensions of diversity *(age, sex, origin, culture, sexual orientation, social origin, etc.)* into the management of the work teams, taking into account the performance of the people who comprise the team with their different roles, as a factor for the differentiation and growth of the company.

  - Commitment to establish and implement policies that include equal treatment and opportunities for men and women without any direct or indirect discrimination on the grounds of sex, race, color, language, religion, opinion, origin or any other personal and/or social condition or circumstance.

- Protocol for preventing gender-based workplace harassment and violence at work

  - Procedure designed to prevent situations and/or behaviours that may be considered physical and/or psychological harassment of a sexual, moral and/or discriminatory nature in the work environment, which also includes the steps to be followed by anyone at the company should this occur.

- Occupational health and safety policy

  - Commitment to the occupational health and safety (OHS) of its employees beyond strict compliance with the legislation in force since the objective is to protect, promote and optimize the occupational health, safety and welfare of the people who work in our organization.

- Geographic mobility policy

  - Regulation of the social and labor conditions of the staff who, for organizational, technical, production or professional career development reasons must be transferred to other Grupo Antolin companies for a period of time, distinguishing between short and long-term secondments.

- People management model

  - Defines the system followed to manage its people and ensure that the corporate social commitment is developed by all companies in Grupo Antolin: Analysis of required posts and profiles; recruitment and selection; hiring and induction; professional classification; performance management; training and qualifications; communication; remuneration; motivation and workplace climate; dismissals; occupational health and safety *(Management System)*.

- Knowledge management model

  - Defines the system to manage the company's know-how so that all resources that need to use it have access to it, as well as the information required for its use.

  - *Key knowledge:* this is the knowledge that provides a differential value to Grupo Antolin and that is fundamental for achieving the objectives of our business and contributing to the professional development of people.

  - *General knowledge:* all activities carried out at Grupo Antolin have a series of associated knowledge items that must be managed so that they are in the optimum state required by the company.

Regardless of the controls that each area responsible for the quantity, quality and reliability of the reported data requires for the proper management of its duty, the controls in place to verify the level of compliance, adaptation, implementation and maintenance of the management systems in Grupo Antolin companies are described globally within the strategy management process. In parallel, Grupo Antolin has the general controls deriving from the application of the different policies, processes and systems defined for each of the issues reported and that contribute to the fulfillment of the objectives set.

Notwithstanding the above, the company encourages everyone directly and/or indirectly related to Grupo Antolin to, in the performance of their activity and/or responsibility, express any concerns and report in good faith, with impartiality and respect, any conduct or situation that is contrary to the commitments, policies, principles and other instruments included in the internal guidelines for each company, in particular, and of Grupo Antolin, globally.

The first person to turn to with any queries or doubts regarding compliance with this code is your N+1, N+2, the local Management or Department of Human Resources and, where appropriate, the company's committee, if applicable.

If the query or doubt regarding the reported event does not receive a response, could compromise the responsibility of the person reporting it, seriously affects the physical or moral integrity of this or another person and/or poses a significant risk to the activity or reputation of the Company, the Transparency Channel must be used as the official channel for reporting these types of situations.

Grupo Antolin's Transparency Channel is of a corporate nature. It is available to the entire workforce and also accessible by people outside the organization. It is the place where they can make the complaints and/or reports in this area that they deem appropriate, including those of an economic, financial and/or accounting nature that may arise in the development of their activity. The Transparency Channel is also the means by which people can securely raise any queries about the scope and applicability of the Group's criminal risk organization and management model, and report situations of non-compliance or risk in relation to the behaviours it governs.

It is worth highlighting that, based on the consideration of Grupo Antolin as a whole as an international business, when faced with situations relating to business conduct in international travel we must have policies in place for the destination country and for the country of origin so that we can take the right decisions. However, in the event of any doubt, each professional must examine their own conscience to determine the best way to deal with the situation, seeking help from colleagues, managers and, where necessary, the company itself, referring the issue to the Compliance Department.

Internal reference framework

- The United Nations Universal Declaration of Human Rights.
- Agenda 2030: Sustainable development objectives 3, 4, 5, 8, 10, 16 and 17
- The guidelines and principles of the International Labor Organization (ILO).
- The United Nations Global Compact. Principles 3, 4, 5 and 6
- The Diversity Charter
- The European Mobility Charter
- The Occupational Health and Safety System Standard OHSAS 18001:2007 and ISO 45001
- Local and national legislation and regulations, agreements, pacts and/or those deriving from local, regional, sectoral and international collective bargaining

Corporate diversity and equal opportunities-

Grupo Antolin's strategy of being close to the customer and adapting to the needs and requirements of its stakeholders poses the continuous challenge of integrating new structures, cultures and people into Grupo Antolin's values, principles and way of working.

The company understands the concept of corporate diversity as the recognition and integration of the different dimensions of diversity *(age, sex, origin, culture, sexual orientation, social origin, etc.)* into the management of the work teams, taking into account the performance of the people who comprise the team with their different roles, as a factor for the differentiation and growth of the company

In all policies on the management of people, it is considered by the company to be a cross-cutting factor that lies at the heart of all decisions made in this area. Grupo Antolin seeks a diversity of knowledge, disciplines, experience and origins, which will help us to know and understand the needs of our stakeholders, which are also diverse, and the markets where we operate. This allows the company to identify risks, opportunities, design appropriate strategies, innovate and develop new products or services, to obtain a common present and future benefit. Only by including diversity as a fundamental variable in its decision-making process can Grupo Antolin guarantee that all the key issues have had the opportunity to be properly taken into account and to improve its position as a company in the different fields of action

Grupo Antolin's way of working is based on project management and the project team is a practical and real example of the true integration of diversity into the day-to-day running of the company: multidisciplinary, multifunctional and diverse cross-cutting teams in all its dimensions.

Linked to the principle of diversity, Grupo Antolin states its commitment to establish and implement policies that include equal treatment and opportunities without any direct or indirect discrimination on the grounds of sex, race, color, language, religion, opinion, origin or any other personal and/or social condition or circumstance. It pays particular attention to indirect discrimination. The company understands the latter to be a situation in which an apparently neutral rule, principle or practice puts a person at a particular disadvantage compared to other people, for any of the reasons expressed above in this paragraph.

All programs aimed at people are applicable to the entire group regardless of their personal and/or professional position. For Grupo Antolin, the only way of guaranteeing equal opportunities is to integrate, include and develop people, based on the management of competencies, values and skills.

We are focused on equal opportunities from a gender perspective and as an example of this commitment it is worth highlighting the renewal of the Distintivo Óptima *(Optimal Award)* at four of our companies in Castile and Leon. This Award is aimed at recognizing gender equality at work, based on the assessment and degree of progress of the measures described in the Equality Plans prepared in accordance with Chapter III of Organic Law 3/2007, of March 22, on the effective equality between men and women.

It is worth highlighting that the declared principles are put into practice by encouraging the integration of people with different profiles, ensuring universal accessibility for those with different capabilities, and promoting the equality measures that lead to improvements compared to the current situation, making decisions about the corresponding monitoring systems. All of this is carried out with the purpose of progressing with real equality between men and women at the company, regardless of any personal and/or social circumstances, and, by extension, in society as a whole. Access to the recruitment, selection and internal promotion processes is carried out under identical conditions for all people wishing to join the company. We should indicate that the Human Resources department in each company carries out a job suitability study for their adaptation, in each specific case, if the person has any characteristics or conditions that must be taken into account for the proper performance of their duties.

This proposal will be implemented in conjunction with the legal representation of the workers in the Group companies where such representation is present.

A real desire of the above is the incorporation, within the Sustainability Master Plan for the coming years, as part of the company's Strategic Plan, of a specific area of work on diversity and inclusion. Here the emphasis is on the implementation of initiatives and measures for the different dimensions of diversity at a local level.

By way of example, some of the related measures, with different scopes, are:

- Collaboration Agreements with the Ministry of the Presidency, Relations with the Courts and Equality of Spain, on the adoption of measures to encourage the balanced participation of men and women in management positions and management committees or Boards of Directors, under the framework of the "More Women, Better Companies" initiative, with the inclusion of two women in the Management Committee and the majority presence of women on the Board of Directors - 60%.
- Selection process for the people forming the Advisory Board, based on criteria of diversity and equal opportunities.
- Renewal of the Optimal Award at four of the companies in Castile and Leon.
- Awarding of the "Responsible Family Company" Award to our company in Saltillo (Mexico).
- Specific programs - ESADE and PDD "Promociona" Program *(Management Development)* of the Instituto de Empresa - where the presence of women is active.

Framed within the line of work on diversity, the programs to encourage and facilitate the balance between work and personal life and shared responsibility by both parents are within the local sphere of each country, in accordance with the reference regulatory framework.

Managed locally by the regional and local Human Resources departments at each company, strict compliance with the measures established legally or through collective bargaining are combined with those initiatives and actions that, on a voluntary basis, respond to the reality of their needs and the specific requirements of their workforces. All of this is aligned with the commitments defined by Grupo Antolin's Code of Ethics and Conduct and the Framework of the Corporate Human Resources Strategy and the Sustainability Master Plan in its line of work: committed team. The vast majority of actions focus their content on policies for the organization and flexibility of the working day and holiday period. Linked to this last point, the organization of camps for the children of employees at the headquarters and companies in Burgos during non-school days is an example of these measures.

As a complement to the information described and as an extension to the commitment contained in the Code of Ethics and Conduct, we can add that the protocol against sexual harassment based on gender and violence in the workplace, defined in accordance with Spanish legislation, coexists with those approved locally in India and the United States. These are countries where the need to create specific internal regulations on this matter has been detected, due to the importance of its management and risk assessment in the companies in these countries where Grupo Antolin is present.

Work organization-

In accordance with the Code of Ethics and Conduct, Grupo Antolin expressly adopts a commitment to respect and comply with the labor standards as they arise, specifically:

- Supporting the elimination of all forms of work that is forced or performed under coercion
- Respecting the current legislation of each country with regards to working hours
- Supporting the abolition of child labor.

On this basis of this commitment, the organization of working time is based on the employment calendar negotiated for each company, according to the needs of the customer, company and specific work environment, in line with the principles of stability and quality in employment and flexibility in time and location. For example, programs such as teleworking at our centers in Germany and the United States coexist with others offering flexible start and finish hours, an intensive working day in summer and at Christmas in Spain, and the adaptation of the working day in Morocco so that the workforce can practice their religion.

Related to the organization of work, Grupo Antolin has policies that ensure the right to disconnect from work at all companies in France with the aim of facilitating the right to rest, the balance between personal and family life, and preventing risks to the health of the people who provide their services at the facilities.

The right to disconnect from work is applied within the framework of an agreement signed by the different companies resulting from the negotiations on professional equality between men and women and quality of life at work.

The implementation of this right, the design of training actions to raise awareness and the reasonable use of professional electronic tools form the content of the agreement.

Training and development-

At Grupo Antolin, we understand training as a key means to encourage interdisciplinary learning as a factor of professional and personal enrichment in order to help people to develop. In addition to providing them with knowledge that facilitates the achievement of their results, the training and development actions promoted have an impact on the behaviour of people: their skills, attitudes and/or knowledge.

Linked to Grupo Antolin's Strategic Plan, the Human Resources Master Plan establishes training as one of the cross-cutting areas on which the management of human resources is based. This is implemented through plans and programs that accompany the professional development of the people forming the company.

The company's objective is to develop people, helping them grow within the company and providing them with a professional future at Grupo Antolin. It is working to define the policies and instruments that allow for the initial detection and subsequent development and retention of internal talent. It is the responsibility of everyone forming part of the Company to commit, become involved, train and develop. This is especially true for those who oversee teams and people, managing and facilitating that development from their area of competence through the use of tools made available by the organization for this purpose.

A highlight is the effort to promote the exchange of knowledge as a key issue within the company. Integrated as part of the people management process, the recognition and rewarding of knowledge at all levels is especially important for the design and monitoring of professional careers.

The internal management of knowledge provides us with a long-term value that sets us apart. We apply it to properly manage our knowledge, identify new needs, improve our products and processes; as well as to generate new management models, through experts, leaders and knowledge communities.

Training hours per professional category	MOE	79,800	MOI	272,321	MOD	740,472

(1) See Appendix I. Explanatory notes
(5) MOE - STRUCTURAL labor. MOI - INDIRECT labor and MOD - DIRECT labor. See Appendix I

Social relations-

As part of Grupo Antolin's commitment to the labor standards in the countries where the company operates, Grupo Antolin recognizes and defends the freedom of association and the effective recognition of everyone's right to collective bargaining. It guarantees an occupational health and safety management system at its national and international companies.

In recent years, a series of events have led us to face especially difficult situations and decisions from an employment, and more importantly human, point of view.

The policies, systems and measures implemented to manage our human capital, described throughout this chapter, our commitment to people, together with the permanent dialog with the government, business organizations, trade unions and workers' representatives, and the measures taken to adapt the existing workforce to the productive needs of our customers, have been the basis for Grupo Antolin being able to increase its workforce during the last year.

It is Grupo Antolin's desire to ensure that communication with trade unions and/or workers' representatives is good and based on respect. Communication channels are established with the trade unions present at our plants, both in Spain and abroad, granting them an e-mail account when they request one for the trade union groups within the address @grupoantolin.com. In order to be able to share legal documentation and anything they request from us much more quickly, specific folders have also been created within the company's internal network. Furthermore, it facilitates the holding of regular meetings with workers' representatives to review schedules, working days, temporary recruitment and any other points deemed relevant for debate by the parties.

The entire workforce has a channel for direct participation through joint meetings of the management and employees, so 100% of the workforce is represented. We should also add that the collective agreements contain different communication channels with the representatives, in the form of Committees, to address different and multiple aspects of general interest.

In accordance with Grupo Antolin's commitment to labor standards, the decision to start the initiative for social dialog arose at the request of the workforce/trade unions. In order for the negotiations to be as instructive as possible, it is always ensured that these representatives have the information and training necessary to establish their strategies.

Under this premise, those companies not currently covered by a collective bargaining agreement, pact or instrument, due to there not being one at a company, local, regional, national or sectoral level, for this reason or through a failure to start the social dialog, are covered by the applicable legislation and regulations, including in all cases a reference to occupational health and safety.

Percentage of employees covered by collective agreements and labor legislation by country:

Country	Total Workforce as of 12/31/2018	Workforce Covered Collective Agreement		Workforce Covered Labor Legislation	
Germany	2,315	1,505	*65%*	810	*35%*
Argentina	168	0	*0%*	168	*100%*
Austria	658	658	*100%*	0	-
Brazil	720	720	*100%*	0	
China	4,002	240	*6%*	3,762	*94%*
Korea	8	0	*0%*	8	*100%*
Slovakia	855	0	*0%*	855	*100%*
Spain	2,189	2,189	*100%*	0	
United States	4,991	599	*12%*	4,392	*88%*
France	1,010	1,010	*100%*	0	
Hungary	761	0	*0%*	761	*100%*
India	1,072	804	*75%*	268	*25%*
Italy	109	109	*100%*	0	
Japan	18	0	*0%*	18	*100%*
Morocco	150	0	*0%*	150	*100%*
Mexico	5,111	3,169	*62%*	1,942	*38%*
Poland	297	0	*0%*	297	*100%*
Portugal	234	234	*100%*	0	
Czech Republic	2,424	2,060	*85%*	364	*15%*
United Kingdom	1,863	557	*29.92%*	1,306	*70.08%*
Romania	965	965	*100%*	0	
Russia	156	0	*0%*	156	*100%*
South Africa	323	323	*100%*	0	
Thailand	124	0	*0%*	124	*100%*
Turkey	799	799	*100%*	0	
Totals	31,322	15,941	*49%*	15,381	*51%*

(2) See Appendix I. Explanatory notes.

Health and safety-

The progressive aging of the population and increased average age, together with an improvement in the general state of health, the prolongation of the working life and the future decrease in active labor, makes it necessary for us, as a company, to implement suitable systems that promote well-being and guarantee the health and safety of our professionals. Responding to these challenges has led Grupo Antolin to reinforce its commitment and pay more attention to preventative healthcare.

Grupo Antolin's objective: to ensure the welfare, health and safety of the people who work and provide their services at Grupo Antolin so that they can perform their work in a safe and healthy environment.

Grupo Antolin's approach:

- To reduce to 0 the number of occupational accidents and professional illnesses among the workforce.
- To universalize the values of safety and health.

Grupo Antolin's commitments:

It is the responsibility of everyone forming part of Grupo Antolin to make an effort to create an agreeable and respectful working environment; care for their health and ensure a safe environment, complying and ensuring compliance with the occupational health and safety standards and measures, as well as responsibly using the company's resources and facilities wherever the work is performed. An example of this commitment is the Occupational Health and Safety Policy; a policy that explicitly implements this commitment to the well-being of people in both the workplace and outside work and in the community.

The Healthy Company program puts this commitment into effect, responding in turn to emerging issues such as consolidating the emotional contract of people, with three objectives: to promote health and well-being, reduce chronic illnesses and improve motivation, organized around three lines of work: physical health, emotional health and nutrition.

In the field of preventing tasks classified as dangerous, all companies carry out operational control in order to improve safety in the performance of these tasks.

Monitored by Grupo Antolin's General Services Department, it is worth highlighting within the prevention area that the construction and/or adaptation of all properties is carried out, according to our needs, in keeping with the plan defined by an expert professional and the permits required for its execution. All of this is carried out in accordance and in compliance with the local and national accessibility regulations and legislation required in each country.

Other situations that impact our health, such as pollution, addictions and traffic accidents, also deserve attention. In this point, responsible mobility is another of our commitments, encouraging safe, respectful and responsible driving in accordance with the applicable legislation, rules and traffic signs, and taking the necessary precautions for the safety and security of passengers, when commuting and/or traveling for work reasons.

When talking about security in the supply chain, we must point out that all suppliers working at Grupo Antolin's facilities in Spain are approved by the Occupational Health and Safety department of these companies.

Health and safety in figures	Men	Women
Frequency index *No. of accidents at work that occur for every million hours worked*	3.39	1.64
Severity index *No. of working days lost due to accidents at work for every thousand hours worked*	0.10	0.05
Number of accidents by gender	215	104
No. of people off on sick leave due to occupational disease	8	11
Hours of absence due to common illness, accidents and other causes	2,361,253	

Note: The calculation of the accident rates has used the average number of employees during the month and the actual hours worked as a reference: (theoretical hours + overtime - absences). They are a breakdown of the global index. The company will work throughout the year to calculate the actual hours worked broken down by gender. The severity index includes calendar days in days of sick leave.

(3) See Appendix I. Explanatory notes

People management in figures-

Employment

Total workforce as of December 31, 2018: 31,322 people
Average workforce 2018: 31,036 people

Broken Down by Country	Workforce as of 12/31/18	Average Workforce 2018
Germany	2,315	2,303
Argentina	168	177
Austria	658	653
Brazil	720	740
China	4,002	3,743
Korea	8	7
Slovakia	855	893
Spain	2,189	2,237
United States	4,991	1,914
France	1,010	1,021
Hungary	761	823
India	1,072	1,063
Italy	109	118
Japan	18	18
Morocco	150	157
Mexico	5,111	5,062
Poland	297	284

Portugal	234	223
United Kingdom	1,863	2,303
Czech Republic	2,424	2,452
Romania	965	959
Russia	156	158
South Africa	323	313
Thailand	124	124
Turkey	799	827
Total general	**31,322**	**31,036**

(2) See Appendix I. Explanatory notes

Broken down by GENDER	**Male**	16,706	**Female**	10,633

(4) See Appendix I. Explanatory notes

Broken down by AGE	**< 25 years**	2,829	**Between 25 and 40**	12,783	**> 40 years**	11,705

(4) See Appendix I. Explanatory notes

Broken down	by PROFESSIONAL CLASSIFICATION		**MOE**	**MOI**	**MOD**
	by GENDER	Female	1,270	1,737	7,626
		Male	2,380	6,408	7,918

(4) See Appendix I. Explanatory notes
(5) MOE - STRUCTURAL labor. MOI - INDIRECT labor and MOD - DIRECT labor.
See Appendix I. Explanatory notes

People with special needs as of 12/31/2018	248

(6) See Appendix I. Explanatory notes

Number of people by contract type as of 12/31/2018	**Permanent**	**%**	**Temporary**	**%**
31,109	29,407	*94.53*	1,702	*5.47*

(7) See Appendix I. Explanatory notes

Annual average of people	by GENDER	**Male**	**Female**
by CONTRACT type	Permanent	93.66%	94.13%
	Temporary	6.34%	5.87%
	Part-time	*	*

(4) See Appendix I. Explanatory notes

Annual average of people	by AGE	**< 25 years**	**Between 25 and 40**	**> 40 years**
by CONTRACT type	Permanent	90.74%	93.69%	95.08%
	Temporary	9.26%	6.31%	4.92%
	Part-time	*	*	*

(4) See Appendix I. Explanatory notes

Annual average of people by	PROFESSIONAL CLASSIFICATION	**MOE**	**MOI**	**MOD**
by CONTRACT type	Permanent	11.78%	27.55%	60.67%
	Temporary	7.23%	19.44%	73.33%
	Part-time	*	*	*

* *Data not available, based on the standardization of the definition of the concept of "part-time" from the harmonization of the different legislations on this matter.*

Note: The data from the information systems to calculate the annual average of contracts only allows us to report the information on the average number of people with a permanent or temporary contractual relationship at the requested date, not the number of contracts associated to one person.

(4) See Appendix I. Explanatory notes
(5) MOE - STRUCTURED labor. MOI - INDIRECT labor and MOD - DIRECT labor.
See Appendix I. Explanatory notes

Number of dismissals

Broken down by GENDER	**Male**	818	**Female**	391

(4) See Appendix I. Explanatory notes

Broken down by AGE	**< 25 years**	277	**Between 25 and 40**	575	**> 40 years**	357

(4) See Appendix I. Explanatory notes

Broken down by PROFESSIONAL CLASSIFICATION	**MOE**	89	**MOI**	291	**MOD**	829

(4) See Appendix I. Explanatory notes
(5) MOE - STRUCTURED labor. MOI - INDIRECT labor and MOD - DIRECT labor. See Appendix I. Explanatory notes

A
Global average remuneration and its evolution ***(excluding Managers and Directors)***

Broken down by GENDER		**Male**	**Female**
	Year 2017	€ 25,309	€ 18,017
	Year 2018	€ 25,983	€ 18,551

(4) See Appendix I. Explanatory notes

Broken down by AGE	**< 25 years**	**Between 25 and 40**	**> 40 years**
Year 2017	€ 11,089	€ 19,348	€ 28,665
Year 2018	€ 12,571	€ 20,021	€ 28,995

(4) See Appendix I. Explanatory notes

Broken down by PROFESSIONAL CLASSIFICATION	**MOE**	**MOI**	**MOD**
Year 2017	€ 48,633	€ 26,354	€ 14,400
Year 2018	€ 49,311	€ 26,949	€ 15,222

(4) See Appendix I. Explanatory notes
(5) MOE - STRUCTURED labor. MOI - INDIRECT labor and MOD - DIRECT labor. See Appendix I. Explanatory notes

Average remuneration of Directors and Managers
Including variable remuneration, allowances, indemnities, including payments to long-term pension savings accounts and any other payments.

Broken down by GENDER	**Male**	€ 146,563	**Female**	€ 157,056

Note: As of December 31, 2018, the Board of Directors of the Parent Company consisted of one natural person and four legal entities, represented by one man and three women. The average remuneration of the members of the Board of Directors corresponds to the amount received by the Board members as remuneration for their work managing the Parent Company. The average remuneration also includes wages, salaries and similar corresponding to those members of the Board of Directors of the Parent Company who have also been its employees during the 2018 financial year.

Global average remuneration 2018 ***(considering fixed and variable remuneration)***

			Female	Male
Broken down	by GENDER		Female	Male
	by PROFESSIONAL CLASSIFICATION	Executives	€ 130,248	€ 140,501
		Middle Management	€ 59,644	€ 63,053
		Operators	€ 26,960	€ 29,461
		All other personnel*	€ 13,788	€ 16,582

** MOD production operators*
(4) (8) See Appendix I. Explanatory notes

The differences shown in the above tables on remuneration at Grupo Antolin result from the composition of the hierarchical levels and socio-cultural factors deriving from the geographical dispersion across the countries where the Company operates.

The reference is the calculation methodology for the pay gap applied and validated in the United Kingdom for and by our centers with 250 employees or more, which have published the information annually since 2017 on the website of the United Kingdom Government and as part of our Annual Report. Grupo Antolin plans to extend its scope in the coming years to companies in other countries where it is present, in accordance with the following information:

- The gender pay gap *(mean and median).*
- The gender gap in bonuses *(mean and median).*
- The difference between the proportion of genders receiving bonuses.
- The gender gap in bonuses *(mean and median)* excluding performance.
- The difference between the proportion of genders receiving bonuses, excluding performance.

	Antolin Interiors		Grupo Antolin UK		Grupo Antolin Leamington	
GENDER PAY GAP*						
Mean	14.30%		16.11%		12.26%	
Median	10.20%		16.42%		7.37%	
GENDER GAP IN BONUSES**						
Mean	8.57%		14.24%		40.29%	
Median	7.49%		17.52%		50.56%	
% OF EMPLOYEES RECEIVING A BONUS						
Women	30%		50%		3%	
Men	46%		54%		21%	
PROPORTION OF EMPLOYEES IN EACH SALARY BAND BY QUARTILE***	Women	Men	Women	Men	Women	Men
Lower quartile	39.51%	60.49%	42.42%	57.58%	18.18%	81.82%
Lower middle quartile	16.94%	83.06%	25.00%	75.00%	18.18%	81.82%
Upper middle quartile	20.25%	79.75%	6.25%	93.75%	18.18%	81.82%
Upper quartile	13.64%	86.36%	24.24%	75.76%	7.41%	92.59%

(**) Calculation formula in percentage: (mean or median of the hourly ratio of men - mean or median of the hourly ratio of women) / mean or median of the hourly ratio of men.
(**) Calculation formula in percentage: (mean or median of the bonus paid to men - mean or median of the bonus paid to women) / mean of the bonus paid to men.
(***) Calculation formula in percentage: no. of men or women in the corresponding quartile / no. of employees in the corresponding quartile.

In accordance with The Equality Act 2010 *(Gender Pay Gap Information)* Regulations 2017, as of April 2017 organizations with 250 or more employees must annually publish the information regarding their gender pay gap on the website of the United Kingdom Government.

In compliance with the foregoing, the company Antolin Interiors UK is the only one that meets the requirements to report the pay gap data, as indicated therein. However, in line with the company's commitment to diversity and equal opportunities, this reporting has been extended to two other companies in the United Kingdom in 2018, as a sample, and we wish to extend it to the rest of Grupo Antolin's companies.

VIII. HUMAN RIGHTS

At the root of our decisions and actions-

The impact of Grupo Antolin's activity on human rights will change over time, depending on the operational context in which the company moves and the operations to be carried out. Accelerated urbanization, climate change, use of resources, globalization and technology will undoubtedly have a direct impact on these all around the world, and this impact on each right will be different in every country depending on the different circumstances. Aware of this, Grupo Antolin will be required to perform the continuous and permanent monitoring of its entire value chain under the principle of protect, remedy and repair.

Only by effectively integrating sustainability throughout the entire value chain will the company be able to manage any potential risks and transform them into opportunities, which will allow it to position itself as a leader of the interior of the mobility of the future. Identified as a relevant issue for the company in its relationship with suppliers, human rights in the supply chain therefore becomes, together with good governance and ethics, one of the seven strategic priorities for the coming years, which are included in Grupo Antolin's Sustainability Master Plan.

The Compliance Department is especially important in this context as it is responsible for ensuring respect for and compliance with the commitments on ethics and human rights by the entire workforce in all geographical areas where Grupo Antolin is present. All of this is carried out in order to minimize negative impacts and maximize the positives of our activity.

Our policies and commitments-

The principles that govern the way in which the company thinks and acts are in its foundations. Human rights are part of the business, as a cross-cutting element involved in each and every decision and action carried out by the different areas of the company. Respect and protection for these is inherent to the culture and operation of the business. Any decision taken by the organization must include a component of integrity, ethics and transparency that cannot neglect the respect for human rights.

This is why the Grupo Antolin Human Rights Policy forms part of the Code of Ethics and Conduct, which is the guiding document and utmost expression of its ethics and integrity. Approved by the Board of Directors, this must be interpreted along with all of the organization's other policies that implement each of the principles and commitments acquired.

Internal reference framework

- **Strategic lines, commitments and policies:**

  The Universal Declaration of Human Rights, treaties and other related instruments cover a broad spectrum of rights, which is why practically all of the policies and guidelines in force at Grupo Antolin, and particularly those that are described throughout this report, from the most general to the most specific, are likely to apply to one or more of these rights.

  As a complement to the company's Governance Model, described in the Global Plans section of this report, listed below are the policies, processes and other internal provisions applicable to human rights as a whole.

  Grupo Antolin's objective: To work ethically and promote respect for human rights in all the countries in which we carry out our commercial, industrial and financial activity.

  Grupo Antolin's approach: To promote initiatives that guarantee responsible behaviour and respect for human rights in our area of influence.

- **Code of Ethics and Conduct:** Grupo Antolin's commitments to human rights

  Grupo Antolin supports fundamental human rights, avoiding and reporting participation in commercial, economic and industrial activities that abuse these rights.

  Grupo Antolin acts with due diligence to identify, prevent, mitigate and remedy any possible negative impacts and consequences of its activities on human rights, either directly or through its supply chain.

  Grupo Antolin respects and promotes children's rights within its sphere of influence.

- **Sustainability Master Plan:** Human rights in the supply chain

  Purpose: To ensure a commitment to respecting human rights throughout our entire value chain. To extend the values of Grupo Antolin, our commitment to the environment and ethical behaviour, to our supply chain.

  Motivation: Minimize possible risks linked to relations with third parties. Respond to the expectations of customers and legislators. Integrate CSR and ensure that the entire value chain shares the same commitment to respecting the issues we deem most relevant.

  Area: Sustainable supplier management. Awareness of CSR in the supply chain. Protection of human rights.

- **Conflict minerals policy**

  Commitment to only obtaining products and services from companies that share our values on working conditions, human rights, business ethics and environmental responsibility.

Commitment to identify and eliminate risks due to possible adverse impacts associated with the mining, sale, handling and exporting of minerals from areas of high risk and those affected by conflicts.

Recognition of Grupo Antolin's responsibility as a company to respect human rights and not contribute to conflicts through our activity.

(The term conflict minerals refers to gold (Au), tantalum (Ta), tin (Sn) and tungsten (W), the 3TG 's, regardless of the location or origin of the minerals or derived metals).

The company's suppliers are essential to the success of its business so we must work together, not only from a technical viewpoint but also in terms of respecting human rights throughout the entire supply chain. In this area, the implementation of the supply chain management program and the alignment with the commitment of Grupo Antolin's customers aims to promote actions and strengthen the participation of the different players in the chain in that protection and respect.

A multidisciplinary and multicultural working team has been created in order to reduce the possible risks of human rights violations linked to conflict minerals. This is responsible for updating the Conflict Minerals policy, applying the due diligence process for the appropriate management of these minerals and high risk areas together with the corresponding action plan. Its objective is to develop a robust and reliable management system for these materials that allows us to meet the expectations of our customers and future regulations.

External reference framework:

- The United Nations Universal Declaration of Human Rights
- Agenda 2030: Sustainable development objectives 3, 4, 5, 7, 8, 10, 16 and 17
- The Principles of the United Nations Global Compact. Principles 1, 2, 3, 4, 5 and 6
- The Guiding Principles of Business and Human Rights
- Children's Rights and Business Principles
- The Directive Guidelines of the OECD for Multinational Companies.
- The guidelines and principles of the International Labor Organization (ILO) Conventions no. 29, 87, 98, 100, 105, 111, 138, 182
- Section 1502 on conflict minerals of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Impact on human rights in figures-

The integration of human rights into the company's risk management system in 2018 has facilitated the establishment of effective systems and processes that allow it to address the possible impact on human rights caused by the company's activity, and by the people who directly and indirectly work with it as a consequence of performing their professional duties.

For prevention purposes, the Compliance department carries out monthly monitoring of any possible incidents that may affect Grupo Antolin's commitment. This covers each company, provides traceability and uses the defined risk map.

Complaints for cases of human rights violations as of 12/31/2018	7
Action plan	Coaching and training in human rights Awareness and training actions. Healthy company Disciplinary actions *(Written caution/warning. Sanctions)*. Disciplinary actions *(Verbal caution/warning)* Monitoring of actions and conducts to observe evolution.

Note: The scope of the concept of human rights taken as a reference for the indicator report has been defined in accordance with the United Nations Universal Declaration of Human Rights and the guidelines and principles of the International Labor Organization (ILO): eradication of labor for children and young people aged between 16 and 18 years, elimination of forced or coerced labor, slavery and people trafficking, respect for suitable working hours, diversity, inclusion and non-discrimination in employment and occupation, fair, equal and non-discriminatory pay respecting the minimum wage conditions, freedom of association and the right to collective bargaining, and management of occupational health and safety.

IX. CORRUPTION AND BRIBERY

Introduction: risk areas and management approach-

Grupo Antolin expressly rejects any form of corruption in its broadest sense, whether active, passive, private, or with public officials, applying a zero-tolerance policy with respect to any breach of the Code of Ethics and Conduct and the content of the organization's policies.

At Grupo Antolin, we are committed to the highest ethical standards that make the company a unique model of behaviour. To reiterate the company's commitment to strict compliance with the regulations on the prevention and fight against corruption, it has started the process for the preparation of the Global Anti-Corruption Policy that brings together the existing commitments, guidelines and policies, extending compliance with this not only to all the employees of the companies in which Grupo Antolin exercises direct or indirect management control, but also to our commercial partners.

In its commitment to prevent any form of corruption, Grupo Antolin carries out all its activities in accordance with the legislation in force in all the fields of action and in all the countries in which it operates, in accordance with its spirit and purpose, and undertakes:

a) not to influence the decisions or objectivity of people outside the company to obtain any benefit or advantage through the use of practices that are unethical and/or contrary to the applicable law (ANTI-CORRUPTION AND BRIBERY GUIDE),

b) not to allow any facilitation payments, nor finance or provide assistance or support of any other kind, directly or indirectly, to any political party, its representatives or candidates, or use donations to cover up undue payments (DONATIONS AND CONTRIBUTIONS GUIDE),

c) not to solicit or receive in an undue way, directly or indirectly, commissions, payments or benefits from third parties on the occasion of or as a result of operations involving investment, disinvestment, financing or expenses carried out by the company, and

d) To pay special attention to those cases where there are signs of the lack of integrity of the persons or entities with which business is being conducted, in order to ensure that Grupo Antolin only establishes business relationships with qualified individuals and entities with an adequate reputation (DUE DILIGENCE PROCEDURE).

Grupo Antolin also works to adopt the most advanced good governance practices and standards, and integrate and encourage responsible management to contribute to generating a culture of transparency, ethics and compliance that ensures the interests of all stakeholders. It therefore seeks to (i) professionalize decision-making in the family company, (ii) protect the company from possible compliance risks, and (iii) consolidate trust within the organization.

Main risks in matters of corruption and bribery

One of the fundamental pillars of the compliance program is risk management, but risks vary depending on the activity, size, geographic area in which it operates and a number of other factors, both internal and external. In order to be able to carry out this exercise with certain guarantees, Grupo Antolin has made a strong commitment to comprehensive risk management on an international scale in SAP_GRC through its Risk Management module, which incorporates all areas and fields. This involves managing a significant volume of risks.

Within the 24 areas analyzed and assessed globally at all plants and in all geographical areas where Grupo Antolin operates, we can conclude that the issues related to corruption and bribery are low in the ranking of risks. For example, irregular donations and contributions appear last and money laundering is in position 20 of 24.

The Criminal Compliance System is integrated into Compliance's Risk Management and Organization Model already implemented in the company. It has been updated in accordance with ISO 19601, as part of the process for the identification, management and evaluation of these risks, an SAP computer tool has been used for the implementation of the modules: GRC PC *(Process Control)* for controls and RM *(Risk Management)* for risks.

On the criminal side, the crimes of influence peddling and bribery have been identified

When carrying out its business, Grupo Antolin establishes relationships with public bodies to pay the corresponding taxes and Social Security contributions, in labor or environmental inspections, and to obtain authorizations, subsidies or licenses.

Areas affected and sensitive activities

The main areas affected are the Legal Affairs Department, the Corporate Quality Department, the Sales Department, the Purchasing Department, the Corporate Finance Department, the Marketing, Communications and Institutional Relations Department, the Tax Planning and Incentives Department, the Human Resources Department and the General Services Department.

The main sensitive activities are as follows:

- Participation in calls for public tenders to obtain any type of contract.
- Management of relationships with public officials: request for any type of licenses, permits or authorization made to a public body for the performance of any activity related to the company's business.
- Request and management of subsidies.
- Relations with the Administration of Justice either as part of a procedure in which the company is directly or indirectly involved, or because it has been required to collaborate in some way.
- Management of gifts and donations that are intended for any public body.
- Management of administrative inspections and those relating to taxes, Social Security, occupational health and safety and environmental protection.
- General relations with the public administration, such as dealing with notaries and registrars.

Given the analysis and assessment of the data and information described, it is understood that the criminal risk associated with corruption in Grupo Antolin's business in Spain is low and tending towards marginal. This conclusion does not imply that the company must continuously improve the suitability, adequacy and effectiveness of the Compliance Management System and the implemented criminal risk organization and management model.

Policies and commitments

At Grupo Antolin, we are committed to the highest ethical standards that make the company a unique model of behaviour. To reiterate the company's commitment to strict compliance with the regulations on the prevention and fight against corruption, it has prepared an Anti-Corruption Policy that brings together the existing commitments, guidelines and policies, extending compliance with this not only to all the employees of the companies in which Grupo Antolin exercises direct or indirect management control, but also to our commercial partners.

Internal reference framework

- Vision and values: Family Spirit value – be humble, act honestly, respect others and deal with issues fairly.
- Code of ethics and conduct: Grupo Antolin's commitment - to prevent any form of corruption, Grupo Antolin carries out all its activities in accordance with the legislation in force in all the fields of action and in all the countries in which it operates, in accordance with its spirit and purpose.
- Sustainability Master Plan: Good governance and ethics
  - Purpose - Adopt the most advanced good governance practices and standards. Integrate and encourage responsible management to contribute to generating a culture of transparency, ethics and compliance that ensures the interests of all stakeholders.
  - Motivation: Professionalize decision-making in the family company. Protect the company from possible compliance risks. Consolidate trust within the organization.

- Scope- Functioning Corporate Governance. Training in ethics, integrity and compliance. Analysis and management of risks. Anti-corruption policy. Grupo Antolin's commitment to strictly comply with the regulations on the prevention and fight against corruption in accordance with the current legislation in all scopes of action and in all countries where it operates.
- Express rejection of all forms of corruption, be they active, passive, private or with officials, applying a policy of zero tolerance.

- Corporate Compliance Policy:
  - Commitment of the company to establish and implement a system, on a cross-cutting basis, which provides a suitable framework to define, detect and effectively assess the risks faced by Grupo Antolin due to a breach of the regulations. System requirement that serves as a tool for adopting a compliance culture and respecting the legislation through awareness.

- Gifts and hospitality policy
  - Express prohibition on promising, offering, receiving or granting, personally or through an intermediary, to executives, administrators, employees or collaborators of a commercial organization or of a society, association, foundation or organization, any unjustified benefit or advantage of any nature so that they favor them or a third party over others, breaching their obligations in the purchase or sale of goods, contracting of services or in commercial relationships.

- Conflict of interest policy
  - Express declaration that guarantees the absence of conflicts of interest in our relationship with the environment, understanding a conflict of interest as any situation in which it can be understood that a personal benefit or interest of an employee of Grupo Antolin may influence their professional decisions related to complying with their obligations at the company, with this personal benefit or interest working against the interests of the company.

- Compliance guidelines: donations and contributions
  - Guidelines that describe what the purpose of a donation or contribution by Grupo Antolin should be: to help its respective sector of activity or to support communities and associations through subsidizing projects or sponsorships. This includes recommendations and examples of action.

- Compliance guidelines: anti-corruption and bribery
  - Guidelines that establish recommendations, warnings and behaviours, as an example, that may go against the commitments contained in the Code of Ethics and Conduct globally and in the Anti-Corruption Policy in particular.

External reference framework:

- The United Nations Universal Declaration of Human Rights.
- Agenda 2030: Sustainable development objectives 16 and 17.
- The Principles of the United Nations Global Compact. Principle 10.
- The United Nations Convention against corruption.
- OECD Guidelines for Multinational Enterprises.
- OECD due diligence guidance for responsible business conduct.
- ISO 37001:2017 Anti-bribery management systems.
- UK Bribery Act 2010.
- ISO 19600/UNE16601.

Due diligence and prevention practices for members of the organization, third parties and business partners

Grupo Antolin is committed to ethical behaviour and compliance with the law, based on the values described in the Code of Ethics and Conduct and that are mandatory for our employees. We also require behaviour in keeping with these in our relations and/or associations with external individuals or entities through the due diligence management policy and procedures.

From this perspective, knowing the behaviour of those who want to have a relationship with the organization is a minimum business precaution and, for this reason Grupo Antolin has implemented a due diligence policy within the Compliance Management System.

Due diligence procedures are a key element of the entire compliance management system as they ensure that the will of the organization in enforcing its values applies to its relationships both with customers, suppliers, business partners and third parties in general *(external)* and with employees or members of the organization *(internal)*.

The company defines, implements and manages the due diligence common to all employees and persons in vulnerable positions within Grupo Antolin, as well as to third parties and business partners linked to the activities of Grupo Antolin.

Measures taken to prevent corruption and bribery-

Increase and improve the detection, correction and reporting mechanisms.

- New Corporate Compliance Policy.
- New Anti-Corruption Policy.
- New Third-Party Intermediary Policy.
- New Due Diligence Procedure.
- New Policy regulating conflicts of interest.
- Gifts and Hospitality Services Policy.
- The Code of Ethics and Conduct contains Grupo Antolin's commitment to the international and local efforts to eliminate corruption. It also expressly states that Grupo Antolin will not pay any amount, or provide any service to political parties, holders of a public office or candidates to said offices, administrative authorities or their employees, even if said contributions are considered legal by virtue of the country's laws where said payments may be made.
- Grupo Antolin's Supplier Manual, in application of the United Nations Global Compact, requires its suppliers to commit to respecting and complying with the standards of ethical and moral conduct and refrain from practicing corruption in all its forms, including extortion, fraud and bribery.
- Creation of a culture of integrity in all operations.
- Updating of the compliance induction program.
- Implementation of the global compliance risks into the SAP-GRC system.
- International deployment of compliance risk management, started by identifying the global risks common to the entire organization.
- From a financial viewpoint, Grupo Antolin has various controls implemented through the following procedures that form part of the internal risk control and management system relating to financial information (FRMS), a system implemented, documented and assessed by an Internal Auditor. Among these controls, we can specifically highlight:
  - Business Plan and annual budgets. Budget control of the income and expenses of each department, analyzing the deviations.
  - Analysis and approval of investments.

- Economic control of projects.
- Transfer prices.
- Closing and consolidation of financial statements.
- Updating of the scope of consolidation.
- Regular reconciliation between banking and financial accounts. Cash counts.
- Monthly economic-financial reporting system.

- The implementation in SAP-GRC of the internal function segregation system through the Access Control module is under development.

Training and awareness raising about the first high-level standard and the anti-corruption policies.

- On-site compliance training for practically all Spanish plants *(including a specific part on bribery and corruption)*.

- All management and MOI teams have been visited and trained in: France, Germany, India, Czech Republic and Hungary.

- Awareness campaigns have been carried out and compliance flashes have been launched with action guidelines and standards for the different areas of corruption and bribery.

Transparency channel and other reporting mechanisms-

The 'Transparency Channel' is the channel provided by the company for sending complaints through the website or its PO box in the event of any behaviour or action that goes against the commitments and principles of the code of conduct, including all those related to corruption and bribery. The person making the report may identify themselves with their personal details when submitting the complaint or remain anonymous. The Compliance Department has defined the principles and process for employees to report and escalate any potential compliance problems, creating a culture of transparency for the escalation of incidents.

Measures taken to combat money laundering-

In view of all measures listed above, we also contribute to identifying the origin and destination of funds to avoid the financing of criminal activities, terrorism or capital flight.

X. SOCIETY

Local roots to develop the global project-

The 2030 Agenda and its mainstreaming in the organization, in the form of goals and objectives, is an opportunity for Grupo Antolin to contribute to the creation of prosperous environments where we can run our business, through the internal commitment and external collaboration with the different elements of the value chain.

The future poses challenges in different areas that give the company a key role in sustainable development and only by knowing how to identify and take advantage of those challenges and opportunities can we be considered an indispensable partner internationally and locally to generate a prosperous growth environment for everyone. However, we cannot do this alone. The establishment of new partnerships and the strengthening of the existing ones is part of the areas to be worked on within the Sustainability Plan.

In a global climate characterized by continuous change, where decisions and actions on one side of the planet have the ability to influence the life and people on the other side of the world, taking responsibility for decisions and actions is particularly important. The principles that have underlain Group Antolín's work are universal. They have served to develop a specific business project where our values form part of an equation that today is key for anticipating and responding to those environmental, social and economic challenges.

Grupo Antolin's sustainable contribution model describes how the company wants to and can interact with the environment in which it operates with its stakeholders, in order to build a space of shared prosperity under the three-fold economic, social and environmental perspective. Its objective is to enrich, develop and share this model through collaboration, contribution and innovation, maximizing our impact on people and the planet.

Social action occupies an important part in the programs, but it is not the only one. There are many actions carried out locally at each center with different scopes that, together with others of a more global and corporate nature, represent the company's values in society.

Based on the real and shared consolidation of the actions and initiatives carried out in the field, the commitment to the closest environment also includes those collaborative initiatives and projects implemented through the different business areas and regions, with the common objective of contributing to the growth and development of society through business activity.

Policies and commitments-

Grupo Antolin's contribution to the development of society goes beyond the corporate environment. The commitment to collaboration, cooperation and innovation as an engine for growth and personal and social development is aimed primarily at the countries where the company operates.

Included within the performance management system, contribution is one of the five values that the people forming part of the company must internalize and that, together with their objectives, make up the talent that Grupo Antolin is looking for to make Antolin a project for the future.

Internal reference framework

- **Strategic lines, commitments and policies - Grupo Antolin's approach:** To train, develop and share our commitment with our stakeholders through participation, training and recognition, especially with the local community.
  - **Vision and values:** Contribution value - contribution to the development of society: be committed to your environment; represent the company's values in society.
  - **Code of ethics and conduct:** Grupo Antolin's commitments - Grupo Antolin is contributing to the global development of the economy and society. It **focusses** on creating a sustainable future and working on the impact of our activity on the environment, people and the social environment in which we operate. We are committed to universal values that govern the behaviour of the Group in all its activities.

    Sustainable contribution: As a result of its activity, products, technology and services, Grupo Antolin contributes directly and indirectly to the global and local development of the economy, society and environment of the communities where it is established.

    Grupo Antolin may carry out sponsorship, patronage or social activities on its own or in association with third parties, always seeking projects and alliances that contribute value to the company and/or its stakeholders and apply the values and principles included in this Code.
- **Sustainability Master Plan: Shared value**

  Purpose: Be the driver of social and economic development in the areas close to our activity, through the creation of shared value. Respond to the main concerns of the community. Maximize our positive impact.

  Motivation: Build a space for shared prosperity from an economic, social and environmental perspective based on ethics, transparency and professionalism. Interact with our stakeholders and the environment in which we operate.

  Area: Strategic social contribution. Donations, Financial Support and Sponsorship Policy. Measurement of the impact of the social contribution. Partnerships and relationships with the third sector, both locally and globally.

In order to guarantee the comprehensive and transparent management of sustainable contribution in our relations with people or entities, the due diligence policy and principles are applicable, as are the policies and guides described in the chapter of this Statement of Non-Financial Information on corruption and bribery, which are set forth below:

- **Anti-corruption policy**
- **Gifts and hospitality policy**
- **Conflict of interest policy**
- **Compliance guidelines: donations and contributions**
- **Compliance guidelines: anti-corruption and bribery**

External reference framework:

- The United Nations Universal Declaration of Human Rights
- Agenda 2030: Sustainable development objectives 3, 4, 5, 7, 8, 9, 10 and 17
- The Principles of the United Nations Global Compact. Principles 1 and 2
- The Guiding Principles of Business and Human Rights
- Children's Rights and Business Principles
- The United Nations Convention against corruption
- OECD Guidelines for Multinational Enterprises
- OECD due diligence guidance for responsible business conduct
- ISO 37001:2017 Anti-bribery management systems
- UK Bribery Act 2010

Commitment to sustainable development

From the responsibility of the business to a responsible business:

Corporate social responsibility at Grupo Antolin goes beyond complying with the laws and regulations; it is knowing, anticipating and assessing the performance of a company as a whole. It analyzes the impact that the decisions and actions needed to achieve its results as a company can have on people, its economic growth and the environment.

When Grupo Antolin talks about commitment, it is talking about the active and voluntary contribution to sustainable development, in order to strengthen the acceptance and approval of society to operate, innovate and grow, turning challenges into business opportunities. It is looking beyond the economic purpose of the company without losing sight of it, implementing actions aimed at transforming the social and environmental impact of the company in the environment where it operates into something positive. It is Grupo Antolin's way of doing things.

When the company talks about contribution, it is talking about a commitment to the future made in the present. It talks about working on solutions to not indiscriminately exhaust the available resources, protect natural resources and ensure that everyone has access to the same opportunities.

It is promoting the economic growth of the communities where Grupo Antolin operates, in such a way that generates fair wealth for everyone without damaging the environment and well-being of people. Economic growth that derives from its own activity, through:

- Acknowledging, respecting and complying with the legislation and international, regional and national performance standards, including the legislation in legal and urban matters of the countries and territories where we operate; as well as their culture, customs and history,
- Generating wealth thanks to the creation and maintenance of direct and indirect employment,
- Investment in innovation, research and development, and
- Strengthening the business and industrial sector.

It is promoting its social development by seeking the collaboration of people, groups or entities present throughout the value chain at different times; cohesion between communities, cultures and people in order to achieve satisfactory levels in the quality of life, health and education.

It is protecting nature and the environment and ensuring the rational use of resources

Responding to this commitment, through Grupo Antolin carrying out its activity as a company, requires listening to the different stakeholders and involving them in the company's project through the communication channels defined by the company so that we can relate to each of them, both internally and externally. The defined corporate channels adapt to the reality of each stakeholder, country and community where that communication is taking place, working in tandem with those specific ones in keeping with the needs of the moment and the content to be communicated.

When Grupo Antolin talks about contribution and society, there are many different representatives, grouped mainly into regulatory bodies and society. With regard to this grouping, in the first case, the communication is ongoing through the channels defined by them, and through participation in specific meetings, projects and events. When we talk about society in general, the Group's communication is mainly established with entities and organizations in the academic, environmental, industrial and social environment, personalizing them depending on the content deriving from the specific commitment and the areas related to the implementation of that commitment. At this point, tools such as the corporate website, social networks, the annual report and those with specific content are combined with participation in certain forums, projects, collaborations and publications, not forgetting the direct face-to-face communication with leading representatives.

Creation of shared value-

Social Contribution

The term social is attributed to one of the areas forming part of Grupo Antolin's sustainable contribution strategy. Applied internationally, each company can be proactive when adapting to the local needs and demands of each country or community, provided that this is consistent with the aforementioned strategy.

Priority is given to long-term and long-lasting forms of contribution over one-off contributions, but this does not mean that anything is excluded. The latter are generally more local and are managed directly by each company, always in line with the scope of action defined and related to intelligent and inclusive mobility, diversity, economic and cultural development, sport, health and well-being, and areas linked to education and employability, innovation and entrepreneurship, and road safety.

Initiatives like those listed below, by way of examples, really reflect that discussed above:

- Intelligent and inclusive mobility:
  - Blood donation campaigns;
  - Accident prevention awareness: alcohol.
  - …
- Sport, health and well-being:
  - Grupo Antolin Sports Club for the children of employees in Burgos;
  - Together it's possible. Cancer prevention campaigns in collaboration with different associations and entities against cancer worldwide;
  - Sponsorship of the only female driver who comes from Burgos at the 2018 Dakar Rally.
  - …
- Innovation, education and employability:
  - Dual vocational training schools in Germany, Spain, the United States and Mexico.
  - SPINUP Castile and Leon for the promotion of entrepreneurship and employment of young people in the automotive industry.
  - Local employment forums
  - Internship programs at companies
  - Graduate scholarships and contracts for research assistants at the General Foundation of the UBU
  - …

- Social development:
  - Big food collection in favor of local food banks.
  - 24th edition of the “One drawing, one smile” Christmas competition in favor of UNICEF.
  - Village Upliftmen Program in collaboration with Hand by Hand India
  - For a good cause. Christmas Charity Auction using gifts donated by suppliers
  - Sponsorship of the FFL First Lego League Tournament to promote science and technology among children and young people.
  - …

Social Contribution as of 12/31/2018 (€)		€ 448,629.02
By region	Asia and Africa	€ 144,973.84
	Europe	€ 264,563.63
	Mercosur	€ 10,189.18
	NAFTA	€ 28,902.37
By contribution type	Donations	€ 85,108.20
	Sponsorship and patronage	€ 333,770.70
	Emergency responses	€ 29,750.12
Per employee		€ 14.46

Note: The figures are the result of the actions carried out by the companies within their local area of action in response to the main concerns in their most direct environment, together with those with a broader scope of action linked to the company's strategy. They do not include the investment made in training and innovation programs that are included in the different budget items for the departments responsible for their management.

- Associations

Grupo Antolin’s leadership and its position as a benchmark is accompanied by good institutional relations with the different public *(governments, ministries, local bodies)* and private stakeholders *(industrial, business and automotive associations)*. Proof of its positioning and as a reinforcement of its internal and external visibility as a company, Grupo Antolin collaborates openly, actively and constructively with a wide range of institutions, participating in many initiatives and various public acts worldwide, to which it is willing to contribute its experience, ideas and projects with enthusiasm and commitment.

Collaboration with public institutions such as the speech, at the start of 2018, of Grupo Antolin’s Vice-Chair at the Congress of Deputies, and in the report prepared by the Industry and Energy Commission of the CEOE *(Spanish Confederation of Business Organizations)* regarding the challenges and opportunities facing the industrial sector and how to reach the 20% of GDP by 2020 target for the industrial sector, are combined with others in the private sector. Among the latter, we can highlight the promotion of the Antolin brand and the recognition of its performance in different sectors and areas of knowledge both nationally and internationally, such as:

The automotive sector: Presidency, representation on the Board of Directors and participation in the different committees and projects at Sernauto. Asociación española de proveedores de automoción *(Spanish Association of Automotive Suppliers)*. Spokesperson for the sector in defense of the interests of its associated companies before the public administrations and public and private institutions, both national and international, and leading representative for the definition of the Spanish industrial strategy.

Globally, we can highlight belonging to:

- Sinditêxtil
- Sindipeças
- AUTOSAR

- FIEV *(Fédérations des industries des équipements pour véhicules)*
- AFIA *(Automotive Industry Manufacturers Association)*
- AMICA
- Automotive Industry Association of Czech Republic
- Automotive Industry Association of Slovakia
- VDA
- Hungarian Automotive Association
- AFAC: Asociación de Fábricas Argentinas de Componentes *(Argentine Association of Components Factories).*

Innovation: Member of the Board of COTEC – Foundation for Innovation that promotes innovation and technological cooperation among companies in order to contribute to economic and social development.

Globally, we can highlight belonging to innovation, technology and materials associations such as:

- Cluster Smart Advanced Manufacturing
- TECNALIA Foundation *(Consejo Nacional de Transportes - National Transportation Board)*
- Functional Printing Cluster
- AIMPLAS *(Instituto Tecnológico del Plástico (Plastic Technology Institute))*
- AITIIP Technological Center
- Fundación CIDAUT (CIDAUT Foundation)
- Instituto IMDEA Materiales *(IMDEA Materials Institute)*
- ITCL - Instituto Tecnológico Castilla y León *(Castilla y León Technological Institute)*
- EuMaT
- M2F Move to Future
- SERTEC
- LES Spain and Portugal
- ECSEL – Joint Undertaking
- AEMAC *(Asociación Española de Materiales Compuestos (Spanish Association of Composite Materials))*
- American Carbon Society
- Spanish Coal Group
- Nanospain
- Alianza española en Grafeno *(Spanish Alliance in Graphene)*

Corporate governance: Instituto de la Empresa Familiar *(Family Business Institute)* that brings together leading family companies in their sectors, in order to promote the generation of wealth and creation of employment. It is one of the most important and influential bodies with the government, institutions, media organizations and society.

Academic: Patron of the Chair of the Connected Industry (ICAI), the Higher Technical School of Engineering at Comillas Pontifical University, which facilitates the transfer to future professionals and engineers of the current vision of the automotive industry and the future needs and challenges we face. Technologies such as the internet of things, artificial intelligence, robotics, virtual and augmented reality are part, among others, of the transformation of the production processes of automotive companies.

Business: Spokesperson for the Spanish Chamber of Commerce, which contributes to driving the Spanish business sector, boosting its competitiveness and internationalization. Its active participation in four committees *(industry, digitalization, vocational training and internationalization)* allows Grupo Antolin to participate in drawing up legislative proposals, advising the Administration and encouraging relations with national and international institutions.

Globally, we can highlight:

- Club Excelencia en Gestión *(Excellence in Management Club).*

- Círculo de Empresarios *(Circle of Entrepreneurs)*.
- Club de Directivos de la Gestión del Conocimiento *(Club of Directors in Knowledge Management)*.
- AEC – Asociación Española de la Calidad *(Spanish Quality Association).*

Sustainability: Founding partner of the Red Española del Pacto Mundial *(Spanish Global Compact Network)* and member of its Executive Committee, multi-stakeholder organization who in turn represent the Spanish Global Compact Network in various forums and meetings organized by other bodies to promote the implementation of the 10 Global Compact Principles and raise awareness in the private sector to contribute to the objectives of the United Nations.

Globally, we can highlight belonging to the following associations:

- Club de Excelencia en Sostenibilidad *(Excellence in Sustainability Club)*.
- Forética. Transparency Cluster and Social Impact Cluster.
- Fundación Noviasalcedo *(Noviasalcedo Foundation)*.
- ASCOM. Asociación Española de Compliance *(Spanish Compliance Association)*.

Cultural. Member of the Board of the Princess of Asturias Foundation, which contributes to the advancement and promotion of all scientific, cultural and humanistic values as universal heritage.

All the above, together with all other activities in this area registered locally and regionally by the different companies, demonstrates the need for collaboration and the establishment of partnerships between governments, the private sector and civil society, built on principles and values, a vision and shared goals, placing people and the planet at the center of Grupo Antolin.

- Responsible supply chain

Purchase volume of direct material	€3,578 million
% expenditure on local suppliers	47%
Number of direct material suppliers	2,822
Number of suppliers contacted regarding ESG	1,505
Number of suppliers under an ESG assessment process	677
Number of suppliers assessed in ESG	828
% ESG monitoring in the supply chain	53%

ESG: Environmental, Social and Governance

The development of an efficient and sustainable supplier network is one of the foundations for maintaining the growth and development of the company. Grupo Antolin's relationship with its supply chain is structured on the basis of a sustainable, robust and effective management system, which is based on:

- The Supplier Manual: sustainable purchasing clauses
- Communication: BuyONE portal
- Self-assessment questionnaire (SAQ)
- Conflict minerals: policy and appointment of a working team

The Supplier Manual describes the organization system that governs the relationships between Grupo Antolin and its suppliers. Its final goal is the full satisfaction of customers and the main stakeholders. The Manual establishes the requirements to be fulfilled and the operating modes to be applied through the Grupo Antolin-Supplier relationship. Supplier acceptance of the document is binding in order to be classified as "active" in the company's panel of suppliers and choose to be nominated for future projects and/or services. The supplier must ensure that all requirements described in this document will be respected by it and by its supply chain.

Grupo Antolin makes the supplier participate in its Corporate Social Responsibility values, policies and processes, through point 2.2 of the Manual, which expressly contains the Corporate Social Responsibility clauses. In this way, their actions must be based on the principles of ethics, transparency and respect for fundamental human, employment and environmental rights, extending them to their own supply chain. The Corporate Social Responsibility clauses are a commitment to respect, not only evident in the current

international and national legislation, but also in the Universal Declaration of Human Rights, the Conventions of the International Labor Organization (ILO), the Guidelines of the Organization for Economic Cooperation and Development (OECD) and the principles contained in the United Nations Global Compact.

In order to facilitate and improve communication between Grupo Antolin and its supply chain, in 2018 the company launched a new supplier portal (Buy One) to standardize and extend information, as well as to guarantee their access to this information and the notification of Grupo Antolin's requirements for its suppliers. All of this is always carried out whilst keeping the traditional communication channels open, because people are important to the suppliers and the company.

In order to understand the sustainable performance of Grupo Antolin's suppliers, the self-assessment questionnaire *(hereinafter, SAQ)* tool allows it to assess the conditions in the supply chain in terms of sustainability, and therefore identify, measure and manage risks related to ESG matters present throughout the chain. Based on the questionnaire answered by the supplier, its performance is assessed globally and for the main sustainability factors: working conditions and human rights, business ethics, anti-corruption and bribery, environment, use of raw materials, supplier management, health and safety, corporate social responsibility.

The content requested and assessed in the questionnaires follows the recommendations defined in the practical principles proposed by the Original Equipment Manufacturers (OEMs), which are promoted by the main global initiatives of the sector on matters of sustainability: Drive Sustainability y Automotive Industry Action Group (AIAG). Principles that result from the analysis of the elements considered most material for the automotive sector on a social, ethical and environmental level. Grupo Antolin counts on the support of an external service provider to carry out the supplier assessment process: NQC. All information and documentation provided by them is verified by NQC in order to guarantee the veracity and reliability of the responses provided in the questionnaires.

Another noteworthy element is the fact that the service provided by NQC and the assessment questionnaire are the ones used by a volume of customers representing over 65% of Grupo Antolin's sales. This is due to the added value given to the tool from being aligned with the expectations and needs of the sector.

The assessment of the supply chain at Grupo Antolin was initially focused on the suppliers of direct material, prioritizing the assessment of those with a greater estimated risk, considered suppliers with a material impact. In order to determine and prioritize that impact, four dimensions associated with risk have been weighted in accordance with the following:

- The country where they operate, using the assessment carried out by the World Economic Forum as a reference,
- Linked to the supplier and the processes in its sector on an environmental and health and safety level
- Where certain product families may have the presence of conflict minerals.

The result of the SAQs answered and validated by NQC and Grupo Antolin is available to the responsible buyers of each supplier on BuyONE, within a specific section entitled Sustainability.

Thanks to the results of the assessment, Grupo Antolin can identify the global ESG risks in its supply chain, as well as those specific to each supplier. Based on the detailed study of the data obtained, together with the performance scorecards, the analysis is managed in a variety of contexts, the risk indicators are defined and corrective action plans are designed.

As described in the human rights section of this Statement of Non-Financial Information and together with the foregoing, we need only point to the importance of monitoring risk in the supplier chain due to a violation of human rights linked to conflict minerals. Among the measures put into place are: the appointment of a specific working team, updating of the conflict minerals policy, the development of due diligence for its management and high-risk areas and the definition of an action plan that helps to design a robust and reliable management system of these materials.

Consumers

Understanding and adapting to customers' needs is key for Grupo Antolin, always trying to support the brand strategy of our customers in order to improve the quality and experience of the end user.

The company's customers are the main automotive manufacturers (OEMs) worldwide and we are recognized in the market as one of their top tier suppliers (TIER1). For this reason, its relationship with vehicle users *(end consumers)* is indirect and is always established through the manufacturers themselves. Given this, consumer relations is not a material issue for Grupo Antolin.

In order to meet the technical specifications of the diverse range of products supplied, Grupo Antolin needs to work with its customers in the earliest design stages, including the tasks of selecting materials, developing tools, defining processes and even defining the component's functional requirements.

By complying with the data specified by the manufacturer in the functional requirements, Grupo Antolin contributes to ensuring the quality of the components it supplies and supports the OEMs in strengthening aspects more directly related to issues that may affect safety *(performance in the event of a crash)* or health on board the vehicle *(susceptibility of certain materials to emit potentially toxic volatile compounds)*. These aspects are generally governed by strict international standards and testing procedures and many manufacturers even require these standards to be exceeded for the components supplied by third parties, in order to protect them given their direct responsibility to end users.

Tax information

- Pre-tax profit obtained by country

Country	Pre-tax profit
Germany	€ -8,454,926
Argentina	€ -1,557,519
Austria	€ -1,375,558
Brazil	€ -7,474,273
China	€ 23,674,370
Korea	€ 1,503,578
U.S.	€ 5,734,600
Slovakia	€ -16,009,097
Spain	€ 8,566,172
France	€ 11,736,575
Holland	€ -115,521
Hungary	€ -4,619,906
India	€ 5,920,945
Italy	€ -2,262,987
Japan	€ 154,006
Morocco	€ 1,702,593
Mexico	€ 43,688,577
Poland	€ 992,979
Portugal	€ 2,997,762
United Kingdom	€ -8,300,413
Czech Republic	€ 11,001,780
Romania	€ -4,143,784
Russia	€ 139,866
South Africa	€ 896,449
Thailand	€ 1,041,617
Turkey	€ 15,988,734
Total	**€ 81,426,618**

- Corporation tax paid by country *(not accrued)*

Country	Corporation tax payments 2018
Germany	€ 1,748,427
Austria	€ 4,375
China	€ 8,700,660
Korea	€ 21,074
U.S.	€ -25,669,297
Slovakia	€ 293,123
Spain	€ 5,920,581
France	€ 12,717
Hungary	€ 139,991
India	€ 2,100,238
Italy	€ 186,545
Japan	€ 104,783
Morocco	€ 1,737,491
Mexico	€ 15,649,006
Poland	€ 1,070,538
Portugal	€ 591,448
United Kingdom	€ 1,299,317
Czech Republic	€ 5,065,656
Romania	€ -302,542
Russia	€ 60,965
South Africa	€ 67,386
Turkey	€ 3,022,268
Total	**€ 21,824,748**

- Public subsidies received

Operating Subsidies	China	€ 1,926,255
	France	€ 3,000
	Spain	€ 2,528,817
	U.S.	€ 2,810,773
	Total	**€ 7,268,844**
Capital Subsidies	Romania	€ 146,895
	South Africa	€ 197,694
	Spain	€ 415,843
	Total	**€ 760,432**

Note: The movement of capital subsidies received is detailed in Note 15 of the consolidated annual accounts. The amount of capital subsidies received is detailed in Note 15 of the consolidated annual accounts.

XI. APPENDIX I. EXPLANATORY NOTES

(1) Training hours: The scope of the data reported in this Statement of Non-Financial Information is the same as that for the consolidation of financial information, with the exception of those companies that are outside the reporting of consolidated data (2) and those that have no data recorded at 12/31/2018.

Based on this perimeter, the data correspond to 93% of the workforce at 12/31/2018.

(2) The scope of the data reported in this Statement of Non-Financial Information is the same as that for the consolidation of financial information, with the exception of certain companies in which any of these circumstances occur: equity accounted, they are not integrated into the Human Resources Scorecard report system, or because their activity is outside that described for our business model.

Based on this perimeter, the data correspond to 99.36% of the workforce at 12/31/2018.

(3) Occupational Health and Safety: The scope of the data reported in this Statement of Non-Financial Information is the same as that for the consolidation of financial information, with the exception of certain companies not integrated within the scorecard with any of the following circumstances: new companies with an undeveloped reporting level, not having uploaded their employees on to the system by the closing date of 12/31/2018 and/or reporting through other SAP codes.

Based on this perimeter, the data correspond to 93.04% of the workforce at 12/31/2018

(4) The scope of the data reported in this Statement of Non-Financial Information is the same as that for the consolidation of financial information, with the exception of the companies included within the previous scope (2) and also companies who do not report data broken down by the diversity dimensions reported in this report.

Based on this perimeter, the data correspond to 86.69% of the workforce.

(5) Professional classification: Criteria used for the calculation of the workforce that regularly provides services in all industrial companies and technical and sales offices for Grupo Antolin:

- Direct labor - MOD workforce *(time period)*: The workers who have remained registered at a Grupo Antolin company for a period of time, assigned to the production process, performing direct work on the product in accordance with the established work method.

- Indirect labor - MOI workforce *(time period)*: The workers who have remained registered at a Grupo Antolin company for a period of time, who perform activities to support the production process and are assigned to the Maintenance, Logistics, Quality, Engineering and Production Departments, in accordance with table I.

Table I

<table>
<tr><td rowspan="8">MOI - INDIRECT labor</td><td rowspan="4">FACTORY</td><td>Maintenance</td><td>Head of Maintenance
Maintenance staff</td></tr>
<tr><td>Production</td><td>Line managers
Shift managers
Work Unit leaders
Machinery preparation personnel (changing tools, plastic mixing rooms, etc.).</td></tr>
<tr><td>Logistics</td><td>Forklift operators
Warehouse personnel, Supply of lines
Movement of containers</td></tr>
<tr><td>Quality</td><td>Factory verifiers (not including lines) Recovery personnel factory
Sort processes deployed to the customer
Recovery personnel sent to the supplier</td></tr>
<tr><td rowspan="4">OFFICE</td><td>Engineering</td><td>Manager and personnel from the Engineering Department.</td></tr>
<tr><td>Quality</td><td>Manager and personnel from the Quality Department.</td></tr>
<tr><td>Logistics</td><td>Manager and personnel from the Logistics Department.</td></tr>
<tr><td>Production</td><td>Manager and personnel from the Production Department.</td></tr>
</table>

- Structural Labor - MOE Workforce:

  - Structural - Technical and Sales Offices and Headquarters: all employees in the technical and sales offices, Grupo Antolin-Irausa and Grupo Antolin-Engineering are included as structural.
  - Structural - Factory *(time period)*: The workers who have remained registered at a Grupo Antolin company for a period of time, who perform activities to support the production process in accordance with table II.

Table II

MOE - STRUCTURAL labor	FACTORY	**Temporary structure**	Young Engineers Black Belts, 6 sigma Improvement
		Development / Prototypes	Manager and personnel from the Development Department Personnel dedicated to making prototypes
		Cleaning, Security and Canteen	Personnel who provide services in these tasks and is directly employed by the company
		Expatriates	Personnel on secondment from company A to company B and where company A bears certain expenses for them
		Administration	Manager and personnel from the Finance Department
		IT	IT coordinator and personnel from the Systems Department
		Human Resources	Personnel from the Human Resources Department Medical service Reception personnel
		Purchasers	Manager and personnel from the Purchasing Department
		STAs	STA (Supplier Technical Assistant) personnel
		Management	Factory director Director's Staff Regional Director Regional Director's Staff
		Sales	Manager and personnel who perform sales duties

.

(6) People with special needs: The scope of the data reported in this Statement of Non-Financial Information is the same as that in the consolidation of the information broken down by MOD, MOI and MOE, in accordance with the following criterion: *average number of people employed in the period with a disability greater than or equal to 33% (or equivalent local classification), with the only limitation of confidentiality and privacy and/or the limits of obtaining information in certain countries.*

(7) Number of employment contracts: The scope of the data reported in this Statement of Non-Financial Information is the same as that for the consolidation of financial information, with the exception of the companies included within the previous scope (2) and also some companies who do not report data broken down by the diversity dimensions reported in this report.
Based on this perimeter, the data correspond to 99.31% of the workforce.

(8) Professional classification according to the type of position assigned to each employee in the SAP system: managerial profile, middle management profile and operational profile according to table III
Outside of this classification are the direct labor production operators (MOD) under the category of "Other personnel".

Table III

SAP codes - Type of position	Type of position	Function
DTR-CORP	Corporate Director	Executive
DTR-ST-SC	Director Staff	
DTR-FAB	Factory Director	
JEF-PRO	Project Manager	Middle Management
JEF-DEP	Head of Department	
JEF-SEC	Section Head	
ING-LIC	Engineer / Graduate	Operator
TECNICO	Technician	
TEC-AUX	Technical Assistant	
SECRET	Management Assistant/Secretary	
RECEP	Receptionist	
OP-UET	Operator	n/a Other personnel

XII. APPENDIX II. TABLE OF CONTENTS REQUIRED BY LAW 11/2018

Code	Information requested by Law 11/2018 (Statement of Non-Financial Information)	Link to GRI indicators	Page of the Management Report of Grupo Antolin-Irausa, S.A.
0.	**General information**		
0.1	**Business model**		
0.1.a	Brief description of the group's business model (business environment and organization)	102-2 Activities, brands, products and services	107-109
		102-7 Scale of the organization	
0.1.b	Geographical presence	102-3 Location of headquarters 102-4 Location of operations 102-6 Markets served	107-109
0.1.c	Goals and strategies of the organization	102-15 Key impacts, risks, and opportunities	109-110
0.1.d	Main factors and trends that may affect its future evolution	102-15 Key impacts, risks, and opportunities	105-111
0.2	**General**		
0.2.1	Mention in the report of the national, European or international reporting framework used to select the key indicators of non-financial results included in each section	102-54 Claims of reporting in accordance with the GRI Standards	117
0.2.2	If the company complies with the law on non-financial information by issuing a separate report, it must be expressly indicated that this information forms part of the management report.	-	NA
0.3	**Materiality analysis**	102-47 List of material topics	119-121
1.	**Environmental matters**		
1.1	**General information**		
1.1.a	A description of the **policies** applied by the group with regard to these issues, which will include the due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts, and of verification and control, including which measures have been taken.	103-2 The management approach and its components	111-113, 115-116, 118-119
1.1.b	The **results of these policies**, which must include the key **indicators** of relevant non-financial results that allow the progress to be monitored and assessed, and which favor the comparability between companies and sectors, in accordance with the national, European and international reference frameworks used for each topic.	103-2 The management approach and its components 103-3 Assessment of the management approach	118-119
1.1.c	The **main risks** related to the issues linked to the group's activities, including, where relevant and proportionate, their business relationships, products or services that may have negative effects on these areas, and how the group manages these risks, explaining the **procedures used to detect and assess them** in accordance with national, European or international reference frameworks for each topic. It must include information on the **impacts** that have been detected, offering a breakdown of these, particularly about the main **short, medium and long-term risks**.	102-15 Key impacts, risks, and opportunities	111-115, 118-119
1.1	**Detailed information**		
1.1.1	**General detailed information**		
1.1.1.1	On current and foreseeable effects of the company's activities on the environment and, where appropriate, on health and safety	102-15 Key impacts, risks, and opportunities	118-120
1.1.1.2	On the environmental assessment or certification procedures	Criterion defined by the company	119-120
1.1.1.3	On the resources dedicated to preventing environmental risks	Criterion defined by the company	118-122

Code	Information requested by Law 11/2018 (Statement of Non-Financial Information)	Link to GRI indicators	Page of the Management Report of Grupo Antolin-Irausa, S.A.
1.1.4	On the application of the precautionary principle	102-11 Precautionary principle or approach	119-120
1.1.5	On the amount of provisions and guarantees for environmental risks	Criterion defined by the company	119-120
1.1.2	**Contamination**		
1.1.2.1	Measures to prevent, reduce or repair the emissions that severely affect the environment; taking into account any form of air contamination specific to an activity, including noise and light contamination	305-6 Emissions of ozone-depleting substances (ODS) 305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	120-121
1.1.3	**Circular economy and waste prevention and management**		
1.1.3.1	Methods of prevention, recycling, reuse, other forms of recovery and disposal of waste; actions to combat food waste	306-2 Waste by type and disposal method	120-121
1.1.4	**Sustainable use of resources**		
1.1.41	Water consumption and water supply in accordance with the local limitations	303-1 Water extraction by source	121-122
1.1.42	Consumption of raw materials and the measures taken to improve the efficiency of their use	301-1 Materials used by weight or volume	121-122
1.1.43	Direct and indirect energy consumption	302-1 Energy consumption within the organization	121-122
1.1.44	Measures taken to improve energy efficiency	302-4 Reduction of energy consumption	121-122
1.1.45	Use of renewable energies	302-1 Energy consumption within the organization	121-122
1.1.5	**Climate change**		
1.1.5.1	The important elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces	305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions	122
1.1.5.2	Measures taken to adapt to the consequences of climate change	201-2 Financial implications and other risks and opportunities due to climate change	118-119
1.1.5.3	Medium and long-term reduction goals established voluntarily to reduce greenhouse gas emissions and the measures implemented for this purpose	305-5 Reduction of GHG emissions	118-119
1.1.16	**Protection of biodiversity**		
1.1.6.1	Measures taken to preserve or restore biodiversity	304-3 Habitats protected or restored	122 Non-material
1.1.6.2	Impacts caused by activities or operations on protected areas	304-2 Significant impacts of activities, products, and services on biodiversity	122 Non-material
2.	**Social and staff-related issues**		
2.1	**General information**		
2.1.a	A description of the **policies** applied by the group with regard to these issues, which will include the due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts, and of verification and control, including which measures have been taken.	103-2 The management approach and its components	109-115, 122-127
2.1.b	The **results of those policies**, which must include the key **indicators** of relevant non-financial results that allow the progress to be monitored and assessed, and which favor the comparability between companies and sectors, in accordance with the national, European and international reference frameworks used for each subject.	103-2 The management approach and its components 103-3 Assessment of the management approach	122-131

Code	Information requested by Law 11/2018 (Statement of Non-Financial Information)	Link to GRI indicators	Page of the Management Report of Grupo Antolin-Irausa, S.A.
2.1.c	The **main risks** related to the issues linked to the group's activities, including, where relevant and proportionate, their business relationships, products or services that may have negative effects on these areas, and how the group manages these risks, explaining the **procedures used to detect and assess them** in accordance with national, European or international reference frameworks for each topic. It must include information on the **impacts** that have been detected, offering a breakdown thereof, particularly on the main **short, medium and long-term risks**.	102-15 Key impacts, risks, and opportunities	111-115, 122-131
2. 2	**Detailed information**		
2.2.1	**Employment**		
2.2.1.1	Total number and distribution of employees according to representative diversity criteria (gender, age, country, etc.)	102-8 Information on employees and other workers 405-1 Diversity of governance bodies and employees	132-133
2.2.1.2	Total number and distribution of types of employment contract, annual average of permanent contracts, temporary contracts and part-time contracts by gender, age and professional classification	102-8 Information on employees and other workers	133
2.2.1.3	Number of dismissals by gender, age and professional classification	401-1 New employee hires and employee turnover	134
2.2.1.4	Average remunerations and their evolution broken down by gender, age, professional classification or equal value	405-2 Ratio of basic salary and remuneration of women to men	134
2.2.1.5	Pay gap, remuneration for equivalent or average jobs at the company	405-2 Ratio of basic salary and remuneration of women to men	134-135
2.2.1.6	The average remuneration of directors and executives, including variable remuneration, allowances, indemnities, payments to long-term pension savings accounts and any other payments, broken down by gender	102-35 Remuneration policies	134
2.2.1.7	Implementation of work disconnection policies	Criterion defined by the company	129
2.2.1.8	Employees with disabilities	405-1 Diversity of governance bodies and employees	133
2.2.2	**Work organization**		
2.2.2.1	Organization of working time	Criterion defined by the company	129
2.2.2.2	Number of hours of absence	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	132
2.2.2.3	Measures designed to facilitate a good work-life balance and encourage shared responsibility from both parents	Content defined by the Company and supervised by KPMG	129-130
2.2.3	**Health and safety**		
2.2.3.1	Occupational health and safety conditions	Criterion defined by the company	121-132
2.2.3.2	Accidents at work, in particular their frequency and severity, as well as occupational diseases; broken down by gender.	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	132
2.2.4	**Social relations**		
2.2.4.1	Organization of the social dialog, including procedures to inform and consult staff members and negotiate with them	102-43 Approach to stakeholder engagement 402-1 Minimum notice periods regarding operational changes 403-1 Workers representation in formal joint management–worker health and safety committees	130-131
2.2.4.2	Percentage of employees covered by collective agreements by country	102-41 Collective bargaining agreements	131

Code	Information requested by Law 11/2018 (Statement of Non-Financial Information)	Link to GRI indicators	Page of the Management Report of Grupo Antolin-Irausa, S.A.
2.2.4.3	The balance of collective agreements, particularly in the field of occupational health and safety	403-4 Health and safety topics covered in formal agreements with trade unions	131-132
2.2.5	**Training**		
2.2.5.1	Policies implemented in the field of training	404-2 Programs for upgrading employee skills and transition assistance programs	12-130
2.2.5.2	Total amount of training hours by professional category	404-1 Average hours of training per year per employee	130
2.2.6	**Universal accessibility of people with disabilities**		
2.2.6.1	Universal accessibility of people with disabilities	Criterion defined by the company	127-128
2.2.7	**Equality**		
2.2.7.1	Measures taken to promote equal treatment and opportunities between women and men	Criterion defined by the company	127-129
2.2.7.2	Equality plans (Chapter III of Organic Law 3/2007, of March 22, for the effective equality of men and women), measures taken to promote employment, protocols against sexual and gender-based harassment, integration and the universal accessibility of people with disabilities	Criterion defined by the company	127-129
2.2.7.3	The policy against all types of discrimination and, where appropriate, management of diversity	Criterion defined by the company	127-136
3.	**Respect for human rights**		
3.1	**General information**		
3.1.a	A description of the **policies** applied by the group with regard to these issues, which will include the due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts, and of verification and control, including which measures have been taken.	103-2 The management approach and its components	111-115, 135-137
3.1.b	The **results of those policies**, which must include the key **indicators** of relevant non-financial results that allow the progress to be monitored and assessed, and which favor the comparability between companies and sectors, in accordance with the national, European and international reference frameworks used for each subject.	103-2 The management approach and its components 103-3 Assessment of the management approach	135-137
3.1.c	The **main risks** related to the issues linked to the group's activities, including, where relevant and proportionate, their business relationships, products or services that may have negative effects on these areas, and how the group manages these risks, explaining the **procedures used to detect and assess them** in accordance with national, European or international reference frameworks for each topic. It must include information on the **impacts** that have been detected, offering a breakdown of these, particularly about the main **short, medium and long-term risks**.	102-15 Key impacts, risks, and opportunities	113-115, 135-137
3.2	**Detailed information**		
3.2.1	Application of due diligence procedures in the field of human rights; prevention of the risks of the violation of human rights and, where appropriate, measures to mitigate, manage and repair any possible infringements committed	102-16 Values, principles, standards, and norms of behaviour 102-17 Mechanisms for advice and concerns about ethics 412-1 Operations that have been subject to human rights reviews or impact assessments	135-137
3.2.2	Complaints about human rights violations	419-1 Non-compliance with laws and regulations in the social and economic area	135-137

Code	Information requested by Law 11/2018 (Statement of Non-Financial Information)	Link to GRI indicators	Page of the Management Report of Grupo Antolin-Irausa, S.A.
3.2.3	Promotion and compliance with the provisions of the fundamental conventions of the International Labor Organization related to respect for freedom of association and the right to collective bargaining; the elimination of discrimination in employment or occupation; the elimination of forced or compulsory labor; the effective abolition of child labor.	Criterion defined by the company	136-137
4.	**Fight against corruption and bribery**		
4.1	**General information**		
4.1.a	A **description of the policies** applied by the group with regard to these issues, which will include the due diligence procedures applied to the identification, assessment, prevention and mitigation of significant risks and impacts, and of verification and control, including which measures have been taken.	103-2 The management approach and its components	111-115, 138-141
4.1.b	The **results of those policies**, which must include the key **indicators** of relevant non-financial results that allow the progress to be monitored and assessed, and which favor the comparability between companies and sectors, in accordance with the national, European and international reference frameworks used for each subject.	103-2 The management approach and its components 103-3 Assessment of the management approach	138-142
4.1.c	The **main risks** related to the issues linked to the group's activities, including, where relevant and proportionate, their business relationships, products or services that may have negative effects on these areas, and how the group manages these risks, explaining the **procedures used to detect and assess them** in accordance with national, European or international reference frameworks for each topic. It must include information on the **impacts** that have been detected, offering a breakdown of these, particularly about the main **short, medium and long-term risks**.	102-15 Key impacts, risks, and opportunities	113-115, 138-142
4.2	**Detailed information**		
4.2.1	Measures taken to prevent corruption and bribery	102-16 Values, principles, standards, and norms of behaviour 102-17 Mechanisms for advice and concerns about ethics 205-1 Operations assessed for risks related to corruption 205-2 Communication and training about anti-corruption policies and procedures 205-3 Confirmed incidents of corruption and actions taken	141-142
4.2.2	Measures to combat money laundering	102-16 Values, principles, standards, and norms of behaviour 102-17 Mechanisms for advice and concerns about ethics	142
4.2.3	Contributions to foundations and non-profit organizations	102-13 Membership of associations	146-148
5.	**Information about the society**		
5.1	**General information**		
5.1.a	A **description of the policies** applied by the group with regard to these issues, which will include the due diligence procedures applied to the identification, assessment, prevention and mitigation of significant risks and impacts, and of verification and control, including which measures have been taken.	103-2 The management approach and its components	111-115, 142-144
5.1.b	The **results of those policies**, which must include the key **indicators** of relevant non-financial results that allow the progress to be monitored and assessed, and which favor the comparability between companies and sectors, in accordance with the national, European and international reference frameworks used for each subject.	103-2 The management approach and its components 103-3 Assessment of the management approach	142-144

Code	Information requested by Law 11/2018 (Statement of Non-Financial Information)	Link to GRI indicators	Page of the Management Report of Grupo Antolin-Irausa, S.A.
5.1.c	The **main risks** related to the issues linked to the group's activities, including, where relevant and proportionate, their business relationships, products or services that may have negative effects on these areas, and how the group manages these risks, explaining the **procedures used to detect and assess them** in accordance with national, European or international reference frameworks for each topic. It must include information on the **impacts** that have been detected, offering a breakdown of these, particularly about the main **short, medium and long-term risks**.	102-15 Key impacts, risks, and opportunities	111-115, 142-144
5.2	**Detailed information**		
5.2.1	**The company's commitments to sustainable development**		
5.2.1.1	The impact of the company's activity on local employment and development	204-1 Proportion of spending on local suppliers 413-1 Operations with local community engagement, impact assessments, and development programs	144-145
5.2.1.2	The impact of the company's activity on local populations and on the region	413-1 Operations with local community engagement, impact assessments, and development programs	145-146
5.2.1.3	The relations maintained with the members of the local communities and the forms of dialog with them	102-43 Approach to stakeholder engagement	145-146
5.2.1.4	Association or sponsorship actions	102-13 Membership of associations	146-148
5.2.2	**Subcontracting and suppliers**		
5.2.2.1	Inclusion of social, gender equality and environmental issues in the purchasing policy	308-1 New suppliers that were screened using environmental criteria 414-1 New suppliers that were screened using social criteria	148-149
5.2.2.2	Consideration of their social and environmental responsibility in relations with suppliers and subcontractors	308-1 New suppliers that were screened using environmental criteria 414-1 New suppliers that were screened using social criteria	148-149
5.2.2.3	Monitoring and audit systems and their results	308-2 Negative environmental impacts in the supply chain and actions taken 414-2 Negative social impacts in the supply chain and actions taken	148-149
5.2.3	**Consumers**		
5.2.3.1	Measures for the health and safety of consumers	416-1 Assessment of the health and safety impacts of product and service categories	150 Non material
5.2.3.2	Claims systems, complaints received and their resolution	102-43 Approach to stakeholder engagement 102-44 Key topics and concerns raised 418-1 Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	150 Non material
5.2.4	**Tax information**		
5.2.4.1	Profit obtained by country	Criterion defined by the company	150
5.2.4.2	Corporation tax paid	Criterion defined by the company	151
5.2.4.3	Public subsidies received	Criterion defined by the company	151

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28046 Madrid

Independent Assurance Report on the Consolidated Non-Financial Information Statement of Grupo Antolín-Irausa, S.A. and subsidiaries for the year 2018

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.)

To the shareholders of Grupo Antolín-Irausa, S.A.:

Pursuant to article 49 of the Spanish Code of Commerce, we have provided limited assurance on the Non-Financial Information Statement Consolidated (hereinafter NFIS) for the year ended 31 December 2018, of Grupo Antolín-Irausa, S.A. (hereinafter the Parent Company) and subsidiaries (hereinafter the Group) which forms part of the Group's 2018 consolidated Directors' Report.

The consolidated Directors' Report includes additional information to that required by prevailing mercantile legislation on which it is not possible to provide assurance as it was not prepared using adequate criteria. In this regard, our assurance work was limited only to providing assurance on the information contained in table "Table of contents required by Law 11/2018" of the Group's 2018 consolidated Directors' Report attached hereto.

Directors' responsibilities

The Board of Directors of the Parent Company is responsible for the preparation and presentation of the NFIS included in the Group's 2018 consolidated Directors' Report. The NFIS has been prepared in accordance with prevailing mercantile legislation and selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), in accordance with that mentioned for each subject area in table "Table of contents required by Law 11/2018" of the aforementioned consolidated Directors' Report.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the NFIS is free from material misstatement, whether due to fraud or error.

The Parent Company's directors are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for preparing the NFIS was obtained.

KPMG Asesores S.L., a limited liability Spanish company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
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Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report, referring solely to 2018, based on the work performed. The data for previous years were not subject to assurance according to the mercantile legislation in force.

We conducted our review engagement in accordance with International Standard on Assurance Engagements, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the Performance Guide on assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management, as well as of the different units of the Parent Company that participated in the preparation of the NFIS, in the review of the processes for compiling and validating the information presented in the NFIS and in the application of certain analytical procedures and sample review testing described below:

- Meetings with the Parent Company's personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these questions and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the NFIS based on the materiality analysis performed by the Parent Company and described in the section "Our relevant issues: 360º analysis - Knowing how to listen and understand", considering the content required in prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the NFIS for 2018.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2018.

- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2018 and whether it has been adequately compiled based on data provided by internal and external information sources or third party reports.
- Procurement of a representation letter from the Directors and management.

Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the NFIS of Grupo Antolín-Irausa, S.A. and its subsidiaries for the year ended 31 December 2018 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and the content of the selected GRI Standards, in accordance with that mentioned for each subject area in the "Table of contents required by Law 11/2018" of the aforementioned consolidated Directors' Report.

Use and distribution

This report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

(Signed on the original in Spanish)

Patricia Reverter Guillot

29 March 2019

Grupo Antolin-Irausa, S.A. and Subsidiaries

Auditor's Report

Consolidated Financial Statements for the year ended 31 December 2019, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, together with Consolidated Directors' Report for 2019

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Grupo Antolin-Irausa, S.A.,

Opinion

We have audited the consolidated financial statements of Grupo Antolin-Irausa, S.A. (*"the Parent"*) and its subsidiaries *("the Group")*, which comprise the consolidated statement of financial position at 31 December 2019, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2019, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

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

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

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

Most Significant Audit Matters

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

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Impairment of goodwill, other intangible assets and property, plant and equipment	
Description	**Procedures applied in the audit**
At 31 December 2019, the Group had recognised goodwill of EUR 99 million relating basically to certain businesses acquired in 2012 and 2015, as well as other intangible assets *(customer relationships and other development expenditure)* and property, plant and equipment amounting to EUR 404 million and EUR 848 million, respectively. Under EU-IFRSs, the Group is required to conduct annual impairment tests on the goodwill recognised in the consolidated financial statements, as well as on any intangible assets and property, plant and equipment that present indications of impairment. In this connection, as discussed in Notes 7 and 8 to the accompanying consolidated financial statements, in 2019 the Group recognised net impairment losses of EUR 20 million on goodwill and EUR 15 million on other assets. Group management uses value-in-use models *(taking value in use to be the present value of the estimated future cash flows of the corresponding cash-generating units or projects)* to test the aforementioned assets for impairment, although for certain items of property, plant and equipment, it considers their fair value less costs to sell, if this is higher. This process of assessing impairment is complex and involves the use of a significant level of estimates and judgements since it is based on assumptions and hypotheses *(inter alia, in the projection of cash flows from operating activities and in the determination of discount and long-term growth rates)*, the future evolution of which will depend on market performance and economic conditions. Therefore, and due to the materiality of the amounts recognised for the aforementioned items at 31 December 2019, this matter was considered to be one of the most significant in our audit.	Our audit procedures included, among others, obtaining the impairment tests performed by the Group to evaluate the risks of impairment of the goodwill and of the assets whose cash-generating units or projects presented indications of impairment, and verifying the clerical accuracy of the calculations performed and the reasonableness of the conclusions reached. For this purpose, we analysed the consistency of the estimated future cash flows considered in the aforementioned tests with the most recently approved business plans and profitability studies for each cash-generating unit or project, as well as with the budgets for 2020 and other internal and external data, reviewing whether they are consistent with the information available. Also, we evaluated the reasonableness of the main key assumptions considered in these tests in relation to the future cash flow projections *(such as the evolution of revenue, gross margins, forecast investments, etc.)*. We involved our in-house valuation experts in order to evaluate, mainly, the methodology employed by the Group in the impairment tests conducted and the assumptions relating to the discount rates considered *(by assessing the Group's cost of capital and that of comparable organisations)* and the terminal value, expressed in perpetuity growth terms, of the projected future cash flows. In addition, we reviewed the sensitivity analysis performed on the key assumptions. Lastly, we checked that the disclosures included by the Group in the notes to the accompanying consolidated financial statements in connection with the criteria, assumptions and results relating to this matter (see Notes 3-b, 3-c, 3-d, 7 and 8) are in conformity with those required by the applicable accounting regulations.

Recoverability of deferred tax assets	
Description	**Procedures applied in the audit**
The balance of "Deferred Tax Assets" in the accompanying consolidated statement of financial position at 31 December 2019, amounting to approximately EUR 90 million, relates mainly to tax loss and tax credit carryforwards, as well as to the tax effect of temporary differences, a significant portion of which corresponds to the Spanish companies. In order to recognise the deferred tax assets and assess their realisability, at the end of the reporting period Group management prepares financial models with which it estimates the future taxable profits of the corresponding consolidated subsidiaries or, where appropriate, of the consolidated tax groups of which they form part, on the basis of the most recent budgets and business plans of the Group companies, and considering the applicable new legislative developments. We considered this matter to be significant in our audit in view of the amount capitalised and because the preparation of these models requires a significant level of judgement, basically in connection with the evolution and projection of the Group companies' results, which affect the estimate and the conclusion on the recoverability of the deferred tax assets.	Our audit procedures included, among others, understanding the criteria applied by Group management in preparing the aforementioned financial models, reviewing those models and checking whether the figures used therein were obtained from the most recently approved budgets and business plans for the Group companies. In this connection, we analysed the reasonableness of the projections for future years and the consistency of these projections with those used in other areas *(such as the assessment of the impairment of goodwill, other intangible assets and property, plant and equipment)*. Also, we analysed the reasonableness of the tax assumptions considered and whether they are in conformity with the applicable legislation in each case. In addition, we verified the arithmetic calculations performed by Group management when determining the recoverable amounts and the estimated timetable for the recovery of the deferred tax assets recognised. Lastly, we assessed the adequacy of the disclosures included in the accompanying consolidated financial statements (see Notes 3-p and 19 to the accompanying consolidated financial statements) with respect to those required in this connection by the regulatory financial reporting framework applicable to the Group.

Other Information: Consolidated Directors' Report

The *"Other information"* comprises only the consolidated directors' report for 2019, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the information contained in the consolidated directors' report is defined in the audit regulations in force, which establish two distinct levels of responsibility in this regard:

a) A specific level that applies to the non-financial information statement, which consists solely of checking that the aforementioned information has been provided in the consolidated directors' report, or, as the case may be, that the consolidated directors' report contains the corresponding reference to the separate report on non-financial information as provided for in the applicable legislation and, if this is not the case, reporting this fact.

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

Based on the work performed, as described above, we observed that the non-financial information mentioned in section a) above was presented in the separate report "Consolidated Non-Financial Information Statement", to which a reference was included in the consolidated directors' report, and that the other information in the consolidated directors' report was consistent with that contained in the consolidated financial statements for 2019 and its content and presentation were in conformity with the applicable regulations.

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

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

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

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

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

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

A further description of our responsibilities for the audit of the consolidated financial statements is included in the Appendix to this auditor's report. This description, which is on pages 6 and 7, forms part of our auditor's report.

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

Miguel Barroso Rodilla
Registered in ROAC under no. 18050

1 April 2020

Appendix to our auditor's report

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

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

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

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

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

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

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

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

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

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

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

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

Grupo Antolin-Irausa, S.A. and Subsidiaries

Consolidated Financial Statements for the year ended 31 December 2019, together with Consolidated Directors' Report for 2019

GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

INDEX

	Page
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	**1**
CONSOLIDATED INCOME STATEMENT	**2**
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	**3**
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	**4**
CONSOLIDATED STATEMENT OF CASH FLOWS	**5**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:	
1. Description of the Group	**6**
Parent and Group activities	6
Subsidiary companies	7
Associates and joint ventures	12
Joint operations	14
2. Basis of presentation of the consolidated financial statements and consolidation standards	**15**
a) True and fair view	15
b) Adopting new standards and interpretations issued	15
c) Functional currency	18
d) Comparative information	18
e) Responsibility for the information provided and estimates made	18
f) Consolidation standards	19
g) Changes in the scope of consolidation	21
h) Definition of the Group for the purposes of preparing consolidated annual financial statements	23
3. Accounting principles, policies and measurement criteria	**23**
a) Going-concern principle	23
b) Goodwill and negative goodwill on first consolidation	24
c) Other intangible assets	25
d) Property, plant and equipment	26
e) Investment property	28
f) Accounting for leasing operations	28
g) Non-current assets held for sale	30
h) Inventories	30
i) Trade receivables and customer advances	31
j) Financial instruments	31
k) Financial derivatives and accounting for hedges	34
l) Balances and transactions denominated in foreign currencies	34
m) Provisions and contingencies	34
n) Termination benefits	35
o) Pension commitments	35
p) Corporate income tax	36
q) Recognition of income and expense	37
r) Classification of assets and liabilities as current	38
s) Set-off of balances	38
t) Discontinued operations	38
u) Consolidated statement of cash flows	38

Page

		Page
4.	**Allocation of the Parent's profit**	**40**
5.	**Business combinations**	**40**
6.	**Information by segment**	**42**
7.	**Intangible assets**	**45**
	Goodwill	45
	Other intangible assets	46
8.	**Property, plant and equipment and right-of-use assets**	**48**
9.	**Non-current financial assets and other current financial assets**	**54**
10.	**Inventories**	**54**
11.	**Other receivables**	**55**
12.	**Cash and bank balances**	**55**
13.	**Equity**	**56**
	Share capital	56
	Additional paid-in capital	56
	Other reserves of the Parent	56
	Distribution of dividends	57
	Capital management	57
	Contribution of the consolidated companies to the Group's reserves and exchange differences	58
	Contribution of the consolidated companies to profit and loss for 2019 and 2018 attributable to the Parent	60
	Valuation adjustments	62
	Non-controlling interests	63
14.	**Earnings per share**	**65**
	Basic earnings per share	65
	Diluted earnings per share	65
15.	**Grants**	**66**
16.	**Current and non-current provisions**	**66**
17.	**Bank loans, debentures and other marketable securities**	**68**
18.	**Right-of-use liabilities and other financial liabilities**	**74**
19.	**Tax matters and tax receivables and payables**	**75**
20.	**Revenues and expenses**	**80**
	Revenue	80
	Other operating revenue	81
	Supplies	81
	Staff costs	81
	Average number of employees	82
	Functional analysis by gender	82
	Other operating expenses	83
21.	**Balances and transactions with related parties**	**83**
22.	**Information about the Directors of the Parent and Key Staff of the Group**	**85**
23.	**Risk management policy**	**86**
24.	**Other information**	**89**
	Guarantees given to third parties and other contingent liabilities	89
	Other current liabilities	90
	Fees paid to the auditors	90
	Disclosure on the average payment period to suppliers in Spain	90
	Environmental information	91
25.	**Events after the reporting period**	**91**
26.	**Explanation added for translation to English**	**92**
CONSOLIDATED DIRECTORS' REPORT FOR 2019		**93**

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2019 AND 2018 (NOTES 1 TO 6)

(Thousands of Euros)

ASSETS	31/12/2019	31/12/2018	EQUITY AND LIABILITIES	31/12/2019	31/12/2018
NON-CURRENT ASSETS:			**EQUITY (Notes 13 and 14):**		
Intangible assets (Note 7)-	**502,470**	**490,120**	***CAPITAL AND RESERVES-***	**855,599**	**866,414**
Goodwill	98,641	118,718	**Share capital**	**37,469**	**37,469**
Other intangible assets	403,829	371,402	**Additional paid-in capital**	**72,578**	**72,578**
Property, plant and equipment (Note 8)	**847,893**	**866,490**	**Reserves-**	**745,091**	**709,122**
Right-of-use assets (Notes 2-b and 8)	**324,450**	**-**	Other reserves of the Parent	508,308	467,636
Investment property	**6,107**	**4,458**	Reserves in fully or proportionally		
Investments in companies accounted for using			accounted companies	222,877	218,715
the equity method (Note 1)	**28,582**	**31,043**	Reserves in companies accounted for using		
Non-current financial assets (Note 9)	**6,112**	**4,062**	the equity method	13,906	22,771
Deferred tax assets (Note 19)	**90,395**	**85,540**	**Profit attributable to the Parent**	**461**	**47,245**
Non-current assets	**1,806,009**	**1,481,713**	***ADJUSTMENTS FOR CHANGES IN VALUE-***	**(96,787)**	**(114,052)**
			Translation differences	**(90,778)**	**(111,113)**
			Other	**(6,009)**	**(2,939)**
			Net equity attributable to the Parent	**758,812**	**752,362**
			NON-CONTROLLING INTERESTS	**67,274**	**61,977**
			Total net equity	**826,086**	**814,339**
			NON-CURRENT LIABILITIES:		
			Grants (Note 15)	**4,555**	**5,440**
			Non-current provisions (Note 16)	**88,119**	**106,699**
			Non-current financial liabilities-	**1,390,280**	**1,168,303**
			Bank loans, debentures and other marketable		
			securities (Note 17)	1,108,913	1,142,028
			Liabilities associated with right-of-use assets (Notes 8 and 18)	254,597	-
			Other financial liabilities (Note 18)	26,770	26,275
			Deferred tax liabilities (Note 19)	**56,975**	**79,946**
			Total non-current liabilities	**1,539,929**	**1,360,388**
			CURRENT LIABILITIES:		
			Current provisions (Note 16)	**33,772**	**39,922**
			Current financial liabilities-	**121,932**	**82,584**
CURRENT ASSETS:			Bank loans, debentures and other marketable		
Non-current assets held for sale (Note 3-g)	**6,910**	**6,760**	securities (Note 17)	40,951	71,951
Inventories (Note 10)	**795,790**	**917,540**	Liabilities associated with right-of-use assets (Notes 8 and 18)	74,285	-
Trade and other receivables-	**856,838**	**900,418**	Other financial liabilities (Note 18)	6,696	10,633
Trade receivables	757,693	749,193	**Current payables to Group companies and**		
Receivables from associates (Note 21)	973	1,485	**associates (Notes 19 and 21)**	**727**	**3,304**
Other receivables (Note 11)	101,829	152,054	**Trade and other payables-**	**1,085,057**	**1,215,040**
Provisions	(3,657)	(2,314)	Trade, sundry and other payables	1,025,213	1,134,980
Current investments in Group companies and			Payables to suppliers, Group companies and associates (Note 21)	37	55
associates (Notes 19 and 21)	**2**	**39,548**	Current tax liabilities (Note 19)	4,497	9,132
Other current financial assets (Note 9)	**4,213**	**2,394**	Other taxes and Social Security contributions (Note 19)	55,310	70,873
Cash and cash equivalents (Note 12)	**273,657**	**310,802**	**Other current liabilities (Note 24)**	**135,916**	**143,598**
Total current assets	**1,937,410**	**2,177,462**	**Total current liabilities**	**1,377,404**	**1,484,448**
TOTAL ASSETS	**3,743,419**	**3,659,175**	**TOTAL EQUITY AND LIABILITIES**	**3,743,419**	**3,659,175**

The accompanying consolidated Notes 1 to 26 are an integral part of the consolidated statement of financial position at 31 December 2019.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT

FOR THE YEARS ENDED

31 DECEMBER 2019 AND 2018 (NOTES 1 TO 6)

(Thousands of Euros)

	2019	2018
CONTINUING OPERATIONS:		
Revenue (Note 20)	5,214,220	5,424,627
Changes in inventories of finished goods and work in progress	2,841	535
Capital grants and other grants taken to income (Note 15)	1,021	710
Other operating income (Note 20)	129,425	97,950
Total operating income	***5,347,507***	***5,523,822***
Supplies (Note 20)	(3,408,595)	(3,597,844)
Staff costs (Note 20)	(1,007,479)	(968,780)
Depreciation and amortisation expenses	(294,446)	(194,986)
Change in trade provisions	(1,654)	349
Other operating expenses (Note 20)	(634,383)	(734,085)
Less – Own work capitalised	139,484	132,463
Total operating expenses	***(5,207,073)***	***(5,362,883)***
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**140,434**	**160,939**
Finance income	3,546	1,634
Finance costs	(45,239)	(59,706)
Exchange differences	(8,005)	(6,140)
NET FINANCE EXPENSE	**(49,698)**	**(64,212)**
Gains/(Losses) on the loss of control over consolidated investments (Note 2-g)	5,934	-
Net impairment loss on non-current assets (Notes 7 and 8)	(35,255)	(17,517)
Gains/(Losses) on disposal of non-current assets (Notes 7 and 8)	(20,297)	(359)
Profit of companies accounted for using the equity method (Note 1)	732	2,577
Impairments and gains/(losses) due to loss of control over companies accounted for using the equity method (Note 1)	560	-
PROFIT BEFORE TAXES	**42,410**	**81,428**
Corporate income tax (Note 19)	(27,169)	(27,658)
NET PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**15,241**	**53,770**
Profit after tax for the year from discontinued operations	-	-
CONSOLIDATED PROFIT FOR THE YEAR	**15,241**	**53,770**
Loss attributable to non-controlling interests (Note 13)	**(14,780)**	**(6,525)**
Profit attributable to the Parent	**461**	**47,245**

Earnings per share (Note 14) (Euros)-		
From continuing operations:		
Basic	0.06	5.89
Diluted	0.06	5.89

The accompanying consolidated Notes 1 to 26 are an integral part of the consolidated income statement for the year ended 31 December 2019.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018 (NOTES 1 TO 6)

(Thousands of Euros)

	2019	2018
CONSOLIDATED PROFIT FOR THE YEAR (I)	15,241	53,770
Items to be reclassified to consolidated profit or loss-		
- Translation differences (Note 13)	19,208	6,541
- Actuarial gains and losses (Notes 13 and 16)	(735)	710
- Tax effect (Note 13)	-	-
TOTAL INCOME RECOGNISED DIRECTLY IN EQUITY (II)	18,473	7,251
Transfers to the consolidated income statement-		
- Translation differences (Note 13)	197	-
- Tax effect (Note 13)	-	-
TOTAL TRANSFERS TO THE CONSOLIDATED INCOME STATEMENT IN THE YEAR (III)	197	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (I+II+III)	33,911	61,021
Attributable to the Parent	20,061	57,689
Attributable to non-controlling interests	13,850	3,332

The accompanying consolidated Notes 1 to 26 are an integral part of the statement of comprehensive income for the year ended 31 December 2019.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 ... version prevails.

GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2019 AND 20

	Thousands of Euros							
			Reserves					Adjustme
			Other Reserves of the Parent		Reserves in Fully or Proportionally	Reserves in Companies Accounted for	Profit	
	Share Capital	Share Premium	Restricted	Other	Consolidated Companies	Using the Equity Method	Attributable to the Parent	Transl Differe
Closing balance 2017	**37,469**	**72,578**	**11,435**	**156,504**	**313,005**	**18,406**	**242,110**	**(12**
Adjustments for changes in accounting policy 2017	-	-	-	-	-	-	-	-
Adjustments to correct errors 2017	-	-	-	-	-	-	-	-
Adjusted balance at 1 January 2018	**37,469**	**72,578**	**11,435**	**156,504**	**313,005**	**18,406**	**242,110**	**(12**
Impact of the first-time application of IFRS 9 (Note 2-b)	-	-	-	-	(396)	-	-	-
Consolidated recognised income and expense	-	-	-	-	-	-	47,245	
Allocation of consolidated profit for the year ended 31 December 2017:								
- To Reserves	-	-	2,000	297,697	(91,952)	4,365	(212,110)	-
- To Dividends	-	-	-	-	-	-	(30,000)	-
Contributions from non-controlling interests and dividends, net (Note 13	-	-	-	-	-	-	-	-
Acquisitions of non-controlling interests (Notes 1 and 13)	-	-	-	-	111	-	-	-
Other movements	-	-	-	-	(2,053)	-	-	-
Closing balance 2018	**37,469**	**72,578**	**13,435**	**454,201**	**218,715**	**22,771**	**47,245**	**(11**
Adjustments for changes in accounting policy 2018	-	-	-	-	-	-	-	-
Adjustments to correct errors 2018	-	-	-	-	-	-	-	-
Adjusted balance at 1 January 2019	**37,469**	**72,578**	**13,435**	**454,201**	**218,715**	**22,771**	**47,245**	**(11**
Consolidated recognised income and expense	-	-	-	-	-	-	461	2
Allocation of consolidated profit for the year ended 31 December 2018:								
- To Reserves	-	-		40,672	(8,798)	1,371	(33,245)	-
- To Dividends (Note 4)	-	-	-	-	-	-	(14,000)	-
Contributions from non-controlling interests, dividends and other items, net (Note 13)	-	-	-	-	-	-	-	-
Acquisitions (sales) of non-controlling interests (Notes 1 and 13)	-	-	-	-		-	-	-
Other movements in equity:								
Transfer of reserves due to sale of companies accounted for using the equity method (Note 1)	-	-	-	-	10,086	(10,086)	-	-
Transfer between equity items (Note 13)	-	-	-	-	2,335	-	-	-
Other movements	-	-	-	-	539	(150)	-	-
Closing balance 2019	**37,469**	**72,578**	**13,435**	**494,873**	**222,877**	**13,906**	**461**	**(9**

The accompanying consolidated Notes 1 to 26 are an integral part of the consolidated statement of changes in e... for the year ended 31 December 2019.

GRUPO ANTOLIN

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED
31 DECEMBER 2019 AND 2018 (NOTES 1 TO 6)

(Thousands of Euros)

	2019	2018
1. CASH FLOWS FROM/(USED IN) ORDINARY OPERATING ACTIVITIES:		
Consolidated profit for the year before taxes	**42,410**	**81,428**
Adjustments for-		
Depreciation and amortisation expenses	294,446	194,986
Allocation to/(reversal of) current provisions	(1,957)	16,808
Allocation to/(reversal of) non-current provisions	17,821	14,462
Capital grants and other grants taken to income (Note 15)	(1,021)	(710)
Finance income and costs	49,698	64,212
Net impairment loss on non-current assets	35,255	17,517
Gains/(Losses) on disposal of non-current assets (Notes 7 and 8)	20,297	359
Change in fair value of financial instruments	-	-
Gains/(Losses) on the loss of control over consolidated investments (Note 2-g)	(5,934)	-
Profit/(Loss) of companies accounted for using the equity method (Note 1)	(732)	(2,577)
Impairments and losses due to loss of control over companies accounted for using the equity method (Note 1)	(560)	-
Operating profit before movements in working capital	**449,723**	**386,485**
(Increase)/decrease in trade and other receivables	(9,045)	114,758
(Increase)/decrease in inventories	115,476	(5,657)
Increase/(decrease) in trade and other payables	(71,461)	(71,629)
Increase/(decrease) in other current liabilities	31,491	(12,236)
Payments of provisions	(36,325)	(25,405)
Unrealised exchange differences and other items	(28,048)	(2,116)
Cash generated from operations	**451,811**	**384,200**
Corporate income tax reimbursed/(paid)	**(7,224)**	**(21,825)**
Net cash generated by/(used in) operating activities	**444,587**	**362,375**
2. CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES:		
Dividends received (Note 1)	**594**	**788**
Proceeds from disposal of investments in-		
Associates (Notes 1 and 18)	956	-
Group companies, net of cash outflows (Note 2-g)	6,333	-
Intangible assets	13,436	15,643
Property, plant and equipment	1,955	2,056
Non-current financial assets	100	1,164
Current financial assets	-	1,355
Payments for investments in-		
Associates (Note 1)	(1,706)	(6,220)
Group companies, net of cash in business combinations (Note 3-u)	-	(8,694)
Property, plant and equipment	(160,223)	(185,398)
Intangible assets	(141,156)	(134,984)
Investment property	(19)	-
Non-current financial assets	(2,220)	(801)
Current financial assets	(1,819)	(802)
Net cash generated by/(used in) investing activities	**(283,769)**	**(315,893)**
3. CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES:		
Proceeds from/(payments for) equity instruments-		
Acquisition of non-controlling interests' shares	(347)	(1,490)
Contributions from/(Returns to) non-controlling interests (Note 13)	(8,206)	(5,668)
Proceeds from/(payments for) financial liabilities (Note 2-b)-		
Issue of bonds, nominal (Note 17)	-	250,000
Syndicated loan and EIB loan, nominal (Note 17)	-	150,000
Early redemption of bonds (Note 17)	(14,600)	(400,000)
Repayment of syndicated loan (Note 17)	(16,768)	(17,083)
Proceeds from/(repayment of) other bank borrowings, net	(34,789)	38,321
Proceeds from/(repayment of) payables to Group companies, net (Note 18)	-	-
Payments of lease liabilities (IFRS 16) (Note 8)	(72,837)	-
Proceeds from/(repayment of) other financial liabilities, net	2,038	(706)
Other cash flows from/(used in) financing activities-		
Finance income and costs paid, net	(38,454)	(52,986)
Dividends paid and payments on other equity instruments (Note 13)	**(14,000)**	**(30,000)**
Net cash generated by/(used in) financing activities	**(197,963)**	**(69,612)**
NET DECREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS (I)	**(37,145)**	**(23,130)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS (II)	**-**	**-**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**310,802**	**333,932**
CASH OR CASH EQUIVALENTS AT END OF THE YEAR (NOTE 12)	**273,657**	**310,802**

The accompanying consolidated Notes 1 to 26 are an integral part of the statement of cash flows for the year ended 31 December 2019.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

(1) DESCRIPTION OF THE GROUP

Parent and Group activities-

Grupo Antolin-Irausa, S.A. *(hereinafter referred to as "the Parent")* was set up on 5 November 1987, as "*Grupo Antolin, S.A.*". Subsequently, on 1 November 1993, it adopted its current name "*Grupo Antolin-Irausa, S.A.*". Its registered office is in Burgos, Carretera Madrid-Irún, km. 244.8.

Corporate purpose of the Parent-

The corporate purpose of Grupo Antolin-Irausa, S.A. consists of:

a) The manufacture, marketing, transformation, importing and exporting of products related to the automotive or similar industries.
b) The provision of advice and technical, financial and administrative assistance related with those companies in which it has invested or could invest by virtue of rights for participating in their share capital or shareholders' equity.
c) The provision of assistance or support services to investee companies or those within its group of companies, including the granting or otherwise of participating loans to said companies, and the granting of appropriate guarantees or securities.
d) The development and promotion of research techniques and the operation, acquisition and disposal, by any means, of licences, permits, brands, patents and exclusives be they domestic or foreign.
e) The participation in other companies with an identical or similar corporate purpose, for the own development of this Group, via the subscription of shares or stakes in the incorporation or increase in capital of the same or the acquisition of these by any means.

Activities of the Group-

Grupo Antolin-Irausa, S.A. *(hereinafter "the Group" or "Grupo Antolin")* heads an international group made up of companies that engage basically in manufacturing and selling automobile components.

Ownership of the Group-

At 31 December 2019 and 2018 all the share capital of the Parent was held directly or indirectly by Avot Inversiones, S.L., a company whose registered offices are in Burgos and whose owners are members of the Antolin family (see Note 13).

Subsidiary companies-

"Subsidiary companies" are defined as those companies over which the Group has control. In accordance with IFRS 10, an investor controls an investee if, and only if, the following three conditions are met:

- it has power over the investee;
- it receives, or has the right to receive, variable returns from its investment;
- it has the ability to use its power to affect the amount of these returns.

The Parent assesses if it controls an investee when events or circumstances indicate that changes apply to one or more of the cited conditions.

Set out below is the most significant information at 31 December 2019 about the subsidiaries which have been included in the consolidated annual financial statements for 2019 as *"fully consolidated companies"*:

Companies in which Grupo Antolin-Irausa, S.A. has a direct shareholding-

Company	Registered office	Activity	Percentage Held	Thousands of Euros Cost of the Holding
Grupo Antolin-Aragusa, S.A.U.	Burgos	Automobile components	100.00	12,127
Grupo Antolin-Autotrim, S.A.U.	Burgos *(Plant: Almussafes)*	Automobile components	100.00	1,328
Grupo Antolin-Dapsa, S.A.U.	Burgos	Automobile components	100.00	3,039
Grupo Antolin-Eurotrim, S.A.U.	Burgos	Automobile components	100.00	10,197
Grupo Antolin-Gestión de Inversiones, S.L.U.	Burgos	Holding company	100.00	268,825
Grupo Antolin-Glass, S.A.U.	Burgos	Provision of services	100.00	10,328
Grupo Antolin-Ingeniería, S.A.U.	Burgos	Technical studies	100.00	18,537
Grupo Antolin-Navarra, S.A.U.	Pamplona	Automobile components	100.00	3,316
Grupo Antolin-Plasbur, S.A.U.	Burgos	Automobile components	100.00	1,862
Grupo Antolin-RyA, S.A.U.	Burgos *(Plant: Valladolid)*	Automobile components	100.00	5,704
Grupo Antolin-Valplas, S.A.U.	Burgos *(Plant: Sollana-Valencia)*	Automobile components	100.00	12,300
ASH Reciclado de Techos, S.L.	Burgos	Recycling industrial waste	100.00	4,080
Cidut, S.L.	Burgos	Automobile components	100.00	579
Keyland Sistemas de Gestión, S.L.	Burgos	Provision of services	50.00 (a)	250
Grupo Antolin-Lusitânia, S.A.	Vila Nova (Portugal)	Automobile components	100.00	2,658
Grupo Antolin-France, S.A.S.	Saint-Etienne (France)	Holding company and Technical services and sales	92.56 (b)	211,876
Grupo Antolin-Amsterdam, B.V.	Amsterdam (Netherlands)	Holding company	100.00	2,427
Grupo Antolin-Holland, B.V.	Amsterdam (Netherlands)	Holding company	100.00	34,357
Broomco (3051), Ltd.	Bury St Edmunds (United Kingdom)	Holding company	100.00	-
Grupo Antolin UK, Ltd.	Essex (United Kingdom)	Technical services and sales	100.00	765
Antolin Deutschland, GmbH	Weyhausen (Germany)	Holding company	100.00	112,015
Grupo Antolin-Italia, S.r.l.	Milan (Italy)	Automobile components	100.00	18,780
Grupo Antolin-Bohemia, a.s.	Chrastava (Czech Republic)	Automobile components	100.00	42,235
Grupo Antolin-Ostrava, s.r.o.	Ostrava (Czech Republic)	Automobile components	100.00	3,400
Grupo Antolin-Turnov, s.r.o.	Turnov (Czech Republic)	Automobile components	100.00	6,415
Antolin Czech Republic, s.r.o.	Prague (Czech Republic)	Technical services and sales	100.00	7
Grupo Antolin-Bratislava, s.r.o.	Bratislava (Slovakia)	Automobile components	100.00	22,204
Grupo Antolin-Saint Petersburg	Saint Petersburg (Russia)	Automobile components	100.00	46,535
Antolin Avtotechnika Nizhny Nóvgorod, Ltd.	Nizhny Nóvgorod (Russia)	Automobile components	100.00	12,718
Antolin Tanger, S.A.R.L.	Tangiers (Morocco)	Automobile components	100.00	21,100
Grupo Antolin-South Africa, Ltd.	Port Elizabeth (South Africa)	Automobile components	100.00	12,474
Gestión Industrial de Sonora, S.A. de C.V.	Hermosillo (Mexico)	Provision of services	99.99 (b)	151
Grupo Antolin-Saltillo, S. de R.L. de C.V.	Saltillo (Mexico)	Automobile components	99.99 (b)	10,832
Grupo Antolin-Silao, S.A. de C.V.	Silao (Mexico)	Automobile components	70.82 (b)	31,501
Grupo Antolin-Tlaxcala, S. de R.L. de C.V.	Tlaxcala (Mexico)	Automobile components	99.99 (b)	24,035
Grupo Antolin-Cuautitlán, S. de R.L. de C.V.	Cuautitlán (Mexico)	Automobile components	99.99 (b)	-
Intertrim, Ltda.	Caçapava (Brazil)	Automobile components	85.28	17,806
Trimtec, Ltda.	Caçapava (Brazil)	Automobile components	100.00	113,747
Irauto, S.A.	Buenos Aires (Argentina)	Automobile components	95.00 (b)	4,286
Grupo Antolin-India PVT, Ltd.	Pune (India)	Automobile components	99.99 (b)	25,069
Grupo Antolin-Japan, Co.	Tokyo (Japan)	Technical services and sales	100.00	691
Grupo Antolin-Korea, L.L.C.	Suwon-si (South Korea)	Technical services and sales	100.00	350
Antolin China Investment Co., Ltd.	Beijing (China)	Holding company and Technical services and sales	100.00	106,388
Antolin Liban, s.r.o.	Liban (Czech Republic)	Automobile components	100.00	11,525
Antolin Austria Holding, GmbH	Ebergassing (Austria)	Holding company	100.00	30,268
Antolin Hungary, Kft.	Helvécia (Hungary)	Automobile components	100.00	6,535
Antolin Trnava, s.r.o.	Trnava (Slovakia)	Automobile components	100.00	20,709
Antolin Interiors Mexico, S.A. de C.V.	Saltillo (Mexico)	Automobile components	100.00	56,750
Gestión Industrial de Toluca, S.A. de C.V.	Toluca (Mexico)	Provision of services	100.00	2,491
Gestión Industrial de Arteaga, S.A. de C.V.	Arteaga (Mexico)	Provision of services	100.00	792
Antolin Interiors UK, Ltd.	Warwick (United Kingdom)	Automobile components	100.00	160,949
Antolin Silesia, Sp. zo.o.	Wroclaw (Poland)	Automobile components	100.00	14,981
Antolin (Thailand) Co., Ltd.	Bangkok (Thailand)	Automobile components	100.00 (c)	58
Antolin Vietnam Co., Ltd.	Hai Phong City (Vietnam)	Automobile components	100.00 (c)	267
Ototrim Panel Sanayi ve Ticaret, A.S.	Bursa (Turkey)	Automobile components	50.00 (a)	35,617
				1,578,236

Companies in which the Group has a shareholding via other consolidated companies-

Company	Registered office	Activity	Percentage Held	Thousands of Euros Cost of the Holding
Company in which the Group has a shareholding via Grupo Antolin-Ingeniería, S.A.U.-				
Grupo Antolin-India PVT, Ltd.	Pune (India)	Automobile components	0.01 (b)	-
Gestión Industrial de Sonora, S.A. de C.V.	Hermosillo (Mexico)	Provision of services	0.01 (b)	-
Grupo Antolin-Saltillo, S. de R.L. de C.V.	Hermosillo (Mexico)	Automobile components	0.01 (b)	-
Grupo Antolin-Tlaxcala S. de R.L. de C.V.	Tlaxcala (Mexico)	Automobile components	0.01 (b)	-
Grupo Antolin-Cuautitlán, S. de R.L. de C.V.	Cuautitlán (Mexico)	Automobile components	0.01 (b)	-
Irauto, S.A.	Buenos Aires (Argentina)	Automobile components	5.00 (b)	-
Company in which the Group has a shareholding via Grupo Antolin-India PVT, Ltd.-				
Grupo Antolin-Chakan, Ltd.	Delhi (India)	Automobile components	100.00	5,950
Companies in which the Group has a shareholding via Grupo Antolin-Holland, B.V.-				
Grupo Antolin-France, S.A.S.	Saint-Etienne (France)	Holding company and Technical services and sales	7.44 (b)	17,000
Grupo Antolin-Silao, S.A. de C.V.	Silao (Mexico)	Automobile components	29.18 (b)	14,237
Grupo Antolin-Leamington, Ltd.	Kent (United Kingdom)	Automobile components	100.00	9,559
Companies in which the Group has a shareholding via Grupo Antolin-Gestión de Inversiones, S.L.U.-				
Grupo Antolin-North America, Inc.	Detroit (United States)	Holding company and Technical services and sales	100.00	258,898
Companies in which the Group has a shareholding via Grupo Antolin-North America, Inc.-				
Grupo Antolin-Kentucky, Inc.	Kentucky (United States)	Automobile components	100.00	17,923
Grupo Antolin-Michigan, Inc.	Marlette (United States)	Automobile components	100.00	12,750
Grupo Antolin-Illinois, Inc.	Troy (United States)	Automobile components	100.00	2,370
Grupo Antolin-Missouri, LLC	Clayton (United States)	Automobile components	100.00	1,501
Antolin Interiors USA, Inc.	Troy (United States)	Automobile components	100.00	85,758
Antolin Alabama, Inc.	McCalla (United States)	Automobile components	100.00	17,518
Antolin Shelby, Inc.	Shelby (United States)	Automobile components	100.00	6,963
Antolin Spartanburg Assembly, Inc.	Spartanburg (United States)	Automobile components	100.00	11,731
Companies in which the Group has a shareholding via Antolin Interiors USA, Inc.-				
Antolin Lighting, LLC	Auburn Hills (United States)	Holding company	100.00	7,914
Companies in which the Group has a shareholding via Antolin Lighting, LLC-				
Suzhou Antolin Automotive Interiors Co., Ltd.	Kunshan Jiangsu (China)	Automobile components	100.00	1,872
Companies in which the Group has a shareholding via Grupo Antolin-Kentucky, Inc.-				
Grupo Antolin-Primera Automotive Systems, LLC	Wayne (United States)	Automobile components	49.00 (a)	17
Companies in which the Group has a shareholding via Grupo Antolin-France, S.A.S.-				
Grupo Antolin-IGA, S.A.S.	Henin Beaumont (France)	Automobile components	100.00	57,953
Grupo Antolin-Vosges, S.A.S.	Rupt-Sur-Moselle (France)	Automobile components	100.00	53,196
Grupo Antolin-Cambrai, S.A.S.	Paris (France)	Automobile components	100.00	81,864
Grupo Antolin-Besançon, S.A.S.	Besançon (France)	Automobile components	100.00	65,000
Companies in which the Group has a shareholding via Keyland Sistemas de Gestión, S.L.				
Keyland Mexico, S. de R.L. de C.V.	Mexico D.F. (Mexico)	Provision of services	100.00 (a)	- (d)
Companies in which the Group has a shareholding via International Door Company, B.V. *(where the Group has a 50% stake)*-				
Iramec Autopeças, Ltda.	Caçapava (Brazil)	Automobile components	100.00 (a)	650 (d)
Mexican Door Company, S. de R.L. de C.V.	Mexico D.F. (Mexico)	Automobile components	100.00 (a)	3,933 (d)

Continued

Company	Registered office	Activity	Percentage Held	Thousands of Euros Cost of the Holding
Company in which the Group has a shareholding via Broomco (3051), Ltd.-				
CML Innovative Technologies, Ltd.	Bury St Edmunds (United Kingdom)	Lighting products	100.00	7,982
Companies in which the Group has a shareholding via Antolin Deutshland GmbH-				
Grupo Antolin-Logistik Deutschland, GmbH	Cologne (Germany)	Automobile components	100.00	11,314
Grupo Antolin-Hranice, s.r.o.	Hranice (Czech Republic)	Automobile components	100.00	116
CML Technologies, GmbH & Co. KG	Bad Durkheim (Germany)	Lighting products	100.00	9,711
Grupo Antolin-Bamberg, GmbH & Co. KG	Bamberg (Germany)	Automobile components	100.00	30,660
Antolin Massen, GmbH	Massen-Niederlausitz (Germany)	Automobile components	100.00	13,988
Antolin Süddeutschland, GmbH	Regenstauff (Germany)	Automobile components	100.00	21,695
Antolin Straubing, GmbH	Straubing (Germany)	Automobile components	100.00	25,492
Haselbeck Formen-und Werkzeugbau, GmbH	Deggendorf (Germany)	Automobile components	100.00	6,569
Companies held by Antolin Austria Holding, GmbH-				
Antolin Ebergassing, GmbH	Ebergassing (Austria)	Automobile components	100.00	45,248
Companies in which the Group has a shareholding via Grupo Antolin-Besançon, S.A.S.-				
Grupo Antolin-Sibiu, S.R.L.	Sibiu (Romania)	Automobile components	100.00	5,806
Guangzhou Antolin Lighting Co, Ltd.	Guangzhou (China)	Automobile components	100.00	1,310
Companies in which the Group has a shareholding via Antolin China Investment Co., Ltd.-				
Antolin Shanghai Auto-Parts Co., Ltd.	Shanghai (China)	Automobile components	100.00	35,096
Guangzhou Antolin Auto-Parts Co., Ltd.	Guangzhou (China)	Automobile components	100.00	10,698
Chongqing Antolin Tuopu Overhead System Co., Ltd.	Chongqing (China)	Automobile components	61.00	3,801
Dongfeng Antolin (Wuhan) Overhead Systems, Co., Ltd.	Wuhan (China)	Automobile components	51.00	1,036
Changshu Antolin Automotive Interiors Co., Ltd.	Changshu (China)	Automobile components	60.00	23,835
Changchun Antolin Automotive Interiors Co., Ltd.	Changchun (China)	Automobile components	60.00	39,786
Chengdu Antolin Automotive Interiors Co., Ltd.	Chengdu (China)	Automobile components	60.00	1,938
Shenyang Antolin Auto Parts Co., Ltd.	Lialong (China)	Automobile components	100.00	2,186
Wuhan Donghuan Antolin Auto Parts, Co., Ltd.	Wuhan (China)	Automobile components	51.00	117
Antolin Chongqing Auto Interiors Trim Systems, Co. Ltd.	Chongqing (China)	Automobile components	51.00	1,623
Chongqing Zhenneng Antolin Auto Parts, Co., Ltd.	Chongqing (China)	Automobile components	50.00 (c)	65
Companies in which the Group has a shareholding via Changshu Antolin Automotive Interiors Co., Ltd.- *(where the Group has a 60% stake)-*				
Changshu Antolin Auto Parts Co., Ltd.	Changshu (China)	Automobile components	100.00	1,396 (d)
Ningbo Antolin Autoparts Co., Ltd.	Ningbo (China)	Automobile components	100.00 (c)	384 (d)
Companies in which the Group has a shareholding via Changchun Antolin Automotive Interiors Co., Ltd. *(where the Group has a 60% stake)-*				
Beijing Antolin Automotive Interiors Co., Ltd.	Beijing (China)	Automobile components	100.00	1,204 (d)
Company in which the Group has a shareholding via Antolin Hungary, Kft.-				
Plastimat Hungary, Kft.	Esztergom (Hungary)	Automobile components	74.00	6,951
Company in which the Group has a shareholding via Antolin Tanger, S.A.R.L.-				
Gold Set, S.A.R.L.A.U.	Tangiers (Morocco)	Automobile components	100.00	1,003
Companies in which the Group has a shareholding via Chongqing Antolin Tuopu Overhead System Co., Ltd. *(where the Group has a 61% stake)-*				
Hangzhou Antolin Tuopu Overhead System Co., Ltd. (HATOS)	Hangzhou (China)	Automobile components	100.00	274 (d)
Harbin Antolin Tuopu Overhead System Co., Ltd.	Harbin (China)	Automobile components	100.00	83 (d)
				1,045,923

(a) These companies in which the Group has a direct or indirect holding of 50% or less have been included in the consolidated financial statements as "*fully accounted companies*", because the Group has control over them.

(b) As indicated in the tables above, the Group has direct or indirect shareholdings in the share capital of these subsidiaries, bringing the total holding in their capital up to 100%.

(c) Companies incorporated in 2019.

(d) These amounts correspond to the cost of the Group's actual indirect shareholding, not including the part of the cost corresponding to the indirect shareholding of the non-controlling interest.

The following additions or retirements from the scope of consolidation took place during 2019:

- The subsidiaries Antolin (Thailand) Co., Ltd. y Antolin Vietnam Co., Ltd. have been incorporated, with the Group subscribing 100% of their share capital, as have the Chinese subsidiaries Ningbo Antolin Autoparts Co., Ltd. *(in which the Group has a 60% stake through the subsidiary Changshu Antolin Automotive Interiors Co., Ltd.)* and Chongqing Zhenneng Antolin Auto Parts Co., Ltda. *(in which the Group has a 50% stake through Antolin China Investment Co., Ltd.).*

- A 50% shareholding the Group had in the Chinese subsidiary Tianjin Antolin Auto-Parts Co., Ltd. has been sold. As a result, the Group retains a 10% stake in this company, which is no longer treated as a subsidiary and is now outside the scope of consolidation. The Group's non-controlling interest in this company at 31 December 2019 is recognised under "Non-current financial assets" on the accompanying consolidated statement of financial position at December at that date (Note 9).

The effect of the retirement of Tianjin Antolin Auto-Parts Co., Ltd.is described in Note 2-g, while the impact of the other changes in the consolidated group on the Group's consolidated financial statements has been of little significance.

On the other hand, in 2019 Grupo Antolin-Irausa, S.A. acquired the shareholdings held by Grupo Antolin-Amsterdam, B.V. in Ototrim Panel Sanayi ve Ticaret, A.S. and Irauto, S.A. These intercompany transactions did not change the scope of consolidation.

Financial year of the subsidiaries-

The financial year of all the subsidiaries, like that of the Parent, is the same as the calendar year, except for the Indian subsidiaries, whose financial year ends on 31 March. For the Indian companies in the process of being incorporated into the scope of consolidation, the financial statements for the 12-month period from 1 January 2019 to 31 December 2019 have been used, for the remaining companies the individual financial statements for the year ended 31 December 2019 have been used. The figures in the tables above correspond to the financial position at 31 December 2019. The financial position of the subsidiaries is stated in their individual financial statements.

Audit of the individual annual financial statements of the subsidiaries-

The individual annual financial statements for 2019 of most of the subsidiaries are audited by Deloitte or by other auditors. Set out below are the subsidiaries whose annual financial statements are examined by auditors other than Deloitte:

Company	Audited by
Grupo Antolin-Hranice, s.r.o.	Chebska Auditorska spol. s.r.o.
Grupo Antolin-Sibiu, S.R.L.	T&T Audit, S.R.L.
Plastimat Hungary, Kft.	RSM AUDIT Hungary Zrt.
Antolin Avtotechnika Nizhny Nóvgorod, Ltd.	Gruppa Financy LLC, Nexia Finance Group
CML Innovative Technologies, Ltd.	Whiting and Partners, Ltd.
Broomco (3051), Ltd.	Whiting and Partners, Ltd.
Antolin Interiors USA, Inc.	Urbach Hacker Young International, LLP
Grupo Antolin-North America, Inc.	Urbach Hacker Young International, LLP
Grupo Antolin-Illinois, Inc.	Urbach Hacker Young International, LLP
Grupo Antolin-Kentucky, Inc.	Urbach Hacker Young International, LLP
Grupo Antolin-Michigan, Inc.	Urbach Hacker Young International, LLP
Grupo Antolin-Primera Automotive Systems, LLC	Urbach Hacker Young International, LLP
Grupo Antolin-Missouri, Inc.	Urbach Hacker Young International, LLP
Antolin Alabama, Inc.	Urbach Hacker Young International, LLP
Antolin Shelby, Inc.	Urbach Hacker Young International, LLP
Antolin Spartanburg Assembly, Inc.	Urbach Hacker Young International, LLP
Irauto, S.A.	Mariano Luis Chirardotti
Antolin China Investment Co., Ltd.	Shanghai Certified Public Accountants SGP
Antolin Chongquing Auto Interiors Trim Systems	Jinhan Certified Public Accountants Co., Ltd.
Chongqing Antolin Tuopu Overhead System Co., Ltd.	BDO China Li Xin CPA Chongqing Branch
Hangzhou Antolin Tuopu Overhead System Co., Ltd. (HATOS)	BDO China Li Xin CPA Chongqing Branch
Harbin Antolin Tuopu Overhead System Co., Ltd.	BDO China Li Xin CPA Chongqing Branch
Beijing Antolin Automotive Interiors Co., Ltd.	BDO China Shu Lun Pan Certified Public Accounts LLP
Changchun Antolin Automotive Interiors Co., Ltd.	BDO China Shu Lun Pan Certified Public Accounts LLP
Changshu Antolin Automotive Interiors Co., Ltd.	BDO China Shu Lun Pan Certified Public Accounts LLP
Chengdu Antolin Automotive Interiors Co., Ltd.	BDO China Shu Lun Pan Certified Public Accounts LLP
Changshu Antolin Auto Parts Co., Ltd	BDO China Shu Lun Pan Certified Public Accounts LLP
Shenyang Antolin Auto Parts Co., Ltd.	Liaoning Tian Xin Certified Public Accounts
Dongfeng Antolin (Wuhan) Overhead Systems, Co., Ltd.	Pricewaterhouse Coopers Zhong Tian LLP
Guangzhou Antolin Auto-Parts Co., Ltd.	Guangzhou Huadu Certified Public Accountants Co., Ltd.
Guangzhou Antolin Lighting Co., Ltd.	Shanghai Certified Public Accountants SGP
Grupo Antolin-India Private, Ltd.	S R B C & CO LLP
Grupo Antolin-Chakan Private, Ltd.	S R B C & CO LLP

Associates and joint ventures-

"Associates" are defined as companies where the Group has powers to exercise a significant influence.

The Company has the power to participate in financial and operating policy decisions but does not have control or joint control.

IFRS 11 defines a joint venture *(as opposed to a joint operation as described in the next section of this Note)* as an agreement under which the controlling parties *("joint venturers")* have rights to the net assets of the company. Joint control is the contractually agreed sharing of control and requires all substantive decisions to be unanimously agreed by all parties sharing joint control.

The Group's holdings in associates and joint ventures *(accounted for in consolidated financial statements for 2019 and 2018 using the equity method)*, and the corresponding book values recognised under "Investments in companies accounted for using the equity method" on the consolidated statement of financial position at 31 December 2019 and 2018, are as follows:

Company	Registered Office	Activity	Percentage of Group's Holding At 31/12/2019	At 31/12/2018	Thousands of Euros Book Value at 31/12/2019	Book Value at 31/12/2018
Companies in which Grupo Antolin-Irausa, S.A. has a direct shareholding-						
Dongwon Technology Co., Ltd.	Kyoung-Nam (South Korea)	Automobile components	30.00	30.00	8,391	8,132
NHK Antolin (Thailand) Co., Ltd.	Samutprakarn (Thailand)	Automobile components	50.00	50.00	3,976	2,621
Krishna Grupo Antolin Private, Ltd.	Chandigarh (India)	Automobile components	50.00	50.00	4,059	4,706
CREA-Antolin Co., Ltd.	Ansan (Korea)	Automobile components	- (a)	50.00 (a)	-	6,622
Walter Pack, S.L.	Igorre (Vizcaya)	Automobile components	40.03 (b)	40.03 (b)	3,529	3,899
Companies in which the Group has a shareholding via Antolin China Investment Co., Ltd.-						
Dongfeng Antolin (Wuhan) Automotive Trim Co., Ltd.	Wuhan (China)	Automobile components	49.00	49.00	503	982
Companies in which the Group has a shareholding via International Door Company, B.V.-						
Slovakian Door Company, s.r.o	Bratislava (Slovakia)	Automobile components	50.00 (c)	50.00 (c)	3,874	3,873
International Door Systems, S.R.L. de C.V.	Hermosillo (Mexico)	Automobile components	- (d)	25.00	-	208
					24,332	**31,043**

(a) In 2017 a contract was signed with the other shareholder of this associate by which the Group was expected to sell it the 50% holding it owned in the share capital of CREA-Antolin Co., Ltd., once certain conditions had been satisfied. In relation with this operation, at 31 December 2018 the Group had received an amount of 5,874 thousand euros, on account of the sale price, which was recorded under "Current financial liabilities-Other financial liabilities" on the accompanying consolidated statement of financial position at said date (see Note 16). During the first six months of 2019, once the conditions precedent had been met, this shareholding was sold at a price of 7,182 thousand euros, having deducted the advance payment received at 31 December 2018. As a result of this transaction, the Group posted a profit of 560 thousand euros, recognised under "Impairments and losses due to loss of control over companies accounted for using the equity method" on the accompanying 2019 consolidated income statement.

(b) In November 2018 the Group acquired a 40.04% interest in the share capital of Walter Pack, S.L., the parent company of a group with an international presence, for 2,339 thousand euros, and on the same date made a monetary contribution of 1,560 thousand euros, in a capital increase made by that company. After this operation, the Group holds 40.03% of the share capital of this investee company. However, the contract of acquisition of this holding envisages in 2020 an adjustment to the price paid or the Group's percentage holding, in line with the evolution of certain variables at the end of 2019. The Parent's Directors do not expect that the adjustment will have a material impact on the Group's consolidated financial statements.

(c) At 31 December 2017 the Group owned 25% of Slovakian Door Company, s.r.o. In 2018, International Door Company, B.V. *(in which the group has a shareholding of 50%)* acquired a 50% holding in Slovakian Door Company, s.r.o. from another shareholder of this company. As a result of this operation, at 31 December 2018 and 2019 the Group indirectly owns 50% of the share capital of Slovakian Door Company, s.r.o., which continues to be considered an associate.

(d) This company was wound up during the second half of 2019. The Group posted a result close to zero as a result of this transaction.

Movements in 2018 and 2019 recorded under "Investments in companies accounted for using the equity method" on the consolidated statement of financial position were as follows:

	Thousands of Euros
Balances at 31 December 2017	**22,542**
Profit of companies accounted for using the equity method	2,577
Acquisition of a holding in Walter Pack, S.L.	3,899
Additions for contributions made by the Group	2,321
Dividends (a)	(788)
Translation differences	(224)
Retirement of Irauto, S.A., which is now fully consolidated.	827
Others	(111)
Balances at 31 December 2018	**31,043**
Profit of companies accounted for using the equity method	732
Dividends (a)	(594)
Retirement due to disposal of CREA-Antolin Co., Ltd.	(6,622)
Winding up of International Door Systems, S.R.L. de C.V.	(208)
Translation differences	56
Others	(75)
Balances at 31 December 2019	**24,332**

(a) In 2019 the Group received dividends from Dongwon Technology Co., Ltd. and Krishna Grupo Antolin Private, Ltd., for amounts of 444 and 150 thousand euros, while in 2018 the Group received dividends from these companies of 647 and 141 thousand euros, respectively.

Part of the balance of the heading "Investments in companies accounted for using the equity method" on the accompanying consolidated statement of financial position at 31 December 2019 includes an amount of 4,250 thousand euros for a long-term loan granted by the Group to the associate Slovakian Door Company, s.r.o.

Financial year and audit of the individual annual financial statements of Associates and joint ventures included in the scope of consolidation-

The financial year of Associates and joint ventures is the same as the calendar year, except for Krishna Grupo Antolin Private, Ltd., whose financial year ends on 31 March. For Krishna Grupo Antolin Private, Ltd., the financial statements for the 12-month period from 1 January 2019 to 31 December 2019 have been used, for the remaining companies the individual financial statements for the year ended 31 December 2019 have been used. Some of the aforementioned annual financial statements are currently being examined by the following auditors:

Company	Audited by
Dongwon Technology Co., Ltd.	PriceWaterhouseCoopers
NHK Antolin Thailand Co., Ltd.	PricewaterhouseCoopers ABAS Ltd.
Dongfeng Antolin (Wuhan) Automotive Trim, Co., Ltd.	Pricewaterhouse Coopers Zhong Tian LLP
Walter Pack, S.L.	Economical Auditores, S.L.
Slovakian Door Company, s.r.o.	BDR, spol. s.r.o.
International Door Systems, S.R.L. de C.V.	KPMG

Joint operations-

IFRS 11 defines a joint operation as an agreement under which the parties *("joint operators")* have rights to the assets and obligations for the liabilities of the agreement. Joint control is the contractually agreed sharing of control and requires all substantive decisions to be unanimously agreed by all parties sharing joint control.

Following an assessment by the Group, the only investment which is deemed a joint operation is International Door Company, B.V., a holding company registered in Amsterdam (Netherlands), in which the Parent has a 50% stake *(this cost 7,909 thousand euros at 31 December 2019 and 2018).* The other 50% is held by Küster Holding, GmbH, and the company's financial statements have been proportionally accounted.

The figures for assets and liabilities, and the revenue and the result for 2019 contributed by this joint venture are not significant compared to the figures for consolidated totals of the Group.

(2) BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATION STANDARDS

a) True and fair view-

In accordance with Final Provision Eleven of Law 62/2003 on Tax, Administrative and Social Order Measures, of 30 December, companies with holdings are required to draw up consolidated annual financial statements and directors' reports. At year end none of the companies in the Group has issued shares that are listed on an official market of any member State of the European Union. They may therefore opt to present their consolidated annual financial statements for the years beginning from 1 January 2005 in accordance with Spanish accounting standards or in accordance with the International Financial Reporting Standards adopted by the European Union. Accordingly, Grupo Antolin-Irausa, S.A. decided to apply voluntarily, for the first time in the financial year 2007, said International Financial Reporting Standards adopted by the European Union for drawing up its consolidated annual financial statements.

The consolidated annual financial statements for 2019, which were prepared from the individual accounting records of the Parent and of the companies included in consolidation *(listed in Note 1)*, are presented in accordance with the International Financial Reporting Standards adopted by the European Union *(hereinafter referred to as "IFRS-EU")* and, accordingly, give a true and fair view of the Group's consolidated net worth, consolidated financial position at 31 December 2019, and results of operations, changes in consolidated equity and cash flows that have taken place during the year then ended.

These consolidated annual financial statements for 2019 have been prepared by the Parent's Directors and will be submitted to the Annual General Meeting of Shareholders of the Parent for approval.

The consolidated financial statements for 2018 were approved by the General Meeting of Shareholders of the Parent held on 2 April 2019.

b) Adopting new standards and interpretations issued-

Grupo Antolin's consolidated annual financial statements for the financial years to 31 December 2019 and 2018 have been drawn up in accordance with International Financial Reporting Standards, in accordance with the terms of Regulation (EC) No. 1606/2002 of the European Parliament and the Council dated 19 July 2002, taking into account all mandatory accounting principles, standards and measurement bases with a material impact and the alternatives permitted under the standards in this respect.

Standards and interpretations in force in 2019-

In 2019, the following new accounting standards have come into force and have been taken into account when drawing up the consolidated annual financial statements for 2019:

Standards, Amendments and Interpretations:		Mandatory Application for Financial Years Beginning on or after:
Approved for use in the European Union		
New standards:		
IFRS 16 Leases	Replaces IAS 17 and related interpretations. The new standard introduces a single lessee accounting model requiring all leases to be reported on the statement of financial position (*with some limited exceptions*), as currently applies to finance leases (*recording amortisation against the right-of-use asset and a finance cost for the amortised cost of the liability*).	1 January 2019
Amendments and/or interpretations:		
Amendment to IFRS 9 Prepayment features with negative compensation *(issued in October 2017)*	This permits measurement at amortised cost for some financial assets that can be prepaid for a smaller amount than the pending principal and interest on that principal	1 January 2019
IFRIC 23 Uncertainty over income tax treatments *(issued in June 2017)*	This interpretation clarifies how to apply IAS 12 recognition and measurement criteria when there is uncertainty regarding the tax authorities' acceptance of a certain tax treatment used by the entity.	1 January 2019
Amendment to IAS 28 Long-term interests in associates and joint ventures	Clarifies that IFRS 9 should be applied to long-term interests in an associate or joint venture to which the equity method is not applied.	1 January 2019
Amendment to IFRS 3 Business combinations - Annual improvements cycle (2015-2017)	Acquisition of control over a business previously treated as a joint operation.	1 January 2019
Amendment to IFRS 11 Joint ventures - Annual improvements cycle (2015-2017)	Acquisition of control over a joint operation constituting a business.	1 January 2019
Amendment to IFRS 12 Income taxes - Annual improvements cycle (2015-2017)	Recognition of income tax consequences of payments on financial instruments classified as equity.	1 January 2019
Amendment to IAS 23 Borrowing costs - Annual improvements cycle (2015-2017)	Capitalisation of specific borrowing costs payable for a qualifying asset.	1 January 2019
Amendment to IAS 19. Amendment, curtailment or settlement of a plan *(issued in February 2018)*	Clarifies how to calculate the cost of the service for the current period and the net interest for the rest of an annual period when there is an amendment, curtailment or settlement of a defined benefit plan.	1 January 2019

The first-time application of these standards to the Group's consolidated financial statements has had the following impacts:

IFRS 16 Leases

IFRS 16 is effective as from 1 January 2019 and has resulted in significant changes to the Group's assets and liabilities and the structure of the consolidated income statement.

IAS 17 did not require the recognition of any asset or liability for the right of use of future payments on these leases; however, the notes to the financial statements included certain disclosures such as operating lease commitments. The main novelty in IFRS 16 lies in a single lessee accounting model requiring all leases to be reported on the statement of financial position as if they were financed purchases, i.e. in accordance with the current treatment of finance leases, with some limited exceptions. For agreements fulfilling the definition of a lease in IFRS 16, the Group has recognised a right-of-use asset and lease liability in the consolidated financial statements, excluding any leases that are classified as "low value" or "short term".

Group management has decided to apply this standard retroactively on the transition date, via the application of the option that allows the current value of the right-of-use asset and of the lease liability to be calculated using the Group's incremental rate for loans on the date of first-time application, so comparative information has not been restated and at the aforementioned date of first-time application *(1 January 2019)* the Group has recognised a right-of-use asset and a lease liability for the same amount.

Impact of adoption of IFRS 16 on the date of first-time application

Applying IFRS 16 Leases has resulted on the date of first-time application in the recognition on the consolidated statement of financial position of non-current assets and lease payables of 389,287 thousand euros. Because the Group adopted the transition date option, the new standard has not affected the Group's equity at 1 January 2019 *(as the amounts of assets and of liabilities recognised are equal).*

The main impacts of applying IFRS 16 Leases have been on the accompanying consolidated income statement for 2019 as follows:

- Reduction in lease costs of 72,837 thousand euros;
- Increase in amortisation charge of 68,339 thousand euros; and
- Increase in finance costs of 8,808 thousand euros.

The impacts on the accompanying consolidated statement of cash flows for 2019 were as follows:

- Increase in net cash flows from operating activities of 72,837 thousand euros, as lease payments are not treated as an operating expense; and
- Reduction in net cash flows from financing activities for the lease payments made in 2019 *(instalments and interest)* of 72,837 thousand euros.

On the other hand, at 31 December 2019 an amount of 1,078 thousand euros has been recognised under "Deferred tax assets" on the consolidated statement of financial position for the tax effect of the difference between the values for tax and accounting purposes of the assets and liabilities deriving from application of the new IFRS 16 in those jurisdictions where the tax criteria for booking leases is different to the treatment in IFRS 16.

Other amendments and/or interpretations

These new aspects of accounting regulations have had practically no impact on the consolidated financial statements.

Standards and interpretations issued but not yet effective-

The most significant standards, changes and interpretations that had been published by the IASB at 31 December 2019 but were not yet in force, either because their effective date is later than the date of the consolidated financial statements or because they have not yet been endorsed by the European Union, are as follows:

Standards, Amendments and Interpretations:		Mandatory Application for Financial Years Beginning on or after:
Approved for use in the European Union		
Amendments and/or interpretations:		
Amendments to IAS 1 and IAS 8. Definition of "materiality" *(published in October 2018)*	Amendments to IAS 1 and IAS 8 to bring the definition of "materiality" into line with that included in the conceptual framework.	1 January 2020
Not approved for use in the European Union		
New standards:		
IFRS 17 Insurance contracts	Replaces IFRS 4. Sets out the recognition, measurement, presentation and disclosure requirements for insurance contracts to ensure that an entity provides relevant and reliable information on the effect of such contracts on the financial statements.	1 January 2021 (a)
Amendments and/or interpretations:		
Amendment to IFRS 3. Definition of a business *(published in October 2018)*	Provides clarifications of the definition of a business.	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 Interest rate benchmark reform	Amendments to IFRS 9, IAS 39 and IFRS 7 related with the current reform of benchmark rates.	1 January 2020

(a) The IASB has proposed its deferral to 1 January 2022 *(draft amendment of IFRS 7 published on 16 June 2019).*

None of the aforementioned standards was applied prior to the mandatory effective date in 2019.

The Group is beginning to assess the potential impact of the future application of these standards and, after a first analysis, estimates that these will not have a significant impact on the Group's consolidated financial statements.

c) Functional currency-

The consolidated annual financial statements are presented in thousands of euros as this is the currency of the main economic area in which the Group operates. Foreign operations are recorded in accordance with the policies described in Notes 2-f and 3-l.

d) Comparative information-

In accordance with the requirements of IAS 1, the information set out in these notes to consolidated financial statements relating to 2018 is presented, for the purposes of comparison, with the figures for 2019.

The effects of applying IFRS 16 Leases *(which was adopted from 1 January 2019)* should be considered when comparing the consolidated statement of financial position at 31 December 2019 and the 2019 consolidated income statement and 2019 consolidated statement of cash flows with those for 2018, because the cumulative effect of first-time application of the standard has been recognised without restating the comparative information. The impacts of this standard are indicated in Note 2-b and in the disclosures included in other relevant notes.

There have been no other significant changes in the accounting policies that affect 2019 and 2018. Neither have any corrections of errors relating to prior years been made, nor have any major changes been made in the accounting estimates that affect these financial years or that are likely to affect future financial years.

e) Responsibility for the information provided and estimates made-

The information set out in these consolidated annual financial statements for 2019 is the responsibility of the Directors of the Parent.

The consolidated results and the calculation of consolidated net assets are sensitive to the accounting principles, policies, measurement criteria and estimates used by the Parent's Directors in the preparation of the consolidated annual financial statements. The main accounting principles and policies and measurement criteria used are disclosed in Note 3.

In preparing the annual financial statements for 2019 estimates made by senior management *(subsequently ratified by the Parent's Directors)* have been used on occasion to measure certain assets, liabilities, revenues, expenses and commitments that are recorded therein. Principally, these estimates, made based on the best information available, refer to:

- The assessment of possible impairment losses on certain assets.
- The measurement of goodwill.
- The useful life of property, plant and equipment, intangible fixed assets and investment property.
- The classification of leases as operating or financial leases.
- The market value of certain financial instruments.
- The fair value of certain unlisted assets.
- The amount of the provisions.
- The application of deferred tax assets.
- The capacity to exercise control in some consolidated companies and the timing thereof.

Although these estimates were made based on the best information available at 31 December 2019 for the events being analysed, future events may make it necessary to revise these estimates *(upward or downward)* in coming years. Any such changes would be applied prospectively, and the effects of the change in estimate would be taken to the consolidated income statement in the years affected, as provided for in IAS 8.

f) Consolidation standards-

Subsidiary companies-

The individual annual financial statements of *"subsidiaries"* have been *"fully consolidated"* with those of the Parent and, therefore:

1. All material balances and results of transactions carried out between consolidated companies, along with the material results of internal transactions that did not involve third parties were eliminated on consolidation.

2. In the consolidation process adjustments and reclassifications have been made so as to bring the accounting principles and policies used by the subsidiaries into line with those used by the Parent.

3. When a subsidiary is acquired, its assets, liabilities and contingent liabilities are recorded at their fair values at the acquisition date. Any excess of the acquisition price over the fair values of the identifiable net assets acquired is recognised in "Intangible assets-Goodwill". Negative differences are taken directly to income on the acquisition date.

4. The share of profit or loss and net changes in subsidiaries' equity attributable to non-controlling interests is calculated based on the voting rights existing at that time, excluding any potential exercisable or convertible rights. Any loss attributable to the non-controlling interests over and above the book value of said non-controlling interests is charged to the holdings of the Parent, except when the non-controlling interests are under a binding obligation to cover part or all of the losses and provided that they are able to make the necessary additional investment.

5. The equity and results of the subsidiaries attributable to non-controlling interests are presented in consolidated net equity, under "Non-controlling interests", on the consolidated statement of financial position, and under "Profit attributable to non-controlling interests" on the consolidated income statement, respectively.

6. Changes in the net worth of the consolidated subsidiaries since they were acquired that cannot be attributed to changes in the percentage held are recorded under "Equity-Reserves-Reserves of fully and proportionally accounted companies" on the consolidated statement of financial position.

7. The results generated by subsidiaries acquired during the year are included on the consolidated income statement only from the date of acquisition to year end. Similarly, the results of subsidiaries disposed of during the year are included on the consolidated income statement only from the beginning of the year to the date of disposal.

8. Acquisitions from non-controlling shareholders or partners of their holdings in subsidiaries in which the Group already had effective control and which, therefore, lead only to an increase in the Group's percentage holding in these companies, are treated, for the purposes of consolidation, as operations with equity instruments. The balance recorded under "Non-controlling interests" is therefore reduced and consolidated reserves are restated for the difference between the value of the consideration paid by the Group and the amount by which the balance recognised under "Non-controlling interests" has been changed. No "Goodwill" whatsoever is recorded for this operation.

The annual financial statements of the subsidiaries used in the consolidation process refer to the same reporting date and cover the same period as those of the Parent.

Associates and joint ventures-

In the consolidated financial statements, *"associates"* and *"joint ventures"* are accounted for using the *"equity method"*, according to which investments are initially recorded at cost and subsequently, their book values are increased or decreased to recognise the share of the investee company's profit or loss that corresponds to the Group's equity stake in it, after the date of acquisition. The Group thus recognises on its consolidated income statement for the year its proportional share in the profit and loss of the associate or joint venture. Dividends received from associates and joint ventures reduce the book value of the investment. It may also be necessary to make adjustments to record any changes that may occur in the proportional holding in the associate or joint venture as a result of any changes in net equity that it may not have taken to income in the year. Gains and losses on transactions with associates and joint ventures are eliminated in proportion to the Group's investment in them.

Joint operations-

The annual financial statements of investee companies classified as *"joint ventures"* are *"proportionally accounted"*, i.e. recognising the assets, rights and obligations and the income and expenses of these companies in proportion to the Group's holding in these companies.

Translation of annual financial statements of foreign companies included in the scope of consolidation-

The statements of financial position and income statements of the foreign companies included in the scope of consolidation denominated in currencies other than the euro were translated to euros using the *"closing rate method"*. All the assets, rights and obligations of these companies were translated to euros at the year-end exchange rates. Their share capital and reserves were translated at their historical exchange rates. To counteract seasonal effects, the income statement items of these companies were translated to euros at the average exchange rates for the year, based on the volume of transactions performed in each period.

The exchange differences arising from the application of these methods are taken to equity under "Adjustments for changes in value-Translation differences" on the consolidated statement of financial position, net of the portion of these differences corresponding to non-controlling interests, which is taken to equity under "Non-controlling interests" on the consolidated statement of financial position. Such translation differences are recognised as income or as an expense in the year in which the investment is made or divested.

g) *Changes in the scope of consolidation-*

2019:

The main changes to the Group's scope of consolidation in 2019 were as follows:

- In March 2019, the subsidiary Tianjin Antolin Auto-Parts Co., Ltd. was excluded from the scope of consolidation because the Group lost control over it on selling 50% of its share capital held by the Group to the minority shareholder. Following this transaction, the Group still holds 10% of this company's share capital, which is recognised under "Non-current financial assets" on the accompanying consolidated statement of financial position at 31 December 2019. Details of Tianjin Antolin Auto-Parts Co., Ltd.'s assets and liabilities at 31 December 2018 are as follows:

	Thousands of Euros
ASSETS-	
Non-current assets:	
Other intangible assets (Note 7)	1,201
Property, plant and equipment (Note 8)	31,436
Deferred tax assets (Note 19)	3,702
Current assets:	
Inventories	6,274
Trade and other receivables	51,280
Cash and cash equivalents	35
Total assets	**93,928**
LIABILITIES-	
Current liabilities:	
Trade and other payables	(53,887)
Other current payables	(39,173)
Total liabilities	**(93,060)**
Net assets and liabilities (a)	**868**

(a) Of this amount, 40% corresponded to non-controlling interests (Note 13).

Details of the income and expenses and result corresponding to Tianjin Antolin Auto-Parts Co., Ltd., which were recognised on the accompanying 2018 consolidated income statement according to their substance, are also shown below:

Item	Thousands of Euros
Revenue	27,537
Procurements	(22,670)
Staff costs	(4,394)
Depreciation and amortisation expenses	(1,423)
Other operating expenses	(11,616)
Operating loss	**(12,566)**
Net finance expense	(895)
Loss before taxes	**(13,461)**
Corporate income tax	3,345
Loss for the year	**(10,116)**
Loss attributable to the Parent (60%)	**(6,070)**

The income and expenses and results of Tianjin Antolin Auto-Parts Co., Ltd. during the period between the start of 2019 and the date on which this company was disposed of were of little significance, and the net changes in its assets and liabilities over the same period were also immaterial.

The Group posted a net gain of 5,934 thousand euros on selling this company for a final price after adjustments of 6,368 thousand euros. The gain is included under "Gains/(losses) on the loss of control over consolidated investments" on the accompanying consolidated income statement for 2019.

- In April 2019, the associate CREA-Antolin Co., Ltd. was excluded from the scope of consolidation when the Group sold its 50% stake in this company to the other partner. The Group received 7,182 thousand euros from the sale, posting a gain of 560 thousand euros, which is recognised under "Impairments and gains/(losses) due to loss of control over companies accounted for using the equity method" on the accompanying 2019 consolidated income statement.

- Four new companies joined the Group in 2019, which has not had a material effect on the consolidated financial statements. Specifically, the subsidiaries Antolin (Thailand) Co., Ltd. and Antolin Vietnam Co., Ltd. were incorporated *(the Group holds 100% of their share capital)*, as well as the Chinese subsidiaries Ningbo Antolin Auto Parts Co., Ltd. and Chongqing Zhenneng Antolin Auto Parts Co., Ltd. in which the Group has effective shareholdings of 60% and 50%, respectively. These companies were practically dormant at 31 December 2019, and therefore the effect of their incorporation and inclusion in the Group on the 2019 consolidated financial statements is almost zero.

- The associate International Door Systems, S.R.L. de C.V. was wound up and liquidated in the second half of 2019.

2018:

The main changes to the Group's scope of consolidation in 2018 were as follows:

- In January 2018 the Group acquired an additional 45% stake in the share capital of Irauto, S.A., for a price of practically zero, and subsequently carried out an increase in its share capital via the compensation of loans. As a result of these transactions, the Group obtained a 100% shareholding in said company and exercised control of it. Accordingly, this company, over which the Group exercised significant influence, changed from an associate to a subsidiary and, in consequence, is now fully consolidated (see Note 1).

- The Chinese companies Wuhan Donghuan Antolin Auto Parts Co., Ltd. –manufacturing electric windows– and Antolin Chongqing Auto Interiors Trim Systems, Co. Ltd. –manufacturing overhead systems– were incorporated, with the Group acquiring 51% of their share capital. At 31 December 2019 and 2018 these companies were still at an initial stage of their operations.

- Also, effective from 31 August 2018 the Group acquired a 100% holding of the share capital of the German company Haselbeck Formen-und Werkzeugbau, GmbH, which specialises in the manufacture of plastic injection moulds, and has a headcount of over 100, a production plant in Deggendorf (Germany) and a large portfolio of customers. This operation, with a purchase price of around 6,646 thousand euros, was a strategic opportunity for Grupo Antolin to continue research into the development and manufacture of moulds and so strengthen its R&D and innovation in respect of production processes.

- In November 2018 the Group acquired a 40.03% interest in the share capital of Spanish company Walter Pack, S.L., the parent company of a group with an international presence specialising in the design and production of high quality decorative technical surfaces and parts.

- The subsidiary Grupo Antolin-Cuautitlán, S. de R.L. de C.V., in which the Group has a 100% shareholding, was incorporated, and Grupo Antolin-Dutch, B.V., fully owned by the Parent, was dissolved and wound up.

Also in 2018 the Group acquired the shareholding held by non-controlling interests in the subsidiary Cidut, S.L., over which the Group exercised control, for an amount of 1,490 thousand euros. As a result of this transaction, the Group's holding in this company increased from 50% to 100%. The Group also increased its holding in the associate Slovakian Door Company, s.r.o., from 25% to 50%. These transactions did not result in any changes to the scope of consolidation.

The effect of these variations on the Group's consolidated financial statements was not significant.

h) Definition of the Group for the purposes of preparing consolidated annual financial statements-

Although Grupo Antolin-Irausa, S.A. is directly and indirectly controlled by Avot Inversiones, S.L. (see Notes 1 and 13), the accompanying 2019 consolidated annual financial statements correspond to the group of subsidiaries headed by Grupo Antolin-Irausa, S.A. All companies belonging to this Group have been included in these consolidated financial statements, being understood to refer to all the companies making up a single decision-making unit, in accordance with Article 42 of the Commercial Code. No company has been excluded.

Avot Inversiones, S.L. is a holding company controlled by the Antolín family whose principal assets are direct and indirect equity investments in Castilfalé Gestión, S.A.U. and Grupo Antolin-Holdco, S.A. *(holding companies whose main activity is to hold shares in Grupo Antolin-Irausa, S.A.)*. Consequently, the other companies in the parent group headed by Avot Inversiones, S.L. contributed little or no assets, turnover or profit to the consolidated financial statements of said group for the year ended 31 December 2019.

With regard to Grupo Asuari Inversor, S.L, the parent of a group of companies also controlled by the Antolín family and therefore associated with Grupo Antolin, the Directors and legal advisers of the Parent consider that the companies do not form a decision-making unit nor are they managed on a unified basis, as their activities are distinct and independent and the commercial and financial relationships between them are not significant, there being no common activity.

(3) ACCOUNTING PRINCIPLES, POLICIES AND MEASUREMENT CRITERIA

In preparing the consolidated financial statements for 2019 the following accounting principles and policies and measurement criteria were applied:

a) Going-concern principle-

In recent years, Grupo Antolin has raised significant funds through its operations, which it has continued to do in 2019 in the face of numerous global uncertainties. Although the global economic and financial situation will continue to affect Grupo Antolin's performance in 2020, the major car manufacturers initially forecast that production levels would be around 1.1% higher than in 2019. However, the latest forecasts considering the current status of the coronavirus pandemic has prompted some analysts to consider decreases in global vehicle production of around 5% in 2020. Nonetheless, trends point to the output of the global car industry growing in 2021.

Against this backdrop, Grupo Antolin is strengthening its competitive position in the car market through the most extensive programme of launches in its history between 2018 and 2019 *(in total, around 420 projects across all its business units)* and the roll-out of an efficiency improvement programme launched in the second half of 2019 and continuing over the first six months of 2020.

The Group is also focusing on exploiting the business opportunities opening up in relation to the mobility of the future. It has therefore prepared a new strategic plan, which will be launched in 2020 and sets out, coordinates and continues the workstreams embarked upon over the last year. Through this plan, the Group aims to bolster its position among the largest parts manufacturers in the car industry, lead the way in the industry's transformation involving new forms of mobility, and continue to be a key partner of car makers helping them develop their future vehicles.

The new plan will take the *Smart Integrator* strategy further, which the Group has been working on for some time to develop more complex systems offering greater added value through new functionalities incorporating cutting-edge technologies, electronics and lighting solutions. In order to strengthen its position, the Group is expanding its electronics capacity and looking for key technology partners bringing added value to its products. This includes the deal with the Chinese group Hi-Rain to develop innovative lighting solutions, the partnership with the Walter Pack Group to develop decorative components for car interiors, and the collaboration agreement with Eyesight to offer driver and passenger monitoring solutions to car manufacturers (see Note 25).

The Parent's Directors consider that the financial and economic measures taken in recent years, and the pillars on which the future strategic plan is founded will make a positive contribution to ensuring that the Group continues to grow and meet its profit targets.

The consolidated annual financial statements for 2019 have accordingly been prepared on a going-concern basis.

b) Goodwill and negative goodwill on first consolidation-

Business combinations are accounted for using the acquisition method, which requires the identifiable assets acquired and liabilities assumed *(including any contingent liabilities)* to be measured at their fair values at the acquisition date, provided said fair value can be reliably measured. The assets and liabilities recognised by the Group will be those received and assumed, respectively, as a result of the operation, irrespective of whether these assets and liabilities were previously not recognised in the annual financial statements of the investee because they did not meet the criteria for recognition in said financial statements.

Any positive difference between the acquisition cost of the Group's holdings in the capital of the subsidiaries and the fair values of the identifiable net assets acquired is recognised as "Goodwill". Negative differences are taken directly to income on the acquisition date.

"Goodwill" is only recorded when it has been acquired for a consideration and represents, therefore, advance payments made by the acquiring entity for the future economic benefits deriving from the assets of the acquired entity that are not individually and separately identifiable and recognisable.

In accordance with IFRS 3, goodwill is not amortised but is reviewed for impairment *(i.e. a reduction in the recoverable amount of the "Goodwill" to below its book value)* at the end of each reporting period and any impairment is charged to "Net impairment losses on non-current assets" on the consolidated income statement. Impairment losses relating to "Goodwill" cannot subsequently be reversed.

The recoverable value of goodwill and of other intangible and tangible assets is measured as the higher of fair value less costs to sell and value in use, understood as the present value of expected future cash flows from the investment. The Group's Directors apply the following methodology to test goodwill, other intangible assets and property, plant and equipment for impairment (see Notes 7 and 8):

- The recoverable amount is calculated for each cash generating unit, although wherever possible individual, item-by-item impairment calculations are performed on property, plant and equipment.

- The Group's Directors regularly prepare a business plan for each cash generating unit, broken down by market and activity, covering a period of at least five years. An annual budget is also prepared each year for the following financial year. The main components of said plan and budget are:

  - Results forecasts.

  - Investment and working capital forecasts.

- Other variables influencing the calculation of recoverable value are:

  - The discount rate to be used, which is taken to be the weighted average cost of capital, the calculation of which is affected mainly by the cost of liabilities and the specific risks of the assets.

  - The cash flow growth rate used to extrapolate the cash flow projections beyond the period covered by the budgets or forecasts.

The projections are prepared on the basis of past experience and using the best estimates available, which are consistent with the information obtained from outside the Company.

The business plans thus prepared are reviewed and approved by the Parent's Board of Directors.

If an impairment loss must be recognised for a cash generating unit to which all or part of the goodwill has been assigned, first the book value of the goodwill corresponding to the cash generating unit will be reduced. If the impairment loss exceeds the amount of goodwill, the rest of assets allocated to the CGU are then written down, in proportion to their book values, up to the limit of the higher of the following: fair value less cost of sales, value in use and zero.

At the 2019 year end, impairment losses on the goodwill of certain subsidiaries were recorded in an amount of 20,000 thousand euros, recognised under "Net impairment loss on non-current assets" on the accompanying consolidated income statement for 2019 *(goodwill impairment losses of 6,622 thousand euros were recognised in 2018).*

"Goodwill" recognised on the consolidated statement of financial position at 31 December 2019 corresponds basically to the consolidated subsidiaries and plants acquired in 2015 from the international Magna Automotive group and other companies forming part of the "Lighting" business acquired from the "CML Innovative Technologies" group in 2012, and other non-material goodwill recognised (see Note 7).

c) *Other intangible assets-*

Intangible assets are defined as identifiable non-monetary assets without physical substance which arise as a result of a legal transaction or which are developed in-house by the consolidated companies. Only intangible assets whose cost can reasonably be objectively estimated and from which the consolidated companies consider it probable that future economic benefits will be generated are recognised.

Intangible assets are stated initially at acquisition or production cost and subsequently at cost less any accumulated amortisation and impairment losses.

Development expenses-

The costs incurred in each development project are capitalised when the following conditions are met:

- The development cost of the asset can be assessed reliably.
- The costs are specifically itemised for each project and correspond to an identifiable asset.
- The Group can prove that the project is technically viable.
- The project is likely to generate profits in the future.

Development expenses incurred using the Group's own resources are recorded *(by type)* on the consolidated income statement, while development expenses for projects which meet the above conditions are debited to "Development expenses" on the consolidated statement of financial position and credited to "Own work capitalised" on the consolidated income statement.

Capitalised development expenses are in practically all cases amortised on a straight-line basis over the estimated useful lives of the projects as from the date the related projects are completed.

Development expenses relate mainly to the costs incurred in this connection by the consolidated subsidiary Grupo Antolin-Ingeniería, S.A.U. and the Group's other research and development centres. Research expenses are taken directly to income in the financial year in which they are incurred.

Software and other intangible assets-

Other intangible assets with a finite useful life are amortised accordingly, using criteria similar to those used for property, plant and equipment. Specifically, "Computer software" is written off over a period of 5 years as from when it starts to be used.

When accounting for the business combinations involving the "Lighting" business acquired from the "CML Innovative Technologies" group in 2012 and the companies and plants acquired in 2015 from the international Magna Automotive group, "Customer relations" in the automobile industry was identified as an intangible asset, on the basis that one of the Group's aims in carrying out said operation was to develop new services and products in this sector. This intangible asset has been measured at its fair value determined using the multi-period excess earnings (MPEE) method, based on calculating the operating cash flows generated for the acquired company by the asset, net of any expenses charged for the assets involved in generating said cash flows. These cash flows are discounted using the weighted average cost of capital *(between 8.3% and 12.9% for the "Lighting" segment, plus a 2% spread to reflect the intangible nature of the asset, and between 8.1% and 15.6% for the companies and plants acquired from the international Magna Automotive group)*. The remaining useful life of these intangible assets was estimated to be 7 years for the 2012 operation and between 2 and 7 years for the 2015 operation, over which periods they will be amortised.

The annual amortisation expense for intangible assets with finite useful lives is charged to "Depreciation and amortisation expenses" on the consolidated income statement.

Impairment losses-

The consolidated companies recognise any impairment loss on the book value of these assets with a charge to "Net impairment losses on non-current assets" on the consolidated income statement. The criteria used to recognise the impairment losses on these assets and, where applicable, the recovery of impairment losses recognised in prior years are similar to those used for property, plant and equipment for own use.

d) Property, plant and equipment-

Property, plant and equipment include the assets that the Group has for its current or future use in producing or supplying goods and services or for administrative purposes and which are expected to be used for more than one financial year. Property, plant and equipment are stated on the consolidated statement of financial position at their acquisition or production cost, adjusted or revalued, whenever

applicable, in accordance with applicable legal provisions, or at their "fair value" as determined by independent experts on the date of transition to "IFRS-EU" *(1 January 2006)*, which amount is recorded as an attributed cost, less accumulated depreciation and any impairment losses.

The cost of extensions, modernisations or improvements that increase the productivity, capacity or efficiency or prolong the useful life of an asset are capitalised as an increase in the cost of said asset.

Borrowing costs directly attributable to building or developing property, plant and equipment that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are ready to become operational. In cases where financing has been received specifically for building said assets, the amount of the interest and other finance costs capitalised reflects the actual costs incurred during the period, less income earned from temporarily reinvesting the financing that has not yet been invested in the qualifying assets. Where the financing received is of a general nature, the amount of interest capitalised is calculated using a rate based on the weighted average of the interest costs applicable to the average unrepaid financing in the year excluding financing for specific purposes. However, the capitalisation of interest is suspended during the periods when the construction work is at a standstill, provided that such periods are not particularly long. In 2019 and 2018, the Group has not capitalised any finance costs as an increase in the book value of "Property, plant and equipment".

Upkeep and maintenance expenses for property, plant and equipment for own use are expensed in the year they are incurred.

The Group transfers PP&E under construction to PP&E used in operations when the assets in question become operational, from which time depreciation is charged.

Property, plant and equipment used in operations are depreciated on a straight-line basis, based on the acquisition or production cost of the assets or their restated value, less their residual value. The land on which buildings and other constructions are located is deemed to have an indefinite lifespan and is therefore not subject to depreciation. Annual depreciation charges on property, plant and equipment are charged to "Depreciation and amortisation expenses" on the consolidated income statement over the average estimated useful life of the assets, as indicated below:

Type of Asset	Years of estimated useful life
Buildings and other structures	20 to 50
Plant and machinery-	
Machinery	5 to 12.5
Plant	6 to 25
Other plant, tools and furniture-	
Tools, dies and moulds	2 to 6
Office furniture and equipment	5 to 10
Other property, plant and equipment-	
Vehicles	5 to 10
Information technology equipment	4 to 5

Reviews are made at regular intervals of the estimated useful life of property, plant and equipment for own use in order to identify any significant changes therein. If any such changes are identified, the relevant adjustment is made to the depreciation charged to the consolidated income statements in future years based on the new useful lives.

At the end of each reporting period, the consolidated companies test for any internal or external signs that the recoverable amount of their property, plant and equipment is less than the book value. If so, the book value is reduced to the recoverable value and the future charges for depreciation are adjusted in proportion

to their adjusted book value and their new remaining useful life if it was also necessary to re-estimate this. Any such reduction in the book value of property, plant and equipment for own use is charged to "Net impairment loss on non-current assets" on the consolidated income statement.

Similarly, whenever there are signs that the value of an impaired tangible asset has recovered, the consolidated companies reverse impairment losses recognised in prior years, crediting "Net impairment loss on non-current assets" on the consolidated income statement and adjusting future depreciation charges accordingly. The increased book value may not exceed the book value that would have been determined had no impairment loss previously been recognised for the asset.

e) *Investment property-*

Investment property comprises land, buildings or other constructions held to earn rents or for capital appreciation upon disposal due to future increases in their respective market prices. At 31 December 2019 and 2018, this included a factory *(land and buildings)* in Almussafes (Valencia), to be operated under a lease, and other properties *(two plots of land on industrial estates in Spain)*.

The same methods of valuation, depreciation, and for estimating their respective useful lives and for recording any impairment losses are used as for property, plant and equipment for own use.

f) *Accounting for leasing operations-*

As lessor-

Whenever the Group acts as lessor, the cost of acquiring the assets leased is stated in "Investment property" or "Property, plant and equipment". Depreciation is charged on these assets in accordance with the policies adopted for similar PP&E items for own use, and the revenues from the lease contracts are released to the consolidated income statement on a straight-line basis.

As lessee-

In accordance with IFRS 16 Leases, the Group evaluates at the start of the contract whether said contract contains a lease. A lease liability and a right-of-use asset are recognised for these contracts.

However, for practical reasons and to allow proper monitoring of the Group's contractual obligations, the Group distinguishes in the accounts the leases that prior to 1 January 2019 *(first-time application of IFRS 16)* were classified as "finance leases" from the other leases. Specifically, for contracts classified as "finance leases" prior to 1 January 2019, the Group continues to recognise on the consolidated statement of financial position the cost of the leased assets under "Property, plant and equipment" *(according to the nature of the leased assets)*, and the liability for the outstanding principal repayments under "Bank loans, debentures and other marketable securities" under current and non-current liabilities according to their maturity.

The cost of the assets is the lower of the fair value of the leased assets and the present value at the start of the lease of the minimum payments agreed, including the purchase option if there are no reasonable doubts as to its exercise. This calculation will not include contingent payments, the cost of services and the taxes payable by the lessor. The total financial cost of the contract is taken to the consolidated income statement in the years it accrues, applying the *"effective interest rate method" (as defined in paragraph j) below)*. Contingent rents are recognised as expenses in the year incurred.

The assets recognised for these types of transactions are depreciated on the basis of their nature using similar criteria to those applied to other items of property, plant and equipment.

The other contracts that contain a lease and arranged after 1 January 2019 are recognised by the Group as per the following accounting principles and policies and measurement bases:

Right-of-use assets-

The Group recognises the right-of-use asset at the start of the lease term *(date on which the asset is available for use)*. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted to reflect any new valuation of the lease liability. The cost of the right-of-use asset comprises the initial measurement of the lease liability, any initial direct cost borne and any lease payment made on or before the inception date, less any lease incentives received. It also comprises an estimate of any costs the Group will incur restoring the asset to the condition stipulated in the lease terms and conditions. Unless the Group is reasonably likely to take ownership of the asset at the end of the lease, the right-of-use asset is depreciated on a straight-line basis from the inception date until the earlier of the end of the asset's useful life or the end of the lease term. Right-of-use assets are subject to impairment.

Lease liabilities-

On the inception date, the Group measures the lease liability at the present value of any unpaid lease payments at that date. Lease payments include fixed payments, less any lease incentives receivable, plus any variable lease payments tied to an index or rate initially measured according to an index or rate at the inception date, and any amounts expected to be paid for residual value guarantees. They also include the exercise price of a purchase option if the Group is reasonably certain that it will exercise the option, as well as any penalties for terminating the lease if the lease term reflects the lessee exercising the option to terminate the lease. Variable lease payments not tied to an index or rate are expensed in the year the event or circumstance giving rise to such payments occurs.

Lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If it cannot be easily determined, the lessee's incremental borrowing rate is used. Specifically, the Group has estimated the interest rate on a hypothetical loan obtained to purchase the underlying asset, considering factors such as the repayment period and that the loan is secured using the underlying asset. When estimating the rate for each consolidated company, the Group has also considered the structure of their statements of financial position, credit rating, and the relevant country risk premium. After the inception date, the value of lease liabilities is increased to reflect the interest accrued on the lease liability and reduced to reflect the lease payments made.

Book value is re-measured if the lease term changes or there is a change in the valuation of a purchase option over the asset. The Group determines a revised interest rate on applying the new valuation. The book value is also re-measured if, for example, there is a change because of a variation in the index or rate used to determine the payments including, for instance, a change to reflect fluctuations in market rents. In such a case, a discount rate with no changes is used, unless the variation in lease payments is due to a change in floating interest rates.

Short-term leases and leases where the asset is of low value-

The Group applies the exemptions for recognising short-term leases *(those leases with terms of 12 months or less from the inception date and that do not include a purchase option)* and leases in which the underlying asset is of low value *(for example, less than 6,000 euros)*. The lease payments deriving from these contracts are expensed on a straight-line basis over the lease term under "Other operating expenses" on the consolidated income statement.

Establishing the lease terms of contracts with options to extend-

The Group establishes the lease term as the irrevocable period of a lease plus: (i) any periods covered by an option to extend the lease, if the Group is reasonably certain that it will exercise this option; and (ii) any periods covered by an option to terminate the lease, if the Group is reasonably certain that it will not exercise this option.

When evaluating if it is reasonably likely the option to extend a lease will be exercised or the option to terminate a lease will not be exercised, the Group takes into account any relevant events and circumstances prompting the Group to exercise the option to extend the lease or not exercise the option to terminate the lease.

After the inception date, the Group will re-evaluate the lease term whenever there is a significant event or change in the circumstances under the Group's control which affects whether or not there is reasonable certainty the options will or will not be exercised.

Impairment-

The Group applies IAS 36 to determine if a right-of-use asset is impaired and to recognise any impairment loss identified in accordance with the criteria described in Notes 3-a and 3-c.

g) Non-current assets held for sale-

Assets which are highly likely to be sold, in their present condition, within one year from the end of the reporting period are recorded under this heading on the consolidated statement of financial position. The book value of these assets is, therefore, expected to be recovered via their selling price rather than from their ongoing use. Assets classified as "Non-current assets held for sale" are stated at the lower of their book value when they are classified as such and their fair value net of their estimated cost to sell. Amortisable intangible assets and depreciable PP&E are not amortised or depreciated while classified as held for sale.

In 2019 and 2018 the Group held land in Tangiers (Morocco) acquired in 2014 classified under "Non-current assets held for sale". Based on assessments made by an independent expert and offers recently received, the fair value of this building is at least equal to its book value. It is expected to be sold over the next twelve months.

h) Inventories-

The Group values its inventories as follows:

- Raw materials and other supplies, packaging and containers, replacement parts, sundry materials, add-on parts and stocks for resale are valued at the lower of cost applying the weighted average price method, and net realisable value.

- Finished goods, semi-finished goods and work-in-process *are stated at the lower of real average production cost (raw and other materials used, labour and direct and indirect manufacturing expenses) and net realisable value.*

- Tools for new projects, which are developed and manufactured by the Group to be sold later on to its customers, are stated at the lower of either the costs incurred to manufacture them, as and when they are incurred, and their estimated realisable value.

Net realisable value corresponds to the estimated selling price less the estimated costs of completing the products and the costs to be incurred in marketing, selling and distribution.

Obsolete, defective or slow-moving inventories have been reduced to their realisable value. The Group recognises the appropriate valuation adjustments as an expense when the net realisable value of inventory is lower than its acquisition or production cost.

i) Trade receivables and customer advances-

Trade receivables do not accrue interest and are carried at their nominal amount. However, a provision is set up for impairment losses on trade receivables when there is objective evidence that the amounts receivable cannot be collected.

Customer advances received prior to recognising the sale of the corresponding assets *(specifically tools for projects)*, are recorded in current liabilities under "Trade and other payables" on the consolidated statement of financial position (see Note 3-r).

j) Financial instruments-

Definitions-

A *"financial instrument"* is a contract representing a financial asset for one entity and, simultaneously, a financial liability or equity instrument for another.

An *"equity instrument"* is any contract that evidences a residual interest in the assets of the issuing entity after deducting all of its liabilities.

A *"financial derivative"* is a financial instrument the value of which changes in response to changes in an observable market variable *(such as an interest rate, exchange rate, the price of a financial instrument or a market index)*, where the initial investment is very low compared to other financial instruments with similar responses to changes in market conditions and which is, as a general rule, settled on a future date.

The operations referred to below are not treated for accounting purposes as financial instruments:

- Shareholdings in associates.
- Rights and obligations arising from employee benefit schemes.
- Rights and obligations originating in insurance contracts.
- Contracts and obligations relating to employee remuneration based on equity instruments.

Recording financial instruments for the first time-

Financial instruments are recorded for the first time on the consolidated statement of financial position when the Group becomes party to the contract that originates them, in accordance with the terms thereof. Specifically, debt instruments are recorded as from the date the effective legal right to receive or the effective legal obligation to pay arise, respectively. Financial derivatives are, as a general rule, recorded on the date they are contracted.

Operations to sell and buy financial assets in the form of conventional contracts, defined as contracts where the reciprocal obligations of the parties must be fulfilled by a deadline set under the regulations or conventions of the market, and may not be settled as differences, are recorded as from the date the benefits, risks, rights and duties of ownership pass to the acquiring party. Depending on the type of financial asset bought or sold, this may be the contract date or the settlement or delivery date.

Derecognition of financial instruments-

A financial asset is derecognised in the following circumstances:

- The contractual rights regarding the cash flows it generates have expired; or

- The financial asset is transferred and the risks and benefits of the financial asset are substantially transferred, or, even when they are not transferred or substantially withheld, control over the financial asset is transferred.

The Group assigns without recourse a portion of its receivables to various financial institutions. As this involves transferring part of the risks and benefits of the assets and control thereof, the Group directly reduces its trade receivables by the amount of the receivables assigned to the financial institutions and does not, therefore, recognise any financial liability in this connection. At 31 December 2019 the Group had no receivables assigned without recourse to financial institutions. At 31 December 2018 receivables assigned without recourse to financial institutions outstanding at that date totalled approximately 72 million euros.

Financial liabilities are derecognised from the consolidated statement of financial position when the obligations that have generated them have been discharged.

Fair value of financial instruments-

The *"fair value"* of a financial instrument on a particular date is defined as the amount at which it could have been exchanged at that date between knowledgeable parties in arm's length transactions. The most objective and common reference for the fair value of a financial instrument is the price that would be paid for it on an organised, transparent and deep market *("quoted price" or "market price").*

When there is no market price for a specific financial instrument, fair value is estimated on the basis of recent arm's length transactions in similar instruments and, if there are none, using measurement models that have been sufficiently verified by the international financial community, bearing in mind the specific nature of the instrument to be valued and, in particular, the different types of risk associated with it.

Specifically, the fair value of the financial derivatives traded on organised, transparent, deep markets included in trading portfolios is deemed to be their daily listed price and if, for exceptional reasons, their listed price cannot be determined on a particular date, the methods used to state them are similar to those used for stating derivatives contracted OTC.

The fair value of OTC derivatives or derivatives traded in shallow markets or markets where there is little transparency, is deemed to be the sum of the future cash flows originating in the instrument, discounted as at the valuation date *("present value" or "theoretical closing")*, using methods recognised by financial markets *("net present value", "options pricing systems", etc.).*

For financial reporting purposes, measurements of fair value are classified under three levels according to the extent to which the inputs applied are observable and according to how significant said inputs are for the entire measurement:

- Level 1: inputs are quoted *(unadjusted)* prices in active markets for identical assets or liabilities.
- Level 2: inputs are quoted prices in active markets for similar assets or liabilities *(not included within Level 1)*, quoted prices for identical or similar assets or liabilities in markets that are not active, and techniques based on measurement models for which all the significant inputs that are derived from or corroborated by observable market data.
- Level 3: Inputs are generally unobservable and reflect estimates based on market assumptions to determine the price of the asset or liability. Unobservable data used in measurement models are a significant part of the fair value of the assets and liabilities.

Amortised cost of financial instruments-

"Amortised cost" is deemed to be the cost of acquiring a financial asset or liability, adjusted up or down, depending on the case, for repayments of principal and interest payments and, adjusted up or down, depending on the case, for the part taken to the consolidated income statement, using the *"effective interest rate"* method, of the difference between the initial amount and the repayment value of said financial instrument. The amortised cost of financial instruments also includes any impairment adjustments recognised.

The *"effective interest rate"* is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. For fixed-rate financial instruments, the effective interest rate coincides with the rate of interest established in the contract at the time of acquisition, adjusted as necessary for any commissions or fees which should be included in the calculation of this effective interest rate. For floating interest rate financial instruments, the effective interest rate is estimated in a similar fashion as for fixed interest rate operations, and is recalculated on every contractual interest rate adjustment date of the operation, taking into account the changes in the effective future cash flows of the instruments.

Classification and valuation of financial assets and liabilities-

Financial liabilities are classified on the consolidated statement of financial position into the following categories:

Financial assets-

- Financial assets held for trading: assets acquired with the intention of selling them in the short term, or which form part of a portfolio of identified and jointly managed financial instruments for which there is evidence that action has recently been taken to make short-term profits, and derivatives that have not been designated as hedges.

- Investments held to maturity: assets yielding income of a determinable amount and maturing on a fixed date, where the Company states its intent and ability to maintain these assets under its control until their maturity. This category does not include loans or receivables from third parties.

- Loans and receivables generated by the Group: financial assets originated by the Group in exchange for providing cash flow, assets or services directly to a debtor. They are stated at "amortised cost".

- Available-for-sale financial assets: securities acquired that are not held for trading purposes and are not classified as held-to-maturity investments, and equity instruments held by the Group in companies that are not subsidiary or associate companies or joint ventures.

Held-for-trading and available-for-sale financial assets are stated at fair value at subsequent statement dates. Gains and losses arising from changes in fair value of traded securities are taken to income in the year. In the case of available-for-sale investments, gains and losses from changes in fair value are recognised directly in equity until the asset is disposed of or it is determined that it has become impaired, at which time any cumulative gains or losses previously recognised in equity are taken to income in the year.

Held-to-maturity investments, loans and accounts receivable generated by the Group are stated at amortised cost, and accrued interest income is taken to the consolidated income statement using the "effective interest rate". Amortised cost is understood to be the initial cost minus principal repayments, plus or minus the cumulative amortisation of any difference between the initial amount and the amount on maturity, minus any reduction for impairment or default.

Since 1 January 2018, financial assets valued at amortised cost, trade receivables and other loans, in addition to financial guarantee contracts, have been subject to the recording of an impairment loss based on the expected loss of credit, either at 12 months *(assets classified as investments available for sale)* or over the whole lifetime *(trade debtor accounts)*. In order to calculate the impairment loss based on the expected loss, the Group has established a model which requires estimates of future credit losses using a simplified approach. Given the nature, conditions and high credit quality of its accounts receivable and loans, the amount of impairment losses required as a result of the application of the new model to the financial asset balances is usually of little significance.

Financial liabilities-

Financial liabilities are classified in accordance with the content of the contractual arrangements. The main financial liabilities held by the consolidated companies are held-to-maturity financial liabilities that are stated at amortised cost.

Bank loans and overdrafts: interest bearing liabilities that are stated at the amount received net of direct issue costs. Financial expenses, including premiums payable on settlement or redemption and direct issue costs, are recognised on the consolidated income statement on an accrual basis using the effective interest method. And any portion of such expenses that is not settled in the period in which they arise is added to the book value of the instrument.

Trade payables, which accrue no interest, are recorded at their nominal value.

Equity-

Equity instruments are classified in accordance with the content of the contractual arrangements. The amounts received for equity instruments issued by the Parent are recognised in consolidated equity, net of the direct issue costs.

k) Financial derivatives and accounting for hedges-

The Parent's bank borrowings expose the Group to interest-rate risk. Until 2017, the Group used derivatives, essentially "Interest Rate Swaps" (IRS), to hedge against this exposure. In 2017 it cancelled the financial derivatives it had arranged, and had no such instruments in 2018 and 2019.

l) Balances and transactions denominated in foreign currencies-

The Group uses the euro as its working currency. Consequently, transactions in other currencies are considered denominated in foreign currency and are recorded according to the exchange rates prevailing on the transaction date. Gains or losses on transactions denominated in foreign currencies are taken to the consolidated income statement as and when they occur.

At the year end, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rate prevailing at the end of the reporting period. Any resulting gains or losses are recognised directly on the consolidated income statement.

m) Provisions and contingencies-

Provisions are current obligations of the Group, arising as a result of past events, the nature of which is clearly specified as at the date of the consolidated annual financial statements, but whose amount and/or reversal date are uncertain and the reversal of which will probably result in an outflow of resources embodying economic benefits.

Contingent liabilities are possible obligations of the Group, arising as a result of past events, which depend on whether or not one or more events beyond the Group's control occur in the future. They include the Group's current obligations whose settlement will probably not require an outflow of resources embodying economic benefits, or where a sufficiently reliable estimate of the amount of the obligation cannot be made.

Provisions are recognised on the consolidated statement of financial position wherever it is more likely than not that an outflow of resources will be required to settle the obligation. Contingent liabilities are not recognised on the consolidated statement of financial position, but rather, whenever applicable, are disclosed in the notes to the financial statements.

Provisions are measured using the best information available of the expenditures required to settle the obligation and are reviewed and adjusted at the end of each reporting period to reflect the current best estimate. They are used to meet the specific obligations for which they were originally recognised and are fully or partially reversed when those obligations cease to exist or are reduced.

The value of these provisions corresponds to the current value of the best estimate possible of the amount necessary to cancel or transfer the obligation, recording the adjustments made from updating said provisions as financial costs as they accrue. Specifically, the liabilities recorded under "Current provisions" on the consolidated statement of financial position at 31 December 2019 correspond to provisions made to cover losses which certain subsidiaries are expected to incur to comply with contracts signed prior to the end of the reporting period and whose costs will exceed the expected returns generated. The provision is made when the liabilities in respect of the contracts arise for the affected companies (see Note 16).

The provisions deemed necessary in accordance with these criteria, and the reversals thereof, are recorded as a charge or credit, respectively, on the consolidated income statement.

n) Termination benefits-

Under current employment legislation, the Group companies are obliged to pay termination benefits to employees whose contract is terminated under certain conditions.

Where the amount of the benefits can be reasonably estimated, such benefits are recognised as an expense in the year in which the decision is made, provided the parties involved have been formally notified and there is, therefore, a valid expectation on the part of those involved that the consolidated companies will make the dismissals. The accompanying consolidated statement of financial position at 31 December 2019 includes a number of provisions under this heading, the most significant being the one for the estimated amount of the termination benefits and other costs deriving from the closure of the plant the subsidiary Antolin Süddeutschland, GmbH has in Rastatt (Germany) which is due to take place in 2020. At 31 December 2019 this provision totalled approximately 4.9 million euros. The other provisions recognised for termination benefits are not material.

o) Pension commitments-

Some Grupo Antolin companies have assumed commitments to pay contributions to the retirement pensions of some of their current and former employees *(retirement plans based on years of service, age and salary).* These commitments affect, primarily, Group companies located in Germany, Austria, the United Kingdom, Mexico and India.

A significant portion of these commitments has been outsourced and is covered by insurance policies or pension plans with insurance companies. The Group pays fixed contributions into a fund and is obliged to make additional contributions if the fund does not have sufficient assets to pay all the employees the benefits to which it is committed.

The Group records the present value of these defined benefit commitments as liabilities on the consolidated statement of financial position under "Non-current provisions", net of the fair value of the assets that meet the requirements to be treated as "assets earmarked for the plan". The aforementioned insurance policies *(or pension plans)* are treated as earmarked assets as they are not owned by the Group but by an unassociated third party, they may only be used to pay or finance employee benefits and may not be returned to the Group unless the assets held within the plan are sufficient to meet all obligations.

Changes in the provision recognised for these commitments on the consolidated statement of financial position corresponding to the cost of the service in the financial year, to interest or changes in the cost for past services provided, are taken to the consolidated income statement in the financial year in which they are incurred. "Actuarial gains and losses" *(as a result of differences between previous actuarial assumptions and real outcomes or of changes to the actuarial assumptions used)* are taken directly to equity as "Adjustments for changes in value".

p) Corporate income tax-

Grupo Antolin-Irausa, S.A. and practically all of its consolidated Spanish subsidiaries domiciled in Spanish "common territory" in which it has direct or indirect holdings of 75% or more file consolidated corporate income tax returns. Until 31 December 2014 the parent of the consolidated tax group was Grupo Antolin-Irausa, S.A. Since 1 January 2015 the parent of the consolidated tax group under which these companies file has been Avot Inversiones, S.L., the Group's indirect shareholder (see Notes 1, 13 and 19).

The income tax expense is calculated as the tax payable with respect to the taxable profit for the year, after considering any changes in the assets and liabilities recognised arising from timing differences and from tax credit and tax loss carryforwards (see Note 19).

The Group considers that a timing difference exists when there is a difference between the book value of an asset or liability and its tax base. The tax base for assets and liabilities is treated as the amount attributed to it for tax purposes. A taxable timing difference is understood to be a difference that will generate a future obligation for the Group to pay taxes to the relevant tax authorities. A deductible timing difference is one that will generate a right for the Group to a refund or to make a lower payment to the relevant tax authorities in the future.

Tax credits and deductions and tax loss carryforwards are amounts that, after performance of the activity or generation of the profit or loss giving entitlement to them, are not used for tax purposes in the related tax return until the conditions for doing so established in tax regulations are met, provided that the Group considers it probable that they will be used in future periods.

Current tax assets and liabilities are the taxes that are expected to be recoverable from or payable to the related tax authorities within twelve months from the date they are recognised. Deferred tax assets and liabilities are those amounts that are expected to be recoverable from or payable to the relevant tax authorities in future years.

Deferred tax liabilities are recognised for all taxable timing differences. In this regard, a deferred tax liability is recognised for the taxable timing differences resulting from investments in subsidiaries and associate companies, and from holdings in joint ventures, except when the Group can control the reversal of the timing differences and they are not expected to be reversed in the foreseeable future.

The consolidated companies only recognise deferred tax assets arising from deductible timing differences and from tax credit and tax loss carryforwards to the extent that it is probable that they will have sufficient future taxable profits against which these assets can be utilised.

Deferred tax assets and liabilities are not recognised if they arise from the initial recognition of an asset or liability *(other than in a business combination)* that at the time of recognition affects neither accounting profit nor taxable profit.

The deferred tax assets and liabilities recognised are reassessed each year in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

q) *Recognition of income and expense-*

Income and expenses are taken to the consolidated income statement on an accruals basis.

Revenue is measured at the fair value of the consideration received and represents the amounts received or receivable for the goods and services provided in the normal course of business, net of discounts, VAT and other recoverable sales-related taxes. Where it is doubtful as to whether the revenues will be collected, recognition is deferred until they are effectively collected.

- Revenues on sales of assets are recognised when control of the assets is transferred, which generally occurs when the assets are delivered *(sent to the customer's specific location).*

- Ordinary revenue from the provision of services is recognised in line with the stage of completion of the transaction as at the end of the reporting period.

- Revenues on the sale of project tools. The Group records this income under "Revenue" on the consolidated income statement, when control of these is transferred to the customer, which usually occurs when the tools have passed the corresponding technical certification or verification by the customer, or at a time near to the beginning of the mass production of the parts of the project with the said tools. The Company's Directors consider that even when the tools made for customers have no alternative use for the Group, in the event that the order is rescinded by the customer, the Group has no right to receive payment for performance until that date, given that it would only have the right to collect the costs incurred but not to a reasonable profit margin. For this reason, tool manufacture is recorded as a performance obligation satisfied at a specific moment.

  Amounts billed in advance by the Group until control of these tools has been transferred are recorded as a liability under "Trade and other payables" on the consolidated statement of financial position.

  Moreover, any final losses expected to be sustained on tools are recognised in full when such a loss becomes apparent, and the related provisions are recognised under this heading on the consolidated income statement.

- Rental income is recorded on an accrual basis, with incentive benefits and the up-front costs of the lease agreements released on a straight-line basis.

- Capital grants are recognised on the consolidated statement of financial position as deferred income when the Group has met the relevant qualifying conditions and there are, therefore, no reasonable doubts about their being collected. These capital grants are taken to the consolidated income statement under "Capital grants and other grants taken to income" on a straight-line basis over the useful lives of the assets.

  Government grants to cover or finance expenses incurred by the Group are recognised once all the conditions attaching to them have been fulfilled and will be taken to income when the financed expenses are incurred.

- Interest income and expense is recognised on an accruals basis using the *"effective interest rate method".*

❖ Dividends received from other companies are recognised as income in the income statement when the consolidated companies' right to receive them arises.

An expense is recognised on the consolidated income statement when there is a decrease in the future economic benefits related to a reduction of an asset, or an increase in a liability, which can be measured reliably. This means that the recognition of an expense takes place simultaneously with the recognition of the increase in the liability or the depletion of the asset.

An expense is recognised immediately when a disbursement does not give rise to future economic benefits or when the requirements for recognition as an asset are not met.

An expense is also recognised when a liability is incurred and no asset is recognised, as in the case of a liability relating to a guarantee.

r) *Classification of assets and liabilities as current-*

In the consolidated statement of financial position, assets and liabilities that are expected to be recovered, consumed or settled in twelve months or less, as from the end of the reporting period, are classified as current, except for project tools, which are recorded as "Inventories" under "Current assets" on the consolidated statement of financial position, as they are expected to be realised in the normal course of the Group's business *(as part of its normal operating cycle)*, and the liabilities connected with said inventories *(customer advances)* which are recognised under "Current liabilities" on the consolidated statement of financial position, regardless of when they fall due. When the Group does not have an unconditional right by the year end to defer settlement of a liability for at least twelve months as from the end of the reporting period, the liability is recorded as current.

s) *Set-off of balances-*

Balances receivable and payable are only set off against each other, and therefore stated as a net figure on the consolidated statement of financial position, when they arise from transactions that provide, either contractually or in accordance with prevailing legislation, for the possibility of set-off and the intention is to settle the balance for the net amount, or to realise the asset and pay the liability at the same time.

t) *Discontinued operations-*

A discontinued operation is a line of business that it has been decided to abandon and/or sell and whose assets, liabilities and net profit or loss can be distinguished physically, operationally and for financial reporting purposes. Revenues and expenses from discontinued operations are disclosed separately on the consolidated income statement.

No line of business or business segment was discontinued in 2019 or 2018.

u) *Consolidated statement of cash flows-*

The consolidated statement of cash flows is prepared according to the indirect method using the following terms with the meanings given below:

- Cash flows: inflows and outflows of cash and cash equivalents, the latter being short-term, highly liquid investments subject to low risk of changes in value.
- Operating activities: the typical activities of companies in the motor parts industry and other activities that cannot be classified as investing or financing activities.

- Investment activities: the acquisition, sale or disposal by other means of non-current assets and other assets not classified as cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of equity and liabilities that are not part of operating activities.

For the purposes of preparing the consolidated statement of cash flows, cash and cash equivalents include cash and demand deposits at banks and highly liquid current investments which are easily convertible into determinate cash amounts and are subject to insignificant risk as regards changes in value.

Following is a reconciliation of the book value of the liabilities originated by financing activities, distinguishing between the changes that give rise to cash flows due to "Proceeds from/(payments for) financial liabilities" *(which are recognised under "Cash flows from/(used in) financing activities" on the accompanying consolidated statement of cash flows for 2019 and 2018)* and those that do not:

2019

	Thousands of Euros				
			No Impact in Terms of Cash Flows		
	Balances at 01/01/2019	Cash Flows	Exchange Rate	Other	Balances at 31/12/2019
Debentures and bonds	650,000	(14,600)	-	-	635,400
Syndicated loan	410,820	(16,768)	-	-	394,052
European Investment Bank (EIB) loan	100,000	-	-	-	100,000
Other bank borrowings (a)	61,629	(34,789)	-	-	26,840
Liabilities associated with right-of-use assets (Notes 8 and 18)	-	(72,837)	-	401,719	328,882
Other financial liabilities (Note 18)	36,908	2,038	-	(5,480)	33,466
Total financing activity liabilities	**1,259,357**	**(136,956)**	**-**	**396,239**	**1,518,640**

(a) Includes other loans, credit lines, factoring lines and payables under finance leases (see Note 17).

2018

	Thousands of Euros				
			No impact in terms of cash flows		
	Balances at 01/01/2018	Cash flows	Exchange rate	Other	Balances at 31/12/2018
Debentures and bonds	800,000	(150,000) (a)	-	-	650,000
Syndicated loan	377,903	32,917 (a)	-	-	410,820
European Investment Bank (EIB) loan	-	100,000	-	-	100,000
Other bank borrowings (b)	22,337	38,321	-	971	61,629
Other financial liabilities (Note 18)	37,135	(706)	-	479	36,908
Total financing activity liabilities	**1,237,375**	**20,532**	**-**	**1,450**	**1,259,357**

(a) In the consolidated statement of cash flows for 2018 the payment for the redemption of the bonds issued in 2015 *(400,000 thousand euros)* is presented separately from the collection of the bonds issued in 2018 *(250,000 thousand euros)* and, similarly, the increase in the syndicated loan *(50,000 thousand euros)* is presented separately from its repayments in 2018 *(17,083 thousand euros)* (see Note 17).

(b) Includes other loans, credit lines, factoring lines and payables under finance leases (see Note 17).

Discontinued operations-

Net cash flows attributable to the ordinary operating, investing and financing activities of the discontinued operations are presented separately on the consolidated statement of cash flows in a single heading called "Net increase/(decrease) in cash and cash equivalents from discontinued operations". This heading also includes net cash flows obtained from the sale of the discontinued operations.

In addition, when operations are classified as discontinued, the net cash flows of the previous year corresponding to these are presented separately in the comparative information in the abovementioned heading.

(4) ALLOCATION OF THE PARENT'S PROFIT

The profit of the Parent for 2019, as formulated by its Directors, will be allocated as presented below, together with the allocation of profit for the financial year to 31 December 2019 which was approved on 2 April 2019 by the General Meeting of Shareholders:

	Thousands of Euros	
	2019	2018
Distributable profit:		
Profit for the year	**60,533**	**54,672**
Distribution:		
Voluntary reserves	60,533	40,672
Dividends	-	14,000
	60,533	**54,672**

(5) BUSINESS COMBINATIONS

2019

No business combinations with a material impact were carried out in 2019.

2018

As indicated in Note 2-g, in January 2018 the consolidated subsidiary Grupo Antolin-Amsterdam, B.V. acquired a 45% stake in the share capital of Irauto, S.A. for a price of practically zero, and subsequently the Group subscribed to an increase in its share capital via the compensation of loans. As a result of these operations, the Group took ownership of 100% of the share capital of this company *(at 31 December 2017 it owned 50%)*, and now controls it.

Also, effective 31 August 2018 the consolidated subsidiary Antolin Deutschland, GmbH acquired the German company Haselbeck Formen-und Werkzeugbau, GmbH, which specialises in the manufacture of plastic injection moulds. The acquisition price was 6,646 thousand euros. The company's production plant is located in Deggendorf (Germany).

The assets and liabilities recognised at the acquisition date *(1 January 2018, for Irauto, S.A., and 31 August 2018, for Haselbeck Formen-und Werkzeugbau, GmbH)*, which were measured at fair value, were the following:

	Thousands of Euros	
	Irauto, S.A.	Haselbeck Formen-und Werkzeugbau, GmbH
ASSETS-		
Non-current assets:		
Intangible assets (Note 7)	-	57
Property, plant and equipment (Note 8)	363	2,946
Current assets:		
Inventories	2,119	2,661
Trade and other receivables	1,571	1,873
Current financial investments	2	-
Current prepayments and accrued income	17	54
Cash and cash equivalents	81	33
Total assets	**4,153**	**7,624**
LIABILITIES-		
Non-current liabilities:		
Long-term provisions	-	(772)
Other non-current payables	(266)	-
Current liabilities:		
Bank borrowings	(971)	-
Trade and other payables, and others	(4,568)	(4,290)
Total liabilities	**(5,805)**	**(5,062)**
Net	**(1,652)**	**2,562**

The book values of the assets and liabilities in these business combinations do not differ significantly from the values at which they were carried in the books of the companies when the businesses were combined. The contingent liabilities of these companies were guaranteed by the sellers.

As a consequence of the recognition of the aforementioned assets and liabilities, goodwill was generated in amounts of 519 and 4,083 thousand euros, respectively, recorded under the consolidated statement of financial position heading "Intangible assets-Goodwill". Details of the calculations made to determine the goodwill of these operations is shown below:

	Thousands of Euros	
Item	Irauto, S.A. (a)	Haselbeck Formen-und Werkzeugbau, GmbH
Cost of the business combination	1	6,645
Less fair value of the assets acquired	518	(2,562)
Goodwill (Note 7)	**519**	**4,083**

(a) In the case of Irauto, S.A. 50% of the share capital was acquired as the other 50% was already owned by the Group.

Details of the revenue and expenses, in addition to profit or loss, attributable to the business combinations between the date of acquisition or inclusion in the scope of consolidation and 31 December 2018 *(in other words, between 1 January and 31 December 2018, in the case of Irauto, S.A., and between 1 September and 31 December 2018, in the case of Haselbeck Formen-und Werkzeugbau, GmbH)*, are as follows:

Item	Thousands of Euros	
	Irauto, S.A.	Haselbeck Formen-und Werkzeugbau, GmbH
Revenue	11,224	3,112
Other operating income	452	-
Supplies	(5,848)	(976)
Staff costs	(4,443)	(1,566)
Depreciation and amortisation expenses	(87)	(215)
Other operating expenses	(2,656)	(618)
Operating loss	**(1,358)**	**(263)**
Net finance expense	(1,296)	(46)
Other income and expense	-	-
Loss before tax	**(2,654)**	**(309)**
Corporate income tax	544	81
Loss for the year	**(2,110)**	**(228)**
Profit/(loss) attributable to non-controlling interests	**-**	**-**
Loss attributable to the Parent	**(2,110)**	**(228)**

Although these companies continued to post losses from their operations, it is expected that their results will improve in the coming years and they will at least not incur losses.

(6) INFORMATION BY SEGMENT

The information by segments used by Group Management for management purposes is structured on the basis of the Group's different business units, and also by geographical segments.

In each business unit the production plants are grouped in accordance with the specific product or activity, rather than in accordance with the main activity of the company to which each plant belongs. This business unit or segment structure is focused on the production and development of each type of product and will allow the operations of the businesses to be managed more efficiently. The main business units or segments of Grupo Antolin are the following four, defined taking into account the nature of the products: "Overheads and Soft Trim", "Doors and Hard Trim", "Cockpit & Consoles" and "Lighting".

There is also a "Corporate Unit" *(included under "Other")* which centrally manages certain assets and the funding received by the Group from third parties, and other minor activities. Moreover, approval was given in the latter months of 2019 to establish a new "Electronic Systems" business unit which will be operational from a management perspective in 2020.

On the other hand, the geographical segments defined by the group are: "Asia-Pacific", "Europe", "Mercosur", "NAFTA" and "Africa".

Basis and methodology for segment reporting-

The business segment reports below are based on monthly reports prepared by Group Management, which are generated using the same computer application as is used to obtain all the Group's accounting data. This information includes the segments of the discontinued operations.

The revenues reported for each segment are those which are directly attributable to the production plants included in that segment for management purposes, so these also include secondary revenues that said plants may have obtained from sales or the provision of services to other segments. The income of each segment does not include interest or dividend income or the gains on sales of investments or of non-current assets.

The expenses of each segment are calculated as being the expenses arising out of the operating activities of the segment that may be directly attributed to the plants included in that segment for management purposes. In this respect, with effect from 1 January 2017, the model for the allocation of head office and structural Corporate Unit costs among the various Group companies and business segments has been modified, and for purposes of management information, the monitoring of the performance of the segments is carried out without taking into account these overheads. Accordingly, these costs are presented in the segment information as corresponding to the "Corporate Unit". The expenses of each segment do not include interest expense, impairments or losses on sales of investments or of non-current assets.

Assets and liabilities in the segments are those that are directly connected with the operations of the plants in each segment, although virtually all the financial debt of the Group has been centralised in the Corporate Unit.

2019

By business segment

Item	Thousands of Euros					
	Doors and Hard Trim	Overheads and Soft Trim	Lighting	Cockpits and Consoles	Other (a)	Total
Revenue	1,975,780	1,921,193	334,105	974,690	8,452	5,214,220
Other operating (expenses)/income, net	(1,754,238)	(1,801,734)	(247,884)	(869,259)	(106,225)	(4,779,340)
EBITDA (b)	**221,542**	**119,459**	**86,221**	**105,431**	**(97,773)**	**434,880**
Depreciation and amortisation expenses	(93,749)	(84,194)	(25,017)	(55,438)	(36,048)	(294,446)
Operating income/(loss) (EBIT)	**127,793**	**35,265**	**61,204**	**49,993**	**(133,821)**	**140,434**
Net finance expense						(49,698)
Other profit and loss						(48,326)
Corporate income tax						(27,169)
Profit for the year from continuing operations						**15,241**
Other information:						
Investments in intangible assets in 2019	59,997	40,658	16,289	23,747	465	141,156
Capital expenditures on property, plant and equipment in 2019	68,170	43,270	17,961	29,545	1,277	160,223
Assets attributable to the segment at 31 December 2019	**1,256,684**	**1,059,250**	**303,309**	**743,510**	**380,666**	**3,743,419**
Liabilities attributable to the segment at 31 December 2019	**581,613**	**528,535**	**159,529**	**429,212**	**1,218,444**	**2,917,333**

(a) The operating result presented in this column corresponds principally to the depreciation of gains assigned to intangible assets and property plant and equipment in the business combinations of the "Lighting" and "Cockpits and Consoles" business segments. The goodwill arising on these business combinations also forms part of the assets presented in the "Other" column, while a large part of the finance obtained by the Group is recognised in this column in the segment's liabilities.

(b) In the accompanying consolidated financial statements and consolidated directors' report, EBITDA is taken to be: "Profit for the year from continuing operations + Depreciation and amortization expenses", and EBIT: "Profit for the year from continuing operations".

By geographical segment

Item	Thousands of Euros					
	Asia/Pacific	Europe	Mercosur	NAFTA	Africa	Total
Revenue	477,652	2,641,668	87,943	1,959,588	47,369	5,214,220
Other operating (expenses)/income, net	(383,300)	(2,499,522)	(74,152)	(1,783,853)	(38,513)	(4,779,340)
Depreciation and amortisation expenses	(25,202)	(170,466)	(3,325)	(92,793)	(2,660)	(294,446)
Operating income/(loss) (EBIT)	**69,150**	**(28,320)**	**10,466**	**82,942**	**6,196**	**140,434**
EBITDA	**94,352**	**142,146**	**13,791**	**175,735**	**8,856**	**434,880**
Other information:						
Investments in intangible assets in 2019	13,369	81,847	2,814	40,086	3,040	141.156
Capital expenditures on property, plant and equipment in 2019	15,843	89,713	2,151	48,254	4,262	160.223
Assets attributable to the segment at 31 December 2019	**486,674**	**2,046,668**	**47,379**	**1,105,079**	**57,619**	**3,743,419**
Liabilities attributable to the segment at 31 December 2019	**235,395**	**2,149,345**	**13,006**	**503,072**	**16,515**	**2,917,333**

2018

By business segment

Item	Thousands of Euros					
	Doors and Hard Trim	Overheads and Soft Trim	Lighting	Cockpits and Consoles	Other (a)	Total
Revenue	1,886,484	2,060,509	349,101	1,125,501	3,032	5,424,627
Other operating (expenses)/income, net	(1,682,884)	(1,957,283)	(287,126)	(1,036,237)	(105,172)	(5,068,702)
EBITDA	**203,600**	**103,226**	**61,975**	**89,264**	**(102,140)**	**355,925**
Depreciation and amortisation expenses	(59,308)	(50,733)	(18,684)	(36,061)	(30,200)	(194,986)
Operating income/(loss) (EBIT)	**144,292**	**52,493**	**43,291**	**53,203**	**(132,340)**	**160,939**
Net finance expense						(64,212)
Other profit and loss						(15,299)
Corporate income tax						(27,658)
Profit for the year from continuing operations						**53,770**
Other information:						
Investments in intangible assets in 2018	45,580	40,298	10,374	23,464	8,163	127,879
Capital expenditures on property, plant and equipment in 2018	71,912	55,512	16,975	36,144	4,855	185,398
Assets attributable to the segment at 31 December 2018	**1,097,749**	**973,526**	**294,636**	**744,593**	**548,671**	**3,659,175**
Liabilities attributable to the segment at 31 December 2018	**(470,294)**	**(511,249)**	**(147,195)**	**(445,022)**	**(1,271,076)**	**(2,844,836)**

(a) The operating result presented in this column corresponds principally to the depreciation of gains assigned to intangible assets and property plant and equipment in the business combinations of the "Lighting" and "Cockpits and Consoles" business segments. The goodwill arising on these business combinations also forms part of the assets presented in the "Other" column, while a large part of the finance obtained by the Group is recognised in this column in the segment's liabilities.

By geographical segment

Item	Thousands of Euros					
	Asia/Pacific	Europe	Mercosur	NAFTA	Africa	Total
Revenue	618,290	2,733,500	90,206	1,945,893	36,738	5,424,627
Other operating (expenses)/income, net	(552,997)	(2,630,486)	(90,054)	(1,766,725)	(28,440)	(5,068,702)
Depreciation and amortisation expense	(17,098)	(121,362)	(3,290)	(51,439)	(1,797)	(194,986)
Operating income/(loss) (EBIT)	**48,195**	**(18,348)**	**(3,138)**	**127,729**	**6,501**	**160,939**
EBITDA	**65,293**	**103,014**	**152**	**179,168**	**8,298**	**355,925**

Other information:						
Investments in intangible assets in 2018	9,504	79,402	2,164	35,322	1,487	127,879
Capital expenditures on property, plant and equipment in 2018	34,893	82,448	2,266	62,696	3,095	185,398
Assets attributable to the segment at 31 December 2018	**565,825**	**2,015,410**	**48,097**	**988,541**	**41,302**	**3,659,175**
Liabilities attributable to the segment at 31 December 2018	**(297,584)**	**(2,112,501)**	**(22,374)**	**(401,686)**	**(10,691)**	**(2,844,836)**

(7) INTANGIBLE ASSETS

Goodwill-

The movements in "Goodwill" in 2018 and 2019 are as follows:

	Thousands of Euros
Balance at 31 December 2017	**120,770**
Additions (Note 5):	
Irauto, S.A.	519
Haselbeck Formen-und Werkzeugbau, GmbH	4,083
Impairment	(6,622)
Translation differences	(32)
Balance at 31 December 2018	**118,718**
Impairment	(20,000)
Translation differences and others	(77)
Balance at 31 December 2019	**98,641**

The balances of this heading of the consolidated statement of financial position at 31 December 2019 and 2018 correspond to the following cash-generating units:

Cash Generating Unit or Entity	Thousands of Euros	
	31/12/2019	31/12/2018
"Lighting" business unit	44,409	44,409
Antolin Interiors UK, Ltd.	1,588	21,588
Antolin Interiors Mexico, S.A. de C.V.	26,629	26,629
Changchun Antolin Automotive Interiors Co., Ltd.	11,025	11,025
Changshu Antolin Automotive Interiors Co., Ltd.	9,352	9,352
Haselbeck Formen-und Werkzeugbau, GmbH	4,006	4,083
Other cash generating units or entities	1,632	1,632
	98,641	**118,718**

The industrial reorganisation of the production plants of the "Lighting" business unit in 2019, among other measures, involved the relocation of production of several projects from one plant to another. Consequently, the Company's Directors have decided to reassign this business unit's goodwill, which was distributed until 31 December 2018 based on the countries where the plants were located, grouping it as a single amount of goodwill for the whole business unit.

Impairment tests-

At the end of each reporting period, the Group makes an estimate of whether there has been any impairment that reduces the recoverable value of goodwill to less than its book value and makes any adjustments necessary. The policies applied by the Group to test for impairment to goodwill are described in Note 3-b.

In this respect, at 31 December 2019 the Group carried out the corresponding analyses, evaluating the recoverable amount of the cash generating units associated with the goodwill *(practically entirely corresponding to consolidated subsidiaries which are generating profits at present or are expected to do so in coming years as certain projects are launched)* by reference to the value in use, calculated on the basis of cash flow projections that represent best estimates, covering a period of five years, with a terminal value estimated assuming a growth rate in perpetuity. To determine the recoverable amount, at the 2019 close the Group's Directors reviewed and updated the assumptions relating to the future activities and forecast results of the corresponding businesses and their impact on cash flows, taking into consideration the performance of the main variables in the budgets approved for 2020 and in the business plans *(approved by the Board of Directors).*

The discount rate before tax used for the purposes of this impairment test varies from country to country and ranges from 7% and 8% *(for businesses in Western Europe and the USA)* to 10% *(for businesses in Eastern Europe, Mexico and Asia)*, while in 2018 this range was at similar levels. The terminal value is calculated assuming sustainable average cash flows and a forecast growth rate of 1%.

The conclusion of this analysis carried out by the Group is that the recoverable value of its goodwill was higher than the book value, except in the case of Antolin Interiors UK, Ltd. This business posted losses in 2019 and although it is expected to generate profits in coming years, the cash flows forecasts have been reduced versus those of previous years because sales expectations have been affected by the political and economic backdrop of the markets in which it operates or because it has been verified that returns on future projects will be smaller than those obtained from the projects whose manufacture was discontinued in 2018 and 2019 and, in addition, these new projects require significant investment in coming years.

Consequently, at the 2019 year end, the Group adjusted practically all the value of this goodwill, recording impairment losses in a total amount of 20,000 thousand euros, recognised under "Net impairment losses on non-current assets" on the accompanying consolidated income statement *(2018: goodwill impairment losses of 35,510 thousand euros in total).*

The Group's Directors have also performed a sensitivity analysis estimating that even if the expected sales growth is not achieved *(and current levels are maintained)* and/or the discount rates increase there is no expected risk of impairment, except in the case of the goodwill assigned to Antolin Interiors UK, Ltd., although in this case, the impairment would not be material given the amount capitalised *(1,588 thousand euros).*

Other intangible assets-

The movements under this heading and the related accumulated amortisation and impairment allowances in the years to 31 December 2019 and 2018 were as follows:

	Thousands of Euros			
	Development Expenses	Computer Software	Other Intangible Assets	Total
COST:				
Balances at 31 December 2017	**515,277**	**64,501**	**173,070**	**752,848**
Additions	123,172	4,705	7,107	134,984
Additions to the scope of consolidation (Note 5)	-	100	2	102
Derecognitions	(20,954)	(493)	(107)	(21,554)
Translation differences and other items	(1,968)	(22)	(264)	(2,254)
Balances at 31 December 2018	**615,527**	**68,791**	**179,808**	**864,126**
Additions	129,811	4,284	7,061	141,156
Removals from the scope of consolidation (Note 2-g)	(816)	(443)	-	(1,259)
Derecognitions	(91,844)	(596)	(9)	(92,449)
Translation differences and other items	25,096	1,553	14,351	41,000
Balances at 31 December 2019	**677,774**	**73,589**	**201,211**	**952,574**
ACCUMULATED AMORTISATION:				
Balances at 31 December 2017	**(231,962)**	**(53,242)**	**(92,156)**	**(377,360)**
Amortisation	(43,354)	(4,226)	(24,641)	(72,221)
Additions to the scope of consolidation (Note 5)	-	(43)	(2)	(45)
Derecognitions	3,244	445	-	3,689
Translation differences and other items	(1,645)	(546)	78	(2,113)
Balances at 31 December 2018	**(273,717)**	**(57,612)**	**(116,721)**	**(448,050)**
Amortisation	(67,451)	(4,404)	(22,588)	(94,443)
Removals from the scope of consolidation (Note 2-g)	-	58	-	58
Derecognitions	71,292	572	9	71,873
Translation differences and other items	(10,303)	(776)	(16,395)	(27,474)
Balances at 31 December 2019	**(280,179)**	**(62,162)**	**(155,695)**	**(498,036)**
IMPAIRMENT LOSSES:				
Balances at 31 December 2017	**(38,802)**	**-**	**-**	**(38,802)**
(Impairments) taken to income and reversals thereof, net	(9,495)	-	-	(9,495)
Derecognitions	1,933	-	-	1,933
Translation differences and other items	1,690	-	-	1,690
Balances at 31 December 2018	**(44,674)**	**-**	**-**	**(44,674)**
(Impairments) taken to income and reversals thereof, net	(10,014)	-	-	(10,014)
Derecognitions	4,403	-	-	4,403
Translation differences and other items	(424)	-	-	(424)
Balances at 31 December 2019	**(50,709)**	**-**	**-**	**(50,709)**
Net intangible assets at 31 December 2018	**297,136**	**11,179**	**63,087**	**371,402**
Net intangible assets at 31 December 2019	**346,886**	**11,427**	**45,516**	**403,829**

Development expenses-

Capitalised development expenses at 31 December 2019 correspond to a range of projects relating to overheads and soft trim, trays, panels, consoles and automobile mechanisms. A portion of the capitalised development expenses *(approximately 173 million euros)* corresponds to projects in progress at 31 December 2019 *(approximately 169 million euros at 31 December 2018),* and, accordingly, the related expenses will not start to be amortised until the projects have been completed. The Directors of the Parent forecast that during 2020 and 2021 most of the development projects under way at 31 December 2019 will be completed, at which time the corresponding products will go into mass production.

The main additions of development expenses in 2019 corresponded to the following projects: BMW "F40/F44 WW19 Panel", Ford "CX727 NA20 IP", BMW "G1X 6 ER Panel", Skoda "SK38 IP", Chrysler "MP 552 MCA Panel", Jaguar "JLR D7A Cockpit", "MAN NHMR Euro IP" and "Porsche Macan NF EU22 IP". Mass production for some of these projects began in 2019.

The main derecognitions of development expenses in 2019 basically corresponded to the derecognition of development expenses capitalised by Tianjin Antolin Auto-Parts Co., Ltd. *(which was excluded from the scope of consolidation in 2019)* and the development expenses of certain projects which were almost fully amortised and/or impaired. The Group recognised a net loss of 2,737 thousand euros as a result of these derecognitions, which was taken to income under "Gains/(losses) on disposal of non-current assets" on the accompanying consolidated income statement *(in 2018 the losses recorded totalled 234 thousand euros).*

Other intangible assets-

At 31 December 2019 the balance of this heading basically corresponds to customer relations recognised in 2015 in the business combination of the interior components business unit of the international Magna Automotive Group, which will be amortised over periods from 2 to 7 years; and certain considerations paid by the Group to customers for being awarded and securing contracts to produce and supply parts and components for these customers' projects. These incremental costs of securing orders or contracts have been capitalised as it is deemed likely that profits or economic benefits will be obtained from the production and sale of the corresponding parts and components, enabling these costs to be recovered.

Impairment losses-

At the end of every reporting period, the Group reviews the book values of its intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. Should any such signs of impairment exist, the recoverable amount of these assets is quantified in order to determine any impairment loss suffered. The recoverable amount of the cash generating unit associated with these intangible assets was revised taking their value in use based on best estimates of cash flows over the life of the corresponding project. The discount rate before tax used for the purposes of these impairment tests is between 8%, 10% and 12%.

Accordingly, at 31 December 2019, the Group had recorded provisions for impairments totalling 50,709 thousand euros *(44,674 thousand at 31 December 2018)*, corresponding to a decrease in the value of the development expenses and other intangible assets for certain projects which are currently loss-making, and for which the recoverable value is lower than their book value. Approximately 11,944 thousand euros of this amount was recognised under "Net impairment loss on non-current assets" on the accompanying consolidated income statement for 2019 *(approximately 11,701 thousand euros in 2018)*. Impairment provisions were reversed in an amount of 1,929 thousand euros against this heading of the consolidated income statement for 2019 *(2,206 thousand euros in 2018).*

Fully amortised assets-

The Group's intangible assets include certain assets which had been fully amortised at 31 December 2019 and 2018. The total cost and related accumulated amortisation of these assets amounted to approximately 339 and 366 million euros, respectively.

(8) PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

The movements in the years to 31 December 2019 and 2018 in property, plant and equipment and in the related accumulated depreciation and impairment allowances were as follows:

	Thousands of Euros			
	Land and Buildings	Technical Plant, Machinery and Other PP&E	PP&E under Construction and Prepayments	Total
COST:				
Balances at 31 December 2017	**293,473**	**1,560,709**	**64,125**	**1,918,307**
Additions	6,529	97,874	80,995	185,398
Additions to the scope of consolidation (Note 5)	-	4,166	-	4,166
Derecognitions	(700)	(18,964)	(1,287)	(20,951)
Transfers between accounts	-	(51,755)	51,755	-
Translation differences and other items	(2,974)	7,889	7,267	12,182
Balances at 31 December 2018	**296,328**	**1,599,919**	**202,855**	**2,099,102**
Additions	7,226	106,976	46,021	160,223
Removals from the scope of consolidation (Note 2-g)	-	(31,602)	(1,590)	(33,192)
Derecognitions	(341)	(58,707)	-	(59,048)
Transfers between accounts	11,649	151,749	(163,398)	-
Transfers to investment property	(2,828)	-	-	(2,828)
Translation differences and other items	1,018	18,871	1,768	21,657
Balances at 31 December 2019	**313,052**	**1,787,206**	**85,656**	**2,185,914**
ACCUMULATED DEPRECIATION:				
Balances at 31 December 2017	**(105,947)**	**(1,004,964)**	**-**	**(1,110,911)**
Depreciation	(9,714)	(112,991)	-	(122,705)
Additions to the scope of consolidation (Note 5)	-	(857)		(857)
Derecognitions	880	17,744	-	18,624
Translation differences and other items	395	2,331	-	2,726
Balances at 31 December 2018	**(114,386)**	**(1,098,737)**	**-**	**(1,213,123)**
Depreciation	(11,692)	(119,568)	-	(131,260)
Removals from the scope of consolidation (Note 2-g)	-	1,757	-	1,757
Derecognitions	129	39,404	-	39,533
Translation differences and other items	6,992	(18,754)	-	(11,762)
Balances at 31 December 2019	**(118,957)**	**(1,195,898)**	**-**	**(1,314,855)**
IMPAIRMENT LOSSES:				
Balances at 31 December 2017	**(2,236)**	**(15,686)**	**-**	**(17,922)**
(Provisions) reversals taken to income	-	(1,400)	-	(1,400)
Derecognitions	-	201	-	201
Translation differences and other items	-	(368)	-	(368)
Balances at 31 December 2018	**(2,236)**	**(17,253)**	**-**	**(19,489)**
(Provisions) reversals taken to income	-	(5,241)	-	(5,241)
Derecognitions	-	-	-	-
Transfers to investment property	1,139	-	-	1,139
Translation differences and other items	-	425	-	425
Balances at 31 December 2019	**(1,097)**	**(22,069)**	**-**	**(23,166)**
Net PPE at 31 December 2018	**179,706**	**483,929**	**202,855**	**866,490**
Net PPE at 31 December 2019	**192,998**	**569,239**	**85,656**	**847,893**

Additions and retirements of PPE in 2019 and 2018-

The main additions to the Group's property, plant and equipment in 2019 corresponded to investments to extend production facilities, some of which were still in progress at 31 December 2019. These include investments by Grupo Antolin-Kentucky, Inc. (USA), Grupo Antolin-Bamberg, GmbH & Co. KG (Germany), Grupo Antolin-Silao, S.A. de C.V. (Mexico), Grupo Antolin-Primera Automotive Systems, LLC (USA), Changshu Antolin Automotive Interiors Co., Ltd. (China) and Grupo Antolin-Tlaxcala, S. de R.L. de C.V. (Mexico).

In 2019 Grupo Antolin opened the new plant and technical centre in Bamberg (Germany), specialising in the lighting business. The Cuautitlán plant (Mexico) is scheduled to open in 2020.

On the other hand, the main additions to the Group's property, plant and equipment in 2018 corresponded to investments to extend production facilities, some of which were still in progress at 31 December 2018. These include investments by Grupo Antolin-Kentucky, Inc. (USA), Antolin Interiors USA, Inc. (USA), Antolin Shelby,

Inc. (USA), Antolin Interiors UK, Ltd. (UK), Antolin Silesia, Sp zo.o. (Poland), Antolin Ebergassing, GmbH (Austria), Grupo Antolin-Besançon, S.A.S. (France), Grupo Antolin-Bamberg, GmbH & Co. KG (Germany), Changshu Antolin Automotive Interiors Co., Ltd. (China) and Tianjin Antolin Auto-Parts Co., Ltd. (China). In 2018 Grupo Antolin inaugurated the plants of Shelby and Alabama (USA) and Shenyang (China).

The most significant retirements in 2019 were the disposals of property, plant and equipment of Tianjin Antolin Auto-Parts Co., Ltd., which was removed from the scope of consolidation during the year (see Not 2-g), and the derecognitions of machinery and other assets at several plants, basically in the United States and Hungary. The Group recognised a net loss of 17,560 thousand euros as a result of these retirements, which was taken to income under "Gains/(losses) on disposal of non-current assets" on the accompanying consolidated income statement *(in 2018 the results on disposal and derecognition of assets was practically zero).*

The most significant retirements in 2018 corresponded to machinery and other items, most of which were fully depreciated and which were not in productive use. No material gains were generated on these retirements.

Land-

The cost of "Land and buildings" at 31 December 2019 and 2018 includes 39,924 and 39,977 thousand euros, respectively, corresponding to the book value of the land at those dates.

The Group's land holdings in the Iberian peninsula were stated at their fair value at the transition date to IFRS-EU *(1 January 2006)* in accordance with the stipulations of IFRS 1. The highest value attributed to said assets at 31 December 2019 was 16,187 thousand euros *(14,068 thousand euros corresponding to property, plant and equipment and the rest to investment properties)* and was determined on the basis of valuations performed by independent experts based on market prices or estimated discounted future cash flows.

Investment budget for 2020-

The Group's Directors plan to invest 133,831 thousand euros in property, plant and equipment in 2020, broken down as follows:

Business Segment	Thousands of Euros
Doors and Hard Trim	48,356
Overheads and Soft Trim	30,291
Lighting	17,937
Cockpits and Consoles	33,547
Other investments	3,700
	133,831

Investments are planned for many of the Group's plants, the most significant of which *(over 5 million euros)* are linked to the acquisition of machinery and plant by Antolin Interiors Mexico, S.A. de C.V., Antolin Liban, s.r.o., Antolin Interiors UK, Ltd., Antolin Straubing, GmbH, Grupo Antolin-Besançon, S.A.S. and Grupo Antolin-Turnov, s.r.o.

The Group also expects to start up operations at the Cuautitlán plant in Mexico during 2020. Investments in this plant were primarily made in 2018 and 2019.

Assets located outside Spain-

The cost of the Group's property, plant and equipment located outside Spain and the corresponding accumulated depreciation and provisions for impairment at 31 December 2019 and 2018 are as follows:

Type of Asset	Thousands of Euros Cost	Accumulated Depreciation and Impairment	Net
As at 31 December 2018-			
Land and buildings	225,420	(97,217)	128,203
Technical plant, machinery and other PP&E	1,475,777	(920,403)	555,374
Advances and fixed assets under construction	94,132	-	94,132
	1,795,329	**(1,017,620)**	**777,709**
As at 31 December 2019-			
Land and buildings	244,662	(102,128)	142,534
Technical plant, machinery and other PP&E	1,553,030	(1,022,824)	530,206
Advances and fixed assets under construction	85,628	-	85,628
	1,883,320	**(1,124,952)**	**758,368**

Right-of-use assets-

Movements in right-of-use assets and lease liabilities in 2019 were as follows:

	Thousands of Euros				
	Right-of-use Assets:				
	Buildings	Machinery and Other PPE	Vehicles	Total	Lease Liabilities (Note 18):
Balances at 1 January 2019 *(first-time application)*	358,941	21,990	8,356	389,287	389,287
Movements (a)	(1,408)	4,651	668	3,911	3,624
Cost at 31 December 2019	357,533	26,641	9,024	393,198	-
Payments	-	-	-	-	(72,837)
Depreciation and amortisation in the period	(59,001)	(6,667)	(3,080)	(68,748)	-
Finance costs in the period	-	-	-	-	8,808
Balances at 31 December 2019	**298,532**	**19,974**	**5,944**	**324,450**	**328,882**

(a) These movements correspond to new contracts or the finalisation of others, translation differences and updating of calculations.

The discount rate used at 31 December 2019 to determine the present value of lease liabilities at that date generally ranged between 0.75% and 5% depending on each company's financial position and the country risk premium. It was higher in some countries such as Brazil *(between 5.50% and 5.75%)* and Argentina *(8.25%)*. The overall average rate was around 2.25%.

Finance leases *(leasing)*-

Shown below is a breakdown of the leased assets recognised by the Company at 31 December 2019 and 2018 as lessee under finance leases *(valued in accordance with the criterion described in Note 3-f)* with details of their key features and the corresponding finance leases signed (see Note 17):

At 31 December 2019

Description of Asset	Contract Term (Months)	Months Elapsed to 31/12/2019	Thousands of Euros *(Excluding VAT and Interest)* Original Cost	Lease Instalments Paid in Prior Years	Lease Instalments Paid in 2019	Lease Payments Out-standing Including Purchase Option
Buildings and facilities (a)	93	93	2,592	1,575	632	-
Machinery (b)	72	54	829	469	141	219
Machinery (b)	72	55	269	155	46	67
Machinery (b)	72	55	823	484	139	200
Machinery (b)	53	48	975	686	203	86
Machinery (c)	29	18	488	98	201	189
Machinery (c)	40	18	268	39	80	149
			6,244	**3,506**	**1,442**	**910**

At 31 December 2018

Description of Asset	Contract Term (Months)	Months Elapsed to 31/12/2018	Thousands of Euros *(Excluding VAT and Interest)* Original Cost	Lease Instalments Paid in Prior Years	Lease Instalments Paid in 2018	Lease Payments Out-standing Including Purchase Option
Buildings and facilities (a)	93	84	2,952	1,323	252	633
Machinery (b)	72	42	829	331	160	338
Machinery (b)	72	43	269	112	52	105
Machinery (b)	72	43	823	347	158	318
Machinery (b)	53	43	975	489	197	289
Machinery (c)	29	6	488	-	98	390
Machinery (c)	40	6	268	-	39	229
			6,604	**2,602**	**956**	**2,302**

(a) These assets comprise buildings recognised by the Group at their book value as a result of the acquisition by Grupo Antolin-Italia, S.r.L., of the business of the Italian CRS Group in February 2012. The purchase option in this contract was exercised in 2019.

(b) The machinery corresponds to investments made by the consolidated subsidiary Grupo Antolin-Turnov, s.r.o. in 2015.

(c) These assets correspond to presses acquired by the subsidiary Haselbeck Formen-und Werkzeugbau, GmbH.

Operating leases-

The consolidated companies lease buildings which house a part of their warehouses, production facilities and offices, as well as machinery, vehicles and other PPE. As disclosed in Note 3-f, IFRS 16 Leases has been applied when recognising contracts with the owners of these assets on the accompanying consolidated financial statements, except for contracts classified as "low-value leases" *(less than 6,000 euros, equivalent to 5,000 US dollars)* or "short-term leases".

The lease expense of these low-value or short-term contracts totalled 24,692 thousand euros in 2019, recognised under "Other operating expenses" on the attached consolidated income statement (see Note 20).

At 31 December 2019 the low-value and short-term operating lease agreements the Group was party to at that date gave rise to the following future lease payments to lessors falling due as shown:

Period	Thousands of Euros
Less than one year	7,172
Between one and five years	10,467
More than five years	-
	17,639

Impairment losses-

At the end of each reporting period, the Group tests for any internal or external signs that the recoverable amount of their property, plant and equipment is less than the book value. If so, the book value is reduced to the recoverable value and the future charges for depreciation are adjusted in proportion to their adjusted book value and their new remaining useful life if it was also necessary to re-estimate this. Any such reduction in the book value of property, plant and equipment for own use is charged to "Net impairment losses on non-current assets" on the consolidated income statement.

Similarly, whenever there are signs that the value of an impaired asset has recovered, the consolidated companies reverse impairment losses recognised in prior years. The increased book value may not exceed the book value that would have been determined had no impairment loss previously been recognised for the asset.

At 31 December 2019 the Group's consolidated companies tested for signs of any impairment to the recoverable amount of its property, plant and equipment, and quantified the recoverable amount where such signs were detected. Where the asset does not itself generate cash inflows that are independent of those from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

An asset's recoverable amount is the higher of its fair value *(less sale costs)* and its value in use. In calculating value in use at 31 December 2019, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. These future cash flows are derived from the forecasts made by the Group for each cash generating unit for a period of five years *(using assumptions concerning changes in sale prices, costs and volumes based on experience and future expectations in accordance with the currently approved strategic plan and the budget for the coming year)*, with a residual value calculated using a growth rate of 1%.

Based on this analysis, at 31 December 2019 the Group recognised impairment losses on property, plant and equipment totalling 23,166 thousand euros *(of which 5,241 thousand euros were recognised in 2019, 1,400 thousand euros in 2018 and the rest in years prior to 2018)*. These losses corresponded mainly to assets at the plants in Chrastava *(owned by Grupo Antolin-Bohemia, a.s.)*, Spartanburg *(owned by Antolin Interiors USA, Inc.)* and Redditch *(owned by Antolin Interiors UK, Ltd.)* and the plants owned by Trimtec, Ltda. Iramec Autopeças, Ltda., Grupo Antolin-Cambrai, S.A.S. and Antolin Ebergassing, GmbH, which are presently generating losses or have done so in the past and whose recoverable amount is less than their book value *(at 31 December 2018 the Group had recognised an impairment of 19,489 thousand euros)*.

Fully depreciated property, plant and equipment-

The Group's property, plant and equipment include certain assets which had been fully depreciated at 31 December 2019 and 2018. The total cost and related accumulated depreciation of these assets amounted to approximately 720 and 602 million euros respectively.

Insurance policy-

The Group takes out insurance policies to cover the possible risks to which its property, plant and equipment are exposed. The Parent's Directors consider that the policies taken out are adequate in view of the various locations of its property, plant and equipment.

(9) NON-CURRENT FINANCIAL ASSETS AND OTHER CURRENT FINANCIAL ASSETS

The balances on these headings on the consolidated statement of financial position at 31 December 2019 and 2018 are broken down below by type:

	Thousands of Euros			
	31/12/2019		31/12/2018	
	Non-Current	Current	Non-Current	Current
Non-current investment securities	1,996	-	630	-
Other financial assets-				
Non-current receivables from Group companies	414	-	514	-
Other receivables	506	2,767	458	948
Guarantee deposits and deposits given	3,196	1,446	2,460	1,446
Total, net	**6,112**	**4,213**	**4,062**	**2,394**

Non-current investment securities-

The balances of this heading at 31 December 2019 and 2018 correspond to various minority interests in non-listed companies *(assigned to "Available-for-sale assets")*. At 31 December 2019, these investments include a 10% equity stake in Tianjin Antolin Auto-Parts Co., Ltd. with a net book value of 1,363 thousand euros (see Notes 1 and 2-g). Aside from this entry, net additions of 147 thousand euros were posted to this heading in 2019.

Meanwhile, net additions of 74 thousand euros were recognised under this heading in 2018.

Non-current receivables from Group companies-

The balances under this non-current assets heading at 31 December 2019 and 2018 include the balance receivable of the long-term cashpooling account held by the Parent Company with Avot Inversiones, S.L., which matures on 31 December 2021 and bears annual interest at a variable market rate (see Note 22).

(10) INVENTORIES

The Group's inventories at 31 December 2019 and 2018 were as follows:

Item	Thousands of Euros	
	31/12/2019	31/12/2018
Raw materials and supplies	278,047	306,422
Other purchases	295	205
Goods for resale	21,449	18,056
Work-in-process and semi-finished goods	36,260	38,682
Project tools	388,280	487,979
Finished products	82,896	79,794
By-products, waste and recoverable materials	302	-
Advances to suppliers	8,428	9,373
Impairment allowances	(20,167)	(22,971)
	795,790	**917,540**

Project tools-

The balances of this item at 31 December 2019 and 2018 correspond to the costs incurred by the Group on the project tools being manufactured at said dates. As at 31 December 2019 and 2018, the Group had billed approximately 251 and 228 million euros respectively as advances, recorded as current liabilities under "Trade and other payables" heading on the accompanying consolidated statement of financial position.

The Directors of the Parent consider that the income in respect of the sale of practically all the project tools being manufactured at 31 December 2019 will be realised in 2020 with significant profits.

Insurance policy-

The Group takes out insurance policies to cover the possible risks to which practically all its inventories are exposed. In the opinion of the Parent's Directors, the cover provided by the policies taken out at 31 December 2019 is sufficient.

(11) OTHER RECEIVABLES

The composition of other receivables on the consolidated statement of financial position at 31 December 2019 and 2018 is as follows:

Item	Thousands of Euros	
	31/12/2019	31/12/2018
Sundry receivables, staff and prepaid expenses	**44,472**	**54,072**
Taxes and Social Security-		
Tax receivables (Note 19)	44,531	95,326
Receivable from public authorities for grants awarded	3,266	1,997
Other receivables from public authorities	9,560	659
	57,357	**97,982**
	101,829	**152,054**

(12) CASH AND CASH EQUIVALENTS

Cash and cash equivalents on the consolidated statement of financial position include the Group's cash *(cash and current bank accounts)* and short-term bank deposits *(for amounts equivalent to 6,264 thousand euros at 31 December 2019 and 32,303 thousand euros at 31 December 2018)*, generally maturing in January of the following year and accruing interest at an annual average rate of no more than 0.10% *(between 0.85% and 2% at 31 December 2018)*. The book values of these assets are the same as their fair value.

(13) EQUITY

Share capital-

The share capital of the Parent at 31 December 2019 and 2018 comprised 8,023,241 registered shares *(3,114,603 "class A" shares, 3,074,733 "class B" shares and 1,833,905 "class C" shares)*, fully subscribed and paid in, each with a par value of 4.67 euros.

Shareholder	Percentage Held
Grupo Antolin-Holdco, S.A.	67.38
Castilfalé Gestión, S.A.U.	32.62
	100.00

At 31 December 2019 and 2018 all the share capital of the Parent was held directly or indirectly by Avot Inversiones, S.L. *(parent company of the company's two shareholders)*, a company whose registered offices are in Burgos and whose owners are members of the Antolin family (see Note 1). All the Grupo Antolin-Irausa, S.A. shares carry the same voting and dividend rights, although they are distinguished by their transfer regime.

At 31 December 2019 all the shares of the Parent were pledged as guarantee for the obligations deriving from the covered bonds issued in 2018 and 2019 by the Parent Company, the "Senior Facilities Agreement" signed by the Parent with a number of financial institutions, and the long-term loan granted in 2018 by the European Investment Bank (EIB), which has signed the intercreditor agreement which governs relations between the Group's financial creditors (see Note 17).

Additional paid-in capital-

The revised text of the Spanish Corporate Enterprise Act expressly allows the use of the additional paid-in capital balance to increase share capital and establishes no specific restrictions as to its use.

Other reserves of the Parent-

This heading on the consolidated statement of financial position at 31 December 2019 and 2018 includes the following reserves:

Legal reserve-

The revised text of the Spanish Corporate Enterprise Act stipulates that 10% of the net profits of the year must be appropriated to the legal reserve until it attains at least 20% of share capital. At 31 December 2019 and 2018 the legal reserve amounted to 7,494 thousand euros *(equivalent to 20% of the Parent's share capital)*.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it may be used only to offset losses, provided that sufficient other reserves are not available for this purpose.

Capitalisation reserve-

The Parent's "Capitalisation reserve" at 31 December 2019 and 2018 amounted to 5,800 thousand euros. This reserve was set up in compliance with Law 27/2014, of 27 November, on Corporate Income Tax and is restricted for five years from the end of the year to which the reduction in the final tax base for corporate income tax corresponds *(consequently, 2,000 thousand euros are restricted until 31 December 2022, 2,000 thousand euros are restricted until 31 December 2021 and 1,800 thousand euros are restricted until 31 December 2020)*. The amount matches that by which the final tax base applied was reduced for this item in the Spanish consolidated tax group's corporate income tax return for 2015, 2016 and 2017.

Other reserves-

The balance under this heading at 31 December 2019 includes losses carried forward from previous financial years *(41,241 thousand euros)* and other unrestricted reserves of the Parent.

Distribution of dividends-

Dividends distributed in 2019 and 2018-

On 2 April 2019 the Annual and Extraordinary General Meeting of Shareholders of the Parent agreed the distribution of a dividend against 2018 profits of 14,000 thousand euros. This dividend was paid to the Parent's shareholders in April and November 2019.

Meanwhile, on 28 March 2018 the Annual General Meeting of Shareholders of the Parent agreed the distribution of a dividend against 2017 profits of 30,000 thousand euros. This dividend was paid to the Parent's shareholders in April and November 2018.

For all these dividends, the Parent complied with the limits imposed in the financing agreements in place at the distribution date.

Restrictions on the distribution of dividends-

As indicated in Note 17, on 21 March 2014 the Parent signed a "Senior Facility Agreement" with major Spanish and international financial institutions, which has been modified and renewed successively, the last renewal being dated 17 April 2018, under which the Group obtained financing by means of a syndicated loan *("Loan Facility") (whose outstanding balance at 31 December 2019 was 394,052 thousand euros)*, and a multi-currency Revolving Credit Facility with a 200 million euro limit. In addition, an intercreditor agreement has been executed governing relations between creditors: bond holders, financial entities and the European Investment Bank (EIB) which signed this in 2018 as a result of the financing granted to the Group. These financing agreements allow the distribution of dividends provided certain requirements are met. These include:

- *If the Group's debt-equity ratio is less than 3.50 but higher than 2.50, the dividends distributed may not exceed 25% of its consolidated net profit.*

- *If the Group's debt-equity ratio is less than 2.50, the dividends distributed may not exceed 50% of its consolidated net profit.*

At 31 December 2019 the Group's debt-equity ratio was around 2.46, and therefore it could distribute dividends up to an amount equivalent to 50% of its consolidated net profit.

Capital management-

The Group's capital management focuses on achieving a financial structure that optimises the cost of capital to ensure a sound financial position. This policy enables value creation for shareholders to be compatible with access to financial markets at a competitive cost to cover the needs for refinancing debt and financing the investment plan not covered by the funds generated by the business.

In this regard, in line with standard practice in the business world and in the industry in which it operates, the Group uses the following ratios to analyse its situation:

- Financial leverage *(Net borrowing/net equity attributable to the Parent)*: The Group's ratio at 31 December 2018 was 1.22. As at the end of 2019, it was 1.11.

- Debt-to-income *(Net borrowing/EBITDA)*: The Group's ratio at 31 December 2018 was 2.58. As at the end of 2019, it was 2.46.

- Interest coverage *(EBITDA/Net Finance Income)*: The Group's ratio at 31 December 2018 was 9.28. As at the end of 2019, it was 11.09.

As stated in Note 17, the Group has been granted loans by third parties, which requires that certain specific financial ratios be fulfilled.

Contribution of the consolidated companies to the Group's reserves and translation differences-

Set out below is a breakdown by company, of the balances recorded under "Reserves in fully or proportionally accounted companies", "Reserves in companies accounted for using the equity method" and "Translation differences" on the accompanying consolidated statement of financial position at 31 December 2019 and 2018:

Company	Thousands of Euros			
	Reserves in Consolidated Companies		Translation Differences	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Fully consolidated companies-				
Grupo Antolin-Irausa, S.A. (a)	(259,580)	(470,627)	(12,757)	(14,107)
Grupo Antolin-Dapsa, S.A.U.	4,106	3,401	-	-
Grupo Antolin-Aragusa, S.A.U.	33,042	41,994	-	-
Grupo Antolin-Eurotrim, S.A.U.	15,468	20,185	-	-
Grupo Antolin-RyA, S.A.U.	28,803	33,109	-	-
Grupo Antolin-Autotrim, S.A.U.	48,686	55,658	-	-
Grupo Antolin-Plasbur, S.A.U.	44,300	52,114	-	-
Grupo Antolin-Lusitânia, S.A.	15,472	19,995	-	-
Grupo Antolin-Ingeniería, S.A.U.	45,691	54,544	(425)	(425)
Grupo Antolin-Amsterdam, B.V.	(31,103)	1,409	-	-
Antolin Deutschland, GmbH	3,298	5,330	-	-
Grupo Antolin-Holland, B.V.	6,480	5,068	-	-
Grupo Antolin-Bohemia, a.s. (b)	(18,687)	(19,749)	(665)	(1,050)
Grupo Antolin-North America, Inc.	(40,119)	7,484	17,654	4,340
Grupo Antolin-IGA, S.A.S. (b)	(53,367)	(51,634)	-	-
Grupo Antolin-France, S.A.S. (b)	(4,130)	(28,374)	-	-
Grupo Antolin-Turnov, s.r.o.	80,978	84,458	1,717	1,212
Grupo Antolin-Kentucky, Inc.	58,170	64,531	(1,170)	4,208
Ototrim Panel Sanayi ve Ticaret, A.S.	44,283	45,894	(17,338)	(16,060)
Grupo Antolin-Silao, S.A. de C.V.	33,884	41,144	(16,201)	(18,454)
Trimtec, Ltda. (b)	(107,885)	(107,775)	(9,099)	(8,690)
Iramec Autopeças, Ltda.	5,766	8,781	31	(19)
Intertrim, Ltda.	(10,646)	(9,564)	(4,384)	(4,211)
Grupo Antolin-South Africa, Ltd.	145	(534)	(1,258)	(1,815)
Grupo Antolin-India PTV, Ltd. (b)	5,828	3,534	(4,525)	(4,109)
Grupo Antolin-Leamington, Ltd. (b)	13,562	17,915	(6,717)	(7,374)
Grupo Antolin-Logistik Deutschland, GmbH	36,462	40,749	-	-
Grupo Antolin-Vosges, S.A.S. (b)	(24,739)	(22,753)	-	-
Grupo Antolin-Glass, S.A.U.	1,445	1,584	-	-
Grupo Antolin-Navarra, S.A.U.	17,052	15,564	-	-
Grupo Antolin-Saint Petersburg (b)	(36,499)	(36,675)	(4,079)	(5,227)
Antolin Tanger, S.A.R.L. (b)	(7,082)	(1,849)	350	134
Grupo Antolin-Cambrai, S.A.S. (b)	(62,624)	(63,857)	-	-
Grupo Antolin-Ostrava, s.r.o.	24,006	26,227	(498)	(654)
Grupo Antolin-Bratislava, s.r.o.	(135)	9,646	713	713
Grupo Antolin-Michigan, Inc.	81,545	86,529	429	3,196
Grupo Antolin-Illinois, Inc.	85,479	85,112	4,918	5,621
Mexican Door Company, S. de R.L. de C.V.	7,594	9,014	(2,645)	(2,771)
Grupo Antolin-Bamberg, GmbH & Co. KG	(6,621)	(4,171)	-	-
Grupo Antolin-Besançon, S.A.S.	21,207	26,636	-	-
Grupo Antolin-Gestión de Inversiones, S.L.U.	573	(6,672)	-	-
Antolin Shanghai Autoparts Co., Ltd.	29,681	28,651	5,659	3,285
Chongqing Antolin Tuopu Overhead System Co., Ltd.	17,838	19,090	757	815
Grupo Antolin-Saltillo, S. de R.L. de C.V.	24,576	24,435	(2,585)	(4,041)
Grupo Antolin-Primera Automotive Systems, LLC	14,525	16,244	(190)	(326)
Antolin China Investment Co., Ltd.	9,159	(301)	(9,032)	37
Guangzhou Antolin Lighting Co, Ltd.	25,436	21,116	(536)	(673)
Guangzhou Antolin Auto-Parts Co., Ltd.	6,611	8,145	2,129	1,468
Grupo Antolin-UK, Ltd.	780	1,053	923	901
Grupo Antolin-Missouri, LLC	11,757	13,174	434	439
Antolin Avtotechnika Nizhny Nóvgorod, Ltd. (b)	(8,154)	(7,789)	(2,512)	(3,022)
Grupo Antolin-Tlaxcala S. de R.L. de C.V. (b)	(1,063)	(5,460)	(3,157)	(4,720)
Grupo Antolin-Valplas, S.A.U. (b)	(9,388)	(7,737)	-	-
Antolin Interiors UK, Ltd. (b)	(51,346)	(26,489)	(17,517)	(20,748)
Antolin Interiors USA, Inc. (b)	(18,328)	(26,101)	4,019	559
Antolin Interiors Mexico, S.A. de C.V.	42,207	53,091	(7,275)	(9,276)
Antolin Ebergassing, GmbH	15,151	15,983	-	-
Antolin Süddeutschland, GmbH	1,088	1,088	-	-
Antolin Hungary, Kft.	2,692	13,212	-	-
Antolin Straubing, GmbH	11,875	11,875	-	-
Suzhou Antolin Automotive Interiors Co., Ltd.	24,182	15,553	(2,759)	(2,826)
Antolin Silesia, Sp. zo.o.	7,115	8,903	(725)	(867)

Continued

Company	Thousands of Euros			
	Reserves in Consolidated Companies		Translation Differences	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Changshu Antolin Automotive Interiors Co., Ltd.	13,742	8,698	-	(1,125)
Antolin Austria Holding, GmbH	5,701	5,793	-	-
CML Technologies, GmbH & Co. KG	4,427	5,235	-	-
Plastimat Hungary, Kft.	4,033	4,910	-	-
Changchun Antolin Automotive Interiors Co., Ltd.	(1,430)	3,962	-	(1,859)
Beijing Antolin Automotive Interiors Co., Ltd.	4,831	3,807	-	(428)
Grupo Antolin-Sibiu, S.R.L.	(176)	3,546	(1,342)	(1,108)
Antolin Liban, s.r.o.	2,175	2,389	710	352
Cidut, S.L.	672	2,030	-	-
Antolin Alabama, Inc. (b)	(10,606)	(1,841)	(457)	(163)
Antolin Shelby, Inc. (b)	(2,942)	(3,991)	(16)	418
Spartanburg Assembly, Inc.	(4,624)	-	(223)	-
Broomco (3051), Ltd.	(2,729)	(2,523)	(243)	175
Grupo Antolin-Italia, S.r.l. (b)	(11,138)	(8,802)	-	-
Antolin Massen, GmbH (b)	(18,989)	(18,989)	-	-
Antolin Trnava, s.r.o. (b)	(14,779)	(9,088)	-	-
Irauto, S.A. (b)	(2,427)	(1,088)	(2,975)	(1,617)
Other companies	(2,866)	1,096	2,875	102
	219,377	**216,255**	**(89,987)**	**(109,790)**
Proportionally consolidated companies-				
International Door Company, B.V.	**3,500**	**2,460**	**105**	**(194)**
Companies accounted for using the equity method-				
International Door Systems, S.R.L. de C.V.	-	6,856	-	(342)
Slovakian Door Company, s.r.o.	1,115	1,101	-	-
Dongwon Technology Co., Ltd.	7,208	6,908	311	451
NHK Antolin (Thailand) Co., Ltd.	(25)	(1,080)	339	27
Krishna Grupo Antolin Private, Ltd.	5,890	5,877	(1,583)	(1,287)
Dongfeng Antolin (Wuhan) Automotive Trim, Co., Ltd.	(282)	(138)	37	(143)
CREA-Antolin, Co., Ltd.	-	3,247	-	165
	13,906	**22,771**	**(896)**	**(1,129)**
Total	**236,783**	**241,486**	**(90,778)**	**(111,113)**

(a) These figures are for the reserves of consolidated companies attributable to the Parent following the consolidation process *(eliminating dividends received, etc.).*

(b) In recent financial years the Group has implemented an efficiency programme and measures to improve the performance of these consolidated subsidiaries with the medium-term goal of reversing the recurring losses currently being reported by most of them. In general this is being achieved. Others are going through the start up of their activities or the launch of new projects.

Contribution of the consolidated companies to profit and loss for 2019 and 2018 attributable to the Parent-

The contribution of each of the consolidated companies to the 2019 and 2018 profit and loss attributable to the Parent is as follows:

Company	Thousands of Euros					
	2019			2018		
	Consolidated Profit/(Loss) for 2019	Profit/(Loss) Attributable to Non-controlling Interests	Profit/(Loss) Attributable to the Parent	Consolidated Profit/(Loss) for 2018	Profit/(Loss) Attributable to Non-controlling Interests	Profit/(Loss) Attributable to the Parent
Fully consolidated companies-						
Grupo Antolin-Irausa, S.A.	(23,198)	-	(23,198)	(25,181)	-	(25,181)
Grupo Antolin-Dapsa, S.A.U.	(261)	-	(261)	705	-	705
Grupo Antolin-Aragusa, S.A.U.	3,259	-	3,259	5,478	-	5,478
Grupo Antolin-Eurotrim, S.A.U.	1,208	-	1,208	2,549	-	2,549
Grupo Antolin-RyA, S.A.U.	2,356	-	2,356	975	-	975
Grupo Antolin-Autotrim, S.A.U.	1,007	-	1,007	3,233	-	3,233
Grupo Antolin-Plasbur, S.A.U.	1,838	-	1,838	2,877	-	2,877
Grupo Antolin-Navarra, S.A.U.	(48)	-	(48)	2,757	-	2,757
Grupo Antolin-Glass, S.A.U.	290	-	290	205	-	205
Grupo Antolin-Valplas, S.A.U. (a)	(512)	-	(512)	(1,651)	-	(1,651)
Grupo Antolin-Ingeniería, S.A.U.	7,145	-	7,145	3,147	-	3,147
ASH Reciclado de Techos, S.L.	(183)	-	(183)	(154)	-	(154)
Grupo Antolin-Lusitânia, S.A.	2,584	-	2,584	2,437	-	2,437
Grupo Antolin-Bohemia, a.s.	(1,669)	-	(1,669)	1,062	-	1,062
Grupo Antolin-IGA, S.A.S.	291	-	291	1,062	-	1,062
Grupo Antolin-France, S.A.S.	2,380	-	2,380	5,258	-	5,258
Grupo Antolin-Turnov, s.r.o.	4,808	-	4,808	5,854	-	5,854
Ototrim Panel Sanayi ve Ticaret, A.S.	14,305	(7,153)	7,152	12,672	(6,336)	6,336
Grupo Antolin-Silao, S.A. de C.V.	4,999	-	4,999	7,220	-	7,220
Grupo Antolin-Tlaxcala S. de R.L. de C.V. (a)	3,795	-	3,795	4,397	-	4,397
Trimtec, Ltda. (a)	3,452	-	3,452	(111)	-	(111)
Iramec Autopeças, Ltda. (a)	(1,100)	550	(550)	(6,030)	3,015	(3,015)
Intertrim, Ltda. (a)	43	(6)	37	(1,269)	187	(1,082)
Grupo Antolin-India Private PVT, Ltd.	2,586	-	2,586	3,400	-	3,400
Grupo Antolin-Leamington, Ltd.	1,565	-	1,565	3,469	-	3,469
Grupo Antolin-Logistik Deutschland, GmbH	(1,760)	-	(1,760)	1,094	-	1,094
Grupo Antolin-Vosges, S.A.S.	1,722	-	1,722	2,006	-	2,006
Antolin Shanghai Autoparts Co. Ltd.	3,630	-	3,630	3,592	-	3,592
Mexican Door Company, S. de R.L. de C.V.	(295)	148	(147)	(959)	479	(480)
Antolin Tanger, S.A.R.L.	75	-	75	1,581	-	1,581
Chongqing Antolin Tuopu Overhead System Co., Ltd.	156	(9)	147	1,076	(502)	574
Grupo Antolin-Bratislava, s.r.o. (a)	(4,663)	-	(4,663)	(9,781)	-	(9,781)
Grupo Antolin-Cambrai, S.A.S.	(2,253)	-	(2,253)	1,233	-	1,233
Grupo Antolin-Illinois, Inc.	272	-	272	367	-	367
Grupo Antolin-Kentucky, Inc. (a)	(11,730)	-	(11,730)	(9,610)	-	(9,610)
Grupo Antolin-Michigan, Inc.	(2,468)	-	(2,468)	4,037	-	4,037
Grupo Antolin-Missouri, LLC	3,553	-	3,553	3,126	-	3,126
Grupo Antolin-Saltillo, S. de R.L. de C.V.	1,610	-	1,610	4,641	-	4,641
Guangzhou Antolin Lighting Co, Ltd.	177	-	177	1,022	-	1,022
Antolin Deutschland, GmbH	2,623	-	2,623	4,146	-	4,146
Grupo Antolin-Ostrava, s.r.o.	1,495	-	1,495	1,566	-	1,566
Grupo Antolin-Bamberg, GmbH & Co. KG (a)	1,767	-	1,767	(2,450)	-	(2,450)
CML Technologies, GmbH & Co. KG	215	-	215	678	-	678
Grupo Antolin-Besançon, S.A.S.	7,066	-	7,066	6772	-	6772
Guangzhou Antolin Auto-Parts Co., Ltd.	3,848	-	3,848	4,321	-	4,321
Grupo Antolin-Saint Petersburg	404	-	404	173	-	173
Grupo Antolin-Primera Automotive Systems, LLC	6,420	(3,274)	3,146	3,123	(1,593)	1,530
Grupo Antolin-Gestión de Inversiones, S.L.U.	16	-	16	17	-	17
Antolin Autotechnika Nizhny Nóvgorod, Ltd. (a)	(587)	-	(587)	(367)	-	(367)
Antolin China Investment Co., Ltd.	7,775	-	7,775	1,016	-	1,016
Antolin Austria Holding, GmbH	(367)	-	(367)	(92)	-	(92)
Changshu Antolin Automotive Interiors Co., Ltd.	5,462	(2,232)	3,230	8,786	(3,744)	5,042
Changchun Antolin Automotive Interiors Co., Ltd.	4,631	(2,129)	2,502	4,486	(2,119)	2,367
Antolin Ebergassing, GmbH	(1,287)	-	(1,287)	(832)	-	(832)
Plastimat Hungary, Kft.	2,280	(593)	1,687	1,565	(407)	1,158
Antolin Süddeutschland, GmbH (a)	(9,302)	-	(9,302)	(10,293)	-	(10,293)
Antolin Interiors UK, Ltd. (a)	(16,222)	-	(16,222)	(9,127)	-	(9,127)
Antolin Interiors Mexico, S.A. de C.V.	(1,569)	-	(1,569)	12,655	-	12,655
Antolin Interiors USA, Inc.	(15,380)	-	(15,380)	7,772	-	7,772
Antolin Straubing, GmbH	4,528	-	4,528	2,519	-	2,519
Suzhou Antolin Automotive Interiors Co., Ltd.	18,253	-	18,253	8,629	-	8,629
Antolin Silesia, Sp. zo.o.	871	-	871	1,321	-	1,321

Continued

Company	Thousands of Euros					
	2019			2018		
	Consolidated Profit/(Loss) for 2019	Profit/(Loss) Attributable to Non-controlling Interests	Profit/(Loss) Attributable to the Parent	Consolidated Profit/(Loss) for 2018	Profit/(Loss) Attributable to Non-controlling Interests	Profit/(Loss) Attributable to the Parent
Antolin Trnava, s.r.o. (a)	(4,376)	-	(4,376)	(5,691)	-	(5,691)
Antolin Massen, GmbH (a)	(3,747)	-	(3,747)	(2,269)	-	(2,269)
Antolin Shelby, Inc.	13,991	-	13,991	1,048	-	1,048
Tianjin Antolin Auto-Parts Co., Ltd. (a)	-	-	-	(10,116)	4,046	(6,070)
Grupo Antolin-Sibiu, S.R.L.	(3,914)	-	(3,914)	(3,720)	-	(3,720)
Gestión Industrial de Toluca, S.A. de C.V.	278	-	278	1,005	-	1,005
Beijing Antolin Automotive Interiors Co., Ltd.	706	(282)	424	1,706	(682)	1,024
Chengdu Antolin Automotive Interiors Co., Ltd. (a)	220	(88)	132	(3,096)	1,239	(1,857)
Grupo Antolin-North America, Inc.	11,153	-	11,153	10,564	-	10,564
Grupo Antolin-Italia, S.r.l. (a)	(3,304)	-	(3,304)	(2,337)	-	(2,337)
Antolin Hungary, Kft. (a)	(11,205)	-	(11,205)	(6,602)	-	(6,602)
Antolin Alabama, Inc. (a)	(8,105)	-	(8,105)	(8,764)	-	(8,764)
Antolin Spartanburg Assembly, Inc. (a)	(18,197)	-	(18,197)	(4,517)	-	(4,517)
Irauto, S.A.	(1,380)	-	(1,380)	(2,110)	-	(2,110)
Other companies	192	288	480	1,823	(108)	1,715
	14,218	**(14,780)**	**(562)**	**51,094**	**(6,525)**	**44,569**
Proportionally consolidated companies-						
International Door Company, B.V.	**291**	**-**	**291**	**99**	**-**	**99**
Companies accounted for using the equity method-						
International Door System S.R.L. de C.V.	-	-	-	2	-	2
Slovakian Door Company, s.r.o.	1	-	1	13	-	13
Dongwon Technology Co., Ltd.	800	-	800	1,359	-	1,359
NHK Antolin (Thailand) Co., Ltd.	1,031	-	1,031	1,042	-	1,042
Krishna Grupo Antolin Private, Ltd.	(226)	-	(226)	305	-	305
Dongfeng Antolin (Wuhan) Automotive Trim Co., Ltd.	(505)	-	(505)	(144)	-	(144)
Walter Pack, S.L.	(369)	-	(369)	-	-	-
	732	**-**	**732**	**2,577**	**-**	**2,577**
Total	**15,241**	**(14,780)**	**461**	**53,770**	**(6,525)**	**47,245**

(a) In recent financial years the Group has implemented an efficiency programme and measures to improve the performance of some of these consolidated subsidiaries with the medium-term goal of reversing the trend for recurring losses. This is being achieved in some cases. Others are starting up their activities, expanding their installations or launching new projects.

Valuation adjustments-

The balances on this heading at 31 December 2019 and 2018 on the accompanying consolidated statement of financial position include net changes in the fair value of:

- Actuarial gains and losses (see Note 16).
- Translation differences.

Set out below is the movement in these items during the financial years to 31 December 2019 and 2018:

Item	Thousands of Euros							
	Balance at 31/12/2017	Amounts Transferred to Income	Change in Fair Value, Net	Balance at 31/12/2018	Amounts Transferred to Income	Change in Fair Value, Net	Transfers from "Reserves in Fully or Proportionally Accounted Companies"	Balance at 31/12/2019
Actuarial gains and losses (a)	**(3,649)**	**-**	**710**	**(2,939)**	**-**	**(735)**	**(2,335)**	**(6,009)**

Translation Differences	Thousands of Euros							
	Balance at 31/12/2017	Amounts Transferred to Income	Net Change	Balance at 31/12/2018	Amounts Transferred to Income	Net change	Effects of Removals from the Scope of Consolidation (Note 1)	Balance at 31/12/2019
Net translation differences in fully or proportionally accounted companies	(143,850)	-	6,765	(137,085)	-	19,152	35	(117,898)
Less - Translation differences attributable to non-controlling interests	23,908	-	3,193	27,101	-	930	(15)	28,016
	(119,942)	-	9,958	(109,984)	-	20,082	20	(89,882)
Net translation differences in companies accounted for using the equity method	(905)	-	(224)	(1,129)	-	56	177	(896)
	(120,847)	-	**9,734**	**(111,113)**	-	**20,138**	**197**	**(90,778)**

(a) In 2019, a transfer from "Reserves in fully or proportionally accounted companies" was recognised to better present the amount of actuarial gains and losses corresponding to the subsidiary Antolin Ebergassing, GmbH taken directly to equity.

At 31 December 2019 and 2018 the Group had no financial derivatives designated as cash flow hedges.

Non-controlling interests-

The balance of this heading on the consolidated statement of financial position relates to the equity held by non-controlling interests in the fully consolidated companies. The balance of "Loss attributable to non-controlling interests" on the consolidated income statement relates to the non-controlling shareholders' share of profit and loss for the year.

The movements in this heading on the consolidated statement of financial position in 2019 and 2018 are as follows:

2019

Company	Thousands of Euros						
	Opening Balance	Additions	Disposals	Dividends and Other Items	Profit /(Loss) for 2019 Attributable to Non-controlling Interests	Translation Differences	Closing Balance
Ototrim Panel Sanayi ve Ticaret, A.S.	12,392	-	-	(2,374)	7,153	(1,278)	15,893
Iramec Autopeças, Ltda.	(2,432)	-	-	(1)	(550)	51	(2,932)
Intertrim, Ltda.	(1,531)	-	-	-	6	(32)	(1,557)
Mexican Door Company, S.R.L. de C.V.	2,202	-	-	(64)	(148)	128	2,118
Chongqing Antolin Tuopu Overhead System Co., Ltd. (a)	1,299	-	-	-	9	37	1,345
Keyland Sistemas de Gestión, S.L.	459	-	-	(5)	(44)	-	410
Keyland Mexico, S. de R.L. de C.V.	44	-	-	-	10	2	56
Grupo Antolin-Primera Automotive Systems, LLC	7,980	-	-	(1,276)	3,274	147	10,125
Dongfeng Antolin (Wuhan) Overhead Systems, Ltd.	1,167	-	-	1	92	7	1,267
Plastimat Hungary, Kft.	2,327	-	-	(260)	593	-	2,660
Changchun Antolin Automotive Interiors Co., Ltd. (b)	20,484	-	-	(4,902)	2,411	(62)	17,931
Changshu Antolin Automotive Interiors Co., Ltd. (c)	17,102	-	-	-	2,232	67	19,401
Chengdu Antolin Automotive Interiors Co., Ltd.	(688)	-	-	-	88	(7)	(607)
Tianjin Antolin Auto-Parts Co., Ltd.	347	-	(347)	-	-	-	-
Antolin Chongqing Auto Interiors Trim Systems, Co. Ltd.	825	564	-	(2)	(302)	10	1,095
Wuhan Donghuan Antolin Auto Parts Co., Ltd.	-	113	-	-	(44)	-	69
	61,977	**677**	**(347)**	**(8,883)**	**14,780**	**(930)**	**67,274**

2018

Company	Opening Balance	Additions and Retirements	Acquisition by the Group of Non-controlling Interests (Notes 1 and 2-g)	Dividends and Other Items	Profit /(loss) for 2018 Attributable to Non-controlling Interests	Translation Differences	Closing Balance
	Thousands of Euros						
Ototrim Panel Sanayi ve Ticaret, A.S.	15,160	-	-	(5,587)	6,336	(3,517)	12,392
Iramec Autopeças, Ltda.	546	-	-	-	(3,015)	37	(2,432)
Intertrim, Ltda.	(1,236)	-	-	-	(187)	(108)	(1,531)
Mexican Door Company, S.R.L. de C.V.	3,489	-	-	(941)	(479)	133	2,202
Chongqing Antolin Tuopu Overhead System Co., Ltd. (a)	2,305	-	-	(1,516)	502	8	1,299
Keyland Sistemas de Gestión, S.L.	350	-	-	-	109	-	459
Cidut, S.L.	1,601	-	(1,601)	-	-	-	-
Keyland Mexico, S. de R.L. de C.V.	36	-	-	(1)	7	2	44
Grupo Antolin-Primera Automotive Systems, LLC	8,176	-	-	(2,106)	1,593	317	7,980
Dongfeng Antolin (Wuhan) Overhead Systems, Ltd.	1,121	-	-	-	56	(10)	1,167
Plastimat Hungary, Kft.	2,376	-	-	(456)	407	-	2,327
Changchun Antolin Automotive Interiors Co., Ltd. (b)	17,597	-	-	-	2,802	85	20,484
Changshu Antolin Automotive Interiors Co., Ltd. (c)	9,987	3,394	-	(1)	3,851	(129)	17,102
Chengdu Antolin Automotive Interiors Co., Ltd.	545	-	-	-	(1,239)	6	(688)
Tianjin Antolin Auto-Parts Co., Ltd.	3,861	-	-	550	(4,046)	(18)	347
Antolin Chongqing Auto Interiors Trim Systems, Co. Ltd.	-	996	-	-	(172)	1	825
	65,914	**4,390**	**(1,601)**	**(10,058)**	**6,525**	**(3,193)**	**61,977**

(a) Corresponds to the consolidated book value of the subgroup which this company heads, including the percentage attributable to non-controlling interests in the consolidated subsidiaries Hangzhou Antolin Tuopu Overhead System Co., Ltd. (HATOS) and Harbin Antolin Tuopu Overhead System Co., Ltd.

(b) Corresponds to the consolidated book value of the subgroup which this company heads, including the percentage attributable to non-controlling interests in the consolidated subsidiary Beijing Antolin Automotive Interiors Co., Ltd.

(c) Corresponds to the consolidated book value of the subgroup which this company heads, including the percentage attributable to non-controlling interests in the consolidated subsidiaries Changshu Antolin Auto-Parts Co., Ltd. and Ningbo Antolin Auto Parts Co., Ltd.

Set out below is an itemised analysis, by consolidated subsidiary, of the balance of this heading at 31 December 2019:

Company	Share Capital	Reserves and Prior Year Losses, Net	Profit/(Loss) for 2019	Translation Differences	Total
	Thousands of Euros				
Ototrim Panel Sanayi ve Ticaret, A.S.	2,413	27,386	7,153	(21,059)	15,893
Iramec Autopeças, Ltda.	4,810	(5,231)	(550)	(1,960)	(2,932)
Intertrim, Ltda.	1,678	(2,288)	6	(953)	(1,557)
Mexican Door Company, S.R.L. de C.V.	3,933	423	(148)	(2,090)	2,118
Chongqing Antolin Tuopu Overhead System Co., Ltd.	693	184	9	459	1,345
Keyland Sistemas de Gestión, S.L.	250	204	(44)	-	410
Keyland Mexico, S. de R.L. de C.V.	-	50	10	(4)	56
Grupo Antolin-Primera Automotive Systems, LLC	25	6,727	3,274	99	10,125
Dongfeng Antolin (Wuhan) Overhead Systems, Co., Ltd.	1,421	(106)	92	(140)	1,267
Plastimat Hungary, Kft.	1,560	507	593	-	2,660
Changchun Antolin Automotive Interiors Co., Ltd.	5,348	11,825	2,411	(1,654)	17,931
Changshu Antolin Automotive Interiors Co., Ltd.	9,612	8,287	2,232	(730)	19,401
Chengdu Antolin Automotive Interiors Co., Ltd.	1,292	(1,992)	88	5	(607)
Antolin Chongqing Auto Interiors Trim Systems, Co., Ltd.	1,559	(173)	(302)	11	1,095
Wuhan Donghuan Antolin Auto Parts Co., Ltd.	-	113	(44)	-	69
	34,594	**45,916**	**14,780**	**(28,016)**	**67,274**

Set out below are the non-controlling interests with holdings of more than 5% in the share capital of any subsidiary:

Subsidiary Company	Non-controlling Interest	Percentage Held
Ototrim Panel Sanayi ve Ticaret, A.S.	SKT Yedek Parça ve Makina Sanayi ve Ticaret, A.S.	50.00
Iramec Autopeças, Ltda.	Küster Holding, GmbH (a)	50.00
Intertrim, Ltda.	Luiz Rodovil Rossi	14.72
Mexican Door Company, S. de R.L. de C.V.	Küster Holding, GmbH (a)	50.00
Chongqing Antolin Tuopu Overhead System Co., Ltd.	Ningbo Tuopu Vibration Control System Co., Ltd. (c) (c)	39.00
Keyland Sistemas de Gestión, S.L.	Vector Software Factory, S.L.	50.00
Keyland Mexico, S. de R.L. de C.V.	Vector Software Factory, S.L. (b)	50.00
Grupo Antolin-Primera Automotive Systems, LLC	Crown Automotive Systems, LLC	51.00
Dongfeng Antolin (Wuhan) Overhead Systems, Co. Ltd.	Dongfeng Visteon Automotive Trim Systems Co., Ltd. (c)	49.00
Plastimat Hungary, Kft.	Summit D & V Autóipari Gyártó és Szerelő Korlátolt Felelősségű Társaság	26.00
Changchun Antolin Automotive Interiors Co., Ltd.	Changshu Automotive Trim Co., Ltd. (c)	40.00
Changshu Antolin Automotive Interiors Co., Ltd.	Changshu Automotive Trim Co., Ltd. (c)	40.00
Chengdu Antolin Automotive Interiors Co., Ltd.	Changshu Automotive Trim Co., Ltd. (c)	40.00
Antolin Chongqing Auto Interiors Trim Systems, Co., Ltd.	Changshu Automotive Trim Co., Ltd. (c)	49.00
Wuhan Donghuan Antolin Auto Parts Co., Ltd.	Wuhan Donghuan Auto Cab System Co., Ltd. (c)	49.00

(a) Holding held indirectly via International Door Company, B.V.

(b) Holding held indirectly via Keyland Sistemas de Gestión, S.L.

(c) Holdings held indirectly via Antolin China Investment Co., Ltd.

(14) EARNINGS PER SHARE

Basic earnings per share-

Basic earnings per share are calculated by dividing the net profit attributed to the holders of equity instruments in the Parent by the weighted average number of shares outstanding during that year, excluding the average number of treasury shares held during the year.

Set out below is an analysis of basic earnings per share:

Item	Thousands of Euros	
	2019	2018
Income for the year attributed to holders of net equity instruments in the Parent *(thousand euros)*	461	47,245
Weighted average number of shares outstanding in the year *(thousand shares)*	8,023	8,023
Earnings per share (euros)	**0.06**	**5.89**

The weighted average number of shares outstanding at 31 December 2019 and 2018 was 8,023,241.

Diluted earnings per share-

Diluted earnings per share are calculated in much the same way as basic earnings per share, but the weighted average number of shares outstanding is adjusted to take into account the potential diluting effect of the share options, warrants and convertible debt current at the year end.

As at 31 December 2019 and 2018, diluted earnings per share were the same as basic earnings per share as the Group had no diluting instruments.

(15) GRANTS

The movements in this heading on the consolidated statement of financial position in the financial years 2019 and 2018 are as follows:

	Thousands of Euros
Balance at 31 December 2017	**5,401**
Income recognised in the year	(710)
Grants awarded during 2018	760
Other	(11)
Balance at 31 December 2018	**5,440**
Income recognised in the year	(1,021)
Grants awarded during 2019	191
Other	(55)
Balance at 31 December 2019	**4,555**

These non-refundable grants were awarded by Romanian, Spanish, French, German and Hungarian public bodies, to finance certain investments made by the Group in a number of production plants.

In order for these grants to qualify as non-refundable, the companies receiving them must fulfil a number of general and specific conditions, such as making the approved investments, creating and maintaining a given number of jobs and evidencing a certain level of capital and reserves at the end of a specified period. The Parent's Directors consider that all the general and specific conditions established in the respective Individual Grant Resolutions relating to the capital grants made to the consolidated companies have been and/or will be met.

Capital grants received by the Group at 31 December 2019 will be taken to income as follows:

Released to Income	Thousands of Euros
In one year	998
Between one and five years	2,805
After five years	752
	4,555

(16) CURRENT AND NON-CURRENT PROVISIONS

The movements in this heading on the consolidated statement of financial position in the financial years to 31 December 2018 and 2019 are as follows:

Item	Thousands of Euros			
	Non-current Provisions			
	Provisions for Pension Commitments	Other Provisions	Total	Current Provisions
Balances at 31 December 2017	**24,609**	**89,162**	**113,771**	**32,846**
Additions to the scope of consolidation (Note 5)	-	766	766	-
Transfers between accounts	-	1,237	1,237	(1,237)
Taken to income for the year	1,331	22,298	23,629	16,895
Reversals credited to income for the year	-	(9,262)	(9,262)	(2,433)
Provisions applied	-	(17,888)	(17,888)	(6,067)
Contributions to the pension plan contracted with an insurance entity and payments to beneficiaries	(1,450)	-	(1,450)	-
Remeasurements recognised *(for actuarial gains and losses)*	(710)	-	(710)	-
Translation differences and other items	510	(3,904)	(3,394)	(82)
Balances at 31 December 2018	**24,290**	**82,409**	**106,699**	**39,922**
Transfers between accounts	-	-	-	-
Taken to income for the year	4,483	22,493	26,976	8,512
Reversals credited to income for the year	-	(9,155)	(9,155)	(12,123)
Provisions applied	-	(30,225)	(30,225)	(2,972)
Contributions to the pension plan contracted with an insurance entity and payments to beneficiaries	(3,128)	-	(3,128)	-
Remeasurements recognised *(for actuarial gains and losses)*	(3,070)	-	(3,070)	-
Translation differences and other items	939	917	22	433
Balances at 31 December 2019	**23,514**	**64,605**	**88,119**	**33,772**

Provisions for pension commitments-

The balance of this heading at 31 December 2019 corresponds to provisions to meet long-term commitments to staff *(pension commitments to certain current and former employees)* in the British, French and German companies belonging to the "Lighting" business and other German, Austrian and Mexican companies. Some of these companies have outsourced their pensions liabilities with an insurance company.

The amounts recognised on the consolidated statement of financial position at 31 December 2019 and 2018 were determined as follows:

	Thousands of Euros	
	31/12/2019	31/12/2018
Present value of the obligations at the end of the reporting period	39,592	39,350
Fair value of the assets assigned to the plan at the end of the reporting period	(16,078)	(15,060)
Liability on the consolidated statement of financial position at the end of the reporting period	**23,514**	**24,290**

These amounts have been calculated using appropriate actuarial studies. The technical assumptions applied by the consolidated subsidiaries *(interest rates, mortality tables, accumulated annual CPI, etc.)* are in line with the socio-economic situation of each country *(the discounted interest rates used at 31 December 2019 range from 0,90% to 8,33% while in 2018 they ranged from 1.45% to 7.25%)*.

Other non-current provisions-

The balance of this heading at 31 December 2019 essentially comprises provisions set up to meet commitments entered into with the personnel of some of the consolidated companies in addition to those included under "Provisions for pension commitments" *(10,889 thousand euros)*, some claims by suppliers and customers for retroactive pricing arrangements and similar *(14,421 thousand euros)*, for future losses deriving from onerous contracts which are expected to be incurred in the long term *(2,716 thousand euros)*, provisions for the reversal or dismantling of assets *(16,283 thousand euros)*, and for certain liabilities in respect of court proceedings and

claims that have been brought against the consolidated companies *(20,296 thousand euros)* during the normal course of their business and which are pending resolution at 31 December 2019. Claims in progress, meanwhile, include an environmentally related claim in Brazil and proceedings related with tax on operations in several countries, although it is deemed unlikely that the Group will incur any losses as a result of these and has not recognised a provision for them at 31 December 2019. Neither the legal advisers of the Group nor the Directors of the Parent expect any of these proceedings and claims pending resolution at 31 December 2019 to produce a material impact on the consolidated annual financial statements for the years in which said proceedings are concluded.

Current provisions-

A significant part of the balance recorded under this heading at 31 December 2019 corresponds to provisions established principally to cover production plant restructuring costs, claims by suppliers and customers, and retroactive pricing arrangements.

(17) BANK LOANS, DEBENTURES AND OTHER MARKETABLE SECURITIES

The financing facilities granted to the Group by financial institutions and the debentures and bonds issued at 31 December 2019 and 2018 are as follows:

	Thousands of Euros					
	31/12/2019			31/12/2018		
Item	Current Liabilities	Non-current Liabilities	Total	Current Liabilities	Non-current Liabilities	Total
Debentures and bonds	-	635,400	635,400	-	650,000	650,000
Syndicated loan facility	16,768	377,284	394,052	16,768	394,052	410,820
Multi-currency Revolving Credit Facility	-	-	-	-	-	-
EIB loan	-	100,000	100,000	-	100,000	100,000
Other loans	2,605	3,820	6,425	3,119	6,487	9,606
Other credit lines	19,505	-	19,505	43,341	-	43,341
Factoring lines	-	-	-	6,380	-	6,380
Finance lease creditors	692	218	910	1,442	860	2,302
Interest payable	3,694	-	3,694	3,089	-	3,089
Less- financial re-measurement	(2,313)	(7,809)	(10,122)	(2,188)	(9,371)	(11,559)
	40,951	**1,108,913**	**1,149,864**	**71,951**	**1,142,028**	**1,213,979**

The schedule of maturities of this financial debt at 31 December 2019 and 2018, excluding the reduction for financial re-measurement, is as set out below:

	Thousands of Euros	
Maturing in the Year	Debt as at 31/12/2019	Debt as at 31/12/2018
2019	-	74,139
2020	43,264	20,078
2021	26,666	26,629
2022	166,482	166,492
2023	223,888	223,903
2024	399,686	414,297
2025 and thereafter	300,000	300,000
	1,159,986	**1,225,538**

Debentures and bonds-

Bond issue effected on 18 April 2018-

On 18 April 2018, the Parent completed the process of placing with qualified and institutional investors an issue of ordinary long-term bonds totalling 250 million euros. The aim of this operation was to obtain some of the funds for the early redemption of the bonds issued by the subsidiary Grupo Antolin-Dutch, B.V. on 10 June 2015 of 400 million euros *(accruing interest at a rate of 5.125%)* and maturing in 2022 *(redemption carried out effective from 2 July 2018)*. This was supplemented by increasing the syndicated loan signed on 21 March 2014 *(loan facility)* by a further 50 million euros and the European Investment Bank (EIB) granting a long-term loan of 100 million euros. As a result of these operations, the Group reduced its interest costs and extended its repayment periods. The key terms and conditions of this bond issue are:

- The amount of the issue was 250 million euros maturing in 8 years *(on 30 April 2026).*
- The credit rating of the issuer and/or the issue was BB-/Ba3.
- The issue's ISIN code is XS1812087598 and the bonds are traded on the Luxembourg Euro MTF market.
- The bonds bear annual interest at 3.375% payable six-monthly.

At 31 December 2019 the bonds were trading at 94.456% *(79.849% at 31 December 2018).*

Bond issue placed on 10 April 2017-

On 10 April 2017, the Parent completed the process of placing with qualified and institutional investors an issue of ordinary long-term bonds totalling 400 million euros. The aim of this operation was to obtain funds for the early redemption of the bonds issued by the subsidiary Grupo Antolin-Dutch, B.V. on 21 March 2014 for 400 million euros and maturing in 2021 *(accruing interest at a rate of 4.75%)*, and to reduce their interest costs and extend their repayment periods. The key terms and conditions of this bond issue are:

- The amount of the issue was 400 million euros maturing in 7 years *(on 30 April 2024).*
- The credit rating of the issuer and/or the issue was BB-/Ba3.
- The issue's ISIN code is XS1598243142 and the bonds are traded on the Luxembourg Euro MTF market.
- The bonds bear annual interest at 3.25% payable six-monthly.

At 31 December 2019 the bonds were trading at 97.487% *(87.574% at 31 December 2018).*

The Group redeemed part of these bonds during the first half of 2019. Specifically, the Group redeemed early a nominal amount of 14,600 thousand euros, posting a gain on this transaction of 1,312 thousand euros. Consequently, at 31 December 2019 the nominal amount of these unredeemed bonds is 385,400 thousand euros.

Other significant terms of the bond issues effected in 2017 and 2018-

- The bonds are jointly guaranteed by Grupo Antolin-Irausa, S.A. and certain subsidiaries of the Group, and, in addition, a lien on 100% of the shares of the Parent has been established (see Note 13).

- The issuer of the bonds may redeem all or part of the bonds at any date from 30 April 2020 *(for the 2017 issue)* and from 30 April 2021 *(for the 2018 issue)*. Prior to these dates, it may redeem all or part of the bonds subject to certain conditions. Also, all the bonds may be redeemed at any date if any changes to tax legislation are introduced whereby the issuers would be required to pay additional amounts for the bonds.

- With respect to these bond issues, an Intercreditor Agreement was signed governing the relationship between creditors *(bondholders and the financial institutions of the Senior Facilities Agreement)*, under which said creditors will have an equal share in any guarantee issued.

- Certain limits have been established with respect to the Group's capacity to perform specific operations (*the distribution of dividends, the signing or provision of additional debt guarantees, certain investments and acquisitions, mergers with other companies, the sale of assets or investments, etc.*), subject to some exceptions and conditions. The Directors of the Parent consider that the Group complies and will comply with these limits and commitments.

Syndicated loan *("Loan Facility")*, and a multi-currency Revolving Credit Facility

On 21 March 2014 the Parent signed a "Senior Facilities Agreement" with major Spanish and international financial institutions under which the Group obtained financing by means of a 200 million euro syndicated loan *("Loan Facility")*, and a multi-currency Revolving Credit Facility with a 200 million-euro limit. Subsequently, on 10 June 2015 a 200 million-euro extension to the syndicated loan *("Loan Facility")* was agreed, increasing the capital of said loan to 400 million euros, all of which was drawn by the Parent Company prior to 31 December 2015.

On 26 October 2016 the group signed a novation of the "Senior Facilities Agreement", amending the repayment schedule and extending the final maturity date of the contract to 2021 *(originally this was 2020)* and the interest rate was modified *(Euribor plus a market spread)* thereby reducing the Group's finance costs.

Finally, on 17 April 2018, a change to the "Senior Facilities Agreement" *("Amendment and Restatement Agreement")* was signed, increasing the syndicated loan by 50 million euros, all of which was drawn by the Parent Company in 2018. The amount of the loan was 419,204 thousand euros and it was divided into three tranches. In this modification of the loan a new financial entity became a new lender (HSBC Bank plc), the final maturity of the contract was extended until 2023, and the repayment schedule was changed as was the interest rate, reducing the cost of this financing.

During 2019 and 2018, the Group repaid 16,768 and 8,699 thousand euros of this financing, respectively.

The outstanding principal on the syndicated loan at 31 December 2019 and 2018 was 394,052 and 410,820 thousand euros, respectively, and so at those dates the Group had not drawn any amount against the multi-currency Revolving Credit Facility. The outstanding principal on the syndicated loan at 31 December 2019 has the following repayment schedule:

Thousands of Euros				
Maturing in the Year:				
2020	2021	2022	2023	Total
16,768	16,768	150,914	209,602	**394,052**

Notwithstanding the above schedule, the Group may, at any moment during the life of the loan, opt to repay all or part of the outstanding syndicated loan or multi-currency revolving credit facility, provided certain conditions are met. Furthermore, the following events will trigger full or partial early repayment of these loans:

- Subject to certain exceptions and amounts, the disposal of specific asset categories, the receipt of indemnities from insurance companies or the flotation of the Parent (*with no change of control of the Group*).

- In the event of a change of control in the Group, any of the financial institutions may decide to leave the financing arrangements in place or may request early repayment of the proportional part of the loan corresponding to said institution.

Interest-

These loans bear annual interest benchmarked to the Euribor, plus a variable market spread of between 1.05% and 1.25%, to be reviewed annually on the basis of certain financial ratios.

The Group must also pay a commission with respect to the undrawn amount of the multi-currency revolving credit facility.

Loan guarantees-

These loans are backed by an irrevocable and unconditional guarantee from a significant number of the companies forming Grupo Antolin, although the guarantees provided by some subsidiaries *(specifically certain Portuguese, Czech, Austrian and German companies)* are limited to amounts established by the applicable local legislation. In order to comply with the obligations related to these loans, the Group has given a commitment to each of the subsidiaries in which it holds at least 90% of the share capital, that it will become a guarantor if any of the following circumstances arises: its EBITDA for the year represents at least 2.5% of the Group's EBITDA and exceeds 5 million euros.

In addition, liens have been established on the share capital of the Parent (see Note 13).

Early repayment-

The Senior Facilities Agreement under which these loans were ceded includes clauses specifying that the following events will trigger their full early repayment:

- Failure to repay the principal or pay the interest on the loans as and when they fall due.

- Failure of the Group to meet the financial ratios set in the agreement under which these loans were ceded or to remedy said failure within 20 days of the issue of the "ratio compliance certificate" in which it is detailed.

- Failure to comply with other obligations established in the loan agreement *(false disclosures, failure to provide information, etc.)* without rectifying said failure within a determined period.

- Failure to pay other borrowings falling due, provided certain circumstances are met, or the insolvency of the Parent, a material subsidiary, or the shareholders.

- A change in the ownership of the shares of the Parent, or the cession of businesses, expropriation, lawsuits and legal claims, the seizure of or embargoes on assets, material changes and any other circumstances which have a material adverse effect on the Group. The loans will also be repayable if the Group's auditors issue a disclaimer of opinion, or an adverse or qualified opinion.

As at 31 December 2019, the agreed "financial ratios and covenants" had been met and the Parent's Directors considered that all the clauses and obligations set out in the agreement in respect of the loans had been fulfilled and no event which could trigger full or partial early repayment had occurred. They also considered that all conditions will be met in the next 12 months.

Other obligations and commitments-

The Senior Facilities Agreement contains certain obligations and commitments limiting the Group's capacity to perform certain operations during the life of the loans, including the following:

- Limits on obtaining additional financing, the constitution of charges or guarantees against its assets, and the granting of guarantees or sureties to third parties.
- Limits on the sale, cession, transfer or disposal of its assets.
- Limits on the acquisition of companies or businesses.
- Limits on the distribution of dividends by the Parent (see Note 13).

Long-term loan granted by the European Investment Bank (EIB)-

On 12 June 2018 the Parent and the European Investment Bank, and other Group companies as guarantors, signed a contract by which said entity granted the Group a long-term loan of 100,000 thousand euros, to finance a project called "Antolin Car Interiors RDI", implementing the Group's R&D and innovation strategy for the development of new solutions for vehicle interiors. The total planned investment in the project is 217,172 thousand euros and must be implemented by various Group companies located in Spain, Germany and France between 2018 and 2020.

This loan accrues annual interest of 2.025% and is backed by a joint and several guarantee from various Group companies, acting as guarantors.

The principal is to be repaid in 14 half-yearly instalments of equal amounts, the first of which falls due on 30 November 2021 and the last on 31 May 2028. At 31 December 2019 the outstanding principal of this loan totalled 100,000 thousand euros. The repayment schedule is set out below:

Thousands of Euros						
Maturing in:						
2020	2021	2022	2023	2024	2025 and Later	Total
-	7,143	14,286	14,286	14,286	49,999	**100,000**

The European Investment Bank (EIB) has signed the intercreditor agreement which governs relations between bondholders, financial creditors and the Group, having agreed to adopt the covenants and conditions for the distribution of dividends envisaged in the loan agreement for the "Antolin Car Interiors RDI" project, and the guarantees, causes of early repayment and other obligations and commitments to those established in the aforementioned intercreditor agreement. The causes of obligatory partial or total repayment of the loan include failure to make the envisaged investments or the reduction of the cost of the project to a certain amount.

In the light of this inscription to the intercreditor agreement and the conditions established in the loan agreement, at 31 December 2019 the Parent's Directors considered that all the clauses and obligations set out in the loan agreement have been fulfilled and no event which could trigger full or partial early repayment has occurred. They also consider that all conditions will be met in the next 12 months.

Other loans-

Other loans granted to the Group at 31 December 2019 are as follows:

Nature of Loan	Thousands of Euros						
	Maturing in:						Total
	2020	2021	2022	2023	2024	2025 and Later	
Euro loans	2,605	2,537	1,283	-	-	-	**6,425**

These loans accrue interest at a variable market rate.

Other credit lines-

The following other credit lines had been granted to the Group as at 31 December 2019:

Nature of loan	Thousands of Euros		
	Limit	Balance Drawn	Balance Available
Euro credit lines (a)	18,054	324	17,730
Credit lines in foreign currencies	51,313	19,181	32,132
	69,367	**19,505**	**49,862**

(a) This amount includes a current account overdraft limit of 17,000 thousand euros granted to the Group as part of a framework agreement with a financial institution for the provision of banking services.

The Directors of the Parent foresee no difficulty renewing these credit lines when they expire.

Also, in March 2014 the Group contracted a multi-currency long-term Revolving Credit Facility with a 200 million-euro limit maturing at 30 June 2023. At 31 December 2019 no amount had been drawn down against this facility. As a result, at 31 December 2019 the undrawn amount available to the Group from credit lines and overdraft facilities totalled 249,862 thousand euros. These credit lines and overdraft facilities accrue interest at variable market rates.

Factoring lines-

At 31 December 2019, Grupo Antolin had signed recourse and non-recourse factoring agreements with various financial entities for a total limit of 80,000 thousand euros, although at that date the Group had not ceded accounts receivable to financial entities under any type of factoring.

At 31 December 2018 outstanding receivables assigned without recourse to financial institutions amounted to 72,418 thousand euros. As this involved transferring part of the risks and benefits of the assets and control thereof, the Group directly reduced its trade receivables by the amount of the receivables assigned to the financial institutions and did not, therefore, recognise any financial liability in this connection (see Note 3-j).

In relation with these factoring agreements, at 31 December 2018 Grupo Antolin had 6,380 thousand euros pending payment to financial institutions in respect of collections made by these in the final days of December 2018 regarding invoices ceded to these entities. This amount, which is included under liabilities on the accompanying consolidated statement of financial position at 31 December 2018 as payable to the corresponding entities, was paid in the first days of 2019.

Payables under finance leases-

The lease payments outstanding at 31 December 2019, including the purchase options, fall due as follows (see Note 8):

Thousands of Euros				
Maturing in:				Total
2020	2021	2022	2023	
692	218	-	-	**910**

This financing accrues interest at a variable market rate.

(18) RIGHT-OF-USE LIABILITIES AND OTHER FINANCIAL LIABILITIES

"Right-of-use liabilities" and "Other financial liabilities" under current and non-current liabilities on the consolidated statement of financial position at 31 December 2019 and 2018 were as follows:

	Thousands of Euros					
	At 31/12/2019			At 31/12/2018		
Item	Current Liabilities	Non-current Liabilities	Total	Current Liabilities	Non-current Liabilities	Total
Liabilities associated with right-of-use assets	**74,285**	**254,597**	**328,882**	**-**	**-**	**-**
Other financial liabilities-						
Loans granted by Spanish public bodies	3,850	15,232	19,082	3,676	18,409	22,085
Payables to the Magna Automotive group	-	-	-	746	-	746
Other financial liabilities	2,846	12,443	15,289	6,211	9,165	15,376
Less- financial re-measurement	-	(905)	(905)	-	(1,299)	(1,299)
	6,696	**26,770**	**33,466**	**10,633**	**26,275**	**36,908**

Lease liabilities-

The maturities estimated for lease liabilities at 31 December 2019 *(recognised on applying IFRS 16)* range over approximately 15 years, as shown in the estimated breakdown below (see Note 8):

Thousands of Euros						
Maturing in:						Total
2020	2021	2022	2023	2024	2025 and Later	
74,285	48,881	37,154	38,859	36,623	93,080	**328,882**

Loans granted by Spanish public bodies-

Most of the balances under this heading at 31 December 2019 and 2018 corresponded to loans granted to Grupo Antolin by certain Spanish public bodies to finance research and development projects and improve competitiveness. In 2009, 2010, 2011 and 2012, the Ministry for Industry, Tourism and Trade, through the Plan for Competitiveness of the Motor Industry, granted long-term interest-free loans to Grupo Antolin. Generally, these loans must be repaid in 10 regular annual instalments falling due between 2015 and 2026.

The nominal amount of these and other loans granted by Spanish public bodies outstanding at 31 December 2019 and 2018 *(which are recorded at said dates at their amortised cost)* will be repaid in accordance with the following maturity schedule:

	Thousands of Euros							
	Maturing in:							
	2019	2020	2021	2022	2023	2024	2025 and Later	Total
31/12/2019	-	3,850	4,057	3,595	2,623	2,632	2,325	**19,082**
31/12/2018	3,676	3,807	3,921	3,439	2,466	2,076	2,700	**22,085**

Other financial liabilities-

The balance of this current liabilities heading at 31 December 2018 included 5,874 thousand euros received in respect of an advance payment on the sale of the holding held by the Parent in the share capital of the associate CREA-Antolin Co., Ltd., representing 50% of the latter's share capital. By virtue of the contract signed by the parties, the effective transfer of this holding occurred in the first six months of 2019, once the conditions precedent had been met, having deducted this advance payment from the final selling price of the holding. The Group posted a profit on this sale, albeit for an immaterial amount (see Note 1).

On the other hand, the balances of the heading "Other financial liabilities" under current and non-current liabilities on the accompanying consolidated statement of financial position at 31 December 2019 includes amounts payable to the former partner Cidut, S.L. of 596 and 298 thousand euros on acquiring the aforementioned company from it in 2018 (see Note 1).

(19) TAX MATTERS AND TAX RECEIVABLES AND PAYABLES

Balances with the tax authorities and Social Security administration-

Grupo Antolín's balances with the Tax and Social Security authorities at 31 December 2019 and 2018 were as follows:

	Thousands of Euros			
	31/12/2019		31/12/2018	
	Current	Non-current	Current	Non-current
TAX ASSETS:				
Deferred tax assets	**-**	**90,395**	**-**	**85,540**
Tax receivables (Note 11)-				
VAT and other receivables	44,472	-	95,326	-
TOTAL TAX ASSETS	**44,472**	**90,395**	**95,326**	**85,540**
TAX LIABILITIES:				
Deferred tax liabilities	**-**	**56,975**	**-**	**79,946**
Tax payables-				
Current tax liabilities	4,497	-	9,132	-
Other taxes	34,600	-	53,743	-
Accrued social security taxes payable	20,710	-	17,130	-
TOTAL TAX LIABILITIES	**59,807**	**56,975**	**80,005**	**79,946**

Corporate income tax-

As indicated in Note 3-p, Grupo Antolin-Irausa, S.A. and all of its consolidated Spanish subsidiaries domiciled in Spanish "common territory" in which it has holdings of 75% or more file consolidated corporate income tax returns. The parent of the consolidated tax group under which these companies file has been Avot Inversiones, S.L. *(until 31 December 2014 the parent of the consolidated tax group was Grupo Antolin-Irausa, S.A.).*

The corporate income tax charge is calculated for each consolidated subsidiary based on accounting profit, determined in accordance with generally accepted accounting principles, which need not coincide with taxable income, this latter being the tax base.

The reconciliation of consolidated accounting income to the expected tax base for corporate income tax purposes for 2019 and 2018 is as follows:

Item	Thousands of Euros	
	2019	2018
Consolidated profit for the year before taxes		
From continuing operations	42,410	81,428
From discontinued operations	-	-
	42,410	**81,428**
Permanent differences-		
Losses incurred by certain foreign consolidated companies for which no tax asset has been recorded	46,482	52,600
Exemption of gain on sale of equity stakes in Tianjin Antolin Auto-Parts Co., Ltd. and the associate CREA-Antolin Co., Ltd. (see Notes 1 and 2-g)	(6,494)	-
Individual companies and adjustments in consolidation:		
Goodwill impairment (Note 7)	20,000	6,622
Other increases (a)	86,769	80,126
Decreases (a)	(1,351)	(7,821)
Share in profit of companies accounted for using the equity method	(732)	(2,577)
Timing differences-		
Increases:		
Individual companies (b)	61,743	40,670
Consolidation adjustments	31,925	38,141
Decreases:		
Individual companies (b)	(7,920)	(124,109)
Consolidation adjustments	(1,800)	-
Application of tax loss carryforwards-		
For which a tax credit had been recorded	(25,937)	(19,681)
For which no tax credit had been recorded	(15,729)	(12,186)
Consolidated taxable income	**229,366**	**133,213**

(a) The amount of the increases includes the effect of the application in Spain of the bringing forward of the reversal of impairment losses on investments in the capital or shareholders' equity of Group companies that had been tax deductible in the years in which they were recognised, prior to 1 January 2013, by virtue of the provisions of Royal Decree-Law 3/2016 of 2 December, by which measures in the tax sphere aimed at the consolidation of public finances and other urgent social security measures were adopted *(56,220 thousand euros in each year 2019 and 2018)*.

(b) The most significant increases correspond to allocations made to certain provisions and other expenses incurred which the Group considers are not tax-deductible *(timing differences)*. The decreases basically correspond to the effect of accelerated fiscal depreciation of assets basically by some consolidated companies in the USA, and the reversal of certain provisions which were considered not to be tax deductible when they were set aside in previous years *(timing differences)*.

The balance under "Current payables to Group companies and associates" on the consolidated statement of financial position at 31 December 2019 includes an amount of 727 thousand euros that corresponds to tax expense payable to Avot Inversiones, S.L. *(Parent of the Spanish consolidated tax group)* derived from the tax bases, deductions, withholdings and payments on account contributed by the Group's Spanish companies to the consolidated income tax declaration for 2019.

The balance under "Current investments in Group companies and associates" on the accompanying consolidated statement of financial position at 31 December 2018 *(39,548 thousand euros)* included the corporate income tax rebate for 2017 of 37,004 thousand euros received by Avot Inversiones, S.L. *(Parent of the Spanish consolidated tax group)* in the first months of 2019, which simultaneously paid this amount to Grupo Antolin-Irausa, S.A. The remaining amount of this heading at 31 December 2018 corresponded to cashpooling accounts and loans that the Group holds with related parties (see Note 22).

Corporate income tax expense-

The balances of the "Corporate income tax" heading on the consolidated income statement for the financial years to 31 December 2019 and 2018 have been determined as follows:

Item	Thousands of Euros	
	2019	2018
Consolidated profit for the year before taxes		
From continuing operations	42,410	81,428
From discontinued operations	-	-
	42,410	**81,428**
Permanent differences	144,674	128,950
Application of prior year tax losses for which no tax credit had been recognised	(15,729)	(12,186)
	171,355	**198,192**
Estimated tax rate *(of 25%)*	**42,839**	**49,548**
Tax deductions applied for which no tax credit had been capitalised	(13,599)	(9,289)
Capitalisation of tax credits for prior years' losses and other deferred tax assets	(5,377)	(5,112)
Taxes paid by companies in other countries (*withholdings*) (a)	5,801	3,693
Effect of supplementary tax returns filed in Spain in 2019 (b)	9,035	-
Other items and adjustments (c)	(11,530)	(11,182)
Corporate income tax expense attributable to continuing operations *(balance of the heading "Corporate income tax" of the consolidated income statement)*	**27,169**	**27,658**

(a) Corresponding to taxes paid in other countries on dividends, interest and other amounts paid to the Parent and other consolidated subsidiaries for which said companies have made no deductions.

(b) This tax booked in 2019 includes the effect of supplementary corporate income tax returns for 2017 and 2016 filed by the Spanish consolidated tax group to which the Parent and the majority of the Spanish consolidated subsidiaries belong. These settlements included fewer deductions in those years compared to those included in the tax returns initially filed.

(c) A significant part of the amount recognised in 2019 corresponds to income arising from the effect of the difference between the calculation of the deferred tax liabilities considered in the definitive corporate income tax returns for 2019 filed by the Group companies located in the United States and the deferred tax liabilities considered in the provision recorded by those companies in the consolidated financial statements for 2018. Another part of this income relates to the effect of the different tax rates for corporate income tax in the various jurisdictions.

Tax loss carryforwards-

Although as at 31 December 2019 some of the consolidated companies were carrying significant tax loss carryforwards *(around 721 million euros in total)*, the consolidated statement of financial position at that date only includes a tax asset of 21,522 thousand euros relating to the tax effect of offsetting the following tax loss carryforwards, which can reasonably be expected to be applied *(basically, they correspond to tax losses generated in 2009, 2011 and 2012 by the Spanish consolidated tax group, and tax losses generated by French, Austrian and Chinese companies, and by a Russian company).*

Tax losses generated in a given year can be carried forward for offset against the taxable income of the immediately following years, as established in the tax legislation of the countries in which the consolidated companies are located.

The Group has recognised a part of the tax effect of the losses generated by the consolidated subsidiaries that are not in the Spanish consolidated tax group *(for which said consolidated subsidiaries capitalised no tax credit)* through provisions made by the Parent for impairments to the value of its shareholdings in said consolidated subsidiaries which were treated as tax-deductible expenses until 2013.

Foreign subsidiaries-

At 31 December 2019 there were no proposed dividend distributions by foreign consolidated subsidiaries and associates which were pending execution. There is therefore no impact on the Corporate income tax payable by the Group.

Deferred tax assets and liabilities-

The movements in the financial years to 31 December 2019 and 2018 under "Deferred tax assets" and "Deferred tax liabilities" on the consolidated statement of financial position were as follows:

Item	Thousands of Euros	
	Assets	Liabilities
Balances at 31 December 2017	**71,023**	**65,110**
Tax effect of first-time application of IFRS 9 (Note 2-b)	132	-
Application of tax loss carryforwards	(4,920)	-
Application of deductions for which a deferred tax asset had been recognised	(941)	-
Capitalisation of tax loss carryforwards	10,839	-
Changes for timing differences, translation differences and other items	9,407	14,836
Balances at 31 December 2018	**85,540**	**79,946**
Removals from the scope of consolidation (Note 2-g)	(3,702)	-
Tax effect of first-time application of IFRS 16 (Note 2-b)	1,078	-
Application of tax loss carryforwards	(3,048)	-
Capitalisation of deductions	5,377	
Application of deductions for which a deferred tax asset had been recognised	-	-
Capitalisation of tax loss carryforwards	4,164	-
Changes for timing differences, translation differences and other items	986	(22,971)
Balances at 31 December 2019	**90,395**	**56,975**

The aforementioned deferred tax assets have been recognised on the consolidated statement of financial position because the Parent's Directors are reasonably sure that they will be recovered, based on recent forecasts of the future tax bases of the consolidated subsidiaries. In this regard, Grupo Antolin's current business plan for the coming years revised by the Parent's Board of Directors and prepared by the Group's Directors recently sees pre-tax profits being posted.

At the 2019 close the Group has not recognised on the accompanying consolidated statement of financial position any deferred asset in respect of certain tax loss carryforwards of consolidated subsidiaries *(in an amount of approximately 637 million euros)*, deductions pending application *(in an amount of 42 million euros)* or other timing differences, as it considers that their future recovery does not meet the requirements of probability provided for in applicable accounting standards and/or in the application of the principle of prudence.

The deferred tax assets recognised on the consolidated statement of financial position at 31 December 2019 and 2018 were generated as follows:

Deferred tax assets originating in:	Thousands of Euros	
	31/12/2019	31/12/2018
Tax loss carryforwards and unused deductions and refunds	41,316	36,823
Elimination of internal gain / (loss) in the consolidation process on development expenses invoiced by G.A. Ingeniería, S.A.U.	5,877	5,353
Amortisation and depreciation not deductible in the period	683	812
Tax effect of applying IFRS 16	1,078	-
Timing differences as a result of certain provisions, expenses that are not deductible in the period and other items	41,441	42,552
	90,395	**85,540**

The deferred tax liabilities recognised on the consolidated statement of financial position at 31 December 2019 and 2018 were generated as follows:

Deferred tax liabilities originating in:	Thousands of Euros	
	31/12/2019	31/12/2018
Revaluation of certain plots of land recognised under property, plant and equipment and investment property on first application of the "IFRS-EU" (Note 8)	4,782	4,782
Recognition of assets at fair value in the consolidation process and in business combinations in previous financial years	978	978
Recognition of assets at fair value *(customer relations)* in business combinations in 2015	6,007	11,107
Difference between book value and taxable value of assets and liabilities, accelerated depreciation and amortisation of property, plant and equipment and intangible assets and other items	45,208	63,079
	56,975	**79,946**

In relation to the modification of Spanish Corporate Income Tax law introduced by Royal Decree-Law 3/2016 of 2 December, regarding the tax reversal of impairment losses on holdings in the capital of companies generated prior to 1 January 2013, the Group has not recognised at the 2019 close any tax liability as it considers that no specific situations of potential restrictions of a legal, contractual or other kind exist in relation with the possible transmission of said holdings. At 31 December 2019, the amount of impairment losses on holdings in other companies recognised prior to 1 January 2013 pending reversal was 56,220 thousand euros. The future tax charge for the reversal of these impairment losses in the coming year is 14,055 thousand euros.

Tax credits-

The corporate income tax legislation in force provides for various tax incentives. The tax credits earned in one year in excess of the applicable legal limits may be deducted from the corporate income tax payable in subsequent years, up to the limits and within the periods established in this connection by the related tax regulations. The Group has availed itself of the tax benefits provided for by this legislation and deducted 13,599 and 10,230 thousand euros, respectively, from the consolidated corporate income tax charge for 2019 and 2018, for which the Group had not recorded any tax credits in 2019 and had recorded a tax credit of 941 thousand euros for those applied in 2018.

At 31 December 2019 and 2018, after the aforementioned tax credits had been applied, certain foreign Group companies had unused deductions amounting to 20,769 thousand euros, while the Group's Spanish subsidiaries had the following unused deductions:

Item	Thousands of Euros	
	31/12/2019	31/12/2018
Deductions for research and development activities (a)	40,333	42,768
Other deductions	312	473
	40,645	**43,241**

(a) At 31 December 2019 these corresponded to deductions for R&D activities from 2004 to 2019, and can be applied for 18 years from the year in which they were generated. The balance of deductions at 31 December 2019 includes an amount of 1,500 thousand euros, which corresponds to the preliminary estimation of the deductions generated in 2019 because the definitive amount was still being calculated at the date of authorisation for issue of these consolidated financial statements.

"Deferred tax assets" on the consolidated statement of financial position at 31 December 2019 includes a tax credit totalling 7,027 thousand euros *(7,027 thousand euros at 31 December 2018)*, for unused deductions at that date, generated by the companies in the Spanish consolidated tax group, which are reasonably expected to be used on the basis of recent estimates made by the Parent's Directors about the future performance of the consolidated tax group *(7,024 thousand euros)*, and deductions of certain North-American companies *(12,768 thousand euros)*.

GRUPO ANTOLIN

Years open to tax inspection-

Under current legislation, tax settlements cannot be considered to be final until the tax returns filed have been inspected by the tax authorities or until the statute-of-limitations period has expired *(generally four or five years in the countries in which the Group's companies are located)*. In this regard, on 17 April 2019 the Spanish consolidated tax group to which the Parent and the majority of the Spanish consolidated subsidiaries belong filed supplementary corporate income tax returns for 2016 and 2017.

In Spain, at 31 December 2019 the Group had the years 2016 to 2019, both inclusive, open to inspection for all applicable taxes, and, additionally, the year 2015 for corporate income tax.

In this regard, in April 2019 the Spanish tax authorities announced the start of a tax audit and inspection of the consolidated tax group to which the Parent and practically all the Spanish consolidated subsidiaries belong concerning certain transactions in 2017. This tax audit and inspection were ongoing at the date of authorisation for issue of the accompanying consolidated financial statements.

The Parent's Directors believe that the settlements of those taxes were made properly, so, even if differences were to arise in the interpretation of the regulations governing the tax treatment of its operations, such liabilities as could arise as a result of inspections in the Parent and certain subsidiaries and the any tax audits that the tax authorities could conduct for the other years open to inspection would not have a material effect on the consolidated financial statements for the financial year to 31 December 2019.

(20) REVENUES AND EXPENSES

Revenue-

The breakdown of the Group's revenue by geographical market for the financial years to 31 December 2019 and 2018 is as follows:

Product	Thousands of Euros	
	2019	2018
Doors and Hard Trim	1,975,780	1,886,484
Overheads and Soft Trim	1,921,193	2,060,509
Lighting	334,105	349,101
Cockpits and Consoles	974,690	1,125,501
Other	8,452	3,032
	5,214,220	**5,424,627**

Geographical market	Thousands of Euros	
	2019	2018
Spain	242,168	266,837
Germany	776,400	783,028
France	194,369	208,909
USA	1,433,332	1,325,241
United Kingdom	532,659	555,764
Mexico	521,732	612,305
Czech republic	256,847	258,266
China	387,495	522,813
Other countries	869,218	891,464
	5,214,220	**5,424,627**

The percentage breakdown of the Group's ordinary revenues by car manufacturer is as follows:

Car Manufacturer	Percentage	
	2019	2018
Volkswagen Group	20	20
Renault-Nissan Group	7	7
Ford Group	11	12
Chrysler-Fiat Group	13	13
General Motors Group	8	9
BMW Group	10	8
Tata Group	9	9
Other manufacturers	22	22
	100	**100**

Other operating revenue-

The balances of this heading on the consolidated income statement for the financial years to 31 December 2019 and 2018 break down as follows:

Item	Thousands of Euros	
	2019	2018
Operating grants	4,294	7,269
Income from leases of investment property	1,004	955
Revenues from the assignment of industrial property	401	253
Other revenues (a)	123,726	89,473
	129,425	**97,950**

(a) Part of these amounts basically comprise revenue from rendering R&D services, reversals of provisions, insurance payouts, other income from various services billed to customers and, in 2019, income from a refund of COFINS *(Contribution for the Financing of Social Security)* paid in prior years by the Brazilian subsidiaries.

Supplies-

The balances of this heading on the consolidated income statement for the financial years to 31 December 2019 and 2018 break down as follows:

Item	Thousands of Euros	
	2019	2018
Purchases of goods for resale and raw materials	2,921,218	3,113,045
Purchases of other supplies	36,998	39,081
Purchases of prototypes	10,829	13,038
Transportation of purchases	91,661	87,256
Subcontracted work	36,132	37,922
Less- Bulk discounts and returns	(5,083)	(4,494)
Cost of sales of tools	291,946	341,359
Change in inventories of goods for resale, raw materials and other supplies	24,894	(29,363)
	3,408,595	**3,597,844**

Staff costs-

The balances of this heading on the consolidated income statement for the financial years to 31 December 2019 and 2018 break down as follows:

Item	Thousands of Euros	
	2019	2018
Wages, salaries and similar costs	755,523	725,274
Termination benefits	1,074	1,016
Employer's social security contributions	185,635	177,742
Other employee benefits expenses	65,247	64,748
	1,007,479	**968,780**

Average number of employees-

Set out below is the average number of employees working for the Group in the financial years to 31 December 2019 and 2018:

	Average Number of Employees	
	2019	2018
Direct labour	16,718	17,303
Indirect labour	8,951	9,205
General employees	4,087	4,138
	29,756	**30,646**

The average number of employees in associates in 2019 and 2018 was 768 and 940, respectively.

The average number of employees in the Group in the financial years to 31 December 2019 and 2018 with disabilities of 33% or more was 272 and 248, respectively, distributed as follows by function:

	Average Number of Employees	
	2019	2018
Direct labour	177	162
Indirect labour	64	60
General employees	31	26
	272	**248**

Functional analysis by gender-

Set out below is a functional breakdown of the work force of the group by gender as at 31 December 2019 and 2018:

	Number of Employees					
	At 31/12/2019			At 31/12/2018		
	Male	Female	Total	Male	Female	Total
Direct labour	8,329	7,751	16,080	9,118	8,266	17,384
Indirect labour	6,909	1,876	8,785	7,238	2,012	9,250
General employees	2,662	1,400	4,062	2,812	1,453	4,265
	17,900	**11,027**	**28,927**	**19,168**	**11,731**	**30,899**

The number of employees of associates as at 31 December 2019 was 726 *(518 men and 208 women)*, and at 31 December 2018 there were 1,416 employees *(1,077 men and 339 women).*

At 31 December 2019 and 2018 the Parent's Board of Directors comprised one private individual *(a man)*, and four members who are legal entities, represented by one man and three women.

At 31 December 2019, the Group's senior management comprised eleven private individuals *(nine men and two women) (ten private individuals, eight men and two women at 31 December 2018).*

Other operating expenses-

The balances of this heading on the consolidated income statement for the financial years to 31 December 2019 and 2018 break down as follows:

Item	Thousands of Euros	
	2019	2018
Research and development expenses	27,241	21,584
Leases (a)	25,555	89,792
Maintenance and repairs	71,739	78,212
Independent professional services	24,607	26,663
Transport expenses	73,606	73,593
Insurance premiums	10,570	10,190
Banking and similar services	550	494
Advertising, marketing and public relations	3,952	4,016
Utilities	70,355	68,934
Other services	282,773	321,374
Total external services	**590,948**	**694,852**
Taxes	**16,715**	**16,441**
Other administrative expenses	**26,720**	**22,792**
Other operating expenses	**634,383**	**734,085**

(a) The amount for 2019 comprises the expenses of low-value leases and short-term leases (see Note 8).

(21) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Balances and transactions with associates and joint ventures-

The Group's balances with associates and joint ventures at 31 December 2019 and 2018 are as follows:

Company	Thousands of Euros					
	31/12/2019			31/12/2018		
	Long-term Loans (a)	Trade Receivables	Trade Payables to Suppliers	Short-term Loans (a)	Trade Receivables	Trade Payables to Suppliers
International Door Systems, S.R.L. de C.V.	4,250	-	-	2,544	1	2
Slovakian Door Company, s.r.o.	-	106	3	-	149	
NHK Antolin (Thailand) Co., Ltd.	-	319	12	-	205	12
Krishna Grupo Antolin Private, Ltd.	-	(5)	17	-	854	36
Dongfeng Antolin (Wuhan) Automotive Trim, Co., Ltd.	-	553	3	-	250	5
Dongwon Technology Co., Ltd.	-	-	2	-	22	-
CREA-Antolin Co., Ltd.	-	-	-	-	4	-
	4,250	**973**	**37**	**2,544**	**1,485**	**55**

(a) The balances of these loans at 31 December 2019 and 2018 are presented under "Non-current investments in Group companies and associates" (see Note 1) and "Current investments in Group companies and associates" on the accompanying consolidated statements of financial position, respectively.

The Group's transactions with associates and joint ventures *(sales and services provided and received)* during 2019 and 2018 are as follows:

Company	Thousands of Euros					
	Sales and Services Provided		Finance Income		Goods and Services Received	
	2019	2018	2019	2018	2019	2018
Slovakian Door Company, s.r.o.	3,263	2,501	51	44	58	97
NHK Antolin (Thailand) Co., Ltd.	1,290	1,024	-	-	78	40
Dongwon Technology Co., Ltd.	20	43	-	-	65	38
Krishna Grupo Antolin Private, Ltd.	1,156	1,073	-	-	16	30
Dongfeng Antolin (Wuhan) Automotive Trim, Co., Ltd.	442	450	-	-	-	-
CREA-Antolin Co., Ltd.	-	1	-	-	-	-
	6,221	**5,092**	**51**	**44**	**217**	**205**

The transactions detailed above were carried out in the normal course of business and under market conditions.

Balances and operations with shareholders and Directors of the Parent-

At 31 December 2019 and 2018, the Group held the following balances with Avot Inversiones, S.L.:

	Thousands of Euros	
	31/12/2019	31/12/2018
Other non-current financial assets:		
Cashpooling account (Note 9)	414	514
Current investments in Group companies and associates		
Credit deriving from the corporate income tax consolidation for 2017 (Note 19)	-	37,004 (a)
	414	**37,518**
Current debts with Group companies and associates:		
Debt from the consolidated tax group of the year (Note 19)	**(727)**	**(3,304)**

(a) This sum was collected in January 2019.

At 31 December 2019 and 2018 the Group had no balances with other shareholders and/or Directors of the Parent.

The Group's transactions with shareholders and Directors of the Parent during the financial years to 31 December 2019 and 2018 are as follows:

Shareholders and/or Directors and type of operation	Thousands of Euros	
	2019	2018
Finance income:		
Avot Inversiones, S.L. *(indirect shareholder)*	**83**	**486**
Remuneration, wages, salaries and other benefits paid to the Directors	**4,013**	**4,116**

Balances and transactions with related parties-

During the financial years to 31 December 2019 and 2018 the Group made purchases from CYLBUR, Compras y Logística Burgalesa, S.L., a company owned by Grupo Asuari Inversor (see Note 2-h) in the amounts of 5,030 and 5,641 thousand euros, approximately. These transactions were carried out in the normal course of business and under market conditions. As a consequence of these transactions, at 31 December 2019 and 2018 the Group had payables with this related company totalling approximately 957 and 1,029 thousand euros, respectively.

Moreover, purchases were made and services received from other companies related with the aforesaid group and its partners in 2019 totalling 376 thousand euros *(538 thousand euros in 2018)*, while lease expenses paid to Grupo Asuari Inversor, S.L. were also recognised (see Note 2-h) amounting to 155 thousand euros.

As a result of the operations carried out with these related companies, at 31 December 2019 the Group has accounts payable to said companies in an amount of 81 thousand euros *(131 thousand euros at 31 December 2018).*

Finally, other transactions with parties and persons indirectly related to the Directors were effected in the ordinary course of the Group's business. These were not however material and are not relevant for the purposes of giving a true and fair view of the consolidated net assets, financial position or results of the Group.

(22) INFORMATION ABOUT THE DIRECTORS OF THE PARENT AND KEY STAFF OF THE GROUP

Parent Directors' remuneration and other benefits-

In 2019 and 2018 the members of the Board of Directors of the Parent received 2,800 thousand euros in remuneration for their work as administrators of the Parent. Some of the members of the Parent's Board of Directors are also employees and, as such, earned wages and salaries and other benefits totalling 1,213 thousand euros in the year to 31 December 2019 *(1,316 thousand euros in 2018).*

In 2019 and 2018 the Parent's Directors did not provide any service for which remuneration was paid.

The sum of these amounts represents the total remuneration earned by the Parent's Directors in the years to 31 December 2019 and 2018 in all connections.

The Group does not have any pension or life insurance commitments to any of the current or previous Parent's Directors, although it has paid civil liability insurance premiums for the Parent's Directors in 2019 and 2018 of approximately 40 thousand euros in both years.

At 31 December 2019 and 2018 the Parent had not conceded any loan or advance to any of its Directors or given any guarantees in their favour. Moreover, at these dates the Parent had not given any guarantees in their favour.

During 2019 and 2018 no contract between the Group and the shareholders of the Parent or persons acting on their behalf were concluded, modified or terminated early, corresponding to operations outside the ordinary business of the Group or which were not carried out under normal market conditions. In these years no contracts were signed between the Group and the Directors of the Parent.

Remuneration and other benefits paid to senior management of the Group-

The remuneration accruing to the Group's senior managers *(members of the Management Committee who are not Directors of the Parent)* during the year to 31 December 2019 totalled 3,363 thousand euros *(3,057 thousand euros in the year to 31 December 2019).*

The Group has not entered into any pension commitments, nor has it granted any advances, loans or guarantees to any member of the Group's senior management. On 25 June 2015, however, it approved a "Multi-year remuneration plan" for the Group's senior managers for the three-year periods 2015-2017, 2016-2018 and 2017-2019. Subsequently, in 2018 the plan for 2019-2021 was approved, subject to certain targets being met, with the remuneration to be paid in the first few months of the year following the end of each three-year period. The Group had no provision set aside to cover the liability accrued in relation to this plan at 31 December 2019 and 2018 because the established conditions were not being fulfilled and it has been estimated that at those dates, it was unlikely this multi-year remuneration would be paid.

Disclosure on conflicts of interest of the Parent's Directors-

In compliance with article 229 "Duty to prevent situations of conflict of interest" of the revised text of the Spanish Corporate Enterprise Act, approved by Royal Decree 1/2010, of 2 July and amended 4 December 2014, it is disclosed that none of the members of the Board of Directors of the Parent nor any party related to said Board members or the companies comprising the Group has any direct or indirect conflict of interest with the Group. Transactions between the Group and companies related to certain directors are detailed in Note 21.

(23) RISK MANAGEMENT POLICY

Financial risk factors-

The Group's activities are exposed to a number of financial risks: market risk *(fair value risk and price risk)*, credit risk, liquidity risk and interest-rate risk on cash flows. The Group's global risk management programme is focused on the uncertainty of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Grupo Antolin uses financial derivatives to hedge against certain risks.

Risk management is controlled by the Group's Financial Department in accordance with policies approved by the Board of Directors of the Parent. This Department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Parent's Board of Directors determines policies for the global management of risk, and for specific risk areas such as currency risk, interest rate risk, liquidity risk, risk derived from the use of derivative and non-derivative financial instruments and the investment of cash surpluses.

i) Market risk-

The Group is exposed to the risk of changes in market value of the investments held as "available for sale" which are classified under "Non-current financial assets" on the consolidated statement of financial position, although this risk is not significant as the investments held at 31 December 2019 are not material.

The risk deriving from a possible increase in the prices of raw materials, including the purchase of components used in the production processes, is mitigated by the fact that Grupo Antolin operates with its main suppliers under long-term agreements which afford stability in prices. On the other hand, Grupo Antolin negotiates with its customers to pass on increases in the prices of certain raw materials.

The terms of agreements with customers have resulted in lower prices, which could reduce the Group's margins. The Group develops improvement programmes and tools to offset such impacts with higher productivity. Grupo Antolin also negotiates with its suppliers to help it absorb these price reductions.

ii) Credit risk-

Grupo Antolin's customer portfolio is diversified across the major vehicle manufacturing groups, as a result of which there is no particular concentration of credit risk. In the past, motor vehicle manufacturers were deemed not to have a major credit risk. The Group therefore considers that the credit ratings of its debtors are sound and its receivables in the first months of 2020 will be collectable as normal. The Group has policies for other customers to ensure that it sells to customers who have suitable credit histories.

At 31 December 2019 the trade receivables past due for which provision had not been made were not material.

The credit risk on cash and cash equivalents, financial derivatives and deposits with banks and financial institutions is deemed to be immaterial, as these operations are only entered into with financial institutions with high credit ratings. Grupo Antolin has policies for limiting the amount of the risk with any financial institution.

iii) Liquidity risk-

Grupo Antolin manages liquidity risk prudently, based on maintaining sufficient cash and negotiable securities, the availability of funding by means of sufficient committed credit facilities and the capacity to liquidate positions in the market. Furthermore, the centralised cash system the Group has set up allows it to manage financial resources with greater efficiency. Given the dynamic nature of the underlying businesses, the Group's Financial Department aims to keep financing flexible, by contracting credit lines or factoring lines with or without recourse *(assigning receivables to third parties)*.

Group Management monitors cash requirements, and developments in its borrowings. The key figures in Grupo Antolin's approved cash budget for 2020 are as follows:

Item	Thousands of Euros
EBITDA	345,751
Net payment of finance costs	(30,817)
Corporate income tax payment	(33,800)
Cash-flow from ordinary operations	**281,134**
CAPEX	(263,157)
Divestments	-
Change in working capital for project tools	-
Change in the rest of the working capital and others	33,467
Free cash flow of the business	**(229,690)**
Debt repayments (not including credit lines)	(16,865)
Distribution of dividends	-
Dividends received	-
Increase in cash or cash equivalents in 2020	**34,579**
Cash or cash equivalents at 31 December 2019	**273,657**
Forecast cash or cash equivalents at 31 December 2020	**308,236**

iv) Interest rate risk for cash flows and fair value risk-

Given that the Group does not carry major amounts of interest-earning assets, its operating revenues and cash flows are fairly independent of the variations in market interest rates.

The Group's interest rate risk stems from its non-current borrowings. The Group's variable rate borrowings expose it to interest-rate risks for cash flows. The Group's fixed rate borrowings expose it to fair value interest rate risks. At the end of the 2019 reporting period, approximately 65% of borrowings were at fixed interest rates.

The Group mainly manages the interest rate risk on cash flows using variable to fixed interest rate swaps. These interest rate swaps have the financial effect of converting variable interest rate borrowings into fixed interest rate borrowings. When the Group borrows long term at variable interest rates, it assesses whether to swap these for fixed interest rates, trying to obtain lower fixed rates than those that the Group would have obtained had it borrowed directly at fixed rates. Under the terms of the interest rate swaps, the Group undertakes to exchange with other parties, at set intervals *(normally every six months)*, the difference between the fixed interest and the variable interest calculated based on the notionals contracted.

At 31 December 2019 the Group has no derivative instruments contracted to cover its exposure to variable interest rates. Taking into account the contractual terms of the funding in force as at said date, it has been estimated that a 0.50% change in interest rates would lead to a fluctuation of approximately 2 million euros in interest expenses.

The Group considers that there are no significant differences between the book value and the fair value of financial assets and liabilities.

v) Foreign-exchange risk-

The international expansion of the Group and its ever-growing volume of business outside the euro zone expose it, principally, to exchange rate risks in currencies such as the Czech koruna, the Brazilian real, the US dollar, the Mexican peso, UK sterling and the Chinese yuan, which could have an impact on its results. To reduce its exposure to this risk, the Group avails itself of a variety of mechanisms, such as using local suppliers and negotiating with customers and suppliers to hedge against major movements in currencies. Grupo Antolin has not entered into any foreign-currency hedge rate agreements or forward contracts.

The Group has carried out a sensitivity analysis of the key figures in its 2020 budget income statement, and has concluded that a 5% rise in the euro against currencies such as the Czech koruna, the Brazilian real, the US dollar, the Mexican peso, UK sterling and the Chinese yuan, would reduce revenue by approximately 161 million euros *(approximately 3% of the amount budgeted)*, and budgeted consolidated profit and loss for 2020 *(before tax)* would fall by approximately 6 million euros.

Other risk factors-

The activities of Grupo Antolin are also exposed to other risks that could impact on the economic growth or on the business activity of the markets in which it operates. The Group's global risk management programme is also focused on the uncertainty of these other risks and seeks to minimise adverse effects on the Group's profitability. The Board of Directors of the Parent provides policies for global risk management in close co-operation with the business units.

i) Coronavirus-

The uncertainty surrounding the coronavirus outbreak in China and its potential spread to a large number of countries such as Japan, South Korea, Italy and Canada could have a significant impact on the global economy and cause growth in 2020 to fall to difficult-to-predict levels lower than those in the previous year.

The 2020 forecasts for global car production *(prepared prior to the coronavirus outbreak)* showed growth of 1.1% versus 2019 to 90.5 million vehicles. However, the latest forecasts considering the current status of the coronavirus pandemic has prompted some analysts to consider decreases in global vehicle production of around 5% in 2020.

Internally, Grupo Antolin has devised a prevention and contingency plan comprising a raft of obligatory measures and best practices to protect the health and safety of our workers and their families while ensuring business continuity.

The Group's Directors and Management have carried out a preliminary assessment of the current situation based on the best available information. This information may not be complete given the prevailing uncertainties. The results of this assessment are:

- Liquidity risk: it is expected that the general state of the market could cause a squeeze on liquidity in the economy and shrink the credit market. Grupo Antolin will be able to deal with these pressures given its comfortable liquidity position thanks to the credit and revolving loan facilities at its disposition of around 250 million euros. Specific plans to bolster and efficiently manage liquidity will also mitigate these tensions.

- Operational risk: the changing and unpredictable nature of events could result in a temporary interruption to production/sales or even an isolated break in the supply chain. The Group has therefore set up specific procedures and task forces to continuously monitor and manage all its operations in order to minimise the impact of the pandemic on its business. In this regard, the extensive diversification of Grupo Antolin's business model from a geographical, customer and product perspective puts us on a good footing to calmly and confidently confront the coronavirus pandemic.

- Risk of changes in certain financials: the abovementioned factors and other specific factors could impact the forthcoming financial statements in headings such as "Revenue", "Operating profit" or "Profit before and after tax" or key financial statement indicators *(leverage ratio, EBITDA/finance costs ratio, etc.)*. However, it is not currently possible to quantify this impact reliably, given the aforesaid factors and restrictions. In any event, until February 2020 and at the height of the coronavirus outbreak in China and other countries, the Group's key financials were better than those set out in the 2020 budget.

- Risk of changes in the value of the assets and liabilities on the statement of financial position: a change in the Group's future sales forecasts, production costs, finance costs, collections from customers, etc. could have a negative effect on the book value of certain assets *(goodwill, non-current assets, tax credits, etc.)*, and require certain provisions or other types of liabilities to be recognised. As soon as sufficient, reliable information is available, appropriate analysis and calculations will be performed to revalue these assets and liabilities where necessary. In this respect, Note 7 includes sensitivity analysis *(before the COVID-19 outbreak)* concerning the potential impacts on the impairment test if certain changes in the basic assumptions in the models used to prepare the tests are required. Significant impacts are not expected.

- Going concern risk: in light of all the factors described beforehand, the Directors consider that the conclusion in Note 3-a on applying the going-concern principle is still valid.

Lastly, the Group's Management and Directors are constantly monitoring this situation with a view to successfully tackling any potential financial and non-financial impacts that could arise.

i) Uncertainty surrounding Brexit and the outcome of future agreements between the EU and the UK-

Boris Johnson's victory and the UK's decision to leave the European Union raise many questions about how and when the economic impacts of this decision will be felt and to what extent.

The lack of clarity concerning the UK's withdrawal could increase the costs of operations in the UK for the rest of Europe or for both.

During the year ended 31 December 2019 8.6% of Group revenues from production were generated in the UK vs 9.5% in 2018. The Group operates in the UK with a technical-commercial office and five plants, mainly manufacturing components related to the "Overheads and Soft Trim", "Doors and Hard Trim" and "Cockpits and Consoles" segments. The Group's main customers in the UK in 2019 were TATA and BMW. The Group's average headcount in the UK in 2019 was 1,757 compared to 1,913 in 2018. Looking ahead to 2020, the Group's estimates for the UK are a decline in revenue from component sales of around 5%, while it plans to carry out various campaigns to improve and cut the costs of operations to boost the efficiency thereof.

These events could impact our business, financial position, liquidity and the results of our operations. However, for the moment, it is not possible to quantify or predict with any certainty the possible impact of these changes on our business model, prospects, financial position or the results of our operations. The Parent's Directors consider that the Group is a diversified corporation in respect of products, clients and markets and so able to cope with the vagaries of the market.

(24) OTHER INFORMATION

Guarantees given to third parties and other contingent liabilities-

At 31 December 2019 and 2018 various financial institutions had also provided guarantees to public bodies on the Group's behalf to guarantee compliance with the general and particular terms of certain capital and operating grants made to the Group (see Note 15), and the repayment of a number of loans granted by public bodies to fund research and development projects (see Note 19).

The contract for the sale of the "Seats and Metal" business unit to the Lear Corporation Group in April establishes various guarantees provided by the Group to the buyer in the event that losses or liabilities come to light arising from events prior to the date of transfer that were not envisaged in the financial statements of the companies sold at said date.

The Parent's Directors consider that any liabilities which might arise from the guarantees provided and for which provision was not made at 31 December 2019 would not be material.

Other current liabilities-

The balance recorded under this heading at 31 December 2019 corresponds mainly to outstanding remuneration to staff, to accruals recorded to match revenues to expenses and to record operations on an accruals basis.

Fees paid to the auditors-

The fees for audit and other services provided during 2019 and 2018 by the Group's main auditor, or by companies related to it through common control, ownership interests or management, together with fees for services provided by other auditors to companies included in the scope of consolidation, or by companies related to them through common control, ownership interests or management, are as follows:

	Thousands of Euros			
	2019		2018	
Description	Services Provided by the Main Auditor	Services Provided by Other Audit Firms	Services Provided by the Main Auditor	Services Provided by Other Audit Firms
Audit services	2,135	998	2,233	1,220
Other assurance services	615	296	731	124
Total audit and related services	**2,750**	**1,294**	**2,964**	**1,344**
Other services	**480**	**1,972**	**1,393**	**1,615**
Total professional services	**3,230**	**3,266**	**4,357**	**2,959**

Disclosure on the average payment period to suppliers in Spain-

This note contains the information required in accordance with Law 15/2010, of 5 July, modifying Law 3/2004, of 29 December, establishing measures to combat late payment in commercial transactions *(amended by the Second Final Provision of Law 31/2015, of 3 December),* prepared in compliance with the Resolution issued on 29 January 2016 by the Institute of Accounting and Account Auditing (ICAC) on the disclosures required in the notes to the financial statements with regard to the average payment period to trade suppliers and service providers in Spain. Trade payables are understood to include amounts payable for the supply of goods or services *(not including suppliers of property, plant and equipment).*

For the purposes of preparing this information, and given the nature of the Group's activities and operations, the "payment period" is treated as the period between the invoice date *(which in practice is generally on or close to the date the goods and services are received from the supplier)* and the payment date.

In accordance with the above, the information required under this legislation for the financial years ended 31 December 2019 and 2018 for payments made by the Group's Spanish companies is as follows:

	2019	2018
	Days (a)	Days (a) (b)
Average payment period to suppliers Transactions paid ratio Ratio of transactions pending payment	48.21 50.99 31.34	46.39 48.92 29.29
	Amount (Thousands of Euros)	Amount (Thousands of Euros)
Total payments made Total payments pending	592,152 97,393	652,030 96,406

(a) In accordance with Law 11/2013, of 26 July, establishing measures to support entrepreneurs and stimulate growth and the creation of jobs, amending Law 3/2004, the maximum legal payment period is 30 days, which may be extended to up to 60 days with the agreement of both parties.

(b) The information for 2018 shown here differs from that presented in the consolidated financial statements for that year because this table includes payments to foreign creditors and suppliers but not payments to Group companies.

Environmental information-

Grupo Antolin's environmental activities focus on two general areas:

- Environmental Management System. Based on manuals and procedures common to all the centres defining the measures to ensure strict compliance with current legislation, the rational use of resources and energy and minimising the generation of waste.
- Environment-Sensitive Design. Through its research and development centres, the Group designs its products with a view to minimising the environmental impact of the vehicle over its useful life.

The Group's property, plant and equipment include certain investments whose book value at 31 December 2019 and 2018 totalled approximately 543 and 714 thousand euros respectively, their purpose being to reduce the environmental impact of the Group's activity and to protect and enhance the environment. In 2019 and 2018 the Group also incurred certain expenses aimed at protecting and enhancing the environment, totalling approximately 4,050 and 3,847 thousand euros, respectively.

Grupo Antolin has no other environmental liabilities, provisions or contingencies that could have a significant impact on its equity, financial position or results (see Note 16).

In particular, given the nature of its activity, the facilities of the Spanish consolidated companies were not included in the national plan for the allocation of greenhouse gas emission allowances and, therefore, they have been allotted no greenhouse effect gas emission rights. No greenhouse effect gas emission rights have therefore been recognised on the consolidated statement of financial position at 31 December 2019 nor has any movement occurred under this heading on 2019. Furthermore, in 2019, the Group has incurred no expenses nor has it recorded any provision in connection with this item. The Group has not entered into any futures contract relating to emission rights, nor has it received any grants associated with such rights, nor are there any contingencies arising from greenhouse effect gas emission rights.

(25) EVENTS AFTER THE REPORTING PERIOD

Coronavirus-

The first case of COVID-19 in China in January 2020 and the subsequent spread of the virus around the globe to a large number of countries resulted in the outbreak being declared a pandemic by the World Health Organization on 11 March.

Given the complex nature of markets due to their globalisation and, at least for now, the lack of an effective treatment for the virus, the ramifications for the Group's operations are unclear and will depend to a large degree on how the pandemic changes and spreads in the coming months, and on all affected economic agents' ability to react and adapt.

Consequently, at the date of authorisation for issue of the accompanying consolidated financial statements, it is too early to carry out an exhaustive analysis or quantify the possible impacts of COVID-19 on the Group because of the uncertainty regarding its consequences in the near, mid and long term.

Nevertheless, the Group's Directors and Management have carried out a preliminary assessment of the current situation based on the best available information. This information could be incomplete given the previously described considerations. The results of this evaluation are provided in Note 23.

Other events after the reporting period-

In February 2020, a deal was closed by way of a SAFE *("Simple Agreement for Future Equity")* to collaborate with the Israeli firm Eyesight Technologies: a leader in in-car vision technology using artificial intelligence. The goal is to supply passenger and driver monitoring solutions.

Apart from the possible effects of the coronavirus outbreak on the Group's activities, described in the previous section and Note 23, no other significant events occurred subsequent to the 2019 year close.

(26) EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (see Note 2-b). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR 2019

Performance of the businesses in 2019-

The impact of the Brexit uncertainty prevailing over almost the whole year and the effect of trade policies between the USA and China have slowed global economic growth, resulting in a global economic growth rate of 3% which is lower than the forecast made in 2018 for the same period.

The automotive sector has been affected by these global events, and those deriving from the continuous transformation of the industry and specific changes associated with it: vehicle autonomy, connectivity and electrification.

As a result of all of the aforesaid, global vehicle production was down 5% on 2018 at 89.5 million units.

In Western Europe, the estimated drop in production is 5.1%, primarily because of the decreases in the UK (-10%), Germany (-7.1%) and France (-5.2%).

Eastern Europe performed slightly positively with an increase in output of 0.1% thanks to countries like Slovakia and Romania.

The NAFTA area saw production volumes drop by 3.8%, with the USA (-3.9%) and Mexico (-3.3%) suffering the most.

In the Asia Pacific area, vehicle production levels in China fell by 7.7%, translating into almost two million fewer units than in the previous year. Even larger declines were seen in India, with a 10.6% reduction versus 2018.

Mercosur on the whole fared poorly (-3.4%), due to Argentina's poor performance (-28.3%) and despite Brazil's positive contribution (0.8%).

In this context, Grupo Antolin's revenues were down 3.9%. The application of IFRS 15 since January 2018 has meant including in revenues the income from the sale of tools which in 2019 and 2018 amounted to 358 and 409 million euros, respectively. Stripping out the positive impact of exchange rates, which amounted to 104 million euros, the difference vs 2018 would have been -5.8%.

Out of total sales, 93.1% corresponds to sales of interior components and 6.9% to the sale of tools.

The positive exchange rate effect was mainly caused by the appreciation of the US dollar and Mexican peso against the euro.

Stripping out tool sales, revenue from the sale of components in 2019 would be down 3.2%.

The drop in revenue in 2019 stems from the fall in production in Europe, primarily in the UK, the completion of certain programmes in Mexico, and the major slump in demand in China.

The performance by business unit was as follows: Doors & Hard Trim *(+4.7% or +89 million euros)*, Lighting *(-4.3% or -14.9 million euros)*, Cockpits & Consoles *(-13.4% or -151 million euros)* and Overheads & Soft Trim *(-6.7% or -139 million euros)*.

By region, the drop in consolidated revenue was mainly due to a drop in sales in Asia Pacific *(-23% or -140 million euros)*, Europe *(-3.4% or -92 million euros)* and, to a lesser extent, Mercosur *(-2.5% or -2.3 million euros)*. In contrast, NAFTA and Africa have enjoyed rises of +0.7% or +14 million euros and +29% or +10 million euros, respectively.

The decline seen in Europe was mainly a result of volume reductions in various programmes in the UK, Germany and Hungary, and the end of others that overlapped with the launch of new models.

The decline in Asia Pacific principally derives from lower demand in China and removing the joint venture Tianjin Antolin Auto-Parts Co., Ltd. in the scope of consolidation following its disposal.

The heightened output in the NATFA area is mainly down to the start of mass production of overheads for Daimler at our Alabama plant and the increase in volumes for Fiat Chrysler at the Shelby facility in the USA. On the contrary, revenues are down in Mexico because of the reduction in volumes in certain programmes that are reaching the end of mass production.

By customer, the most notable decreases in revenue have been from: General Motors, Ford Company, Fiat Chrysler, the Tata Group, the Renault-Nissan Group and Chinese customers.

Out internationalisation and diversification strategy has once again been reflected in two key indicators. Some 92% of the Group's average workforce were employed outside Spain in 2019, while consolidated sales excluding Spain accounted for around 95% of the total.

In terms of results, the Group has achieved EBITDA and EBIT margins of around 8.3% and 2.7%, respectively. This increase in EBITDA margin versus 2018 was due to the application of the new IFRS 16 Leases, which came into force on 1 January 2019 and has resulted in the inclusion of an amortisation charge for right-of-use assets of 68.3 million euros related with leases that were previously treated as operating leases.

Stripping out the impact of applying IFRS 16 in 2019, EBITDA as a percentage of sales would be 7% – a significant improvement on the prior year (6.6%).

Significant events in 2019-

Key events over the year included:

- In April 2019, part of the equity stake in the Chinese joint venture Tianjin Antolin Auto-Parts Co., Ltd. was sold to its current partner, leaving Grupo Antolin with a minority interest of 10%.

- Also in April 2019, Grupo Antolin's entire 50% stake in the South Korean company CREA-Antolin Co., Ltd. was disposed of and transferred.

- In April and June 2019, Grupo Antolin purchased and redeemed own bonds on the market totalling 14.6 million euros.

- In June 2019, Grupo Antolin incorporated the subsidiary Antolin Vietnam Co., Ltd., to supply overheads to the Vietnamese customer Vinfast.

- The subsidiary Antolin Thailand Co., Ltd. was also incorporated in 2019, to supply overheads to Ford.

- Lastly, the joint ventures Ningbo Antolin Autoparts Co., Ltd. *(in which Grupo Antolin has a 60% stake and which will manufacture cockpits)* and Chongqing Zhenneng Antolin Auto-Parts, Co., Ltd. *(in which the Group has a 50% stake and which will produce lighting)* were incorporated in China.

Research and development-

Investment in cutting-edge technology has enabled us to incorporate the most advanced support for design work and ensure the analysis and validation of our products and processes.

Grupo Antolin's Innovation Plan envisages the following strategic lines, fields in which the Group has vast experience and which are proving to be very important for car manufacturers:

- MATERIALS and PROCESSES *(focused on weight reduction to minimise CO_2 emissions),*
- INDUSTRIAL FLEXIBILITY *(innovative processes to produce different functions)*, and
- INTELLIGENT INTERIORS *(supporting our customers' brand strategies is crucial to the end user's experience and perceived quality according to personalisation).*

Our aim is to launch more integrated products that incorporate more technology and electronics, offering more functionalities and new lighting solutions. This is what we have called our Smart Integrator strategy, which must be our priority moving forward.

To accelerate the Smart Integrator strategy, we have to enhance our electronics capabilities. Grupo Antolin will therefore launch an Electronics Business Unit to support the other business units in the development of products incorporating more electronic components.

We continue to see industrial design and innovation as a distinguishing feature that customers appreciate in the advanced stages of projects.

Environmental and human resources issues-

One of Grupo Antolin's goals is to demonstrate its environmental commitment by dedicating time, effort and resources to waste management, consumption, energy efficiency and management and social awareness.

Our focus is based on reducing the environmental impact of our business activity.

In environmental and human resources matters we would draw attention to the following measures taken by Grupo Antolin in 2019:

- In 2019, Grupo Antolin continued to increase its commitment to the environment through its policies for "Environmental Management" and "Design for the Environment". This commitment has resulted in technological solutions which favour sustainability, prioritising innovative approaches that reduce weight, facilitate recycling and make use of natural materials, features widely demanded by the market.

- In order to reduce CO2 emissions and minimise the use of energy from fossil fuels, we are developing numerous products based on two environmental concepts: *Light & Green*. We are committed to the environment, working with makers on projects to reduce CO_2 emissions and develop technologically sustainable products.

  As proof of our commitment, Grupo Antolin adopts and applies the main conventions and guidelines established in the UN's Global Compact *(principles 7, 8 and 9)* and in the Carbon Disclosure Project *(CDP Water Disclosure Project).*

Although we are not directly responsible for vehicle emissions, we can help to reduce the environmental impact of these through the optimisation of energy in our chain, and the efficient management of natural resources and of the materials we use.

- In 2019, Grupo Antolin maintained and strengthened the commitment it made in 2003 to the United Nations Global Compact and its principles of good governance based on respect for human rights, protecting the environment and ensuring decent working conditions.

Main risks deriving from activities-

The main risks which could affect the future development of our business and the corresponding measures put in place by the Group to offset them, are as follows:

- Derivatives are used to eliminate or reduce exposure to interest rate fluctuations in certain financial operations, given the impact an increase in interest rates could have on the Group's results. However, at 31 December 2019 no instruments of this kind have been contracted.

- The risk deriving from a possible increase in the prices of raw materials, including the purchase of components used in the production processes, is mitigated by the fact that Grupo Antolin deals with its main suppliers under long-term agreements which help keep prices stable. On the other hand, Grupo Antolin negotiates with its customers to pass on increases in the prices of certain raw materials.

- The terms of agreements with customers have resulted in lower prices, which could reduce the Group's margins. The Group develops improvement programmes and tools to offset such impacts with higher productivity. Grupo Antolin also negotiates with its suppliers to help it absorb these price reductions.

- The extensive international expansion of the Group and its ever-growing volume of business outside the eurozone expose it to exchange rate risks in currencies such as the Pound sterling, the US dollar, the Mexican peso or the Chinese yuan, which could have an impact on its results. To reduce its exposure to this risk, the Group uses a variety of mechanisms, such as using local suppliers and negotiating with customers and suppliers to hedge against major movements in currencies.

Outlook for the Group-

The uncertainty surrounding the coronavirus outbreak in China and its potential spread to a large number of countries could have a significant impact on the global economy and cause growth to fall to levels slightly below those in the previous year.

The 2020 forecasts for global car production *(prepared prior to the coronavirus outbreak)* showed growth of 1.1% versus 2019 to 90.5 million vehicles. However, the latest forecasts considering the current status of the coronavirus pandemic has prompted some analysts to consider decreases in global vehicle production of around 5% in 2020.

Turning to results, our latest forecasts for 2020 are that revenues will decline by between 7% and 9%, while EBITDA will be slightly higher than in 2019. These improved margins will be underpinned by stabilising our operations at some of the Group’s plants such as Spartanburg and Alabama, and launching an efficiency drive worldwide founded primarily on the digitalisation and standardisation of operations.

Subsequently, in the short and medium term the Group is confident that it will boost its profit margins.

Through this efficiency programme, Grupo Antolin aims to become a stronger, more efficient, more competitive and more agile company capable of rising to the challenges faced by the automotive sector and enhance customer service.

Non-organic growth remains a key part of the Group's strategic approach and we will continue to explore the market for opportunities that will complement our current business units, helping to add value to our product portfolio and make it more attractive.

In response to new challenges in the automobile sector, Grupo Antolin is already working on new market trends related to driverless cars, new sources of energy, transport systems and connectivity.

To lead the industry revolution and anticipate customers' needs, last year Grupo Antolin strengthened its Innovation department with the new Electronics and Integrated Products department. The aim is to improve capacities in electronics and commit to the integrated development of new solutions.

To meet these new challenges and maintain our position as market leaders, Grupo Antolin is supported by a highly experienced and effective team of human resources whose abilities, initiative and talent are recognised by the sector.

Grupo Antolin continues to launch numerous initiatives in respect of Sustainability, as part of our firm commitment with the environment and the society in which we live.

The Group continues to implement new measures to improve and streamline spending and to ensure investments are more efficient in order to maintain margins at levels that continue to enhance shareholder value.

Disclosure on the average payment period to suppliers in Spain-

The details of the average payment period to suppliers in 2019 and 2018 by the consolidated companies in Spain, prepared in compliance with the Resolution issued on 29 January 2016 by the Institute of Accounting and Account Auditing (ICAC), is as follows:

	2019 Days (a)	2018 Days (a) (b)
Average payment period to suppliers	48.21	46.39
Transactions paid ratio	50.99	48.92
Ratio of transactions pending payment	31.34	29.29
	Amount (Thousands of Euros)	Amount (Thousands of Euros)
Total payments made	592,152	652,030
Total payments pending	97,393	96,406

(a) In accordance with Law 11/2013, of 26 July, establishing measures to support entrepreneurs and stimulate growth and the creation of jobs, amending Law 3/2004, the maximum legal payment period is 30 days, which may be extended to up to 60 days with the agreement of both parties.

(b) The information for 2018 shown here differs from that presented in the consolidated financial statements for that year because this table includes payments to foreign creditors and suppliers but not payments to Group companies.

In accordance with the aforementioned regulations, only information relating to payments to suppliers and trade creditors located in Spain has been included.

In general, the Group is complying with the maximum legal payment periods to trade suppliers established in Spanish law to combat late payment. It is currently assessing measures to be implemented in the next financial year to reduce the payment period in those cases where the maximum period has been exceeded. These measures will centre on reducing the processing time for receiving, checking, approving and accounting for invoices *(with improved use of electronic channels and technology)* and improving procedures for resolving incidents in this process, so that payment orders can be released on the monthly payment dates established by the Group and within the maximum period established in legislation to combat late payment.

Events after the reporting period-

The first case of COVID-19 in China in January 2020 and the subsequent spread of the virus around the globe to a large number of countries resulted in the outbreak being declared a pandemic by the World Health Organization on 11 March. At the date of authorisation for issue of this consolidated directors' report, it is too early to carry out an exhaustive analysis or quantify the possible impacts of COVID-19 on the Group because of the uncertainty regarding its consequences in the near, mid and long term.

Extensive information on the preliminary assessment by the Parent's Directors and the Group's Management on the risks of this pandemic and the actions being taken by the Group is provided in the notes to the consolidated financial statements.

On the other hand, in February 2020, a deal was closed by way of a SAFE *("Simple Agreement for Future Equity")* to collaborate with the Israeli form Eyesight Technologies: a leader in in-car vision technology using artificial intelligence. The goal is to supply passenger and driver monitoring solutions.

No other significant events occurred subsequently to the 31 December 2019 close.

Shares in the Parent-

The Group companies held no shares in the Parent at 31 December 2019, and no operations were performed with such shares during the twelve-month period ended on 31 December 2019.

Consolidated non-financial information-

Pursuant to the option permitted in article 49.7 of the Spanish Commercial Code, the Parent's Directors have prepared a "Consolidated Non-financial Information Statement" (Consolidated NFIS) for Grupo Antolin Irausa, S.A. and Subsidiaries for the year ended 31 December 2019 in a separate report. It is expressly stated therein that said information forms part of the accompanying consolidated directors' report for 2019 and includes the content stipulated for this statement in the aforementioned article 49 of the Commercial Code.

GRUPO ANTOLIN

FIRMA DE LOS ADMINISTRADORES

Los Administradores de Grupo Antolin-Irausa, S.A. firman las presentes Cuentas Anuales Consolidadas e Informe de Gestión Consolidado correspondientes al ejercicio anual terminado el 31 de diciembre de 2019, que anteceden a esta página firmada por la totalidad de los Administradores como prueba de su aceptación.

En Burgos, a 17 de marzo de 2020

D. Ernesto Antolín Arribas
(en nombre y representación de CANEA, S.L.)

Dña. María Helena Antolín Raybaud
(en nombre y representación de INJAT, S.L.)

Dña. Ana Berta Antolín Arribas
(en nombre y representación de AMPABER, S.L.U.)

Dña. Emma Antolín Granet
(en nombre y representación de Agrícola Cinegética San Quirce, S.L.U.)

D. Jesús Pascual Santos

D. Pablo Ruiz Ferreiro
(Secretario no Consejero)

KPMG Asesores, S.L.
Pº de la Castellana, 259 C
28046 Madrid

Independent Assurance Report on the Consolidated Non-Financial Information Statement of Grupo Antolin-Irausa, S.A. and subsidiaries for 2019

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.)

To the shareholders of Grupo Antolin-Irausa, S.A.:

Pursuant to article 49 of the Spanish Code of Commerce, we have performed a limited assurance review of the Non-Financial Information Statement Consolidated (hereinafter NFIS) for the year ended 31 December 2019, of Grupo Antolin-Irausa, S.A. (hereinafter the Parent) and subsidiaries (hereinafter the Group) which forms part of the Group's 2019 consolidated Directors' Report.

The consolidated Directors' Report includes additional information to that required by prevailing mercantile legislation governing non-financial information that has not been the subject of our assurance work. In this regard, our work was limited only to providing assurance on the information contained in the "Appendix II. Table of contents required by Law 11/2018" of the accompanying consolidated Directors' Report.

Directors' responsibilities

The Directors of the Parent are responsible for the contents and the authorisation for issue of the NFIS included in the Group's Directors' Report. The NFIS has been prepared in accordance with the contents required by prevailing mercantile legislation and selected Sustainability Reporting Standards of the Global Reporting Initiative (selected GRI Standards), in accordance with each subject area in the "Appendix II. Table of contents required by Law 11/2018" of the aforementioned Group's Directors' Report.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the NFIS is free from material misstatement, whether due to fraud or error.

The Parent's directors are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for preparing the NFIS was obtained.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

KPMG Asesores S.L., a limited liability Spanish company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
Paseo de la Castellana, 259C – Torre de Cristal – 28046 Madrid

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N.I.F. B-82498650

Our firm applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed that refers to the year 2019.

We conducted our review engagement in accordance with International Standard on Assurance Engagements, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the Performance Guide on assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management, as well as of the different units of the Parent that participated in the preparation of the NFIS, in the review of the processes for compiling and validating the information presented in the NFIS and in the application of certain analytical procedures and sample review testing described below:

- Meetings with Parent personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these questions and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the NFIS based on the materiality analysis performed by the Parent and described in the section "V. About this report" considering the content required in prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the NFIS for 2019.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2019.
- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2019 and whether it has been adequately compiled based on data provided by information sources.
- Procurement of a representation letter from the Directors and management.

Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the NFIS of Grupo Antolin-Irausa, S.A. and subsidiaries for the year ended 31 December 2019, has not been prepared, in all material respects, in accordance with the contents included in prevailing mercantile legislation and with the selected GRI Standards, in accordance with each subject area in the "Appendix II. Table of contents required by Law 11/2018" of the aforementioned consolidated Directors' Report.

Use and distribution

This report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

(Signed on original in Spanish)

Ramón Pueyo Viñuales

1 April 2020

Grupo Antolin-Irausa, S.A. and Subsidiaries

Statement of Consolidated Non-Financial Information 2019

(Free translation from the original in Spanish. In case of discrepancy, the Spanish language version prevails.)

I. Table of Contents

II. Business Model 4
Grupo Antolin 4
Regional diversification 6
Sector trends 7
Grupo Antolin's Strategies 7
III. Global plans of Grupo Antolin 9
Governance Model: Policies, Processes and Guidelines 9
Due diligence as a guarantee of compliance 10
Conflict of interest 10
Monitoring and updating 11
IV. Risk Management Model 12
Key principles 12
Roles and responsibilities in corporate risk management 12
Grupo Antolin Risk Procedure and Catalogue 13
Specific risks 14
Risks of climate change on the activity of Grupo Antolin 15
Strategy management 15
Sustainability Master Plan 16
V. About this report 18
Our relevant issues: 360° analysis - Knowing how to listen and understand 18
Our strengths: essential for generating value 19
Our focus: graphic analysis of materiality 19
Our aspiration: Grupo Antolin's purpose 19
Other considerations in this report 20
VI. Environmental and energy management 21
Introduction: risk areas and management approach 21
General detailed information 22
Environmental and energy certifications obtained 22
Resources dedicated to preventing environmental risks 23
Application of the precaution principle 23
Contamination 24
Other emissions (NOx, SOx, substances that affect the ozone layer) 24
Circular economy and waste prevention and management 24
Sustainable use of resources 25

The environment in figures 25
Climate change 27
Protection of biodiversity 28
VII. Social and staff management 29
Connected to the future 29
Policies and commitments 29
Strategic lines and commitments: 30
Policies, Processes and Guidelines: People 31
Corporate diversity and equal opportunities 34
Work organization 36
Training and development 37
Social relations 38
Health and safety 40
People management in figures 42
VIII. Human rights 49
At the root of our decisions and actions 49
Our policies and commitments 49
Internal reference framework 49
External reference framework: 51
Impact on human rights in figures 51
IX. Corruption and bribery 53
Introduction: risk areas and management approach 53
Main risks in matters of corruption and bribery 54
Areas affected and sensitive activities 54
Policies and commitments 56
Due diligence and prevention practices for members of the organization, third parties and business partners 58
Measures taken to prevent corruption and bribery 59
Transparency channel and other reporting mechanisms 60
Measures taken to combat money laundering 62
X. Society 63
Local roots to develop the global project 63
Policies and commitments 63
Internal reference framework 64
External reference framework: 65
Commitment to sustainable development 65

Creation of shared value 66
Social Contribution 66
Consumers 73
Tax information 74
XI. Appendix I. Explanatory notes 76
XII. Appendix II. Table of contents required by Law 11/2018. 79

II. Business Model

Grupo Antolin

Grupo Antolin is a leading Tier 1 player in the design, development, manufacturing and supply of automotive interior components, offering multi-technology solutions for overhead systems (or headliners) and soft trim, doors and hard trim, cockpits and center consoles and lighting systems for sale to OEMs. The Company has a geographically diversified platform of 147 manufacturing plants and just in time, or JIT, assembly and sequencing facilities, as well as 24 technical-commercial offices, or TCOs, in 26 countries worldwide as of December 31, 2019. This compares to 155 manufacturing plants and just in time, or JIT, assembly and sequencing facilities, as well as 25 TCOs, in 25 countries worldwide as of December 31, 2018. Grupo Antolin supplied products globally to 76 different automotive brands belonging to 28 OEMs in 2019. The Company provided components for more than 700 different vehicle models and believes it supplied products for approximately one out of every three vehicles manufactured worldwide. Grupo Antolin's product, geographical and customer diversification allows it to take advantage of global growth opportunities, in particular its presence in Eastern Europe, North America, Mercosur and APAC, which in the past has mitigated the impact of regional production fluctuations on the business during economic downturns. The Group is headquartered in Burgos, Spain, and in 2019 its average number of employees was 30,524[1], in line with the average number of 31,036 employees in 2018.

Grupo Antolin is a wholly-owned by the Antolin family, who is fully committed to the business.

As of December 31, 2019, the Company organized its activities around four business segments:

- ***Overhead systems and soft trim ("Headliners"):*** the Company believes it is a leader in the manufacturing of headliner modular solutions, incorporating acoustic, safety, panoramic and lighting functionalities. The Company covers the entire product spectrum for overhead systems, from the headliner substrate to more complex modular systems. Grupo Antolin use key technologies for headliner substrates and benefit from full vertical integration, from the core polyurethane foam production to the final assembly of the overhead systems. Furthermore, the incorporation of sunvisors into the overhead system is an important aspect of this business segment. The Company produces sunvisors in all technologies available in the market, adding a whole range of functionalities to the end product. As at December 31, 2019, the Headliners business segment included 82 facilities, compared to 81 facilities in December 2018.

- ***Doors and hard trim ("Doors"):*** the Company has expertise in the manufacturing and supply of a wide range of door systems such as door panels (including front, rear and sliding door panels), pillars (including upper and lower pillar trim and quarter trim panels), window regulators, rear cargo and lift gate trim. Grupo Antolin produces a wide range of specialized plastic parts, some of them with weight reduction and environmentally friendly properties. The Company produces an extensive range of door mechanisms, from window regulators to complex modules. Grupo Antolin also produces seat latches for specific vehicle platforms. As at December 31, 2019, the Doors business segment included 44 facilities,

[1] See Appendix I, explanatory note 3 - Including employees of equity-accounted plants

compared to 48 facilities in December 2018.

- ***Cockpits and consoles ("Cockpits"):*** the Company is a global producer and supplier of cockpit modules, including instrument panels, center consoles and glove boxes, which it designs, engineers and manufactures. Grupo Antolin's capabilities include design and engineering, styling, tooling, manufacturing, assembly and sequencing and electrical/electronic system integration. The cockpit module plays a key role in defining the driver's experience and it integrates the instrument panel and several control functions such as wiring harness, instrument cluster, air vents, decorative inlays, glove boxes and passenger airbag systems, among others. The instrument panel is a key element of the cockpit module and is comprised of a sophisticated system of trims, foams, composites and metals. The center consoles are designed and manufactured to operate vehicle functions and store items. The primary technologies and processes involved in the manufacturing of these systems include low pressure and injection molding, compression molding, vacuum forming, slush skins, spray urethane, decorative stitching as well as manual and automated assembly and sequencing. As at December 31, 2019, the Cockpits business segment included 10 facilities, compared to 14 facilities in December 2018.

- ***Lighting:*** the Company's lighting product portfolio comprises interior solutions based on LED including overhead consoles, side reading lamps, multi-purpose lamps, ambient lighting, electronics/smart lighting and exterior solutions such as daytime running lamps, center high mounted stop lamps and direction, position and license plate indicators. Grupo Antolin is one of the few suppliers which benefit from full vertical integration in the production of lighting components, from the manufacture of plastic parts and lenses, to the electronics and the light function. The potential integration of lighting elements with other interior automotive components increasingly provides synergies with our other business lines since lighting is incorporated in instrument panels, door paneling and overhead systems, allowing the Company to offer its customers an integrated and innovative range of customized interior solutions, which it believe gives the Company an additional competitive advantage over other players in our industry. Creating light scenarios and sophisticated atmospheres is one of our main areas of expertise. As at December 31, 2019, the Company's Lighting business segment included 15 facilities, compared to 12 facilities in December 2018.

The Company believes that its financial and operational success and stability have been, and continue to be, driven by its strategic, customer-focused geographical growth and diversified revenue streams, as well as its manufacturing, process, design and technological expertise. Grupo Antolin believes that these factors have allowed the Company to achieve its position as a leading global interiors supplier in the automotive industry, with high strategic importance to many of the largest OEMs.

Regional diversification

The Company has a geographically diversified platform of 147 manufacturing plants and JIT assembly and sequencing facilities, as well as 24 TCOs in 26 countries worldwide as of December 31, 2019.

Country	Production Facility	Technical Commercial Office	Total
Argentina	1	0	1
Austria	1	0	1
Brazil	6	0	6
China	24	3	27
Czech Rep.	9	1	10
France	4	2	6
Germany	14	7	21
Hungary	2	0	2
India	6	2	8
Italy	2	0	2
Japan	0	1	1
Mexico	15	1	16
Morocco	1	1	2
Poland	1	0	1
Portugal	2	0	2
Romania	3	0	3
Russian Fed.	3	0	3
Slovakia	4	0	4
South Africa	4	1	5
South Korea	0	1	1
Spain	15	2	17
Turkey	1	0	1
Thailand	1	0	1
United Kingdom	9	1	10
United States	18	1	19
Vietnam	1	0	1
Totales	**147**	**24**	**171**

In the last few years Grupo Antolin has focused its expansion outside its traditional markets in Western Europe, where it has been able to capture increasing demand for its products, in part driven by an increase in market share.

As part of Grupo Antolin's customer-focused approach to its expansion strategy, the Company has proactively coordinated its expansion plans into growth markets with those OEMs which it supplies. When an OEM customer expands into a new market or location, the Company determines whether it is in its strategic interest to also open a facility in such location. Grupo Antolin's strong geographical diversification allows the Company to take advantage of global growth opportunities and mitigates the impact of regional demand fluctuations on its business during economic downturns.

Sector trends

Global trends which will drive future industry growth and the long-term growth potential of the interior component market include:

Higher consumer expectations of interior comfort: suppliers such as Grupo Antolin, with advanced design, materials and manufacturing capabilities to deliver a broad suite of interior component products across a wide range of price points should benefit from the continued focus on interior comfort and craftsmanship.

Sustainability and safety: automobile manufacturers generally are increasingly focused on weight and emissions reduction in order to meet increasing legal, regulatory and industry-standard requirements in the markets in which they operate, as well as on the safety of passengers, other road users and pedestrians. The development of the regulatory environment is complex and has required automotive suppliers, such as ourselves, to focus on the design and development of technologies to address the various regulations and to differentiate us from our competitors.

Globalization of platforms: OEMs are increasingly designing vehicle models built on common but variable platforms which can be produced in high volumes. The use of common platforms allows OEMs to increase economies of scale across the value chain, differentiate their products from those of their competitors, expand the number of product segments in which they compete, extend the life of existing automobile platforms and remain responsive to changing lifestyle trends and customer tastes. This trend towards common platforms provides automotive suppliers such as Grupo Antolin increased opportunities to supply larger volumes of products and also to benefit from economies of scale. Furthermore, there is an increased dependency on suppliers, such as us, that are capable of managing complex projects, which in turn assures the harmonization of quality standards across geographies globally.

Increasing number of electric and hybrid cars: Consumers are becoming increasingly environmentally conscious and this is affecting their vehicle purchase choice. Electric and hybrid vehicles have seen increasing production. Regardless, we believe that our business is largely independent to the increasing trends of electric and hybrid cars given we are focused exclusively on the interior of the vehicle.

Grupo Antolin's Strategies

The Company's mission is to be a crucial strategic partner for its OEM customers around the world and across the entire spectrum of our product portfolio. The strategies to achieve its mission are based on innovation, flexibility, customer focused growth and further geographic, product and customer diversification, while maintaining the highest levels of customer satisfaction. Grupo Antolin intends to achieve this by pursuing the following strategies:

- ***Continue to be an innovation leader through research and development through:***
    - *Materials and processes*
    - *Industrial flexibility*

- *Smart interiors*

- ***Become a global full-service supplier to OEMs***
- ***Develop design, engineering and production capacities across low cost countries***
- ***Expand footprint in the APAC region***
- ***Successfully continuing to integrate new acquisitions and realizing synergistic opportunities***

III. Global plans of Grupo Antolin

Governance Model: Policies, Processes and Guidelines

The Grupo Antolin Corporate Governance Model comprises the set of rules and principles that ensure the proper functioning of the governing and administrative bodies of the Company. It incorporates all of the internal regulations of the Company and of Grupo Antolin, which are composed of:

- The Articles of Association;
- The internal Corporate Governance rules;
- The Vision and Values;
- The Code of Ethics and Conduct;
- The Corporate Policies that implement the principles on which the system is based;
- The other internal codes, processes and procedures required or recommended by sector-related provisions and enacted to implement the previous standards and principles, approved by the competent bodies
- The Regulations of the Board of Directors and of the Delegated Committees.

Grupo Antolin's organization model is based on process management. The management model is therefore an essential part of the Company's governance approach linked to the strategic decision about which management systems and regulations must be established.

It is comprised of a set of policies, processes, procedures, guidelines and forms for responding to the requirements of international management system standards and internal management needs. It includes the use of various comprehensive management systems:

- IATF 16949. Quality
- OHSAS 18001. Occupational Health and Safety
- ISO 45001. Occupational Health and Safety. 2019
- ISO 14001. Environment
- ISO 17025. Laboratory and Calibration
- ISO 27001. Security of information
- UNE 19601. Compliance
- ISO 50001. Energy Efficiency
- Other internal processes and procedures

We apply legal compliance, respect and ethical behavior by everyone forming part of the Company, always in keeping with the values and commitments described in Grupo Antolin's Code of Ethics and Conduct, to our relations and/or associations with external people and bodies.

During 2019 the Code of Ethics and Conduct was updated, this is a living document that has been prepared by the Compliance Department, reviewed by the Ethics, Corporate Governance, Compliance and Corporate Social Responsibility Committee and approved by the Board of Directors. With this new version, Grupo Antolin has tried to maintain its essence, collect organizational changes and streamline content so that it remains the cornerstone of our Compliance management system and the compass that should guide our daily behaviors.

Due diligence as a guarantee of compliance

The will of the Company to enforce its principles and values in its relationships with its external and internal stakeholders requires systems and procedures that guarantee this. From this perspective, knowing the behavior of those who want to have a relationship with the organization is a minimum business precaution, for which the due diligence procedures, included within the compliance system, are key. These are procedures through which the Company defines, implements and manages the due diligence common to all employees and people in vulnerable positions within the organization; as well as third parties and business associates linked to Grupo Antolin's activities with a different scope and purpose, focusing on the point of the organization's perimeter where the risk may penetrate.

Internal dissemination is to:

- All employees of the Company, to ensure that they are aware of the expectations of the organization regarding their compliance-based activities;
- People who, due to their position and responsibility associated with that position, are especially vulnerable to compliance risks.

External dissemination is to:

- Customers (upstream level) as recipients of its goods and/or services, based on the way in which customers use them for purposes or in contexts which contradict the commitments or values of Grupo Antolin.
- Suppliers (downstream level) to ensure that the supply chain is aligned with the objectives in the organization's management system. This is especially important when suppliers are located in tolerant countries with inadequate practices, especially in relation to the areas of corruption and working conditions.
- Business partners and/or third parties (sideways level) related to the Company for the purposes of collaborating from an autonomous perspective, with common objectives vis-a-vis a third party. The analysis will be determined by Grupo Antolin's degree of influence over the partner/third party.

Through the detection of those relationships and/or situations that may entail a risk, the monitoring methods defined by the organization are put into place so that they can be appropriately monitored and subsequently validated. This allows action plans to be defined that guarantee the good work of the Company and compliance with Grupo Antolin's governance model.

Conflict of interest

This is defined as a factual situation that affects the level of objectivity, neutrality or independence of a person, existing when the judgement of a person about the organization in which they work tends to be unduly influenced by a secondary interest, either personal or financial.

In order to identify and manage conflicts of interest, Grupo Antolin has implemented and approved the Conflict of Interest Policy, which includes measures to prevent and declare these conflicts, such as:

- Implementation of effective procedures that impede or control the exchange of information between people who participate in activities that may involve some type of risk, as well as separate monitoring of those people whose main functions consist of carrying out activities or services that may involve some type of risk.
- To do this, a conflict of interest form/certificate has been established, which consists of an individual and confidential declaration to be completed by a certain group that, due to their responsibility and authority, participate in decision-making and are therefore exposed to greater risk (directors, plant managers and personnel with responsibility in the areas of purchasing, sales and human resources, as well as any other employee who may intervene in decision-making in a commercial or institutional relationship).
- Establishment of procedures that allow any employee to report or request advice about potential situations of this type. Both a private compliance email address and a transparency channel are provided to communicate all queries or circumstances in this regard.
- Training of employees regarding conflicts of interest. Employees are informed of the content and approval of the Conflict of Interest Policy through internal communications.
- Existence of separation of functions procedures. Establishment of a separation of functions procedure under the SAP GRC tool (Access Control).

Monitoring and updating

The Corporate Compliance Director, with the support of the different areas of the organization, monitors the due diligence procedures implemented by Grupo Antolin. In this way, they can detect any possible new risk profiles, assess the action plans established in terms of their efficiency, and inform and report these conclusions, along with all other information on the compliance management system, in accordance with that indicated in the Compliance Management Process.

IV. Risk Management Model

Key principles

Grupo Antolin considers the management of risks as a key and indispensable task within the Company. Grupo Antolin's Internal Control system includes risk management and is designed to effectively manage all risks that may threaten the achievement of its objectives. Grupo Antolin defines risk as any internal or external contingency that, should it materialize, would significantly impede or hinder the achievement of the objectives set by the organization.

The key principles of risk management at Grupo Antolin are:

- To manage risks throughout the Company, with no exceptions, in order to achieve the strategic objectives set.
- To ensure compliance with the corporate risk management process, which includes the identification, assessment, response monitoring or tracking of the risks and information on them.
- To set the risk levels deemed acceptable by the Company.
- To provide responses to these risks that are consistent and extensively adapted to the conditions of the business and the economic environment.
- To regularly review the assessment of risks and the responses that have been designed.
- To monitor the controls and strategies related to risk management to ensure that they work effectively.
- To regularly assess the fulfilment of the activities to identify, assess, respond to, monitor or track the risks and information on them, in accordance with the latest standards.
- To design the information systems, internal controls and strategies for managing and mitigating risks.

Roles and responsibilities in corporate risk management

The Board of Directors has the role of monitoring and managing the risk control system in the Audit Committee, and the Management Committee is responsible for the proper functioning of the Risk Management Model at Grupo Antolin.

The effectiveness of the Company's Risk Management Model and the control activities carried out are regularly assessed, reporting the results to the Audit Committee and the Chief Executive Officer. Independent reviews can be carried out, both through Grupo Antolin's own Internal Audit department and through external experts.

The basic responsibilities of the Management Committee in the area of risk management, regardless of those that may be awarded to it additionally in response to short-term needs, are the following:

- Under the leadership of the Chief Executive Officer, it is responsible for implementing and managing the strategy, culture, people, processes and technology comprising the Company's Risk Management Model.
- Reviewing the budget assigned to the Risk Management Function and monitoring the evolution of assigned costs.

- Promoting the application of best practices in the field of risk management at Grupo Antolin, being responsible for the continuous improvement of the function.
- Providing and involving the necessary staff members in the management of risks within the scope of their responsibility, involving them in the identification, assessment, response and monitoring of these and promoting the application of Grupo Antolin's methodology.

The Risk Committee is comprised of representatives from the following functions in the organization: industrial, sales, financial, purchasing, legal advice, internal audit, compliance and human resources, and the Corporate Risk Manager. Its basic responsibilities in the area of risk management, regardless of those that may be awarded to it additionally in response to short-term needs, are the following:

- Detailed analysis of Grupo Antolin's Risk Catalogue, a detailed monitoring and analysis of these risks and, where appropriate, recommendations for the development of specific action plans.
- Promoting the implementation of the action and/or contingency plans agreed with the Risk Management function.
- Identifying new risks and updating the risk catalogue.
- Defining the risk assessment scale and the weight of these for their subsequent consolidation. (CPI)
- Establishing tolerance thresholds for the indicators (level of risk aversion).

Grupo Antolin Risk Procedure and Catalogue

The defining, updating, approval and dissemination of the Corporate Risk Management Policy is delegated by the Board of Directors to the Management Committee. It is documented and reviewed every three years.

The Management Committee documents the organization and responsibilities of the Corporate Risk Committee. The identification of corporate risks consists of carrying out a search for potential events associated with internal or external factors that may give rise to risks or opportunities, in the context of the global scope of Grupo Antolin, also identifying the strategic objectives affected.

Following the COSO II model, the corporate risks included in Grupo Antolin's Risk Catalogue are classified into the following four groups:

- Strategic Risks: Those that affect the high-level objectives, directly related to Grupo Antolin's strategic plan (for example, country risk in emerging countries, penalties for breaches of financing agreements, shortage of human resources, etc.).
- Operational Risks: Those that affect the objectives linked to the effective and efficient use of resources (for example, customer credit risk, increased raw material prices, fraud in the purchasing process, etc.).
- Reporting Risks: Those that affect the objective of reliability of the information supplied, both internally and externally (for example, reliability of financial information, fraud or error in the data reported to official bodies, etc.).
- Compliance Risks: Those that affect the objectives related to complying with the applicable laws and standards (for example, a breach of the local labor or environmental

legislation in countries where Grupo Antolin operates, a breach of obligations deriving from the National Securities Market Commission - CMNV, etc.).

The addition/removal of a risk in the Risk Catalogue is proposed by the Corporate Risk Manager and approved by the Corporate Risk Committee. The Corporate Risk Manager is responsible for updating and amending the Risk Catalogue. The annual budgetary cycle involves the determination of the inclusion of new risks that affect Grupo Antolin, updating existing ones and/or deleting obsolete risks.

In the first quarter of 2019 Grupo Antolin completed the implementation of the Corporate Risk map in SAP GRC Risk Management and during the second quarter of the year it carried out the update of the risk catalog and subsequent valuation of them from a triple perspective: probability of occurrence, impact and detection / management capacity, the latter understood as the effectiveness of the detection / management activities associated with each risk.

The consolidation of the assessed risks resulted in a new scorecard whose supervision has been carried out periodically since July with the aim of:

- Ensure that Risks are being managed in the manner provided by Management.
- Evaluate if the response plans are still efficient, provide information to those responsible for them, and initiate the pertinent action plans if necessary.
- Determine if the Risk Catalog anticipates and reflects changes in business circumstances and new economic conditions.
- Detect possible variations or transfers of the threshold established for each of the indicators.

Specific risks

The Grupo Antolin Corporate Risk Catalog identifies the following specific risks, among others:

- Corruption and money laundering: Existence of situations that could attract criminal liability to Grupo Antolin for actions by its employees, failure to update it in accordance with changes in the applicable legislation / regulations on reporting to official bodies, fraud or material error in the internally reported data;
- Human resources: Lack of necessary personnel (limited resource structure), Labor conflicts, Unexpected loss of key personnel;
- Training: Training deficiencies;
- Safety and Health: Safety and Occupational Health;
- Environment: Incidents in the environmental management of production (includes waste management), Non-compliance with environmental legislation;
- Suppliers: Dependence on key suppliers and / or imposed by clients, Inadequate selection of suppliers, Incidents in supplier management;
- Human rights: Ignorance or non-compliance with the Group's Code of Ethics, Non-compliance with labor legislation, Non-compliance with LOPD (Data Protection) legislation;
- Social action and local communities: Breach of tax legislation.

Risks of climate change on the activity of Grupo Antolin

Being aware of the importance that the potential impacts of climate change may have on our activity, Grupo Antolin identifies, evaluates and monitors the risks related to these aspects.

In addition to promoting sustainability and efficiency in all our processes and products, Grupo Antolin incorporates climate change and environmental issues in its risk catalog, explicitly in three of the risks included in said corporate catalog: "Risk of the environment", "Risk of non-compliance with environmental legislation" and "Risk of Incidents in the environmental management of production" (including waste management).

Under the risk called “Risk of the environment”, the absence or inadequate definition of a business contingency plan that covers both preventive management and recovery of the activity in situations caused by serious accidents and / or natural catastrophes is contemplated. In short, it considers extreme weather phenomena that may significantly affect our operations and facilities.

As for the other two, the risk of "Non-compliance with environmental legislation" and the risk of "Incidents in the environmental management of production" (understood as the occurrence of accidents with environmental impact), refer to both sanctions in those that may be incurred as well as the reputational damage derived from said incidents.

The current corporate risk map, which came into force July 2019, includes within its KRI’s (Key Risk Indicators) the risk called “Environment Risk”. Said corporate risk map is reported monthly to the Risk Committee and to the Management Committee and periodically to the Audit Committee for its review and analysis.

Strategy management

The Management Committee annually reviews the Mission, Vision and Values of Grupo Antolin, if necessary adapting them to comply with the planned strategy. The fields to consider in the analysis, and those responsible for providing the information, are as follows:

Position with markets and customers	Marketing, Communication and IR (Institutional Relations) Department
Position with products by region	Marketing, Communication and IR (Institutional Relations) Department
Position with the main competitors	Marketing, Communication and IR (Institutional Relations) Department
Position with industrial operations/implementations	Corporate Industrial Department
Position with technology, current and trends	Corporate Innovation Department
Position with the organization, people and society	Human Resources Department
Position with the economic environment, profitability and financial capacity	Corporate Finance Department

Each Business Unit carries out an analysis of the environment, through a SWOT analysis (Strengths, Weaknesses, Opportunities and Threats), based on the information available in the scope of its responsibility, on customers, competitors, markets, technologies, etc., previously structured and prepared. The SWOT allows the analysis of the strengths and weaknesses of the organization in relation to the opportunities and threats of the environment. The Corporate Industrial Department establishes the information, preparing a SWOT-Global Grupo Antolin.

The combination of the 4 components of the SWOT (S-Strengths, W-Weaknesses, O-Opportunities and T-Threats) gives rise to the strategic lines, based on:

SO (using strengths to take advantage of opportunities).

WO (overcoming weaknesses and taking advantage of opportunities).

ST (using strengths to avoid threats).

WT (reducing weaknesses to a minimum and avoiding threats).

Each Business Unit selects, prioritizes and explains, in the SWOT tool, the strategic lines receiving scores lower than 4 (with 5 being the highest). The Business Units establish the strategic objectives and strategic guidelines for each prioritized strategic line.

The strategic guidelines contain the guidelines-instructions for later establishing the strategic actions. Once the strategic areas, objectives and guidelines have been identified, each Business Unit defines the strategic actions, operational objectives, responsible parties and resources that contribute to achieving the objectives for which it is responsible. The Corporate Industrial Department organizes, groups, consolidates and analyzes the information received.

Grupo Antolin's Management Committee, with the information contained in the SWOT-global and consolidated Strategic Plan, establishes and determines the final strategic areas, objectives and actions of the Strategic Plan and Planning (execution time and the annual value of the strategic objective). The Management Committee ensures that each department contributes equally and proportionally, ensuring the robustness, consistency, possible redundancies and oversights of the strategic actions and objectives.

The executives forming the Management Committee, with the support of the Corporate Communication Department, communicate the Strategic Plan, the priorities of Grupo Antolin and the actions to be implemented for their achievement clearly, verbally and in writing, within the scope of their responsibility.

The corporate and operational departments deploy the Strategic Plan within the scope of their responsibility, through the Business Plan and its materialization in the annual budgets.

Sustainability Master Plan

Included within the Company's Strategic Framework, the Sustainability Master Plan is our roadmap for the next three years that must guide Grupo Antolin and allow it to be a Company that is more committed to the development and well-being of the society in which we live, taking into account the United Nations' Sustainable Development Goals.

Thanks to the different areas covered by the Plan, the Company is committed to forming part of this global movement, through the transformation and adaptation of these goals into specific measures and actions.

The new Sustainability Master Plan arises from the internal desire of Grupo Antolin to be a sustainable business, as part of the Company's strategy. Its content is based on a 360º analysis of the matters considered most important for the future of Grupo Antolin, from the expectations shared by shareholders, customers, investors, employees, suppliers and experts in sustainability; taking into account the evolution of the sector and the global trends that affect it.

The Plan responds to the challenges and opportunities of the environments in which we operate, is aligned with best practices, meets the expectations of our stakeholders, and establishes some guidelines that will allow us to integrate sustainability into our entire value chain to:

- Promote competitiveness and guarantee the future profitability of the business
- Strengthen the corporate culture and values.
- Attract and retain the best talent.
- Differentiate ourselves from our competitors.
- Be the preferred option for customers.
- Manage impacts through the supply chain.
- Improve the relationship with our environment.
- Meet the requirements set by investors.

7 strategic lines. 7 working teams. 28 milestones, close to 30,000 collaborators. 1 plan

V. About this report

Our relevant issues: 360º analysis - Knowing how to listen and understand

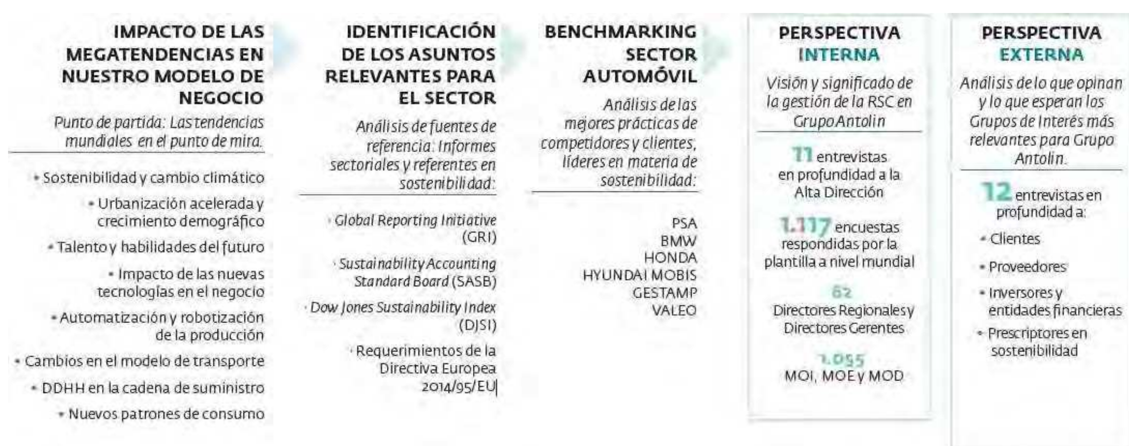
In a market as dynamic as the current one, with the profound transformation being faced by the automotive industry, the ability to adapt, listen to and understand the signals of the environment, differentiating between what is important and priority and what is not, plays a key role in the future viability of the business.

In order to be able to identify the expectations and concerns of our stakeholders and try to respond to them, through our business model and the performance of our business activity, a new materiality study was carried out during the final quarter of 2017. This study involved the collaboration of an independent expert in all its phases.

The ultimate goal of the study is to interrelate and align our strategy, going beyond the financial, with the real needs and expectations of our stakeholders and the environment, which can be translated into objectives that are common to the Company but customizable for each function, business unit and region, based on:

- VISION > What does Grupo Antolin want?
- GLOBAL TRENDS > How are we planning to deal with them? How should we do this?
- STAKEHOLDERS > What do they expect from Grupo Antolin?
- RISKS and OPPORTUNITIES > Of all the possible impacts generated as a result of our decisions and operations, which require more of our efforts and resources? How can we transform the identified risks into business opportunities?
- BEST PRACTICES > What is our benchmark? Internal? External?

Methodology:



As a result of analyzing the above information, along with Grupo Antolin's progress in matters of sustainability and the action areas identified with the initiatives already implemented by the Company, the matters relevant to Grupo Antolin were defined according to the degree of maturity in their management, their importance at the present time and their importance in the future. We can also add that the scores awarded by the different stakeholders have been weighted according to the weight of their opinion for the business.

From here, in order to prioritize the different issues identified, the risk and opportunity that each of them constitutes for Grupo Antolin in each of the phases that define our business model has been taken into account.

Our strengths: essential for generating value

Six aspects define the Company's success:

- The long-term vision linked to being a family Company;
- Excellent risk management in decision making;
- Economic efficiency and financial strength in a sector with little room for maneuver;
- Its ability to work with the customer globally;
- Operational management, technical knowledge and business focus
- Team commitment.

Our focus: graphic analysis of materiality

Prioritize, anticipate and pay attention

Our aspiration: Grupo Antolin's purpose

To make a difference with our values and commitments to sustainability, being recognized as a pioneer Company in the field of sustainability within the automotive components sector due to our commitment to corporate social responsibility.

To be an active part in constructing the mobility of the future from the inside: our people, our products.

Other considerations in this report

This Statement of Non-Financial Information has been prepared in keeping with the requirements established in Law 11/2018, of December 28, 2018, on non-financial information and diversity, approved on December 13, 2018 by the Congress of Deputies, modifying the Commercial Code, the consolidated text of the Capital Companies Law, approved by Legislative Royal Decree 1/2010, of July 2, and Law 22/2015, of July 20, on the Auditing of Accounts, on matters of non-financial information and diversity (from Royal Decree-Law 18/2017, of November 24).

To ensure that the content of this report reflects our performance with regard to sustainability, the GRI (Global Reporting Initiative) Standards, according to the selected GRI option, and Directive 2014/95/EU on non-financial information and diversity have been taken into account.

When writing this report and selecting its content, the results of the materiality analysis carried out during the last quarter of 2017 were taken into account. This was carried out with a clear objective: to interrelate and align our strategy as a business, from a wider perspective than just the financial, with the needs and expectations of the strategies of our stakeholders and the environment, which can be translated into objectives that are common to the Company but customizable for each function, business unit and region. In accordance with this materiality, operations and the Company's business model, the content of the law relating to the following has been considered as "not material":

- food waste due to being unrelated to the business,
- biodiversity, since Grupo Antolin is not present in special protection areas and therefore does not have a direct impact and
- consumers, being a B2B business.

The reporting scope of this Consolidated Statement of Non-Financial Information (Consolidated EINF) is the same as that for the consolidation of financial information. For more information, see Appendix I and the explanatory notes.

The Consolidated EINF of Grupo Antolin Irausa, S.A. and Dependent Companies for the year ended December 31, 2019 is presented and formulated as a separate report, but is part of the consolidated management report for the year 2019.

In accordance with the current mercantile regulations, this Statement of Non-Financial Information has been verified by KPMG Asesores, S.L.

VI. Environmental and energy management

Introduction: risk areas and management approach

As part of its environmental commitment, Grupo Antolin has drawn up its Sustainability Master Plan for the three-year period 2018-2021 in order to establish the framework of actions with which to respond to the challenges and opportunities of the environments where the Company operates, ensuring the participation of its main stakeholders in these to integrate sustainability in its entire value chain.

The areas defined in the Plan must contribute to achieving the sustainable development objectives in Grupo Antolin as part of its Vision and Values, and also its Corporate Social Responsibility policy.

These areas include attention to the environment, dedicating time, effort and resources to improving waste management, reducing consumption, improving energy efficiency and management, as well as to developing complementary social awareness actions. The objective of the environmental commitment area is to reduce the environmental impact of Grupo Antolin's business activity in order to facilitate its positioning as a leading Company due to its respect for the environment, as well as its contribution to the fight against climate change and its support for the transition towards a low-carbon economy.

The commitment includes the implementation of a Work Plan for the three-year period 2018 - 2021, which is focused on four main lines of action:

(i) Transition towards a low-carbon economy,

(ii) Strategy and promotion of the circular economy,

(iii) Partnerships to promote sustainability,

(iv) Sustainable financing strategy.

The relevant environmental aspects are CO2 emissions and the generation of waste, which is mainly non-hazardous. For this reason, Grupo Antolin launched the 2014-2016 Green Program, the first multi-year program focused on reducing electricity consumption, the main source of indirect CO2 emissions and the generation of non-hazardous waste. This program established annual reduction targets for each item, calculated individually for each plant with regard to its production. The first program covered more than 70 plants. This program was reviewed in 2017 to include new plants and set new stricter targets for those plants that did not reach their improvement objectives. In 2019, the environmental objectives were recalculated with respect to sales figures, instead of production (Kg of plastic pellets consumed in injection plants or units produced in the rest of the companies). The reason for this change in criteria is to be able to establish a corporate objective of reducing CO2 emissions (scope 2) compared to sales. In addition, in 2019 new centers were included within the scope of the Green Program, going from 83 in 2018 to 91 in 2019

As proof of our commitment, Grupo Antolin adopts and applies the main conventions and guidelines established in the Global Compact (Principles 7, 8 and 9) and the Carbon Disclosure Project (CDP Climate Change & Water Disclosure Project).

The Company works to be a benchmark due to the respect we show for our environment, for our contribution in the fight against climate change and the transition towards a low-carbon economy when carrying out our activity. It therefore seeks to (i) minimize our impact on the environment; (ii) optimize processes and the development of innovative sustainable solutions; and (iii) stay ahead of the market in relation to future regulation.

Although we are not directly responsible for emissions from vehicles, we can contribute to alleviating their impact on the environment through optimizing energy in our chain, efficiently managing natural resources and examining the materials we use.

Grupo Antolin's Management Model establishes the corporate governance approach linked to the strategic decision about which Management Systems and internal regulations must be implemented in of all the companies worldwide. It is comprised of a set of documents organized by process and procedure in order to comply with the requirements of the international management system standards and internal management needs.

It includes the use of various integrated management systems, among which is the Environmental Management System (EMS) based on ISO standard 14001 and the new corporate Energy Management System in accordance with ISO 50001 (SGEn).

The Management Model includes the corporate policies approved by Grupo Antolin's senior management and that must be adopted and respected by all its companies. The Environmental and Energy Policy, revised in 2019, includes a commitment to prevent pollution on a global scale and to continuously improve its environmental behavior, respecting the laws and requirements of customers, minimizing the use of energy and resources and encouraging the participation of employees.

The EMS allows us to identify the specific risks and opportunities of each Company. Each Company also identifies and assesses its main environmental impact every year, establishing improvement programs whose progress continues at regular intervals.

Each Company has operating instructions that cover normal operating conditions and emergency instructions describing how to act in order to minimize impact in the event of an accident.

General detailed information

Environmental and energy certifications obtained

The Environmental Management System (EMS), based on ISO standard 14001, is implemented in the main industrial companies with the greatest environmental impact, as well as in some assembly and sequencing (JIT) centers when requested by the customer. The headquarters is also certified. As of December 2019, a total of 97 centers had the ISO 14001 certification.

Throughout 2019, the new corporate Energy Management System (SGEn) based on the ISO 50001 standard has been implemented in the 3 Spanish companies with the highest energy consumption. In September 2019, 2 of them obtained the 50001 certification with respect to the new version of the 50001: 2018 standard. Thus, in December 2019 a total of 6 centers have ISO 50001 certification.

Resources dedicated to preventing environmental risks

There is a Corporate Environmental Department formed by 2 people who work with 2 qualified corporate auditors for various management systems (quality and the environment). There are also 3 regional managers in North America and China who perform combined duties focusing on quality and the environment.

Each certified Company also has at least one person responsible for the environment who usually combines this work with other duties, including occupational health and safety. Several of these responsible persons are also qualified as internal auditors to perform cross audits.

A total 112 own employees are dedicated to the prevention of environmental risks.

Application of the precaution principle

The global pollution prevention commitment emanating from the Environmental Policy is applied to several stages of the business:

Product and process design: the environmental impact is taken into account from the initial design phases. Examples of some improvements: replacement of solvent-based adhesives for water-based adhesives for shaping overheads. Use of returnable packaging for the shipment of products, whenever possible

End of life: creation of the Company ASH, manager of waste from the manufacturing of overhead trims at the Spanish plants

Live mass production: implementation of emergency instructions that include the handling of damage prevention measures in the event of an accident (chemical retention systems, spill kits, training and drills, etc.).

Grupo Antolin's civil liability insurance covers contamination of the soil, water, or the atmosphere, as long as its cause is accidental, sudden, not foreseen or expected, excluding the following situations:

a. Claims for contamination originating continuously, slowly and repeatedly.
b. Failure to comply with laws, orders, regulations, administrative provisions or the competent authorities in the field of the environment.
c. Damage to the environment that comes from facilities or premises of the Insured dedicated exclusively to the process, treatment, management, storage, use and discharge or dumping of residues, waste substances or debris.
d. Damage from emissions, immissions or discharges derived from the normal operation of the operation (regular emissions or discharges).
e. Installations in which the authorized emission or immission levels are continuously or repeatedly exceeded or installations that are in a poor state of conservation and maintenance.
f. Genetic damage in people or animals.
g. Claims for environmental responsibility based on Law 26/2007 of October 23, on Environmental Responsibility and development regulations, which was required or required by the Public Administration.

Its scope is the activity of Grupo Antolin in the European Union, covering the costs and expenses of prevention, avoidance and repair considering a limit of 2.5 million euros per claim and year, with a franchise of 60,000 euros.

Contamination

Reducing emissions is a strategic objective for Grupo Antolin and is addressed with actions aimed at lightening the weight of the products it manufactures in order to be able to help mitigate the impact of the vehicle on the environment. In this regard, it is worth mentioning the Company's work in the field of structural foaming through different processes (chemical, physical and syntactic), with which it is possible to manufacture components with a foamed core but dense and compact outer skins. Also relevant in relation to lightening is the work at Grupo Antolin aimed at developing composite materials with different types and lengths of reinforcing fibers as well as the development of the necessary technologies for their processing. An example of our environmental commitment is the plastic door module project for FCA in the U.S., which lightens the weight of the part and therefore contributes to reducing the vehicle's fuel consumption.

In addition, companies carry out measurements of the levels of noise emissions abroad as required by the legislation in force in each country. During internal audits, it is verified that measurements have been carried out as planned. In most cases, the provisions are complied with, and in the event of deviations, the pertinent corrective measures have been implemented to comply with local legislation

Other emissions (NOx, SOx, substances that affect the ozone layer)

NOx and SOx emissions mainly come from the combustion of fossil fuels, mostly natural gas and propane, which are low in sulfur so the SOx emissions are lower.

Although some companies use these fuels in their processes (steam generation, thermal oil heating, etc.), the majority use of fuels is for air conditioning. Preventative maintenance is carried out to ensure the proper functioning of the boilers and thus reduce NOx emissions. The boilers are of a power that means they do not require a continuous monitoring system according to the current legislation in each country. They only require regular measurements to verify their compliance with the atmospheric emission limits. These measurements are always taken by external maintenance companies or authorized control bodies, managed by each Company.

Other substances that deplete the ozone layer are usually gases used in cooling and firefighting systems. Both systems are reviewed by maintenance and/or inspection companies to verify the absence of leaks and their compliance with the legislation applicable in each country. These activities are verified internally and also during internal and external audits. During 2019, no significant incidents in this matter have been identified.

Periodic controls required by legislation are carried out to verify legal compliance with atmospheric emissions and verification of the absence of leaks.

Circular economy and waste prevention and management

In the field of promoting the circular economy, Grupo Antolin has developed the Novaform® technology in an integrated manner in order to enable the processing of thermoplastic materials regardless of their rheological properties, thus allowing a significant increase in the proportion of recycled material of post-industrial origin that can be reused to manufacture certain vehicle interior components.

Moreover, Grupo Antolin has developed a range of technical materials with the name Coretech® that offer excellent noise insulation properties and protection against moisture, which is why

they have found various applications in the construction sector. Waste from the overhead lining manufacturing process is used to develop these materials, thus contributing to their recycling. Reusing pallets used in the logistics processes, as well as other measures aimed at the reuse, recycling and reduction of waste, have been implemented in the Company's industrial centers.

The environmental aspects also extend to Grupo Antolin's product strategy. So, the Company works on sustainable interiors whose components promote the use of materials from renewable sources instead of alternatives with a fossil origin. In this field, Grupo Antolin has developed, for example, polyurethane foams with a high content of biological and renewable polyol, which are already industrialized in the production of interior overhead linings. It is also working on the development of surface finishes with high added value, using 100% natural materials in order to favor aspects of end-of-life recyclability: mineral materials, corks and natural materials encapsulated in polymeric substrates.

A highlight is the creation of a multi-disciplinary team with representatives from the different areas of the Company, which facilitates the mainstreaming of the environmental commitment throughout the Company.

As one of the lines included in the Sustainability Plan, in 2019 the Environmental Commitment team, in collaboration with ECOEMBES, launched the "REDUCE, REUSE, RECYCLE" campaign aimed at the selective collection of urban solid waste. New waste collection points were installed, eliminating the old individual bins. In addition, at the end of the year, water fountains were installed in the dining room so that individual plastic bottles were removed. All this has allowed to reduce by 76% the urban waste deposited in landfill generated by Headquarters.

Sustainable use of resources

One of the main environmental impacts is direct and indirect CO2 emissions, which is linked to energy consumption (electricity, natural gas and other fuels). The generation of waste and consumption of raw materials is also material.

Water does not represent a material impact at Grupo Antolin as its use in the production processes is very limited (water jet cutting, steam for Expanded Propilene production, adhesive catalyst, etc.). The main use of water is for sanitary purposes.

The environment in figures

Of the 173 facilities forming part of Grupo Antolin, there are various types: 148 industrial plants (IND) and assembly and sequencing centers (JIT), 24 technical-sales offices (TCO).

The large industrial centers, dedicated to manufacture of vehicle components, represent the biggest environmental impact, mainly due to the CO2 emissions associated with energy consumption and the generation of both hazardous and non-hazardous waste. The energy consumption of the headquarters (TCO), where the largest component testing and validation center in the entire Company is located, is also relevant.

The environmental impact of sequencing and assembly plants (JIT) is of little relevance compared to that of industrial plants. In previous years, the reporting of data by this type of center was unrepresentative. For both reasons, they were not considered in the environmental report of previous years. However, in 2019, the reporting of industrial data from JIT plants has

increased until reaching a representative percentage, so this year the data from these centers has been taken into account.

Therefore, the data reported on energy consumption, emissions, water and waste correspond to industrial facilities, assembly and sequencing centers and Headquarters. Therefore, the environmental reporting perimeter has increased from 69 in 2018 to 115 centers in 2019.

Indicator (Unit)	2018	2019
Non-hazardous waste (T) (*1)	82,581	104,845
Hazardous waste (T) (*2)	4,014	4,536
Consumption of water (m3) (*3)	1,400,466	1,487,993
Consumption of plastic pellets (T)	123,444	124,272
Consumption of polyol/isocyanate foams (T)	30,282	29,249
Direct consumption of energy (Gwh) (*4)	161.63	175.32
Indirect consumption of energy (electricity) (Gwh) (*4)	545.26	594.37
Generation of renewable energy (kWh)	500,627	465.378
Greenhouse gas emissions by direct consumption of energy (scope 1) (Tons of CO2 eq) (*4)	26,287	37,707
Greenhouse gas emissions by consumption of electricity (scope 2) (Tons of CO2 eq) (*4)	217,768	244,481

KPI (Unit/Sales)	2018	2019
Non-hazardous waste (T/€m) (*1)	19.69	18.96
Hazardous waste (T/€m) (*2)	1.051	0.820
Consumption of water (m3/€m) (*3)	341.46	269.11
Consumption of plastic pellets (T/€m)	21.6	22.0
Consumption of polyol/isocyanate foams (T/€m)	5.7	6.0
Direct consumption of energy (Gwh/€m) (*4)	46.54	31.71
Indirect consumption of energy (electricity) (Gwh/€m) (*4)	128.26	107.5
Greenhouse gas emissions by direct consumption of energy (scope 1) (Tons of CO2 eq/€m) (*4)	7.74	6.82
Greenhouse gas emissions by consumption of electricity (scope 2) (Tons of CO2 eq/€m) (*4)	51.23	44.22

*(*1) Non-hazardous waste figures correspond 93% (by aggregate sales) to Grupo Antolin's industrial centers and assembly and sequencing centers (including the Company headquarters.*

*(*2) Hazardous waste figures correspond 98% (by aggregate sales) to Grupo Antolin's industrial centers and assembly and sequencing centers (including the Company headquarters).*

*(*3) Water figures correspond 92% (by aggregate sales) to Grupo Antolin's industrial centers and assembly and sequencing centers (including the Company headquarters).*

*(*4) Energy and emission figures correspond 98% (by aggregate sales) to Grupo Antolin's industrial centers and assembly and sequencing centers (including the Company headquarters).*

NOTE: The variations between 2018 and 2019 are due to the expansion of the number of companies within the scope of the report (from 69 to 115) and to the diversification of the type of plants included in 2019. New companies are mainly assembly and sequencing centers, whose environmental impact is much less than industrial type centers. As a novelty in 2019, the environmental KPIs related to sales have also been calculated, which will allow establishing corporate objectives for improvement, facilitating their consolidation and monitoring. The 2018 data regarding the consumption of pellets and polyol / isocyanate have been recalculated based on actual information provided by the factories

In terms of the raw materials consumed, figures are provided on the two main families for the following reasons:

Polyol Isocyanate: Grupo Antolin is the global leader in the manufacturing of overhead trims for vehicles. Polyurethane foam is used to manufacture overhead trims, this in turn being made from two chemical components: polyol and isocyanate. Therefore, they are raw materials common to all overhead trims. Although in a smaller quantity, both compounds are also used in instrument panels and other accessories. Through in-situ foaming, a padded finish is given to the final part. A total of 39 companies use polyol and isocyanate.

Plastics: plastic pellets are widely used to manufacture multiple automotive parts, from instrument panels, door panels, pillars, and other small parts or subcomponents for sun visors, window regulators, lighting parts, etc. A total of 43 companies manufacture plastic parts by injection.

Climate change

Detailed below are some measures implemented to improve energy efficiency and other measures aimed at a low carbon economy to mitigate the effects of climate change:

- 18 energy audits in 16 European plants carried out between 2015 and 2019. In accordance with the current legislation, these must be repeated every 4 years.
- Certification of the Energy Management System 50001 at 6 centers
- Generation of renewable electricity with the installation of photovoltaic panels situated at the headquarters.
- Systems for the recovery of residual heat from processes to heat the facilities (compressors) at Company headquarters
- Replacement of florescent lights with LED lights in the Valplas facility
- Reinforcement of the insulation of injection machine spindles to avoid heat loss and improve the energy efficiency of processes.
- Campaign to control leaks of compressed air

Grupo Antolin has an internal application (Environmental and Energy Indicators) for the report of environmental figures (consumption of electricity, fuels, water and generation of hazardous and non-hazardous waste). Although the greatest environmental impact is focused on the industrial centers and the headquarters, Grupo Antolin continues to work to increase its control in monitoring the environmental consumption of all the centers, including assembly and sequencing centers.

Using the figures reported, the application calculates the greenhouse gas emissions by direct consumption of energy (scope 1) and consumption of electricity (scope 2). The calculation is

based on the methodology published by the organization Greenhouse Gas Protocol http://www.ghgprotocol.org/

Grupo Antolin does not currently calculate scope 3 greenhouse gas emissions since it does not have information to calculate these types of emissions.

Protection of biodiversity

Grupo Antolin's activity has no significant impact on biodiversity, as can be seen from the materiality analysis carried out by the Company and which considers the different stakeholders, both internal and external.

VII. Social and staff management

Connected to the future

The vehicle's interior will play a leading role in the mobility of the future, motivated by the profound transformation that the automotive sector is experiencing. As in the other business areas, factors such as globalization, the emergence of the self-driving and connected vehicle, its electrification, business digitalization, the new mobility models, and the automation and robotization of production are already determining the features of the future labor market. Being a part of this transformation presents multiple challenges that result in the need to currently address the global challenges with policies, programs and projects, and a strong commitment to the greatest asset that companies have: their people.

Leading this revolution means fostering a new type of leadership that is capable of managing people, resources and results and identifying growth opportunities for the organization and its team, to build a future from today. Attracting, managing and retaining the best professionals is essential in the knowledge economy of the 21st century. We need to have high performance teams working on innovative projects. Only with the best team will Grupo Antolin be able to lead the global market for the manufacturing of car interiors.

Grupo Antolin wants to become the leading Company in innovation, technology, quality, production and talent. This means knowing how to manage, look after and enhance the talent of its employees, as well as committing to corporate social responsibility and to being an example of good governance and ethics; bringing its good work and expertise not only to the customers, but also to investors, suppliers and society as a whole.

As an organization, each day the Company faces numerous important challenges that we can overcome thanks to the effort and dedication of a global team of highly qualified professionals committed to their work. Team commitment has been considered one of Grupo Antolin’s main strengths by its stakeholders, according to the 2017 Materiality Study described in this report.

We must all contribute to making Grupo Antolin a better Company each day in an extremely competitive industry. Along with Family Spirit, Passion, Innovation and Contribution, People is one of the Company's 5 values that form the key to success. Having People as a value means generating a climate of trust, being tolerant of mistakes and learning from them, recognizing achievements, working as a team, listening to others, communicating better among ourselves and acting with transparency. In this task, the role of the managers and directors of the different departments, business units and regions is essential. The different ways of understanding the world, together with the many different experiences of the employees, bring unique value to a Company as global Grupo Antolin.

Policies and commitments

People are the origin and objective of the human resources strategy defined by the Company. Part of Grupo Antolin's Strategic Plan, the 2018-2022 Human Resources Strategic Plan defines action lines, policies and tools that facilitate the implementation of programs and projects to stimulate, attract and acCompany the professional development of the people who form the Company, as people and professionals.

In an environment as diverse as that of Grupo Antolin, its policies are based on the same foundation for all centers and places where the Company operates. However, following the

maxim "I think globally and act locally", Grupo Antolin always works from the point of view of respect for the culture and customs of each country, adapting its policies and systems locally to the specific peculiarities, legislation and environment.

Strategic lines and commitments:

- Management, attraction and retention of talent
    - *Employer branding*: strengthening and consolidating the Company's global image as an employer brand throughout the Grupo Antolin world;
    - *Industrial talent*: identifying, developing and retaining key industrial talent;
    - *Young talent*: improving the acquisition of talent through attracting and developing young talent;
    - *Extraordinary leader*: transforming good leaders into excellent ones;
    - *Mobility grid*: identifying employees in the Company who are performing well in their current positions and available to support the organization internationally in certain situations, through temporary secondments;
    - *Successions plan*: clarifying and managing the development and contribution of people in the organization depending on their level of contribution.

- Value-based management
    - *Performance management system*: target-based strategy and management. FUEL Model. Effective performance feedback conversations based on 360-degree communication, the vision and values of Grupo Antolin.
    - *Basic Work Units – BWU*: basic Work Units that intervene in the companies and/or organizational units of Grupo Antolin, coordinated by a leader and formed by a team of people with a shared mission: to promote the participation of people in working teams based on communication, training and recognition.

- Professional development
    - *Corporate training*: developing the organization's professionals through continuous training aligned with the Company's strategy, so that it impacts on people's behavior: on their skills, attitudes and/or knowledge. Highlights are 4.0 Training Programs and Insight Skills.
    - *Dual Vocational Training*: coaching, training and preparing young people in the Company's processes and technologies, through a cross-cutting process of technical theoretical-practical training. Scope: Germany. Spain. United States. Mexico.

- Digitalization and reliability - Tools
    - *Success factor:* digitalization of recruitment/selection and training processes.
    - *SAP HR*: use of the data related to people in the Company's different tools for internal decision making and external information

- *ERS. e-request: i*ntegrated management for HR application processes, vacancies, candidates, transfers and global and individual salary increases
- *Business intelligence*: human resources management indicators scorecard.

- Remuneration
  - *Total Remuneration Model*: measurement of the emotional salary as a non-monetary element of compensation
  - *Glocal strategy*: definition of specific strategies in countries with particularly active wage markets: Eastern Europe, India, China and the United States.
  - *MBO*: alignment of variable remuneration with personalized strategic objectives according to function.

- Mobility
  - *Global mobility*: alignment of the geographical mobility function with the business strategy and new groups: GiG employees (micro-projects), Millennials, Centennials, Early Retirees, *Mobility Grid*

- Diversity and inclusion
  - *Corporate diversity*: recognition and integration of the different dimensions of diversity into the management of the work teams, taking into account the performance of the people who comprise the team with their different roles, as a factor for the differentiation and growth of the Company

- Occupational health and safety
  - *ZERO 0.0*: design and industrialization of safer and more ergonomic processes.
  - *It's in your hands*: promotion of the culture of a safe and healthy workplace
  - *Think about your health*: promotion of well-being in the workplace as part of the Healthy Company program.

Policies, Processes and Guidelines: People

Internal reference framework

As a complement to the Company's Governance Model, described in the Global Plans section of this report, listed below are the policies, processes and other internal provisions specifically applicable to social and personnel management:

- Vision and values - the value of people
  - *People, the key to success* - Recognize achievements: everyone contributes to success; Generate a climate of trust; Be tolerant with mistakes; Listen, communicate: act with transparency; Teamwork

- Code of Ethics and Conduct - Grupo Antolin's Commitments
  - *Labor Standards* - Grupo Antolin defends the freedom of association and the effective recognition of the right to collective bargaining; supports the elimination of all forms of forced or coerced labor; respects the current legislation of each country regarding working hours; applies salary policies in line with the local legislation, including respecting minimum wage conditions;

supports the eradication of child labor; is in favor of the abolition of discriminatory practices in employment and occupation; and guarantees a management system for occupational health and safety

  - *Diversity and equality* - Grupo Antolin establishes its commitment and implements policies that include equal treatment and opportunities for men and women without any direct or indirect discrimination on grounds of sex, race, color, language, religion, opinion, origin or any other personal and/or social condition or circumstance. Grupo Antolin considers diversity in all policies regarding people management as a cross-cutting factor that is used as the basis for all decisions taken in this area.

- Strategic human resources plan - Defines the cross-cutting lines and acCompanying programs in the professional development of the people who form the Company:
  - *Management of talent and professional development*
  - *Organization, remuneration and mobility*
  - *HR digitalization*
  - *Diversity and inclusion*
  - *Occupational health and safety*

- Sustainability Master Plan. 7 strategic lines: Committed team
  - *Purpose* - To consolidate the corporate identity of Grupo Antolin on a global level, through a project where employees feel valued, adopt the Company's commitments as their own and feel part of the goals.
  - *Motivation* - Enhance internal talent by promoting the professional development of people. Identify with the business project thanks to its adaptation to the needs and reality of the context; promote a dynamic and motivating environment to be proud of.
  - Scope - Attracting and retaining the best talent - technical and human; Listening and talking to employees; Commitment to different and diverse talent; Promotion of a safe and healthy work culture

- Diversity policy and equal opportunities principle
  - Recognition and integration of the different dimensions of diversity (age, sex, origin, culture, sexual orientation, social origin, etc.) into the management of the work teams, taking into account the performance of the people who comprise the team with their different roles, as a factor for the differentiation and growth of the Company
  - Commitment to establish and implement policies that include equal treatment and opportunities for men and women without any direct or indirect discrimination on the grounds of sex, race, color, language, religion, opinion, origin or any other personal and/or social condition or circumstance.

- Protocol for preventing gender-based workplace harassment and violence at work
  - Procedure designed to prevent situations and/or behaviors that may be considered physical and/or psychological harassment of a sexual, moral and/or discriminatory nature in the work environment, which also includes the steps to be followed by anyone at the Company should this occur

- Occupational health and safety policy
    - Commitment to the occupational health and safety (OHS) of its employees beyond strict compliance with the legislation in force since the objective is to protect, promote and optimize the occupational health, safety and welfare of the people who work in our organization.

- Geographic mobility policy
    - Regulation of the social and labor conditions of the staff who, for organizational, technical, production or professional career development reasons must be transferred to other Grupo Antolin companies for a period of time, distinguishing between short and long-term secondments.

- People management model
    - Defines the system followed to manage its people and ensure that the corporate social commitment is developed by all companies in Grupo Antolin: Analysis of required posts and profiles; recruitment and selection; hiring and induction; professional classification; performance management; training and qualifications; communication; remuneration; motivation and workplace climate; dismissals; occupational health and safety (Management System).

- Knowledge management model
    - Defines the system to manage the Company's know-how so that all resources that need to use it have access to it, as well as the information required for its use
    - *Key knowledge*: this is the knowledge that provides a differential value to Grupo Antolin and that is fundamental for achieving the objectives of our business and contributing to the professional development of people
    - *General knowledge*: all activities carried out at Grupo Antolin have a series of associated knowledge items that must be managed so that they are in the optimum state required by the Company

Regardless of the controls that each area responsible for the quantity, quality and reliability of the reported data requires for the proper management of its duty, the controls in place to verify the level of compliance, adaptation, implementation and maintenance of the management systems in Grupo Antolin companies are described globally within the strategy management process. In parallel, Grupo Antolin has the general controls deriving from the application of the different policies, processes and systems defined for each of the issues reported and that contribute to the fulfillment of the objectives set.

Notwithstanding the above, the Company encourages everyone directly and indirectly related to Grupo Antolin to, in the performance of their activity and/or responsibility, express any concerns and report in good faith, with impartiality and respect, any conduct or situation that is contrary to the commitments, policies, principles and other instruments included in the internal guidelines for each Company, in particular, and of Grupo Antolin, globally.

The first person to turn to with any queries or doubts regarding compliance with this code is your N+1, N+2, the local Management or Department of Human Resources and, where appropriate, the Company's committee, if applicable.

If the query or doubt regarding the reported event does not receive a response, could compromise the responsibility of the person reporting it, seriously affects the physical or moral integrity of this or another person and/or poses a significant risk to the activity or reputation of the Company, the Transparency Channel must be used as the official channel for reporting these types of situations.

External reference framework

- The United Nations Universal Declaration of Human Rights.
- Agenda 2030: Sustainable development objectives 3, 4, 5, 8, 10, 16 and 17
- The guidelines and principles of the International Labor Organization (ILO).
- The United Nations Global Compact. Principles 3, 4, 5 and 6
- The Diversity Charter
- The European Mobility Charter
- The Occupational Health and Safety System Standard OHSAS 18001:2007 and ISO 45001
- Local and national legislation and regulations, agreements, pacts and/or those deriving from local, regional, sectoral and international collective bargaining

Corporate diversity and equal opportunities

Grupo Antolin's strategy of being close to the customer and adapting to the needs and requirements of its stakeholders poses the continuous challenge of integrating new structures, cultures and people into Grupo Antolin's values, principles and way of working.

The Company understands the concept of corporate diversity as the recognition and integration of the different dimensions of diversity (age, sex, origin, culture, sexual orientation, social origin, etc.) into the management of the work teams, taking into account the performance of the people who comprise the team with their different roles, as a factor for the differentiation and growth of the Company

In all policies on the management of people, it is considered by the Company to be a cross-cutting factor that lies at the heart of all decisions made in this area. Grupo Antolin seeks a diversity of knowledge, disciplines, experience and origins, which will help us to know and understand the needs of our stakeholders, which are also diverse, and the markets where we operate. This allows the Company to identify risks, opportunities, design appropriate strategies, innovate and develop new products or services, to obtain a common present and future benefit. Only by including diversity as a fundamental variable in its decision-making process can Grupo Antolin guarantee that all the key issues have had the opportunity to be properly taken into account and to improve its position as a Company in the different fields of action

Grupo Antolin's way of working is based on project management and the project team is a practical and real example of the true integration of diversity into the day-to-day running of the Company: multidisciplinary, multifunctional and diverse cross-cutting teams in all its dimensions.

Linked to the principle of diversity, Grupo Antolin states its commitment to establish and implement policies that include equal treatment and opportunities without any direct or indirect discrimination on the grounds of sex, race, color, language, religion, opinion, origin or any other

personal and/or social condition or circumstance. It pays particular attention to indirect discrimination. The Company understands the latter to be a situation in which an apparently neutral rule, principle or practice puts a person at a particular disadvantage compared to other people, for any of the reasons expressed above in this paragraph.

All programs aimed at people are applicable to the entire group regardless of their personal and/or professional position. For Grupo Antolin, the only way of guaranteeing equal opportunities is to integrate, include and develop people, based on the management of competencies, values and skills.

We are focused on equal opportunities from a gender perspective and as an example of this commitment it is worth highlighting the renewal of the Distintivo Óptima (Optimal Award) at four of our companies in Castile and Leon. This Award is aimed at recognizing gender equality at work, based on the assessment and degree of progress of the measures described in the Equality Plans prepared in accordance with Chapter III of Organic Law 3/2007, of March 22, on the effective equality between men and women.

It is worth highlighting that the declared principles are put into practice by encouraging the integration of people with different profiles, ensuring universal accessibility for those with different capabilities, and promoting the equality measures that lead to improvements compared to the current situation, making decisions about the corresponding monitoring systems. All of this is carried out with the purpose of progressing with real equality between men and women at the Company, regardless of any personal and/or social circumstances, and, by extension, in society as a whole. Access to the recruitment, selection and internal promotion processes is carried out under identical conditions for all people wishing to join the Company. We should indicate that the Human Resources department in each Company carries out a job suitability study for their adaptation, in each specific case, if the person has any characteristics or conditions that must be taken into account for the proper performance of their duties.

This proposal will be implemented in conjunction with the legal representation of the workers in the Group companies where such representation is present.

A real desire of the above is the incorporation, within the Sustainability Master Plan for the coming years, as part of the Company's Strategic Plan, of a specific area of work on diversity and inclusion. Here the emphasis is on the implementation of initiatives and measures for the different dimensions of diversity at a local level.

By way of example, some of the related measures, with different scopes, are:

- Selection process for the people forming the Advisory Board, based on criteria of diversity and equal opportunities
- Renewal of the Optimal Award at four of the companies in Castile and Leon
- Awarding of the "Responsible Family Company" Award to our Company in Saltillo (Mexico)
- PDD programs (Management Development) of the Instituto de Empresa - where the presence of women is active

Framed within the line of work on diversity, the programs to encourage and facilitate the balance between work and personal life and shared responsibility by both parents are within the local sphere of each country, in accordance with the reference regulatory framework.

Managed locally by the regional and local Human Resources departments at each Company, strict compliance with the measures established legally or through collective bargaining are combined with those initiatives and actions that, on a voluntary basis, respond to the reality of their needs and the specific requirements of their workforces. All of this is aligned with the commitments defined by Grupo Antolin's Code of Ethics and Conduct and the Framework of the Corporate Human Resources Strategy and the Sustainability Master Plan in its line of work: committed team. The vast majority of actions focus their content on policies for the organization and flexibility of the working day and holiday period. Linked to this last point, the organization of camps for the children of employees at the headquarters and companies in Burgos during non-school days is an example of these measures.

As a complement to the information described and as an extension to the commitment contained in the Code of Ethics and Conduct, we can add that the protocol against sexual harassment based on gender and violence in the workplace, defined in accordance with Spanish legislation, coexists with those approved locally in India and the United States. These are countries where the need to create specific internal regulations on this matter has been detected, due to the importance of its management and risk assessment in the companies in these countries where Grupo Antolin is present.

Work organization

In accordance with the Code of Ethics and Conduct, Grupo Antolin expressly adopts a commitment to respect and comply with the labor standards, such as:

- Supporting the elimination of all forms of work that is forced or performed under coercion
- Respecting the current legislation of each country with regards to working hours
- Supporting the abolition of child labor.

On the basis of this commitment, the organization of working time is based on the employment calendar negotiated for each Company, according to the needs of the customer, Company and specific work environment, in line with the principles of stability and quality in employment and flexibility in time and location. For example, programs such as teleworking at our centers in Germany and the United States coexist with others offering flexible start and finish hours, an intensive working day in summer and at Christmas in Spain, and the adaptation of the working day in Morocco so that the workforce can practice their religion.

In Grupo Antolin, the plants have work shifts that are strategically adapted to the structure, size, location and business objectives, as well as the characteristics of the departments and the number of workers. The nature of the services offered or the behavior of the demand for our products is what establishes the need for two, three or even five work shifts in some plants, directly influencing workers' working hours.

Likewise, and completely linked to the evolution of labor law and the social reality that we are experiencing, in some countries where we are present, legislation is being passed on the reconciliation of family and work life, establishing policies of labor disconnection, as happens in France (with the aim of facilitating the right to rest, the reconciliation of personal and family life, and preventing risks to the health of the people who provide their services in their facilities) and measures to adapt the working day without the worker has to reduce his salary or working day as is the case in Spain

The right to disconnect from work in France is applied within the framework of an agreement signed by the different companies resulting from the negotiations on professional equality between men and women and quality of life at work.

The implementation of this right, the design of training actions to raise awareness and the reasonable use of professional electronic tools form the content of the agreement.

Training and development

At Grupo Antolin, we understand training as a key means to encourage interdisciplinary learning as a factor of professional and personal enrichment in order to help people to develop. In addition to providing them with knowledge that facilitates the achievement of their results, the training and development actions promoted have an impact on the behavior of people: their skills, attitudes and/or knowledge.

Linked to Grupo Antolin's Strategic Plan, the Human Resources Master Plan establishes training as one of the cross-cutting areas on which the management of human resources is based. This is implemented through plans and programs that acCompany the professional development of the people forming the Company.

Grupo Antolin also has a firm commitment to digital transformation. This digitization of the key processes of the organization materializes in the launch of People First (SAP Cloud (Success Factors) technology), which includes a training module for more efficient management of training. The module gives the possibility of managing training planning synchronously and globally. Thus, the employee and each team leader have the possibility of requesting training for personal development and / or their respective teams. This process finds its genesis in the creation of different catalogs of training actions in which the necessary knowledge by department has been collected. In this way, a training catalog has been set up for technical centers, and a more extensive one, divided into different departments (e.g. quality, engineering, production, logistics, MOD, etc.) of industrial centers. The training requests that are collected through People First, once they are approved by the different human resources departments, are translated into the training plans of each Company that is part of Grupo Antolin.

Apart from the aforementioned catalogs where access to training is enabled for all the organization's employees, there are transversal programs, led from the corporate Human Resources area, for the development of managerial skills, such as (i) the "Extraordinary Leader" program, whose objective is to develop the leadership competencies that characterize exceptional leaders or for the development of management skills, and (ii) the "Industrial Talent" program, whose approach is to lead, through financial training, soft skills and experiential training (shadowing of to different department heads of the organization) to a role of factory manager.

The Company's objective is to develop people, helping them grow within the Company and providing them with a professional future at Grupo Antolin. It is working to define the policies and instruments that allow for the initial detection and subsequent development and retention of internal talent. It is the responsibility of everyone forming part of the Company to commit, become involved, train and develop. This is especially true for those who oversee teams and people, managing and facilitating that development from their area of competence through the use of tools made available by the organization for this purpose.

A highlight is the effort to promote the exchange of knowledge as a key issue within the Company. Integrated as part of the people management process, the recognition and rewarding of knowledge at all levels is especially important for the design and monitoring of professional careers.

The internal management of knowledge provides us with a long-term value that sets us apart. We apply it to properly manage our knowledge, identify new needs, improve our products and processes; as well as to generate new management models, through experts, leaders and knowledge communities.

Training hours per professional category (2018)	**MOE**	79,800	**MOI**	272,321	**MOD**	740,472
Training hours per professional category (2019)	**MOE**	95,215	**MOI**	259,602	**MOD**	796,576

See Appendix I, explanatory note 1

See Appendix I, explanatory note 6. MOE - STRUCTURAL labor. MOI - INDIRECT labor and MOD - DIRECT labor.

Social relations

As part of Grupo Antolin's commitment to the labor standards in the countries where the Company operates, Grupo Antolin recognizes and defends the freedom of association and the effective recognition of everyone's right to collective bargaining. It guarantees an occupational health and safety management system at its national and international companies.

It is Grupo Antolin's desire to ensure that communication with trade unions and/or workers' representatives is good and based on respect. Communication channels are established with the trade unions present at our plants, both in Spain and abroad, granting them an e-mail account when they request one for the trade union groups within the address @grupoantolin.com. In order to be able to share legal documentation and anything they request from us much more quickly, specific folders have also been created within the Company's internal network. Furthermore, it facilitates the holding of regular meetings with workers' representatives to review schedules, working days, temporary recruitment and any other points deemed relevant for debate by the parties.

The entire workforce has a channel for direct participation through joint meetings of the management and employees, so 100% of the workforce is represented. We should also add that the collective agreements contain different communication channels with the representatives, in the form of Committees, to address different and multiple aspects of general interest.

In accordance with Grupo Antolin's commitment to labor standards, the decision to start the initiative for social dialog arose at the request of the workforce/trade unions. In order for the negotiations to be as instructive as possible, it is always ensured that these representatives have the information and training necessary to establish their strategies.

Under this premise, those companies not currently covered by a collective bargaining agreement, pact or instrument, due to there not being one at a Company, local, regional, national or sectoral level, for this reason or through a failure to start the social dialog, are covered by the applicable legislation and regulations, including in all cases a reference to occupational health and safety.

Percentage of employees covered by collective agreements and labor legislation by country:

Country	Total workforce as of 12/31/2019	Workforce covered Collective Agreement		Workforce covered Labor Legislation	
Germany	2,189	1,773	*81%*	416	*19%*
Argentina	136	0	*0%*	136	*100%*
Austria	571	571	*100%*	0	-
Brazil	703	703	*100%*	0	-
China	2,878	201	*7%*	2677	*93%*
Korea	7	0	*0%*	7	*100%*
Slovakia	916	394	*43%*	522	*57%*
Spain	2,372	2,372	*100%*	0	-
United States	4,822	530	*11%*	4,292	*89%*
France	978	978	*100%*	0	-
Hungary	482	0	*0%*	482	*100%*
India	688	605	*88%*	83	*12%*
Italy	104	104	*100%*	0	-
Japan	16	0	*0%*	16	*100%*
Morocco	185	0	*0%*	185	*100%*
Mexico	4,870	4,870	*100%*	0	-
Poland	309	0	*0%*	309	*100%*
Portugal	274	274	*100%*	0	-
Czech Republic	1,712	1,678	*98%*	34	*2%*
United Kingdom	2,306	1,476	*64%*	830	*36%*
Romania	992	992	*100%*	0	-
Russia	141	0	*0%*	141	*100%*
South Africa	354	340	*96%*	14	*4%*
Turkey	907	907	*100%*	0	-
Vietnam	15	15	*100%*	0	-
Totals	29,927	**18,784**	*65%*	**10,143**	*35%*

See Appendix I, explanatory note 3

Country	Total workforce as of 12/31/2018	Workforce covered Collective Agreement		Workforce covered Labor Legislation	
Germany	2,315	1,505	*65%*	810	*35%*
Argentina	168	0	*0%*	168	*100%*
Austria	658	658	*100%*	0	-
Brazil	720	720	*100%*	0	
China	4,002	240	*6%*	3,762	*94%*
Korea	8	0	*0%*	8	*100%*
Slovakia	855	0	*0%*	855	*100%*
Spain	2,189	2,189	*100%*	0	
United States	4,991	599	*12%*	4,392	*88%*
France	1,010	1,010	*100%*	0	
Hungary	761	0	*0%*	761	*100%*

India	1,072	804	*75%*	268	*25%*
Italy	109	109	*100%*	0	
Japan	18	0	*0%*	18	*100%*
Morocco	150	0	*0%*	150	*100%*
Mexico	5,111	3,169	*62%*	1,942	*38%*
Poland	297	0	*0%*	297	*100%*
Portugal	234	234	*100%*	0	
Czech Republic	2,424	2,060	*85%*	364	*15%*
United Kingdom	1,863	557	*29.92%*	1,306	*70.08%*
Romania	965	965	*100%*	0	
Russia	156	0	*0%*	156	*100%*
South Africa	323	323	*100%*	0	
Thailand	124	0	*0%*	124	*100%*
Turkey	799	799	*100%*	0	
Totals	31,322	**15,941**	*49%*	**15,381**	*51%*

See Appendix I, explanatory note 2

Health and safety

During 2019, Grupo Antolin has renewed its commitment to the safety, health and well-being of our employees, adapting the management system to the requirements of the new ISO 45001: 2018 standard.

This commitment aims to respond to important challenges that are currently being faced, such as the increase in the average age of our staff, the extension of working life and the future decrease in the active workforce, through the promotion of health and well-being without neglecting the safety control at work of our professionals.

Grupo Antolin's objective: guarentee the welfare, health and safety of the people who work and provide their services at Grupo Antolin so that they can perform their work in a safe and healthy environment.

Grupo Antolin's approach:

- To reduce to 0 the number of occupational accidents and professional illnesses among the workforce.
- To universalize the values of safety and health.

Grupo Antolin's commitments:

It is the responsibility of everyone forming part of Grupo Antolin to make an effort to create an agreeable and respectful working environment; care for their health and ensure a safe environment, complying and ensuring compliance with the occupational health and safety standards and measures, as well as responsibly using the Company's resources and facilities wherever the work is performed. Proof of this responsibility is the Occupational Safety and Health Policy that has also been revised in 2019.

Within this Policy, the commitment to the well-being of people is included explicitly, both in the workplace and outside the workplace and in the community. The Healthy Company program, implemented at Headquarters and in most of the Company's companies, materializes this commitment, with 3 objectives: promoting health and well-being, reducing chronic diseases and

improving motivation, and has been organized around 3 lines of work: physical health, emotional health and nutrition.

In the field of preventing tasks classified as dangerous, all companies carry out operational control in order to improve safety in the performance of these tasks. Likewise, the training of the workers in charge of carrying out these tasks is being reinforced, using instructions and safe protocols documented in presentations and videos.

Other situations that impact our health, such as pollution or traffic accidents, also deserve attention. At this point, responsible mobility is another of our commitments. Therefore, a Travel Safety Policy has been defined in 2019 whose objective is to avoid incidents during commuting for work purposes through efficient planning and the use of the safest means of transport.

Health and safety in figures	2018		2019	
	Men	Women	Men	Women
Number of accidents by gender	205	92	166	94
Frequency index I (1)	3.24	1.45	2.73	1.55
Frequency index II (2)	-	-	4.52	3.92
Severity index I (3)	0.09	0.05	0.08	0.07
Severity index II (4)	-	-	0,14	0,17
Number Occupational diseases by gender	8	11	4	9
Hours of absenteeism due to common illness, accident, strike, union hours, maternity, paternity and other causes (5)	2,361,253		2,438,966	

See Appendix I, explanatory note 4

***(1) Frequency index I**: work accidents with sick leave that occur for every million hours worked.*
The index by gender is calculated with respect to the total hours worked.

***(2) Frequency index II**: work accidents with sick leave that occur for every million hours worked.*
Hours worked by gender are estimated based on the percentage of employees by gender.

***(3) Severity index I**: days off for an accident at work for every thousand hours worked.*
The index by gender is calculated with respect to the total hours worked.

***(4) Severity index II:** days off for an accident at work for every thousand hours worked.*
Hours worked by gender are estimated based on the percentage of employees by gender.

***(5) Accident ratio:** the calculation of the accident rates has taken as a reference the average number of employees during the month and the actual hours worked: (theoretical hours + overtime - absenteeism). They are a breakdown of the global index. The Company will work throughout the year to provide the actual hours worked broken down by gender. The severity index is considering calendar days on sick days.*

People management in figures

Employment I

(See Appendix I. Explanatory note 3 - Including employees of equity accounted plants)

Total workforce as of December 31, 2019: 29,653 people
Average workforce 2019: 30,524 people

Broken down by COUNTRY	Workforce as of 12/31/2018	Average workforce 2018	Workforce as of 12/31/2019	Average workforce 2019
Germany	2,315	2,303	2,189	2,290
Argentina	168	177	136	149
Austria	658	653	571	621
Brazil	720	740	703	718
China	4,002	3,743	2,888	3,035
Korea	8	7	7	7
Slovakia	855	893	1,101	1,098
Spain	2,189	2,237	2,613	2,691
United States	4,991	4,765	4,822	4,944
France	1,010	1,021	978	990
Hungary	761	823	482	584
India	1,072	1,063	800	792
Italy	109	118	104	98
Japan	18	18	16	17
Morocco	150	157	185	160
Mexico	5,111	5,062	4,870	4,986
Poland	297	284	309	303
Portugal	234	223	274	260
United Kingdom	1,863	1,914	1,712	1,757
Czech Republic	2,424	2,452	2,306	2,362
Romania	965	959	992	1,059
Russia	156	158	141	149
South Africa	323	313	354	354
Thailand	124	124	178	189
Turkey	799	827	907	903
Vietnam	0	0	15	7
Total general	**31.322**	**31.036**	**29.653**	**30.524**

	Male	Female
Broken down by GENDER 2018	16,706	10,633
Broken down by GENDER 2019	18,418	11,235

by PROFESSIONAL CLASSIFICATION		MOE	MOI	MOD
Broken down by GENDER 2018	Female	1,270	1,737	7,626
	Male	2,380	6,408	7,918
Broken down by GENDER 2019	Female	1,443	1,903	7,889
	Male	2,709	7,141	8,568

See Appendix I. Explanatory note 5.

People with special needs as of 12/31/2019	292
People with special needs as of 12/31/2018	248

Employment II

(See Appendix I. Explanatory note 3 - Including employees of equity accounted plants)

Total workforce as of December 31, 2019: 28,927 people
Average workforce 2019: 29,755 people

Broken down by COUNTRY	**Workforce as of 12/31/2019**	**Average workforce 2019**
Germany	2,189	2,290
Argentina	136	149
Austria	571	621
Brazil	703	718
China	2,878	3,025
Korea	7	7
Slovakia	916	898
Spain	2,372	2,434
United States	4,822	4.944
France	978	990
Hungary	482	584
India	688	680
Italy	104	98
Japan	16	17
Morocco	185	160
Mexico	4,870	4.986
Poland	309	303
Portugal	274	260
United Kingdom	1,712	1,757
Czech Republic	2,306	2,362
Romania	992	1,059
Russia	141	149
South Africa	354	354
Turkey	907	903
Vietnam	15	7
Total general	**28,927**	**29,755**

	Male	**Female**	**Total**
Broken down by GENDER 2019	17,900	11,027	28,927

by PROFESSIONAL CLASSIFICATION		**MOE**	**MOI**	**MOD**
Broken down by GENDER 2019	Female	1,400	1,876	7,751
	Male	2,662	6,909	8,329

See Appendix I. Explanatory note 5.

People with special needs as of 12/31/2018	248
People with special needs as of 12/31/2019	292

By GENDER 2019		Female	Male
by PROFESSIONAL CLASSIFICATION	Management	43	257
	Intermediate management	340	1,274
	Operative	2,893	8,023
	Rest of personnel	7,751	8,346

See Appendix I. Explanatory note 6.

TOTAL Workforce	< 25 years	Between 25 & 40 years	> 40 years
Broken down by AGE 2018	2,829	12,783	11,705
Broken down by AGE 2019	2,404	14,014	12,509

Broken down by AGE 2019		< 25 years	Between 25 & 40 years	> 40 years
By GENDER	Female	974	5,036	5,017
	Male	1,430	8,978	7,492
by PROFESSIONAL CLASSIFICATION	MOE	161	2,003	1,898
	MOI	476	4,671	3,638
	MOD	1,767	7,340	6,973
by PROFESSIONAL CLASSIFICATION	Management	0	33	267
	Intermediate mangt.	4	609	1,001
	Operative	633	6,028	4,255
	Rest of personnel	1,767	7,344	6,986

See Appendix I. Explanatory notes 5 and 6.

Number of people by contract type (by DURATION) as of:		Permanent	%	Temporary	%
12.31.2018:	31,109	29,407	*94.53%*	1,702	*5.47%*
12.31.2019:	28,927	27,816	*96.16%*	1,111	*3.84%*

Number of people by contract type (by WORKDAY) as of 12.31.2019:		Full time	%	Part time(*)	%
By GENDER	Female:	10,692	*96.96%*	335	*3.04%*
	Male:	17,688	*98.82%*	212	*1.18%*

Number of people by contract type (by WORKDAY) as of 12.31.2019:		Full time	%	Part time(*)	%
By AGE	< 25 years	2,386	*99.21%*	19	*0.79%*
	Between 25 & 40 years	13,868	*98.97%*	145	*1.03%*
	> 40 years	12,126	*96.59%*	383	*3.06%*

Number of people by contract type (by WORKDAY) as of 12.31.2019:		Full time	%	Part time(*)	%
by PROFESSIONAL CLASSIFICATION	MOE	3,899	*95.99%*	163	*4.01%*
	MOI	8,683	*98.845*	102	*1.16%*
	MOD	15,798	*98.25%*	282	*1.75%*

See Appendix I. Explanatory note 5.

Number of people by contract type (by WORKDAY) as of 12.31.2019:		Full time	%	Part time(*)	%
by PROFESSIONAL CLASSIFICATION	Management	299	*99.67%*	1	*0.33%*
	Intermediate mangt.	1,588	*98.39%*	26	*1.61%*
	Operative	10,679	*97.83%*	237	*2.17%*
	Rest of personnel	15,814	*98.24%*	283	*1.76%*

See Appendix I. Explanatory note 6.

** The number of contracts and percentage according to the worker's day are reported, so that if their work time is 100% it is included in the full-time category and if it is less than 100%, it is reported as a part-time contract.*

Annual average of people by (in percentage)	GENDER	Male	Female
by CONTRACT type 2018	Permanent	93.66%	94.13%
	Temporary	6.34%	5.87%
	Part-time	*	*
by CONTRACT type 2019	Permanent	95.76%	95.89%
	Temporary	4.24%	4.11%
	Part-time	*	*

Annual average of people by (in percentage)	AGE	< 25 years	Between 25 & 40 years	> 40 years
by CONTRACT type 2018	Permanent	90.74%	93.69%	95.08%
	Temporary	9.26%	6.31%	4.92%
	Part-time	*	*	*
by CONTRACT type 2019	Permanent	75.15%	91.96%	96.64%
	Temporary	24.85%	8.04%	3.36%
	Part-time	*	*	*

Annual average of people by PROFESSIONAL CLASSIFICATION (in percentage)		MOE	MOI	MOD
by CONTRACT type 2018	Permanent	11.78%	27.55%	60.67%
	Temporary	7.23%	19.44%	73.33%
	Part-time	*	*	*
by CONTRACT type 2018	Permanent	96.70%	97.28%	94.80%
	Temporary	3.30%	2.72%	5.20%
	Part-time	*	*	*

See Appendix I. Explanatory note 5.

Annual average of people by PROFESSIONAL CLASSIFICATION (in percentage)	Management	Intermediate mangt.	Operative	Rest of personnel

by CONTRACT type 2019	Permanent	99.78%	99.26%	96.67%	94.86%
	Temporary	0.22%	0.74%	3.33%	5.14%
	Part-time	*	*	*	

See Appendix I. Explanatory note 6

Annual average of people (in number of contracts)	**By GENDER**	**Male**	**Female**
by CONTRACT type 2019	Permanent	17,517.17	10,933.08
	Temporary	775.00	468.75
	Part-time	*	*

Annual average of people (in number of contracts)	**By AGE**	**< 25 years**	**Between 25 & 40 years**	**> 40 years**
by CONTRACT type 2019	Permanent	235.33	3.085.75	25,129.17
	Temporary	80.42	255.58	907.75
	Part-time	*	*	*

Annual average of people by PROFESSIONAL CLASSIFICATION (in number of contracts)		**MOE**	**MOI**	**MOD**
by CONTRACT type 2019	Permanent	3,955.58	8,710.33	15,784.33
	Temporary	135.08	243.67	865.00
	Part-time	*	*	*

See Appendix I. Explanatory note 5

Annual average of people by PROFESSIONAL CLASSIFICATION (in number of contracts)		**Management**	**Intermediate mangt.**	**Operative**	**Rest of personnel**
by CONTRACT type 2019	Permanent	301.57	1,561.92	10,526.59	16,060.17
	Temporary	0.67	11.67	362.00	869.42
	Part-time	*	*	*	

See Appendix I. Explanatory note 6

** Data not available, conditioned to the homogenization in the definition of the concept "part time" from the harmonization of the different legislations in this matter.*

Number of dismissals

(See Appendix I. Explanatory note 3 - Excluding employees of equity accounted plants)

	Male	Female
Broken down by GENDER 2018	818	391
Broken down by GENDER 2019	1,727	954

	< 25 years	Between 25 & 40 years	> 40 years
Broken down by AGE 2018	277	575	357
Broken down by AGE 2019	465	1,366	850

	MOE	MOI	MOD
Broken down by PROFESSIONAL CLASSIFICATION 2018	89	291	829
Broken down by PROFESSIONAL CLASSIFICATION 2018	157	675	1,849

See Appendix I. Explanatory note 5

Workforce by GENDER 2019		Female	Male	Total
by PROFESSIONAL CLASSIFICATION	Management	2	10	12
	Intermediate mangt.	22	67	89
	Operative	174	559	733
	Rest of personnel	756	1,091	1,847

See Appendix I. Explanatory note 6.

Global average remuneration and its evolution (excluding Managers and Directors)

(See Appendix I. Explanatory note 3 - Excluding employees of equity accounted plants)

Broken down by GENDER	Male	Female
Year 2018	€ 25,983	€ 18,551
Year 2019	€ 24,752	€ 18,310

Broken down by AGE	< 25 years	Between 25 and 40	> 40 years
Year 2018	€ 12,571	€ 20,021	€ 28,995
Year 2019	€ 12,493	€ 18,728	€ 28,132

Broken down by PROFESSIONAL CLASSIFICATION	MOE	MOI	MOD
Year 2018	€ 49,311	€ 26,949	€ 15,222
Year 2019	€ 43,459	€ 25,818	€ 15,420

See Appendix I. Explanatory note 5

Average global remuneration 2019 (considering fixed and variable remuneration)

(See Appendix I. Explanatory note 2 - Excluding employees of equity accounted plants)

	By GENDER		**Female**	**Male**
Year 2018	by PROFESSIONAL CLASSIFICATION	Management	130,248 €	140,501 €
		Intermediate mangt.	59,644 €	63,053 €
		Operative	26,960 €	29,461 €
		Rest of personnel	13,788 €	16,582 €

	By GENDER		**Female**	**Male**
Year 2019	by PROFESSIONAL CLASSIFICATION	Management	131,865 €	131,494 €
		Intermediate mangt.	54,405 €	59,702 €
		Operative	25,962 €	27,384 €
		Rest of personnel	13,888 €	16,898 €

See Appendix I. Explanatory note 6

Average remuneration Managers and Directors

(See Appendix I. Explanatory note 3 - Excluding employees of equity accounted plants)

Including variable remuneration, allowances, compensation, including payment to long-term savings systems and any other perception.

Broken down by GENDER	**Female**	**Male**
2018	146,563 €	157,056 €
2019	140,715 €	158,635 €

Notas:

1. *The remuneration provided is joint of directors and managers, being these managers the same as those reported in the tables for the breakdowns by generic professional categories. For more information about the Board's remuneration, see note 22 of the consolidated annual accounts*
2. *2. As of December 31, 2019, the Board of Directors of the Parent Company was made up of one male natural person and four legal entities, represented by one man and three women. The average remuneration of the members of the Board of Directors corresponds to the amount received by the members of the Board as compensation for their work in the administration of the Parent Company. Additionally, the average remuneration includes the salaries, wages and similar items corresponding to those of the members of the Board of Directors of the Parent Company who have been simultaneously employed by it during the 2019 financial year.*

Gender pay gap (considering fixed and variable remuneration)

(See Appendix I. Explanatory note 3 - Excluding employees of equity accounted plants

GENDER PAY GAP Grupo Antolin 2019:	4.39%

Grupo Antolin's Gender Pay Gap takes into account the total annualized remuneration, including fixed and variable remuneration, of 100% of the population. The calculation is understood as the difference in average remuneration (male - female / male) for each of the defined categories[2] with representation of both sexes, by country, weighing each gap by the country's population vs. the total population in each category.

[2] Managers, Intermediate managers, Operating, Operator

VIII. Human rights

At the root of our decisions and actions

The impact of Grupo Antolin's activity on human rights will change over time, depending on the operational context in which the Company moves and the operations to be carried out. Accelerated urbanization, climate change, use of resources, globalization and technology will undoubtedly have a direct impact on these all around the world, and this impact on each right will be different in every country depending on the different circumstances. Aware of this, Grupo Antolin will be required to perform the continuous and permanent monitoring of its entire value chain under the principle of protect, remedy and repair.

Only by effectively integrating sustainability throughout the entire value chain will the Company be able to manage any potential risks and transform them into opportunities, which will allow it to position itself as a leader of the interior of the mobility of the future. Identified as a relevant issue for the Company in its relationship with suppliers, human rights in the supply chain therefore becomes, together with good governance and ethics, one of the seven strategic priorities for the coming years, which are included in Grupo Antolin's Sustainability Master Plan.

The Compliance Department is especially important in this context as it is responsible for ensuring respect for and compliance with the commitments on ethics and human rights by the entire workforce in all geographical areas where Grupo Antolin is present. All of this is carried out in order to minimize negative impacts and maximize the positives of our activity.

Our policies and commitments

The principles that govern the way in which the Company thinks and acts are in its foundations. Human rights are part of the business, as a cross-cutting element involved in each and every decision and action carried out by the different areas of the Company. Respect and protection for these is inherent to the culture and operation of the business. Any decision taken by the organization must include a component of integrity, ethics and transparency that cannot neglect the respect for human rights.

This is why the Grupo Antolin Human Rights Policy forms part of the Code of Ethics and Conduct, which is the guiding document and utmost expression of its ethics and integrity. Approved by the Board of Directors, this must be interpreted along with all of the organization's other policies that implement each of the principles and commitments acquired.

Internal reference framework

- Strategic lines, commitments and policies:

The Universal Declaration of Human Rights, treaties and other related instruments cover a broad spectrum of rights, which is why practically all of the policies and guidelines in force at Grupo Antolin, and particularly those that are described throughout this report, from the most general to the most specific, are likely to apply to one or more of these rights.

Management; Intermediate management; Operative; Rest of personnel

As a complement to the Company's Governance Model, described in the Global Plans section of this report, listed below are the policies, processes and other internal provisions applicable to human rights as a whole.

Grupo Antolin's objective: To work ethically and promote respect for human rights in all the countries in which we carry out our commercial, industrial and financial activity.

Grupo Antolin's approach: To promote initiatives that guarantee responsible behavior and respect for human rights in our area of influence.

- **Code of Ethics and Conduct:** Grupo Antolin's commitments to human rights

  Grupo Antolin supports fundamental human rights, avoiding and reporting participation in commercial, economic and industrial activities that abuse these rights.

  Grupo Antolin acts with due diligence to identify, prevent, mitigate and remedy any possible negative impacts and consequences of its activities on human rights, either directly or through its supply chain.

  Grupo Antolin respects and promotes children's rights within its sphere of influence.

- **Modern Slavery Statement:**

  Commitment to the prevention of modern slavery and human trafficking in any area of the business or its supply chain.

- **Sustainability Master Plan:** *Human rights in the supply chain*

  Purpose: To ensure a commitment to respecting human rights throughout our entire value chain. To extend the values of Grupo Antolin, our commitment to the environment and ethical behavior, to our supply chain.

  Motivation: Minimize possible risks linked to relations with third parties. Respond to the expectations of customers and legislators. Integrate CSR and ensure that the entire value chain shares the same commitment to respecting the issues we deem most relevant.

  Area: Sustainable supplier management. Awareness of CSR in the supply chain. Protection of human rights

- **Conflict minerals policy**

  Commitment to only obtaining products and services from companies that share our values on working conditions, human rights, business ethics and environmental responsibility.

  Commitment to identify and eliminate risks due to possible adverse impacts associated with the mining, sale, handling and exporting of minerals from areas of high risk and those affected by conflicts.

  Recognition of Grupo Antolin's responsibility as a Company to respect human rights and not contribute to conflicts through our activity.

(The term conflict minerals refers to gold (Au), tantalum (Ta), tin (Sn) and tungsten (W), the 3TG 's, regardless of the location or origin of the minerals or derived metals).

The Company's suppliers are essential to the success of its business so we must work together, not only from a technical viewpoint but also in terms of respecting human rights throughout the entire supply chain. In this area, the implementation of the supply chain management program and the alignment with the commitment of Grupo Antolin's customers aims to promote actions and strengthen the participation of the different players in the chain in that protection and respect.

A multidisciplinary and multicultural working team has been created in order to reduce the possible risks of human rights violations linked to conflict minerals. This is responsible for updating the Conflict Minerals policy, applying the due diligence process for the appropriate management of these minerals and high risk areas together with the corresponding action plan. Its objective is to develop a robust and reliable management system for these materials that allows us to meet the expectations of our customers and future regulations.

External reference framework:

- The United Nations Universal Declaration of Human Rights
- Agenda 2030: Sustainable development objectives 3, 4, 5, 7, 8, 10, 16 and 17
- The Principles of the United Nations Global Compact. Principles 1, 2, 3, 4, 5 and 6
- The Guiding Principles of Business and Human Rights
- Children's Rights and Business Principles
- The Directive Guidelines of the OECD for Multinational Companies.
- The guidelines and principles of the International Labor Organization (ILO) Conventions no. 29, 87, 98, 100, 105, 111, 138, 182
- Section 1502 on conflict minerals of the Dodd-Frank Wall Street Reform and Consumer Protection Act

Impact on human rights in figures

The integration of human rights into the Company's risk management system in 2018 has facilitated the establishment of effective systems and processes that allow it to address the possible impact on human rights caused by both the Company, in its activities and ordinary actions, and by the people, who directly or indirectly, are related to it as a result of the performance of their professional duties.

As a preventive measure, the Compliance area carries out monthly monitoring by Company with traceability on the risk map itself of any possible incident that may affect Grupo Antolin's commitment.

In 2019, 7 complaints were received, investigated and resolved in cases of human rights violations related to diversity, inclusion, discrimination in employment and occupational health and safety. All of them have been issued internally by Grupo Antolin employees, without a legal proceeding having been derived. Same number of complaints received and reported in 2018.

Action plans or remediation measures carried out in the year:

Action plan	Coaching and training in human rights Improvement and review of internal processes and protocols Awareness and training actions Disciplinary actions (Written caution/warning. Sanctions). Disciplinary actions (Verbal caution/warning) Monitoring of actions and conducts to observe evolution Termination or cessation of professional activities

Note: The scope of the concept of human rights taken as a reference for the indicator report has been defined in accordance with the United Nations Universal Declaration of Human Rights and the guidelines and principles of the International Labor Organization (ILO): eradication of labor for children and young people aged between 16 and 18 years, elimination of forced or coerced labor, slavery and people trafficking, respect for suitable working hours, diversity, inclusion and non-discrimination in employment and occupation, fair, equal and non-discriminatory pay respecting the minimum wage conditions, freedom of association and the right to collective bargaining, and management of occupational health and safety.

IX. Corruption and bribery

Introduction: risk areas and management approach

Grupo Antolin expressly rejects any form of corruption in its broadest sense, whether active, passive, private, or with public officials, applying a zero-tolerance policy with respect to any breach of the Code of Ethics and Conduct and the content of the organization's policies. There is a procedure that defines the structure of roles and responsibilities that go from the Governing Body, Senior Management, Compliance Department, through the Compliance supervisory and advisory bodies, to middle managers and employees.

At Grupo Antolin, we are committed to the highest ethical standards that make the Company a unique model of behavior. Reiterating the Company's commitment to strict compliance with the regulations on the prevention and fight against corruption, it prepared, published and disseminated the Global Anti-Corruption Policy that brings together the existing commitments, guidelines and policies, extending compliance with this not only to all the employees of the companies in which Grupo Antolin exercises direct or indirect management control, but also to our commercial partners and other interested parties.

In its commitment to prevent any form of corruption, Grupo Antolin carries out all its activities in accordance with the legislation in force in all the fields of action and in all the countries in which it operates, in accordance with its spirit and purpose, and in this sense, undertakes:

a) not to influence the decisions or objectivity of people outside the Company to obtain any benefit or advantage through the use of practices that are unethical and/or contrary to the applicable law (ANTI-CORRUPTION AND BRIBERY GUIDE),
b) not to allow any facilitation payments, nor finance or provide assistance or support of any other kind, directly or indirectly, to any political party, its representatives or candidates, or use donations to cover up undue payments (DONATIONS AND CONTRIBUTIONS GUIDE),
c) not to solicit or receive in an undue way, directly or indirectly, commissions, payments or benefits from third parties on the occasion of or as a result of operations involving investment, disinvestment, financing or expenses carried out by the Company, and
d) To pay special attention to those cases where there are signs of the lack of integrity of the persons or entities with which business is being conducted, in order to ensure that Grupo Antolin only establishes business relationships with qualified individuals and entities with an adequate reputation (DUE DILIGENCE PROCEDURE).

Grupo Antolin also works to adopt the most advanced good governance practices and standards, and integrate and encourage responsible management to contribute to generating a culture of transparency, ethics and compliance that ensures the interests of all stakeholders. It therefore seeks to (i) professionalize decision-making in the family Company, (ii) protect the Company from possible compliance risks, and (iii) consolidate trust within the organization.

Grupo Antolin has carried out at the end of 2019 the audit process of the UNE-ISO 37001 standard in order to obtain the certification of the Anti-bribery Management System, concluding the process with obtaining the certification at the beginning of the 2020 financial year ISO 37001 is the international standard that sets the requirements and provides a guide to establish, implement, maintain, review and improve mechanisms to combat possible bribery and corruption practices in companies.

The certification is an international reference and highlights the effectiveness of the Company's actions to create an ethical and healthy environment, in addition to highlighting Grupo Antolin's commitment to issues such as integrity and transparency.

In addition, obtaining this certification will be a step in the ongoing effort of Grupo Antolin to continue reinforcing and consolidating its ethical commitment in all areas of our activity among its employees and stakeholders.

Through this process, the Company wants to verify the organization's position on bribery and corruption, demonstrate the leadership shown by the governing body and senior management in the fight against malpractice, and verify how these are transmitted. concepts to all employees and collaborators that are part of Grupo Antolin.

Main risks in matters of corruption and bribery

One of the fundamental pillars of the compliance program is risk management, but risks vary depending on the activity, size, geographic area in which it operates and a number of other factors, both internal and external. In order to be able to carry out this exercise with certain guarantees, Grupo Antolin has made a strong commitment to comprehensive risk management on an international scale in SAP_GRC through its Risk Management module, which incorporates all areas and fields. This involves managing a significant volume of risks.

Within the 24 areas analyzed and assessed globally at all plants and in all geographical areas where Grupo Antolin operates, we can conclude that the issues related to corruption and bribery are low in the ranking of risks. For example, irregular donations and contributions as well as money laundering occupy the last two positions on the global risk map.

The Criminal Risk Organization and Management Model is integrated within the Compliance Management System already implemented in the Company, which has been updated in accordance with UNE 19601 on the Criminal Compliance Management System. In the process for the identification, management and evaluation of these risks, a tool has been used in the SAP computing environment with the implementation of the modules: GRC PC (Process Control) for controls and RM (Risk Management) for risks.

On the criminal side, the influence peddling and bribery offenses, the crime of illegal financing of political parties, the crime of corruption in business, the crime of money laundering, corporate crimes, the crime of fraud against public administrations have been identified.

When carrying out its business, Grupo Antolin establishes very limited relationships with public bodies mainly intended for ordinary and compulsory activities such as paying the corresponding taxes and Social Security contributions, in labor or environmental inspections, and to obtain authorizations, subsidies or licenses.

Areas affected and sensitive activities

The main areas affected are the Legal Affairs Department, the Corporate Quality Department, the Sales Department, the Purchasing Department, the Corporate Finance Department, the Marketing, Communications and Institutional Relations Department, the Tax Planning and

Incentives Department, the Human Resources Department and the General Services Department.

In the event that a violation, infringement or non-compliance in the matter of corruption or bribery is reported, communicated or detected, the provisions of the escalation, investigation and remediation procedure of compliance violations will be followed, which is explained in more detail in the heading corresponding to the transparency channel.

The main sensitive activities in the field of corruption and bribery are the following:

- Participation in calls for public tenders to obtain any type of contract.
- Management of relationships with public officials: request for any type of licenses, permits or authorization made to a public body for the performance of any activity related to the Company's business.
- Request and management of subsidies.
- Relations with the Administration of Justice either as part of a procedure in which the Company is directly or indirectly involved, or because it has been required to collaborate in some way.
- Management of gifts and donations that are intended for any public body.
- Management of administrative inspections and those relating to taxes, Social Security, occupational health and safety and environmental protection.
- General relations with the public administration, such as dealing with notaries and registrars.
- Client debt forgiveness processes.
- Negotiation and contracting of any good or service to a supplier of the Company.
- Negotiation and signing of contracts with clients.
- Relations with administrations for the procurement of contracts in the international arena
- Reception of funds by clients, with special attention to those who come from territories previously classified as tax havens.
- Making donations / solidarity initiatives
- Management of investments of any kind, whether in real or personal property (Purchase of shares or companies, strategic agreements and other extraordinary financial operations). Monitoring of financial flows, with particular attention to the destination, origin of the amounts transferred from and to tax havens

Given the analysis and assessment of the data and information described, it is understood that the risk associated with corruption in Grupo Antolin’s business, both in Spain and in the international environment, is low and tending towards marginal. This conclusion does not imply that the Company must continuously improve the suitability, adequacy and effectiveness of the Compliance Management System and the implemented criminal risk organization and management model.

Since it is necessary to correctly and completely report the corruption and bribery risk management model, as well as the prevention and mitigation approach to such risks, the cases of corruption that have occurred are presented below.

	12.31.2019	12.31.2018
Complaints about founded corruption cases	1	2

The corruption cases indicated above are based and based on the misappropriation, embezzlement, or personal use of Company assets by employees without due authorization for their own benefit. Taking into account the low impact and relative importance of the facts presented, a high level of risk is not derived, however, in order to avoid this series of situations in the future, a series of remediation or disciplinary measures are proposed under a plan of action.

Plan of action	Surveillance through video surveillance systems Improvement and review of internal processes and protocols. Written warning and termination or termination of employment

Note: The scope of the concept of corruption for the indicator report has been defined in accordance with the United Nations Global Compact -principle 10-, United Nations Convention against Corruption, OECD recommendations, the US Foreing Corrupt Practices Act (FCPA), Bribery Act UK or criminal law reforms in Spain and other countries.

Policies and commitments

At Grupo Antolin, we are committed to the highest ethical standards that make the Company a unique model of behavior. The Compliance Policy and the Anti-Corruption Policy are essential documents that make up the central axis of the management systems that make up the Company and allow establishing a series of basic principles and rules for compliance with the regulations for the prevention and fight against corruption. A series of existing commitments, guidelines and policies derive from these first-level global policies, which extend, not only to all the employees of the companies in which Grupo Antolin exercises direct or indirect management control, but also to our commercial partners.

Internal reference framework

- **Vision and values:** Family Spirit value – be humble, act honestly, respect others and deal with issues fairly.

- **Code of ethics and conduct:** Grupo Antolin's commitment - to prevent any form of corruption, Grupo Antolin carries out all its activities in accordance with the legislation in force in all the fields of action and in all the countries in which it operates, in accordance with its spirit and purpose

- **Sustainability Master Plan:** Good governance and ethics
    - Purpose - Adopt the most advanced good governance practices and standards. Integrate and encourage responsible management to contribute to generating a culture of transparency, ethics and compliance that ensures the interests of all stakeholders.
    - Motivation: Professionalize decision-making in the family Company. Protect the Company from possible compliance risks. Consolidate trust within the organization.

- Scope- Functioning Corporate Governance. Training in ethics, integrity and compliance. Analysis and management of risks. Anti-corruption policy. Grupo Antolin's commitment to strictly comply with the regulations on the prevention and fight against corruption in accordance with the current legislation in all scopes of action and in all countries where it operates.
- Express rejection of all forms of corruption, be they active, passive, private or with officials, applying a policy of zero tolerance.

- **Supplier code of conduct**
  - Definition of the minimum standards of ethical and responsible behavior that must be observed by the suppliers and subcontractors that participate in every one of the processes of purchasing, manufacturing and / or supplying products or services. Compliance with our "Supplier Code of Conduct" is essential and is a component of supplier selection and evaluation processes. Grupo Antolin expects and encourages all suppliers to replicate this Code through their own supply chain.

- **Corporate compliance policy**
  - Commitment of the Company to establish and implement a system, on a cross-cutting basis, which provides a suitable framework to define, detect and effectively assess the risks faced by Grupo Antolin due to a breach of the regulations. System requirement that serves as a tool for adopting a compliance culture and respecting the legislation through awareness.

- **Anti-corruption policy**
  - Commitment to zero tolerance for those behaviors that may be considered as acts of corruption or bribery, both in relation to its public and private aspects. Consequently, Grupo Antolin is committed to fighting corruption in all its forms, including extortion and bribery, and developing a series of specific policies regarding this issue.

- **Gifts and hospitality policy**
  - Express prohibition on promising, offering, receiving or granting, personally or through an intermediary, to executives, administrators, employees or collaborators of a commercial organization or of a society, association, foundation or organization, any unjustified benefit or advantage of any nature so that they favor them or a third party over others, breaching their obligations in the purchase or sale of goods, contracting of services or in commercial relationships.

- **Conflict of interest policy**
  - Express declaration that guarantees the absence of conflicts of interest in our relationship with the commercial and professional environment, understanding a conflict of interest as any situation in which it can be understood that a personal benefit or interest of an employee of Grupo Antolin may influence their professional decisions related to complying with their obligations at the Company, with this personal benefit or interest working against the interests of the Company.

- **Compliance guidelines: donations and contributions**
  - Guidelines that describe what the purpose of a donation or contribution by Grupo Antolin should be: to help its respective sector of activity or to support communities and associations through subsidizing projects or sponsorships. This includes recommendations and examples of action
- **Compliance guidelines: anti-corruption and bribery**
  - Guidelines that establish recommendations, warnings and behaviors, as an example, that may go against the commitments contained in the Code of Ethics and Conduct globally and in the Anti-Corruption Policy in particular.

External reference framework:

- The United Nations Universal Declaration of Human Rights
- Agenda 2030: Sustainable development objectives 16 and 17
- The Principles of the United Nations Global Compact. Principle 10
- The United Nations Convention against corruption
- OECD Guidelines for Multinational Enterprises
- OECD due diligence guidance for responsible business conduct
- ISO 37001:2017 Anti-bribery management systems
- UK Bribery Act 2010
- Foreign Corrupt Practices Act (FCPA)
- ISO 19600/UNE19601. Compliance Management Systems (Criminal)

Due diligence and prevention practices for members of the organization, third parties and business partners

Grupo Antolin is committed to ethical behavior and compliance with the law, based on the values described in the Code of Ethics and Conduct and that are mandatory for our employees and collaborators. We also require behavior in keeping with these in our relations and/or associations with external individuals or entities through the due diligence management policy and procedures.

From this perspective, knowing the behavior of those who want to have a relationship with the organization is a minimum business precaution and, for this reason Grupo Antolin has implemented a due diligence policy within the Compliance Management System.

Due diligence procedures are a key element of the entire compliance management system as they ensure that the will of the organization in enforcing its values applies to its relationships both with customers, suppliers, business partners and third parties in general (external) and with employees or members of the organization (internal).

The Company defines, implements and manages the due diligence common to all employees and persons in vulnerable positions within Grupo Antolin, as well as to third parties and business partners linked to the activities of Grupo Antolin.

Measures taken to prevent corruption and bribery

Increase and improve the detection, correction and reporting mechanisms.

- Corporate Compliance Policy
- Anti-Corruption Policy
- Third-Party Intermediary Policy
- Due Diligence Procedure
- Policy regulating conflicts of interest.
- Gifts and Hospitality Services Policy.
- The Code of Ethics and Conduct contains Grupo Antolin's commitment to the international and local efforts to eliminate corruption. It also expressly states that Grupo Antolin will not pay any amount, or provide any service to political parties, holders of a public office or candidates to said offices, administrative authorities or their employees, even if said contributions are considered legal by virtue of the country's laws where said payments may be made.
- New supplier code of conduct
- Grupo Antolin's Supplier Manual, in application of the United Nations Global Compact, requires its suppliers to commit to respecting and complying with the standards of ethical and moral conduct and refrain from practicing corruption in all its forms, including extortion, fraud and bribery.
- Creation of a culture of integrity in all operations
- Updating of the compliance induction program.
- Implementation of the global compliance risks into the SAP-GRC system.
- International deployment of compliance risk management, started by identifying the global risks common to the entire organization.
- From a financial viewpoint, Grupo Antolin has various controls implemented through the following procedures that form part of the internal risk control and management system relating to financial information (FRMS), a system implemented, documented and assessed by an Internal Auditor. Among these controls, we can specifically highlight:
    - Business Plan and annual budgets. Budget control of the income and expenses of each department, analyzing the deviations.
    - Analysis and approval of investments.
    - Economic control of projects.
    - Transfer prices.
    - Closing and consolidation of financial statements.
    - Updating of the scope of consolidation.
    - Regular reconciliation between banking and financial accounts. Cash counts.
    - Monthly economic-financial reporting system.

- The implementation in SAP-GRC of the internal function segregation system through the Access Control module is under development.

Training and awareness raising about the first high-level standard and the anti-corruption policies.

- On-site compliance training for all plants in the Iberian Peninsula (including a specific part on bribery and corruption).

- New e-learning course platform with online training on Compliance and the Code of Ethics in all countries where Grupo Antolin is present.
- All management teams and MOIs have been visited and trained in person during 2019 in: Germany, Romania, the United States, Slovakia, Morocco, Russia, South Africa and the United Kingdom. Awareness campaigns have been carried out and Compliance flashes have been launched with guidelines and action guidelines for the different areas of corruption and bribery.

Transparency channel and other reporting mechanisms

The 'Transparency Channel' is the channel provided by the Company for sending complaints through the website or its PO box in the event of any behavior or action that goes against the commitments and principles of the code of conduct, including all those related to corruption and bribery. The person making the report may identify themselves with their personal details when submitting the complaint or remain anonymous.

The Compliance Department has defined the principles and process for employees to report and escalate any potential compliance problems, creating a culture of transparency for the escalation of incidents.

In this sense, the ordinary procedure in relation to the management of the channel as well as those typified incidents that are escalated has a series of basic points in relation to its preliminary analysis, processing, investigation and remediation.

The Compliance Department is the area of the Company in charge of receiving complaints, claims issued both internally and externally through the transparency channel; It is also internally regulated that certain standardized assumptions must be escalated for its knowledge and correct treatment and management. In other words, Grupo Antolin employees and collaborators who detect irregular behavior, serious incidents or situations of possible non-compliance must escalate it through the means authorized for this purpose. All of them have as their sole and responsible recipient, the Compliance Department.

The Compliance Department, depending on the implications and assumptions made, must inform other Departments to debate, act and resolve incidents in the most appropriate way possible, respecting in all cases confidentiality and privacy.

The Compliance Department will proceed to analyze and preliminarily evaluate any information it receives about the possible commission of an irregular conduct or non-compliance described in the aforementioned assumptions, whatever its origin, provided that in its judgment it presents sufficient indications of plausibility, seriousness, nature of the breach or provide rational indications of the existence of an infringement.

After this preliminary analysis, the procedure may be filed, registering the complaint or escalated incident, along with the justification for the corresponding file, respecting in any case the data protection regulations; or agree on the continuation of the procedure and the initiation of the internal investigation when it is considered that the reported facts or escalated incidents are significant enough to be subject to non-compliance.

Both in this preliminary investigation process and in the subsequent additional investigation process, the Compliance Department may count on the collaboration of people who are totally

independent of the complaint or complaint and, where appropriate, inform other areas or bodies of the Company.

Once it is determined, after carrying out the preliminary investigation, that the escalated fact or complaint should be processed and the internal investigation initiated, the Compliance Department will appoint or designate a "Person Responsible for the Investigation" (Case Manager or CM). The CM has the primary responsibility for making decisions about the research activities. Likewise, he is responsible for preparing the investigation plan, under the supervision and support of the Compliance Department.

Based on the needs of the investigation, the CM may request support from other professionals of the Company to carry out the necessary inquiries to clarify the facts under investigation (Investigation Team). All investigations can count, if necessary, with the support of Regional or local Legal Advisers, Human Resources, and the Compliance Department who will provide advice and guidance to ensure compliance with laws, regulations, agreements, corporate policies, guidelines and applicable practices. Likewise, if necessary, the CM can count on the collaboration of external advisers. For this purpose, the Compliance Department together with the Human Resources, Legal and Financial Advisory Departments, in each case, will determine the scope of said collaboration, being able to partially or totally delegate the investigation to external advisers, who must keep it continuously informed during the development of investigations.

At the end of an investigation, if the severity of the facts and the agreed remediation measures so require or at the request of one of the intervening parties, the CM draws up, with the assistance of the Compliance Department and the Investigation Team, a report in which all the concurrent circumstances that have resulted from the investigation are recorded, proposing the remedial measures to be adopted (disciplinary correction, complaint to the authorities, improvements to the system or internal procedures to prevent similar situations in the future, among others) , and sends it to the competent bodies to agree and impose the corresponding disciplinary sanction. In any case, the Compliance Department must keep a record of the documents, tests, evidences that are part of the investigation process, as well as the cases and complaints processed and investigated internally.

In the event that after the investigation, the bodies or subjects competent for the development of the internal investigation conclude that no infringement or non-compliance has been committed, the investigation is filed, with the Compliance Department responsible for recording the archived investigations.

It is a basic principle in Grupo Antolin, expressed in the Code of Conduct, that there will be no retaliation against any person who escalates non-compliance cases. All investigations should address the potential for retaliation against this person or other involved parties, including witnesses, and ensure that Senior Management is reminded of the requirement that no retaliatory, subtle or retaliatory actions be taken, threatened or perceived. open. All allegations of retaliation made by the reporting Employee or other involved parties should be investigated.

The Compliance Department has the right to maintain the confidentiality of the documents until they can be disclosed for remediation actions.

The following are competent to agree and impose the sanctions proposed by the Compliance Department and the people involved in the internal investigation, after the internal investigation referred to in the previous section:

- In cases in which the alleged perpetrators of the breach are managers, the hierarchical superior on whom the manager depends, who is responsible for imposing it, is competent to agree on the corresponding sanction.
- In cases where the alleged perpetrators of the breach are Grupo Antolin employees, the Person in Charge of the Department to which the Employee belongs or, where appropriate, the hierarchical superior of the latter, who should notify the Human Resources Department for its imposition.

Measures taken to combat money laundering

In view of all measures listed above, we also contribute to identifying the origin and destination of funds to avoid the financing of criminal activities, terrorism or capital flight, by certifying ownership and origin of bank accounts.

X. Society

Local roots to develop the global project

The 2030 Agenda and its mainstreaming in the organization, in the form of goals and objectives, is an opportunity for Grupo Antolin to contribute to the creation of prosperous environments where we can run our business, through the internal commitment and external collaboration with the different elements of the value chain.

The future poses challenges in different areas that give the Company a key role in sustainable development and only by knowing how to identify and take advantage of those challenges and opportunities can we be considered an indispensable partner internationally and locally to generate a prosperous growth environment for everyone. However, we cannot do this alone. The establishment of new partnerships and the strengthening of the existing ones is part of the areas to be worked on within the Sustainability Plan.

In a global climate characterized by continuous change, where decisions and actions on one side of the planet have the ability to influence the life and people on the other side of the world, taking responsibility for decisions and actions is particularly important. The principles that have underlain Group Antolín's work are universal. They have served to develop a specific business project where our values form part of an equation that today is key for anticipating and responding to those environmental, social and economic challenges.

Grupo Antolin's sustainable contribution model describes how the Company wants to and can interact with the environment in which it operates with its stakeholders, in order to build a space of shared prosperity under the three-fold economic, social and environmental perspective. Its objective is to enrich, develop and share this model through collaboration, contribution and innovation, maximizing our impact on people and the planet.

Social action occupies an important part in the programs, but it is not the only one. There are many actions carried out locally at each center with different scopes that, together with others of a more global and corporate nature, represent the Company's values in society.

Based on the real and shared consolidation of the actions and initiatives carried out in the field, the commitment to the closest environment also includes those collaborative initiatives and projects implemented through the different business areas and regions, with the common objective of contributing to the growth and development of society through business activity.

Policies and commitments

Grupo Antolin's contribution to the development of society goes beyond the corporate environment. The commitment to collaboration, cooperation and innovation as an engine for growth and personal and social development is aimed primarily at the countries where the Company operates.

Included within the performance management system, contribution is one of the five values that the people forming part of the Company must internalize and that, together with their objectives, make up the talent that Grupo Antolin is looking for to make Antolin a project for the future.

Internal reference framework

- Strategic lines, commitments and policies - Grupo Antolin's approach: To train, develop and share our commitment with our stakeholders through participation, training and recognition, especially with the local community.

  - **Vision and values:** Contribution value - contribution to the development of society: be committed to your environment; represent the Company's values in society.

  - **Code of ethics and conduct:** Grupo Antolin's commitments - Grupo Antolin is contributing to the *glocal* development of the economy and society. It focusses on creating a sustainable future and working on the impact of our activity on the environment, people and the social environment in which we operate. We are committed to universal values that govern the behavior of the Group in all its activities.

    Sustainable contribution: As a result of its activity, products, technology and services, Grupo Antolin contributes directly and indirectly to the global and local development of the economy, society and environment of the communities where it is established.

    Grupo Antolin may carry out sponsorship, patronage or social activities on its own or in association with third parties, always seeking projects and alliances that contribute value to the Company and/or its stakeholders and apply the values and principles included in this Code.

  - **Sustainability Master Plan:** Shared value

    Purpose: Be the driver of social and economic development in the areas close to our activity, through the creation of shared value. Respond to the main concerns of the community. Maximize our positive impact.

    Motivation: Build a space for shared prosperity from an economic, social and environmental perspective based on ethics, transparency and professionalism. Interact with our stakeholders and the environment in which we operate.

    Area: Strategic social contribution. Donations, Financial Support and Sponsorship Policy. Measurement of the impact of the social contribution. Partnerships and relationships with the third sector, both locally and globally.

    In order to guarantee the comprehensive and transparent management of sustainable contribution in our relations with people or entities, the due diligence policy and principles are applicable, as are the policies and guides described in the chapter of this Statement of Non-Financial Information on corruption and bribery, which are set forth below:

  - **Anti-corruption policy**
  - **Gifts and hospitality policy**
  - **Conflict of interest policy**
  - **Compliance guidelines: donations and contributions**

- **Compliance guidelines: anti-corruption and bribery**

External reference framework:

- The United Nations Universal Declaration of Human Rights
- Agenda 2030: Sustainable development objectives 3, 4, 5, 7, 8, 9, 10 and 17
- The Principles of the United Nations Global Compact. Principles 1 and 2
- The Guiding Principles of Business and Human Rights
- Children's Rights and Business Principles
- The United Nations Convention against corruption
- OECD Guidelines for Multinational Enterprises
- OECD due diligence guidance for responsible business conduct
- ISO 37001:2017 Anti-bribery management systems
- UK Bribery Act 2010

Commitment to sustainable development

From the responsibility of the business to a responsible business:

Corporate social responsibility at Grupo Antolin goes beyond complying with the laws and regulations; it is knowing, anticipating and assessing the performance of a Company as a whole. It analyzes the impact that the decisions and actions needed to achieve its results as a Company can have on people, its economic growth and the environment.

When Grupo Antolin talks about commitment, it is talking about the active and voluntary contribution to sustainable development, in order to strengthen the acceptance and approval of society to operate, innovate and grow, turning challenges into business opportunities. It is looking beyond the economic purpose of the Company without losing sight of it, implementing actions aimed at transforming the social and environmental impact of the Company in the environment where it operates into something positive. It is Grupo Antolin's way of doing things.

When the Company talks about contribution, it is talking about a commitment to the future made in the present. It talks about working on solutions to not indiscriminately exhaust the available resources, protect natural resources and ensure that everyone has access to the same opportunities.

It is promoting the economic growth of the communities where Grupo Antolin operates, in such a way that generates fair wealth for everyone without damaging the environment and well-being of people. Economic growth that derives from its own activity, through:

- Acknowledging, respecting and complying with the legislation and international, regional and national performance standards, including the legislation in legal and urban matters of the countries and territories where we operate; as well as their culture, customs and history,
- Generating wealth thanks to the creation and maintenance of direct and indirect employment,
- Investment in innovation, research and development, and
- Strengthening the business and industrial sector.

It is promoting its social development by seeking the collaboration of people, groups or entities present throughout the value chain at different times; cohesion between communities, cultures and people in order to achieve satisfactory levels in the quality of life, health and education.

It is protecting nature and the environment and ensuring the rational use of resources

Responding to this commitment, through Grupo Antolin carrying out its activity as a Company, requires listening to the different stakeholders and involving them in the Company's project through the communication channels defined by the Company so that we can relate to each of them, both internally and externally. The defined corporate channels adapt to the reality of each stakeholder, country and community where that communication is taking place, working in tandem with those specific ones in keeping with the needs of the moment and the content to be communicated.

When Grupo Antolin talks about contribution and society, there are many different representatives, grouped mainly into regulatory bodies and society. With regard to this grouping, in the first case, the communication is ongoing through the channels defined by them, and through participation in specific meetings, projects and events. When we talk about society in general, the Group's communication is mainly established with entities and organizations in the academic, environmental, industrial and social environment, personalizing them depending on the content deriving from the specific commitment and the areas related to the implementation of that commitment. At this point, tools such as the corporate website, social networks, the annual report and those with specific content are combined with participation in certain forums, projects, collaborations and publications, not forgetting the direct face-to-face communication with leading representatives.

Creation of shared value

Social Contribution

The term social is attributed to one of the areas forming part of Grupo Antolin's sustainable contribution strategy. Applied internationally, each Company can be proactive when adapting to the local needs and demands of each country or community, provided that this is consistent with the aforementioned strategy.

Priority is given to long-term and long-lasting forms of contribution over one-off contributions, but this does not mean that anything is excluded. The latter are generally more local and are managed directly by each Company, always in line with the scope of action defined and related to intelligent and inclusive mobility, diversity, economic and cultural development, sport, health and well-being, and areas linked to education and employability, innovation and entrepreneurship, and road safety.

Initiatives like those listed below, by way of examples, really reflect that discussed above:

- Intelligent and inclusive mobility:
    - Blood donation campaigns;
    - Accident prevention awareness: alcohol.
    - …
- Sport, health and well-being:
    - Grupo Antolin Sports Club for the children of employees in Burgos;

  - Grupo Antolin Sports Club “enFORMA” for the promotion of a healthy lifestyle for the staff and their families;
  - Together it’s possible. Cancer prevention campaigns in collaboration with different associations and entities against cancer worldwide;
  - Support to the project of the only female pilot of Burgos origin in the Dakar Rally 2019;
  - Inclusive Rugby Program for the integration of people with intellectual disabilities through the practice of rugby with employees and family;
  - …
- Innovation, education and employability:
  - Dual vocational training schools in Germany, Spain, the United States and Mexico.
  - Dual Master in Industrial Project Management, Grupo Antolin and Universidad de Burgos
  - Local employment forums
  - Internship programs at companies
  - Graduate scholarships and contracts for research assistants at the General Foundation of the UBU
  - …
- Social development:
  - Big food collection in favor of local food banks.
  - 25th edition of the “One drawing, one smile” Christmas competition in favor of UNICEF.
  - Village Upliftmen Program in collaboration with Hand by Hand India
  - For a good cause. Christmas Charity Auction using gifts donated by suppliers
  - Sponsorship of the FFL First Lego League Tournament to promote science and technology among children and young people.
  - …

Highlight Grupo Antolin's commitment to entrepreneurship and development of the industrial fabric in Burgos, through its participation in the *Polo +* project. This initiative was born from the union of a group of Burgos industries to boost economic growth in the city, supporting a new generation of entrepreneurs. They also aspire to give back to Burgos society the opportunity that it gave them in their day to become great industrial benchmarks.

With the aim of turning Burgos into a center of entrepreneurship for technological development in the industrial sector, Polo + supports the development of innovative and sustainable national and international industrial or service to industry projects, while generating wealth and employment.

Social Contribution (€)		12.31.2018	12.31.2019
		448,629.02	476,317.80
By region	Asia and Africa	144,973.84	96,052.86
	Europe	264,563.63	326,725.32
	Mercosur	10,189.18	3,867.38
	NAFTA	28,902.37	49,672.24
By contribution type	Donations and Volunteering	85,108.20	160,695.66
	Sponsorship and patronage	333,770.70	315,541.35
	Emergency responses	29,750.12	80.79

Per employee	14.46	16.47

Note: The quantitative figures are the result of the actions carried out by the companies within their local area of action in response to the main concerns in their most direct environment, together with those with a broader scope of action linked to the Company's strategy. They do not include the investment made in training and innovation programs that are included in the different budget items for the departments responsible for their management.

- Associations

Grupo Antolin's leadership and its position as a benchmark is accompanied by good institutional relations with the different public (governments, ministries, embassies, investment agencies and foreign trade promotion, local bodies) and private stakeholders (industrial, business and automotive associations). The Company's global positioning makes institutional relations have an international character.

Proof of its positioning and as a reinforcement of its internal and external visibility as a Company, Grupo Antolin collaborates openly, actively and constructively with a wide range of institutions, both Spanish and foreign, participating in many initiatives and various public acts worldwide, to which it is willing to contribute its experience, ideas and projects with enthusiasm and commitment.

Government relations and collaboration with public institutions in different fields are combined with associations and organizations in the private sector. Among the latter, we can highlight the promotion of the Antolin brand and the recognition of its performance in different sectors and areas of knowledge both nationally and internationally, such as:

- In the automotive sector: Presidency, representation on the Board of Directors and participation in the different committees and projects at Sernauto. Asociación española de proveedores de automoción (Spanish Association of Automotive Suppliers). Spokesperson for the sector in defense of the interests of its associated companies before the public administrations and public and private institutions, both national and international. Sernauto is the leading representative for the definition of the Spanish industrial strategy. Globally, Grupo Antolin collaborates with more than 20 associations in the automotive sector, among which we highlight:
    - FIEV (Fédérations des industries des équipements pour véhicules)
    - AFIA (Automotive Industry Manufacturers Association)Sinditêxtil
    - AMICA
    - Automotive Industry Association of Czech Republic
    - Automotive Industry Association of Slovakia
    - VDA
    - Hungarian Automotive Association
    - AUTOSAR
    - MICHauto
    - Sindipeças
    - AFAC: Asociación de Fabricas Argentinas de Componentes (Argentine Association of Components Factories)

- Innovation: Member of the Board of COTEC – Foundation for Innovation that promotes innovation and technological cooperation among companies in order to contribute to economic and social development. Globally, we can highlight belonging to different innovation, technology and materials associations such as:
    - Cluster Smart Advanced Manufacturing
    - TECNALIA Foundation (Consejo Nacional de Transportes - National Transportation Board)
    - Functional Printing Cluster
    - AIMPLAS (Instituto Tecnológico del Plástico (Plastic Technology Institute))
    - AITIIP Technological Center
    - Fundación CIDAUT (CIDAUT Foundation)
    - Instituto IMDEA Materiales (IMDEA Materials Institute)
    - ITCL - Instituto Tecnológico Castilla y León (Castilla y León Technological Institute)
    - EuMaT
    - M2F Move to Future
    - SERTEC
    - LES Spain and Portugal
    - ECSEL – Joint Undertaking
    - AEMAC (Asociación Española de Materiales Compuestos (Spanish Association of Composite Materials))
    - American Carbon Society
    - Spanish Coal Group
    - Nanospain
    - Alianza española en Grafeno (Spanish Alliance in Graphene)

- Corporate governance: Instituto de la Empresa Familiar (Family Business Institute) that brings together leading family companies in their sectors, in order to promote the generation of wealth and creation of employment. It is one of the most important and influential bodies with the government, institutions, media organizations and society.

- Academic: Patron of the Chair of the Connected Industry (ICAI), the Higher Technical School of Engineering at Comillas Pontifical University, which facilitates the transfer to future professionals and engineers of the current vision of the automotive industry and the future needs and challenges we face. Technologies such as the internet of things, artificial intelligence, robotics, virtual and augmented reality are part, among others, ofthe transformation of the production processes of automotive companies. At the same time, we want to highlight the implementation of the Dual Master in Industrial Process Management from the University of Burgos and Grupo Antolin.

- Business: Spokesperson for the Spanish Chamber of Commerce, which contributes to driving the Spanish business sector, boosting its competitiveness and internationalization. Our active participation in several committees allows Grupo Antolin to participate in drawing up legislative proposals, advising the Administration and encouraging relations with national and international institutions. Globally, we can highlight:
    - AEC – Asociación Española de la Calidad (Spanish Quality Association)

- Club Excelencia en Gestión (Excellence in Management Club)
  - Círculo de Empresarios (Circle of Entrepreneurs)
  - AERCE
- Sustainability: Founding partner of the Red Española del Pacto Mundial (Spanish Global Compact Network) and member of its Executive Committee, multi-stakeholder organization who in turn represent the Spanish Global Compact Network in various forums and meetings organized by other bodies to promote the implementation of the 10 Global Compact Principles and raise awareness in the private sector to contribute to the objectives of the United Nations. We can highlight belonging to the following associations:
  - Club de Excelencia en Sostenibilidad (Excellence in Sustainability Club)
  - Forética. Transparency Cluster and Social Impact Cluster
  - ASCOM. Asociación Española de Compliance (Spanish Compliance Association)

- Cultural. Member of the Board of the Princess of Asturias Foundation, which contributes to the advancement and promotion of all scientific, cultural and humanistic values as universal heritage. We also stress the collaboration with the VIII Centennial Foundation of the Cathedral of Burgos

All the above, together with all other activities in this area registered locally and regionally by the different companies, demonstrates the need for collaboration and the establishment of partnerships between governments, the private sector and civil society, built on principles and values, a vision and shared goals, placing people and the planet at the center of Grupo Antolin. The Company has allocated in 2019 to collaborate with sectoral associations it has been very similar to the one carried out in 2018 (€ 558,766), not having been able to obtain the figures for the 2019 financial year on time.

- Responsible supply chain

	12.31.2018	**12.31.2019**
Purchase volume of direct material (Free to choose, Chosen by OEMs, InterCompany)	3.578 bn €	3.368 bn €
Purchase volume of direct material (Free to choose, Chosen by OEMs,)	-	2.692 bn € (1)
% expenditure on local suppliers (active direct material suppliers)	47%	49%
Number of direct material suppliers	2,822	2,918 (2)
Number of new suppliers contacted regarding ESG	1,505	1,584
Number of suppliers under an ESG assessment process	677	845
% ESG monitoring in the supply chain	52%	100%

ESG: Environmental, Social and Governance

	2018	**2019**	**Accumulated to 2019**
Number of suppliers evaluated regarding ESG	828	95	923

(1) As of the EINF of 2019, we will exclude from the scope of the Reported Purchase Volume of Direct Material the data that come from interCompany purchases. InterCompany purchases are those made between Grupo Antolin companies. By not evaluating the sustainability performance of the Grupo Antolin companies, it makes no sense to include them in this table
(2) For the sake of developing a relevant analysis, from 2019 the scope of the suppliers to be evaluated will be focused on the most significant, the suppliers of Active Direct Material. These providers are those that invoice continuously throughout the year when they are on active projects. In this way, we exclude Direct Material suppliers that represent material purchases due to specific needs, so their significance is less

The development of an efficient and sustainable supplier network is one of the foundations for maintaining the growth and development of the Company. Grupo Antolin's relationship with its supply chain is structured on the basis of a sustainable, robust and effective management system, which is based on:

- The Supplier Manual: supplier Code of conduct
- Communication: through the creation of a specific sustainability space on the BuyONE portal
- Self-assessment questionnaire (SAQ)
- Third party sustainability audits to suppliers. It is currently in the pilot test phase, prior to its integration into the management system
- Review and integration of sustainability requirements in purchasing procedures
- Conflict minerals: policy and appointment of a working team, membership to the Responsible Minerals Initiative and development of due diligence in accordance with the OECD guide for mineral supply chains in conflict-affected and high-risk areas

The Supplier Manual describes the organization system that governs the relationships between Grupo Antolin and its suppliers. Its final goal is the full satisfaction of customers and the main stakeholders. The Manual establishes the requirements to be fulfilled and the operating modes to be applied through the Grupo Antolin-Supplier relationship. Supplier acceptance of the document is binding in order to be classified as "active" in the Company's panel of suppliers and choose to be nominated for future projects and/or services. The supplier must ensure that all requirements described in this document will be respected by it and by its supply chain.

Grupo Antolin makes the supplier participate in its Corporate Social Responsibility values, policies and processes, through the supplier Code of Conduct published in 2019. In this way, their actions must be based on the principles of ethics, transparency and respect for fundamental human, employment and environmental rights, extending them to their own supply chain. This is a commitment to respect, not only evident in the current international and national legislation, but also in the Universal Declaration of Human Rights, the Conventions of the International Labor Organization (ILO), the Guidelines of the Organization for Economic Cooperation and Development (OECD) and the principles contained in the United Nations Global Compact.

To facilitate and improve communication between Grupo Antolin and its supply chain, the Company relies on the Buy One supplier portal, with the aim of standardizing and guaranteeing its accessibility to information; as well as to communicate Grupo Antolin's requirements to its suppliers. All this, always keeping traditional communication channels open, because people are important to suppliers and to the Company.

In order to know the sustainable performance of Grupo Antolin's suppliers, the Self-assessment tool or Self-assessment questionnaire (hereinafter SAQ) allows to assess the state of the supply chain in terms of sustainability, and therefore identify, measure and manage risks related to ESG matters present throughout the chain. From the questionnaire answered by the supplier itself, its performance is evaluated globally and in the main dimensions of sustainability: working conditions and Human Rights, business ethics, anti-corruption and bribery, the environment, raw material supply, supplier management, security and health, corporate social responsibility

The content requested and assessed in the questionnaires follows the recommendations defined in the practical principles proposed by the Original Equipment Manufacturers (OEMs), which are promoted by the main global initiatives of the sector on matters of sustainability: *Drive Sustainability y Automotive Industry Action Group* (AIAG). Principles that result from the analysis of the elements considered most material for the automotive sector on a social, ethical and environmental level. Grupo Antolin counts on the support of an external service provider to carry out the supplier assessment process: NQC. All information and documentation provided by them is verified by NQC in order to guarantee the veracity and reliability of the responses provided in the questionnaires.

Another noteworthy element is the fact that the service provided by NQC and the assessment questionnaire are the ones used by a volume of customers representing over 63% of Grupo Antolin's sales. This is due to the added value given to the tool from being aligned with the expectations and needs of the sector.

The assessment of the supply chain at Grupo Antolin was initially focused on the active suppliers of direct material, prioritizing the assessment of those with a greater estimated risk, considered suppliers with a material impact. In order to determine and prioritize that impact, four dimensions associated with risk have been weighted in accordance with the following:

- The country where they operate, using the assessment carried out by the World Economic Forum as a reference,
- Environmental and health and safety criteria linked to the production of the supplied material,
- Product families that may have presence of conflict minerals.

The result of the SAQs answered and validated by NQC and Grupo Antolin is available to the responsible buyers of each supplier on BuyONE, within a specific section entitled Sustainability.

Thanks to the results of the assessment, Grupo Antolin can identify the global ESG risks in its supply chain, as well as those specific to each supplier. Based on the detailed study of the data obtained, together with the performance scorecards, the analysis is managed in a variety of contexts, the risk indicators are defined and corrective action plans are designed.

During 2019, the pilot test has been launched to incorporate third-party sustainability audits into the sustainable supply chain management system. These audits, which are carried out at the supplier's facilities, allow the veracity of the answers given by the suppliers in the SAQ to be verified, as well as to identify the presence of risks on the ground and establish action plans to correct them. Throughout 2019, supplier audits have been carried out with different auditing companies, to learn first-hand about their work methodology. As there is no sector standard, the objective has been to identify and select the methodology that best fits the objectives and work systems applied at Grupo Antolin.

As described in the Human Rights section of this Non-Financial Information Statement and together with the above, it is only worth pointing out the importance of monitoring the risk of human rights violations in the supply chain linked to conflict minerals. Among the measures put in place are: the appointment of a specific work team, the updating of the Conflict Minerals policy, the development of Due Diligence for its management and the definition of an action plan that helps design a robust and reliable management system for these materials. During 2019, of the total number of suppliers identified as suppliers of products with conflict materials, 64.1% provided the correct Conflict Mineral Reporting Template.

Consumers

Understanding and adapting to customers' needs is key for Grupo Antolin, always trying to support the brand strategy of our customers in order to improve the quality and experience of the end user.

The Company's customers are the main automotive manufacturers (OEMs) worldwide and we are recognized in the market as one of their top tier suppliers (TIER1). For this reason, its relationship with vehicle users (end consumers) is indirect and is always established through the manufacturers themselves. Given this, consumer relations is not a material issue for Grupo Antolin.

In order to meet the technical specifications of the diverse range of products supplied, Grupo Antolin needs to work with its customers in the earliest design stages, including the tasks of selecting materials, developing tools, defining processes and even defining the component's functional requirements.

By complying with the data specified by the manufacturer in the functional requirements, Grupo Antolin contributes to ensuring the quality of the components it supplies and supports the OEMs in strengthening aspects more directly related to issues that may affect safety (performance in the event of a crash) or health on board the vehicle (susceptibility of certain materials to emit potentially toxic volatile compounds). These aspects are generally governed by strict international standards and testing procedures and many manufacturers even require these standards to be exceeded for the components supplied by third parties, in order to protect them given their direct responsibility to end users.

Tax information

- Pre-tax profit obtained by country

Country	Pre-tax profit 2019	Pre-tax profit 2018
Germany	€ -7,800,777	€ -8,454,926
Argentina	€ -2,664,344	€ -1,557,519
Austria	€ -2,528,764	€ -1,375,558
Brazil	€ 5,828,467	€ -7,474,273
China	€ 46,736,790	€ 23,674,370
Korea	€ 932,089	€ 1,503,578
U.S.	€ -34,944,244	€ 5,734,600
Slovakia	€ -9,643,695	€ -16,009,097
Spain	€ 20,756,756	€ 8,566,172
France	€ 9,111,585	€ 11,736,575
Holland	€ 115,290	€ -115,521
Hungary	€ -9,029,333	€ -4,619,906
India	€ 3,932,135	€ 5,920,945
Italy	€ -3,293,737	€ -2,262,987
Japan	€ 151,290	€ 154,006
Morocco	€ 674,457	€ 1,702,593
Mexico	€ 15,230,754	€ 43,688,577
Poland	€ 971,148	€ 992,979
Portugal	€ 3,133,084	€ 2,997,762
United Kingdom	€ -18,405,447	€ -8,300,413
Czech Republic	€ 7,110,110	€ 11,001,780
Romania	€ -4,210,547	€ -4,143,784
Russia	€ -97,853	€ 139,866
South Africa	€ 1,180,603	€ 896,449
Thailand	€ 1,010,196	€ 1,041,617
Turkey	€ 17,989,933	€ 15,988,734
Vietnam	€ 162,561	€ 0
Total	**€ 42,408,984**	**€ 81,426,618**

- Corporation tax paid (not accrued)

Country	Corporation tax payments 2019	Corporation tax payments 2018
Total	**€ 7,223,888**	**€ 21,824,748**

- Total public subsidies received

Operating grants 2019	**4,293,929 €**
Capital subsidies 2019	**191,435 €**
Operating grants 2018	**7,268,844 €**
Capital subsidies 2018	**760,432 €**

Note: The movement of capital grants received is detailed in note 15 of the consolidated annual accounts. The amount received amounts to 191 thousand euros in 2019. The amount of the operating subsidies received is included in note 20 of the consolidated annual accounts and the amount received amounts to 4.3 million euros in 2019.

XI. Appendix I. Explanatory notes

(1) Training hours: The scope of the data reported in this Statement of Non-Financial Information (EINF) is the same as that for the consolidation of financial information, with the exception of those companies that are outside the reporting of consolidated data (14) and those that have no data recorded at 12/31/2019.

Based on this perimeter, the data correspond to 100% of the workforce at 12/31/2019.

(2) The scope reported in this EINF is the same as that of the consolidation of financial information, with the exception of certain companies in which any of these circumstances exist: put into equivalence, are not integrated into the reporting system of the Table of Human Resources Command or because their activity is outside the one described for our business model. Based on this perimeter, the data corresponds to 99.36% of the workforce as of 12/31/2018.

(3) There are two reporting perimeters:

- Employment I: The scope of the data reported in this section includes all the plants in which Grupo Antolin has an interest, including those companies accounted for in the equity method.
- Employment II: The scope of the data reported in this section, excludes companies accounted for in the equity method.

Based on the perimeter defined for the EINF, the data correspond to 100% of the workforce at 12/31/2019.

(4) Occupational Health and Safety: The scope of the data reported in this Statement of Non-Financial Information is the same as that for the consolidation of financial information, with the exception of certain companies not integrated within the scorecard with any of the following circumstances: new companies with an undeveloped reporting level, not having uploaded their employees on to the system by the closing date of 12/31/2019 and/or reporting through other SAP codes.

Based on this perimeter, the data correspond to 98.49% of the workforce at 12/31/2019.

(5) Professional classification: Criteria used for the calculation of the workforce that regularly provides services in all industrial companies and technical and sales offices for Grupo Antolin:

- Direct labor - MOD workforce (time period): The workers who have remained registered at a Grupo Antolin Company for a period of time, assigned to the production process, performing direct work on the product in accordance with the established work method.

- Indirect labor - MOI workforce (time period): The workers who have remained registered at a Grupo Antolin Company for a period of time, who perform activities to support the production process and are assigned to the Maintenance, Logistics, Quality, Engineering and Production Departments, in accordance with table I.

Table I

<table>
<tr><td rowspan="8">MOI - INDIRECT labor</td><td rowspan="4">FACTORY</td><td>Maintenance</td><td>Head of Maintenance
Maintenance staff</td></tr>
<tr><td>Production</td><td>Line managers
Shift managers
Work Unit leaders
Machinery preparation personnel (changing tools, plastic mixing rooms, etc.).</td></tr>
<tr><td>Logistics</td><td>Forklift operators
Warehouse personnel, Supply of lines
Movement of containers</td></tr>
<tr><td>Quality</td><td>Factory verifiers (not including lines) Recovery personnel factory
Sort processes deployed to the customer
Recovery personnel sent to the supplier</td></tr>
<tr><td rowspan="4">OFFICE</td><td>Engineering</td><td>Manager and personnel from the Engineering Department.</td></tr>
<tr><td>Quality</td><td>Manager and personnel from the Quality Department.</td></tr>
<tr><td>Logistics</td><td>Manager and personnel from the Logistics Department.</td></tr>
<tr><td>Production</td><td>Manager and personnel from the Production Department.</td></tr>
</table>

- Structural Labor - MOE Workforce:

  - Structural - Technical and Sales Offices and Headquarters: all employees in the technical and sales offices, Grupo Antolin-Irausa and Grupo Antolin-Engineering are included as structural.
  - Structural - Factory (time period): The workers who have remained registered at a Grupo Antolin Company for a period of time, who perform activities to support the production process in accordance with table II.

Table II

<table>
<tr><td rowspan="10">MOE - STRUCTURAL labor</td><td rowspan="10">FACTORY</td><td>Temporary structure</td><td>Young Engineers
Black Belts,
6 sigma
Improvement</td></tr>
<tr><td>Development / Prototypes</td><td>Manager and personnel from the Development Department
Personnel dedicated to making prototypes</td></tr>
<tr><td>Cleaning, Security and Canteen</td><td>Personnel who provide services in these tasks and is directly employed by the Company</td></tr>
<tr><td>Expatriates</td><td>Personnel on secondment from Company A to Company B and where Company A bears certain expenses for them</td></tr>
<tr><td>Administration</td><td>Manager and personnel from the Finance Department</td></tr>
<tr><td>IT</td><td>IT coordinator and personnel from the Systems Department</td></tr>
<tr><td>Human Resources</td><td>Personnel from the Human Resources Department
Medical service
Reception personnel</td></tr>
<tr><td>Purchasers</td><td>Manager and personnel from the Purchasing Department</td></tr>
<tr><td>STAs</td><td>STA (Supplier Technical Assistant) personnel</td></tr>
<tr><td>Management</td><td>Factory director
Director’s Staff
Regional Director</td></tr>
</table>

			Regional Director's Staff
		Sales	Manager and personnel who perform sales duties

.

(6) Professional classification according to the type of position assigned to each employee in the SAP system: managerial profile, middle management profile and operational profile according to table III
Outside of this classification are the direct labor production operators (MOD) under the category of "Other personnel".

Table III

SAP codes - Type of position	**Type of position**	**Function**
DTR-CORP	Corporate Director	Executive
DTR-ST-SC	Director Staff	
DTR-FAB	Factory Director	
JEF-PRO	Project Manager	Middle Management
JEF-DEP	Head of Department	
JEF-SEC	Section Head	
ING-LIC	Engineer / Graduate	Operator
TECNICO	Technician	
TEC-AUX	Technical Assistant	
SECRET	Management Assistant/Secretary	
RECEP	Receptionist	
OP-UET	Operator	n/a Other personnel

XII. Appendix II. Table of contents required by Law 11/2018.

Information requested by Law 11/2018	Reporting Criteria: Link to GRI indicators (2016 version unless stated)	Page of the Report
General information		
Description of the group's business model including business environment, organization and structure	GRI 102-2 GRI 102-7	4-9
Markets in which it operates	GRI 102-3 GRI 102-4 GRI 102-6	4-6
Goals and strategies of the organization	GRI 102-14	7-11, 16-17
Main factors and trends that may affect its future evolution	GRI 102-14 GRI 102-15	7, 13-15
Reporting framework used	GRI 102-54	20
Principle of materiality	GRI 102-46 GRI 102-47	18-20
Social and staff-related issues		
Management approach: description and results of the policies related to these issues, as well as the main risks related to those issues related to the Group's activities	GRI 102-15 GRI 103-2	12-14, 16-17, 29-34
Employment		
Total number and distribution of employees by country, gender, age and professional classification	GRI 102-8 GRI 405-1	42-44
Total number and distribution of types of employment contract and annual average of permanent contracts, temporary contracts and part-time contracts by sex, age and professional classification	GRI 102-8	44-46
Number of dismissals by gender, age and professional classification	GRI 103-2	47
Average remunerations and their evolution broken down by sex, age and professional classification or equal value	GRI 103-2, GRI 405-2	47-48
Pay gap, remuneration for equivalent or average jobs at the Company	GRI 103-2, GRI 405-2	48
The average remuneration of directors and executives, including variable remuneration, allowances, indemnities, payments to long-term pension savings accounts and any other payments, broken down by gender	GRI 103-2, GRI 405-2	48
Implementation of work disconnection policies	GRI 103-2	36
Employees with disabilities	GRI 405-1	43-44
Work organization		
Organization of working time	GRI 103-2	36-37
Number of hours of absence	GRI 403-9 (Version GRI 2018)	41
Measures designed to facilitate a good work-life balance and encourage shared responsibility from both parents	GRI 103-2	36
Health and safety		
Occupational health and safety conditions	GRI 403-1 GRI 403-2 GRI 403-3 (Version GRI 2018)	9, 23, 31-34, 40-42
Accidents at work, in particular their frequency and severity, as well as occupational diseases; broken down by gender.	GRI 403-9 GRI 403-10 (Versiin GRI 2018)	41
Social relations		

Organization of the social dialog, including procedures to inform and consult staff members and negotiate with them	GRI 103-2	38-39
Percentage of employees covered by collective agreements by country	GRI 102-41	39-40
The balance of collective agreements, particularly in the field of occupational health and safety	GRI 403-4 (Version GRI 2018)	38
Training		
Policies implemented in the field of training	GRI 103-2 GRI 404-2	37-38
Total amount of training hours by professional category	GRI 404-1	38
Universal accessibility of people with disabilities	GRI 103-2	34-36
Equality		
Measures taken to promote equal treatment and opportunities between women and men	GRI 103-2	34-36
Equality plans, measures taken to promote employment, protocols against sexual and gender-based harassment	GRI 103-2	35
The policy against all types of discrimination and, where appropriate, management of diversity	GRI 103-2	31-36
Environmental matters		
Management approach: description and results of the policies related to these issues, as well as the main risks related to those issues related to the Company's activities.	GRI 102-15 GRI 103-2	21-28
Current and foreseeable effects of the Company's activities on the environment and, where appropriate, health and safety	GRI 102-15	21-22
Environmental assessment or certification procedures	GRI 103-2	22-23
Resources dedicated to the prevention of environmental risks	GRI 103-2	23
Application of the precautionary principle	GRI 102-11	23
Amount of provisions and guarantees for environmental risks	GRI 103-2	23-24
Contamination		
Measures to prevent, reduce or repair the emissions that severely affect the environment; taking into account any form of air contamination specific to an activity, including noise and light contamination	GRI 103-2	24-25
Circular economy and waste prevention and management		
Methods of prevention, recycling, reuse, other forms of recovery and disposal of waste; actions to combat food waste	GRI 103-2 GRI 306-2	25-26
Actions to combat food waste	GRI 103-2	Not material. 20
Sustainable use of resources		
Water consumption and water supply in accordance with the local limitations	GRI 303-5 (Version GRI 2018)	25-26
Consumption of raw materials and the measures taken to improve the efficiency of their use	GRI 301-1	25-27
Direct and indirect energy consumption	GRI 302-1 GRI 302-3	26-27
Measures taken to improve energy efficiency	GRI 302-4	27
Use of renewable energies	GRI 302-1	25
Climate change		
Greenhouse gas emissions generated as a result of the Company's activities, including the use of the goods and services it produces	GRI 305-1, GRI 305-2, GRI 305-4	26-27

Measures taken to adapt to the consequences of climate change	GRI 103-2 GRI 201-2	15,27
Medium and long-term reduction goals established voluntarily to reduce greenhouse gas emissions and the measures implemented for this purpose	GRI 305-5	21
Protection of biodiversity		
Measures taken to preserve or restore biodiversity	GRI 103-2	20 Non-material
Impacts caused by activities or operations on protected areas	GRI 103-2	20 Non-material
Respect for human rights		
Management approach: description and results of the policies related to these issues, as well as the main risks related to those issues related to the Group's activities	GRI 102-15 GRI 103-2	12-15, 16-17, 49-51
Application of human rights due diligence procedures and prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and repair possible abuses committed.	GRI 102-16 GRI 102-17	10-11, 49-52
Complaints for cases of human rights violation.	GRI 103-2 GRI 406-1	51
Measures implemented to promote and comply with the provisions of the fundamental ILO Conventions related to respect for freedom of association and the right to collective bargaining; elimination of discrimination in employment and occupation; the elimination of forced or compulsory labor; the effective abolition of child labor.	GRI 103-2	32,34,36, 51, 71
Fight against corruption and bribery		
Management approach: description and results of the policies related to these issues, as well as the main risks related to those issues related to the Group's activities.	GRI 102-15 GRI 103-2	12-14, 16-17, 53-62
Measures taken to prevent corruption and bribery	GRI 103-2 GRI 102-16 GRI 102-17 GRI 205-2 GRI 205-3	59-60
Measures to combat money laundering	GRI 103-2 GRI 102-16 GRI 102-17 GRI 205-2 GRI 205-3	62
Contributions to foundations and non-profit organizations	GRI 102-13 GRI 201-1	67-70
Information about the Company		
Management approach: description and results of the policies related to these issues, as well as the main risks related to those issues related to the Group's activities.	GRI 102-15 GRI 103-2	12-14, 16-17, 63-65
The Company's commitments to sustainable development		
The impact of the Company's activity on local employment and development	GRI 103-2 GRI 204-1	67, 71
The impact of the Company's activity on local populations and on the region	GRI 103-2, GRI 413-1	66-68
The relations maintained with the members of the local communities and the forms of dialog with them	GRI 102-43 GRI 413-1	66
Association or sponsorship actions	GRI 103-2	66-70
Subcontracting and suppliers		
Inclusion of social, gender equality and environmental issues in the purchasing policy	GRI 103-2	70-72
Consideration of their social and environmental responsibility in relations with suppliers and subcontractors	GRI 102-9, GRI 308-1, GRI 414-1	71-73
Monitoring and audit systems and their results	GRI 102-9	73
Consumers		
Measures for the health and safety of consumers	GRI 103-2	Non-material 20
Claims systems, complaints received and their resolution	GRI 103-2 GRI 418-1	Non-material 20
Tax information		
Profit obtained by country	GRI 207-4 (Version 2019)	74

Corporation tax paid	GRI 207-4 (Version 2019)	74
Public subsidies received	GRI 201-4	74

Grupo Antolin-Irausa, S.A.U.
and Subsidiaries

Independent Auditor's Report

Consolidated Financial Statements for the year ended 31 December 2020, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, together with Consolidated Directors' Report for 2020

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Grupo Antolin-Irausa, S.A.U.,

Opinion

We have audited the consolidated financial statements of Grupo Antolin-Irausa, S.A.U. *("the Parent")* and its subsidiaries *("the Group")*, which comprise the consolidated balance sheet as at 31 December 2020, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2020, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

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

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

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

Most Significant Audit Matters

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

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

Impairment of goodwill, other intangible assets and property, plant and equipment	
Description	**Procedures applied in the audit**
At 31 December 2020, the Group had recognised goodwill of EUR 90 million relating basically to certain businesses acquired in 2012 and 2015, as well as other intangible assets *(customer relationships and other development expenditure)* and property, plant and equipment amounting to EUR 365 million and EUR 733 million, respectively. Under EU-IFRSs, the Group is required to conduct annual impairment tests on the goodwill recognised in the consolidated financial statements, as well as on any intangible assets and property, plant and equipment that present indications of impairment. In this connection, as discussed in Notes 7 and 8 to the accompanying consolidated financial statements, in 2020 the Group recognised net impairment losses of EUR 9 million on goodwill and EUR 28 million on other assets. Group management uses value-in-use models *(taking value in use to be the present value of the estimated future cash flows of the corresponding cash-generating units or projects)* to test the aforementioned assets for impairment, although for certain items of property, plant and equipment, it considers their fair value less costs to sell, if this is higher. This process of assessing impairment is complex and involves the use of a significant level of estimates and judgements since it is based on assumptions and hypotheses *(inter alia, in the projection of cash flows from operating activities and in the determination of discount and long-term growth rates)*, the future evolution of which will depend on market performance and economic conditions. Therefore, and due to the materiality of the amounts recognised for the aforementioned items at 31 December 2020, this matter was considered to be one of the most significant in our audit.	Our audit procedures included, among others, obtaining the impairment tests performed by the Group to evaluate the risks of impairment of the goodwill and of the assets whose cash-generating units or projects presented indications of impairment, and verifying the clerical accuracy of the calculations performed and the reasonableness of the conclusions reached. For this purpose, we analysed the consistency of the estimated future cash flows considered in the aforementioned tests with the most recently approved business plans and profitability studies for each cash-generating unit or project, as well as with the budgets for 2021 and other internal and external data, reviewing whether they are consistent with the information available. Also, we evaluated the reasonableness of the main key assumptions considered in these tests in relation to the future cash flow projections *(such as the evolution of revenue, gross margins, forecast investments, etc.)*. We involved our internal valuation experts in order to evaluate, mainly, the methodology employed by the Group in the impairment tests conducted and the assumptions relating to the discount rates considered *(by assessing the Group's cost of capital and that of comparable organisations)* and the terminal value, expressed in perpetuity growth terms, of the projected future cash flows. In addition, we reviewed the sensitivity analysis performed on the key assumptions. Lastly, we checked that the disclosures included by the Group in the notes to the accompanying consolidated financial statements in connection with the criteria, assumptions and results relating to this matter (see Notes 3-b, 3-c, 3-d, 7 and 8) were in conformity with those required by the applicable accounting regulations.

Recoverability of deferred tax assets

Description

The balance of "Deferred Tax Assets" in the accompanying consolidated balance sheet as at 31 December 2020, amounting to approximately EUR 82 million, relates mainly to tax loss and tax credit carryforwards, as well as to the tax effect of temporary differences, a significant portion of which corresponds to the Spanish companies.

In order to recognise the deferred tax assets and assess their realisability, at the end of the reporting period Group management prepares financial models with which it estimates the future taxable profits of the corresponding consolidated subsidiaries or, where appropriate, of the consolidated tax groups of which they form part, on the basis of the most recent budgets and business plans of the Group companies, and considering the applicable new legislative developments.

We considered this matter to be significant in our audit in view of the amount capitalised and because the preparation of these models requires a significant level of judgement, basically in connection with the evolution and projection of the Group companies' results, which affect the estimate and the conclusion on the recoverability of the deferred tax assets.

Procedures applied in the audit

Our audit procedures included, among others, obtaining an understanding of the criteria applied by Group management in preparing the aforementioned financial models, reviewing those models and checking whether the figures used therein were obtained from the most recently approved budgets and business plans for the Group companies. In this connection, we analysed the reasonableness of the projections for future years and the consistency of these projections with those used in other areas *(such as the assessment of the impairment of goodwill, other intangible assets and property, plant and equipment)*. Also, we analysed the reasonableness of the tax assumptions considered and whether they were in conformity with the applicable legislation in each case.

In addition, we verified the arithmetic calculations performed by Group management when determining the recoverable amounts and the estimated timetable for the recovery of the deferred tax assets recognised.

Lastly, we evaluated the adequacy of the disclosures included in the accompanying consolidated financial statements (see Notes 3-p and 19 to the accompanying consolidated financial statements) with respect to those required in this connection by the regulatory financial reporting framework applicable to the Group.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2020, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the information contained in the consolidated directors' report is defined in the audit regulations in force, which establish two distinct levels of responsibility in this regard:

a) A specific level that applies to the non-financial information statement, which consists solely of checking that the aforementioned information has been provided in the consolidated directors' report, or, as the case may be, that the consolidated directors' report contains the corresponding reference to the separate report on non-financial information as provided for in the applicable legislation and, if this is not the case, reporting this fact.

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

Based on the work performed, as described above, we observed that the non-financial information described in section a) above was presented in the separate "Consolidated Non-Financial Information Statement" report, to which a reference was included in the consolidated directors' report, and that the other information in the consolidated directors' report was consistent with that contained in the consolidated financial statements for 2020 and its content and presentation were in conformity with the applicable regulations.

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

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

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

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

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

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

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

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

Miguel Barroso Rodilla
Registered in ROAC under no. 18050

31 March 2021

Appendix to our auditor's report

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

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

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

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

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

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

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

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

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

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

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

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

Grupo Antolin-Irausa, S.A.U. and Subsidiaries

Consolidated Financial Statements for the year ended 31 December 2020, together with Consolidated Directors' Report for 2020

GRUPO ANTOLIN-IRAUSA, S.A.U. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

INDEX

	Page
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	**1**
CONSOLIDATED INCOME STATEMENT	**2**
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	**3**
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	**4**
CONSOLIDATED STATEMENT OF CASH FLOWS	**5**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:	
1. Description of the Group	**6**
Parent and Group activities	6
Subsidiary companies	7
Associates and joint ventures	12
Joint operations	14
2. Basis of presentation of the consolidated financial statements and consolidation standards	**14**
a) True and fair view	14
b) Adopting new standards and interpretations issued	14
c) Functional currency	17
d) Comparative information	17
e) Responsibility for the information provided and estimates made	18
f) Consolidation standards	18
g) Changes in the scope of consolidation	20
h) Definition of the Group for the purposes of preparing consolidated annual financial statements	21
3. Accounting principles, policies and measurement criteria	**22**
a) Going-concern principle	22
b) Goodwill and negative goodwill on first consolidation	23
c) Other intangible assets	24
d) Property, plant and equipment	25
e) Investment property	27
f) Accounting for leasing operations	27
g) Non-current assets held for sale	29
h) Inventories	29
i) Trade receivables and customer advances	29
j) Financial instruments	30
k) Financial derivatives and accounting for hedges	33
l) Balances and transactions denominated in foreign currencies	33
m) Provisions and contingencies	33
n) Termination benefits	34
o) Pension commitments	34
p) Corporate income tax	34
q) Recognition of income and expense	35
r) Classification of assets and liabilities as current	36
s) Set-off of balances	37
t) Discontinued operations	37
u) Consolidated statement of cash flows	37

Page

4. (Allocation)/Distribution of the Parent's profit or loss **38**
5. Business combinations **39**
6. Information by segment **39**
7. Intangible assets **41**
Goodwill 41
Other intangible assets 43
8. Property, plant and equipment and right-of-use assets **45**
9. Non-current financial assets and other current financial assets **50**
10. Inventories **50**
11. Other receivables **51**
12. Cash and bank balances **51**
13. Equity **52**
Share capital 52
Additional paid-in capital 52
Other reserves of the Parent 52
Distribution of dividends 53
Capital management 54
Contribution of the consolidated companies to the Group's reserves and exchange differences 54
Contribution of the consolidated companies to profit and loss for 2020 and 2019 attributable to the Parent 56
Valuation adjustments 58
Non-controlling interests 59
14. Earnings per share **61**
Basic earnings per share 61
Diluted earnings per share 61
15. Grants **62**
16. Current and non-current provisions **62**
17. Bank loans, debentures and other marketable securities **64**
18. Right-of-use liabilities and other financial liabilities **70**
19. Tax matters and tax receivables and payables **72**
20. Revenues and expenses **77**
Net Turnover 77
Other operating revenue 78
Supplies 78
Staff costs 78
Average number of employees 79
Functional analysis by gender 79
Other operating expenses 80
21. Balances and transactions with related parties **80**
22. Information about the Directors of the Parent and Key Staff of the Group **82**
23. Risk management policy **83**
24. Other information **87**
Guarantees given to third parties and other contingent liabilities 87
Other current liabilities 87
Fees paid to the auditors 87
Disclosure on the average payment period to suppliers in Spain 87
Environmental information 88
25. Events after the reporting period **89**
26. Explanation added for translation to English **89**

CONSOLIDATED DIRECTORS' REPORT FOR 2020 (of which the separate Consolidated Non-Financial Information Statement forms part) **90**

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

GRUPO ANTOLIN-IRAUSA, S.A.U. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2020 AND 2019 (NOTES 1 TO 6)

(Thousands of Euros)

ASSETS	31/12/2020	31/12/2019
NON-CURRENT ASSETS:		
Intangible assets (Note 7)-	**455,433**	**502,470**
Goodwill	90,046	98,641
Other intangible assets	365,387	403,829
Property, plant and equipment (Note 8)	**732,572**	**847,893**
Right-of-use assets (Note 8)	**284,419**	**324,450**
Investment property	**6,048**	**6,107**
Investments in companies accounted for using the equity method (Note 1)	**33,051**	**28,582**
Non-current financial assets (Note 9)	**7,854**	**6,112**
Deferred tax assets (Note 19)	**81,795**	**90,395**
Non-current assets	**1,601,172**	**1,806,009**
CURRENT ASSETS:		
Non-current assets held for sale (Note 3-g)	**6,812**	**6,910**
Inventories (Note 10)	**614,234**	**795,790**
Trade and other receivables-	**748,014**	**856,838**
Trade receivables	628,825	757,693
Associates (Note 21)	1,909	973
Other receivables (Note 11)	121,874	101,829
Provisions	(4,594)	(3,657)
Current investments in group companies and associates (Notes 19 and 21)	**-**	**2**
Other current financial assets (Note 9)	**3,759**	**4,213**
Cash and bank balances (Note 12)	**401,739**	**273,657**
Total current assets	**1,774,558**	**1,937,410**
TOTAL ASSETS	**3,375,730**	**3,743,419**

EQUITY AND LIABILITIES	31/12/2020	31/12/2019
EQUITY (Notes 13 and 14):		
CAPITAL AND RESERVES-	**711,346**	**855,599**
Share capital	**37,469**	**37,469**
Additional paid-in capital	**72,578**	**72,578**
Reserves-	**745,244**	**745,091**
Other reserves of the Parent	568,834	508,308
Reserves in fully or proportionally accounted companies	162,096	222,877
Reserves in companies accounted for using the equity method	14,314	13,906
Profit/(loss) attributable to the Parent	**(143,945)**	**461**
ADJUSTMENTS FOR CHANGES IN VALUE-	**(196,274)**	**(96,787)**
Translation differences	**(188,410)**	**(90,778)**
Other	**(7,864)**	**(6,009)**
Net equity attributable to the Parent	**515,072**	**758,812**
NON-CONTROLLING INTERESTS	**62,518**	**67,274**
Total net equity	**577,590**	**826,086**
NON-CURRENT LIABILITIES:		
Grants (Note 15)	**4,261**	**4,555**
Non-current provisions (Note 16)	**87,683**	**88,119**
Non-current financial liabilities-	**1,379,698**	**1,390,280**
Bank loans, debentures and other marketable securities (Note 17)	1,125,307	1,108,913
Liabilities associated with right-of-use assets (Notes 8 and 18)	233,875	254,597
Other financial liabilities (Note 18)	20,516	26,770
Deferred tax liabilities (Note 19)	**45,760**	**56,975**
Total non-current liabilities	**1,517,402**	**1,539,929**
CURRENT LIABILITIES:		
Current provisions (Note 16)	**31,497**	**33,772**
Current financial liabilities-	**131,921**	**121,932**
Bank loans, debentures and other marketable securities (Note 17)	68,056	40,951
Liabilities associated with right-of-use assets (Notes 8 and 18)	59,419	74,285
Other financial liabilities (Note 18)	4,446	6,696
Current payables to group companies and associates (Notes 19 and 21)	**880**	**727**
Trade and other payables-	**979,986**	**1,085,057**
Trade, sundry and other payables	900,655	1,025,213
Payables to suppliers, group companies and associates (Note 21)	1,589	37
Current tax liabilities (Note 19)	12,998	4,497
Other taxes and Social Security contributions (Note 19)	64,744	55,310
Other current liabilities (Note 24)	**136,454**	**135,916**
Total current liabilities	**1,280,738**	**1,377,404**
TOTAL EQUITY AND LIABILITIES	**3,375,730**	**3,743,419**

The accompanying consolidated Notes 1 to 26 are an integral part of the consolidated statement of financial position at 31 December 2020.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

GRUPO ANTOLIN-IRAUSA, S.A.U. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT

FOR THE YEARS ENDED

31 DECEMBER 2020 AND 2019 (NOTES 1 TO 6)

(Thousands of Euros)

	2020	2019
CONTINUING OPERATIONS:		
Revenue (Note 20)	3,974,525	5,214,220
Changes in inventories of finished goods and work in progress	(16,865)	2,841
Capital grants and other grants taken to income (Note 15)	770	1,021
Other operating income (Note 20)	103,806	129,425
Total operating income	***4,062,236***	***5,347,507***
Supplies (Note 20)	(2,579,615)	(3,408,595)
Staff costs (Note 20)	(815,951)	(1,007,479)
Depreciation and amortisation expenses	(297,690)	(294,446)
Change in trade provisions	(151)	(1,654)
Other operating expenses (Note 20)	(481,866)	(634,383)
Less- Own work capitalised	87,411	139,484
Total operating expenses	***(4,087,862)***	***(5,207,073)***
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**(25,626)**	**140,434**
Finance income	3,522	3,546
Finance costs	(46,439)	(45,239)
Exchange differences	(10,850)	(8,005)
NET FINANCE EXPENSE	**(53,767)**	**(49,698)**
Gains/(losses) on the loss of control over consolidated investments (Note 2-g)	-	5,934
Net impairment loss on non-current assets (Notes 7 and 8)	(36,909)	(35,255)
Gains/(losses) on disposal of non-current assets (Notes 7 and 8)	(9,382)	(20,297)
Profit/(loss) of companies accounted for using the equity method (Note 1)	1,481	732
Impairments and losses due to loss of control over companies accounted for using the equity method (Note 1)	-	560
PROFIT/(LOSS) BEFORE TAXES	**(124,203)**	**42,410**
Corporate income tax (Note 19)	(7,580)	(27,169)
NET PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**(131,783)**	**15,241**
Profit/(loss) after tax for the year from discontinued operations	-	-
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR	**(131,783)**	**15,241**
(Profit)/loss attributable to non-controlling interests (Note 13)	**(12,162)**	**(14,780)**
Profit/(Loss) attributable to the Parent	**(143,945)**	**461**

Earnings/(Loss) per share (Note 14) (Euros)-		
From continuing operations:		
Basic	(17.94)	0.06
Diluted	(17.94)	0.06

The accompanying consolidated Notes 1 to 26 are an integral part of the consolidated income statement for the year ended 31 December 2020.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

GRUPO ANTOLIN-IRAUSA, S.A.U. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (NOTES 1 TO 6)

(Thousands of Euros)

	2020	2019
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR (I)	**(131,783)**	**15,241**
Items to be reclassified to consolidated profit or loss-		
- Translation differences (Note 13)	**(105,363)**	**19,208**
- Actuarial gains and losses (Notes 13 and 16)	**(1,855)**	**(735)**
- Tax effect (Note 13)	**-**	**-**
TOTAL INCOME RECOGNISED DIRECTLY IN EQUITY (II)	**(107,218)**	**18,473**
Transfers to the consolidated income statement-		
- Translation differences (Note 13)	**-**	**197**
- Tax effect (Note 13)	**-**	**-**
TOTAL TRANSFERS TO THE CONSOLIDATED INCOME STATEMENT IN THE YEAR (III)	**-**	**197**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (I+II+III)	**(239,001)**	**33,911**
Attributable to the Parent	**(243,432)**	**20,061**
Attributable to non-controlling interests	**4,431**	**13,850**

The accompanying consolidated Notes 1 to 26 are an integral part of the statement of comprehensive income for the year ended 31 December 2020.

GRUPO ANTOLIN-IRAUSA, S.A.U. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (NOT

	Thousands of Euros							
			Reserves					Adjustments f in Val
			Other Reserves of the Parent		Reserves in Fully or Proportionally	Reserves in Companies Accounted for	Profit/(loss) Attributable	
	Share Capital	Share Premium	Restricted	Other	Consolidated Companies	Using the Equity Method	to the Parent	Translation Differences
Closing balance, 2018	**37,469**	**72,578**	**13,435**	**454,201**	**218,715**	**22,771**	**47,245**	**(111,113)**
Adjustments for changes in accounting policy, 2018	-	-	-	-	-	-	-	-
Adjustments to correct errors, 2018	-	-	-	-	-	-	-	-
Adjusted balance at 1 January 2019	**37,469**	**72,578**	**13,435**	**454,201**	**218,715**	**22,771**	**47,245**	**(111,113)**
Consolidated recognised income and expense	-	-	-	-	-	-	461	20,335
Allocation of consolidated profit for the year ended 31 December 2018:								
- To Reserves	-	-		40,672	(8,798)	1,371	(33,245)	-
- To Dividends (Note 4)	-	-	-	-	-	-	(14,000)	-
Contributions from non-controlling interests, dividends and other items, net (Note 13)	-	-	-	-	-	-	-	-
Acquisitions (sales) of non-controlling interests (Notes 1 and 13)	-	-	-	-		-	-	-
Other movements in equity:								
Transfer of reserves due to ale of companies accounted for using the equity method (Note 1)	-	-	-	-	10,086	(10,086)	-	-
Transfer between equity items (Note 13)	-	-	-	-	2,335	-	-	-
Other movements	-	-	-	-	539	(150)	-	-
Closing balance, 2019	**37,469**	**72,578**	**13,435**	**494,873**	**222,877**	**13,906**	**461**	**(90,778)**
Adjustments for changes in accounting policy, 2019	-	-	-	-	-	-	-	-
Adjustments to correct errors, 2019	-	-	-	-	-	-	-	-
Adjusted balance at 1 January 2020	**37,469**	**72,578**	**13,435**	**494,873**	**222,877**	**13,906**	**461**	**(90,778)**
Consolidated recognised income and expense	-	-	-	-	-	-	(143,945)	(97,632)
Allocation of consolidated profit for the year ended 31 December 2019:								
- To Reserves	-	-	-	60,533	(60,804)	732	(461)	-
Contributions from non-controlling interests, dividends and other items, net (Note 13)	-	-	-	-	-	-	-	-
Other movements	-	-	-	(7)	23	(324)	-	-
Closing balance, 2020	**37,469**	**72,578**	**13,435**	**555,399**	**162,096**	**14,314**	**(143,945)**	**(188,410)**

The accompanying consolidated Notes 1 to 26 are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2020.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

GRUPO ANTOLIN-IRAUSA, S.A.U.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019 (NOTES 1 TO 6)

(Thousands of Euros)

	2020	2019
1. CASH FLOWS FROM/(USED IN) ORDINARY OPERATING ACTIVITIES:		
Consolidated profit/(loss) for the year before taxes	**(124,203)**	**42,410**
Adjustments for-		
Depreciation and amortisation expenses	297,690	294,446
Allocation to/(reversal of) current provisions	348	(1,957)
Allocation to/(reversal of) non-current provisions	14,495	17,821
Capital grants and other grants taken to income (Note 15)	(770)	(1,021)
Net finance expense	53,767	49,698
Net impairment loss on non-current assets	36,909	35,255
Gains/(losses) on disposal of non-current assets (Notes 7 and 8)	9,382	20,297
Change in fair value of financial instruments	-	-
Gains/(losses) on the loss of control over consolidated investments (Note 2-g)	-	(5,934)
Profit/(loss) of companies accounted for using the equity method (Note 1)	(1,481)	(732)
Impairments and losses due to loss of control over companies accounted for using the equity method (Note 1)	-	(560)
Operating profit before movements in working capital	**286,137**	**449,723**
(Increase)/decrease in trade and other receivables	180,770	(9,045)
(Increase)/decrease in inventories	107,889	115,476
Increase/(decrease) in trade and other payables	(113,572)	(71,461)
Increase/(decrease) in other current liabilities	538	31,491
Payments of provisions	(17,767)	(36,325)
Unrealised exchange differences and other items	(42,728)	(28,048)
Cash generated from operations	**401,267**	**451,811**
Corporate income tax reimbursed/(paid)	**(4,364)**	**(7,224)**
Net cash generated by/(used in) operating activities	**396,903**	**444,587**
2. CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES:		
Dividends received (Note 1)	**323**	**594**
Proceeds from disposal of investments in-		
Associates (Note 1)	-	956
Group companies, net of cash outflows (Note 2-g)	2	6,333
Intangible assets	3,843	13,436
Property, plant and equipment	2,418	1,955
Non-current financial assets	454	100
Current financial assets	-	-
Payments for investments in-		
Associates (Note 1)	(4,482)	(1,706)
Group companies	(39)	-
Property, plant and equipment	(86,943)	(160,223)
Intangible assets	(90,856)	(141,156)
Investment property	-	(19)
Non-current financial assets	-	(2,220)
Current financial assets	(2,275)	(1,819)
Net cash generated by/(used in) investing activities	**(177,555)**	**(283,769)**
3. CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES:		
Proceeds from/(payments for) equity instruments-		
Acquisition of non-controlling interests' shares	-	(347)
Contributions from/(Returns to) non-controlling interests (Note 13)	(9,187)	(8,206)
Proceeds from/(payments for) financial liabilities (Note 2-b)-		
Early redemption of bonds (Note 17)	-	(14,600)
Repayment of syndicated loan (Note 17)	(16,768)	(16,768)
Proceeds from/(repayment of) other bank borrowings, net	58,684	(34,789)
Payments of lease liabilities (IFRS 16) (Note 8)	(71,748)	(72,837)
Proceeds from/(repayment of) other financial liabilities, net	(8,837)	2,038
Other cash flows from/(used in) financing activities-		
Finance income and costs paid, net	(43,410)	(38,454)
Dividends paid and payments on other equity instruments (Note 13)	**-**	**(14,000)**
Net cash generated by/(used in) financing activities	**(91,266)**	**(197,963)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS (I)	**128,082**	**(37,145)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS (II)	**-**	**-**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**273,657**	**310,802**
CASH OR CASH EQUIVALENTS AT END OF THE YEAR (NOTE 12)	**401,739**	**273,657**

The accompanying consolidated Notes 1 to 26 are an integral part of the statement of cash flows for the year ended 31 December 2020.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.

GRUPO ANTOLIN-IRAUSA, S.A.U. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(1) DESCRIPTION OF THE GROUP

Parent and Group activities-

Grupo Antolin-Irausa, S.A.U. *(hereinafter "the Parent")* was set up on 5 November 1987, as "*Grupo Antolin, S.A.*" Subsequently, on 1 November 1993, it adopted its current name "*Grupo Antolin-Irausa, S.A.*". Its Registered office is in Burgos, carretera Madrid-Irún, km. 244.8. 244.8.

Corporate purpose of the Parent-

The corporate purpose of Grupo Antolin-Irausa, S.A.U. consists of:

a) The manufacture, marketing, transformation, importing and exporting of products related to the automotive or similar industries.

b) The provision of advice and technical, financial and administrative assistance related with those companies in which it has invested or could invest by virtue of rights for participating in their share capital or shareholders' equity.

c) The provision of assistance or support services to investee companies or those within its group of companies, including the granting or otherwise of participating loans to said companies, and the granting of appropriate guarantees or securities.

d) The development and promotion of research techniques and the operation, acquisition and disposal, by any means, of licences, permits, brands, patents and exclusives be they domestic or foreign.

e) The participation in other companies with an identical or similar corporate purpose, for the own development of this Group, via the subscription of shares or stakes in the incorporation or increase in capital of the same or the acquisition of these by any means.

Activities of the Group-

Grupo Antolin-Irausa, S.A.U. *(hereinafter "the Group" or "Grupo Antolin")* heads an international group made up of companies that engage basically in manufacturing and selling automobile components.

Ownership of the Group-

At 31 December 2019 the Parent's shares were held by Grupo Antolin-Holdco, S.A. and Castilfalé Gestión, S.A.U. In 2020 the former absorbed the latter, resulting in the Parent becoming a "solely owned company" on 28 December 2020 (see Note 13).

At 31 December 2020 and 2019 all the share capital of the Parent was held directly or indirectly by Avot Inversiones, S.L., a company whose Registered offices are in Burgos and whose owners are members of the Antolin family (see Note 13).

Subsidiary companies-

"Subsidiary companies" are defined as those companies over which the Group has control. In accordance with IFRS 10, an investor controls an investee if, and only if, the following three conditions are met:

- it has power over the investee;
- it receives, or has the right to receive, variable returns from its investment;
- it has the ability to use its power to affect the amount of these returns.

The Parent assesses if it controls an investee when events or circumstances indicate that changes apply to one or more of the cited conditions.

Set out below is the most significant information at 31 December 2020 about the subsidiaries which have been included in the consolidated annual financial statements for 2020 as *"fully consolidated companies"*:

Companies in which Grupo Antolin-Irausa, S.A.U. has a direct shareholding-

Company	Registered Office	Business Activity	Percentage Held	Thousands of Euros Cost of the Holding
Grupo Antolin-Aragusa, S.A.U.	Burgos	Automobile components	100.00	12,127
Grupo Antolin-Autotrim, S.A.U.	Burgos *(Plant: Almussafes)*	Automobile components	100.00	1,328
Grupo Antolin-Dapsa, S.A.U.	Burgos	Automobile components	100.00	3,039
Grupo Antolin-Eurotrim, S.A.U.	Burgos	Automobile components	100.00	10,197
Grupo Antolin Gestión de Inversiones, S.L.U.	Burgos	Holding company	100.00	268,825
Grupo Antolin-Glass, S.A.U.	Burgos	Provision of services	100.00	10,328
Grupo Antolin-Ingeniería, S.A.U.	Burgos	Technical studies	100.00	18,537
Grupo Antolin-Navarra, S.A.U.	Pamplona	Automobile components	100.00	3,316
Grupo Antolin-Plasbur, S.A.U.	Burgos	Automobile components	100.00	1,862
Grupo Antolin-RyA, S.A.U.	Burgos *(Plant: Valladolid)*	Automobile components	100.00	5,704
Grupo Antolin-Valplas, S.A.U.	Burgos *(Plant: Sollana-Valencia)*	Automobile components	100.00	12,300
ASH Reciclado de Techos, S.L.	Burgos	Recycling industrial waste	100.00	4,150
Cidut, S.L.	Burgos	Automobile components	100.00	579
Keyland Sistemas de Gestión, S.L.	Burgos	Provision of services	50.00 (a)	250
Grupo Antolin-Lusitânia, S.A.	Vila Nova (Portugal)	Automobile components	100.00	2,658
Grupo Antolin-France, S.A.S.	Saint-Etienne (France)	Holding company and Technical services and sales	100.00	191,591
Grupo Antolin-Holland, B.V.	Amsterdam (Netherlands)	Holding company	100.00	3,164
Broomco (3051), Ltd.	Bury St Edmunds (United Kingdom)	Holding company	100.00	-
Grupo Antolin-UK, Ltd.	Essex (United Kingdom)	Technical services and sales	100.00	765
Antolin Deutschland, GmbH	Weyhausen (Germany)	Holding company	100.00	112,015
Grupo Antolin-Italia, S.r.l.	Milan (Italy)	Automobile components	100.00	18,780
Grupo Antolin Bohemia, a.s.	Chrastava (Czech Republic)	Automobile components	100.00	43,735
Grupo Antolin Ostrava, s.r.o.	Ostrava (Czech Republic)	Automobile components	100.00	3,400
Grupo Antolin Turnov, s.r.o.	Turnov (Czech Republic)	Automobile components	100.00	6,415
Antolin Czech Republic, s.r.o.	Prague (Czech Republic)	Technical services and sales	100.00	7
Grupo Antolin-Bratislava, s.r.o.	Bratislava (Slovakia)	Automobile components	100.00	22,204
Grupo Antolin-Saint Petersburg	Saint Petersburg (Russia)	Automobile components	100.00	46,535
Antolin Avtotechnika Nizhny Nóvgorod, Ltd.	Nizhny Nóvgorod (Russia)	Automobile components	100.00	13,668
Antolin Tanger, S.A.R.L.	Tangiers (Morocco)	Automobile components	100.00	21,100
Grupo Antolin-South Africa, Ltd.	Port Elizabeth (South Africa)	Automobile components	100.00	12,474
Gestión Industrial de Sonora, S.A. de C.V.	Hermosillo (Mexico)	Provision of services	99.99 (b)	151
Grupo Antolin-Saltillo, S. de R.L. de C.V.	Saltillo (Mexico)	Automobile components	99.99 (b)	10,832
Grupo Antolin-Silao, S.A. de C.V.	Silao (Mexico)	Automobile components	99.99 (b)	31,501
Grupo Antolin-Tlaxcala S. de R.L. de C.V.	Tlaxcala (Mexico)	Automobile components	99.99 (b)	24,035
Grupo Antolin-Cuautitlán, S. de R.L. de C.V.	Cuautitlán (Mexico)	Automobile components	99.99 (b)	5,300
Intertrim, Ltda.	Caçapava (Brazil)	Automobile components	85.28	17,806
Trimtec, Ltda.	Caçapava (Brazil)	Automobile components	100.00	113,747
Irauto, S.A.	Buenos Aires (Argentina)	Automobile components	97.08 (b)	9,406
Grupo Antolin-India PVT, Ltd.	Pune (India)	Automobile components	99.99 (b)	25,069
Grupo Antolin-Japan, Co.	Tokyo (Japan)	Technical services and sales	100.00	691
Grupo Antolin-Korea, L.L.C.	Suwon-si (South Korea)	Technical services and sales	100.00	350
Antolin China Investment Co., Ltd.	Beijing (China)	Holding company and Technical services and sales	100.00	106,388
Antolin Liban, s.r.o.	Liban (Czech Republic)	Automobile components	100.00	11,525
Antolin Austria Holding, GmbH	Ebergassing (Austria)	Holding company	100.00	30,268
Antolin Hungary, Kft.	Helvécia (Hungary)	Automobile components	100.00	6,535
Antolin Trnava, s.r.o.	Trnava (Slovakia)	Automobile components	100.00	24,709
Antolin Interiors Mexico, S.A. de C.V.	Saltillo (Mexico)	Automobile components	100.00	56,750
Gestión Industrial de Toluca, S.A. de C.V.	Toluca (Mexico)	Provision of services	100.00	2,491
Gestión Industrial de Arteaga, S.A. de C.V.	Arteaga (Mexico)	Provision of services	100.00	792
Antolin Interiors UK, Ltd.	Warwick (United Kingdom)	Automobile components	100.00	179,066
Antolin Silesia, Sp. zo.o.	Wroclaw (Poland)	Automobile components	100.00	14,981
Antolin (Thailand) Co., Ltd.	Bangkok (Thailand)	Automobile components	100.00	58
Antolin Vietnam Co., Ltd.	Hai Phong City (Vietnam)	Automobile components	100.00	267
Ototrim Panel Sanayi ve Ticaret, A.S.	Bursa (Turkey)	Automobile components	50.00 (a)	33,106
Grupo Antolin-Leamington, Ltd.	Kent (United Kingdom)	Automobile components	100.00	11,783
				1,568,660

Companies in which the Group has a shareholding via other consolidated companies-

Company	Registered Office	Business Activity	Percentage Held	Thousands of Euros Cost of the Holding
Company in which the Group has a shareholding via Grupo Antolin-Ingeniería, S.A.U.-				
Grupo Antolin-India PVT, Ltd.	Pune (India)	Automobile components	0.01 (b)	-
Gestión Industrial de Sonora, S.A. de C.V.	Hermosillo (Mexico)	Provision of services	0.01 (b)	-
Grupo Antolin-Saltillo, S. de R.L. de C.V.	Hermosillo (Mexico)	Automobile components	0.01 (b)	-
Grupo Antolin-Tlaxcala S. de R.L. de C.V.	Tlaxcala (Mexico)	Automobile components	0.01 (b)	-
Grupo Antolin-Cuautitlán, S. de R.L. de C.V.	Cuautitlán (Mexico)	Automobile components	0.01 (b)	-
Grupo Antolin-Silao, S.A. de C.V.	Silao (Mexico)	Automobile components	0.01 (b)	-
Irauto, S.A.	Buenos Aires (Argentina)	Automobile components	2.92 (b)	-
Company in which the Group has a shareholding via Grupo Antolin-India PVT, Ltd.-				
Grupo Antolin-Chakan, Ltd.	Delhi (India)	Automobile components	100.00	5,950
Companies in which the Group has a shareholding via Grupo Antolin-Gestión de Inversiones, S.L.U.-				
Grupo Antolin North America, Inc.	Detroit (United States)	Holding company and Technical services and sales	100.00	258,898
Companies in which the Group has a shareholding via Grupo Antolin North America, Inc.-				
Grupo Antolin-Kentucky, Inc.	Kentucky (United States)	Automobile components	100.00	17,923
Grupo Antolin-Michigan, Inc.	Marlette (United States)	Automobile components	100.00	12,750
Grupo Antolin-Illinois, Inc.	Troy (United States)	Automobile components	100.00	2,370
Grupo Antolin-Missouri, LLC	Clayton (United States)	Automobile components	100.00	1,501
Antolin Interiors USA, Inc.	Troy (United States)	Automobile components	100.00	85,758
Antolin Alabama, Inc.	McCalla (United States)	Automobile components	100.00	17,518
Antolin Shelby, Inc.	Shelby (United States)	Automobile components	100.00	6,963
Antolin Spartanburg Assembly, Inc.	Spartanburg (United States)	Automobile components	100.00	11,731
Companies in which the Group has a shareholding via Antolin Interiors USA, Inc.-				
Antolin Lighting, LLC	Auburn Hills (United States)	Holding company	100.00	7,914
Companies in which the Group has a shareholding via Antolin Lighting, LLC-				
Suzhou Antolin Automotive Interiors Co., Ltd.	Kunshan Jiangsu (China)	Automobile components	100.00	1,872
Companies in which the Group has a shareholding via Grupo Antolin-Kentucky, Inc.-				
Grupo Antolin-Primera Automotive Systems, LLC	Wayne (United States)	Automobile components	49.00 (a)	17
Companies in which the Group has a shareholding via Grupo Antolin-France, S.A.S.-				
Grupo Antolin-IGA, S.A.S.	Henin Beaumont (France)	Automobile components	100.00	57,953
Grupo Antolin-Vosges, S.A.S.	Rupt-Sur-Moselle (France)	Automobile components	100.00	53,196
Grupo Antolin-Cambrai, S.A.S.	Paris (France)	Automobile components	100.00	81,864
Grupo Antolin-Besançon, S.A.S.	Besançon (France)	Automobile components	100.00	65,000
Companies in which the Group has a shareholding via Keyland Sistemas de Gestión, S.L. *(where the Group has a 50% stake)*-				
Keyland Mexico, S. de R.L. de C.V.	Mexico D.F. (Mexico)	Provision of services	100.00 (a)	- (c)
Companies in which the Group has a shareholding via International Door Company, B.V. *(where the Group has a 50% stake)*-				
Iramec Autopeças, Ltda.	Caçapava (Brazil)	Automobile components	100.00 (a)	650 (c)
Mexican Door Company, S. de R.L. de C.V.	Mexico D.F. (Mexico)	Automobile components	100.00 (a)	3,933 (c)

Continued

Company	Registered Office	Business Activity	Percentage Held	Thousands of Euros Cost of the Holding
Company in which the Group has a shareholding via Broomco (3051), Ltd.-				
CML Innovative Technologies, Ltd.	Bury St Edmunds (United Kingdom)	Lighting products	100.00	7,982
Companies in which the Group has a shareholding via Antolin Deutschland GmbH-				
Grupo Antolin-Logistik Deutschland, GmbH	Cologne (Germany)	Automobile components	100.00	11,314
Grupo Antolin-Hranice, s.r.o.	Hranice (Czech Republic)	Automobile components	100.00	116
CML Technologies, GmbH & Co. KG	Bad Durkheim (Germany)	Lighting products	100.00	9,711
Grupo Antolin-Bamberg, GmbH & Co. KG	Bamberg (Germany)	Automobile components	100.00	30,660
Antolin Massen, GmbH	Massen-Niederlausitz (Germany)	Automobile components	100.00	13,988
Antolin Süddeutschland, GmbH	Regenstauff (Germany)	Automobile components	100.00	21,695
Antolin Straubing, GmbH	Straubing (Germany)	Automobile components	100.00	25,492
Haselbeck Formen-und Werkzeugbau, GmbH	Deggendorf (Germany)	Automobile components	100.00	6,569
Companies held by Antolin Austria Holding, GmbH-				
Antolin Ebergassing, GmbH	Ebergassing (Austria)	Automobile components	100.00	45,248
Companies in which the Group has a shareholding via Grupo Antolin-Besançon, S.A.S.-				
Grupo Antolin-Sibiu, S.R.L.	Sibiu (Romania)	Automobile components	100.00	5,806
Guangzhou Antolin Lighting Co, Ltd.	Guangzhou (China)	Automobile components	100.00	1,310
Companies in which the Group has a shareholding via Antolin China Investment Co., Ltd.-				
Antolin Shanghai Auto-Parts Co., Ltd.	Shanghai (China)	Automobile components	100.00	35,096
Guangzhou Antolin Auto-Parts Co., Ltd.	Guangzhou (China)	Automobile components	100.00	10,698
Chongqing Antolin Tuopu Overhead System Co., Ltd.	Chongqing (China)	Automobile components	61.00	3,801
Dongfeng Antolin (Wuhan) Overhead Systems, Co., Ltd.	Wuhan (China)	Automobile components	51.00	1,036
Changshu Antolin Automotive Interiors Co., Ltd.	Changshu (China)	Automobile components	60.00	23,835
Changchun Antolin Automotive Interiors Co., Ltd.	Changchun (China)	Automobile components	60.00	39,786
Chengdu Antolin Automotive Interiors Co., Ltd.	Chengdu (China)	Automobile components	60.00	1,938
Shenyang Antolin Auto Parts Co., Ltd.	Lialong (China)	Automobile components	100.00	2,186
Wuhan Donghuan Antolin Auto Parts, Co., Ltd.	Wuhan (China)	Automobile components	51.00	117
Antolin Chongqing Auto Interiors Trim Systems, Co. Ltd.	Chongqing (China)	Automobile components	51.00	1,623
Chongqing Zhenneng Antolin Auto Parts, Co., Ltd.	Chongqing (China)	Automobile components	50.00	64
Companies in which the Group has a shareholding via Changshu Antolin Automotive Interiors Co., Ltd.- *(where the Group has a 60% stake)-*				
Changshu Antolin Auto Parts Co., Ltd.	Changshu (China)	Automobile components	100.00	1,396 (c)
Ningbo Antolin Autoparts Co., Ltd.	Ningbo (China)	Automobile components	100.00	384 (c)
Companies in which the Group has a shareholding via Changchun Antolin Automotive Interiors Co., Ltd. *(where the Group has a 60% stake)-*				
Beijing Antolin Automotive Interiors Co., Ltd.	Beijing (China)	Automobile components	100.00	1,204 (c)
Company in which the Group has a shareholding via Antolin Hungary, Kft.-				
Plastimat Hungary, Kft.	Esztergom (Hungary)	Automobile components	74.00	6,951
Company in which the Group has a shareholding via Antolin Tanger, S.A.R.L.-				
Gold Set, S.A.R.L.A.U.	Tangiers (Morocco)	Automobile components	100.00	1,003
Companies in which the Group has a shareholding via Chongqing Antolin Tuopu Overhead System Co., Ltd. *(where the Group has a 61% stake)-*				
Hangzhou Antolin Tuopu Overhead System Co., Ltd. (HATOS)	Hangzhou (China)	Automobile components	100.00	274 (c)
Harbin Antolin Tuopu Overhead System Co., Ltd.	Harbin (China)	Automobile components	100.00	83 (c)
				1,005,127

(a) These companies in which the Group has a direct or indirect holding of 50% or less have been included in the consolidated financial statements as "*fully consolidated companies*", because the Group has control over them.

(b) As indicated in the tables above, the Group has direct or indirect shareholdings in the share capital of these subsidiaries, bringing the total holding in their capital up to 100%.

(c) These amounts correspond to the cost of the Group's actual indirect shareholding, not including the part of the cost corresponding to the indirect shareholding of the non-controlling interest.

There were no significant additions or withsdrawals from the scope of consolidation in 2020. The only withdrawal was due to the dissolution and liquidation of the subsidiary, Grupo Antolin-Amsterdam, B.V., which was dormant. This therefore had no impact on the Group's consolidated financial statements.

On the other hand, in 2020 Grupo Antolin-Irausa, S.A.U. acquired the equity stakes that the subsidiary, Grupo Antolin-Holland, B.V., held in Grupo Antolin-France, S.A.S., Grupo Antolin-Silao, S.A. de C.V. and Grupo Antolin-Leamington, Ltd. These intra-group transactions have not resulted in any changes to the scope of consolidation.

Financial year of the subsidiaries-

The financial year of all the subsidiaries, like that of the Parent, is the same as the calendar year, except for the Indian subsidiaries, whose financial year-ends on 31 March. For the Indian companies in the process of being incorporated into the scope of consolidation, the financial statements for the 12-month period from 1 January 2020 to 31 December 2020 have been used, for the remaining companies the individual financial statements for the year-ended 31 December 2020 have been used. The figures in the tables above correspond to the financial position at 31 December 2020. The financial position of the subsidiaries is stated in their individual financial statements.

Audit of the individual annual financial statements of the subsidiaries-

The individual annual financial statements for 2020 of most of the subsidiaries are audited by Deloitte or by other auditors. Set out below are the subsidiaries whose annual financial statements are examined by auditors other than Deloitte:

Company	Audited by
Grupo Antolin-Hranice, s.r.o.	Chebska Auditorska spol. s.r.o.
Grupo Antolin-Sibiu, S.R.L.	T&T Audit, S.R.L.
Plastimat Hungary, Kft.	RSM AUDIT Hungary Zrt.
Antolin Avtotechnika Nizhny Nóvgorod, Ltd.	Gruppa Financy LLC, Nexia Finance Group
CML Innovative Technologies, Ltd.	Whiting and Partners, Ltd.
Broomco (3051), Ltd.	Whiting and Partners, Ltd.
Antolin Interiors USA, Inc.	Urbach Hacker Young International, LLP
Grupo Antolin North America, Inc.	Urbach Hacker Young International, LLP
Grupo Antolin-Kentucky, Inc.	Urbach Hacker Young International, LLP
Grupo Antolin-Michigan, Inc.	Urbach Hacker Young International, LLP
Grupo Antolin-Primera Automotive Systems, LLC	Urbach Hacker Young International, LLP
Grupo Antolin-Missouri, Inc.	Urbach Hacker Young International, LLP
Antolin Alabama, Inc.	Urbach Hacker Young International, LLP
Antolin Shelby, Inc.	Urbach Hacker Young International, LLP
Antolin Spartanburg Assembly, Inc.	Urbach Hacker Young International, LLP
Irauto, S.A.	Mariano Luis Chirardotti
Grupo Antolin-South Africa, Ltd.	PriceWaterhouseCoopers
Antolin China Investment Co., Ltd.	Shanghai Certified Public Accountants SGP
Changchun Antolin Automotive Interiors Co., Ltd.	Shanghai Certified Public Accountants SGP
Beijing Antolin Automotive Interiors Co., Ltd.	Shanghai Certified Public Accountants SGP
Changshu Antolin Automotive Interiors Co., Ltd.	Shanghai Certified Public Accountants SGP
Changshu Antolin Auto Parts Co., Ltd	Shanghai Certified Public Accountants SGP
Guangzhou Antolin Lighting Co., Ltd.	Shanghai Certified Public Accountants SGP
Chengdu Antolin Automotive Interiors Co., Ltd.	Shanghai Certified Public Accountants SGP
Antolin Chongquing Auto Interiors Trim Systems	Jinhan Certified Public Accountants Co., Ltd.
Chongqing Antolin Tuopu Overhead System Co., Ltd.	Jinhan Certified Public Accountants Co., Ltd.
Hangzhou Antolin Tuopu Overhead System Co., Ltd. (HATOS)	Jinhan Certified Public Accountants Co., Ltd.
Harbin Antolin Tuopu Overhead System Co., Ltd.	Jinhan Certified Public Accountants Co., Ltd.
Shenyang Antolin Auto Parts Co., Ltd.	Liaoning Tian Xin Certified Public Accounts
Dongfeng Antolin (Wuhan) Overhead Systems, Co., Ltd.	Pricewaterhouse Coopers Zhong Tian LLP
Guangzhou Antolin Auto-Parts Co., Ltd.	Guangzhou Huadu Certified Public Accountants Co., Ltd.
Grupo Antolin-India Private, Ltd.	S R B C & CO LLP
Grupo Antolin-Chakan Private, Ltd.	S R B C & CO LLP

Associates and joint ventures-

"*Associates*" are defined as companies where the Group has powers to exercise a significant influence.

The Company has the power to participate in financial and operating policy decisions but does not have control or joint control.

IFRS 11 defines a joint venture (*as opposed to a joint operation as described in the next section of this Note*) as an agreement under which the controlling parties *("joint venturers")* have rights to the net assets of the company. Joint control is the contractually agreed sharing of control and requires all substantive decisions to be unanimously agreed by all parties sharing joint control.

The Group's holdings in associates and joint ventures *(accounted for in consolidated financial statements for 2020 and 2019 using the equity method)*, and the corresponding book values recognised under "Investments in companies accounted for using the equity method" on the consolidated statement of financial position at 31 December 2020 and 2019, are as follows:

Company	Registered Office	Business Activity	Percentage of Group's Holding At 31/12/20	Percentage of Group's Holding At 31/12/19	Thousands of Euros Book Value at 31/12/20	Thousands of Euros Book Value at 31/12/19
Companies in which Grupo Antolin-Irausa, S.A.U. has a direct shareholding-						
Dongwon Technology Co., Ltd.	Kyoung-Nam (South Korea)	Automobile components	30.00	30.00	8,528	8,391
NHK Antolin (Thailand) Co., Ltd.	Samutprakarn (Thailand)	Automobile components	50.00	50.00	4,229	3,976
Krishna Grupo Antolin Private, Ltd.	Chandigarh (India)	Automobile components	50.00	50.00	4,312	4,059
Walter Pack, S.L.	Igorre (Vizcaya)	Automobile components	40.03	40.03 (b)	3,877	3,529
AED Innovation Group, S.L.	Madrid	Automobile components	49.00 (a)	-	4,369	-
Companies in which the Group has a shareholding via Antolin China Investment Co., Ltd.-						
Dongfeng Antolin (Wuhan) Automotive Trim Co., Ltd.	Wuhan (China)	Automobile components	49.00	49.00	(417)	503
Companies in which the Group has a shareholding via International Door Company, B.V.-						
Slovakian Door Company, s.r.o	Bratislava (Slovakia)	Automobile components	50.00	50.00 (c)	3,898	3,874
					28,796	**24,332**

(a) In July 2020, the Group acquired a 49% equity stake in Matoma Capital, S.L. *(formerly AED Innovation Group, S.L.)* for 4,477 thousand euros. This company is the parent of a group comprising AED Engineering, GmbH and AED Embedded Development, S.L.U., solely owned by AED Innovation Group, S.L. and located in Munich (Germany) and Murcia (Spain), respectively. The Group has committed to make future capital contributions to this investee of an additional 3,775 thousand euros between 2021 and 2022.

(b) In November 2018 the Group acquired a 40.04% interest in the share capital of Walter Pack, S.L., the parent of a group with an international presence, for 2,339 thousand euros, and on the same date made a monetary contribution of 1,560 thousand euros, in a capital increase made by that company. After this operation, the Group holds 40.03% of the share capital of this investee company. However, the contract of acquisition of this holding envisages an adjustment to the price paid or the Group's percentage holding, in line with the evolution of certain variables at the end of 2019. The Parent's Directors do not expect that the adjustment will have a material impact on the Group's consolidated financial statements.

(c) International Door Company, B.V. *(where the Group has a 50% stake)* has a 100% equity stake in Slovakian Door Company, s.r.o. At 31 December 2020 and 2019 the Group therefore indirectly holds 50% of the share capital of this company, which is classified as an "associate".

Movements in 2019 and 2020 recorded under "Investments in companies accounted for using the equity method" on the consolidated statement of financial position were as follows:

	Thousands of Euros
Balances at 31 December 2018	**31,043**
Profit of companies accounted for using the equity method	732
Dividends (a)	(594)
Retirement due to disposal of CREA-Antolin Co., Ltd. (b)	(6,622)
Winding up of International Door Systems, S.R.L. de C.V. (c)	(208)
Translation differences	56
Other	(75)
Balances at 31 December 2019	**24,332**
Profit of companies accounted for using the equity method	1,481
Dividends (a)	(323)
Acquisition of AED Innovation Group, S.L.	4,477
Translation differences	(906)
Other	(265)
Balances at 31 December 2020	**28,796**

(a) In 2020 the Group received dividends from Dongwon Technology Co., Ltd. and Krishna Grupo Antolin Private, Ltd., for amounts of 158 and 165 thousand euros, while in 2019 the Group received dividends from these companies of 444 and 150 thousand euros, respectively.

(b) During the first six months of 2019, the 50% shareholding the group held in this company was sold to the other partner at a price of 7,182 thousand euros, having deducted the advance payment received at 31 December 2018 *(5,874 thousand euros)*. As a result of this transaction, the Group posted a profit of 560 thousand euros, recognised under "Impairments and losses due to loss of control over companies accounted for using the equity method" on the accompanying 2019 consolidated income statement.

(c) This company was wound up during the second half of 2019. The Group posted a result close to zero as a result of this transaction.

Part of the balances of the heading "Investments in companies accounted for using the equity method" on the accompanying consolidated statements of financial position at 31 December 2020 and 2019 includes amounts of 4,255 and 4,250 thousand euros, respectively, for a long-term loan granted by the Group to the associate Slovakian Door Company, s.r.o.

Financial year and audit of the individual annual financial statements of Associates and joint ventures included in the scope of consolidation-

The financial year of Associates and joint ventures is the same as the calendar year, except for Krishna Grupo Antolin Private, Ltd., whose financial year-ends on 31 March. For Krishna Grupo Antolin Private, Ltd., the financial statements for the 12-month period from 1 January 2020 to 31 December 2020 have been used, for the remaining companies the individual financial statements for the year-ended 31 December 2020 have been used. Some of the aforementioned annual financial statements are currently being examined by the following auditors:

Company	Audited by
Dongwon Technology Co., Ltd.	PriceWaterhouseCoopers
NHK Antolin Thailand Co., Ltd.	PricewaterhouseCoopers ABAS Ltd.
AED Innovation Group, S.L.	Deloitte
Dongfeng Antolin (Wuhan) Automotive Trim, Co., Ltd.	Pricewaterhouse Coopers Zhong Tian LLP
Walter Pack, S.L.	Economical Auditores, S.L.
Slovakian Door Company, s.r.o.	BDR, spol. s.r.o.

Joint operations-

IFRS 11 defines a joint operation as an agreement under which the parties *("joint operators")* have rights to the assets and obligations for the liabilities of the agreement. Joint control is the contractually agreed sharing of control and requires all substantive decisions to be unanimously agreed by all parties sharing joint control.

Following an assessment by the Group, the only investment which is deemed a joint operation is International Door Company, B.V., a holding company registered in Amsterdam (Netherlands), in which the Parent has a 50% stake *(this cost 9,658 and 7,909 thousand euros at 31 December 2020 and 2019, respectively)*. The other 50% is held by Küster Holding, GmbH, and the company's financial statements have been proportionally consolidated.

The figures for assets and liabilities, and the revenue and the result for 2020 contributed by this joint venture are not significant compared to the figures for consolidated totals of the Group.

(2) BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATION STANDARDS

a) True and fair view-

In accordance with Final Provision Eleven of Law 62/2003 on Tax, Administrative and Social Order Measures, of 30 December, companies with holdings are required to draw up consolidated annual financial statements and directors' reports. At year-end none of the companies in the Group has issued shares that are listed on an official market of any member State of the European Union. They may therefore opt to present their consolidated annual financial statements for the years beginning from 1 January 2005 in accordance with Spanish accounting standards or in accordance with the International Financial Reporting Standards adopted by the European Union. Accordingly, Grupo Antolin-Irausa, S.A.U. decided to apply voluntarily, for the first time in the financial year 2007, said International Financial Reporting Standards adopted by the European Union when drawing up its consolidated annual financial statements.

The consolidated annual financial statements for 2020, which were prepared from the individual accounting records of the Parent and of the companies included in consolidation *(listed in Note 1)*, are presented in accordance with the International Financial Reporting Standards adopted by the European Union *(hereinafter referred to as "IFRS-EU")* and, accordingly, give a true and fair view of the Group's consolidated net worth, consolidated financial position at 31 December 2020, and results of operations, changes in consolidated equity and cash flows that have taken place during the year then ended.

These consolidated annual financial statements for 2020 have been authorised for issue by the Parent's Directors and will be submitted to the Parent's Sole Shareholder for approval.

The consolidated financial statements for 2019 were approved by the General Meeting of Shareholders of the Parent held on 15 May 2020.

b) Adopting new standards and interpretations issued-

Grupo Antolin's consolidated annual financial statements for the financial years to 31 December 2020 and 2019 have been drawn up in accordance with International Financial Reporting Standards, in accordance with the terms of Regulation (EC) No. 1606/2002 of the European Parliament and the Council dated 19 July 2002, taking into account all mandatory accounting principles, standards and measurement bases with a material impact and the alternatives permitted under the standards in this respect.

Standards and interpretations in force in 2020

In 2020, the following new accounting standards have come into force and have been taken into account when drawing up the consolidated annual financial statements for 2020:

Standards, amendments and interpretations:		Mandatory Application for Financial Years Beginning On or After:
Approved for use in the European Union		
Amendments and/or interpretations:		
Amendments to IAS 1 and IAS 8. Definition of "materiality"	Amendments to IAS 1 and IAS 8 to bring the definition of "materiality" into line with that included in the conceptual framework.	1 January 2020
Amendment to IFRS 3. Definition of a business	Provides clarifications of the definition of a business.	1 January 2020
Amendments to IFRS 9, IFRS 39 and IAS 7. Interest rate benchmark reform – phase 1	Amendments to IFRS 9, IAS 39 and IFRS 7 related with the current reform of benchmark rates *(phase 1).*	1 January 2020
Amendments to IFRS 16 "Leases". Rent concessions	Amendment to make it easier for lessees to account for Covid-19-related rent concessions.	1 June 2020

The first-time application of these standards to the Group's consolidated financial statements has not had and material impacts, as shown below:

Amendments to IAS 1 and IAS 8. Definition of "materiality"

This amendment clarifies the definition of "material" to make it easier to understand because some entities have found it difficult to decide if certain information is material and therefore needs to be disclosed in their financial statements. The definition of "material" in IAS 1 has been replaced with:

- Previous definition: Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements.

- New definition: Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The most significant differences between the two definitions are the use of the term *"could reasonably be expected to influence"* rather than *"could influence"*, and the introduction of the concept of *"obscuring"*.

This amendment has not had a significant impact on the Group's consolidated financial statements.

Amendments to IFRS 3. Definition of a "business"

With this amendment, the IASB clarifies the definition of a business in IFRS 3 to make it easier to determine whether a business or a group of assets has been acquired in a business combination. Since the amendment is effective for business combinations or asset acquisitions executed in years starting on or after 1 January 2020 and the Group did not execute any business combinations in 2020, this amendment has no impact on its consolidated financial statements.

Amendments to IFRS 9, IFRS 39 and IAS 7. Interest rate benchmark reform – phase 1

The IASB has modified specific hedge accounting requirements so that entities may continue to apply hedge accounting assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of the uncertainties deriving from the interest rate benchmark reform. Since the Group was not party to any hedging relationships in 2020, these amendments have not affected its consolidated financial statements.

Amendments to IFRS 16. Leases – Rent concessions

As a result of the Covid-19 pandemic, some lessees are or have renegotiated lease payments with lessors to obtain reductions, forgiveness or other economic incentives, the treatment of which under the general principles of IFRS 16 would depend on whether or not the rent concession is a lease modification.

The amendment to IFRS 16 provides lessees with the *(optional)* exemption from assessing on a case-by-case basis whether a rent concession is a lease modification.

The practical solution introduced enables lessees to recognise certain rent concessions as *(negative)* variable lease payments rather than as modifications.

The notes to the consolidated financial statements must include disclosures on any rent concessions as a direct result of Covid-19, indicating if the entity has opted to apply the practical solution provided for in the amendment to IFRS 16. This amendment must be applied when preparing the annual financial statements for years commencing on or after 1 June 2020. It can, however, be applied early.

On this subject, the concessions *(rent forgiveness and reductions)* obtained by the Group on renegotiating its lease agreements have been very insignificant and, in any event, the Group did not avail of this option in 2020.

Standards and interpretations issued but not yet effective-

The most significant standards, changes and interpretations that had been published by the IASB at 31 December 2020 but were not yet in force, either because their effective date is later than the date of the consolidated financial statements or because they have not yet been endorsed by the European Union, are as follows:

Standards, amendments and interpretations:		Mandatory Application for Financial Years Beginning On or After:
Not approved for use in the European Union		
Amendments and/or interpretations:		
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Interest rate benchmark reform – Phase 2 *(published in August 2020)*	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 related with the reform of benchmark rates *(phase 2).*	1 January 2021
Amendment to IFRS 4. Deferral of application of IFRS 9 *(published in June 2020)*	Deferral of application of IFRS 9 until 2023	1 January 2021
Amendment to IFRS 3. Reference to the conceptual framework *(published in May 2020)*	IFRS 3 updated to bring the definitions of asset and liability in a business combination to the definitions in the conceptual framework. Certain clarifications of how to recognise contingent assets and liabilities are also introduced.	1 January 2022
Amendment to IAS 16. Proceeds obtained before intended use *(published in May 2020)*	The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling such items, and the cost of producing those items, must be recognised in profit or loss.	1 January 2022
Amendment to IAS 37. Onerous contracts. Cost of fulfilling a contract *(published in May 2020)*	The amendment clarifies that the cost of fulfilling a contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling the contract.	1 January 2022
Improvements to IFRS Cycle 2018-2020 *(published in May 2020)*	Minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	1 January 2022
Amendment to IAS 1. Classification of current and non-current liabilities *(published in January 2020)*	Clarifications regarding the presentation of current and non-current liabilities.	1 January 2023
New standards:		
IFRS 17 "Insurance Contracts" and amendments thereto *(published in May 2017 and amendments in June 2020)*	This replaces IFRS 4 and sets out the recognition, measurement, presentation and disclosure requirements for insurance contracts to ensure that an entity provides relevant and reliable financial information on the effect of insurance contracts on the financial statements.	1 January 2023

None of the aforementioned standards was applied prior to the mandatory effective date in 2020.

The Group is beginning to assess the potential impact of the future application of these standards and, after a first analysis, estimates that these will not have a significant impact on the Group's consolidated financial statements.

c) *Functional currency-*

The consolidated annual financial statements are presented in thousands of euros as this is the currency of the main economic area in which the Group operates. Foreign operations are recorded in accordance with the policies described in Notes 2-f and 3-l.

d) *Comparative information-*

In accordance with the requirements of IAS 1, the information set out in these notes to consolidated financial statements relating to 2019 is presented, for the purposes of comparison, with the figures for 2020.

There have been no major changes in the accounting policies that affect 2020 and 2019. Neither have any corrections of errors relating to prior years been made, nor have any major changes been made in the accounting estimates that affect these financial years or that are likely to affect future financial years.

e) Responsibility for the information provided and estimates made-

The information set out in these consolidated annual financial statements for 2020 is the responsibility of the Directors of the Parent.

The consolidated results and the calculation of consolidated net assets are sensitive to the accounting principles, policies, measurement criteria and estimates used by the Parent's Directors in the preparation of the consolidated annual financial statements. The main accounting principles and policies and measurement criteria used are disclosed in Note 3.

In preparing the annual financial statements for 2020 estimates made by senior management *(subsequently ratified by the Parent's Directors)* have been used on occasion to measure certain assets, liabilities, revenues, expenses and commitments that are recorded therein. Principally, these estimates, made based on the best information available, refer to:

- The assessment of possible impairment losses on certain assets.
- The measurement of goodwill.
- The useful life of property, plant and equipment, intangible fixed assets and investment property.
- The classification of leases as operating or financial leases.
- The market value of certain financial instruments.
- The fair value of certain unlisted assets.
- The amount of the provisions.
- The application of deferred tax assets.
- The capacity to exercise control in some consolidated companies and the timing thereof.

Although these estimates were made based on the best information available at 31 December 2020 for the events being analysed, future events may make it necessary to revise these estimates *(upward or downward)* in coming years. Any such changes would be applied prospectively, and the effects of the change in estimate would be taken to the consolidated income statement in the years affected, as provided for in IAS 8.

f) Consolidation standards-

Subsidiary companies-

The individual annual financial statements of *"subsidiaries"* have been fully consolidated with those of the Parent and, therefore:

1. All major balances and transactions between the fully consolidated companies and material gains or losses on internal operations not carried out with third parties have been eliminated on consolidation.

2. In the consolidation process adjustments and reclassifications have been made so as to bring the accounting principles and policies used by the subsidiaries into line with those used by the Parent.

3. When a subsidiary is acquired, its assets, liabilities and contingent liabilities are recorded at their fair values at the acquisition date. Any excess of the acquisition price over the fair values of the identifiable net assets acquired is recognised in "Intangible assets - goodwill". Negative differences are taken directly to income on the acquisition date.

4. The share of profit or loss and net changes in subsidiaries' equity attributable to non-controlling interests is calculated based on the voting rights existing at that time, excluding any potential exercisable or convertible rights. Any loss attributable to the non-controlling interests over and above the book value of said non-controlling interests is charged to the holdings of the Parent, except when the non-controlling interests are under a binding obligation to cover part or all of the losses and provided that they are able to make the necessary additional investment.

5. The equity and results of the subsidiaries attributable to non-controlling interests are presented in consolidated net equity, under “Non-controlling interests”, on the consolidated statement of financial position, and under “Profit attributable to non-controlling interests” on the consolidated income statement, respectively.

6. Changes in the net worth of the consolidated subsidiaries since they were acquired that cannot be attributed to changes in the percentage held are recorded under “Equity-Reserves-Reserves of fully and proportionally accounted companies” on the consolidated statement of financial position.

7. The results generated by subsidiaries acquired during the year are included on the consolidated income statement only from the date of acquisition to year-end. Similarly, the results of subsidiaries disposed of during the year are included on the consolidated income statement only from the beginning of the year to the date of disposal.

8. Acquisitions from non-controlling shareholders or partners of their holdings in subsidiaries in which the Group already had effective control and which, therefore, lead only to an increase in the Group's percentage holding in these companies, are treated, for the purposes of consolidation, as operations with equity instruments. The balance recorded under “Non-controlling interests” is therefore reduced and consolidated reserves are restated for the difference between the value of the consideration paid by the Group and the amount by which the balance recognised under “Non-controlling interests” has been changed. No “Goodwill” whatsoever is recorded for this operation.

The annual financial statements of the subsidiaries used in the consolidation process refer to the same reporting date and cover the same period as those of the Parent.

Associates and joint ventures-

In the consolidated financial statements, *associates* and *joint ventures* are accounted for using the *equity method*, according to which investments are initially recorded at cost and subsequently, their book values are increased or decreased to recognise the share of the investee company's profit or loss that corresponds to the Group's equity stake in it, after the date of acquisition. The Group thus recognises on its consolidated income statement for the year its proportional share in the profit and loss of the associate or joint venture. Dividends received from associates and joint ventures reduce the book value of the investment. It may also be necessary to make adjustments to record any changes that may occur in the proportional holding in the associate or joint venture as a result of any changes in net equity that it may not have taken to income in the year. Gains and losses on transactions with associates and joint ventures are eliminated in proportion to the Group's investment in them.

Joint operations-

The annual financial statements of investee companies classified as *joint ventures* are *proportionally accounted*, i.e. recognising the assets, rights and obligations and the income and expenses of these companies in proportion to the Group's holding in these companies.

Translation of annual financial statements of foreign companies included in the scope of consolidation-

The statements of financial position and income statements of the foreign companies included in the scope of consolidation denominated in currencies other than the euro were translated to euros using the *closing rate method*. All the assets, rights and obligations of these companies were translated to euros at the year-end exchange rates. Their share capital and reserves were translated at their historical exchange rates. To counteract seasonal effects, the income statement items of these companies were translated to euros at the average exchange rates for the year, based on the volume of transactions performed in each period.

The exchange differences arising from the application of these methods are taken to equity under "Adjustments for changes in value-Translation differences" on the consolidated statement of financial position, net of the portion of these differences corresponding to non-controlling interests, which is taken to equity under "Non-controlling interests" on the consolidated statement of financial position. Such translation differences are recognised as income or as an expense in the year in which the investment is made or divested.

g) Changes in the scope of consolidation-

2020:

The changes to the Group's scope of consolidation in 2020 were as follows:

- In July 2020, the Group acquired a 49% equity stake in Matoma Capital, S.L. *(formerly AED Innovation Group, S.L.)*. This company has its Registered offices in Madrid and it is the parent of a group dedicated to the development and production of embedded electronic systems for the automotive sector. This group comprises AED Engineering, GmbH and AED Embedded Development, S.L.U., solely owned by AED Innovation Group, S.L. and located in Munich (Germany) and Murcia (Spain), respectively. This operation – the purchase price of which was 4,477 thousand euros *(plus the commitment to make capital contributions for an additional 3,775 thousand euros in 2021 and 2022)* – strengthens the new Electronic Systems business unit: a key pillar to consolidate the Group as a global provider of in-car technological solutions.

- The subsidiary Grupo Antolin-Amsterdam, B.V. was dissolved and liquidated in 2020.

These changes have had a very insignificant impact on the 2020 consolidated financial statements.

2019:

The main changes to the Group's scope of consolidation in 2019 were as follows:

- In March 2019, the subsidiary Tianjin Antolin Auto-Parts Co., Ltd. was excluded from the scope of consolidation because the Group lost control over it on selling 50% of its share capital held by the Group to the minority shareholder. Following this transaction, the Group still holds 10% of this company's share capital, which is recognised under "Non-current financial assets" on the accompanying consolidated statement of financial position at 31 December 2019.

  Details of Tianjin Antolin Auto-Parts Co., Ltd.'s assets and liabilities at 31 December 2018 are as follows:

	Thousands of euros
ASSETS-	
Non-current assets:	
Other intangible assets (Note 7)	1,201
Property, plant and equipment (Note 8)	31,436
Deferred tax assets (Note 19)	3,702
Current assets:	
Inventories	6,274
Trade debtors and other receivables	51,280
Cash and cash equivalents	35
Total assets	**93,928**
LIABILITIES-	
Current liabilities:	
Trade and other payables	(53,887)
Other current payables	(39,173)
Total liabilities	**(93,060)**
Net assets and liabilities (a)	**868**

(a) Of this amount, 40% corresponded to non-controlling interests (Note 13).

The income and expenses and results of Tianjin Antolin Auto-Parts Co., Ltd. between the start of 2019 and the date on which this company was disposed of were of little significance, and the net changes in its assets and liabilities over the same period were also immaterial.

The Group posted a net gain of 5,934 thousand euros on selling this company for a final price after adjustments of 6,368 thousand euros. The gain is included under "Gains/(losses) on the loss of significant influence over consolidated investments" on the accompanying consolidated income statement for 2019.

- In April 2019, the associate CREA-Antolin Co., Ltd. was excluded from the scope of consolidation when the Group sold its 50% stake in this company to the other partner. This transaction, which saw the Group receiving 7,182 thousand euros, generated a profit of 560 thousand euros, recognised under "Impairments and losses due to loss of control over companies accounted for using the equity method" on the accompanying 2019 consolidated income statement.

- Four new companies joined the Group in 2019, which did not have a material effect on the consolidated financial statements. Specifically, the subsidiaries Antolin (Thailand) Co., Ltd. and Antolin Vietnam Co., Ltd. were incorporated (the Group holds 100% of their share capital), as well as the Chinese subsidiaries Ningbo Antolin Auto Parts Co., Ltd. and Chongqing Zhenneng Antolin Auto Parts Co., Ltd. in which the Group had effective shareholdings of 60% and 50%, respectively. These companies were practically dormant at 31 December 2019, and therefore the effect of their incorporation and inclusion in the Group on the 2019 consolidated financial statements was almost zero.

- The associate International Door Systems, S.R.L. de C.V. was wound up and liquidated in the second half of 2019; this did not have a material effect (see Note 1).

h) Definition of the Group for the purposes of preparing consolidated annual financial statements-

Although Grupo Antolin-Irausa, S.A.U. is directly and indirectly controlled by Avot Inversiones, S.L. (see Notes 1 and 13), the accompanying 2020 consolidated annual financial statements correspond to the group of subsidiaries headed by Grupo Antolin-Irausa, S.A.U. All companies belonging to this Group have been included in these consolidated financial statements, being understood to refer to all the companies making up a single decision-making unit, in accordance with Article 42 of the Commercial Code. No company has been excluded.

Avot Inversiones, S.L. is a holding company controlled by the Antolín family whose principal assets are direct and indirect equity investments in Grupo Antolin-Holdco, S.A. *(a holding company whose main activity is to hold shares in Grupo Antolin-Irausa, S.A.)*. Consequently, the other companies in the parent group headed by Avot Inversiones, S.L. contributed little or no assets, turnover or profit to the consolidated financial statements of said group for the year-ended 31 December 2020.

With regard to other companies also controlled by the Antolín family and therefore associated with Grupo Antolin, the Directors and legal advisers of the Parent consider that the Group and these companies do not form a decision-making unit nor are they managed on a unified basis, as their activities are distinct and independent and the *(commercial and financial)* relationships between them are not significant, there being no common activity.

(3) ACCOUNTING PRINCIPLES, POLICIES AND MEASUREMENT CRITERIA

In preparing the consolidated financial statements for 2020 the following accounting principles and policies and measurement criteria were applied:

a) Going-concern principle-

The Covid-19 pandemic had a negative impact in 2020, affecting every economy and sector to a greater or lesser extent. The automotive sector has been hard hit, with global vehicle production down approximately 16% year-on-year *(74.6 million units in 2020 compared to 88.7 million in 2019)*. In this context, Grupo Antolin's revenues were 23.8% lower, while the result attributable to the Parent was negative *(loss of approximately 144 million euros)*.

Given this situation, the Group has taken steps to bolster its liquidity and achieve financial stability by arranging additional long-term finance, restricting investments and implementing special plans to better and more efficiently manage its working capital. As a result of the foregoing actions, the Group's net financial debt at 31 December 2020 was lower than at the previous year-end. At that date, the Group also had cash and cash equivalents of over 401 million euros and undrawn lines of credit and a revolving credit facility totalling around 300 million euros. No short-term liquidity problems are therefore expected.

Moreover, cost reduction and optimisation plans were implemented in 2019 and 2020, focusing on efficiency, digitalisation and standardisation. These initiatives have led to greater profit margins, which was especially notable in the last four months of 2020 and will continue throughout 2021.

Following the major impact of the pandemic in 2020, the automotive industry has restarted. It is expected the markets will gradually recover, with analysts forecasting that global automobile production volumes will increase in 2021 to 87 million units. This has been reflected in the Group's 2021 forecasts, which include 10% growth in revenues and a substantial improvement in its results.

All these factors and the extensive diversification of the Group's business model from a geographical, customer and product perspective put it on a good footing to calmly and confidently confront the Covid-19 pandemic.

The Group is also focusing on exploiting the business opportunities opening up in relation to the mobility of the future. It has therefore prepared a new strategic plan setting out, coordinating and continuing the work streams embarked upon in recent years. Through this plan, the Group aims to bolster its position among the largest parts manufacturers in the automobile industry, lead the way in the industry's transformation involving new forms of mobility, and continue to be a key partner of car makers helping them develop their future vehicles.

The new plan takes the *Smart Integrator* strategy further, which the Group has been working on for some time to develop more complex systems offering greater added value through new functionalities incorporating cutting-edge technologies, electronics and lighting solutions. In order to strengthen its position, the Group is expanding its electronics capacity and looking for key technology partners bringing added value to its products. This includes the deal with the Chinese group Hi-Rain to develop innovative lighting solutions, the partnership with the Walter Pack Group to develop decorative components for car interiors, and the collaboration agreement with Eyesight *(now known as CIPIA)* to offer driver and passenger monitoring solutions to car manufacturers. In addition, more recent deals were reached with AED Innovation Group – a provider of embedded electronics systems – and NAEN Auto Technology, which specialises in the electronics of keyless vehicle entry and ignition systems (see Note 25).

The Parent's Directors consider that the financial and economic measures taken in 2019 and 2020, and the pillars on which its strategic plan is founded will make a positive contribution to ensuring that the Group is stronger, more efficient and competitive, and continues to grow and meet its profit targets.

The consolidated annual financial statements for 2020 have accordingly been prepared on a going-concern basis.

b) Goodwill and negative goodwill on first consolidation-

Business combinations are accounted for using the acquisition method, which requires the identifiable assets acquired and liabilities assumed *(including any contingent liabilities)* to be measured at their fair values at the acquisition date, provided said fair value can be reliably measured. The assets and liabilities recognised by the Group will be those received and assumed, respectively, as a result of the operation, irrespective of whether these assets and liabilities were previously not recognised in the annual financial statements of the investee because they did not meet the criteria for recognition in said financial statements.

Any positive difference between the acquisition cost of the Group's holdings in the capital of the subsidiaries and the fair values of the identifiable net assets acquired is recognised as "Goodwill". Negative differences are taken directly to income on the acquisition date.

"Goodwill" is only recorded when it has been acquired for a consideration and represents, therefore, advance payments made by the acquiring entity for the future economic benefits deriving from the assets of the acquired entity that are not individually and separately identifiable and recognisable.

In accordance with IFRS 3, goodwill is not amortised but is reviewed for impairment *(i.e. a reduction in the recoverable amount of the "Goodwill" to below its book value)* at the end of each reporting period and any impairment is charged to "Net impairment losses on non-current assets" on the consolidated income statement. Impairment losses relating to "Goodwill" cannot subsequently be reversed.

The recoverable value of goodwill and of other intangible and tangible assets is measured as the higher of fair value less costs to sell and value in use, understood as the present value of expected future cash flows from the investment. The Group's Directors apply the following methodology to test goodwill, other intangible assets and property, plant and equipment for impairment (see Notes 7 and 8):

- The recoverable amount is calculated for each cash generating unit, although wherever possible individual, item-by-item impairment calculations are performed on property, plant and equipment.

- The Group's Directors regularly prepare a business plan for each cash generating unit, broken down by market and activity, covering a period of at least five years. An annual budget is also prepared each year for the following financial year. The main components of said plan and budget are:

  - Results forecasts.
  - Investment and working capital forecasts.

- Other variables influencing the calculation of recoverable value are:

  - The discount rate to be applied, i.e. the weighted average cost of capital. The main factors affecting this are the cost of the liabilities and specific risks related to the assets.

  - The growth rate applied to cash flows to extrapolate them beyond the period covered by budgets and forecasts, up to five financial years.

Forecasts are prepared on the basis of past experience and the best available estimates in line with externally obtained information.

The business plans thus prepared are reviewed and approved by the Parent's Board of Directors.

If an impairment loss must be recognised for a cash generating unit to which all or part of the goodwill has been assigned, first the book value of the goodwill corresponding to the cash generating unit will be reduced. If the impairment loss exceeds the amount of goodwill, the rest of assets allocated to the CGU are then written down, in proportion to their book values, up to the limit of the higher of the following: fair value less cost of sales, value in use and zero.

At the 2020 year-end, impairment losses on the goodwill of certain subsidiaries were recognised for 8,595 thousand euros under "Net impairment loss on non-current assets" on the accompanying consolidated income statement for 2020 *(goodwill impairment losses of 20,000 thousand euros were recognised in 2019)*.

“Goodwill” recognised on the consolidated statement of financial position at 31 December 2020 corresponds basically to the consolidated subsidiaries and plants acquired in 2015 from the international Magna Automotive group and other companies forming part of the “Lighting” business acquired from the “CML Innovative Technologies” group in 2012, and other non-material goodwill recognised (see Note 7).

c) *Other intangible assets-*

Intangible assets are defined as identifiable non-monetary assets without physical substance which arise as a result of a legal transaction or which are developed in-house by the consolidated companies. Only intangible assets whose cost can reasonably be objectively estimated and from which the consolidated companies consider it probable that future economic benefits will be generated are recognised.

Intangible assets are stated initially at acquisition or production cost and subsequently at cost less any accumulated amortisation and impairment losses.

Development expenses-

The costs incurred in each development project are capitalised when the following conditions are met:

- The development cost of the asset can be assessed reliably.
- The costs are specifically itemised for each project and correspond to an identifiable asset.
- The Group can prove that the project is technically viable.
- The project is likely to generate profits in the future.

Development expenses incurred using the Group's own resources are recorded *(by type)* on the consolidated income statement, while development expenses for projects which meet the above conditions are debited to “Development expenses” on the consolidated statement of financial position and credited to “Own work capitalised” on the consolidated income statement.

Capitalised development expenses are in practically all cases amortised on a straight-line basis over the estimated useful lives of the projects as from the date the related projects are completed.

Development expenses relate mainly to the costs incurred in this connection by the consolidated subsidiary Grupo Antolin-Ingeniería, S.A.U. and the Group's other research and development centres. Research expenses are taken directly to income in the financial year in which they are incurred.

Software and other intangible assets-

Other intangible assets with a finite useful life are amortised accordingly, using criteria similar to those used for property, plant and equipment. Specifically, "Computer software" is written off over a period of 5 years as from when it starts to be used.

When accounting for the business combinations involving the "Lighting" business acquired from the "CML Innovative Technologies" group in 2012 and the companies and plants acquired in 2015 from the international Magna Automotive group, "Customer relations" in the automobile industry was identified as an intangible asset, on the basis that one of the Group's aims in carrying out said operation was to develop new services and products in this sector. This intangible asset has been measured at its fair value determined using the multi-period excess earnings (MPEE) method, based on calculating the operating cash flows generated for the acquired company by the asset, net of any expenses charged for the assets involved in generating said cash flows. These cash flows are discounted using the weighted average cost of capital *(between 8.3% and 12.9% for the "Lighting" segment, plus a 2% spread to reflect the intangible nature of the asset, and between 8.1% and 15.6% for the companies and plants acquired from the international Magna Automotive group)*. The remaining useful life of these intangible assets was estimated to be 7 years for the 2012 operation and between 2 and 7 years for the 2015 operation, over which periods they will be amortised.

The annual amortisation expense for intangible assets with finite useful lives is charged to "Depreciation and amortisation expenses" on the consolidated income statement.

Impairment losses-

The consolidated companies recognise any impairment loss on the book value of these assets with a charge to "Net impairment losses on non-current assets" on the consolidated income statement. The criteria used to recognise the impairment losses on these assets and, where applicable, the recovery of impairment losses recognised in prior years are similar to those used for property, plant and equipment for own use.

d) Property, plant and equipment-

Property, plant and equipment include the assets that the Group has for its current or future use in producing or supplying goods and services or for administrative purposes and which are expected to be used for more than one financial year. Property, plant and equipment are stated on the consolidated statement of financial position at their acquisition or production cost, adjusted or revalued, whenever applicable, in accordance with applicable legal provisions, or at their "fair value" as determined by independent experts on the date of transition to "IFRS-EU" *(1 January 2006)*, which amount is recorded as an attributed cost, less accumulated depreciation and any impairment losses.

The cost of extensions, modernisations or improvements that increase the productivity, capacity or efficiency or prolong the useful life of an asset are capitalised as an increase in the cost of said asset.

Borrowing costs directly attributable to building or developing property, plant and equipment that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are ready to become operational. In cases where financing has been received specifically for building said assets, the amount of the interest and other finance costs

capitalised reflects the actual costs incurred during the period, less income earned from temporarily reinvesting the financing that has not yet been invested in the qualifying assets. Where the financing received is of a general nature, the amount of interest capitalised is calculated using a rate based on the weighted average of the interest costs applicable to the average unrepaid financing in the year excluding financing for specific purposes. However, the capitalisation of interest is suspended during the periods when the construction work is at a standstill, provided that such periods are not particularly long. In 2020 and 2019, the Group has not capitalised any finance costs as an increase in the book value of "Property, plant and equipment".

Upkeep and maintenance expenses for property, plant and equipment for own use are expensed in the year they are incurred.

The Group transfers PP&E under construction to PP&E used in operations when the assets in question become operational, from which time depreciation is charged.

Property, plant and equipment used in operations are depreciated on a straight-line basis, based on the acquisition or production cost of the assets or their restated value, less their residual value. The land on which buildings and other constructions are located is deemed to have an indefinite lifespan and is therefore not subject to depreciation. Annual depreciation charges on property, plant and equipment are charged to "Depreciation and amortisation expenses" on the consolidated income statement over the average estimated useful life of the assets, as indicated below:

Type of asset	Years of estimated useful life
Buildings and other structures	20-50
Plant and machinery-	
Machinery	5-12.5
Plant	6-25
Other plant, tools and furniture-	
Tools, dies and moulds	2-6
Office furniture and equipment	5-10
Other property, plant and equipment-	
Vehicles	5-10
Information technology equipment	4-5

Reviews are made at regular intervals of the estimated useful life of property, plant and equipment for own use in order to identify any significant changes therein. If any such changes are identified, the relevant adjustment is made to the depreciation charged to the consolidated income statements in future years based on the new useful lives.

At the end of each reporting period, the consolidated companies test for any internal or external signs that the recoverable amount of their property, plant and equipment is less than the book value. If so, the book value is reduced to the recoverable value and the future charges for depreciation are adjusted in proportion to their adjusted book value and their new remaining useful life if it was also necessary to re-estimate this. Any such reduction in the book value of property, plant and equipment for own use is charged to "Net impairment losses on non-current assets" on the consolidated income statement.

Similarly, whenever there are signs that the value of an impaired tangible asset has recovered, the consolidated companies reverse impairment losses recognised in prior years, crediting "Net impairment losses on non-current assets" on the consolidated income statement and adjusting future depreciation charges accordingly. The increased book value may not exceed the book value that would have been determined had no impairment loss previously been recognised for the asset.

e) Investment property-

Investment property comprises land, buildings or other constructions held to earn rents or for capital appreciation upon disposal due to future increases in their respective market prices. At 31 December 2020 and 2019, this included a factory *(land and buildings)* in Almussafes (Valencia), to be operated under a lease, and other properties *(two plots of land on industrial estates in Spain)*.

The same methods of valuation, depreciation, and for estimating their respective useful lives and for recording any impairment losses are used as for property, plant and equipment for own use.

f) Accounting for leasing operations-

As lessor-

Whenever the Group acts as lessor, the cost of acquiring the assets leased is stated in "Investment property" or "Property, plant and equipment". Depreciation is charged on these assets in accordance with the policies adopted for similar PP&E items for own use, and the revenues from the lease contracts are released to the consolidated income statement on a straight-line basis.

As lessee-

In accordance with IFRS 16 Leases, the Group evaluates at the start of the contract whether said contract contains a lease. A lease liability and a right-of-use asset are recognised for these contracts.

However, for practical reasons and to allow proper monitoring of the Group's contractual obligations, the Group distinguishes in the accounts the leases that prior to 1 January 2019 *(first-time application of IFRS 16)* were classified as "finance leases" from the other leases. Specifically, for contracts classified as "finance leases" prior to 1 January 2019, the Group continues to recognise on the consolidated statement of financial position the cost of the leased assets under "Property, plant and equipment" *(according to the nature of the leased assets)*, and the liability for the outstanding principal repayments under "Bank loans, debentures and other marketable securities" under current and non-current liabilities according to their maturity.

The cost of the assets is the lower of the fair value of the leased assets and the present value at the start of the lease of the minimum payments agreed, including the purchase option if there are no reasonable doubts as to its exercise. This calculation will not include contingent payments, the cost of services and the taxes payable by the lessor. The total financial cost of the contract is taken to the consolidated income statement in the years it accrues, applying the *"effective interest rate method" (as defined in paragraph j) below)*. Contingent rents are recognised as expenses in the year incurred.

Assets recorded for operations of this type are depreciated following a similar policy to that applied to property, plant and equipment as a whole, in accordance with the nature of the asset.

The other contracts that contain a lease and arranged after 1 January 2019 are recognised by the Group as per the following accounting principles and policies and measurement bases:

Right-of-use assets-

The Group recognises the right-of-use asset at the start of the lease term *(date on which the asset is available for use)*. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted to reflect any new valuation of the lease liability. The cost of the right-of-use asset comprises the initial measurement of the lease liability, any initial direct cost borne and any lease payment made on or before the inception date, less any lease incentives received. It also comprises an estimate of any costs the Group will incur restoring the asset to the condition stipulated in the lease terms

and conditions. Unless the Group is reasonably likely to take ownership of the asset at the end of the lease, the right-of-use asset is depreciated on a straight-line basis from the inception date until the earlier of the end of the asset's useful life or the end of the lease term. Right-of-use assets are subject to impairment.

Lease liabilities-

On the inception date, the Group measures the lease liability at the present value of any unpaid lease payments at that date. Lease payments include fixed payments, less any lease incentives receivable, plus any variable lease payments tied to an index or rate initially measured according to an index or rate at the inception date, and any amounts expected to be paid for residual value guarantees. They also include the exercise price of a purchase option if the Group is reasonably certain that it will exercise the option, as well as any penalties for terminating the lease if the lease term reflects the lessee exercising the option to terminate the lease. Variable lease payments not tied to an index or rate are expensed in the year the event or circumstance giving rise to such payments occurs.

Lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If it cannot be easily determined, the lessee's incremental borrowing rate is used. Specifically, the Group has estimated the interest rate on a hypothetical loan obtained to purchase the underlying asset, considering factors such as the repayment period and that the loan is secured using the underlying asset. When estimating the rate for each consolidated company, the Group has also considered the structure of their statements of financial position, credit rating, and the relevant country risk premium. After the inception date, the value of lease liabilities is increased to reflect the interest accrued on the lease liability and reduced to reflect the lease payments made.

Book value is re-measured if the lease term changes or there is a change in the valuation of a purchase option over the asset. The Group determines a revised interest rate on applying the new valuation. The book value is also re-measured if, for example, there is a change because of a variation in the index or rate used to determine the payments including, for instance, a change to reflect fluctuations in market rents. In such a case, a discount rate with no changes is used, unless the variation in lease payments is due to a change in floating interest rates.

Short-term leases and leases where the asset is of low value-

The Group applies the exemptions for recognising short-term leases *(those leases with terms of 12 months or less from the inception date and that do not include a purchase option)* and leases in which the underlying asset is of low value *(for example, less than 6,000 euros)*. The lease payments deriving from these contracts are expensed on a straight-line basis over the lease term under "Other operating expenses" on the consolidated income statement.

Establishing the lease terms of contracts with options to extend-

The Group establishes the lease term as the irrevocable period of a lease plus: (i) any periods covered by an option to extend the lease, if the Group is reasonably certain that it will exercise this option; and (ii) any periods covered by an option to terminate the lease, if the Group is reasonably certain that it will not exercise this option.

When evaluating if it is reasonably likely the option to extend a lease will be exercised or the option to terminate a lease will not be exercised, the Group takes into account any relevant events and circumstances prompting the Group to exercise the option to extend the lease or not exercise the option to terminate the lease.

After the inception date, the Group will re-evaluate the lease term whenever there is a significant event or change in the circumstances under the Group's control which affects whether or not there is reasonable certainty the options will or will not be exercised.

Impairment-

The Group applies IAS 36 to determine if a right-of-use asset is impaired and to recognise any impairment loss identified in accordance with the criteria described in Notes 3-b, 3-c and 3-d.

g) *Non-current assets held for sale-*

Assets which are highly likely to be sold, in their present condition, within one year from the end of the reporting period are recorded under this heading on the consolidated statement of financial position. The book value of these assets is, therefore, expected to be recovered via their selling price rather than from their ongoing use. Assets classified as "Non-current assets held for sale" are stated at the lower of their book value when they are classified as such and their fair value net of their estimated cost to sell. Amortisable intangible assets and depreciable PP&E are not amortised or depreciated while classified as held for sale.

In 2020 and 2019 the Group held land in Tangiers (Morocco) acquired in 2014 classified under "Non-current assets held for sale". Based on assessments made by an independent expert and offers recently received, the fair value of this building is at least equal to its book value. It is expected to be sold over the next twelve months.

h) *Inventories-*

The Group values its inventories as follows:

- Raw materials and other supplies, packaging and containers, replacement parts, sundry materials, add-on parts and stocks for resale are valued at the lower of cost applying the weighted average price method, and net realisable value.

- Finished goods, semi-finished goods and work-in-process *are stated at the lower of real average production cost (raw and other materials used, labour and direct and indirect manufacturing expenses) and net realisable value.*

- Tools for new projects, which are developed and manufactured by the Group to be sold later on to its customers, are stated at the lower of either the costs incurred to manufacture them, as and when they are incurred, and their estimated realisable value.

Net realisable value corresponds to the estimated selling price less the estimated costs of completing the products and the costs to be incurred in marketing, selling and distribution.

Obsolete, defective or slow-moving inventories have been reduced to their realisable value. The Group recognises the appropriate valuation adjustments as an expense when the net realisable value of inventory is lower than its acquisition or production cost.

i) *Trade receivables and customer advances-*

Trade receivables do not accrue interest and are carried at their nominal amount. However, a provision is set up for impairment losses on trade receivables when there is objective evidence that the amounts receivable cannot be collected.

Customer advances received prior to recognising the sale of the corresponding assets *(specifically tools for projects)*, are recorded in current liabilities under "Trade and other payables" on the consolidated statement of financial position (see Note 3-r).

j) ***Financial instruments-***

Definitions-

A "*financial instrument*" is a contract representing a financial asset for one entity and, simultaneously, a financial liability or equity instrument for another.

An "*equity instrument*" is any contract that evidences a residual interest in the assets of the issuing entity after deducting all of its liabilities.

A "financial derivative" is a financial instrument the value of which changes in response to changes in an observable market variable (*such as an interest rate, exchange rate, the price of a financial instrument or a market index*), where the initial investment is very low compared to other financial instruments with similar responses to changes in market conditions and which is, as a general rule, settled on a future date.

The operations referred to below are not treated for accounting purposes as financial instruments:

- Shareholdings in associates.
- Rights and obligations arising from employee benefit schemes.
- Rights and obligations originating in insurance contracts.
- Contracts and obligations relating to employee remuneration based on equity instruments.

Recording financial instruments for the first time-

Financial instruments are recorded for the first time on the consolidated statement of financial position when the Group becomes party to the contract that originates them, in accordance with the terms thereof. Specifically, debt instruments are recorded as from the date the effective legal right to receive or the effective legal obligation to pay arise, respectively. Financial derivatives are, as a general rule, recorded on the date they are contracted.

Operations to sell and buy financial assets in the form of conventional contracts, defined as contracts where the reciprocal obligations of the parties must be fulfilled by a deadline set under the regulations or conventions of the market, and may not be settled as differences, are recorded as from the date the benefits, risks, rights and duties of ownership pass to the acquiring party. Depending on the type of financial asset bought or sold, this may be the contract date or the settlement or delivery date.

Derecognition of financial instruments-

A financial asset is derecognised in the following circumstances:

- The contractual rights regarding the cash flows it generates have expired; or
- The financial asset is transferred and the risks and benefits of the financial asset are substantially transferred, or, even when they are not transferred or substantially withheld, control over the financial asset is transferred.

The Group assigns without recourse a portion of its receivables to various financial institutions. As this involves transferring part of the risks and benefits of the assets and control thereof, the Group directly reduces its trade receivables by the amount of the receivables assigned to the financial institutions and does not, therefore, recognise any financial liability in this connection. At 31 December 2020 outstanding receivables assigned without recourse to financial institutions amounted to approximately 48,311 thousand euros. No outstanding receivables were assigned without recourse to financial institutions at 31 December 2019.

Financial liabilities are derecognised from the consolidated statement of financial position when the obligations that have generated them have been discharged.

Fair value of financial instruments-

The *"fair value"* of a financial instrument on a particular date is defined as the amount at which it could have been exchanged at that date between knowledgeable parties in arm's length transactions. The most objective and common reference for the fair value of a financial instrument is the price that would be paid for it on an organised, transparent and deep market *("quoted price" or "market price")*.

When there is no market price for a specific financial instrument, fair value is estimated on the basis of recent arm's length transactions in similar instruments and, if there are none, using measurement models that have been sufficiently verified by the international financial community, bearing in mind the specific nature of the instrument to be valued and, in particular, the different types of risk associated with it.

Specifically, the fair value of the financial derivatives traded on organised, transparent, deep markets included in trading portfolios is deemed to be their daily listed price and if, for exceptional reasons, their listed price cannot be determined on a particular date, the methods used to state them are similar to those used for stating derivatives contracted OTC.

The fair value of OTC derivatives or derivatives traded in shallow markets or markets where there is little transparency, is deemed to be the sum of the future cash flows originating in the instrument, discounted as at the valuation date *("present value" or "theoretical closing")*, using methods recognised by financial markets *("net present value", "options pricing systems", etc.)*.

For financial reporting purposes, measurements of fair value are classified under three levels according to the extent to which the inputs applied are observable and according to how significant said inputs are for the entire measurement:

- Level 1: inputs are quoted *(unadjusted)* prices in active markets for identical assets or liabilities.
- Level 2: inputs are quoted prices in active markets for similar assets or liabilities *(not included within Level 1)*, quoted prices for identical or similar assets or liabilities in markets that are not active, and techniques based on measurement models for which all the significant inputs that are derived from or corroborated by observable market data.
- Level 3: inputs are generally unobservable and reflect estimates based on market assumptions to determine the price of the asset or liability. Unobservable data used in measurement models are a significant part of the fair value of the assets and liabilities.

Amortised cost of financial instruments-

"Amortised cost" is deemed to be the cost of acquiring a financial asset or liability, adjusted up or down, depending on the case, for repayments of principal and interest payments and, adjusted up or down, depending on the case, for the part taken to the consolidated income statement, using the "*effective interest rate*" method, of the difference between the initial amount and the repayment value of said financial instrument. The amortised cost of financial instruments also includes any impairment adjustments recognised.

The "*effective interest rate*" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. For fixed-rate financial instruments, the effective interest rate coincides with the rate of interest established in the contract at the time of acquisition, adjusted as necessary for any commissions or fees which should be included in the calculation of this effective interest rate. For floating interest rate financial instruments, the effective interest rate is estimated in a

similar fashion as for fixed interest rate operations, and is recalculated on every contractual interest rate adjustment date of the operation, taking into account the changes in the effective future cash flows of the instruments.

Classification and valuation of financial assets and liabilities-

Financial liabilities are classified on the consolidated statement of financial position into the following categories:

Financial assets-

- Financial assets held for trading: assets acquired with the intention of selling them in the short term, or which form part of a portfolio of identified and jointly managed financial instruments for which there is evidence that action has recently been taken to make short-term profits, and derivatives that have not been designated as hedges.

- Investments held to maturity: assets yielding income of a determinable amount and maturing on a fixed date, where the Company states its intent and ability to maintain these assets under its control until their maturity. This category does not include loans or receivables from third parties.

- Loans and receivables generated by the Group: financial assets originated by the Group in exchange for providing cash flow, assets or services directly to a debtor. They are stated at “amortised cost”.

- Available-for-sale financial assets: securities acquired that are not held for trading purposes and are not classified as held-to-maturity investments, and equity instruments held by the Group in companies that are not subsidiary or associate companies or joint ventures.

Held-for-trading and available-for-sale financial assets are stated at fair value at subsequent statement dates. Gains and losses arising from changes in fair value of traded securities are taken to income in the year. In the case of available-for-sale investments, gains and losses from changes in fair value are recognised directly in equity until the asset is disposed of or it is determined that it has become impaired, at which time any cumulative gains or losses previously recognised in equity are taken to income in the year.

Held-to-maturity investments, loans and accounts receivable generated by the Group are stated at amortised cost, and accrued interest income is taken to the consolidated income statement using the “effective interest rate”. Amortised cost is understood to be the initial cost minus principal repayments, plus or minus the cumulative amortisation of any difference between the initial amount and the amount on maturity, minus any reduction for impairment or default.

Since 1 January 2018, financial assets valued at amortised cost, trade receivables and other loans, in addition to financial guarantee contracts, have been subject to the recording of an impairment loss based on the expected loss of credit, either at 12 months *(assets classified as investments available for sale)* or over the whole lifetime *(trade debtor accounts)*. In order to calculate the impairment loss based on the expected loss, the Group has established a model which requires estimates of future credit losses using a simplified approach. Given the nature, conditions and high credit quality of its accounts receivable and loans, the amount of impairment losses required as a result of the application of the new model to the financial asset balances is usually of little significance.

Financial liabilities-

Financial liabilities are classified in accordance with the content of the contractual arrangements. The main financial liabilities held by the consolidated companies are held-to-maturity financial liabilities that are stated at amortised cost.

Bank loans and overdrafts: interest bearing liabilities that are stated at the amount received net of direct issue costs. Financial expenses, including premiums payable on settlement or redemption and direct issue costs, are recognised on the consolidated income statement on an accrual basis using the effective interest method. And any portion of such expenses that is not settled in the period in which they arise is added to the book value of the instrument.

Trade payables, which accrue no interest, are recorded at their nominal value.

Equity-

Equity instruments are classified in accordance with the content of the contractual arrangements. The amounts received for equity instruments issued by the Parent are recognised in consolidated equity, net of the direct issue costs.

k) Financial derivatives and accounting for hedges-

The Parent's bank borrowings expose the Group to interest-rate risk. Until 2017, the Group used derivatives, essentially “Interest Rate Swaps” (IRS), to hedge against this exposure. In 2017 it cancelled the financial derivatives it had arranged, and had no such instruments in 2019 and 2020.

l) Balances and transactions denominated in foreign currencies-

The Group uses the euro as its working currency. Consequently, transactions in other currencies are considered denominated in foreign currency and are recorded according to the exchange rates prevailing on the transaction date. Gains or losses on transactions denominated in foreign currencies are taken to the consolidated income statement as and when they occur.

At the year-end, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rate prevailing at the end of the reporting period. Any resulting gains or losses are recognised directly on the consolidated income statement.

m) Provisions and contingencies-

Provisions are current obligations of the Group, arising as a result of past events, the nature of which is clearly specified as at the date of the consolidated annual financial statements, but whose amount and/or reversal date are uncertain and the reversal of which will probably result in an outflow of resources embodying economic benefits.

Contingent liabilities are possible obligations of the Group, arising as a result of past events, which depend on whether or not one or more events beyond the Group's control occur in the future. They include the Group's current obligations whose settlement will probably not require an outflow of resources embodying economic benefits, or where a sufficiently reliable estimate of the amount of the obligation cannot be made.

Provisions are recognised on the consolidated statement of financial position wherever it is more likely than not that an outflow of resources will be required to settle the obligation. Contingent liabilities are not recognised on the consolidated statement of financial position, but rather, whenever applicable, are disclosed in the notes to the financial statements.

Provisions are measured using the best information available of the expenditures required to settle the obligation and are reviewed and adjusted at the end of each reporting period to reflect the current best estimate. They are used to meet the specific obligations for which they were originally recognised and are fully or partially reversed when those obligations cease to exist or are reduced.

The value of these provisions corresponds to the current value of the best estimate possible of the amount necessary to cancel or transfer the obligation, recording the adjustments made from updating said provisions as financial costs as they accrue. Specifically, the liabilities recorded under “Current provisions” on the consolidated statement of financial position at 31 December 2020 correspond to provisions made to cover losses which certain subsidiaries are expected to incur to comply with contracts signed prior to the end of the reporting period and whose costs will exceed the expected returns generated. The provision is made when the liabilities in respect of the contracts arise for the affected companies (see Note 16).

The provisions deemed necessary in accordance with these criteria, and the reversals thereof, are recorded as a charge or credit, respectively, on the consolidated income statement.

n) Termination benefits-

Under current employment legislation, the group companies are obliged to pay termination benefits to employees whose contract is terminated under certain conditions.

Where the amount of the benefits can be reasonably estimated, such benefits are recognised as an expense in the year in which the decision is made, provided the parties involved have been formally notified and there is, therefore, a valid expectation on the part of those involved that the consolidated companies will make the dismissals. The accompanying consolidated statement of financial position at 31 December 2020 includes a number of provisions under this heading, although their total amount is not material.

o) Pension commitments-

Some Grupo Antolin companies have assumed commitments to pay contributions to the retirement pensions of some of their current and former employees *(retirement plans based on years of service, age and salary)*. These commitments affect, primarily, group companies located in Germany, Austria, the United Kingdom, France, Mexico and India.

A significant portion of these commitments has been outsourced and is covered by insurance policies or pension plans with insurance companies. The Group pays fixed contributions into a fund and is obliged to make additional contributions if the fund does not have sufficient assets to pay all the employees the benefits to which it is committed.

The Group records the present value of these defined benefit commitments as liabilities on the consolidated statement of financial position under “Non-current provisions”, net of the fair value of the assets that meet the requirements to be treated as “assets earmarked for the plan”. The aforementioned insurance policies *(or pension plans)* are treated as earmarked assets as they are not owned by the Group but by an unassociated third party, they may only be used to pay or finance employee benefits and may not be returned to the Group unless the assets held within the plan are sufficient to meet all obligations.

Changes in the provision recognised for these commitments on the consolidated statement of financial position corresponding to the cost of the service in the financial year, to interest or changes in the cost for past services provided, are taken to the consolidated income statement in the financial year in which they are incurred. “Actuarial gains and losses” *(as a result of differences between previous actuarial assumptions and real outcomes or of changes to the actuarial assumptions used)* are taken directly to equity as “Adjustments for changes in value”.

p) Corporate income tax-

Grupo Antolin-Irausa, S.A.U. and practically all of its consolidated Spanish subsidiaries domiciled in Spanish “common territory” in which it has direct or indirect holdings of 75% or more file consolidated corporate income tax returns. Until 31 December 2014 the parent of the consolidated tax group was Grupo Antolin-Irausa, S.A.U. Since 1 January 2015 the parent of the consolidated tax group under which these companies file has been Avot Inversiones, S.L., the Group's indirect shareholder (see Notes 1, 13 and 19).

The income tax expense is calculated as the tax payable with respect to the taxable profit for the year, after considering any changes in the assets and liabilities recognised arising from timing differences and from tax credit and tax loss carryforwards (see Note 19).

The Group considers that a timing difference exists when there is a difference between the book value of an asset or liability and its tax base. The tax base for assets and liabilities is treated as the amount attributed to it for tax purposes. A taxable timing difference is understood to be a difference that will generate a future obligation for the Group to pay taxes to the relevant tax authorities. A deductible timing difference is one that will generate a right for the Group to a refund or to make a lower payment to the relevant tax authorities in the future.

Tax credits and deductions and tax loss carryforwards are amounts that, after performance of the activity or generation of the profit or loss giving entitlement to them, are not used for tax purposes in the related tax return until the conditions for doing so established in tax regulations are met, provided that the Group considers it probable that they will be used in future periods.

Current tax assets and liabilities are the taxes that are expected to be recoverable from or payable to the related tax authorities within twelve months from the date they are recognised. Deferred tax assets and liabilities are those amounts that are expected to be recoverable from or payable to the relevant tax authorities in future years.

Deferred tax liabilities are recognised for all taxable timing differences. In this regard, a deferred tax liability is recognised for the taxable timing differences resulting from investments in subsidiaries and associate companies, and from holdings in joint ventures, except when the Group can control the reversal of the timing differences and they are not expected to be reversed in the foreseeable future.

The consolidated companies only recognise deferred tax assets arising from deductible timing differences and from tax credit and tax loss carryforwards to the extent that it is probable that they will have sufficient future taxable profits against which these assets can be utilised.

Deferred tax assets and liabilities are not recognised if they arise from the initial recognition of an asset or liability *(other than in a business combination)* that at the time of recognition affects neither accounting profit nor taxable profit.

The deferred tax assets and liabilities recognised are reassessed each year in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

q) Recognition of income and expense-

Income and expenses are taken to the consolidated income statement on an accruals basis.

Revenue is measured at the fair value of the consideration received and represents the amounts received or receivable for the goods and services provided in the normal course of business, net of discounts, VAT and other recoverable sales-related taxes. Where it is doubtful as to whether the revenues will be collected, recognition is deferred until they are effectively collected.

- Revenues on sales of assets are recognised when control of the assets is transferred, which generally occurs when the assets are delivered *(sent to the customer's specific location)*.

- Ordinary revenue from the provision of services is recognised in line with the stage of completion of the transaction as at the end of the reporting period.

- Revenues on the sale of project tools. The Group records this income under “Revenue” on the consolidated income statement, when control of these is transferred to the customer, which usually occurs when the tools have passed the corresponding technical certification or verification by the customer, or at a time near to the beginning of the mass production of the parts of the project with the said tools. The Company's Directors consider that even when the tools made for customers have no alternative use for the Group, in the event that the order is rescinded by the customer, the Group has no right to receive payment for performance until that date, given that it would only have the right to collect the costs incurred but not to a reasonable profit margin. For this reason, tool manufacture is recorded as a performance obligation satisfied at a specific moment.

  Amounts billed in advance by the Group until control of these tools has been transferred are recorded as a liability under “Trade and other payables” on the consolidated statement of financial position.

  Moreover, any final losses expected to be sustained on tools are recognised in full when such a loss becomes apparent, and the related provisions are recognised under this heading on the consolidated income statement.

- Rental income is recorded on an accrual basis, with incentive benefits and the up-front costs of the lease agreements released on a straight-line basis.

- Capital grants are recognised on the consolidated statement of financial position as deferred income when the Group has met the relevant qualifying conditions and there are, therefore, no reasonable doubts about their being collected. These capital grants are taken to the consolidated income statement under “Capital grants and other grants taken to income” on a straight-line basis over the useful lives of the assets.

  Government grants to cover or finance expenses incurred by the Group are recognised once all the conditions attaching to them have been fulfilled and will be taken to income when the financed expenses are incurred.

- Interest income and expense is recognised on an accruals basis using the *“effective interest rate method”.*

- Dividends received from other companies are recognised as income in the income statement when the consolidated companies' right to receive them arises.

An expense is recognised on the consolidated income statement when there is a decrease in the future economic benefits related to a reduction of an asset, or an increase in a liability, which can be measured reliably. This means that the recognition of an expense takes place simultaneously with the recognition of the increase in the liability or the depletion of the asset.

An expense is recognised immediately when a disbursement does not give rise to future economic benefits or when the requirements for recognition as an asset are not met.

An expense is also recognised when a liability is incurred and no asset is recognised, as in the case of a liability relating to a guarantee.

r) Classification of assets and liabilities as current-

In the consolidated statement of financial position, assets and liabilities that are expected to be recovered, consumed or settled in twelve months or less, as from the end of the reporting period, are classified as current, except for project tools, which are recorded as “Inventories” under “Current assets” on the consolidated statement of financial position, as they are expected to be realised in the normal course of the Group's business *(as part of its normal operating cycle*), and the liabilities connected with said

inventories *(customer advances)* which are recognised under “Current liabilities” on the consolidated statement of financial position, regardless of when they fall due. When the Group does not have an unconditional right by the year-end to defer settlement of a liability for at least twelve months as from the end of the reporting period, the liability is recorded as current.

s) Set-off of balances-

Balances receivable and payable are only set off against each other, and therefore stated as a net figure on the consolidated statement of financial position, when they arise from transactions that provide, either contractually or in accordance with prevailing legislation, for the possibility of set-off and the intention is to settle the balance for the net amount, or to realise the asset and pay the liability at the same time.

t) Discontinued operations-

A discontinued operation is a line of business that it has been decided to abandon and/or sell and whose assets, liabilities and net profit or loss can be distinguished physically, operationally and for financial reporting purposes. Revenues and expenses from discontinued operations are disclosed separately on the consolidated income statement.

No line of business or business segment was discontinued in 2020 or 2019.

u) Consolidated statement of cash flows-

The consolidated statement of cash flows is prepared according to the indirect method using the following terms with the meanings given below:

- Cash flows: inflows and outflows of cash and cash equivalents, the latter being short-term, highly liquid investments subject to low risk of changes in value.
- Operating activities: the typical activities of companies in the motor parts industry and other activities that cannot be classified as investing or financing activities.
- Investment activities: the acquisition, sale or disposal by other means of non-current assets and other assets not classified as cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of equity and liabilities that are not part of operating activities.

For the purposes of preparing the consolidated statement of cash flows, cash and cash equivalents include cash and demand deposits at banks and highly liquid current investments which are easily convertible into determinate cash amounts and are subject to insignificant risk as regards changes in value.

Following is a reconciliation of the book value of the liabilities originated by financing activities, distinguishing between the changes that give rise to cash flows due to “Proceeds from/*(payments for)* financial liabilities” *(which are recognised under “Cash flows from/(used in) financing activities” on the accompanying consolidated statement of cash flows for 2020 and 2019)* and those that do not:

2020

	Thousands of Euros				
			No Impact in Terms of Cash Flows		
	Balances at 1 January 2020	Cash Flows	Exchange Rate	Other	Balances at 31 December 2020
Debentures and bonds	635,400	-	-	-	635,400
Syndicated loan	394,052	(16,768)	-	-	377,284
European Investment Bank (EIB) loan	100,000	-	-	-	100,000
Other bank borrowings (a)	26,840	58,684	-	-	85,524
Liabilities associated with right-of-use assets (Notes 8 and 18)	328,882	(71,748)	-	36,160	293,294
Other financial liabilities (Note 18)	33,466	(8,837)	-	333	24,962
Total financing activity liabilities	**1,518,640**	**(38,669)**	**-**	**36,493**	**1,516,464**

(a) Includes other loans, credit lines, factoring lines and payables under finance leases (see Note 17).

2019

	Thousands of euros				
			No Impact in Terms of Cash Flows		
	Balances at 1 January 2019	Cash Flows	Exchange Rate	Other	Balances at 31 December 2019
Debentures and bonds	650,000	(14,600)	-	-	635,400
Syndicated loan	410,820	(16,768)	-	-	394,052
European Investment Bank (EIB) loan	100,000	-	-	-	100,000
Other bank borrowings (a)	61,629	(34,789)	-	-	26,840
Liabilities associated with right-of-use assets (Notes 8 and 18)	-	(72,837)	-	401,719	328,882
Other financial liabilities (Note 18)	36,908	2,038	-	(5,480)	33,466
Total financing activity liabilities	**1,259,357**	**(136,956)**	**-**	**396,239**	**1,518,640**

(a) Includes other loans, credit lines, factoring lines and payables under finance leases (see Note 17).

Discontinued operations-

Net cash flows attributable to the ordinary operating, investing and financing activities of the discontinued operations are presented separately on the consolidated statement of cash flows in a single heading called "Net Increase *(Decrease)* in cash and cash equivalents from discontinued operations". This heading also includes net cash flows obtained from the sale of the discontinued operations.

In addition, when operations are classified as discontinued, the net cash flows of the previous year corresponding to these are presented separately in the comparative information in the above mentioned heading.

(4) (ALLOCATION)/DISTRIBUTION OF THE PARENT'S PROFIT OR LOSS

The loss of the Parent for 2020, as formulated by its Directors, will be allocated as presented below, together with the distribution of profit for the financial year to 31 December 2019 which was approved on 15 May 2020 by the General Meeting of Shareholders:

	Thousands of Euros	
	2020	2019
Distributable profit/(loss): Profit/(loss) for the year	**(127,149)**	**60,533**
(Allocation)/Distribution: Voluntary reserves Prior years' losses	- (127,149)	60,533 -
	(127,149)	**60,533**

(5) BUSINESS COMBINATIONS

No business combinations were carried out in 2020 or 2019.

(6) INFORMATION BY SEGMENT

The information by segments used by Group Management for management purposes is structured on the basis of the Group's different business units, and also by geographical segments.

In each business unit the production plants are grouped in accordance with the specific product or activity, rather than in accordance with the main activity of the company to which each plant belongs. This business unit or segment structure is focused on the production and development of each type of product and will allow the operations of the businesses to be managed more efficiently. The main business units or segments of Grupo Antolin are the following four, defined taking into account the nature of the products: "Overheads and Soft Trim", "Doors and Hard Trim", "Cockpit & Consoles" and "Lighting".

There is also a "Corporate Unit" *(included under "Other")* which centrally manages certain assets and the funding received by the Group from third parties, and other minor activities. Moreover, approval was given in the latter months of 2019 to establish a new "Electronic Systems" business unit which will be operational from a management perspective in 2021.

On the other hand, the geographical segments defined by the group are: "Asia-Pacific", "Europe", "Mercosur", "NAFTA" and "Africa".

Basis and methodology for segment reporting-

The business segment reports below are based on monthly reports prepared by Group Management, which are generated using the same computer application as is used to obtain all the Group's accounting data. This information includes the segments of the discontinued operations.

The revenues reported for each segment are those which are directly attributable to the production plants included in that segment for management purposes, so these also include secondary revenues that said plants may have obtained from sales or the provision of services to other segments. The income of each segment does not include interest or dividend income or the gains on sales of investments or of non-current assets.

The expenses of each segment are calculated as being the expenses arising out of the operating activities of the segment that may be directly attributed to the plants included in that segment for management purposes. In this respect, with effect from 1 January 2017, the model for the allocation of head office and structural Corporate Unit costs among the various group companies and business segments has been modified, and for purposes of management information, the monitoring of the performance of the segments is carried out without taking into account these overheads. Accordingly, these costs are presented in the segment information as corresponding to the "Corporate Unit". The expenses of each segment do not include interest expense, impairments or losses on sales of investments or of non-current assets.

Assets and liabilities in the segments are those that are directly connected with the operations of the plants in each segment, although virtually all the financial debt of the Group has been centralised in the Corporate Unit.

2020

By business segment

Item	Thousands of Euros					
	Doors and Hard Trim	Overheads and Soft Trim	Lighting	Cockpits and Consoles	Other (a)	Total
Revenue	1,533,290	1,477,944	288,569	668,207	6,515	3,974,525
Other operating (expenses) / income, net	(1,360,017)	(1,392,678)	(226,994)	(617,353)	(105,419)	(3,702,461)
EBITDA (b)	**173,273**	**85,266**	**61,575**	**50,854**	**(98,904)**	**272,064**
Depreciation and amortisation charge	(114,199)	(88,283)	(24,599)	(39,752)	(30,857)	(297,690)
Operating income / (loss) (EBIT)	**59,074**	**(3,017)**	**36,976**	**11,102**	**(129,761)**	**(25,626)**
Net financial income and expenses						(53,767)
Other profit and loss						(44,810)
Corporate income tax						(7,580)
Profit/(loss) for the year from continuing operations						**(131,783)**
Other information:						
Investments in intangible assets in 2020	31,161	21,899	18,991	17,085	1,720	90,856
Capital expenditures on property, plant and equipment in 2020	39,024	21,858	13,285	10,402	2,374	86,943
Assets attributable to the segment at 31 December 2020	**1,178,533**	**880,973**	**289,477**	**519,225**	**507,522**	**3,375,730**
Liabilities attributable to the segment at 31 December 2020	**580,162**	**482,568**	**168,330**	**324,940**	**1,242,140**	**2,798,140**

(a) The operating result presented in this column corresponds principally to the depreciation of gains assigned to intangible assets and property plant and equipment in the business combinations of the "Lighting" and "Cockpits and Consoles" business segments. The goodwill arising on these business combinations also forms part of the assets presented in the "Other" column, while a large part of the finance obtained by the Group is recognised in this column in the segment's liabilities.

(b) In the accompanying consolidated financial statements and consolidated directors' report, EBITDA is: "Operating profit from continuing operations + Depreciation and amortisation expenses", while EBIT is: "Operating profit from continuing operations".

By geographical segment

Item	Thousands of Euros					
	Asia/Pacific	Europe	Mercosur	NAFTA	Africa	Total
Revenue	507,154	2,005,682	42,863	1,368,107	50,719	3,974,525
Other operating (expenses) / income, net	(428,167)	(1,953,138)	(44,446)	(1,234,486)	(42,224)	(3,702,461)
Depreciation and amortisation	(28,612)	(169,800)	(2,773)	(93,658)	(2,847)	(297,690)
Operating income / (loss) (EBIT)	**50,375**	**(117,256)**	**(4,356)**	**39,963**	**5,648**	**(25,626)**
EBITDA	**78,987**	**52,544**	**(1,583)**	**133,621**	**8,495**	**272,064**
Other information:						
Investments in intangible assets in 2020	7,339	60,596	1,832	19,521	1,568	90,856
Capital expenditures on property, plant and equipment in 2020	10,712	50,980	613	22,820	1,818	86,943
Assets attributable to the segment at 31 December 2020	**489,510**	**1,876,797**	**40,914**	**903,928**	**64,581**	**3,375,730**
Liabilities attributable to the segment at 31 December 2020	**254,875**	**2,061,800**	**20,411**	**440,456**	**20,598**	**2,798,140**

2019

By business segment

Item	Thousands of Euros					
	Doors and Hard Trim	Overheads and Soft Trim	Lighting	Cockpits and Consoles	Other (a)	Total
Revenue	2,136,507	2,003,708	334,105	731,447	8,452	5,214,220
Other operating (expenses) / income, net	(1,856,155)	(1,903,961)	(247,884)	(665,115)	(106,225)	(4,779,340)
EBITDA (b)	**280,352**	**99,748**	**86,221**	**66,332**	**(97,773)**	**434,880**
Depreciation and amortisation charge	(105,299)	(90,598)	(25,017)	(37,485)	(36,047)	(294,446)
Operating income / (loss) (EBIT)	**175,053**	**9,150**	**61,204**	**28,847**	**(133,820)**	**140,434**
Net financial income and expenses						(49,698)
Other profit and loss						(48,326)
Corporate income tax						(27,169)
Profit/(loss) for the year from continuing operations						**15,241**
Other information:						
Investments in intangible assets in 2019	55,862	46,497	16,289	22,042	465	141,156
Capital expenditures on property, plant and equipment in 2019	69,547	44,300	17,961	27,138	1,277	160,223
Assets attributable to the segment at 31 December 2019	**1,307,250**	**1,141,750**	**303,309**	**610,444**	**380,666**	**3,743,419**
Liabilities attributable to the segment at 31 December 2019	**615,911**	**562,365**	**159,529**	**361,084**	**1,218,444**	**2,917,333**

(a) The operating result presented in this column corresponds principally to the depreciation of gains assigned to intangible assets and property plant and equipment in the business combinations of the "Lighting" and "Cockpits and Consoles" business segments. The goodwill arising on these business combinations also forms part of the assets presented in the "Other" column, while a large part of the finance obtained by the Group is recognised in this column in the segment's liabilities.

(b) In the accompanying consolidated financial statements and consolidated directors' report, EBITDA is: "Operating profit from continuing operations + Depreciation and amortisation expenses", while EBIT is: "Operating profit from continuing operations".

By geographical segment

Item	Thousands of Euros					
	Asia/Pacific	Europe	Mercosur	NAFTA	Africa	Total
Revenue	477,652	2,641,668	87,943	1,959,588	47,369	5,214,220
Other operating (expenses) / income, net	(383,300)	(2,499,522)	(74,152)	(1,783,853)	(38,513)	(4,779,340)
Depreciation and amortisation	(25,202)	(170,466)	(3,325)	(92,793)	(2,660)	(294,446)
Operating income / (loss) (EBIT)	**69,150**	**(28,320)**	**10,466**	**82,942**	**6,196**	**140,434**
EBITDA	**94,352**	**142,146**	**13,791**	**175,735**	**8,856**	**434,880**
Other information:						
Investments in intangible assets in 2019	13,369	81,847	2,814	40,086	3,040	141,156
Capital expenditures on property, plant and equipment in 2019	15,843	89,713	2,151	48,254	4,262	160,223
Assets attributable to the segment at 31 December 2019	**486,674**	**2,046,668**	**47,379**	**1,105,079**	**57,619**	**3,743,419**
Liabilities attributable to the segment at 31 December 2019	**235,395**	**2,149,345**	**13,006**	**503,072**	**16,515**	**2,917,333**

(7) INTANGIBLE ASSETS

Goodwill-

The movements in "Goodwill" in 2019 and 2020 are as follows:

	Thousands of Euros
Balance at 31 December 2018	**118,718**
Impairment	(20,000)
Translation differences and others	(77)
Balance at 31 December 2019	**98,641**
Impairment	(8,595)
Translation differences and others	-
Balance at 31 December 2020	**90,046**

The balances of this heading of the consolidated statement of financial position at 31 December 2020 and 2019 correspond to the following cash-generating units:

Cash Generating Unit or Entity	Thousands of Euros	
	31/12/20	31/12/19
"Lighting" business unit	44,409	44,409
Antolin Interiors UK, Ltd.	-	1,588
Antolin Interiors Mexico, S.A. de C.V.	26,629	26,629
Changchun Antolin Automotive Interiors Co., Ltd.	8,024	11,025
Changshu Antolin Automotive Interiors Co., Ltd.	9,352	9,352
Haselbeck Formen-und Werkzeugbau, GmbH	-	4,006
Other cash generating units or entities	1,632	1,632
	90,046	**98,641**

Impairment tests-

At the end of each reporting period, the Group makes an estimate of whether there has been any impairment that reduces the recoverable value of goodwill to less than its book value and makes any adjustments necessary. The policies applied by the Group to test for impairment to goodwill are described in Note 3-b.

In this respect, at 31 December 2020 the Group carried out the corresponding analyses, evaluating the recoverable amount of the cash generating units associated with the goodwill *(practically entirely corresponding to consolidated subsidiaries which are generating profits at present or are expected to do so in coming years as certain projects are launched)* by reference to the value in use, calculated on the basis of cash flow projections that represent best estimates, covering a period of five years, with a terminal value estimated assuming a growth rate in perpetuity. To determine the recoverable amount, at the 2020 close, the Group's Directors reviewed and updated the assumptions relating to the future activities and forecast results of the corresponding businesses and their impact on cash flows, taking into consideration the impacts of the Covid-19 pandemic and the performance of the main variables in the budgets approved for 2021 and in the business plans *(approved by the Board of Directors)*.

The discount rate before tax used for the purposes of this impairment test varies from country to country and ranges from 7.5% *(for businesses in Western Europe and the US)* to 9.5% *(for businesses in Eastern Europe, Mexico and Asia)*, while in 2019 this range was at similar levels *(between 7% and 10%)*. The terminal value is calculated assuming sustainable average cash flows and a forecast growth rate of 1%.

The conclusion of this analysis carried out by the Group is that the recoverable value of its goodwill was higher than the book value, except in the case of the businesses of Antolin Interiors UK, Ltd., Changchun Antolin Automotive Interiors Co., Ltd. and Haselbeck Formen-und Werkzeugbau, GmbH. In the case of these businesses – some of which posted losses in 2020 although it is expected profits will be generated in coming years – the cash flows forecasts have been reduced versus those of previous years because sales expectations have been affected by the political and economic backdrop of the markets in which they operate and new project launches have been delayed, or because it has been verified that returns on future projects will be smaller than those obtained from the projects whose manufacture was discontinued in 2018 and 2019 and, in addition, some of these new projects require significant investment in coming years.

Consequently, at the 2020 year-end, the Group adjusted this goodwill, recording impairment losses in a total amount of 8,595 thousand euros, recognised under "Net impairment losses on non-current assets" on the accompanying consolidated income statement *(2019: goodwill impairment losses of 20,000 thousand euros)*.

The Group's Directors have also performed a sensitivity analysis estimating that even if the expected sales growth is not achieved *(and current levels are maintained)* and/or the discount rates increase there is no expected risk of impairment, except in the case of the goodwill assigned to Changchun Antolin Automotive Interiors Co., Ltd., although in this case, it is not expected that the impairment would be material given the amount capitalised *(8,024 thousand euros)*.

Other intangible assets-

The movements under this heading and the related accumulated amortisation and impairment allowances in the years to 31 December 2020 and 2019 were as follows:

	Thousands of Euros			
	Development Expenses	Computer Software	Other Intangible Assets	Total
COST: **Balances at 31 December 2018**	**615,527**	**68,791**	**179,808**	**864,126**
Additions	129,811	4,284	7,061	141,156
Removals from the scope of consolidation (Note 2-g)	(816)	(443)	-	(1,259)
Derecognitions	(91,844)	(596)	(9)	(92,449)
Translation differences and other items	25,096	1,553	14,351	41,000
Balances at 31 December 2019	**677,774**	**73,589**	**201,211**	**952,574**
Additions	81,614	3,295	5,947	90,856
Derecognitions	(32,461)	(1,418)	(48)	(33,927)
Translation differences and other items	(35,133)	(620)	796	(34,957)
Balances at 31 December 2020	**691,794**	**74,846**	**207,906**	**974,546**
ACCUMULATED AMORTISATION: **Balances at 31 December 2018**	**(273,717)**	**(57,612)**	**(116,721)**	**(448,050)**
Amortisation	(67,451)	(4,404)	(22,588)	(94,443)
Removals from the scope of consolidation (Note 2-g)	-	58	-	58
Derecognitions	71,292	572	9	71,873
Translation differences and other items	(10,303)	(776)	(16,395)	(27,474)
Balances at 31 December 2019	**(280,179)**	**(62,162)**	**(155,695)**	**(498,036)**
Amortisation	(65,271)	(4,272)	(21,882)	(91,425)
Derecognitions	25,339	1,113	34	26,486
Translation differences and other items	16,509	(41)	1,873	18,341
Balances at 31 December 2020	**(303,602)**	**(65,362)**	**(175,670)**	**(544,634)**
IMPAIRMENT LOSSES: **Balances at 31 December 2018**	**(44,674)**	**-**	**-**	**(44,674)**
(Impairments) taken to income and reversals thereof, net	(10,014)	-	-	(10,014)
Derecognitions	4,403	-	-	4,403
Translation differences and other items	(424)	-	-	(424)
Balances at 31 December 2019	**(50,709)**	**-**	**-**	**(50,709)**
(Impairments) taken to income and reversals thereof, net	(12,409)	-	(4,033)	(16,442)
Derecognitions	3,653	-	-	3,653
Translation differences and other items	(1,027)	-	-	(1,027)
Balances at 31 December 2020	**(60,492)**	**-**	**(4,033)**	**(64,525)**

Net intangible assets at 31 December 2019	**346,886**	**11,427**	**45,516**	**403,829**
Net intangible assets at 31 December 2020	**327,700**	**9,484**	**28,203**	**365,387**

Development expenses-

Capitalised development expenses at 31 December 2020 correspond to a range of projects relating to overheads and soft trim, trays, panels, consoles and automobile mechanisms. A portion of the capitalised development expenses *(approximately 114 million euros)* corresponds to projects in progress at 31 December 2020 *(approximately 173 million euros at 31 December 2019),* and, accordingly, the related expenses will not start to be amortised until the projects have been completed. The Directors of the Parent forecast that during 2021 and 2022 most of the development projects under way at 31 December 2020 will be completed, at which time the corresponding products will go into mass production.

The main additions of development expenses in 2020 corresponded to the following projects: Porsche "Macan NF EU22 IP", Ford "CX727 NA20 Panel", Chrysler "MP 552 MCA Panel", Skoda "S270 WW21 IP", Audi "PPE AU416/2 EU 22" and Jaguar "X260 21MY EU 20 Panel". Mass production for some of these projects began in 2020.

Development costs derecognised in 2020 correspond principally to development costs for certain projects which were almost fully amortised and/or impaired. As a result of these derecognitions, the Group recognised an almost null result in 2020, which was taken to income under "Gains/(losses) on disposal of non-current assets" on the accompanying consolidated income statement *(in 2019 the losses recorded totalled 2,737 thousand euros).*

Other intangible assets-

At 31 December 2020 the balance of this heading basically corresponds to customer relations recognised in 2015 in the business combination of the interior components business unit of the international Magna Automotive Group, which will be amortised over periods from 2 to 7 years; and certain considerations paid by the Group to customers for being awarded and securing contracts to produce and supply parts and components for these customers' projects. These incremental costs of securing orders or contracts have been capitalised as it is deemed likely that profits or economic benefits will be obtained from the production and sale of the corresponding parts and components, enabling these costs to be recovered.

Impairment losses-

At the end of every reporting period, the Group reviews the book values of its intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. Should any such signs of impairment exist, the recoverable amount of these assets is quantified in order to determine any impairment loss suffered. The recoverable amount of the cash generating unit associated with these intangible assets was revised taking their value in use based on best estimates of cash flows over the life of the corresponding project. The discount rate before tax used for the purposes of these impairment tests is between 7.5% and 10%.

Accordingly, at 31 December 2020, the Group had recorded provisions for impairments totalling 64,525 thousand euros *(50,709 thousand at 31 December 2019)*, corresponding to a decrease in the value of the development expenses and other intangible assets for certain projects which are currently loss-making, and for which the recoverable value is lower than their book value. Approximately 21,217 thousand euros of this amount was recognised under "Net impairment loss on non-current assets" on the accompanying consolidated income statement for 2020 *(approximately 11,944 thousand euros in 2019).* Impairment provisions were reversed in an amount of 4,775 thousand euros against this heading of the consolidated income statement for 2020 *(1,929 thousand euros in 2019).*

Fully amortised assets-

The Group's intangible assets include certain assets which had been fully amortised at 31 December 2020 and 2019. The total cost and related accumulated amortisation of these assets amounted to approximately 262 and 339 million euros, respectively.

(8) PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

The movements in the years to 31 December 2020 and 2019 in property, plant and equipment and in the related accumulated depreciation and impairment allowances were as follows:

	Thousands of Euros			
	Land and Buildings	Technical Plant, Machinery and Other PP&E	PP&E under Construction and Prepayments	Total
COST:				
Balances at 31 December 2018	**296,328**	**1,599,919**	**202,855**	**2,099,102**
Additions	7,226	106,976	46,021	160,223
Removals from the scope of consolidation (Note 2-g)	-	(31,602)	(1,590)	(33,192)
Derecognitions	(341)	(58,707)	-	(59,048)
Transfers between accounts	11,649	151,749	(163,398)	-
Transfers to investment property	(2,828)	-	-	(2,828)
Translation differences and other items	1,018	18,871	1,768	21,657
Balances at 31 December 2019	**313,052**	**1,787,206**	**85,656**	**2,185,914**
Additions	7,979	42,674	36,290	86,943
Derecognitions	(10,675)	(96,115)	(4,502)	(111,292)
Transfers between accounts	359	49,577	(49,936)	-
Translation differences and other items	(11,966)	(90,831)	(3,221)	(106,018)
Balances at 31 December 2020	**298,749**	**1,692,511**	**64,287**	**2,055,547**
ACCUMULATED DEPRECIATION:				
Balances at 31 December 2018	**(114,386)**	**(1,098,737)**	**-**	**(1,213,123)**
Depreciation	(11,692)	(119,568)	-	(131,260)
Removals from the scope of consolidation (Note 2-g)	-	1,757	-	1,757
Derecognitions	129	39,404	-	39,533
Translation differences and other items	6,992	(18,754)	-	(11,762)
Balances at 31 December 2019	**(118,957)**	**(1,195,898)**	**-**	**(1,314,855)**
Depreciation	(13,852)	(124,110)	-	(137,962)
Derecognitions	3,636	89,869	-	93,505
Translation differences and other items	1,521	62,209	-	63,730
Balances at 31 December 2020	**(127,652)**	**(1,167,930)**	**-**	**(1,295,582)**
IMPAIRMENT LOSSES:				
Balances at 31 December 2018	**(2,236)**	**(17,253)**	**-**	**(19,489)**
(Provisions) reversals taken to income	-	(5,241)	-	(5,241)
Derecognitions	-	-	-	-
Translation differences and other items	-	425	-	425
Balances at 31 December 2019	**(1,097)**	**(22,069)**	**-**	**(23,166)**
(Provisions) reversals taken to income	894	(12,766)	-	(11,872)
Derecognitions	-	5,932	-	5,932
Translation differences and other items	(7)	1,720	-	1,713
Balances at 31 December 2020	**(210)**	**(27,183)**	**-**	**(27,393)**
Net PPE at 31 December 2019	**192,998**	**569,239**	**85,656**	**847,893**
Net PPE at 31 December 2020	**170,887**	**497,398**	**64,287**	**732,572**

Additions and retirements of PPE in 2020 and 2019-

The main additions to the Group's property, plant and equipment in 2020 corresponded to investments to extend production facilities, some of which were still in progress at 31 December 2020. These include investments by Antolin Interiors México, S.A. de C.V., Antolin Interiors UK, Ltd. and Grupo Antolin-Sibiu, S.R.L. The investment to open the Cuautitlán plant in Mexico was completed in 2020. Construction and assembly of this plant commenced in 2018 and it is slated to being production in 2021.

Meanwhile, the main additions to the Group's property, plant and equipment in 2019 corresponded to investments to extend production facilities, some of which were still in progress at 31 December 2019. These include investments by Grupo Antolin-Kentucky, Inc. (USA), Grupo Antolin-Bamberg, GmbH & Co. KG (Germany), Grupo Antolin-Silao, S.A. de C.V. (Mexico), Grupo Antolin-Primera Automotive Systems, LLC (USA), Changshu Antolin Automotive Interiors Co., Ltd. (China) and Grupo Antolin-Tlaxcala, S. de R.L. de C.V. (Mexico). In 2019 Grupo Antolin opened the new plant and technical centre in Bamberg (Germany), specialising in the lighting business.

The most significant retirements in 2020 corresponded to the sale of Grupo Antolin-Bamberg, GmnbH's former plant building, and other disposals of machinery and other items at plants primarily in the United States, United Kingdom, Germany and Austria. The most significant retirements in 2019 were the disposals of property, plant and equipment of Tianjin Antolin Auto-Parts Co., Ltd., which was removed from the scope of consolidation during the year (see Not 2-g), and the derecognitions of machinery and other assets at several plants, basically in the United States and Hungary.

The Group recognised a net loss of 9,437 thousand euros in 2020 as a result of these retirements, which was taken to income under “Gains/(losses) on disposal of non-current assets” on the accompanying consolidated income statement *(in 2019 losses on disposal and derecognition of property, plant and equipment totalled 17,560 thousand euros).*

Land-

The cost of "Land and constructions" at 31 December 2020 and 2019 includes 35,430 thousand euros and 39,924 thousand euros, respectively, corresponding to the carrying amount of the land at those dates.

The Group's land holdings in the Iberian Peninsula were stated at their fair value at the transition date to IFRS-EU *(1 January 2006)* in accordance with the stipulations of IFRS 1. The highest value attributed to said assets at 31 December 2020 was 16,187 thousand euros *(14,068 thousand euros corresponding to property, plant and equipment and the rest to investment properties)* and was determined on the basis of valuations performed by independent experts based on market prices or estimated discounted future cash flows.

Investment budget for 2021-

The Group's Directors plan to invest 121,428 thousand euros in property, plant and equipment in 2021, broken down as follows:

Business Segment	Thousands of Euros
Doors and Hard Trim	34,584
Overheads and Soft Trim	32,297
Lighting	16,746
Cockpits and Consoles	32,001
Other investments	5,800
	121,428

Investments are planned for many of the Group's plants, the most significant of which *(over 3 million euros)* are linked to the acquisition of machinery and plant by Antolin Liban, s.r.o., Grupo Antolin-Kentucky, Inc., Antolin Straubing, GmbH and Grupo Antolin-Besançon, S.A.S.

Assets located outside Spain-

The cost of the Group's property, plant and equipment located outside Spain and the corresponding accumulated depreciation and provisions for impairment at 31 December 2020 and 2019 are as follows:

Type of asset	Thousands of Euros		
	Cost	Accumulated Depreciation and Impairment	Net
As at 31 December 2019-			
Land and buildings	244,662	(102,128)	142,534
Technical plant, machinery and other PP&E	1,553,030	(1,022,824)	530,206
Advances and fixed assets in progress	85,628	-	85,628
	1,883,320	**(1,124,952)**	**758,368**
As at 31 December 2020-			
Land and buildings	230,359	(109,782)	120,577
Technical plant, machinery and other PP&E	1,439,046	(973,472)	465,574
Advances and fixed assets in progress	64,247	-	64,247
	1,733,652	**(1,083,254)**	**650,398**

Right-of-use assets-

Movements in right-of-use assets and lease liabilities in 2020 and 2019 were as follows:

	Thousands of Euros				
	Right-of-use Assets:				
	Buildings	Machinery and Other PPE	Vehicles	Total	Lease Liabilities (Note 18):
Balances at 1 January 2019 ***(first-time application)***	**358,941**	**21,990**	**8,356**	**389,287**	**389,287**
Movements (a)	(1,408)	4,651	668	3,911	3,624
Cost at 31 December 2019	357,533	26,641	9,024	393,198	-
Payments	-	-	-	-	(72,837)
Depreciation and amortisation in the period	(59,001)	(6,667)	(3,080)	(68,748)	-
Finance costs in the period	-	-	-	-	8,808
Balances at 31 December 2019	**298,532**	**19,974**	**5,944**	**324,450**	**328,882**
Movements (a)	25,166	1,834	1,138	28,138	27,719
Payments	-	-	-	-	(71,748)
Depreciation and amortisation in the period	(56,968)	(7,778)	(3,423)	(68,169)	-
Finance costs in the period	-	-	-	-	8,441
Balances at 31 December 2020	**266,730**	**14,030**	**3,659**	**284,419**	**293,294**

(a) These movements correspond to new contracts or the finalisation of others, translation differences and updating of calculations.

The discount rate used at 31 December 2020 to determine the present value of lease liabilities at that date generally ranged between 0.75% and 5% depending on each company's financial position and the country risk premium. It was higher in some countries such as Brazil *(between 4.75% and 5.75%)* and Argentina *(9.75% in 2020 and 8.25% in 2019)*. The overall average rate was around 2.65% *(overall average rate of 2.25% in 2019)*.

Finance leases *(leasing)*-

Shown below is a breakdown of the leased assets recognised by the Company at 31 December 2020 and 2019 as lessee under finance leases *(valued in accordance with the criterion described in Note 3-f)* with details of their key features and the corresponding finance leases signed (see Note 17):

At 31 December 2020

Description of Asset	Contract Term (Months)	Months Elapsed to 31/12/20	Thousands of Euros *(excluding VAT and interest)* Original Cost	Lease Instalments Paid in Prior Years	Lease Instalments Paid in 2020	Lease Payments Outstanding Including Purchase Option
Solar panels	72	6	289	-	22	267
Machinery (b)	72	61	829	610	85	134
Machinery (b)	72	62	269	201	28	40
Machinery (b)	72	62	823	623	82	118
Machinery (b)	53	53	975	889	86	-
Machinery (c)	29	29	488	299	189	-
Machinery (c)	40	30	268	119	84	65
			3,941	**2,741**	**576**	**624**

At 31 December 2019

Description of Asset	Contract Term (Months)	Months Elapsed to 31/12/19	Thousands of Euros *(excluding VAT and interest)* Original Cost	Lease Instalments Paid in Prior Years	Lease Instalments Paid in 2019	Lease Payments Outstanding Including Purchase Option
Buildings and facilities (a)	93	93	2,592	1,575	632	-
Machinery (b)	72	54	829	469	141	219
Machinery (b)	72	55	269	155	46	67
Machinery (b)	72	55	823	484	139	200
Machinery (b)	53	48	975	686	203	86
Machinery (c)	29	18	488	98	201	189
Machinery (c)	40	18	268	39	80	149
			6,244	**3,506**	**1,442**	**910**

(a) These assets comprised buildings recognised by the Group at their book value as a result of the acquisition by Grupo Antolin-Italia, S.r.l., of the business of the Italian CRS Group in February 2012. The purchase option in this contract was exercised in 2019.

(b) The machinery corresponds to investments made by the consolidated subsidiary Grupo Antolin Turnov, s.r.o. in 2015.

(c) These assets correspond to presses acquired by the subsidiary Haselbeck Formen-und Werkzeugbau, GmbH.

Operating leases-

The consolidated companies lease buildings which house a part of their warehouses, production facilities and offices, as well as machinery, vehicles and other PPE. As disclosed in Note 3-f, IFRS 16 Leases has been applied when recognising contracts with the owners of these assets on the accompanying consolidated financial statements, except for contracts classified as "low-value leases" *(less than 6,000 euros, equivalent to 5,000 US dollars)* or "short-term leases".

The lease expense of these low-value or short-term contracts totalled 19,830 thousand euros in 2020, recognised under "Other operating expenses" on the attached consolidated income statement (see Note 20).

At 31 December 2020 the low-value and short-term operating lease agreements the Group was party to at that date gave rise to the following future lease payments to lessors falling due as shown:

Period	Thousands of Euros
Less than one year	6,673
Between one and five years	9,343
More than five years	-
	16,016

Impairment losses-

At the end of each reporting period, the Group tests for any internal or external signs that the recoverable amount of their property, plant and equipment is less than the book value. If so, the book value is reduced to the recoverable value and the future charges for depreciation are adjusted in proportion to their adjusted book value and their new remaining useful life if it was also necessary to re-estimate this. Any such reduction in the book value of property, plant and equipment for own use is charged to "Net impairment losses on non-current assets" on the consolidated income statement.

Similarly, whenever there are signs that the value of an impaired asset has recovered, the consolidated companies reverse impairment losses recognised in prior years. The increased book value may not exceed the book value that would have been determined had no impairment loss previously been recognised for the asset.

At 31 December 2020 the Group's consolidated companies tested for signs of any impairment to the recoverable amount of its property, plant and equipment, and quantified the recoverable amount where such signs were detected. Where the asset does not itself generate cash inflows that are independent of those from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

An asset's recoverable amount is the higher of its fair value *(less sale costs)* and its value in use. In calculating value in use at 31 December 2020, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. These future cash flows are derived from the forecasts made by the Group for each cash generating unit for a period of five years (*using assumptions concerning changes in sale prices, costs and volumes based on experience and future expectations in accordance with the currently approved strategic plan and the budget for the coming year*), with a residual value calculated using a growth rate of 1%.

Based on this analysis, at 31 December 2020 the Group recognised impairment losses on property, plant and equipment totalling 27,393 thousand euros *(of which a net amount of 11,872 thousand euros were recognised in 2020, 5,241 thousand euros in 2019 and the rest in years prior to 2019).* These losses corresponded mainly to property, plant and equipment at the plants in Spartanburg *(owned by Spartanburg Assembly, Inc.)* and Redditch *(owned by Antolin Interiors UK Ltd.)* and the plants owned by Trimtec, Ltda. Iramec Autopeças, Ltda., Grupo Antolin-Cambrai, S.A.S., Grupo Antolin-Bratislava, s.r.o. and Antolin Ebergassing, GmbH, which are presently generating losses or have done so in the past and whose recoverable amount is less than their book value *(at 31 December 2019 the Group had recognised an impairment of 23,166 thousand euros).*

Fully depreciated property, plant and equipment-

The Group's property, plant and equipment include certain assets which had been fully depreciated at 31 December 2020 and 2019. The total cost and related accumulated depreciation of these assets amounted to approximately 766 and 720 million euros respectively.

Insurance policy-

The Group takes out insurance policies to cover the possible risks to which its property, plant and equipment are exposed. The Parent's Directors consider that the policies taken out are adequate in view of the various locations of its property, plant and equipment.

(9) NON-CURRENT FINANCIAL ASSETS AND OTHER CURRENT FINANCIAL ASSETS

The balances on these headings on the consolidated statement of financial position at 31 December 2020 and 2019 are broken down below by type:

	Thousands of Euros			
	31 December 2020		31 December 2019	
	Non-Current	Current	Non-Current	Current
Non-current investment securities	1,877	-	1,996	-
Other financial assets-				
Non-current receivables from group companies	453	-	414	-
Other receivables	50	2,408	506	2,767
Guarantee deposits and deposits given	5,474	1,351	3,196	1,446
Net total	**7,854**	**3,759**	**6,112**	**4,213**

Non-current investment securities-

The balances of this heading at 31 December 2020 and 2019 correspond to various minority interests in non-listed companies *(assigned to "Available-for-sale assets")*. These investments include a 10% equity stake in Tianjin Antolin Auto-Parts Co., Ltd. with a net book value of 1,363 thousand euros (see Notes 1 and 2-g).

During 2020 the additions and retirements from under this heading were close to zero. In 2019, apart from the acquisition of the equity stake in Tianjin Antolin Auto-Parts Co. Ltd., net additions of 147 thousand euros were recorded under this heading.

Other financial assets-

Non-current receivables from group companies

The balances under this non-current assets heading at 31 December 2020 and 2019 include the balance receivable of the long-term cashpooling account held by the Parent with Avot Inversiones, S.L., which matures on 31 December 2022 and 2021 and bears annual interest at a variable market rate, revised annually (see Note 22).

Other financial assets

In February 2020, the Group and Eyesight Mobile Technologies, Ltd. *(an Israeli company that is a leader in in-car vision technology using artificial intelligence and currently called CIPIA)* signed a Simple Agreement for Future Equity *("SAFE")*, under which this supplier will supply the Group and work with it to develop driver and passenger monitoring systems. Pursuant to the agreement, the Group paid an amount equivalent to 2,780 thousand euros in 2020, which it is planned will be transformed into a convertible loan and subsequently, a minority equity stake in this Israeli company. This is dependent on certain conditions being met and events taking place, which was not the case at the end of 2020. Consequently, at 31 December 2020 this consideration is recognised as "Other financial assets-Deposits and guarantees given" under "Non-current assets" on the accompanying consolidated statement of financial position at that date, given the intended long-term relationship with this third party and the resulting investment, as the case may be.

(10) INVENTORIES

The Group's inventories at 31 December 2020 and 2019 were as follows:

Item	Thousands of Euros	
	31 December 2020	31 December 2019
Raw materials and supplies	247,757	278,047
Other supplies	265	295
Merchandise	19,029	21,449
Work-in-process and semi-finished goods	32,839	36,260
Project tools	256,328	388,280
Finished products	79,822	82,896
By-products, waste and recoverable materials	190	302
Advances to suppliers	7,342	8,428
Impairment provisions	(29,338)	(20,167)
	614,234	**795,790**

Project tools-

The balances of this item at 31 December 2020 and 2019 correspond to the costs incurred by the Group on the project tools being manufactured at said dates. As at 31 December 2020 and 2019 the Group had billed approximately 173 and 251 million euros respectively as advances, recorded as current liabilities under "Trade and other payables" heading on the accompanying consolidated statement of financial position.

The Directors of the Parent consider that the income in respect of the sale of practically all the project tools being manufactured at 31 December 2020 will be realised in 2021 with significant profits.

Insurance policy-

The Group takes out insurance policies to cover the possible risks to which practically all its inventories are exposed. In the opinion of the Parent's Directors, the cover provided by the policies taken out at 31 December 2020 is sufficient.

(11) OTHER RECEIVABLES

The composition of other receivables on the consolidated statement of financial position at 31 December 2020 and 2019 is as follows:

Item	Thousands of Euros	
	31 December 2020	31 December 2019
Sundry receivables, staff and prepaid expenses	**49,560**	**44,472**
Taxes and Social Security-		
Tax receivables (Note 19)-	66,369	44,531
Receivable from public authorities for grants awarded	3,310	3,266
Other receivables from public authorities	2,635	9,560
	72,314	**57,357**
	121,874	**101,829**

(12) CASH AND CASH EQUIVALENTS

Cash and cash equivalents on the consolidated statement of financial position include the Group's cash *(cash and current bank accounts)* and short-term bank deposits *(for amounts equivalent to 6,322 thousand euros at 31 December 2020 and 6,264 thousand euros at 31 December 2019)*, generally maturing in January of the following year and accruing interest at an annual average rate of no more than 0.10% in both years. The book values of these assets are the same as their fair value.

(13) EQUITY

Share capital-

The share capital of the Parent at 31 December 2020 and 2019 comprised 8,023,241 registered shares *(3,114,603 "class A" shares, 3,074,733 "class B" shares and 1,833,905 "class C" shares)*, fully subscribed and paid in, each with a par value of 4.67 euros.

Shareholder	Percentage Held	
	31 December 2020	31 December 2019
Grupo Antolin-Holdco, S.A.	100.00 (a)	67.38
Castilfalé Gestión, S.A.U.	-	32.62
	100.00	**100.00**

(a) In 2020, Grupo Antolin-Holdco, S.A. *(acquirer)* and Castilfalé Gestión, S.A.U. *(acquiree)* merged, resulting in all the Parent's shares being transferred to Grupo Antolin-Holdco, S.A.

As shown in the table above, at 31 December 2020 all the Parent's shares are held by Grupo Antolin-Holdco, S.A. Consequently, as per article 13 of the revised text of the Spanish Corporate Enterprise Act, the Parent is entered in the Burgos Companies Register as a solely-owned company. The identity of its shareholder is also registered. On the other hand, no contract between the Parent and its sole shareholder has been entered in a ledger-register legalised by the Companies Register because no such contract exists.

At 31 December 2020 and 2019 all the share capital of the Parent was held directly or indirectly by Avot Inversiones, S.L. *(parent of the Parent's current and previous shareholders)*, a company whose Registered offices are in Burgos and whose owners are members of the Antolin family (see Note 1). All the Grupo Antolin-Irausa, S.A.U. shares carry the same voting and dividend rights, although they are distinguished by their transfer regime.

At 31 December 2020 all the shares of the Parent were pledged as guarantee for the obligations deriving from the covered bonds issued in 2018 and 2019 by the Parent, the "Senior Facilities Agreement" signed by the Parent with a number of financial institutions, and the long-term loan granted in 2018 *(and rolled over in 2020)* by the European Investment Bank (EIB), which signed the Intercreditor Agreement governing relations between the Group's financial creditors (see Note 17).

Additional paid-in capital-

The revised text of the Spanish Corporate Enterprise Act expressly allows the use of the additional paid-in capital balance to increase share capital and establishes no specific restrictions as to its use.

Other reserves of the Parent-

This heading on the consolidated statement of financial position at 31 December 2020 and 2019 includes the following reserves:

Legal reserve-

The revised text of the Spanish Corporate Enterprise Act stipulates that 10% of the net profits of the year must be appropriated to the legal reserve until it reaches at least 20% of share capital. At 31 December 2020 and 2019 the legal reserve amounted to 7,494 thousand euros *(equivalent to 20% of the Parent's share capital)*.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

Capitalisation reserve-

The Parent's "Capitalisation reserve" at 31 December 2020 and 2019 amounted to 5,800 thousand euros. This reserve was set up in compliance with Law 27/2014, of 27 November, on Corporate Income Tax and is restricted for five years from the end of the year to which the reduction in the final tax base for corporate income tax corresponds *(consequently, 2,000 thousand euros are restricted until 31 December 2022, 2,000 thousand euros are restricted until 31 December 2021 and 1,800 thousand euros until 31 December 2020)*. The amount matches that by which the final tax base applied was reduced for this item in the Spanish consolidated tax group's corporate income tax return for 2015, 2016 and 2017.

Other reserves-

The balance under this heading at 31 December 2020 includes losses carried forward from previous financial years *(41,241 thousand euros)* and other unrestricted reserves of the Parent.

Distribution of dividends-

Dividends distributed in 2020 and 2019-

The Parent did not distribute any dividends to its shareholders in 2020.

On 2 April 2019 the Annual and Extraordinary General Meeting of Shareholders of the Parent agreed the distribution of a dividend against 2018 profits of 14,000 thousand euros. This dividend was paid to the Parent's shareholders in April and November 2019. For this dividend, the Parent complied with the limits imposed in the financing agreements in place at the distribution date.

Restrictions on the distribution of dividends-

As indicated in Note 17, on 21 March 2014 the Parent signed a "Senior Facility Agreement" with major Spanish and international financial institutions, which has been modified and renewed successively, the last renewal being dated 3 June 2020, under which the Group obtained financing by means of a syndicated loan *("Loan Facility") (whose outstanding balance at 31 December 2020 was 377,284 thousand euros)*, and a multi-currency Revolving Credit Facility with a 200-million-euro limit. In addition, an Intercreditor Agreement was executed governing relations between creditors: bond holders, financial entities and the European Investment Bank (EIB) which signed this in 2018 as a result of the financing granted to the Group. These financing agreements allow the distribution of dividends provided certain requirements are met. These include:

- *If the Group's debt-equity ratio is less than 3.50 but higher than 2.50, the dividends distributed may not exceed 25% of its consolidated net profit.*

- *If the Group's debt-equity ratio is less than 2.50, the dividends distributed may not exceed 50% of its consolidated net profit.*

The Group posted losses in 2020. Moreover, a lock-up period was included in the novation of the Senior Facilities Agreement of 3 June 2020, ending on 30 June 2021, stipulating that the Group may not distribute dividends.

Capital management-

The Group's capital management focuses on achieving a financial structure that optimises the cost of capital to ensure a sound financial position. This policy enables value creation for shareholders to be compatible with access to financial markets at a competitive cost to cover the needs for refinancing debt and financing the investment plan not covered by the funds generated by the business.

In this regard, in line with standard practice in the business world and in the industry in which it operates, the Group uses the following ratios to analyse its situation:

- Financial leverage *(Net borrowing/net equity attributable to the Parent)*: The Group's ratio at 31 December 2019 was 1.11. As at the end of 2020, it was 1.53.

- Debt-to-income *(Net borrowing/EBITDA)*: The Group's ratio at 31 December 2019 was 2.46. As at the end of 2020, it was 3.92.

- Interest coverage *(EBITDA/Net Finance Income)*: The Group's ratio at 31 December 2019 was 11.09. As at the end of 2020, it was 6.36.

As stated in Note 17, the Group has been granted loans by third parties, which requires that certain specific financial ratios be fulfilled.

Contribution of the consolidated companies to the Group's reserves and translation differences-

Set out below is a breakdown by company, of the balances recorded under "Reserves in fully or proportionally accounted companies", "Reserves in companies accounted for using the equity method" and "Translation differences" on the accompanying consolidated statement of financial position at 31 December 2020 and 2019:

Company	Thousands of Euros			
	Reserves in Consolidated Companies		Translation Differences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Fully consolidated companies -				
Grupo Antolin-Irausa, S.A.U. (a)	(304,983)	(290,683)	(14,637)	(12,757)
Grupo Antolin-Dapsa, S.A.U.	3,845	4,106	-	-
Grupo Antolin-Aragusa, S.A.U.	36,302	33,042	-	-
Grupo Antolin-Eurotrim, S.A.U.	15,459	15,468	-	-
Grupo Antolin-RyA, S.A.U.	28,790	28,803	-	-
Grupo Antolin-Autotrim, S.A.U.	49,693	48,686	-	-
Grupo Antolin-Plasbur, S.A.U.	44,291	44,300	-	-
Grupo Antolin-Lusitânia, S.A.	16,085	15,472	-	-
Grupo Antolin-Ingeniería, S.A.U.	44,336	45,691	(425)	(425)
Antolin Deutschland, GmbH	(16,252)	3,298	-	-
Grupo Antolin-Holland, B.V.	6,438	6,480	-	-
Grupo Antolin Bohemia, a.s. (b)	(20,356)	(18,687)	(2,024)	(665)
Grupo Antolin North America, Inc.	(16,320)	(40,119)	(17,140)	17,654
Grupo Antolin-IGA, S.A.S. (b)	(53,075)	(53,367)	-	-
Grupo Antolin-France, S.A.S.	(1,750)	(4,130)	-	-
Grupo Antolin Turnov, s.r.o.	79,836	80,978	147	1,717
Grupo Antolin-Kentucky, Inc.	49,526	58,170	770	(1,170)
Ototrim Panel Sanayi ve Ticaret, A.S.	51,436	44,283	(22,135)	(17,338)
Grupo Antolin-Silao, S.A. de C.V.	38,883	33,884	(21,649)	(16,201)
Trimtec, Ltda. (b)	(104,433)	(107,885)	(15,140)	(9,099)
Iramec Autopeças, Ltda.	5,216	5,766	(355)	31
Intertrim, Ltda.	(10,609)	(10,646)	(6,805)	(4,384)
Grupo Antolin-South Africa, Ltd.	1,067	145	(3,382)	(1,258)
Grupo Antolin-India PTV, Ltd. (b)	8,413	5,828	(7,696)	(4,525)
Grupo Antolin-Leamington, Ltd. (b)	15,127	13,562	(6,995)	(6,717)
Grupo Antolin-Logistik Deutschland, GmbH	34,702	36,462	-	-
Grupo Antolin-Vosges, S.A.S. (b)	(23,018)	(24,739)	-	-
Grupo Antolin-Glass, S.A.U.	1,735	1,445	-	-
Grupo Antolin-Navarra, S.A.U.	17,004	17,052	-	-
Grupo Antolin-Saint Petersburg (b)	(36,107)	(36,499)	(6,090)	(4,079)
Antolin Tanger, S.A.R.L.	(7,007)	(7,082)	160	350
Grupo Antolin-Cambrai, S.A.S. (b)	(64,877)	(62,624)	-	-
Grupo Antolin Ostrava, s.r.o.	23,829	24,006	(1,013)	(498)
Grupo Antolin-Bratislava, s.r.o.	(4,798)	(135)	713	713
Grupo Antolin-Michigan, Inc.	77,294	81,545	229	429
Grupo Antolin-Illinois, Inc.	85,752	85,479	5,037	4,918
Mexican Door Company, S. de R.L. de C.V.	7,447	7,594	(2,922)	(2,645)
Grupo Antolin-Bamberg, GmbH & Co. KG	(4,854)	(6,621)	-	-
Grupo Antolin-Besançon, S.A.S.	46,582	21,207	-	-
Grupo Antolin-Gestión de Inversiones, S.L.U.	(9,912)	573	-	-
Antolin Shanghai Autoparts Co., Ltd.	33,311	29,681	5,759	5,659
Chongqing Antolin Tuopu Overhead System Co., Ltd.	17,933	17,838	803	757
Grupo Antolin-Saltillo, S. de R.L. de C.V.	26,186	24,576	(6,794)	(2,585)
Grupo Antolin-Primera Automotive Systems, LLC	14,591	14,525	(871)	(190)
Antolin China Investment Co., Ltd.	18,506	9,159	(12,610)	(9,032)
Guangzhou Antolin Lighting Co, Ltd.	10,477	25,436	2,101	2,129
Guangzhou Antolin Auto-Parts Co., Ltd.	6,788	6,611	(1,091)	(536)
Grupo Antolin-UK, Ltd.	518	780	859	923
Grupo Antolin-Missouri, LLC	13,154	11,757	(144)	434
Antolin Avtotechnika Nizhny Nóvgorod, Ltd. (b)	(8,741)	(8,154)	(3,492)	(2,512)
Grupo Antolin-Tlaxcala S. de R.L. de C.V.	2,732	(1,063)	(7,278)	(3,157)
Grupo Antolin-Valplas, S.A.U. (b)	(9,899)	(9,388)	-	-
Antolin Interiors UK, Ltd. (b)	(65,980)	(51,346)	(27,878)	(17,517)
Antolin Interiors USA, Inc. (b)	(33,708)	(18,328)	3,921	4,019
Antolin Interiors Mexico, S.A. de C.V.	40,637	42,207	(14,895)	(7,275)
Antolin Ebergassing, GmbH	51,537	15,151	-	-
Antolin Süddeutschland, GmbH	1,012	1,088	-	-
Antolin Hungary, Kft.	(6,959)	2,692	-	-
Antolin Straubing, GmbH	11,735	11,875	-	-
Suzhou Antolin Automotive Interiors Co., Ltd.	(4,299)	24,182	(1,195)	(2,759)
Antolin Silesia, Sp. zo.o.	7,986	7,115	(4,907)	(725)

Company	Thousands of Euros			
	Reserves in Consolidated Companies		Translation Differences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Changshu Antolin Automotive Interiors Co., Ltd.	12,217	13,742	410	689
Antolin Austria Holding, GmbH	(29,922)	5,701	-	-
CML Technologies, GmbH & Co. KG	4,427	4,427	-	-
Plastimat Hungary, Kft.	4,166	4,033	-	-
Changchun Antolin Automotive Interiors Co., Ltd.	4,073	(1,430)	2,443	2,146
Beijing Antolin Automotive Interiors Co., Ltd.	5,254	4,831	(458)	(337)
Grupo Antolin-Sibiu, S.R.L.	(4,090)	(176)	(940)	(1,342)
Antolin Liban, s.r.o.	2,808	2,175	(1,093)	710
Cidut, S.L.	963	672	-	-
Antolin Alabama, Inc. (b)	(18,710)	(10,606)	1,019	(457)
Antolin Shelby, Inc.	5,881	(2,942)	(303)	(16)
Spartanburg Assembly, Inc.	(22,821)	(4,624)	4,562	(223)
Broomco (3051), Ltd.	(2,992)	(2,729)	(648)	(243)
Grupo Antolin-Italia, S.r.l. (b)	(14,442)	(11,138)	-	-
Antolin Massen, GmbH (b)	(4,991)	(18,989)	-	-
Antolin Trnava, s.r.o. (b)	(19,154)	(14,779)	-	-
Irauto, S.A. (b)	(3,535)	(2,427)	(3,854)	(2,975)
Other companies	1,030	(2,866)	1,213	377
	158,416	**219,377**	**(186,713)**	**(89,987)**
Proportionally consolidated companies-				
International Door Company, B.V.	**3,680**	**3,500**	**105**	**105**
Companies accounted for using the equity method-				
Slovakian Door Company, s.r.o.	1,116	1,115	-	-
Dongwon Technology Co., Ltd.	7,851	7,208	118	311
NHK Antolin (Thailand) Co., Ltd.	1,005	(25)	(38)	339
Krishna Grupo Antolin Private, Ltd.	5,499	5,890	(1,954)	(1,583)
Dongfeng Antolin (Wuhan) Automotive Trim, Co., Ltd.	(788)	(282)	72	37
Walter Pack, S.L.	(369)	-	-	-
	14,314	**13,906**	**(1,802)**	**(896)**
Total	**176,410**	**236,783**	**(188,410)**	**(90,778)**

(a) These figures are for the reserves of consolidated companies attributable to the Parent following the consolidation process *(eliminating dividends received, etc.).*

(b) In recent financial years the Group has implemented an efficiency programme and measures to improve the performance of these consolidated subsidiaries with the medium-term goal of reversing the recurring losses currently being reported by most of them. In general, this is being or is expected to be achieved. Others are going through the start up of their activities or the launch of new projects.

Contribution of the consolidated companies to profit and loss for 2020 and 2019 attributable to the Parent-

The contribution of each of the consolidated companies to the 2020 and 2019 profit and loss attributable to the Parent is as follows:

Company	Thousands of Euros					
	2020			2019		
	Consolidated Profit/(loss) for 2020	Profit/(loss) Attributable to Non-controlling Interests	Profit/(loss) Attributable to the Parent	Consolidated Profit/(loss) for 2019	Profit/(loss) Attributable to Non-controlling Interests	Profit/(loss) Attributable to the Parent
Fully consolidated companies-						
Grupo Antolin-Irausa, S.A.U.	(38,978)	-	(38,978)	(23,198)	-	(23,198)
Grupo Antolin-Dapsa, S.A.U.	(910)	-	(910)	(261)	-	(261)
Grupo Antolin-Aragusa, S.A.U.	4,205	-	4,205	3,259	-	3,259
Grupo Antolin-Eurotrim, S.A.U.	563	-	563	1,208	-	1,208
Grupo Antolin-RyA, S.A.U.	1,339	-	1,339	2,356	-	2,356
Grupo Antolin-Autotrim, S.A.U.	(191)	-	(191)	1,007	-	1,007
Grupo Antolin-Plasbur, S.A.U.	356	-	356	1,838	-	1,838
Grupo Antolin-Navarra, S.A.U.	(384)	-	(384)	(48)	-	(48)
Grupo Antolin-Glass, S.A.U.	25	-	25	290	-	290
Grupo Antolin-Valplas, S.A.U. (a)	(1,085)	-	(1,085)	(512)	-	(512)
Grupo Antolin-Ingeniería, S.A.U.	(3,319)	-	(3,319)	7,145	-	7,145
ASH Reciclado de Techos, S.L.	116	-	116	(183)	-	(183)
Grupo Antolin-Lusitânia, S.A.	2,274	-	2,274	2,584	-	2,584
Grupo Antolin Bohemia, a.s.	(5,055)	-	(5,055)	(1,669)	-	(1,669)
Grupo Antolin-IGA, S.A.S.	(1,311)	-	(1,311)	291	-	291
Grupo Antolin-France, S.A.S.	8,755	-	8,755	2,380	-	2,380
Grupo Antolin Turnov, s.r.o.	1,844	-	1,844	4,808	-	4,808
Ototrim Panel Sanayi ve Ticaret, A.S.	16,912	(8,456)	8,456	14,305	(7,153)	7,152
Grupo Antolin-Silao, S.A. de C.V.	1,758	-	1,758	4,999	-	4,999
Grupo Antolin-Tlaxcala S. de R.L. de C.V.	4,365	-	4,365	3,795	-	3,795
Trimtec, Ltda.	693	-	693	3,452	-	3,452
Iramec Autopeças, Ltda. (a)	(3,413)	1,707	(1,706)	(1,100)	550	(550)
Intertrim, Ltda. (a)	(3,626)	534	(3,092)	43	(6)	37
Grupo Antolin-India Private PVT, Ltd.	588	-	588	2,586	-	2,586
Grupo Antolin-Leamington, Ltd.	(9)	-	(9)	1,565	-	1,565
Grupo Antolin-Logistik Deutschland, GmbH (a)	(2,574)	-	(2,574)	(1,760)	-	(1,760)
Grupo Antolin-Vosges, S.A.S.	699	-	699	1,722	-	1,722
Antolin Shanghai Autoparts Co. Ltd.	1,419	-	1,419	3,630	-	3,630
Mexican Door Company, S. de R.L. de C.V.	(56)	28	(28)	(295)	148	(147)
Antolin Tanger, S.A.R.L.	363	-	363	75	-	75
Chongqing Antolin Tuopu Overhead System Co., Ltd.	(12)	6	(6)	156	(9)	147
Grupo Antolin-Bratislava, s.r.o.	507	-	507	(4,663)	-	(4,663)
Grupo Antolin-Cambrai, S.A.S. (a)	(4,660)	-	(4,660)	(2,253)	-	(2,253)
Grupo Antolin-Illinois, Inc.	(434)	-	(434)	272	-	272
Grupo Antolin-Kentucky, Inc. (a)	(2,088)	-	(2,088)	(11,730)	-	(11,730)
Grupo Antolin-Michigan, Inc. (a)	(3,245)	-	(3,245)	(2,468)	-	(2,468)
Grupo Antolin-Missouri, LLC	1,579	-	1,579	3,553	-	3,553
Grupo Antolin-Saltillo, S. de R.L. de C.V.	(882)	-	(882)	1,610	-	1,610
Guangzhou Antolin Lighting Co, Ltd.	4,750	-	4,750	177	-	177
Antolin Deutschland, GmbH	(3,368)	-	(3,368)	2,623	-	2,623
Grupo Antolin Ostrava, s.r.o.	287	-	287	1,495	-	1,495
Grupo Antolin-Bamberg, GmbH & Co. KG (a)	(728)	-	(728)	1,767	-	1,767
CML Technologies, GmbH & Co. KG	573	-	573	215	-	215
Grupo Antolin-Besançon, S.A.S. (a)	(3,808)	-	(3,808)	7,066	-	7,066
Guangzhou Antolin Auto-Parts Co., Ltd.	176	-	176	3,848	-	3,848
Grupo Antolin-Saint Petersburg	(2)	-	(2)	404	-	404
Grupo Antolin-Primera Automotive Systems, LLC	2,181	(1,112)	1,069	6,420	(3,274)	3,146
Grupo Antolin-Gestión de Inversiones, S.L.U.	68	-	68	16	-	16
Antolin Autotechnika Nizhny Nóvgorod, Ltd. (a)	(1,082)	-	(1,082)	(587)	-	(587)
Antolin China Investment Co., Ltd.	(2,392)	-	(2,392)	7,775	-	7,775
Antolin Austria Holding, GmbH	(175)	-	(175)	(367)	-	(367)
Changshu Antolin Automotive Interiors Co., Ltd.	2,319	(927)	1,392	5,462	(2,232)	3,230
Changchun Antolin Automotive Interiors Co., Ltd.	6,008	(2,403)	3,605	4,631	(2,129)	2,502
Antolin Ebergassing, GmbH (a)	(8,746)	-	(8,746)	(1,287)	-	(1,287)
Plastimat Hungary, Kft.	1,085	(282)	803	2,280	(593)	1,687
Antolin Süddeutschland, GmbH (a)	(17,048)	-	(17,048)	(9,302)	-	(9,302)
Antolin Interiors UK, Ltd. (a)	(46,561)	-	(46,561)	(16,222)	-	(16,222)
Antolin Interiors Mexico, S.A. de C.V. (a)	(4,684)	-	(4,684)	(1,569)	-	(1,569)
Antolin Interiors USA, Inc.	18,140	-	18,140	(15,380)	-	(15,380)
Antolin Straubing, GmbH	1,965	-	1,965	4,528	-	4,528
Suzhou Antolin Automotive Interiors Co., Ltd.	4,959	-	4,959	18,253	-	18,253
Antolin Silesia, Sp. zo.o. (a)	(2,059)	-	(2,059)	871	-	871
Antolin Trnava, s.r.o. (a)	(4,228)	-	(4,228)	(4,376)	-	(4,376)
Antolin Massen, GmbH (a)	(6,173)	-	(6,173)	(3,747)	-	(3,747)

Company	Thousands of Euros					
	2020			2019		
	Consolidated Profit/(loss) for 2020	Profit/(loss) Attributable to Non-controlling Interests	Profit/(loss) Attributable to the Parent	Consolidated Profit/(loss) for 2019	Profit/(loss) Attributable to Non-controlling Interests	Profit/(loss) Attributable to the Parent
Antolin Shelby, Inc.	(4,688)	-	(4,688)	13,991	-	13,991
Grupo Antolin-Sibiu, S.R.L.	(1,108)	-	(1,108)	(3,914)	-	(3,914)
Gestión Industrial de Toluca, S.A. de C.V.	186	-	186	278	-	278
Beijing Antolin Automotive Interiors Co., Ltd.	1,193	(477)	716	706	(282)	424
Chengdu Antolin Automotive Interiors Co., Ltd.	2,642	(1,056)	1,586	220	(88)	132
Grupo Antolin North America, Inc.	11,328	-	11,328	11,153	-	11,153
Grupo Antolin-Italia, S.r.l.	(216)	-	(216)	(3,304)	-	(3,304)
Antolin Hungary, Kft. (a)	(2,092)	-	(2,092)	(11,205)	-	(11,205)
Antolin Alabama, Inc.	1,742	-	1,742	(8,105)	-	(8,105)
Antolin Spartanburg Assembly, Inc. (a)	(45,287)	-	(45,287)	(18,197)	-	(18,197)
Irauto, S.A.	(1,780)	-	(1,780)	(1,380)	-	(1,380)
Other companies	(12,923)	276	(12,647)	192	288	480
	(133,418)	**(12,162)**	**(145,580)**	**14,218**	**(14,780)**	**(562)**
Proportionally consolidated companies-						
International Door Company, B.V.	**154**	**-**	**154**	**291**	**-**	**291**
Companies accounted for using the equity method-						
Slovakian Door Company, s.r.o.	24	-	24	1	-	1
Dongwon Technology Co., Ltd.	488	-	488	800	-	800
NHK Antolin (Thailand) Co., Ltd.	629	-	629	1,031	-	1,031
Krishna Grupo Antolin Private, Ltd.	788	-	788	(226)	-	(226)
Dongfeng Antolin (Wuhan) Automotive Trim Co., Ltd.	(923)	-	(923)	(505)	-	(505)
Walter Pack, S.L.	582	-	582	(369)	-	(369)
AED Innovation Group, S.L.	(107)	-	(107)	-	-	-
	1,481	**-**	**1,481**	**732**	**-**	**732**
Total	**(131,783)**	**(12,162)**	**(143,945)**	**15,241**	**(14,780)**	**461**

(a) Many of these companies have been buffeted by the Covid-19 pandemic in 2020. In recent financial years the Group has implemented an efficiency programme and measures to improve the performance of some of these consolidated subsidiaries with the medium-term goal of reversing the trend for recurring losses. This is being achieved in some cases. Others are starting up their activities, expanding their installations or launching new projects.

Valuation adjustments-

The balances on this heading at 31 December 2020 and 2019 on the accompanying consolidated statement of financial position include net changes in the fair value of:

- Actuarial gains and losses (see Note 16).
- Translation differences.

Set out below is the movement in these items during the financial years to 31 December 2020 and 2019:

Item	Thousands of Euros							
	Balance at 31/12/18	Amounts Transferred to Income	Change in Fair Value, Net	Transfers from "Reserves in Fully or Proportionally Accounted Companies"	Balance at 31/12/19	Amounts Transferred to Income	Change in Fair Value, Net	Balance at 31/12/20
Actuarial gains and losses (a)	**(2,939)**	**-**	**(735)**	**(2,335)**	**(6,009)**	**-**	**(1,855)**	**(7,864)**

Translation Differences	Thousands of Euros						
	Balance at 31/12/18	Amounts Transferred to Income	Net Change	Effects of Removals from the Scope of Consolidation (Note 1)	Balance at 31/12/19	Net change	Balance at 31/12/20
Net translation differences in fully or proportionally accounted companies	(137,085)	-	19,152	35	(117,898)	(104,457)	(222,355)
Less - Translation differences attributable to non-controlling interests	27,101	-	930	(15)	28,016	7,731	35,747
	(109,984)	-	20.082	20	(89,882)	(96,726)	(186,608)
Net translation differences in companies accounted for using the equity method	(1,129)	-	56	177	(896)	(906)	(1,802)
	(111,113)	-	**20,138**	**197**	**(90,778)**	**(97,632)**	**(188,410)**

(a) In 2019, a transfer from "Reserves in fully or proportionally accounted companies" was recognised to better present the amount of actuarial gains and losses corresponding to the subsidiary Antolin Ebergassing, GmbH taken directly to equity.

At 31 December 2020 and 2019 the Group had no financial derivatives designated as cash flow hedges.

Non-controlling interests-

The balance of this heading on the consolidated statement of financial position relates to the equity held by non-controlling interests in the fully consolidated companies. The balance of "Loss attributable to non-controlling interests" on the consolidated income statement relates to the non-controlling shareholders' share of profit and loss for the year.

The movements in this heading on the consolidated statement of financial position in 2020 and 2019 are as follows:

2020

Company	Thousands of Euros						
	Opening Balance	Additions	Retirements	Dividends and Other Items	Profit /(Loss) for 2020 Attributable to non-controlling Interests	Translation Differences	Closing Balance
Ototrim Panel Sanayi ve Ticaret, A.S.	15,893	-	-	(2,511)	8,456	(4,797)	17,041
Iramec Autopeças, Ltda.	(2,932)	-	-	-	(1,707)	(386)	(5,025)
Intertrim, Ltda.	(1,557)	-	-	-	(534)	(417)	(2,508)
Mexican Door Company, S.R.L. de C.V.	2,118	-	-	-	(28)	(276)	1,814
Chongqing Antolin Tuopu Overhead System Co., Ltd. (a)	1,345	-	-	-	13	(35)	1,323
Keyland Sistemas de Gestión, S.L.	410	-	-	-	(240)	-	170
Keyland Mexico, S. de R.L. de C.V.	56	-	-	-	20	(7)	69
Grupo Antolin-Primera Automotive Systems, LLC	10,125	-	-	(3,204)	1,112	(711)	7,322
Dongfeng Antolin (Wuhan) Overhead Systems, Ltd.	1,267	-	-	-	31	(33)	1,265
Plastimat Hungary, Kft.	2,660	-	-	(546)	282	-	2,396
Changchun Antolin Automotive Interiors Co., Ltd. (b)	17,931	-	-	-	2,977	(487)	20,421
Changshu Antolin Automotive Interiors Co., Ltd. (c)	19,401	-	-	(3,050)	1,318	(556)	17,110
Chengdu Antolin Automotive Interiors Co., Ltd.	(607)	-	-	-	1,056	(2)	447
Antolin Chongqing Auto Interiors Trim Systems, Co. Ltd.	1,095	-	-	-	(363)	(23)	709
Wuhan Donghuan Antolin Auto Parts Co., Ltd.	69	62	-	-	(218)	1	(86)
Chongqing Zhenneng Antolin Auto Parts Co., Ltd.	-	62	-	-	(13)	1	50
	67,274	**124**	**-**	**(9,311)**	**12,162**	**(7,731)**	**62,518**

2019

Company	Thousands of euros						
	Opening Balance	Additions	Retirements	Dividends and Other Items	Profit /(loss) for 2019 Attributable to non-controlling Interests	Translation Differences	Closing Balance
Ototrim Panel Sanayi ve Ticaret, A.S.	12,392	-	-	(2,374)	7,153	(1,278)	15,893
Iramec Autopeças, Ltda.	(2,432)	-	-	(1)	(550)	51	(2,932)
Intertrim, Ltda.	(1,531)	-	-	-	6	(32)	(1,557)
Mexican Door Company, S.R.L. de C.V.	2,202	-	-	(64)	(148)	128	2,118
Chongqing Antolin Tuopu Overhead System Co., Ltd. (a)	1,299	-	-	-	9	37	1,345
Keyland Sistemas de Gestión, S.L.	459	-	-	(5)	(44)	-	410
Keyland Mexico, S. de R.L. de C.V.	44	-	-	-	10	2	56
Grupo Antolin-Primera Automotive Systems, LLC	7,980	-	-	(1,276)	3,274	147	10,125
Dongfeng Antolin (Wuhan) Overhead Systems, Ltd.	1,167	-	-	1	92	7	1,267
Plastimat Hungary, Kft.	2,327	-	-	(260)	593	-	2,660
Changchun Antolin Automotive Interiors Co., Ltd. (b)	20,484	-	-	(4,902)	2,411	(62)	17,931
Changshu Antolin Automotive Interiors Co., Ltd. (c)	17,102	-	-	-	2,232	67	19,401
Chengdu Antolin Automotive Interiors Co., Ltd.	(688)	-	-	-	88	(7)	(607)
Tianjin Antolin Auto-Parts Co., Ltd.	347	-	(347)	-	-	-	-
Antolin Chongqing Auto Interiors Trim Systems, Co. Ltd.	825	564	-	(2)	(302)	10	1,095
Wuhan Donghuan Antolin Auto Parts Co., Ltd.	-	113	-	-	(44)	-	69
	61,977	**677**	**(347)**	**(8,883)**	**14,780**	**(930)**	**67,274**

(a) Corresponds to the consolidated book value of the subgroup which this company heads, including the percentage attributable to non-controlling interests in the consolidated subsidiaries Hangzhou Antolin Tuopu Overhead System Co., Ltd. (HATOS) and Harbin Antolin Tuopu Overhead System Co., Ltd.

(b) Corresponds to the consolidated book value of the subgroup which this company heads, including the percentage attributable to non-controlling interests in the consolidated subsidiary Beijing Antolin Automotive Interiors Co., Ltd.

(c) Corresponds to the consolidated book value of the subgroup which this company heads, including the percentage attributable to non-controlling interests in the consolidated subsidiaries Changshu Antolin Auto-Parts Co., Ltd. and Ningbo Antolin Auto Parts Co., Ltd.

Set out below is an itemised analysis, by consolidated subsidiary, of the balance of this heading at 31 December 2020:

Company	Thousands of Euros				
	Share Capital	Reserves and Prior Year Losses, Net	Profit/(Loss) for 2020	Translation Differences	Total
Ototrim Panel Sanayi ve Ticaret, A.S.	2,413	32,027	8,456	(25,855)	17,041
Iramec Autopeças, Ltda.	4,810	(5,781)	(1,707)	(2,347)	(5,025)
Intertrim, Ltda.	1,678	(2,281)	(534)	(1,371)	(2,508)
Mexican Door Company, S.R.L. de C.V.	3,933	276	(28)	(2,367)	1,814
Chongqing Antolin Tuopu Overhead System Co., Ltd.	693	193	13	424	1,323
Keyland Sistemas de Gestión, S.L.	250	160	(240)	-	170
Keyland Mexico, S. de R.L. de C.V.	-	60	20	(11)	69
Grupo Antolin-Primera Automotive Systems, LLC	25	6,796	1,112	(611)	7,322
Dongfeng Antolin (Wuhan) Overhead Systems, Co., Ltd.	1,421	(14)	31	(173)	1,265
Plastimat Hungary, Kft.	1,560	554	282	-	2,396
Changchun Antolin Automotive Interiors Co., Ltd.	5,348	14,236	2,977	(2,140)	20,421
Changshu Antolin Automotive Interiors Co., Ltd.	9,612	7,467	1,318	(1,287)	17,110
Chengdu Antolin Automotive Interiors Co., Ltd.	1,292	(1,903)	1,056	2	447
Antolin Chongqing Auto Interiors Trim Systems, Co., Ltd.	1,559	(474)	(363)	(13)	709
Wuhan Donghuan Antolin Auto Parts Co., Ltd.	-	131	(218)	1	(86)
Chongqing Zhenneng Antolin Auto Parts Co., Ltd.	62	-	(13)	1	50
	34,656	**51,447**	**12,162**	**(35,747)**	**62,518**

Set out below are the non-controlling interests with holdings of more than 5% in the share capital of any subsidiary:

Subsidiary Company	Non-controlling Interest	Percentage Held
Ototrim Panel Sanayi ve Ticaret, A.S.	SKT Yedek Parça ve Makina Sanayi ve Ticaret, A.S.	50.00
Iramec Autopeças, Ltda.	Küster Holding, GmbH (a)	50.00
Intertrim, Ltda.	Luiz Rodovil Rossi	14.72
Mexican Door Company, S. de R.L. de C.V.	Küster Holding, GmbH (a)	50.00
Chongqing Antolin Tuopu Overhead System Co., Ltd.	Ningbo Tuopu Vibration Control System Co., Ltd. (c) (c)	39.00
Keyland Sistemas de Gestión, S.L.	Vector Software Factory, S.L.	50.00
Keyland Mexico, S. de R.L. de C.V.	Vector Software Factory, S.L. (b)	50.00
Grupo Antolin-Primera Automotive Systems, LLC	Crown Automotive Systems, LLC	51.00
Dongfeng Antolin (Wuhan) Overhead Systems, Co. Ltd.	Dongfeng Visteon Automotive Trim Systems Co., Ltd. (c)	49.00
Plastimat Hungary, Kft.	Summit D & V Autóipari Gyártó és Szerelő Korlátolt Felelősségű Társaság	26.00
Changchun Antolin Automotive Interiors Co., Ltd.	Changshu Automotive Trim Co., Ltd. (c)	40.00
Changshu Antolin Automotive Interiors Co., Ltd.	Changshu Automotive Trim Co., Ltd. (c)	40.00
Chengdu Antolin Automotive Interiors Co., Ltd.	Changshu Automotive Trim Co., Ltd. (c)	40.00
Antolin Chongqing Auto Interiors Trim Systems, Co., Ltd.	Changshu Automotive Trim Co., Ltd. (c)	49.00
Wuhan Donghuan Antolin Auto Parts Co., Ltd.	Wuhan Donghuan Auto Cab System Co., Ltd. (c)	49.00
Chongqing Zhenneng Antolin Auto Parts Co., Ltd.	Chongqing Guangneng Rongneng Automotive Trim Co., Ltd. (c)	50.00

(a) Holding held indirectly via International Door Company, B.V.

(b) Holding held indirectly via Keyland Sistemas de Gestión, S.L.

(c) Holdings held indirectly via Antolin China Investment Co., Ltd.-

(14) EARNINGS PER SHARE

Basic earnings/*(loss)* per share-

Basic earnings/*(loss)* per share are calculated by dividing the net profit attributed to the holders of equity instruments in the Parent by the weighted average number of shares outstanding during that year, excluding the average number of treasury shares held during the year.

Set out below is an analysis of basic earnings/*(loss)* per share:

Item	Thousands of Euros	
	2020	2019
Earnings/*(loss)* for the year attributed to holders of net equity instruments in the Parent *(thousand euros)*	(143,945)	461
Weighted average number of shares outstanding in the year *(thousand shares)* 8,023	8,023	8,023
Basic earnings/*(loss)* per share (euros)	**(17.94)**	**0.06**

The weighted average number of shares outstanding at 31 December 2020 and 2019 was 8,023,241.

Diluted earnings/*(loss)* per share-

Diluted earnings/*(loss)* per share are calculated in much the same way as basic earnings per share, but the weighted average number of shares outstanding is adjusted to take into account the potential diluting effect of the share options, warrants and convertible debt current at the year-end.

As at 31 December 2020 and 2019, diluted earnings/*(loss)* per share were the same as basic earnings/*(loss)* per share as the Group had no diluting instruments.

(15) GRANTS

The movements in this heading on the consolidated statement of financial position in the financial years 2020 and 2019 are as follows:

	Thousands of euros
Balance at 31 December 2018	**5,440**
Income recognised in the year	(1,021)
Grants awarded during 2019	191
Other items	(55)
Balance at 31 December 2019	**4,555**
Income recognised in the year	(770)
Grants awarded during 2020	658
Other items	(182)
Balance at 31 December 2020	**4,261**

These non-refundable grants were awarded by Romanian, Spanish, French, German, South African, Chinese and Hungarian public bodies, to finance certain investments made by the Group in a number of production plants.

In order for these grants to qualify as non-refundable, the companies receiving them must fulfil a number of general and specific conditions, such as making the approved investments, creating and maintaining a given number of jobs and evidencing a certain level of capital and reserves at the end of a specified period. The Parent's Directors consider that all the general and specific conditions established in the respective Individual Grant Resolutions relating to the capital grants made to the consolidated companies have been and/or will be met.

Capital grants received by the Group at 31 December 2020 will be taken to income as follows:

Released to income	Thousands of euros
In one year	770
Between one and five years	2,386
After five years	1,105
	4,261

(16) CURRENT AND NON-CURRENT PROVISIONS

The movements in this heading on the consolidated statement of financial position in the financial years to 31 December 2019 and 2020 are as follows:

Item	Thousands of Euros			
	Non-current Provisions			
	Provisions for Pension Commitments and Similar	Other Provisions	Total	Current Provisions
Balances at 31 December 2018	**24,290**	**82,409**	**106,699**	**39,922**
Taken to income for the year	4,483	22,493	26,976	8,512
Reversals credited to income for the year	-	(9,155)	(9,155)	(12,123)
Provisions applied	-	(30,225)	(30,225)	(2,972)
Contributions to the pension plan contracted with an insurance entity and payments to beneficiaries	(3,128)	-	(3,128)	-
Remeasurements recognised *(for actuarial gains and losses)*	(3,070)	-	(3,070)	-
Translation differences and other items	939	(917)	22	433
Balances at 31 December 2019	**23,514**	**64,605**	**88,119**	**33,772**
Taken to income for the year	7,149	13,283	20,432	14,895
Reversals credited to income for the year	-	(5,937)	(5,937)	(14,698)
Provisions applied	-	(14,179)	(14,179)	(1,761)
Contributions to the pension plan contracted with an insurance entity and payments to beneficiaries	(1,827)	-	(1,827)	-
Remeasurements recognised *(for actuarial gains and losses)*	(1,855)	-	(1,855)	-
Translation differences and other items	365	2,565	2,930	(711)
Balances at 31 December 2020	**27,346**	**60,337**	**87,683**	**31,497**

Provisions for pension commitments and similar-

The balance of this heading at 31 December 2020 corresponds, basically, to provisions to meet long-term commitments to staff *(pension commitments to certain current and former employees)* in the British, French and German companies belonging to the "Lighting" business and other German, Austrian, Mexican and Indian companies. Some of these companies have outsourced their pensions liabilities with an insurance company.

The amounts recognised on the consolidated statement of financial position at 31 December 2020 and 2019 were determined as follows:

	Thousands of Euros	
	31/12/20	31/12/19
Present value of the obligations at the end of the reporting period	42,766	39,592
Fair value of the assets assigned to the plan at the end of the reporting period	(15,420)	(16,078)
Liability on the consolidated statement of financial position at the end of the reporting period	**27,346**	**23,514**

These amounts have been calculated using appropriate actuarial studies. The technical assumptions applied by the consolidated subsidiaries *(interest rates, mortality tables, accumulated annual CPI, etc.)* are in line with the socio-economic situation of each country *(the discounted interest rates used at 31 December 2020 range from 0.50% to 7.64% while at 2019 year-end they ranged from 0.90% to 8.33%)*.

Other provisions-

The balance of other provisions at 31 December 2020 essentially comprises provisions set up to meet commitments entered into with the personnel of some of the consolidated companies in addition to those included under "Provisions for pension commitments and similar" *(7,267 thousand euros)*, some claims by suppliers and customers for retroactive pricing arrangements and similar *(5,284 thousand euros)*, for future losses deriving from onerous contracts which are expected to be incurred in the long term *(3,260 thousand euros)*, provisions for the reversal or dismantling of assets *(13,744 thousand euros)*, and for certain liabilities in respect of court proceedings and claims that have been brought against the consolidated companies *(30,782 thousand euros)* during the normal course of their business and which are pending resolution at 31 December 2020.

The balance of "Current provisions" on the consolidated statement of financial position at 31 December 2020 basically corresponds to provisions established principally to cover production plant restructuring costs, claims by suppliers and customers, and retroactive pricing arrangements.

Claims in progress, meanwhile, include an environmentally related claim in Brazil and proceedings related with tax on operations in several countries, although it is deemed unlikely that the Group will incur any losses as a result of these and has not recognised a provision for them at 31 December 2020. At 31 December 2020, certain disputes are being heard in Austria and the United Kingdom, any costs of which can be passed on to suppliers or are adequately covered by the Group's insurance policies.

Neither the legal advisers of the Group nor the Directors of the Parent expect any of these proceedings and claims pending resolution at 31 December 2020 to produce a material impact on the consolidated annual financial statements for the years in which said proceedings are concluded.

(17) BANK LOANS, DEBENTURES AND OTHER MARKETABLE SECURITIES

The financing facilities granted to the Group by financial institutions and the debentures and bonds issued at 31 December 2020 and 2019 are as follows:

	Thousands of Euros					
	31 December 2020			31 December 2019		
Item	Current Liabilities	Non-current Liabilities	Total	Current Liabilities	Non-current Liabilities	Total
Debentures and bonds	-	635,400	635,400	-	635,400	635,400
Syndicated loan facility	16,768	360,516	377,284	16,768	377,284	394,052
Multi-currency Revolving Credit Facility	-	-	-	-	-	-
EIB loan	7,143	92,857	100,000	-	100,000	100,000
Other loans	25,369	42,201	67,570	2,605	3,820	6,425
Other credit lines	10,346	-	10,346	19,505	-	19,505
Factoring lines	6,984	-	6,984	-	-	-
Payables under finance leases	402	222	624	692	218	910
Interest payable	3,592	-	3,592	3,694	-	3,694
Less- financial re-measurement	(2,548)	(5,889)	(8,437)	(2,313)	(7,809)	(10,122)
	68,056	**1,125,307**	**1,193,363**	**40,951**	**1,108,913**	**1,149,864**

The schedule of maturities of this financial debt at 31 December 2020 and 2019, excluding the reduction for financial re-measurement, is as set out below:

	Thousands of Euros	
Maturing in the Year	Debt as at 31/12/20	Debt as at 31/12/19
2020	-	43,264
2021	70,604	26,666
2022	185,188	166,482
2023	232,672	223,888
2024	408,552	399,686
2025	18,894	14,286
2026 and later	285,890	285,714
	1,201,800	**1,159,986**

Debentures and bonds-

Bond issue effected on 18 April 2018-

On 18 April 2018, the Parent completed the process of placing with qualified and institutional investors an issue of ordinary long-term bonds totalling 250 million euros. The key terms and conditions of this bond issue are:

- The amount of the issue was 250 million euros maturing in 8 years *(on 30 April 2026)*.
- The credit rating of the issuer and/or the issue was BB-/Ba3.
- The issue's ISIN code is XS1812087598 and the bonds are traded on the Luxembourg Euro MTF market.
- The bonds bear annual interest at 3.375% payable six-monthly.

At 31 December 2020 the bonds were trading at 97.212% *(94.456% at 31 December 2019)*.

Bond issue placed on 10 April 2017-

On 10 April 2017, the Parent completed the process of placing with qualified and institutional investors an issue of ordinary long-term bonds totalling 400 million euros. The key terms and conditions of this bond issue are:

- The amount of the issue was 400 million euros maturing in 7 years *(on 30 April 2024)*.
- The credit rating of the issuer and/or the issue was BB-/Ba3.
- The issue's ISIN code is XS1598243142 and the bonds are traded on the Luxembourg Euro MTF market.
- The bonds bear annual interest at 3.25% payable six-monthly.

At 31 December 2020 the bonds were trading at 99.110% *(97.487% at 31 December 2019)*.

The Group redeemed part of these bonds during the first half of 2019. Specifically, the Group redeemed early a nominal amount of 14,600 thousand euros, posting a gain on this transaction of 1,312 thousand euros. Consequently, at 31 December 2020 and 2019 the nominal amount of these unredeemed bonds is 385,400 thousand euros.

Other significant terms of the bond issues effected in 2017 and 2018-

- The bonds are jointly guaranteed by Grupo Antolin-Irausa, S.A.U. and certain subsidiaries of the Group, and, in addition, a lien on 100% of the shares of the Parent has been established (see Note 13).
- The issuer of the bonds may redeem all or part of the bonds at any date from 30 April 2020 *(for the 2017 issue)* and from 30 April 2021 *(for the 2018 issue)*. Prior to these dates, it may redeem all or part of the bonds subject to certain conditions. Also, all the bonds may be redeemed at any date if any changes to tax legislation are introduced whereby the issuers would be required to pay additional amounts for the bonds.
- With respect to these bond issues, an Intercreditor Agreement was signed governing the relationship between creditors *(bondholders and the financial institutions of the Senior Facilities Agreement)*, under which said creditors will have an equal share in any guarantee issued.
- Certain limits have been established with respect to the Group's capacity to perform specific operations *(the distribution of dividends, the signing or provision of additional debt guarantees, certain investments and acquisitions, mergers with other companies, the sale of assets or investments, etc.)*, subject to some exceptions and conditions. The Directors of the Parent consider that the Group complies and will comply with these limits and commitments.

Syndicated loan *("Loan Facility")*, and a multi-currency Revolving Credit Facility-

On 13 March 2014 the Parent signed a "Senior Facilities Agreement" with major Spanish and international financial institutions under which the Group obtained financing by means of a 200-million-euro syndicated loan *("Loan Facility")*, and a multi-currency Revolving Credit Facility with a 200-million-euro limit. Subsequently, in June 2015 a 200-million-euro extension to the syndicated loan *("Loan Facility")* was agreed, increasing the capital of said loan to 400 million euros, all of which was drawn by the Parent prior to 31 December 2015.

On 26 October 2016 the group signed a novation of the "Senior Facilities Agreement", amending the repayment schedule and extending the final maturity date of the contract to 2021 *(originally this was 2020)* and the interest rate was modified (Euribor plus a market spread) thereby reducing the Group's finance costs.

Also, on 27 April 2018, a change to the "Senior Facilities Agreement" *("Amendment and Restatement Agreement")* was signed, increasing the syndicated loan by 50 million euros, all of which was drawn by the Parent in 2018. The amount of the loan was 419,204 thousand euros and it was divided into three tranches. In this modification of the loan a new financial entity became a new lender (HSBC Bank plc), the final maturity of the contract was extended until 2023, and the repayment schedule was changed as was the interest rate, reducing the cost of this financing.

Lastly, on 3 June 2020 a new addendum to this finance agreement was formalised, enabling the Group to obtain additional funds of up to an aggregate sum of 200 million euros. A lock-out period is stipulated in the addendum *(until 30 June 2021)* during which the Group must retain a minimum level of liquidity at each month-end and cannot distribute dividends, although it is not required to fulfil certain financial ratios.

During 2020 and 2019, the Group repaid 16,768 thousand euros of this financing in each year.

The outstanding principal on the syndicated loan at 31 December 2020 and 2019 was 377,284 and 394,052 thousand euros, respectively, and so at those dates the Group had not drawn any amount against the multi-currency Revolving Credit Facility. The outstanding principal on the syndicated loan at 31 December 2020 has the following repayment schedule:

Thousands of Euros			
Maturing in:			
2021	2022	2023	Total
16,768	150,914	209,602	**377,284**

Notwithstanding the above schedule, the Group may, at any moment during the life of the loan, opt to repay all or part of the outstanding syndicated loan or multi-currency revolving credit facility, provided certain conditions are met. Furthermore, the following events will trigger full or partial early repayment of these loans:

- Subject to certain exceptions and amounts, the disposal of specific asset categories, the receipt of indemnities from insurance companies or the flotation of the Parent *(with no change of control of the Group)*.

- In the event of a change of control in the Group, any of the financial institutions may decide to leave the financing arrangements in place or may request early repayment of the proportional part of the loan corresponding to said institution.

Interest-

These loans bear annual interest benchmarked to the Euribor, plus a variable market spread of between 1.05% and 1.25%, to be reviewed annually on the basis of certain financial ratios.

The Group must also pay a commission with respect to the undrawn amount of the multi-currency revolving credit facility.

Loan guarantees-

These loans are backed by an irrevocable and unconditional guarantee from a significant number of the companies forming Grupo Antolin, although the guarantees provided by some subsidiaries *(specifically certain Portuguese, Czech, Austrian and German companies)* are limited to amounts established by the applicable local legislation. In order to comply with the obligations related to these loans, the Group has given a commitment to each of the subsidiaries in which it holds at least 90% of the share capital, that it will become a guarantor if any of the following circumstances arises: its EBITDA for the year represents at least 2.5% of the Group's EBITDA and exceeds 5 million euros.

In addition, liens have been established on the share capital of the Parent (see Note 13).

Early repayment-

The Senior Facilities Agreement under which these loans were ceded includes clauses specifying that the following events will trigger their full early repayment:

- Failure to repay the principal or pay the interest on the loans as and when they fall due.

- Failure of the Group to meet the financial ratios set in the agreement under which these loans were ceded or to remedy said failure within 20 days of the issue of the "ratio compliance certificate" in which it is detailed. However, this scenario ceased to apply between 30 June 2020 and 30 June 2021, both inclusive.

- Failure to comply with other obligations established in the loan agreement *(false disclosures, failure to provide information, etc.)* without rectifying said failure within a determined period.

- Failure to pay other borrowings falling due, provided certain circumstances are met, or the insolvency of the Parent, a material subsidiary, or the shareholders.

- A change in the ownership of the shares of the Parent, or the cession of businesses, expropriation, lawsuits and legal claims, the seizure of or embargoes on assets, material changes and any other circumstances which have a material adverse effect on the Group. The loans will also be repayable if the Group's auditors issue a disclaimer of opinion, or an adverse or qualified opinion.

As at 31 December 2020 the Parent's Directors considered that all the clauses and obligations set out in the agreement in respect of the loans and subsequent amendments thereto had been fulfilled and no event which could trigger full or partial early repayment had occurred. They also considered that all conditions will be met in the next 12 months.

Other obligations and commitments-

The Senior Facilities Agreement contains certain obligations and commitments limiting the Group's capacity to perform certain operations during the life of the loans, including the following:

- Limits on obtaining additional financing, the constitution of charges or guarantees against its assets, and the granting of guarantees or sureties to third parties.
- Limits on the sale, cession, transfer or disposal of its assets.
- Limits on the acquisition of companies or businesses.
- Limits on the distribution of dividends by the Parent (see Note 13).

Long-term loan granted by the European Investment Bank (EIB)-

On 12 June 2018 the Parent and the European Investment Bank, and other group companies as guarantors, signed a contract by which said entity granted the Group a long-term loan of 100,000 thousand euros, to finance a project called "Antolin Car Interiors RDI", implementing the Group's R&D and innovation strategy for the development of new solutions for vehicle interiors. The total planned investment in the project is 217,172 thousand euros and must be implemented by various group companies located in Spain, Germany and France between 2018 and 2020.

This loan accrues annual interest of 2.025% and is backed by a joint and several guarantee from various group companies, acting as guarantors.

The principal is to be repaid in 14 half-yearly instalments of equal amounts, the first of which falls due on 30 November 2021 and the last on 31 May 2028. At 31 December 2020 the outstanding principal of this loan totalled 100,000 thousand euros. The repayment schedule is set out below:

Thousands of Euros						
Maturing in:						
2021	2022	2023	2024	2025	2026 and later	Total
7,143	14,286	14,286	14,286	14,286	35,713	**100,000**

On 23 December 2020, the Group signed a new contract with the European Investment Bank (EIB), increasing the amount of finance granted for the "Antolin Car Interiors RDI" project by 40,000 thousand euros. At 31 December 2020, the Group had not drawn down this amount, which it can draw in two 20,000-thousand-euro tranches before 30 June 2022, provided certain conditions are met. This loan extension will be repaid in regular instalments, the schedule of which will be established as drawdowns are made. It will be repayable between a minimum of four years and a maximum of seven years, with a one-year grace period. The Group intends to start drawing down on this loan extension as from the third quarter of 2021, and will repay it within seven years, with a one-year grace period. Interest will accrue on the first tranche of this finance annually, and will be calculated when it is drawn down based on the reference rate established in the contract plus a spread of 1.80%.

A lock-up period *(until 30 June 2021)* has also been included in this new contract during which the Group is not required to comply with certain financial ratios but must retain a certain minimum level of liquidity at the end of each month and may not distribute dividends.

The European Investment Bank (EIB) has signed the intercreditor agreement which governs relations between bondholders, financial creditors and the Group, having agreed to adopt the covenants and conditions for the distribution of dividends envisaged in the loan agreements for the "Antolin Car Interiors RDI" project, and the guarantees, causes of early repayment and other obligations and commitments to those established in the aforementioned intercreditor agreement. The causes of obligatory partial or total repayment of the loan include failure to make the envisaged investments or the reduction of the cost of the project to a certain amount.

In the light of this inscription to the intercreditor agreement and the conditions established in the loan agreement, at 31 December 2020 the Parent's Directors considered that all the clauses and obligations set out in the loan agreements have been fulfilled and no event which could trigger full or partial early repayment has occurred. They also consider that all conditions will be met in the next 12 months.

Other loans-

Other loans granted to the Group at 31 December 2020 are as follows:

Nature of Loan	Thousands of Euros						
	Maturing in:						
	2021	2022	2023	2024	2025	2026 and Later	Total
Euro loans	25,369	19,942	8,736	8,816	4,557	150	**67,570**

A significant portion of these loans were formalised in 2020 within the framework of government plans to provide financial assistance during the Covid-19 pandemic, specifically:

- Several long-term loans were obtained from financial institutions by the Parent *(with an initial combined principal of 43,000 thousand euros)* and by the subsidiary, Keyland Sistemas de Gestión, S.L. *(with a principal of 750 thousand euros)* regulated through the 25 March 2020 Resolution of the Secretary of State of the Economy and Business Support and through the Spanish Official Credit Institute (ICO) Covid-19 guarantee facility. This facility is intended to ensure sufficient liquidity to protect jobs and alleviate the economic effects of Covid-19, pay salaries and invoices from suppliers and utilities providers, and cover any other working capital requirement. These loans are therefore secured by ICO guarantees and the Group may be required to repay them early if it does not use the funds for the intended purpose. Some of these finance agreements also include an early repayment clause if certain financial ratios, which are the same as those in the Senior Facilities Agreement, are not achieved.

- Several short-term loan agreements with a combined initial principal of 18,500 thousand euros were formalised in France, granted by a number of credit institutions to French industrial subsidiaries. These were obtained to cover the financial impacts of the Covid-19 pandemic under French law *(Amending Finance Act 2020-289 of 23 March 2020)*. Ninety percent of the principal and, where applicable, interest of these loans is secured by the French state. The agreements for these loans envisage the possibility of extending their term by up to a maximum of five years, on market conditions.

- A long-term loan agreement for 1,500 thousand euros was formalised in Portugal within the framework of the Covid-19 Economic Support Facility *("Linha de Apoio à Economía Covid-19")*. It was granted by a financial institution to the subsidiary, Grupo Antolin-Lusitania, Componentes Automóvel, Unipessoal, Lda. This loan will be repaid in 72 monthly instalments after a one-year grace period. Eighty percent of the principal of this loan is secured by the state corporation, NORGARANTE-Sociedade de Garantia Mútua, S.A.

The remaining loan, which was outstanding at 31 December 2020 and totalled 3,820 thousand euros, was granted to the Parent in 2016 and is being repaid in increasing six-monthly instalments, the last payable on 28 May 2022.

These loans bear variable annual interest at a market rate, except for the loans arranged in France, which either do not bear any interest *(for a principal of 13,500 thousand euros),* or bear fixed annual interest at a rate of 0.5% *(for a principal of 5,000 thousand euros)*.

Other credit lines-

The following other credit lines had been granted to the Group as at 31 December 2020:

Nature of Loan	Thousands of Euros		
	Limit	Balance Drawn	Balance Available
Euro credit lines (a)	18,054	-	18,054
Credit lines in foreign currencies	49,529	10,346	39,183
	67,583	**10,346**	**57,237**

(a) This amount includes a current account overdraft limit of 17,000 thousand euros granted to the Group as part of a framework agreement with a financial institution for the provision of banking services.

The Directors of the Parent foresee no difficulty renewing these credit lines when they expire.

Also, in March 2014 the Group contracted a multi-currency long-term Revolving Credit Facility with a 200-million-euro limit maturing at 30 June 2023. At 31 December 2020 no amount had been drawn down against this facility. As a result, at 31 December 2020 the undrawn amount available to the Group from credit lines and overdraft facilities totalled 257,237 thousand euros. These credit lines and overdraft facilities accrue interest at variable market rates.

Factoring lines-

At 31 December 2020, Grupo Antolin had signed recourse and non-recourse factoring agreements with various financial entities for a total limit of 101,000 thousand euros. At that date outstanding receivables assigned without recourse to financial institutions amounted to 48,311 thousand euros. As this involved transferring part of the risks and benefits of the assets and control thereof, the Group directly reduced its trade receivables by the amount of the receivables assigned to the financial institutions and did not, therefore, recognise any financial liability in this connection (see Note 3-j).

In relation with these factoring agreements, at 31 December 2020 Grupo Antolin had 6,984 thousand euros pending payment to financial institutions in respect of collections made by these in the final days of December 2020 regarding invoices ceded to these entities. This amount, which is included under liabilities on the accompanying consolidated statement of financial position at 31 December 2020 as payable to the corresponding entities, was paid in the first days of 2021.

At 31 December 2019 the factoring agreements to which the Group was party had for a total limit of 80,000 thousand euros, although at that date the Group had not ceded accounts receivable to financial entities under any type of factoring.

Payables under finance leases-

The lease payments outstanding at 31 December 2020, including the purchase options, fall due as follows (see Note 8):

Thousands of Euros						
Maturing in:						
2021	2022	2023	2024	2025	2026 and Later	Total
402	47	48	50	51	26	**624**

This financing accrues interest at a variable market rate.

(18) RIGHT-OF-USE LIABILITIES AND OTHER FINANCIAL LIABILITIES

“Right-of-use liabilities” and “Other financial liabilities” under current and non-current liabilities on the consolidated statement of financial position at 31 December 2020 and 2019 were as follows:

Item	Thousands of Euros					
	At 31 December 2020			At 31 December 2019		
	Current Liabilities	Non-current Liabilities	Total	Current Liabilities	Non-current Liabilities	Total
Liabilities associated with right-of-use assets	**59,419**	**233,875**	**293,294**	**74,285**	**254,597**	**328,882**
Other financial liabilities-						
Loans granted by Spanish public bodies	4,070	12,109	16,179	3,850	15,232	19,082
Other financial liabilities	376	8,979	9,355	2,846	12,443	15,289
Less- financial re-measurement	-	(572)	(572)	-	(905)	(905)
	4,446	**20,516**	**24,962**	**6,696**	**26,770**	**33,466**

Lease liabilities-

The maturities estimated for lease liabilities at 31 December 2020 and 2019 *(recognised on applying IFRS 16)* range over approximately 15 years, as shown in the estimated breakdown below (Note 8):

	Thousands of Euros							
	Maturing in:							
	2020	2021	2022	2023	2024	2025	2026 and Later	Total
At 31/12/20	-	59,419	50,148	41,673	40,616	24,350	77,088	**293,294**
At 31/12/19	74,285	48,881	37,154	38,859	36,623	23,332	69,748	**328,882**

Loans granted by Spanish public bodies-

Most of the balances under this heading at 31 December 2020 and 2019 corresponded to loans granted to Grupo Antolin by certain Spanish public bodies to finance research and development projects and improve competitiveness. In 2009, 2010, 2011 and 2012, the Ministry for Industry, Tourism and Trade, through the Plan for Competitiveness of the Motor Industry, granted long-term interest-free loans to Grupo Antolin. Generally, these loans must be repaid in 10 regular annual instalments falling due between 2015 and 2027.

The nominal amount of these and other loans granted by Spanish public bodies outstanding at 31 December 2020 and 2019 *(which are recorded at said dates at their amortised cost)* will be repaid in accordance with the following maturity schedule:

	Thousands of Euros							
	Maturing in:							
	2020	2021	2022	2023	2024	2025	2026 and Later	Total
At 31/12/20	-	4,070	3,629	2,676	2,701	1,099	2,004	**16,179**
At 31/12/19	3,850	4,057	3,595	2,623	2,632	999	1,326	**19,082**

Other financial liabilities-

The balances of the heading "Other financial liabilities" under current and non-current liabilities on the accompanying consolidated statement of financial position at 31 December 2020 includes amounts payable to the former partner Cidut, S.L. of 298 and 298 thousand euros, respectively, on acquiring the aforementioned company from it in 2018.

(19) TAX MATTERS AND TAX RECEIVABLES AND PAYABLES

Balances with the tax authorities and Social Security administration-

Grupo Antolin's balances with the Tax and Social Security authorities at 31 December 2020 and 2019 were as follows:

	Thousands of Euros			
	31 December 2020		31 December 2019	
	Current	Non-current	Current	Non-current
TAX ASSETS:				
Deferred tax assets	**-**	**81,795**	**-**	**90,395**
Tax receivables (Note 11)-				
Current tax assets	24,764	-	-	-
VAT and other receivables	41,605	-	44,472	-
TOTAL TAX ASSETS	**66,369**	**81,795**	**44,472**	**90,395**
TAX LIABILITIES:				
Deferred tax liabilities	**-**	**45,760**	**-**	**56,975**
Tax payables-				
Current tax liabilities	12,998	-	4,497	-
Other taxes	41,198	-	34,600	-
Accrued social security taxes payable	23,546	-	20,710	-
TOTAL TAX LIABILITIES	**77,742**	**45,760**	**59,807**	**56,975**

Corporate income tax-

As indicated in Note 3-p, Grupo Antolin-Irausa, S.A.U. and all of its consolidated Spanish subsidiaries domiciled in Spanish "common territory" in which it has holdings of 75% or more file consolidated corporate income tax returns. The parent of the consolidated tax group under which these companies file has been Avot Inversiones, S.L. *(until 31 December 2014 the parent of the consolidated tax group was Grupo Antolin-Irausa, S.A.).*

The corporate income tax charge is calculated for each consolidated subsidiary based on accounting profit, determined in accordance with generally accepted accounting principles, which need not coincide with taxable income, this latter being the tax base.

The reconciliation of consolidated accounting income to the expected tax base for corporate income tax purposes for 2020 and 2019 is as follows:

Item	Thousands of Euros	
	2020	2019
Consolidated profit/(loss) for the year before taxes:		
From continuing operations	(124,203)	42,410
From discontinued operations	-	-
	(124,203)	**42,410**
Permanent differences-		
Losses incurred by certain foreign consolidated companies for which no tax asset has been recorded	99,489	46,482
Exemption of gain on sale of equity stakes in Tianjin Antolin Auto-Parts Co., Ltd. and the associate CREA-Antolin Co., Ltd. (see Notes 1 and 2-g)	-	(6,494)
Individual companies and adjustments in consolidation:		
Goodwill impairment (Note 7)	8,595	20,000
Other increases (a)	132,052	86,769
Decreases (a)	(14,541)	(1,351)
Share in profit of companies accounted for using the equity method	(1,481)	(732)
Timing differences-		
Increases:		
Individual companies (b)	127,513	61,743
Consolidation adjustments	42,637	31,925
Decreases:		
Individual companies (b)	(26,789)	(7,920)
Consolidation adjustments	(281)	(1,800)
Application of tax loss carryforwards-		
For which a tax credit had been recorded	(10,961)	(25,937)
For which no tax credit had been recorded	(26,854)	(15,729)
Consolidated taxable income	**205,176**	**229,366**

(a) The amount of the increases includes the effect of the application in Spain of the bringing forward of the reversal of impairment losses on investments in the capital or shareholders' equity of group companies that had been tax deductible in the years in which they were recognised, prior to 1 January 2013, by virtue of the provisions of Royal Decree-Law 3/2016 of 2 December, by which measures in the tax sphere aimed at the consolidation of public finances and other urgent social security measures were adopted *(56,820 thousand euros in 2020 and 2019).*

(b) The most significant increases correspond to allocations made to certain provisions and other expenses incurred which the Group considers are not tax-deductible *(timing differences).* The decreases basically correspond to the effect of accelerated fiscal depreciation of assets basically by some consolidated companies in the USA, and the reversal of certain provisions which were considered not to be tax deductible when they were set aside in previous years *(timing differences).*

The balance under "Current payables to group companies and associates" on the consolidated statement of financial position at 31 December 2020 totals 727 thousand euros and corresponds to tax expense payable to Avot Inversiones, S.L. *(Parent of the Spanish consolidated tax group)* derived from the tax bases, deductions, withholdings and payments on account contributed by the Group's Spanish companies to the consolidated income tax declaration for 2020 *(31 December 2019: 727 thousand euros).*

Corporate income tax expense-

The balances of the "Corporate income tax" heading on the consolidated income statement for the financial years to 31 December 2020 and 2019 have been determined as follows:

Item	Thousands of Euros	
	2020	2019
Consolidated profit/(loss) for the year before taxes:		
From continuing operations	(124,203)	42,410
From discontinued operations	-	-
	(124,203)	**42,410**
Permanent differences	224,114	144,674
Application of prior year tax losses for which no tax credit had been recognised	(26,854)	(15,729)
	73,057	**171,355**
Estimated tax rate *(of 25%)*	**18,265**	**42,839**
Tax deductions applied for which no tax credit had been capitalised	(9,644)	(13,599)
Capitalization of deductions	(2,804)	-
Regularization/(capitalisation) of tax credits for prior years' losses and other deferred tax assets	6,632	(5,377)
Taxes paid by companies in other countries *(withholdings)* (a)	9,127	5,801
Effect of inspections in 2020 and supplementary tax returns filed in Spain in 2019 (b)	2,226	9,035
Other items and adjustments (c)	(16,222)	(11,530)
Corporate income tax expense attributable to continuing operations *(balance of the heading "Corporate income tax" of the consolidated income statement)*	**7,580**	**27,169**

(a) Corresponding to taxes paid in other countries on dividends, interest and other amounts paid to the Parent and other consolidated subsidiaries for which said companies have made no deductions.

(b) The amount booked in 2020 derives from the tax inspection carried out in July 2020 to check various operations included in the 2017 corporate income tax return. The tax booked in 2019 includes the effect of supplementary corporate income tax returns for 2017 and 2016 filed in April 2019 by the Spanish consolidated tax group to which the Parent and the majority of the Spanish consolidated subsidiaries belong. These settlements included fewer deductions in those years compared to those included in the tax returns initially filed.

(c) A significant part of the income recognised in 2020 corresponds to the impact on US subsidiaries of the Coronavirus Aid, Relief and Economy Security Act *(CARES Act)* approved in March 2020. This benefited these companies through an amendment to prior years' corporate income tax returns, enabling the amounts paid in those years to be recovered. Net income in 2019 is a rebate deriving from the effect of the difference between the calculation of deferred tax liabilities in the final 2019 corporate income tax returns filed by group companies located in the US and those in the provision recognised by these companies in the 2018 consolidated financial statements. Another part of this amount corresponds to the difference in the corporate income tax rates prevailing in the various jurisdictions.

Tax loss carryforwards-

Although as at 31 December 2020 some of the consolidated companies were carrying significant tax loss carryforwards *(around 679 million euros in total)*, the consolidated statement of financial position at that date only includes a tax credit of 16,411 thousand euros relating to the tax effect of offsetting the tax loss carryforwards, which can reasonably be expected to be applied *(basically, they correspond to tax losses generated in 2009, 2011 and 2012 by the Spanish consolidated tax group, and tax losses generated by French, Chinese, Mexican and South African companies).*

Tax losses generated in a given year can be carried forward for offset against the taxable income of the immediately following years, as established in the tax legislation of the countries in which the consolidated companies are located.

Foreign subsidiaries-

At 31 December 2020 there were no proposed dividend distributions by foreign consolidated subsidiaries and associates which were pending execution. Nevertheless, at that date it is expected that dividends will be distributed in the coming years by certain subsidiaries charged against existing reserves or 2020 profits. Consequently and based on estimates, at 31 December 2020 a deferred tax liability of 1,799 thousand euros has been recognised for this item due to the tax effect these payouts would have in the Group. This has been charged to "Corporate income tax" on the accompanying consolidated income statement.

Deferred tax assets and liabilities-

The movements in the financial years to 31 December 2020 and 2019 under "Deferred tax assets" and "Deferred tax liabilities" on the consolidated statement of financial position were as follows:

Item	Thousands of Euros	
	Assets	Liabilities
Balances at 31 December 2018	**85,540**	**79,946**
Removals from the scope of consolidation (Note 2-g)	(3,702)	-
Tax effect of first-time application of IFRS 16 (Note 8)	1,078	-
Application of tax loss carryforwards	(3,048)	-
Capitalisation of deductions	5,377	-
Capitalisation of tax loss carryforwards	4,164	-
Changes for timing differences, translation differences and other items	986	(22,971)
Balances at 31 December 2019	**90,395**	**56,975**
Tax effect of applying IFRS 16	1,215	-
Application of tax loss carryforwards	(2,790)	-
Capitalisation of deductions	2,804	-
Application of deductions for which a deferred tax asset had been recognised	-	-
Regularization of tax loss carryforwards	(6,632)	-
Changes for timing differences, translation differences and other items	(3,197)	(11,215)
Balances at 31 December 2020	**81,795**	**45,760**

The aforementioned deferred tax assets have been recognised on the consolidated statement of financial position because the Parent's Directors are reasonably sure that they will be recovered, based on recent forecasts of the future tax bases of the consolidated subsidiaries. In this regard, Grupo Antolin's current business plan for the coming years revised by the Parent's Board of Directors and prepared by the Group's Directors recently sees pre-tax profits being posted.

At the 2020 close the Group has not recognised on the accompanying consolidated statement of financial position any deferred asset in respect of certain tax loss carryforwards of consolidated subsidiaries *(in an amount of approximately 620 million euros)*, deductions pending application *(in an amount of 37 million euros)* or other timing differences, as it considers that their future recovery does not meet the requirements of probability provided for in applicable accounting standards and/or in the application of the principle of prudence.

The deferred tax assets recognised on the consolidated statement of financial position at 31 December 2020 and 2019 were generated as follows:

Deferred Tax Assets Originating in:	Thousands of Euros	
	31/12/20	31/12/19
Tax loss carryforwards and unused deductions and refunds	25,172	41,316
Elimination of internal gain / (loss) in the consolidation process on development expenses invoiced by G.A. Ingeniería, S.A.U.	5,791	5,877
Amortisation and depreciation not deductible in the period	557	683
Tax effect of applying IFRS 16	2,135	1,078
Timing differences as a result of certain provisions, expenses that are not deductible in the period and other items	48,140	41,441
	81,795	**90,395**

The deferred tax liabilities recognised on the consolidated statement of financial position at 31 December 2020 and 2019 were generated as follows:

Deferred Tax Liabilities Originating in:	Thousands of Euros 31/12/20	31/12/19
Revaluation of certain plots of land recognised under property, plant and equipment and investment property on first application of the "IFRS-EU" (Note 8)	4,782	4,782
Recognition of assets at fair value in the consolidation process and in business combinations in previous financial years	-	978
Recognition of assets at fair value *(customer relations)* in business combinations in 2015	1,088	6,007
Difference between book value and taxable value of assets and liabilities, accelerated depreciation and amortisation of property, plant and equipment and intangible assets and other items	39,890	45,208
	45,760	**56,975**

In relation to the modification of Spanish Corporate Income Tax Law introduced by Royal Decree-Law 3/2016 of 2 December, regarding the tax reversal of impairment losses on holdings in the capital of companies generated prior to 1 January 2013 and recognised by the Parent, the Group did not recognise at the 2019 close any tax liability for pending reversals as it considered that no specific situations of potential restrictions of a legal, contractual or other kind existed in relation with the possible transmission of said holdings. The last reversal of these impairment losses was made in 2020; consequently, at 31 December 2020 all the impairment losses on holdings in the capital of other companies recognised prior to 1 January 2013 have been reversed. There is no future tax charge for this item.

Tax credits-

The corporate income tax legislation in force provides for various tax incentives. The tax credits earned in one year in excess of the applicable legal limits may be deducted from the corporate income tax payable in subsequent years, up to the limits and within the periods established in this connection by the related tax regulations. The Group has availed itself of the tax benefits provided for by this legislation and deducted 9.644 and 13,599 thousand euros, respectively, from the consolidated corporate income tax charge for 2020 and 2019, for which the Group had not recorded any tax credits for those applied in 2020 and 2019.

At 31 December 2020 and 2019, after the aforementioned tax credits had been applied, certain foreign group companies had unused deductions amounting to 4,706 and 20,769 thousand euros, respectively, while the Group's Spanish subsidiaries had the following unused deductions:

Item	Thousands of Euros 31/12/20	31/12/19
Deductions for research and development activities (a)	39,590	40,333
Other deductions	1,337	312
	40,927	**40,645**

(a) At 31 December 2020 these corresponded to deductions for R&D activities from 2004 to 2019, both inclusive, and can be applied for 18 years from the year in which they were generated. These figures do not include any amounts relating to deductions generated in 2020, because the final amount was still being calculated at the date of authorising the accompanying consolidated financial statements for issue.

"Deferred tax assets" on the consolidated statement of financial position at 31 December 2020 includes a tax credit totalling 5,957 thousand euros *(19,793 thousand euros at 31 December 2019)*, for unused deductions at that date, generated by the companies in the Spanish consolidated tax group, which are reasonably expected to be used on the basis of recent estimates made by the Parent's Directors about the future performance of the consolidated tax group, and deductions of certain French companies *(2,804 thousand euros)*.

Years open to tax inspection-

Under current legislation, tax settlements cannot be considered to be final until the tax returns filed have been inspected by the tax authorities or until the statute-of-limitations period has expired *(generally four or five years in the countries in which the Group's companies are located*). In this regard, on 17 April 2019 the Spanish consolidated tax group to which the Parent and the majority of the Spanish consolidated subsidiaries belong filed supplementary corporate income tax returns for 2016 and 2017.

In April 2019 the Spanish tax authorities announced the start of a corporate income tax audit and inspection of the consolidated tax group to which Grupo Antolin-Irausa, S.A.U. and practically all the Spanish consolidated subsidiaries belong. These were partial because their scope was limited to certain transactions in 2017. These inspections were completed in 2020 and the effects of the corresponding tax assessment, which the Group accepted, were not material and are recognised in the accompanying consolidated financial statements for 2020.

At 31 December 2020, in Spain the Group has open to inspection by the tax authorities years 2017 to 2020, both inclusive, for all applicable taxes *(except operations in 2017, which were already inspected in 2020)*, and also 2016 for corporate income tax.

The Parent's Directors believe that the settlements of those taxes have been properly executed, so, even if differences were to arise in the interpretation of the regulations governing the tax treatment of its operations, such liabilities as could arise as a result of inspections in certain subsidiary companies of the remaining years would not have a material effect on the consolidated financial statements for the financial year to 31 December 2020.

(20) REVENUES AND EXPENSES

Net turnover-

The breakdown of the Group's revenue by geographical market for the financial years to 31 December 2020 and 2019 is as follows:

	Thousands of Euros	
Business Unit	2020	2019
Doors and Hard Trim	1,533,290	2,136,507
Overheads and Soft Trim	1,477,944	2,003,708
Lighting	288,569	334,105
Cockpits and Consoles	668,207	731,448
Other	6,515	8,452
	3,974,525	**5,214,220**

	Thousands of Euros	
Geographical market	2020	2019
Spain	156,003	242,168
Germany	655,680	776,400
France	147,722	194,369
USA	1,007,078	1,433,332
United Kingdom	351,657	532,659
Mexico	357,640	521,732
Czech Republic	198,461	256,847
China	450,318	387,495
Other countries	649,966	869,218
	3,974,525	**5,214,220**

The percentage breakdown of the Group's ordinary revenues by car manufacturer is as follows:

Car Manufacturer	Percentage	
	2020	2019
Volkswagen Group	22	20
Renault-Nissan Group	6	7
Ford Group	10	11
Chrysler-Fiat Group	11	13
General Motors Group	7	8
BMW Group	11	10
Tata Group	8	9
Other manufacturers	25	22
	100	**100**

Other operating revenue-

The balances of this heading on the consolidated income statement for the financial years to 31 December 2020 and 2019 break down as follows:

Item	Thousands of Euros	
	2020	2019
Operating grants	18,183	4,294
Income from leases of investment property	1,029	1,004
Revenues from the assignment of industrial property	446	401
Other revenues (a)	84,148	123,726
	103,806	**129,425**

(a) Part of these amounts basically comprise revenue from rendering R&D services, reversals of provisions, insurance payouts, other income from various services billed to customers and, in 2019, income from a refund of COFINS (Contribution for the Financing of Social Security) paid in prior years by the Brazilian subsidiaries.

Supplies-

The balances of this heading on the consolidated income statement for the financial years to 31 December 2020 and 2019 break down as follows:

Item	Thousands of Euros	
	2020	2019
Purchases of goods for resale and raw materials	2,192,609	2,921,218
Purchases of other supplies	27,758	36,998
Purchases of prototypes	6,817	10,829
Transportation of purchases	58,523	91,661
Work performed by other companies	19,865	36,132
Less- bulk discounts and returns	(4,326)	(5,083)
Cost of sales of tools	245,631	291,946
Change in inventories of goods for resale, raw materials and other supplies	32,738	24,894
	2,579,615	**3,408,595**

Staff costs-

The balances of this heading on the consolidated income statement for the financial years to 31 December 2020 and 2019 break down as follows:

Item	Thousands of Euros	
	2020	2019
Salaries and wages	600,053	755,523
Termination benefits	16,114	1,074
Employer's social security contributions	152,607	185,635
Other employee benefits expenses	47,177	65,247
	815,951	**1,007,479**

Average number of employees-

Set out below is the average number of employees working for the Group in the financial years to 31 December 2020 and 2019:

	Average Number of Employees	
	2020	2019
Direct labour	14,597	16,718
Indirect labour	8,127	8,951
General employees	3,947	4,087
	26,671	**29,756**

The average number of employees in associates in 2020 and 2019 was 843 and 768, respectively.

The average number of employees in the Group in the financial years to 31 December 2020 and 2019 with disabilities of 33% or more was 309 and 272, respectively, distributed as follows by function:

	Average Number of Employees	
	2020	2019
Direct labour	202	177
Indirect labour	72	64
General employees	35	31
	309	**272**

Functional analysis by gender-

Set out below is a functional breakdown of the work force of the group by gender as at 31 December 2020 and 2019:

	Number of Employees					
	At 31 December 2020			At 31 December 2019		
	Male	Female	Total	Male	Female	Total
Direct labour	7,362	6,713	14,075	8,329	7,751	16,080
Indirect labour	6,186	1,627	7,813	6,909	1,876	8,785
General employees	2,522	1,338	3,860	2,662	1,400	4,062
	16,070	**9,678**	**25,748**	**17,900**	**11,027**	**28,927**

The number of employees of associates as at 31 December 2020 was 980 *(715 men and 265 women)*, and at 31 December 2019 there were 726 employees *(518 men and 208 women)*.

At 31 December 2020 and 2019 the Parent's Board of Directors comprised one private individual (a man), and four members who are legal entities, represented by one man and three women.

At 31 December 2020 and 2019, the Group's Senior Management comprised 11 individuals *(nine men and two women)*.

Other operating expenses-

The balances of this heading on the consolidated income statement for the financial years to 31 December 2020 and 2019 break down as follows:

Item	Thousands of Euros	
	2020	2019
Research and development expenses	10,408	27,241
Leases (a)	19,830	25,555
Repairs and maintenance	49,233	71,739
Independent professional services	20,989	24,607
Transport	58,459	73,606
Insurance premiums	11,189	10,570
Banking and similar services	476	550
Advertising, publicity and public relations	2,507	3,952
Utilities	52,241	70,355
Other services	197,610	282,773
Total external services	**422,942**	**590,948**
Taxes	**17,208**	**16,715**
Other operating expenses	**41,716**	**26,720**
Other operating expenses	**481,866**	**634,383**

(a) These amounts comprise the expenses of low-value leases and short-term leases (see Note 8).

(21) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Balances and transactions with associates and joint ventures-

The Group's balances with associates and joint ventures at 31 December 2020 and 2019 are as follows:

Company	Thousands of Euros					
	31 December 2020			31 December 2019		
	Long-term Loans (a)	Trade Receivables	Trade Payables to Suppliers	Short-term Loans (b)	Trade Receivables	Trade Payables to Suppliers
Slovakian Door Company, s.r.o.	4,255	188	46	4,250	106	3
NHK Antolin (Thailand) Co., Ltd.	-	287	8	-	319	12
Krishna Grupo Antolin Private, Ltd.	-	239	16	-	(5)	17
Dongfeng Antolin (Wuhan) Automotive Trim, Co., Ltd.	-	1,195	-	-	553	3
Dongwon Technology Co., Ltd.	-	-	10	-	-	2
Walter Pack S.L.	-	-	236	-	-	-
AED Innovation Group, S.L.	-	-	1,273	-	-	-
	4,255	**1,909**	**1,585**	**4,250**	**973**	**37**

(a) The balances of these credits are recognised under "Investments in group companies and associates" *(non-current)* at 31 December 2020 (see Note 1).

The Group's transactions with associates and joint ventures *(sales and services provided and received)* during 2020 and 2019 are as follows:

Company	Thousands of Euros					
	Sales and Services Provided		Finance Income		Goods and Services Received	
	2020	2019	2020	2019	2020	2019
Slovakian Door Company, s.r.o.	2,329	3,263	102	51	196	58
NHK Antolin (Thailand) Co., Ltd.	855	1,290	-	-	40	78
Dongwon Technology Co., Ltd.	-	20	-	-	64	65
Krishna Grupo Antolin Private, Ltd.	635	1,156	-	-	10	16
Dongfeng Antolin (Wuhan) Automotive Trim, Co., Ltd.	754	442	-	-	-	-
Walter Pack S.L.	-	-	-	-	309	-
AED Innovation Group, S.L.	-	-	-	-	2,019	-
	4,573	**6,171**	**102**	**51**	**310**	**217**

The transactions detailed above were carried out in the normal course of business and under market conditions.

Balances and operations with shareholders and Directors of the Parent-

At 31 December 2020 and 2019, the Group held the following balances with Avot Inversiones, S.L.:

	Thousands of Euros	
	31 December 2020	31 December 2019
Other non-current financial assets:		
Cashpooling account (Note 9)	**453**	**414**
Current debts with group companies and associates:		
Debt from the consolidated tax group (Note 19)	**(880)**	**(727)**

At 31 December 2020 and 2019 the Group had no balances with other shareholders and/or Directors of the Parent.

The Group's transactions with shareholders and Directors of the Parent during the financial years to 31 December 2020 and 2019 are as follows:

Shareholders and/or Directors and Type of Operation	Thousands of Euros	
	2020	2019
Finance income:		
Avot Inversiones, S.L. *(indirect shareholder)*	**18**	**83**
Remuneration, wages, salaries and other benefits paid to the Directors	**4,346**	**4,013**

Balances and transactions with related parties-

During the financial years to 31 December 2020 and 2019 the Group made purchases from CYLBUR, Compras y Logística Burgalesa, S.L. *(a company affiliated with some of the Parent's Directors)* (see Note 2-h) in the amounts of 3,323 and 5,030 thousand euros, approximately. These transactions were carried out in the normal course of business and under market conditions. As a consequence of these transactions, at 31 December 2020 and 2019 the Group had payables with this related company totalling approximately 829 and 957 thousand euros, respectively.

Moreover, purchases were made and services received from other companies related with the partners of Avot Inversiones, S.L. in 2020 totalling 954 thousand euros *(711 thousand euros in 2019)*, while lease expenses paid to other related companies were also recognised amounting to 47 thousand euros.

As a result of the operations carried out with these related companies, at 31 December 2020 the Group has accounts payable to said companies in an amount of 628 thousand euros *(156 thousand euros at 31 December 2019).*

Finally, other transactions with parties and persons indirectly related to the Directors were effected in the ordinary course of the Group's business. These were not however material and are not relevant for the purposes of giving a true and fair view of the consolidated net assets, financial position or results of the Group.

(22) INFORMATION ABOUT THE DIRECTORS OF THE PARENT AND KEY STAFF OF THE GROUP

Parent Directors' remuneration and other benefits-

In 2020 the members of the Board of Directors of the Parent received 3,050 thousand euros *(2,800 thousand euros in 2019)* in remuneration for their work as Directors of the Parent. Some of the members of the Parent's Board of Directors are also employees and, as such, earned wages and salaries and other benefits totalling 1,296 thousand euros in the year to 31 December 2020 *(1,213 thousand euros in 2019).*

In 2020 and 2019 the Parent's Directors did not provide any service for which remuneration was paid.

The sum of these amounts represents the total remuneration earned by the Parent's Directors in the years to 31 December 2020 and 2019 in all connections.

The Group does not have any pension or life insurance commitments to any of the current or previous Parent's Directors, although it has paid civil liability insurance premiums for the Parent's Directors in 2020 and 2019 of approximately 40 thousand euros in both years.

At 31 December 2020 and 2019 the Parent had not conceded any loan or advance to any of its Directors or given any guarantees in their favour. Moreover, at these dates the Parent had not given any guarantees in their favour.

During 2020 and 2019 no contract between the Group and the shareholders of the Parent or persons acting on their behalf were concluded, modified or terminated early, corresponding to operations outside the ordinary business of the Group or which were not carried out under normal market conditions. In these years no contracts were signed between the Group and the Directors of the Parent.

Remuneration and other benefits paid to senior management of the Group-

The remuneration accruing to the Group's senior managers *(members of the Management Committee who are not Directors of the Parent)* during the year to 31 December 2020 totalled 3,351 thousand euros *(3,363 thousand euros in the year to 31 December 2019).*

The Group has not entered into any pension commitments, nor has it granted any advances, loans or guarantees to any member of the Group's senior management. However, it has approved a “Multi-year remuneration plan” for the Group's senior managers for three-year periods *(the latter corresponding to the periods 2017-2019 and 2019-2021).* The plan is subject to certain targets being met, with the remuneration to be paid in the first few months of the year following the end of each three-year period. The Group had no provision set aside in relation to this plan at 31 December 2020 and 2019 because the established conditions were not being fulfilled and it has been estimated that at those dates, no liability had been accrued and it was unlikely this multi-year remuneration would be paid.

Disclosure on conflicts of interest of the Parent's Directors-

In compliance with article 229 "Duty to prevent situations of conflict of interest" of the revised text of the Spanish Corporate Enterprise Act, approved by Royal Decree 1/2010, of 2 July and amended 4 December 2014, it is disclosed that none of the members of the Board of Directors of the Parent nor any party related to said Board members or the companies comprising the Group has any direct or indirect conflict of interest with the Group. Transactions between the Group and companies related to certain directors are detailed in Note 21.

(23) RISK MANAGEMENT POLICY

Financial risk factors-

The Group's activities are exposed to a number of financial risks: market risk *(fair value risk and price risk)*, credit risk, liquidity risk and interest-rate risk on cash flows. The Group's global risk management programme is focused on the uncertainty of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Grupo Antolin uses financial derivatives to hedge against certain risks.

Risk management is controlled by the Group's Financial Department in accordance with policies approved by the Board of Directors of the Parent. This Department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Parent's Board of Directors determines policies for the global management of risk, and for specific risk areas such as currency risk, interest rate risk, liquidity risk, risk derived from the use of derivative and non-derivative financial instruments and the investment of cash surpluses.

i) Market risk-

The Group is exposed to the risk of changes in market value of the investments held as "available for sale" which are classified under "Non-current financial assets" on the consolidated statement of financial position, although this risk is not significant as the investments held at 31 December 2020 are not material.

The risk deriving from a possible increase in the prices of raw materials, including the purchase of components used in the production processes, is mitigated by the fact that Grupo Antolin operates with its main suppliers under long-term agreements which afford stability in prices. On the other hand, Grupo Antolin negotiates with its customers to pass on increases in the prices of certain raw materials.

The terms of agreements with customers have resulted in lower prices, which could reduce the Group's margins. The Group develops improvement programmes and tools to offset such impacts with higher productivity. Grupo Antolin also negotiates with its suppliers to help it absorb these price reductions.

ii) Credit risk-

Grupo Antolin's customer portfolio is diversified across the major vehicle manufacturing groups, as a result of which there is no particular concentration of credit risk. In the past, motor vehicle manufacturers were deemed not to have a major credit risk. The Group therefore considers that the credit ratings of its debtors are sound and its receivables in the first months of 2021 will be collectable as normal. The Group has policies for other customers to ensure that it sells to customers who have suitable credit histories.

At 31 December 2020 the trade receivables past due for which provision had not been made were not material.

The credit risk on cash and cash equivalents, financial derivatives and deposits with banks and financial institutions is deemed to be immaterial, as these operations are only entered into with financial institutions with high credit ratings. Grupo Antolin has policies for limiting the amount of the risk with any financial institution.

iii) Liquidity risk-

Grupo Antolin manages liquidity risk prudently, based on maintaining sufficient cash and negotiable securities, the availability of funding by means of sufficient committed credit facilities and the capacity to liquidate positions in the market. Furthermore, the centralised cash system the Group has set up allows it to manage financial resources with greater efficiency. Given the dynamic nature of the underlying businesses, the Group's Financial Department aims to keep financing flexible, by contracting credit lines or factoring lines with or without recourse *(assigning receivables to third parties)*.

Group Management monitors cash requirements, and developments in its borrowings. The key figures in Grupo Antolin's approved cash budget for 2021 are as follows:

Item	Thousands of Euros
EBITDA	321,713
Net finance costs paid	(41,123)
Income tax paid	(16,577)
Cash-flow from ordinary operations activities	**264,013**
CAPEX	(230,465)
Divestments	8,050
Changes in working capital	(54,792)
Other items – M&A	(1,887)
Free cash flow of the business	**(15,081)**
Repayments of financial debt	(44,125)
Drawdown of new debt	40,000
Change in cash and cash equivalents in 2021	**(19,206)**
Balance of cash and cash equivalents at 31 December 2020	**401,739**
Balance of estimated cash and cash equivalents at 31 December 2021	**382,533**

iv) Interest rate risk for cash flows and fair value risk-

Given that the Group does not carry major amounts of interest-earning assets, its operating revenues and cash flows are fairly independent of the variations in market interest rates.

The Group's interest rate risk stems from its non-current borrowings. The Group's variable rate borrowings expose it to interest-rate risks for cash flows. The Group's fixed rate borrowings expose it to fair value interest rate risks. At the end of the 2020 reporting period, approximately 60% of borrowings were at fixed interest rates.

The Group mainly manages the interest rate risk on cash flows using variable to fixed interest rate swaps. These interest rate swaps have the financial effect of converting variable interest rate borrowings into fixed interest rate borrowings. When the Group borrows long term at variable interest rates, it assesses whether to swap these for fixed interest rates, trying to obtain lower fixed rates than those that the Group would have obtained had it borrowed directly at fixed rates. Under the terms of the interest rate swaps, the Group undertakes to exchange with other parties, at set intervals *(normally every six months)*, the difference between the fixed interest and the variable interest calculated based on the notionals contracted.

At 31 December 2020 the Group has no derivative instruments contracted to cover its exposure to variable interest rates. Taking into account the contractual terms of the funding in force as at said date, it has been estimated that a 0.50% change in interest rates would lead to a fluctuation of approximately 2 million euros in interest expenses.

The Group considers that there are no significant differences between the book value and the fair value of financial assets and liabilities.

v) Foreign-exchange risk-

The international expansion of the Group and its ever-growing volume of business outside the euro zone expose it, principally, to exchange rate risks in currencies such as the Czech koruna, the Brazilian real, the US dollar, the Mexican peso, UK sterling and the Chinese yuan, which could have an impact on its results. To reduce its exposure to this risk, the Group avails itself of a variety of mechanisms, such as using local suppliers and negotiating with customers and suppliers to hedge against major movements in currencies. Grupo Antolin has not entered into any foreign-currency hedge rate agreements or forward contracts.

The Group has carried out a sensitivity analysis of the key figures in its 2021 budget income statement, and has concluded that a 5% rise in the euro against currencies such as the Czech koruna, the Brazilian real, the US dollar, the Mexican peso, UK sterling and the Chinese yuan, would reduce revenue by approximately 127 million euros *(approximately 3% of the amount budgeted)*, and budgeted consolidated profit and loss for 2021 *(before tax)* would fall by approximately 7 million euros.

Other risk factors-

The activities of Grupo Antolin are also exposed to other risks that could impact on the economic growth or on the business activity of the markets in which it operates. The Group's global risk management programme is also focused on the uncertainty of these other risks and seeks to minimise adverse effects on the Group's profitability. The Board of Directors of the Parent provides policies for global risk management in close co-operation with the business units.

i) Coronavirus-

The appearance of Covid-19 and subsequent spread to a large number of countries in 2020 resulted in the outbreak being declared a pandemic by the World Health Organisation on 11 March 2020. The situation led to a worldwide economic crisis and slump in global vehicle production in 2020 because the pandemic forced the closure of practically all production plants around the world *(the estimates for 2020 before the coronavirus hit were for global output of 90.5 vehicles, with 74.6 million vehicles ultimately produced)*. Consequently, the Group's production plants also closed and/or operated at reduced capacity, especially between March-May 2020. The drop in sales and limited time frame to adapt its cost structure led to the Group's operating results being eroded in 2020.

Analysts forecast that global production in the automotive sector will increase in 2021 versus 2020, hitting 87 million vehicles. This is lower than the figure reached in 2019.

Internally, Grupo Antolin's priority has been to protect the health of its staff and ensure business continuity and liquidity, despite the major market disruption and the automotive industry suffering one of its worst crises. The Group therefore devised and rolled out a prevention and contingency plan comprising a raft of obligatory measures and best practices to protect the health and safety of workers and their families while ensuring business continuity.

While there are uncertainties at the date of authorisation for issue of these consolidated financial statements about the effectiveness of the vaccinations and medical treatment being provided, how the pandemic will evolve and how long it will last, and its effects on the economy and markets in which the Group operates, the Parent's Directors and the Group's Management made an assessment of the current, short and medium-term situation based on the best information available. The results of this assessment are:

- Liquidity risk: it is expected that the general state of the market could cause in the future a squeeze on liquidity in the economy and shrink the credit market. They found that at 31 December 2020 Grupo Antolin has a robust liquidity position as a result of the new long-term finance arranged in 2020 *(part of which obtained through the government plans to provide financial support during the Covid-19 pandemic)* and the specific plans rolled out to improve and efficiently manage liquidity. It also has access to around 300 million euros of undrawn loans, lines of credit and revolving credit facilities, and therefore liquidity gaps are not expected in the near term.

- Operational risk: following the major impact in 2020 that forced the Group to temporarily halt part of its production, activity has gradually restarted. It is expected that the markets will continue to rebound, while the industry will take time to return to 2019 production levels. However, the outcome of what are rapidly changing and unpredictable events is still unclear. Whatever happens, the action plan launched by the Group includes establishing a raft of task forces and specific procedures to monitor and manage operations at all times, with a view to minimising the impacts on them of risks deriving from interruptions or decreases in production/sales or gaps in the supply chain. Furthermore, the extensive diversification of Grupo Antolin's business model from a geographical, customer and product perspective puts it on a good footing to calmly and confidently confront the Covid-19 pandemic.

- Risk of changes in certain financials: the abovementioned factors and other specific factors could impact the forthcoming consolidated financial statements of the Group in headings such as "Revenue", "Operating profit" or "Profit before and after tax" or key financial statement indicators *(leverage ratio, EBITDA/finance costs ratio, etc.)*. However, while the 2021 forecasts were prepared considering the prevailing factors and restrictions and in accordance with the principle of prudence, it is not currently possible to quantify this impact reliably, given the aforesaid factors and restrictions. Whatever the case, to February 2021 the Group's key financials were in line with the budget.

- Risk of changes in the value of the assets and liabilities on the statement of financial position: a change in the Group's future sales forecasts, production costs, finance costs, collections from customers, etc. could have a negative effect on the book value of certain assets *(goodwill, non-current assets, tax credits, etc.)*, and require certain provisions or other types of liabilities to be recognised. At year-end 2020 and based on the best information available at that time, analyses and calculations have been prepared to revalue these assets and liabilities and make any pertinent adjustments. In this respect, Note 7 includes sensitivity analysis concerning the potential impacts on the impairment test if certain changes in the basic assumptions in the models used to prepare the tests are required. Significant impacts are not expected. The Parent's Directors do not expect that any changes to these estimates as a result of future events would have a material impact on the Group vis-à-vis impairment of assets or the need to recognise provisions and/or other liabilities. Any impacts would be recognised prospectively.

- Going concern risk: in light of all the factors described beforehand, the Parent's Directors consider that the conclusion in Note 3-a on applying the going-concern principle is still valid.

Lastly, the Group's Management and Parent's Directors are constantly monitoring this situation with a view to successfully tackling any potential financial and non-financial impacts that could arise.

ii) Uncertainty surrounding the effects of Brexit and the outcome of the agreements between the EU and the UK-

The UK's exit from the European Union still raises many questions about the economic impacts of this decision.

The terms of the UK's withdrawal could increase the costs of operations in the UK, for the rest of Europe or for both. An industrial reorganisation action plan was therefore executed at the Group's industrial facilities in the UK in 2020 and 2019 to make them more competitive.

During the year-ended 31 December 2020 7.3% of Group revenues from production were generated in the UK vs 8.6% in 2019. The Group operates in the UK with a technical-commercial office and five plants, mainly manufacturing components related to the "Overheads and Soft Trim", "Doors and Hard Trim" and "Cockpits and Consoles" segments. The Group's main customers in the UK in 2020 were TATA and BMW. The Group's average headcount in the UK in 2020 was 1,541 compared to 1,757 in 2019. Looking ahead to 2021, the Group's estimates for the UK are an increase in revenue from component sales of around 43% and an improvement in results thanks to the execution of various campaigns to improve and cut the costs of operations in 2019 and 2020 to boost the efficiency thereof.

These events could impact our business, financial position, liquidity and the results of our operations. However, while it is not currently possible to quantify or predict with any certainty the potential impact of these changes on our business model, forecasts, financial position or operating results, the Parent's Directors consider that the Group is a corporation with a diverse range of products, customers and markets and is therefore resilient to the ups and downs of the markets.

(24) OTHER INFORMATION

Guarantees given to third parties and other contingent liabilities-

At 31 December 2020 and 2019 various financial institutions had also provided guarantees to public bodies on the Group's behalf to guarantee compliance with the general and particular terms of certain capital and operating grants made to the Group (see Note 15), and the repayment of a number of loans granted by public bodies to fund research and development projects (see Note 19).

The contract for the sale of the "Seats and Metal" business unit to the Lear Corporation Group in April establishes various guarantees provided by the Group to the buyer in the event that losses or liabilities come to light arising from events prior to the date of transfer that were not envisaged in the financial statements of the companies sold at said date.

The Parent's directors do not expect any liabilities not foreseen 31 December 2020 or any significant losses to arise for the Group as a result of the guarantees given.

Other current liabilities-

The balance recorded under this heading at 31 December 2020 corresponds mainly to outstanding remuneration to staff, to accruals recorded to match revenues to expenses and to record operations on an accruals basis.

Fees paid to the auditors-

The fees for audit and other services provided during 2020 and 2019 by the Group's main auditor, or by companies related to it through common control, ownership interests or management, together with fees for services provided by other auditors to companies included in the scope of consolidation, or by companies related to them through common control, ownership interests or management, are as follows:

	Thousands of Euros			
	2020		2019	
Description	Services Provided by the Main Auditor	Services Provided by Other Audit Firms	Services Provided by the Main Auditor	Services Provided by Other Audit Firms
Audit services	2,160	1,074	2,135	998
Other verification services	133	97	615	296
Total audit and related services	**2,293**	**1,171**	**2,750**	**1,294**
Other services	**1,005**	**593**	**480**	**1,972**
Total professional services	**3,298**	**1,764**	**3,230**	**3,266**

Disclosure on the average payment period to suppliers in Spain-

This note contains the information required in accordance with Law 15/2010, of 5 July, modifying Law 3/2004, of 29 December, establishing measures to combat late payment in commercial transactions *(amended by the Second Final Provision of Law 31/2015, of 3 December),* prepared in compliance with the Resolution issued on

29 January 2016 by the Institute of Accounting and Account Auditing (ICAC) on the disclosures required in the notes to the financial statements with regard to the average payment period to trade suppliers and service providers in Spain. Trade payables are understood to include amounts payable for the supply of goods or services *(not including suppliers of property, plant and equipment)*.

For the purposes of preparing this information, and given the nature of the Group's activities and operations, the "payment period" is treated as the period between the invoice date (*which in practice is generally on or close to the date the goods and services are received from the supplier*) and the payment date.

In accordance with the above, the information required under this legislation for the financial years ended 31 December 2020 and 2019 for payments made by the Group's Spanish companies is as follows:

	2020	2019
	Days (a)	Days (a)
Average payment period to suppliers	55.76	48.21
Transactions paid ratio	58.37	50.99
Transactions payable ratio	41.08	31.34
	Amount (Thousands of Euros)	Amount (Thousands of Euros)
Total payments made	461,725	592,152
Total payments outstanding	82,201	97,393

(a) In accordance with Law 11/2013, of 26 July, establishing measures to support entrepreneurs and stimulate growth and the creation of jobs, amending Law 3/2004, the maximum legal payment period is 30 days, which may be extended to up to 60 days with the agreement of both parties.

Environmental information-

Grupo Antolin's environmental activities focus on two general areas:

- Environmental Management System. Based on manuals and procedures common to all the centres defining the measures to ensure strict compliance with current legislation, the rational use of resources and energy and minimising the generation of waste.
- Environment-Sensitive Design. Through its research and development centres, the Group designs its products with a view to minimising the environmental impact of the vehicle over its useful life.

The Group's property, plant and equipment include certain investments whose carrying amount at 31 December 2020 and 2019 totalled approximately 506 and 543 thousand euros respectively, their purpose being to reduce the environmental impact of the Group's activity and to protect and enhance the environment. In 2020 and 2019 the Group also incurred certain expenses aimed at protecting and enhancing the environment, totalling approximately 3,343 and 4,050 thousand euros, respectively.

Grupo Antolin has no other environmental liabilities, provisions or contingencies that could have a significant impact on its equity, financial position or results (see Note 16).

In particular, given the nature of its activity, the facilities of the Spanish consolidated companies were not included in the national plan for the allocation of greenhouse gas emission allowances and, therefore, they have been allotted no greenhouse effect gas emission rights. No greenhouse effect gas emission rights have therefore been recognised on the consolidated statement of financial position at 31 December 2020 nor has any movement occurred under this heading on 2020. Furthermore, in 2020, the Group has incurred no expenses nor has it recorded any provision in connection with this item. The Group has not entered into any futures contract relating to emission rights, nor has it received any grants associated with such rights, nor are there any contingencies arising from greenhouse effect gas emission rights.

(25) EVENTS AFTER THE REPORTING PERIOD

Grupo Antolin is presenting refinancing the syndicated loan it has to extend the repayment schedule to 2016 with a view to driving and facilitating the Group's internal growth and development. The Parent's Directors envisage completing this in the first half of 2021.

In March 2021, Grupo Antolin also incorporated a joint venture with NAEN Auto Technology which specialises in the electronics of keyless vehicle entry and ignition systems. With a 51% equity stake, this has enabled Grupo Antolin to strengthen its in-car electronics capabilities.

No other significant events occurred subsequently to the 2020 year close.

(26) EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (see Note 2-b). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

GRUPO ANTOLIN-IRAUSA, S.A.U. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR 2020

Performance of the businesses in 2020-

The Covid-19 pandemic had a negative impact in 2020, affecting every economy and all sectors to a greater or lesser extent. Consequently, global growth in terms of the year-on-year change in GDP, was a negative 4% in 2020. The worst effects of the pandemic were between March and June, before a slight rebound in activity in July that gathered steam especially in the last four months of the year.

The automotive sector has been hard hit by the pandemic, with a very significant decline in global vehicle production year-on-year of approximately 16% to 74.6 million units in 2020 compared to 88.7 million manufactured in 2019.

In Western Europe, the estimated drop in production is 25%, primarily because of the decreases in the UK *(-25.9%)*, Germany *(-24.4%)* and France *(-38.6%)*.

Production in Eastern Europe slumped by 16% due to the poor performance of countries such as the Czech Republic Russia, Slovakia and Poland.

Production in the NAFTA region also plunged by around 16.1%, most notably in Mexico *(-27.9%)* and the United States *(-14.8%)*.

In the Asia-Pacific region, vehicle production levels in China fell by 4.2%, translating into almost one million fewer units than in the previous year. Even larger declines were seen in India, with a 23.9% reduction versus 2019.

The Mercosur region also fared poorly *(-30.7%)*, as a result of the slump in Brazil *(-32.1%)* and, to a lesser extent, in Argentina (-18.7%).

In this context, Grupo Antolin's revenues were down 23.8%. The application of IFRS 15 in force since 1 January 2018 has meant including in revenue the income from the sale of tools which in 2020 and 2019 amounted to 283 and 358 million euros, respectively. Stripping out the unfavourable impact of exchange rates which amounted to 122 million euros, the difference vs 2019 would have been -21.4% on a like-for-like basis.

Out of total revenue, 93% corresponds to sales of interior components and 7% to the sale of tools.

The negative exchange rate effect was caused by the depreciation of the Mexican peso, the US dollar, the Brazilian real and the Czech koruna against the euro.

Stripping out tool sales, revenue from the sale of components in 2020 would be down 23.9%.

The performance by business unit was as follows: Doors & Hard Trim *(-28% or -603 million euros)*, Lighting *(-13.6% or -45 million euros)*, Cockpits & Consoles *(-8.6% or -63 million euros)* and Overheads & Soft Trim *(-26.2% or -526 million euros)*.

By region, revenue was down in all regions except Asia-Pacific *(+6.2% or +29 million euros)* and Africa *(+7.1% or +3.3 million euros)*. The performance of the other regions was as follows: Europe *(-24.1% or -636 million euros)*, NAFTA *(-30.2% or -591 million euros)* and Mercosur *(-51.3% or -45 million euros)*.

The significant declines in Europe, NAFTA and Mercosur are due to the pandemic, especially in the second quarter of the year.

Growth in Asia-Pacific was especially fuelled by a strong Chinese market, which was hit less hard by the pandemic in 2020. Relative to total sales, 11.3% of our output was in China in 2020 compared to 7.4% in 2019, representing a 16% rise in revenue in China.

By customer, the most notable decreases in revenue have been from: Fiat Chrysler, the VW Group, General Motors and Ford Company.

Our internationalisation and diversification strategy has once again been reflected in two key indicators. Some 91% of the Group's average workforce were employed outside Spain in 2020, while consolidated sales excluding Spain accounted for slightly more than 96% of the total.

In terms of results, the Group has achieved EBITDA and EBIT margins of around 6.8% and -0.6%, respectively – lower than the 8.3% and 2.7% posted in 2019.

The efficiency and transformation programme implemented in 2020 represented around 27 million euros. Adjusted for this effect, EBITDA would have stood at 7.5% of sales, and EBIT would have been slightly positive.

Significant events in 2020-

Key events over the year included:

- In February 2020, a deal was closed by way of a SAFE *("Simple Agreement for Future Equity")* to collaborate with the Israeli firm CIPIA *(formerly Eyesight Technologies)*: a leader in in-car vision technology using artificial intelligence. The goal is to supply passenger and driver monitoring solutions.

- In July 2020, Grupo Antolin formed a strategic partnership with the German company, AED Engineering, to grow the electronics business. Through this partnership, Grupo Antolin acquired a 49% stake in the parent, AED Innovation Group, S.L., which solely owns AED Engineering, GmbH and AED Embedded Development, S.L.U.

- The subsidiary Grupo Antolin-Amsterdam, B.V. was liquidated in 2020.

- In December 2020, the European Investment Bank (EIB) approved a 40-thousand-euro loan to the Group. At 31 December 2020, Grupo Antolin had not drawn down any of the loan, planning to do so as from the second quarter of 2021.

Research and development-

The Group's innovation drive aims to find creative solutions to the major trends redefining the concept of mobility every day. As part of its "Smart Integrator" strategy, Grupo Antolin provides smart in-car solutions.

Grupo Antolin prioritises programmes that aim to technically enrich its products by developing solutions to embed functionalities and design processes to be more efficient and competitive.

Investment in cutting-edge technology has enabled us to incorporate the most advanced support for design work and ensure the analysis and validation of our products and processes.

Grupo Antolin's Innovation Plan envisages the following strategic lines, fields in which the Group has vast experience and which are proving to be very important for car manufacturers:

- MATERIALS and PROCESSES *(focused on weight reduction to minimise CO^2 emissions),*
- INDUSTRIAL FLEXIBILITY *(innovative processes to produce different functions)*, and
- INTELLIGENT INTERIORS *(supporting our customers' brand strategies is crucial to the end user's experience and perceived quality according to personalisation).*

We continue to see industrial design and innovation as a distinguishing feature that customers appreciate in the advanced stages of projects.

Our aim is to launch more integrated products that incorporate more technology and electronics, offering more functionalities and new lighting solutions. This is what we have called our “Smart Integrator” strategy, which must be our priority moving forward.

To accelerate the “Smart Integrator” strategy, we have to enhance our electronics capabilities. In 2020, Grupo Antolin launched an Electronics Business Unit to support the other business units in the development of products incorporating more electronic components.

Innovation is present throughout Grupo Antolin and therefore R&D and innovation activities are performed at all the Group's centres and involve not only its technical departments but also a large team of external partners.

Grupo Antolin has launched an open initiative called “ANTOLIN i.JUMP” to work with engineers, physicists and other STEM experts, and with start-ups, SMEs, technology centres and universities to accelerate R&D and innovation.

Grupo Antolin's goal is to create an open ecosystem for exchanging knowledge and ideas to develop new innovative solutions and novel models of collaboration to meet the challenges faced by the industry. The Company has launched a programme of collaborative challenges with “ennomotive”: an open innovation platform that is leading the way in tackling technological challenges. The platform already has over 15,000 engineers worldwide

Grupo Antolin has launched six challenges, attracting 111 varied solutions submitted by 305 solvers from 33 countries.

ANTOLIN i.JUMP is included in the innovation strategy and forms part of the Group's talent attraction policy. The Group needs to have the highest qualified staff to lead the way in the industry's current digital transformation.

Environmental and human resources issues-

One of Grupo Antolin's goals is to demonstrate its environmental commitment by dedicating time, effort and resources to waste management, consumption, energy efficiency and management and social awareness.

Our focus is based on reducing the environmental impact of our business activity.

In environmental and human resources matters we would draw attention to the following measures taken by Grupo Antolin in 2020:

- In 2020, Grupo Antolin continued to increase its commitment to the environment through its policies for “Environmental Management” and “Design for the Environment”. This commitment has resulted in technological solutions which favour sustainability, prioritising innovative approaches that reduce weight, facilitate recycling and make use of natural materials, features widely demanded by the market.

- A key milestone in 2020 was the creation of the Sustainability Division, encompassing the functions of Corporate Social Responsibility and the Environment area. The main aim is to strengthen Grupo Antolin's commitment to developing a sustainable business model. Grupo Antolin sees sustainability as a cornerstone of the Group's strategy, which makes it more competitive and brings value to the business.

- In order to reduce CO2 emissions and minimise the use of energy from fossil fuels, we are developing numerous products based on two environmental concepts: Light & Green. We are committed to the environment, working with makers on projects to reduce CO_2 emissions and develop technologically sustainable products.

  As proof of our commitment, Grupo Antolin adopts and applies the main conventions and guidelines established in the UN's Global Compact *(principles 7, 8 and 9)* and in the Carbon Disclosure Project *(CDP Water Disclosure Project)*.

  Although we are not directly responsible for vehicle emissions, we can help to reduce the environmental impact of these through the optimisation of energy in our chain, and the efficient management of natural resources and of the materials we use.

- In 2020, Grupo Antolin maintained and strengthened the commitment it made in 2003 to the United Nations Global Compact and its principles of good governance based on respect for human rights, protecting the environment and ensuring decent working conditions.

In addition in 2020, at an internal level, the priority of the Antolin Group was to protect the health of its employees and ensure the continuity of its business and liquidity, in spite of the major disruption of the market and the fact that the automobile industry is currently experiencing one of its most serious crises. In this regard, the Group has designed and applied a contingency and prevention plan featuring a series of obligatory preventative measures, as well as good practices, in order to protect the health and safety of the employees and their families and, at the same time, guarantee the continuity of the business.

Main risks deriving from activities-

The main risks which could affect the future development of our business and the corresponding measures put in place by the Group to offset them, are as follows:

- Derivatives are used to eliminate or reduce exposure to interest rate fluctuations in certain financial operations, given the impact an increase in interest rates could have on the Group's results. However, at 31 December 2020 no instruments of this kind have been contracted.

- The risk deriving from a possible increase in the prices of raw materials, including the purchase of components used in the production processes, is mitigated by the fact that Grupo Antolin deals with its main suppliers under long-term agreements which help keep prices stable. On the other hand, Grupo Antolin negotiates with its customers to pass on increases in the prices of certain raw materials.

- The terms of agreements with customers have resulted in lower prices, which could reduce the Group's margins. The Group develops improvement programmes and tools to offset such impacts with higher productivity. Grupo Antolin also negotiates with its suppliers to help it absorb these price reductions.

- The extensive international expansion of the Group and its ever-growing volume of business outside the eurozone expose it to exchange rate risks in currencies such as the Pound sterling, the US dollar, the Mexican peso or the Chinese yuan, which could have an impact on its results. To reduce its exposure to this risk, the Grupo uses a variety of mechanisms, such as using local suppliers and negotiating with customers and suppliers to hedge against major movements in currencies.

Outlook for the Group-

The latest forecasts from leading economic organisations around the world are that global GDP will grow by just over 5% in 2021.

Global production forecasts for the automotive sector are growth of 16% in 2021 compared to 2020, with 87 million vehicles being produced compared to 75 million units in the previous year. This improvement comes thanks to the mass vaccination programmes currently being rolled out that will fuel economic activity throughout 2021.

Despite the risks of new outbreaks and variants of the virus, it is still highly likely that vehicle production and sales will rise in 2021 and will logically continue the excellent strong and robust trend during the last four-month period of 2020.

Internally, Grupo Antolin has continued to reinforce the prevention and contingency plan comprising a raft of obligatory measures and best practices to protect the health and safety of our workers and their families while ensuring business continuity in the event of a new wave of the pandemic.

On the other hand, Grupo Antolin's comfortable liquidity position thanks to the lines of credit and revolving credit facility with an undrawn balance of almost 260 million euros, and its significantly diversified business model from a geographical, customer and product perspective put us on a good footing to calmly and confidently confront the coronavirus pandemic.

Our latest results forecasts for 2021 are that revenue could increase by over 10% as the economy rebounds in Europe and the NAFTA region, while EBITDA as a percentage of sales could reach 8.5%, topping that posted in 2020. This growth in margins would be fruit of the improvement initiatives, optimisations programmes and fixed and variable cost reduction drive executed as part of the efficiency, digitalisation and standardisation programme implemented in 2019 and 2020.

Subsequently, in the short and medium term the Group is confident that it will boost its profit margins.

Through the efficiency programme implemented in 2019 and 2020, Grupo Antolin has achieved its goal of being a stronger, more efficient, more competitive and more agile company capable of rising to the challenges faced by the automotive sector and enhance customer service.

Non-organic growth remains a key part of the Grupo Antolin's strategic approach and we will continue to explore the market for opportunities that will complement our current business units, helping to add value to our product portfolio and make it more attractive.

In response to new challenges in the automobile sector, Grupo Antolin continues to work on new market trends related to driverless cars, new sources of energy, transport systems and connectivity.

To lead the industry revolution and anticipate customers' needs, last year Grupo Antolin strengthened its Innovation department with the new Electronics and Integrated Products department. The aim is to improve capacities in electronics and commit to the integrated development of new solutions.

To meet these new challenges and maintain our position as market leaders, Grupo Antolin is supported by a highly experienced and effective team of human resources whose abilities, initiative and talent are recognised by the sector.

Grupo Antolin continues to launch numerous initiatives in respect of Sustainability, as part of our firm commitment with the environment and the society in which we live.

The Group continues to implement new measures to improve and streamline spending and to ensure investments are more efficient in order to maintain margins at levels that continue to enhance shareholder value.

Disclosure on the average payment period to suppliers in Spain-

The details of the average payment period to suppliers in 2020 and 2019 by the consolidated companies in Spain, prepared in compliance with the Resolution issued on 29 January 2016 by the Institute of Accounting and Account Auditing (ICAC), is as follows:

	2020	2019
	Days (a)	Days (a)
Average payment period to suppliers	55.76	48.21
Transactions paid ratio	58.37	50.99
Transactions payable ratio	41.08	31.34
	Amount (Thousands of Euros)	Amount (Thousands of Euros)
Total payments made	461,725	592,152
Total payments outstanding	82,201	97,393

(a) In accordance with Law 11/2013, of 26 July, establishing measures to support entrepreneurs and stimulate growth and the creation of jobs, amending Law 3/2004, the maximum legal payment period is 30 days, which may be extended to up to 60 days with the agreement of both parties.

In general, the Group is complying with the maximum legal payment periods to trade suppliers established in Spanish law to combat late payment. It is currently assessing measures to be implemented in the next financial year to reduce the payment period in those cases where the maximum period has been exceeded. These measures will centre on reducing the processing time for receiving, checking, approving and accounting for invoices (*with improved use of electronic channels and technology*) and improving procedures for resolving incidents in this process, so that payment orders can be released on the monthly payment dates established by the Group and within the maximum period established in legislation to combat late payment.

Events after the reporting period-

Grupo Antolin is presenting refinancing the syndicated loan it has to extend the repayment schedule to 2016 with a view to driving and facilitating the Group's internal growth and development. The Parent's Directors envisage completing this in the first half of 2021.

In March 2021, Grupo Antolin also incorporated a joint venture with NAEN Auto Technology which specialises in the electronics of keyless vehicle entry and ignition systems. With a 51% equity stake, this has enabled Grupo Antolin to strengthen its in-car electronics capabilities.

No other significant events occurred subsequently to the 31 December 2020 close.

Shares in the Parent-

The group companies held no shares in the Parent at 31 December 2020, and no operations were performed with such shares during the twelve-month period ended on 31 December 2020.

Consolidated non-financial information-

Pursuant to the option permitted in article 49.7 of the Spanish Commercial Code, the Parent's Directors have prepared a "Consolidated Non-financial Information Statement" *(Consolidated NFIS)* for Grupo Antolin Irausa, S.A.U. and Subsidiaries for the year-ended 31 December 2020 in a separate report. It is expressly stated therein that said information forms part of the accompanying consolidated directors' report for 2020 and includes the content stipulated for this statement in the aforementioned article 49 of the Commercial Code.

GRUPO ANTOLIN

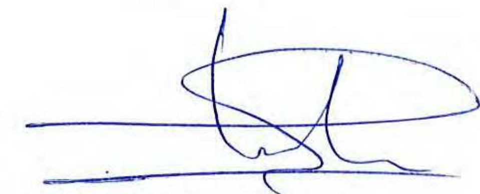
SIGNATURES OF THE DIRECTORS

The Directors of Grupo Antolin-Irausa, S.A.U. hereby sign these Consolidated Annual Financial Statements and Directors' Report for the year ended 31 December 2020, which precede this page, signed, in acceptance, by all the Directors.

In Burgos, on 24 March 2021

Ernesto Antolín Arribas
*(for and on behalf of
CANEA, S.L.)*

María Helena Antolín Raybaud
*(for and on behalf of
INJAT, S.L.)*



Miguel Ángel Vicente García
*(for and on behalf of
AMPABER, S.L.U.)*

Emma Antolín Granet
*(for and on behalf of
Agrícola Cinegética San Quirce, S.L.U.)*

Jesús Pascual Santos

Pablo Ruiz Ferreiro
(Non-director Secretary)

To the shareholders of Grupo Antolin-Irausa, S.A.:

Pursuant to article 49 of the Spanish Code of Commerce, we have performed a limited assurance review of the Consolidated Non-Financial Information Statement (hereinafter NFIS) for the year ended 31 December 2020, of Grupo Antolin-Irausa, S.A. (hereinafter the Parent) and its subsidiaries (hereinafter the Group) which forms part of the Group's 2020 consolidated Directors' Report of the Group, attached hereto.

The consolidated Directors' Report includes additional information to that required by current mercantile legislation concerning non- financial information, which has not been the subject of our assurance work. In this respect, our work was limited exclusively to providing assurance on the information identified in table "Appendix II. Table of contents required by Law 11/2018" in the consolidated Directors' Report attached hereto.

Directors' responsibility

The Directors of the Parent are responsible for the preparation and the authorisation for issue of the NFIS included in the Group's consolidated Directors' Report. The NFIS has been prepared in accordance with prevailing mercantile legislation and selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) and based on the content indicated for each subject area in "Appendix II. Table of contents required by Law 11/2018" included in the aforementioned Group's Directors' Report.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the NFIS is free from material misstatement, whether due to fraud or error.

The directors of the Parent are also responsible for defining, implementing, adapting and maintaining the management systems used to obtain the information required to prepare the NFIS.

Our independence and quality control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in the form of an independent limited assurance report based on the work performed.

We conducted our review engagement in accordance with the requirements of the Revised International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines for assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management, as well as of the different units and areas of the Parent that participated in the preparation of the NFIS, in the review of the processes for compiling and validating the information presented in the NFIS and in the application of certain analytical procedures and sample review testing described below:

- Meetings with the Parent's personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these matters and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the NFIS for 2020 based on the materiality analysis performed by the Parent and described in the section "V. About this report" considering the content required in prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the NFIS for 2020.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2020.

- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2020and whether it has been adequately compiled based on data provided by the information sources.
- Procurement of a representation letter from the Directors and management.

Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the NFIS of Grupo Antolin-Irausa, S.A. and its subsidiaries for the year ended 31 December 2020 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and the GRI Standards selected and based on the content indicated for each subject are in "Appendix II. Table of contents required by Law 11/2018" of the aforementioned consolidated Directors' Report.

Use and distribution

This report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

(Signed on original in Spanish)

Ramón Pueyo Viñuales

31 March 2021

Grupo Antolin-Irausa, S.A. and Subsidiaries

Non-financial Information Statement 2020

I. Contents

II. Business model 4
Grupo Antolin 4
Regional diversification 6
Sector trends 7
Grupo Antolin’s strategies 8
III. Grupo Antolin’s global plans 9
Governance model: Policies, Processes and Guidelines 9
Due diligence to ensure compliance 10
Conflicts of interest 11
Monitoring and update 11
IV. Risk management model 11
Key principles 11
Functions and responsibilities in the management of corporate risks 12
Grupo Antolin Risk Catalogue and Procedure 13
Specific risks 14
Climate change risks on Grupo Antolin’s activity 15
Strategy management 16
Sustainability Master Plan 17
V. About this report 19
Our relevant topics: 360º analysis - Listening and understanding 19
Our Strengths: keys to generating value 20
Our focus: graphical analysis of materiality 20
Our ambition: Grupo Antolin's mission 20
Other considerations of this report 21
VI. Environmental and energy management 22
Introduction: areas of risk and management approach 22
Detailed general information 23
Environmental and energy certifications obtained 23
On the resources allocated to preventing environmental risks 24
Application of the precautionary principle 24
Pollution 25
Other emissions (NOx, SOx, ozone-depleting substances) 25
Circular economy and waste prevention and management 26
Sustainable use of resources 27

Environment in figures 29
Climate change 31
Protection of biodiversity 32
VII. Social and personnel management 33
Connected to the future, managing the present 33
Policies and commitments 34
Strategic lines of action and commitments: 34
Policies, Processes and Guidelines: People 36
Corporate diversity and equal opportunity 39
Organisation of work 41
Training and development 43
Social relations 45
Health and Safety 48
Personnel management in figures 50
Number of dismissals 55
Average global remuneration (excluding management and directors) 56
Average global remuneration in 2020 (including fixed and variable remuneration) 56
Average remuneration of directors and management 57
Wage gap by gender (including fixed and variable remuneration) 57
VIII. Human Rights 58
The root of our decisions and action 58
Our policies and commitments 58
Internal reference framework 58
External reference framework: 60
Impacts on Human Rights in figures 60
IX. Corruption and bribery 62
Introduction: risk areas and management approach 62
Main corruption and bribery risks 63
Areas affected and sensitive activities 64
Policies and commitments 65
Due diligence and prevention practices regarding members of the organisation, third parties and business partners 67
Measures adopted to prevent corruption and bribery 68
Transparency channel and other reporting mechanisms 69
Measures adopted to combat money laundering 71

X. Company 72
Local roots to develop the global project 72
Policies and commitments 72
Internal reference framework 73
External reference framework: 74
Commitment to sustainable development 74
Creation of shared value 76
Social contribution 76
Consumers 85
Tax information 86
XI. Appendix I. Explanatory Notes 88
XII. Appendix II. Table of contents required under Law 11/2018 91

II. Business model

Grupo Antolin

Grupo Antolin is a leading multinational company specialising in the design, development, manufacture and supply of components for automobile interiors. The company defines itself as a smart integrator of technology into its products, supplying the world's main OEMs with multi-technological solutions for headliners and soft trims, doors and hard trims, cockpits and central consoles, lighting systems and surfaces. At 31 December 2020, Grupo Antolin's global footprint spans more than 25 countries and approximately 150 production plants and Just In Time (JIT) assembly and sequencing centres, and more than 20 technical-sales offices. Grupo Antolin is also a component supplier for about 75 automotive brands belonging to some 30 manufacturing groups. Grupo Antolin has equipped more than 700 different vehicle models and estimates that its components are present in one of every three vehicles produced worldwide. Thanks to its diversification by product, country and client, Grupo Antolin is able to take advantage of diverse global growth opportunities, particularly owing to its presence in Eastern Europe, North America, the "Mercosur" Southern Common Market, and Asia-Pacific, which in the past made it possible to mitigate the impact of fluctuations in local and regional production on the business during economic crises and recessions. The Company' headquarters are located in Burgos, Spain. Grupo Antolin had 26,671 employees in 2020, not far removed from the 28,927 employees it had in 2019. Grupo Antolin is fully owned by the Antolin family, whose members are committed to the business and its long-term future.

At 31 December 2020, Grupo Antolin's activities were structured into four business units:

- ***Overheads and soft trims:*** Grupo Antolin is the leading manufacturer of modular headliner solutions which integrate highly diverse functions such as acoustics, safety, panoramic overheads and lighting. Its production spans the entire range of overheads sold on the market, from substrates to more complex modular systems. The Group uses key technologies for overhead substrates, benefiting from full vertical integration beginning with the production of polyurethane foam and ending with the final assembly of the overhead systems. Furthermore, incorporating sun visors into the overhead system is an important aspect in this business unit. Grupo Antolin makes sun visors using all the available technologies, adding a range of functionalities to the end product. At 31 December 2020, the headliner business unit comprised 86 centres, compared to 82 centres at 31 December 2019.

- ***Doors and hard trims:*** Grupo Antolin has considerable experience in the manufacture and supply of a broad range of door systems, including door panels (front, back and sliding panels), pillars (upper and lower pillars and rear panels), window regulators, trunks and rear hatches. Grupo Antolin makes a wide range of specialised plastic parts that not only protect the environment but also generates significant savings in terms of weight. The Group produces a wide range of door mechanisms, from simple window regulators to complex modules. It also makes seat latches for specific vehicles. At 31 December 2020, the door business unit comprised 42 centres, compared to 44 centres at 31 December 2019.

- ***Cockpits and consoles:*** Grupo Antolin is a global manufacturer and supplier of cockpit modules, including instrument panels, central consoles and glove compartments. Its activities comprise cockpit design, engineering and production. Grupo Antolin's capabilities in the field of electrical and electronic systems include design and engineering, styling,

mechanisation, manufacture, assembly and sequencing and integration. The instrument panel plays an essential role in defining the driving experience, integrating the instrument panel and several control functions such as cabling, instrument clusters, breathers, decorative parts, glove compartments and passenger airbag systems. It is also a key part of the cockpit module, which is composed of a sophisticated system of trims, foams, plastics and metals. The central consoles are designed and built to handle the vehicle functions and also store various items. The main processes and technologies used to manufacture these systems include low-pressure and injection moulds, vacuum compression moulds, rotational PVC moulding and spray polyurethane (PU). Similarly, specific technologies are used to produce decorative seams, and for the assembly and sequencing, both manual and automated, of all the other components that make up the instrument panel. At 31 December 2020, the cockpit business unit comprised 12 centres, compared to 10 centres at 31 December 2019.

- ***Lighting, surfaces and electronic systems:*** The product portfolio of the lighting, surfaces and electronic systems division of Grupo Antolin comprises a broad range of interior technological solutions that employ very diverse LED technologies, including overhead consoles, reading spots, multifunction lights, ambient lighting, smart electronic lighting and exterior lighting solutions such as daytime running lights, centre high-mount stop lamps, turn signals, position lamps and licence plate lights. Grupo Antolin is one of the few suppliers that can reap the benefits of full vertical integration in the production of lighting components, from the manufacture of plastic parts and lenses to electronics and the lighting function. This greatly facilitates and enables the integration of lighting elements with other components, mainly electronic systems, for vehicle interiors, in turn providing ever increasing synergies with our other lines of business, including instrument panels, door panels and overhead systems. Thanks to these capabilities, the Company can offer clients an integrated, innovative range of custom interior technological solutions, obtaining a significant additional competitive advantage over other suppliers. Creating sophisticated lighting scenarios and atmospheres is one of our main areas of expertise. At 31 December 2020, the lighting business unit comprised 16 centres, compared to 15 centres at 31 December 2019.

Grupo Antolin is firmly convinced that its financial and operational success and stability are underpinned by its strategic, client-centred geographical growth, its highly diverse sources of income and its experience in manufacturing, processes, design and technology. Grupo Antolin believes these factors have enabled it to attain its current position as a leading global supplier of interiors for the automotive industry, affording it an important strategic role vis-à-vis many of the largest global OEM manufacturers.

The COVID-19 pandemic has marked the course of events in 2020, representing an enormous challenge for the automotive industry as well as for Grupo Antolin.

Since the start of the crisis, Grupo Antolin’s priority has been to protect the health and well-being of its stakeholders while ensuring the continuity of the business and the customer service function.

In order to address this situation, the Company is channelling its efforts into three spheres of action:

1. **Protecting the health and safety of the entire team.** In the initial stage of the crisis, which our centres in China were the first to experience, the Company introduced a COVID-19 Response Plan throughout the organisation following the recommendations of the health authorities. This plan includes measures such as the employee support communication plan,

new modes of remote working, restrictions on travel and visits, and personal protection measures.

2. **Ensuring the continuity of the business by means of financial and operating measures.**

   - Financial measures taken included investment reviews, cash monitoring, labour-related measures and pay cuts for management. The shareholders agreed to cancel the dividend payment in 2020; and

   - Operational measures were applied by temporarily suspending production at most plants and centres worldwide. The objective was to adapt to our customers' production freezes as plants were shut down globally.

3. **Being prepared for the safe resumption of activities**, as and when health conditions and the measures introduced in the various countries permit, and also depending on the decisions of automakers.

The business gradually resumed its activities in China in March, and by May, all Grupo Antolin plants in the country were working normally. Meanwhile, in Europe and the NAFTA countries, our factories gradually resumed production in early May, with safety fully guaranteed, under the motto: Safe, Strength. Success. A COVID-19 Prevention Protocol was drawn up which sets out the recommendations and procedures to be strictly followed at all the Company's plants and facilities.

The main aspects of the COVID-19 Prevention Protocol are related to the use of personal protection equipment, workplace preventive measures (temperature control at the centres and distancing measures) and recommendations for daily life. Several Grupo Antolin plants manufactured medical equipment such as masks and face shields for internal use by personnel.

We would like to praise the responsibility and solidarity shown during the pandemic by all of Grupo Antolin's stakeholders in their desire to help and ensure the survival of the business in the interest of all concerned.

Regional diversification

At 31 December 2020, Grupo Antolin's global footprint spans 26 countries and approximately 150 production plants and JIT assembly and sequencing centres, and more than 20 technical-sales offices.

Country	Production centre	Technical-sales office	Total
Germany	14	7	21
Argentina	1	0	1
Austria	1	0	1
Brazil	6	0	6
China	25	3	28
South Korea	0	1	1
Slovakia	4	0	4
Spain	15	2	17
United States	19	1	20
France	4	2	6
Hungary	2	0	2
India	6	2	8
Italy	1	0	1

Japan	0	1	1
Morocco	1	1	2
Mexico	15	1	16
Poland	1	0	1
Portugal	2	0	2
United Kingdom	9	1	10
Czech Republic	9	1	10
Romania	3	0	3
Russia	2	0	2
South Africa	4	1	5
Turkey	1	0	1
Thailand	1	0	1
Vietnam	1	0	1
Total	**147**	**24**	**171**

In recent years, Grupo Antolin has focused its international growth on markets outside the traditional ones in Western Europe, creating a growing demand for its products fuelled partly by an increase in its market share. The Company remains firmly dedicated to regions and countries that offer high growth potential and to well-consolidated markets such as the United States and China, China being the largest market in the world in terms of the number of vehicles produced and sold.

As part of its client-centred strategy, Grupo Antolin has proactively coordinated its plans to penetrate growth markets through its OEM customers. Thus, whenever a customer who is an OEM expands into a new market or location, Grupo Antolin decides whether it makes strategic sense for the Group to follow suit by opening a centre there or not. The Company's high geographical diversification means it can take advantage of global growth opportunities while mitigating the impact on its business of fluctuations in regional demand during economic downturns.

Sector trends

Some of the global trends that will drive the future growth of the industry and provide long-term growth potential for the interior components market are described below:

More demanding consumer expectations regarding interior comfort and greater availability of space due to the development of self-driving vehicles and car sharing: suppliers of interiors such as Grupo Antolin, who can create advanced designs and develop new sustainable materials, and that have ample production capabilities, are able to show a diversified product portfolio and, therefore, stand to benefit from growing interest in the comfort and quality of its interiors, and from the needs of the various platforms that specialise in providing access to vehicles as a service based on user demand (car-sharing).

Sustainability and safety: automobile manufacturers are focusing more on reducing weight and emissions in order to comply with increasingly stringent legal and regulatory requirements and industry standards in markets where they operate, as well as the safety of passengers, other drivers and pedestrians. Regulatory developments are complex and have made it necessary for suppliers to the automotive sector to focus on designing and developing technologies that address the various regulations and set us apart from our competitors. The main automobile manufacturers are committed to attaining a neutral carbon footprint over the coming decades which, in turn, forces their suppliers to take actions aimed at facilitating and favouring a green transition in the sector.

Globalisation of platforms: automobile manufacturers are designing more and more vehicle models based on modular platforms that can be put into high-volume production, thereby increasing their economies of scale along the entire value chain, differentiating their products from those of their competitors, competing in more product segments, extending the useful life of existing automobile platforms and responding to changes in lifestyle, trends and customer tastes. This trend towards modular platform models that can be easily adapted to the needs of each customer and each user affords automotive sector suppliers such as Grupo Antolin greater opportunities for supplying large volumes of products and benefiting from economies of scale. Furthermore, there is increased reliance on suppliers like us who are capable of managing complex projects, in turn ensuring worldwide harmonisation of quality standards.

Growing number of electric or hybrid vehicles: consumers are becoming increasingly environmentally aware and this is affecting their choice of vehicle. Electric and hybrid vehicles have experienced a surge in production due to growing global demand across all segments. Although these types of vehicles use fewer components than traditional combustion vehicles, the components eliminated are mainly from the engine and the oil and transmission systems. As our main business resides in the car interiors, we stand to benefit from the freeing up of space inside the vehicle.

Grupo Antolin's strategies

Grupo Antolin's mission is to be a key strategic partner for its OEM customers worldwide and across the entire product range. The strategies for fulfilling its mission are based on its ability to integrate technological elements and systems into the components it offers, its innovation, sustainability and flexibility, client-centred growth, and an increase in diversification, whether regional, by product or by client, while maintaining high levels of satisfaction among its stakeholders. Grupo Antolin aims to fulfil this mission by adopting the following strategies to:

- ***Continue to be a leader in terms of innovation through R&D based on:***
  - *Materials and processes*
  - *Industrial flexibility*
  - *Cutting-edge electronic systems*
  - *Smart interiors*
- ***Become a global full-service supplier to OEMs and car manufacturers.***
- ***Develop design, engineering and production capabilities in emerging countries as well as in consolidated markets.***
- ***Expand its presence in the Asia-Pacific region and consolidate its leadership status in mature markets.***
- ***Continue to successfully integrate new acquisitions and discover new opportunities for generating synergy in every business unit.***
- ***Become a paradigm of responsible management and serve as a model for sustainable values and commitment to its stakeholders.***

III. Grupo Antolin's global plans

Governance model: Policies, Processes and Guidelines

Grupo Antolin's Corporate Governance Model comprises the set of rules and principles that ensures the proper functioning of the Company's governing and operating bodies. It incorporates the entire internal structure of the Company and Grupo Antolin, which comprises:

- the Articles of Incorporation;
- the internal Corporate Governance rules;
- the Vision and Values;
- The Code of Ethics and Conduct;
- Corporate policies implementing the principles that underpin the system;
- Any other internal codes, processes and procedures required or recommended by sectoral provisions issued to implement the aforementioned standards and principles approved by the Company's competent bodies;
- The regulations of the Board of Directors and delegated committees.

Grupo Antolin's organisational model is built on process-based management. Therefore, the management model is an essential part of the corporate governance approach to the strategic decision as to which management systems and internal regulations should be established.

It comprises a set of policies, processes, procedures, guidelines and templates to comply with international standards on management systems and address internal management needs. It incorporates several integrated management systems:

- IATF 16949. Quality.
- OHSAS 18001. Occupational health and safety.
- ISO 45001. Occupational health and safety 2019.
- ISO 14001 Environmental management.
- ISO 17025. Testing and calibration laboratories.
- ISO 27001. Information security.
- UNE 19601. Criminal compliance.
- ISO 37001. Anti-bribery.
- ISO 50001. Energy management.
- Other internal processes and procedures.

Legal compliance, respect and ethical conduct by the people who form part of the Company reflect the values and commitments described in Grupo Antolin's Code of Ethics and Conduct and also apply to our relationships and associations with third parties.

The Code of Ethics and Conduct is a living document drawn up by the Compliance department, reviewed by the Ethics, Corporate Governance, Compliance and CSR Committees, and approved by the Board of Directors. Last updated in 2019, we have tried to preserve its essence, reflect the organisational changes and make the content more dynamic so that it can continue to be the touchstone for our Compliance management system and the compass that guides our daily actions.

Due diligence to ensure compliance

In order for the Company to be able to apply its principles and values to its relationship with external and internal stakeholders, there need to be safeguards in place in the form of systems and procedures. From this perspective, the minimum acceptable level of diligence is to learn about the conduct of those who wish to be associated with the organisation. To this end, the due diligence procedures included in the Compliance Management System are key. Through these procedures, the Company defines, implements and manages the due diligence applicable to the entire workforce and to PEPs within the organisation, as well as to third parties and business partners associated with Grupo Antolin's activities to different extents and for different purposes depending on the point of the organisational perimeter through which risk can penetrate.

Internal projection:

- All Company personnel, to ensure that they are aware of the organisation's expectations regarding compliance;

- People who, due to their position and the responsibility associated with that position, are particularly exposed to compliance risks.

External projection:

- Clients –upstream level– as they are the recipients of our products and services, based on the way in which clients use them for purposes or in contexts that run counter to Grupo Antolin's commitments and values.

- Suppliers –downstream level– to ensure that the supply chain is aligned with the objectives of the organisation's management system. This is especially important when it runs through jurisdictions where inappropriate practices are tolerated, especially as regards corruption and working conditions.

- Business partners and third parties –lateral level– whose association with the Company is based on autonomous collaboration for a common purpose vis-à-vis third parties. The analysis thereof is determined by the degree of influence that Grupo Antolin has over the partner or third party.

When any relationships or situations that may entail a risk are detected, the organisation's monitoring mechanisms for proper follow-up and subsequent validation are implemented and action plans are created to ensure the Company's adherence to best practices and compliance with Grupo Antolin's governance model.

Conflicts of interest

Conflicts of interest are defined as a situation that affects a person's objectivity, neutrality or independence, and they occur when the judgement of a person working for an organisation tends to be unduly influenced by a secondary personal or economic interest.

To identify and manage conflicts of interest, Grupo Antolin has implemented and approved the **Conflict of Interest Policy**, which sets out measures to prevent and manage such conflict as follows:

- Implementation of effective procedures that prevent or control the exchange of information between people carrying out activities that may involve risk, as well as independent oversight of those whose main functions comprise activities or services that may involve some sort of risk.

- Definition and establishment of a form or certificate of conflict of interest, consisting in an individual confidential statement to be completed by a specific group of people who, due to their responsibility and authority, take part in decision-making and, consequently, are exposed to greater risk (management, plant managers and personnel responsible for purchasing, sales and human resources, and any other employee who may be called on to make a decision in a commercial or institutional relationship).

- Definition of procedures to enable any employee to report or ask for advice on potential situations of this type. A confidential email address for Compliance and a Transparency Channel for the submission of queries or complaints are provided.

- Training on conflicts of interest for personnel, who are kept abreast of the content and approval of the Conflict of Interest Policy through internal communications.

- Establishment of a procedure and a system for segregating functions, automating access control under the SAPGRC (Access Control) tool, which provides monitoring, administration and control of access.

Monitoring and update

The Chief Compliance Officer, with the assistance of the various organisational areas, monitors the due diligence procedures implemented at Grupo Antolin so as to be able to detect possible new risk profiles, evaluate the action plans established according to their effectiveness and report its conclusions, together with other information from the Compliance Management System as indicated in the Compliance Management Model.

IV. Risk management model

Key principles

Grupo Antolin considers risk management a key and indispensable task within the Company. Grupo Antolin's internal control system covers risk management and is designed to effectively manage all the risks that may threaten the achievement of its objectives. Grupo Antolin defines risk as any internal or external contingency that, if it materialises, would significantly impede or hinder the achievement of the objectives set by the organisation.

The key principles of risk management at Grupo Antolin are:

- Manage risks throughout the Company, without exceptions, in order to achieve the strategic objectives set.
- Ensure compliance with the corporate risk management process, which includes the identification, evaluation, response, monitoring, follow-up and reporting of risks.
- Set the risk levels that the Company considers acceptable.
- Provide consistent and ample responses to risks based on business conditions and the economic environment.
- Periodically review the risk assessment and the responses that have been designed.
- Supervise the controls and strategies related to risk management to ensure that they work effectively.
- Periodically evaluate whether identification, evaluation, response, monitoring, follow-up and reporting of risks are in line with the latest standards.
- Design reporting systems, internal controls and strategies to manage and mitigate risks.

Functions and responsibilities in the management of corporate risks

The Board of Directors has delegated the function of supervision and management of the risk control system to the Audit Committee, with the Management Committee being responsible for the proper functioning of the risk management model at Grupo Antolin.

The effectiveness of the Company's risk management model and the control activities implemented are regularly evaluated, with the results reported to the Audit Committee and the CEO. Independent reviews can be carried out, both through Grupo Antolin's own Internal Audit department and through external experts.

The Management Committee has the following basic duties, regardless of any additional ones that may be required in specific circumstances:

- Under the leadership of the CEO, it is in charge of implementing and managing the strategy, culture, people, processes and technology that make up the Company's risk management model.
- Review the budget allocated to risk management and supervise the assigned costs.
- Promote the application of best practices in the area of risk management at Grupo Antolin, being responsible for the function's continuous improvement.
- Facilitate and involve the necessary personnel in risk management within the scope of their responsibility, engaging in the identification, evaluation, response and monitoring thereof and promoting the application of Grupo Antolin methodology.

The Risk Committee is made up of representatives from the following functions at the organisation: industrial, sales, finance, purchasing, legal advisory, internal audit, compliance and human resources, and by the Corporate Risk Manager. The Risk Committee has the following basic risk management duties, regardless of any additional ones that may be required in specific circumstances:

- Detailed analysis of Grupo Antolin's risk catalogue, close monitoring and analysis thereof and, where appropriate, recommendation for the development of specific action plans.
- Driving the implementation of the action and/or contingency plans agreed with the Risk Management function.
- Identification of new risks and updating of the risk catalogue.
- Definition of the risk assessment scale and the weight of each risk for subsequent consolidation (CPI).
- Establishment of tolerance thresholds for indicators (level of risk aversion).

Grupo Antolin Risk Catalogue and Procedure

The definition, updating, approval and dissemination of the Corporate Risk Management Policy is delegated by the Board of Directors to the Management Committee. It is documented and reviewed every three years.

The Management Committee documents the organisation and responsibilities of the Corporate Risk Committee. The identification of corporate risks consists of searching for potential events associated with internal or external factors, which may give rise to risks or opportunities, in the context of Grupo Antolin's global scope, while also identifying the strategic objectives that are affected.

Following the COSO II model, the corporate risks included in Grupo Antolin's risk catalogue are classified into the following four groups:

- *Strategic risks*: risks that affect high-level objectives, directly relating to Grupo Antolin's strategic plan (for example, country risk in emerging countries, penalties for breach of financing contracts, shortage of human resources, etc.)
- *Operational risks*: risks that affect the objectives related to the effective and efficient use of resources (for example, customer credit risk, increases in the price of raw materials, fraud in the purchasing process, etc.)
- *Reporting risks*: risks that affect the reliability objectives of the information provided, both internally and externally (for example, reliability of financial information, fraud or error in the data reported to official bodies, etc.)
- *Compliance risks*: risks that affect the objectives related to compliance with applicable laws and regulations (for example, non-compliance with local labour or environmental legislation in countries where Grupo Antolin operates, non-compliance with obligations derived from the Spanish National Securities Market Commission-CNMV, etc.).

The addition/removal of a risk in the risk catalogue is proposed by the Corporate Risk Manager and approved by the Corporate Risk Committee. The Corporate Risk Manager is responsible for updating and modifying the risk catalogue. The inclusion of new risks that affect Grupo Antolin, updating of existing risks and/or elimination of obsolete risks is determined in the annual budget cycle.

In the second half of the year, Grupo Antolin updated the risk catalogue and subsequently assessed the risks from a three-part perspective: probability of occurrence, impact and detection/management capacity, the latter understood as the effectiveness of the detection/management activities associated with each risk.

The consolidation of the assessed risks resulted in a new scorecard to be supervised periodically from January 2021 onwards with the aim of:

- Ensuring that risks are being managed in the manner foreseen by management.
- Evaluating whether the response plans continue to be efficient, providing information to those responsible for them and initiating the pertinent action plans if necessary.
- Determining if the risk catalogue anticipates and reflects changes in business circumstances and new economic conditions.

  Detecting possible variations or transfers from the threshold established for each of the indicators.

It should be noted that non-financial risks are becoming increasingly important as a consequence of the potential impact they can have on business plans and on company earnings if they are not properly detected or managed.

Aware of this reality, Grupo Antolin has added nine new risks in this latest update of the catalogue, all of them under the category of non-financial risk, which is defined as risk that does not have a financial origin, but has a quantifiable impact on the business.

Specific risks

Grupo Antolin's corporate risk catalogue identifies the following specific risks, among others:

- Corruption and money laundering: existence of situations that may bring criminal liability to Grupo Antolin due to the actions of its employees, a failure to remain up to date with changes in applicable legislation/regulations regarding reporting to official bodies, fraud or material error in the data reported internally;
- Human resources: absence of necessary personnel (limited resource structure), labour disputes, unexpected loss of key personnel; discrimination.
- Training: training deficiencies;
- Health and safety: safety and social security;
- Environment: incidents in the environmental management of production (including waste management), non-compliance with environmental legislation, negative impact of climate change and its consequences;
- Suppliers: dependence on key suppliers and/or imposed by customers, inadequate selection of suppliers, incidents in supplier management;
- Human rights: lack of awareness of or non-compliance with the Group's code of ethics, failure to comply with labour and with GDPR (data protection) legislation, discrimination against employees;
- Social action and local communities: non-compliance with tax legislation, CSR and supply chain.

Climate change risks on Grupo Antolin's activity

Aware of the importance that the potential impacts of climate change may have on our activity, Grupo Antolin identifies, assesses and monitors the risks related to these aspects.

In addition to promoting sustainability and efficiency in all our processes and products, Grupo Antolin incorporates issues related to climate change and environmental issues in its risk catalogue, explicitly in four of the risks included in this corporate catalogue: "Environmental risk", "Risk of non-compliance with environmental legislation", "Risk of incidents in the environmental management of production" (including waste management) and "Risk of climate change".

"Environmental risk" relates to the absence or inadequate definition of a business contingency plan that covers both preventive management and recovery of activity in situations caused by serious accidents and/or natural disasters. It considers extreme weather events that may significantly affect our operations and facilities.

Both the risk of "Non-compliance with environmental legislation" and the risk of "Incidents in the environmental management of production" (understood as the occurrence of accidents with environmental impact) refer to the penalties that may be incurred as well as the reputational damage derived from such incidents.

In the case of "Climate Change" risk, reference is made to the negative impact of climate change and its consequences in meeting the Company's strategic objectives.

The KRIs (Key Risk Indicators) in the corporate risk map that will come into effect in January 2021 once again include "Environmental Risk", moving from 25th to 5th place.

This corporate risk map is reported monthly to the Risk Committee and the Management Committee and periodically to the Audit Committee for review and analysis.

Lastly, the update of the risk catalogue was affected by the impact of COVID-19, with the inclusion of certain related risks such as:

Non-compliance or lack of adaptation to the expectations of the main stakeholders - investors, clients and employees - related to health and safety and impact on society, in terms of products, processes and people.

The interdependence of the value chain with the potential interruption of global supply chains preventing the import of the raw materials necessary for the manufacture of parts due to excessive concentration and dependence on world production.

The risk derived from pandemics separately from the environmental risk, understood as risks derived from all manner of consequences (economic, social, on employees, customers and suppliers, etc.) that a pandemic or epidemic can generate.

Strategy management

The Management Committee annually reviews the mission, vision and values of Grupo Antolin, adapting them, if necessary, to comply with the planned strategy. The fields to be considered in the analysis, and those responsible for providing the information, are as follows:

Situation of markets and customers	Marketing, Communication and International Relations Direction
Situation of products by regions	Marketing, Communication and International Relations Direction
Situation of main competitors	Marketing, Communication and International Relations Direction
Situation of industrial operations/deployments	Industrial Corporate Direction
Situation of present-day technology, trends and regulation	Corporate Innovation Direction
Situation of the organisation, people and society	Department of Human Resources
Situation of economic environment, profit and financial capacity	Department of Corporate Finance
Situation of Grupo Antolin by customer and product	Sales Department

Each Business Unit performs a SWOT analysis of the environment (Strengths, Weaknesses, Opportunities and Threats), based on the information available within its purview of customers, competitors, markets and technologies. This is first structured and prepared. The SWOT allows for an analysis of the strengths and weaknesses of the organisation in relation to the opportunities and threats of the environment. The Business and Technology Department prepares an overall GRUPO ANTOLIN -SWOT based on the SWOT of the Business Units and on the information gathered from the organisation or from external elements such as interviews with customers, consultancies, etc. The Business and Technology Department consolidates the information, preparing an overall Grupo Antolin-SWOT.

The combination of the four components of the SWOT (Strengths-S, Opportunities-O, Weaknesses-W and Threats-T), gives rise to the strategic lines, based on:

SO (use strengths to exploit opportunities).

WO (overcome weaknesses by exploiting opportunities)

ST (use strengths to avoid threats)

WT (reduce weaknesses to a minimum and avoid weaknesses).

In the SWOT tool, each Business Unit selects, prioritises and explains the strategic lines whose score is greater than or equal to 4 (5 being the highest). The Business Units establish the strategic objectives for each prioritised strategic line.

Once the strategic lines and objectives have been identified, each Business Unit defines the strategic actions, operational objectives, people responsible, deadlines and resources additional to those already included in the Business Plan that contribute to achieving the objectives for which it is

responsible. The Director of Business Development and Strategy in the Business and Technology Department organises, groups, consolidates and analyses the information received and monitors fulfilment of the objectives.

Grupo Antolin Management Committee, with the information contained in the overall SWOT and the consolidated information from the strategic plan, establishes and determines the final strategic lines, objectives and actions of the strategic plan and planning (execution time and the annual value of the strategic objective). The Management Committee guarantees that each department contributes in an equitable and proportional manner and ensures robustness, coherence, possible redundancies and oversights of strategic actions and objectives.

The directors that make up the Management Committee, with the support of the Corporate Communication area, communicate clearly, verbally and in writing, within their purview, the strategic plan, the priorities of Grupo Antolin and the actions to be implemented for achievement.

The Director of Business Development and Strategy in the Business and Technology Department informs the Finance Department of the impact of the actions and strategic objectives on the Business Plan.

The Corporate and Operational Departments deploy the strategic plan within the scope of their responsibility, through the Business Plan and its materialisation in the annual budgets.

As a consequence of the socio-economic impact of the pandemic worldwide, Grupo Antolin launched a consultation process at the company following the process described above through a global SWOT, the sum of those carried out by the various business areas. The objective was to rethink the need to change the way we do things to survive in the market and to take advantage of the opportunities for recovery and growth in the medium-long term and adapt our strategy to how the world is changing.

Sustainability Master Plan

Grupo Antolin understands that, in the 21st century, competitive companies are those that, while achieving the desired economic results, do so by taking into account the impact of their activity in the present day while preparing for the future. The Company is aware that the business sector can play a fundamental role in sustainable development as a source of financing, as a generator of innovation and technological development, and as the main driver of economic growth and employment.

Sustainability, understood as a general concept, refers to the continuity of the Company in the medium and long term. At Grupo Antolin, it has to do with "how" things are done, and that responsibility falls on each of the professionals who work at the Company. Therefore, it is part of its strategy, which is closely linked to clear and deep-rooted values and the spirit of improvement that has always characterised it: being part of the mobility of the future.

Taking into account the changes in the sector and the global trends that affect it, as a result of an in-depth analysis of what the Company wants, where it wants to be and what it wants to be, and what its main stakeholders expect from it now and in the future, the Sustainability Master Plan stands as the roadmap for 2018 to 2021 initially, extended to 2022. It must guide and allow Grupo Antolin to be a Company more committed to the development and well-being of the society in which we live, taking into account the United Nations Sustainable Development Goals.

Using different lines of the Plan that are outlined as the framework for action present throughout this report, Grupo Antolin is committed to being part of this global movement by transforming and adapting these objectives into concrete measures and actions.

<u>Sustainability Master Plan lines of action</u>

1. Sustainable culture
2. Environmental commitment
3. Good governance and compliance
4. Human rights in the supply chain
5. Committed team
6. Shared value
7. Sustainable positioning

The plan, which arises from Grupo Antolin's internal commitment to be a sustainable business, responds to the challenges and opportunities of the environments in which we operate, is aligned with best practices, responds to the expectations of our stakeholders and establishes guidelines that will allow us to integrate sustainability throughout our value chain to:

- Promote competitiveness and guarantee the future profitability of the business.
- Strengthen corporate culture and values.
- Attract and reward the best talent.
- Differentiate ourselves from our competitors.
- Be the preferred option for our customers.
- Manage impacts through the supply chain.
- Improve the relationship with our surroundings.
- Comply with the requirements set by the investors.

In the situation caused by the pandemic, Grupo Antolin took an active role and set in motion all the machinery to act and respond in record time to the continuous internal and external needs, thus generating a positive impact on society.

V. About this report

Our relevant topics: 360º analysis - Listening and understanding

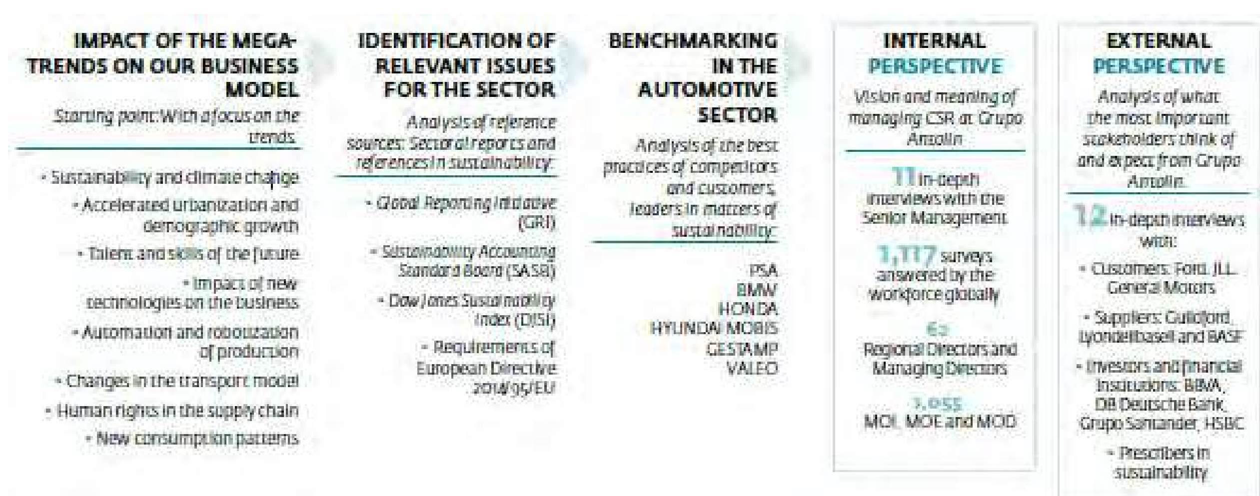
In a context as dynamic as the current backdrop and in light of the profound transformation the automotive industry is facing, adaptability, listening to and understanding signs from the environment, and distinguishing priorities from less important matters are all key to the future viability of the business.

In order to identify and attempt to respond to the expectations and concerns of our stakeholders through our business model and activity, a new materiality study was carried out in the last quarter of 2017. It has been revised internally every year to prioritise and/or reshape the actions set forth in the plan in keeping with the prevailing situation. An independent expert collaborated on this study at every stage.

The overriding purpose of the study was to interlink and align the Company's strategy beyond mere financial matters, attending to the actual needs and expectations of the different stakeholders and the environment, translating them into common goals within the Company, tailored to each department, business unit and territory on the basis of:

- The VISION > What does Grupo Antolin want?
- GLOBAL TRENDS > How do we plan on approaching them? How should we?
- STAKEHOLDERS > What do they expect of Grupo Antolin ?
- The RISKS and OPPORTUNITIES > What possible impacts caused as a result of our decisions and operations require us to concentrate our efforts and resources? How can we transform the risks identified into business opportunities?
- BEST PRACTICE > What is our yardstick? Internal? External?

Methodology:



Based on analysis of the above information, Grupo Antolin's degree of progress in sustainability and the lines of actions identified with the initiatives already implemented by the Company, the topics

relevant to Grupo Antolin were defined based on the level of maturity in their management, their importance at the current time, and their importance going forward. Moreover, the valuations given by the different stakeholders were weighted based on the importance of their opinion to the business.

On that basis, the different topics identified were prioritised taking into account the risk and opportunity represented by each to Grupo Antolin in each of the stages making up its business model.

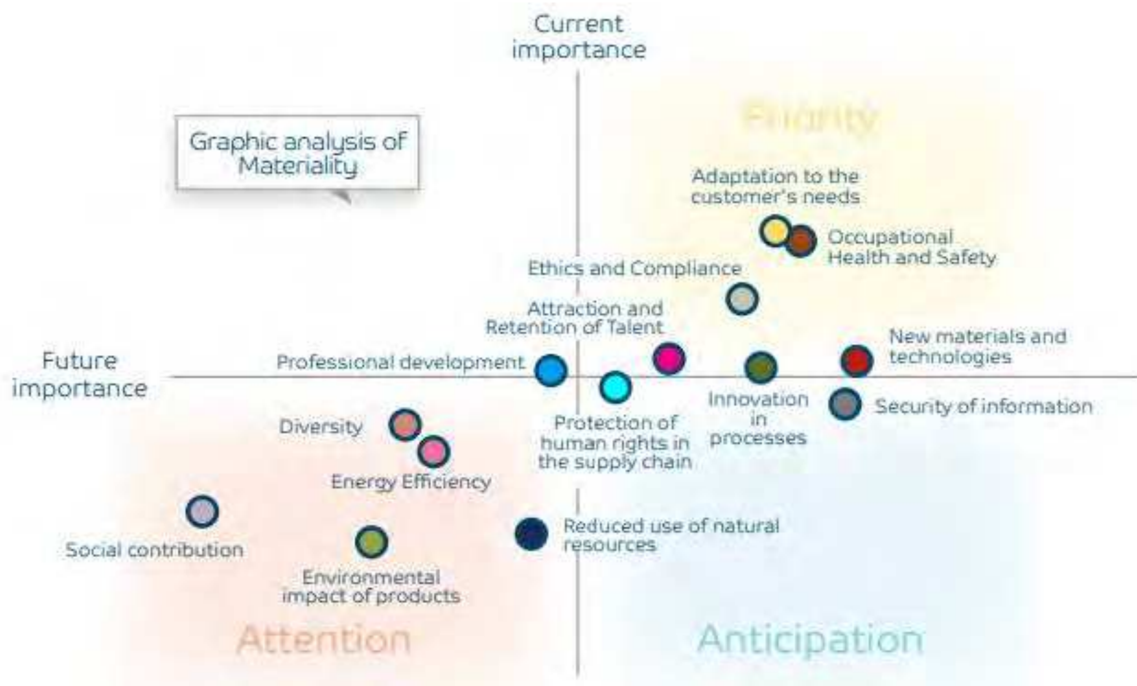
Our Strengths: keys to generating value

Six aspects define the Company's success:

- Long-term vocation arising from being a family business;
- Excellent risk management in decision-making;
- Economic efficiency and financial strength in a sector with little headroom;
- Capacity to work shoulder-to-shoulder with customers in a global setting;
- Operational management, technical knowhow and business focus;
- Team engagement.

Our focus: graphical analysis of materiality

Prioritise, anticipate and focus



Our ambition: Grupo Antolin's mission

Make a difference through our sustainable values and commitments, with our Company recognised as a pioneer in the field of sustainability in the automotive parts industry because of our commitment to corporate social responsibility.

Play an active role in building the mobility of the future from the inside: our people, our products.

Other considerations of this report

This Non-financial Information Statement has been prepared in line with the requirements set out in Law 11/2018 of 28 December 2018 on non-financial and diversity information, approved by the Congress of Deputies on 13 December 2018, amending the Spanish Code of Commerce, the Revised Spanish Companies Act approved by Royal Legislative Decree 1/2010 of 2 July 2010, and Spanish Audit Law 22/2015 of 20 July 2015 on non-financial and diversity information (in accordance with Royal Decree-Law 18/2017 of 24 November 2017).

To ensure that the content of this report reflects our performance in relation to sustainability, the Global Reporting Initiative (GRI) Standards, per the option selected, and Directive 2014/95/EU on Non-financial and Diversity Information were taken into account.

The results of the materiality analysis performed in the last quarter of 2017 were considered in the preparation of this report and the selection of its content. This was done with one clear objective in mind: interlink and align our strategy as a business, from a broader perspective than just financial matters, encompassing the strategic needs and expectations of our stakeholders and the environment, translating it all into common goals within the Company, tailored to each department, business unit and territory. Based on this materiality and the Company's activity and business model, the following content set out in the law has been considered "non-material":

- food waste, as this bears no relation to the business;
- biodiversity, as Grupo Antolin is not present in any special protection areas and, consequently, has no direct impact; and
- consumers, as the activity is B2B.

The materiality has been reviewed as a result of the situation caused by COVID-19, in order to adapt the Sustainability Master Plan to the current circumstances of the Company and the environment, extending the period it is in effect to 2022.

The scope of this non-financial information statement is the same as the scope of consolidation of the financial information. See Appendix I and the notes on scope for further information.

The Consolidated Non-financial Information Statement (Consolidated NFIS) of Grupo Antolin-Irausa, S.A. and Subsidiaries for the year ended 31 December 2020 is prepared and presented as a separate report but forms part of the 2020 consolidated directors' report.

In accordance with prevailing mercantile legislation, this Non-financial Information Statement has been subject to assurance verification by KPMG Asesores, S.L.

VI. Environmental and energy management

Introduction: areas of risk and management approach

As part of its environmental commitment, Grupo Antolin drew up its Sustainability Master Plan for the three-year period 2018-2021 (extended to 2022), in order to establish the framework for actions to respond to the challenges and opportunities within the areas where the Company operates, involving its main stakeholders in such actions so as to integrate sustainability throughout the value chain.

The lines of action defined in the Plan must contribute to the achievement of the Sustainable Development Goals within Grupo Antolin, as part of its Vision and Values, as well as its Corporate Social Responsibility policy.

These lines of action include fulfilling the Environmental Commitment, devoting time, effort and resources to improving waste management, reducing consumption, increasing efficiency and enhancing energy management, as well as developing complementary social awareness initiatives. The aim of the Environmental Commitment line of action is to reduce the environmental impact of Grupo Antolin's business activity so as to position it as a benchmark company in terms of respect for the environment, combatting climate change and transitioning towards a low-carbon economy.

The Environmental Commitment line of action contemplates the development of a three-year Work Plan from 2018 to 2021, focusing on four main areas:

(I) Transition towards a low-carbon economy;

(II) Strategy and promotion of a circular economy;

(III) Alliances to foster sustainability; and

(IV) Sustainable financing strategy.

Relevant environmental topics are CO_2 emissions and waste generation (mostly non-hazardous waste). Accordingly, Grupo Antolin launched the Green Program 2014-2016, the first multi-year corporate programme aimed at reducing electricity consumption, which is the main source of indirect CO_2 emissions and non-hazardous waste generation. This programme set annual reduction targets for each aspect, calculated individually for every plant relative to production. The first programme covered 70 plants. Since 2017 this programme has been revised annually to include new plants and set new targets, which are stricter for plants that fail to achieve their objectives for improvement. Since 2019 the environmental targets have been calculated based on the sales figures of the various companies, rather than production (kg of plastic chippings consumed in injection plants or units produced in the other companies). The new criterion aims to establish a corporate CO_2 emissions reduction target based on sales. This criterion was maintained in 2020.

A total of 74 companies were included in the Green Program in 2020.

As a sign of our commitment, Grupo Antolin adopts and applies the main conventions and guidelines established in the Global Compact (Principles 7, 8 and 9) and the Carbon Disclosure Project (CDP Climate Change & Water Disclosure Project).

The Company strives to be a standard-bearer based on respect for the environment, combatting climate change and helping the transition towards a low-carbon economy in the performance of our

activity. In this respect, we aim to (I) minimise our impact on the environment; (II) optimise processes and develop innovative, sustainable solutions; and (III) pre-empt the market and future regulation.

While we are not directly responsible for vehicle emissions, we can help mitigate the impact of emissions on the environment by systematically reducing the weight of parts, through innovation and developing new materials and composites. We also focus on optimising energy in our chain, managing and using natural resources and materials more efficiently.

Grupo Antolin's Management Model establishes the corporate governance approach for the strategic decision as to which management systems and internal regulations must be implemented in all Group companies worldwide. It comprises a set of documents organised by processes and procedures to meet the requirements of international management system standards and internal management needs.

This includes the use of various management systems, such as the Environmental Management System (EMS) based on ISO 14001 and the new Corporate Energy Management System (EnMS) in accordance with ISO 50001.

The Management Model gives rise to corporate policies that are approved by Grupo Antolin senior management and must be adopted and followed in all Group companies. The Environmental and Energy Policy was revised in 2020 to bring it into line with the corporate Sustainability Plan, highlighting our commitment to fighting climate change and transitioning towards a low-carbon economy.

Along these lines, in addition to the commitment to preventing pollution worldwide and continuously improving environmental performance, respecting laws and customer requirements, new elements include the promotion of renewable energy and the roll-out of our sustainability commitments to the supply chain through the Supplier Code of Conduct.

We are therefore able to pre-empt future regulation and meet the expectations of our most important stakeholders.

The EMS allows us to identify risks and opportunities specific to each company. Annually each company identifies and assesses their main environmental impacts, establishing improvement programmes that progress at regular intervals.

Each company has operational instructions that cover normal operating conditions, as well as emergency instructions on how to act to minimise the impact in the event of an accident.

Detailed general information

Environmental and energy certifications obtained

The Environmental Management System (EMS), based on ISO 14001, is rolled out in the main industrial companies with a greater environmental impact, as well as some assembly and sequencing centres (JIT) when requested by the customer. The headquarters are also certified. A new centre received ISO 14001 certification in 2020, bringing the total number of centres with this certification to 95. Another four equity-accounted investees are certified but, unlike in 2019, they have not been considered in 2020.

In 2019 the new corporate Energy Management System (EnMS), based on the new version of ISO 50001:2018, was implemented in the four Spanish plants with the highest energy consumption. Two

received ISO 50001 certification in 2019 and the other two in 2020. As such, seven centres in Europe are now ISO 50001 certified.

On the resources allocated to preventing environmental risks

Until late 2020 there was a corporate Environment department made up of one person collaborating with two qualified corporate auditors for various management systems (quality and environment). There are also four area managers in North America, China and Mercosur who support environmental tasks.

As a sign of Grupo Antolin's commitment to sustainable mobility and compliance with the increasing demands, requirements and expectations of customers, investors and society at large, the Company has reorganised these resources and integrated them within the Sustainability department, which reports to the Board's Delegate Committee for Ethics, Corporate Governance, Compliance and Corporate Social Responsibility.

In January 2021 the corporate Quality department resources were reorganised into the new corporate Sustainability department. As well as the current lines of work, the new department will focus on circular economy and combatting climate change.

Each certified company has at least one environmental officer, who usually carries out such work alongside other duties, including occupational health and safety. Many of these officers are also certified as internal auditors to perform cross-audits.

A total of 113 in-house employees and 5 external people are dedicated to preventing environmental risks.

Application of the precautionary principle

The commitment to preventing pollution worldwide, emanating from the Environmental Policy, is applied in various stages of the activity:

Design of products and processes: the environmental impact is considered from the initial design phase. Examples of improvements: replacing solvent-based adhesive with water-based adhesives for overhead modules. Use of returnable packaging for the shipping of products, where possible.

End of Life: creation of the company ASH to manage waste from the manufacture of overhead upholstery in Spanish plants.

Serial production: implementation of emergency instructions that include the use of damage prevention measures in the event of an accident (chemical product containment systems, spill kits, training and drills, etc.).

Grupo Antolin's public liability insurance covers ground, water and atmospheric contamination, provided it is accidental, sudden and unforeseen, except in the following cases:

a) Claims for continuous, slow and recurrent contamination.

b) Non-compliance with laws, orders, rules, administrative provisions or regulations of competent authorities related to the environment.

c) Environmental damage derived from installations or premises of the insured party used exclusively for the processing, treatment, management, storage, use, dumping or disposal of waste, residue or debris.

d) Damages due to emissions, immissions or disposals derived from normal operations (regular emissions or disposals).

e) Installations which continuously or recurrently exceed the emission or immission caps authorised or installations in a poor state of repair and maintenance.

f) Genetic damage to persons or animals.

g) Claims for environmental liability, under Law 26/2007 of 23 October 2007 on Environmental Liability and implementing regulations, required or potentially required by public entities.

The scope of the insurance encompasses Grupo Antolin's activity in the European Union, covering the costs of preventing, avoiding and remediating environmental damage, up to a limit of Euros 2.5 million per claim and year, with an excess of Euros 60,000.

Pollution

Emissions reduction is a strategic objective for Grupo Antolin, which is addressed through actions geared towards reducing the weight of the products manufactured, so as to help mitigate the vehicle's impact on the environment. Worthy of note in this regard is the Company's work in the field of structural foam, through different processes (chemical, physical and syntactic) that can be used to manufacture parts with a foam core but dense and compact external coverings. Regarding the weight reduction aim, Grupo Antolin has worked on developing composite materials with various types and lengths of reinforcing fibres, as well as developing the processing technology required.

The companies also measure external noise emissions in compliance with prevailing legislation in each country. Internal audits verify whether such measurements were performed as planned. Most cases show compliance and the pertinent corrective measures are implemented in the event of deviations to comply with local legislation.

Other emissions (NOx, SOx, ozone-depleting substances)

NOx and SOx emissions mainly come from fossil fuel combustion, basically natural gas and propane, which are low-sulphur meaning SOx emissions are lower.

Although some companies use these fuels in their processes (steam generation, thermal oil heating, etc.), fuels are mostly used for air conditioning. Preventative maintenance is performed to ensure boilers work properly and, as a result, reduce NOx emissions. The power of the boilers means they do not require a continuous monitoring system per prevailing legislation in each country. They only require periodic measurements to verify compliance with atmospheric emission caps. Such measurements are always performed by external maintenance companies or authorised control bodies, managed by each company.

Other ozone-depleting substances are typically gases used in refrigeration and fire extinguishing systems. These installations are examined by maintenance and/or inspection companies to check there are no leaks and verify compliance with prevailing legislation in each country. These activities are verified internally and during internal and external audits. In 2019 no relevant incidents were detected in this regard.

The Group carries out the periodic controls required by legislation to verify legal compliance of the atmospheric emissions and the absence of leaks.

Circular economy and waste prevention and management

We started on the road to developing sustainable solutions a long time ago as this forms part of our strategy. This position was reinforced in 2018 with the launch of the Sustainability Master Plan, where integrating circular economy into the business is one of the main lines of action defined.

A multi-disciplinary team was created to develop the Sustainability Plan, represented by different areas to facilitate instilling environmental commitment into the entire Company.

As leaders in overhead substrates, we are analysing more efficient ways to reduce and recycle waste generated during manufacturing. We are currently studying the use of these materials as composite inputs for the manufacture of the internal structures of sun visors and other interior car parts (door panels).

As a plastic transforming industry that manufactures interior car parts, the environmental impact of our products is linked to the procurement of raw materials (mainly reinforced polyolefins in our case) and the subsequent transformation processes (injection moulding and thermoforming).

Despite this impact, plastic delivers enormous benefits from an environmental perspective. It contributes significantly to reducing the weight of vehicles and, consequently, fuel consumption and atmospheric CO_2 emissions. Plastics are processed at moderate temperatures, which helps to reduce energy consumption in the manufacturing process compared to other materials.

As regards the fostering of circular economy with respect to materials and transformation processes, Grupo Antolin has developed Novaform® technology to facilitate the processing of thermoplastics, permitting a significant increase in the proportion of recycled material with a post-industrial origin that can be reused in the manufacture of car interiors.

Grupo Antolin has developed a range of technical materials called Coretech®, which offer excellent acoustic isolation properties and protection against moisture for application in the construction sector. These materials are made using waste from the manufacturing process of overhead trims, thus contributing to their recovery.

Initiatives like Coretech® and Novaform® are complemented by others to offer customers parts made of over 60% sustainable material, helping them to achieve their environmental strategies and objectives.

Along these lines, it is worth mentioning the Company's research and development of materials from renewable sources to substitute fossil fuel alternatives, such as natural fibres, from polyurethane foams high in polyol from renewable biological sources, which are already industrialised in the production of interior overhead trims. Likewise, the Company endeavours to develop high-value surface finishes using 100% natural materials in order to favour recyclability at the end of life: mineral

materials, cork and natural materials encapsulated in polymer substrates. We also work on developing films using cellulose pulp deriving from waste from the paper industry.

It is especially challenging to apply circular economy criteria to the car industry because there is a wide range of increasingly complex car parts and a growing number of electric and electronic systems. This is of particular relevance to our Company, which led us to launching the "Smart Integrator" strategy to increase the level of integration and technological content in our products with a view to adding value to them, the ultimate goal being to achieve a circular economy.

We are overhauling the architecture of the parts and their modular system components to facilitate the disassembly of parts at the car's end of life and, where possible, reuse components and systems of higher value. The eco-design is not only conducive to disassembly, it also favours the combined use of materials which are particularly compatible with reuse, separation and recycling processes.

External collaborations in circular economy

Grupo Antolin is one of 12 companies making up the *Grupo de Acción en Economía Circular* (Circular Economy Action Group), a business initiative spearheaded by Forética in Spain, whose mission is to lead the transition of companies towards a circular economy model based on three objectives:

1. Generate knowledge in line with the fundamentals and international trends regarding the topic chosen to work on during the year.
2. Collaborate with public entities and opinion leaders as the agent of choice in Spain to catalyse the change in model required.
3. Disseminate and communicate the commitment and performance of the member companies in relation to circular economy.

After the first edition where the topic worked on was the identification of the business case and business opportunities associated with the transition towards a circular economy model, the second edition focused on analysing how companies can internally measure their progress in the change from a linear to a circular model.

The topic worked on in the 2019-2020 edition was how to shift towards a new plastics economy, in response to one of our most pressing environmental challenges.

Sustainable use of resources

One of the biggest environmental impacts is caused by CO_2 emissions, both direct and indirect, linked to energy consumption (electricity, natural gas and other fuels). Waste generation and raw materials used are also substantial.

Grupo Antolin does not have a significant impact on water because its use in production is very limited (waterjet cutting, steam for the production of EPP (expanded polypropylene), adhesive catalyser, etc.). Water is mainly used for sanitary purposes.

The useful life of car parts is determined by the requirements for high quality, safety and durability demanded by car manufacturers (OEMs). All parts manufactured by Grupo Antolin are subjected to the most stringent technical tests in accordance with sector regulation and other requirements of each customer, to guarantee optimal performance throughout the useful life of each vehicle.

Moreover, all processes, from the acquisition of raw materials to manufacturing, storage and shipping, are optimised to minimise not only the environmental impact, but also the economic and energy impacts. The *Climate Change* section of this report provides information on a logistics optimisation project launched in 2020 to reduce the environmental impact during transport. In this respect, our production activity is carried out in “Just In Time” industrial plants and production centres located in the vicinity of our customers in the 26 countries where we operate across the globe.

Research and development of sustainable products

As part of its commitment to using more sustainable and environmentally-friendly components within its innovation strategy, Grupo Antolin has developed eBú, a sustainable fabric obtained from the extraction of natural raw materials.

eBú is the first and only bamboo fibre fabric on the market that ensures environmental sustainability throughout the production cycle, as certified by the EPD (Environmental Product Declaration) eco-label obtained in 2020. Thanks to the EPD certification based on ISO 14025, the Company guarantees that both the fabric and its manufacturing process are totally environmentally friendly.

Grupo Antolin is the first car company to obtain EPD certification for the manufacture and use of natural bamboo fabric (eBú) for car interiors.

Prior to obtaining the certification, a life cycle assessment (LCA) was performed on the fabric in accordance with ISO 14040 and 14044. The EPD certificate provides transparent, verified and comparable information on the environmental impact of the product life cycle.

eBú is a 100% natural product that is obtained from high quality raw materials thanks to state-of-the-art manufacturing technologies. The result is a robust product with excellent technical and finishing qualities, allowing completely natural fabrics to be used in car interiors as an alternative to synthetic ones. This further represents Grupo Antolin’s commitment to the use of natural materials with the aim of contributing to sustainable mobility and fostering a circular economy. eBú is already being marketed for use in the production of car interior trim parts.

From an ecological point of view, the bamboo plant has a positive impact because it grows and reproduces rapidly and does not need fertilisers, special care or pesticides. In addition, it does not require large amounts of water or affect the food cycle of animals since the bamboo variety used is not consumed by animals.

Life Cycle Assessment (LCA)

In recent years we have performed life cycle assessments (LCAs) of some of our parts:

- Window regulator mechanisms made of light magnesium alloys.
- Interior pillars made of natural fibre-reinforced composites.
- Fabrics to cover parts made with bamboo fibre.

The results of these LCAs allowed us to detect environmental benefits while taking action to minimise impacts through the research and development of new products.

International initiatives are underway to develop calculation tools and databases for the systematic implementation of LCAs in the coming years. Mindful of this reality and the difficulty of undertaking

this type of analysis on products in the car industry, we follow a strategy geared towards minimising the environmental impact of our products, processes and services throughout the life cycle. This commitment starts out by offering a bespoke range of products as a result of the responsible innovation programmes.

The development of new products and processes takes into account environmental aspects to reduce the impact, considering:

- Requirements of environmental laws and customers that affect the product and process.
- Selection of materials taking into account whether recyclable or renewable materials can be used.
- Requirements related to the disassembly of car parts.
- Identification of materials to facilitate recycling in disassembly.
- Processing, use and/or management of the product at the end of life.
- Consideration of energy efficiency in the design of production processes.
- Identification of the main environmental impacts of the process: waste, emissions, water.

All these activities are described in the Corporate Management Model. As such, we ensure that the same criteria are used in all Technical Development Centres worldwide.

Roll-out of environmental requirements in the supply chain

Supply chain environmental requirements are managed in accordance with the Grupo Antolin's Management Model: P-08 Management with suppliers, which is the responsibility of the Purchasing department. These documents cannot be provided for reasons of confidentiality.

The Supplier manual, which contains all our requisites including environmental requirements, is mandatory for all suppliers and must be signed and approved by them in order to form part of the suppler panel. This manual is public and available in our Supplier Portal.

The Supplier Code of Conduct is an essential part of Grupo Antolin's general sustainability policy. It sets out the strategy for selecting suppliers and controlling purchasing management within our Company. All our suppliers must approve and comply with the Code and must extend its requirements to all sub-contractors integrated throughout our supply chain. The Code of Conduct is available on the corporate website. I-MP2-A_Supplier_Code_of_Conduct_r0.pdf (grupoantolin.com)

Environment in figures

There are various types of installations within Grupo Antolin's environmental scope: industrial plants (IND); assembly and sequencing centres (JIT) (137); and technical-sales offices (TSO) (24).

Large industrial centres dedicated to the manufacture of car parts represent the biggest environmental impact, mainly due to CO_2 emissions associated with energy consumption and generation of hazardous and non-hazardous waste. The headquarters (TSO), where the Company has its largest parts testing and validation centre, also consume a substantial amount of energy.

The environmental impact of assembly and sequencing centres (JIT) is scarcely relevant compared to industrial plants. In prior years data reporting by such centres was unrepresentative. Both reasons explain why such data was not considered in previous years' environmental reports. However, since 2019 the industrial data reported for JIT centres has increased to reach a representative percentage, thus in 2020 the data of these centres was taken into account.

Accordingly, the reported data on energy consumption, emissions, water and waste corresponds to the industrial installations, assembly and sequencing centres, and the headquarters. The scope of the environmental report has gone from 69 centres in 2018 to 115 in 2019 and 113 in 2020. The scope has decreased because activity has ceased in some of the centres.

Indicator (Unit)	**2019 figures**	**2020 figures**
Non-hazardous waste (t) *(*1)*	104,845	67,383
Hazardous waste (t) *(*2)*	4,536	3,510
Water consumption (m^3) *(*3)*	1,487,993	903,828
Plastic chippings consumption (t)	124,272	90,534
Polyol/isocyanate consumption (t)	29,249	19,619
Direct energy consumption (GWh) *(*1)*	175.32	147.42
Indirect energy consumption (electricity) (GWh) *(*1)*	594.37	497.46
Renewable energy generation (kWh) *(*4)*	465,378	522,041
Renewable energy generation (self-supply) (kWh) *(*5)*		821,072
Greenhouse gas emissions avoided due to the consumption of energy generated on-site (t CO_2eq) *(*4)*		575
Greenhouse gas emissions due to direct consumption of energy (scope 1) (t CO_2eq) *(*1)*	37,707	29,910
Greenhouse gas emissions due to consumption of electricity (scope 2) (t CO_2eq) *(*1)*	244,481	196,289

KPI (Unit/Sales)	**2019 figures**	**2020 figures**
Non-hazardous waste (t/€million) *(*1)*	18.96	15.487
Hazardous waste (t/€million) *(*2)*	0.820	0.822
Water consumption (m^3/€million) *(*3)*	269.11	211.54
Plastic chippings consumption (t/€million)	22.0	22.9
Polyol/isocyanate consumption (t/€million)	6.0	5.4
Direct energy consumption (MWh/€million) *(*1)*	31.71	33.87
Indirect energy consumption (electricity) (MWh/€million) *(*1)*	107.50	114.29
Greenhouse gas emissions due to direct consumption of energy (scope 1) (t CO_2eq/€million) *(*1)*	6.82	6.87
Greenhouse gas emissions due to consumption of electricity (scope 2) (t CO_2eq/€million) *(*1)*	44.22	45.09

*(*1) The data on energy, emissions and non-hazardous waste reflects 96.25% (by aggregate sales) of the industrial plants and assembly and sequencing centres (including the headquarters) of Grupo Antolin.*
*(*2) The data on hazardous waste reflects 94.35% (by aggregate sales) of the industrial plants and assembly and sequencing centres (including the headquarters) of the Antolin Group.*

(*) The data on water reflects 94.47% (by aggregate sales) of the industrial plants and assembly and sequencing centres (including the headquarters) of Grupo Antolin.

*(*4) The data on renewable energy generation (sale) reflects the electricity generated in Grupo Antolin's headquarters, which is fed into the electricity grid.*

*(*5) The data on renewable energy generation and emissions avoided reflects four centres which represent 1% (by aggregate sales) of Grupo Antolin's industrial plants and headquarters.*

(6) The calculation of scope 1 greenhouse gas emissions only took into consideration those produced by direct energy consumption. It does not factor in emissions due to leaks or refilling of greenhouse gases used in auxiliary equipment. These should be calculable in the coming years.

NOTE: The variation between 2019 and 2020 is attributable to the cessation of activities of companies within the report's scope (the total dropping from 115 to 113)

As regards raw materials consumed, data is provided on the two main families of materials for the following reasons:

Polyol/Isocyanates: Grupo Antolin is a global leader in the manufacture of overhead upholstery for cars. The manufacture of overhead upholstery uses polyurethane foam, which is made from two chemicals: polyol and isocyanates. The same raw materials are used for all overhead upholsteries. Both materials are also used in instrument panels and other accessories, albeit to a lesser degree. The final part is given a padded finish though on-site foaming. A total of 35 companies use polyol and isocyanates.

Plastics: plastic chippings are widely used in the manufacture of a multitude of car parts, including instrument panels, door panels, pillars and other small parts or sub-components for sun visors, window regulators, lighting components, etc. A total of 37 companies manufacture plastic parts via injection.

Climate change

As part of its environmental commitment and the fight against climate change, for years Grupo Antolin has been implementing measures to improve energy efficiency and reduce greenhouse gas emissions over the product life cycle.

Measures to reduce emissions in its factories and centres across the world include the start-up in 2007 of the first photovoltaic installation for the generation and sale of renewable energy at the Company's headquarters.

New photovoltaic installations were put into operation in four companies in Spain and India in 2020, for the generation of self-supply electricity with an installed capacity of 1,350 kW. In 2020 a total of 1,347 MWh was generated, representing 8% of the consumption of the centres involved. This enables us to reduce our carbon footprint, avoiding the emission of 576 tonnes of CO_2.

Another initiative that contributes to reducing emissions during the use phase is the reduction in thickness and weight of parts, which results in lower consumption by the vehicle. We estimate that vehicles containing lighter parts manufactured by Grupo Antolin in 2020 will emit around 27,000 fewer tonnes of CO_2 over their estimated average useful life of 160,000 km.

These activities form part of Grupo Antolin's environmental commitment, helping to combat climate change through the transition to a low-carbon economy, as set out in its Sustainability Master Plan.

Other actions geared towards continuous improvement in our environmental and energy performance have also been implemented:

- 21 energy audits in 16 European plants between 2015 and 2020. They must be repeated every four years under prevailing legislation.
- ISO 50001 certification for the Energy Management Systems in seven centres.
- Replacement of equipment with more efficient models, mainly LED lighting systems (DAP; TRT), variable compressors (DAP); coolers (GUA), etc.
- Campaign to control compressed air leaks.
- Campaigns to control and repair water leaks (IRT; ING).
- Enhancements to product structures to minimise clippings, reducing waste generation (TRT).

Grupo Antolin has an internal application (Environmental and Energy Indicators) to report environmental data (consumption of electricity, fuel, water, and the generation of hazardous and non-hazardous waste).

The application uses the data reported to calculate the greenhouse gas emissions from direct energy consumption (scope 1) and electricity consumption (scope 2). The calculation is based on the methodology published by the *Greenhouse Gas Protocol* organisation http://www.ghgprotocol.org/.

A new logistics management application was launched in September 2020 in five pilot plants in Europe, enabling the Company to monitor global greenhouse gas emissions derived from transport. The calculation of these emissions, from the extraction of fuels to the consumption of vehicles used to transport goods, is based on the EN 16258 standard. Scope 3 emissions available amount to 147 tonnes but are limited to the pilot plants in which this application has been implemented. In 2021 the Company expects to complete its roll-out in Europe and extend it to other plants in the USA.

External collaborations in climate change

Conscious of the importance of alliances to benefit not only the Company, but society at large, Grupo Antolin forms part of the Climate Change Cluster, the foremost business platform in Spain for climate change, led by Forética and made up of 58 major companies. The Cluster aims to drive private sector leadership in climate change, harnessing good practice, facilitating dialogue and sharing between companies, and acting as the central liaison with the pertinent public entities.

Through a practical and applied approach, in 2020 we worked on defining concrete solutions, actions and tools for businesses to respond to the day-to-day challenges and opportunities arising in the transition towards net zero emissions.

As a result of the work performed, the Climate Change Cluster presented an interactive map called “Ambition, Action and Alliances for climate neutrality”, which gave a rundown of the three lines of action and nine main levers to promote climate neutrality, focused on business action.

Protection of biodiversity

Grupo Antolin's activity does not have a significant impact on biodiversity, as shown in the materiality analysis carried out by the Company involving internal and external stakeholders.

VII. Social and personnel management

Connected to the future, managing the present

The different ways of understanding the world, together with the myriad experiences of stakeholders, bring unique value to a company as global as Grupo Antolin in a market where automobile interiors will play a leading role in mobility in the future as a result of the profound changes that the automotive sector is undergoing.

As in other lines of business, trends such as globalisation, the emergence of autonomous connected vehicles, the shift to electric, digital business transformation, new mobility models, automated production and robotics are already forming the labour market of the future.

As an organisation, Grupo Antolin faces these and other major challenges on a daily basis, overcoming them thanks to the effort and dedication of a global team of highly qualified professionals who are deeply committed to their work. In the 2017 Materiality Survey described in this report, Grupo Antolin's stakeholders rated this commitment as one of its main strengths. This is reinforced by the results of the latest climate survey presented in 2020, in which the sense of belonging is one of the most highly valued factors, receiving a score of 3.12 out of 4.

As the field of talent and human resources management undergoes transformation, it will undoubtedly be a growth driver for the industry in the years to come. Being a part of this transformation presents various global challenges that need to be addressed today by implementing policies, programmes and projects and by making a clear commitment to the greatest asset a company can have: its people.

In order to spearhead this revolution a new style of leadership is required, one suitable for managing people, resources and results that can identify opportunities for growth of the organisation and of the team in order to build the future starting today. Attracting, managing and retaining top professionals is the key to the knowledge economy of the 21st century. We need to build high-performance teams who can tackle innovative projects. We need talent combined with values.

The events of this year, during which management and Human Resources played a key role in handling the COVID-19 crisis, have pushed numerous items to the top of the Company's strategic agenda. These include excellence in health and safety, new modes of employment, organisational structure and workforce optimisation, and promoting employability and skills development in the wake of growing process automation and digitalisation.

From the outset, one the Company's priorities was to be closer to employees, providing encouragement and support to overcome the difficult situation being experienced in practically every country, and to inform them of the business performance and outlook.

Grupo Antolin activated a special communication plan under the slogan, "When facing adversity, unity and commitment make us stronger" #GAcontigo #GAwithYou, the primary purpose of which was to inform continuously on the health crisis, the decisions of the authorities and the various preventive measures and protocols adopted to protect employees.

Simultaneously, internal support campaigns were launched directed first at personnel in China when the virus spread throughout the country in January and February and plants there were shut down for several weeks. Once the pandemic spread and restrictions reached the rest of the world, the campaign was extended to the rest of the organisation, using all internal communications tools and

with the support of Grupo Antolin's official social media profiles. This campaign was partly sustained by videos to raise morale created by Company employees during lockdown to send a message of strength, resilience and family spirit to everyone.

These campaigns were reinforced by direct messages from the Chairman, the Vice-Chair and the CEO of Grupo Antolin, in which, in addition to building morale, they explained the different measures being adopted by the Company from an operational point of view in order to address the drop in sales, as well as from a health and safety perspective. In light of mobility restrictions, innovations were introduced to the methods of communication, in some cases employing audio and video to share messages on mobile devices. This made it possible to communicate with the entire team.

In addition to ensuring management's continuous presence, it was crucial to protect the health and safety of the entire team and handle the day-to-day labour-related business situations arising from the closure of our centres and the countrywide restrictions due to the pandemic, so as to be able to resume our activity when circumstances permitted.

Under the motto "Wherever we are, we are a big family", the company continues to strive, with the commitment of its 30,000-strong team of people, to make Grupo Antolin a better company with each passing day, in an industry as highly competitive as the automotive industry.

Policies and commitments

Including people in our company values implies creating a climate of trust, being tolerant about mistakes and learning from them, acknowledging achievements, teamwork, listening to others, communicating better and being transparent in our actions. Here, the role of management and the managers of the various departments, business units and regions is essential.

People are both the source and the target of the Company's human resources strategy. As part of Grupo Antolin's Strategic Plan, the 2018-2022 Strategic Plan for Human Resources sets out actions lines, policies and tools that make it easier to launch programmes and projects to stimulate, attract and accompany our personnel on their personal and professional journeys.

In an environment as diverse as that in which Grupo Antolin is present, the policies we apply in every centre or location where the Company operates share the same underpinnings. Nevertheless, following the principle of "think globally, act locally", Grupo Antolin always shows respect for the culture and customs of each country, adapting its policies and systems to the local idiosyncrasies, legislation and specific context.

Strategic lines of action and commitments:

- Talent management, attraction and retention:
    - ***Employer branding***: to strengthen and consolidate the Company's global reputation as an employer wherever Grupo Antolin has a presence;
    - ***Industrial talent***: to identify, develop and retain key industrial talent;
    - ***Young talent***: to improve the acquisition of talent by attracting and developing young employees;
    - ***Extraordinary leader***: to transform good leaders into great leaders;

- ***Mobility Grid***: to identify Company employees who are high performers in their current positions and are available to support the organisation internationally through temporary mobility to fill specific needs;
- ***Succession plan***: to define and manage the development and contribution of personnel within the organisation based on their level of contribution.

- Management based on values:
  - ***Performance Management System***: strategy and management by objectives. FUEL model. Conversations to provide effective feedback on performance based on two-way communication and on Grupo Antolin's vision and values.
  - ***Basic Work Units (UET per its Spanish initials)***: Basic Work Units of the companies and organisational units of Grupo Antolin operate under the coordination of a unit leader and are trained by a team of people with a common goal: to promote employee participation in work teams based on communication, training and recognition.

- Professional development:
  - ***Corporate training***: to provide personnel with continuing professional development aligned with the corporate strategy in order to impact employee behaviour, skills, attitude and knowledge. Notable examples are 4.0 training programmes, Insight skills and Upskilling and Reskilling.
  - ***Dual professional training***: to train junior professionals in Company processes and technologies through a multi-disciplinary process of theoretical and practical technical training. Offered in Germany, Spain and Mexico.

- Digitalisation and reliability – Tools:
  - ***Success Factor****:* digitalisation of recruitment, selection and training processes.
  - ***SAP HR***: use of personnel data in various Company tools for internal decision-making and external reporting.
  - ***ERS. E-request***: integrated management of global and individual HR requests, vacancies, candidates, mobility and salary increases.
  - ***Business Intelligence***: human resources management dashboard indicators.

- Compensation
  - ***Total Compensation Model***: measurement of intangible benefits as a non-monetary item of compensation.
  - ***Glocal strategy***: definition of specific strategies in countries where salary markets are especially active: Eastern Europe, India, China and United States.
  - ***MBO***: alignment of variable remuneration with personalised strategic objectives by function.

- Mobility:

- ***Global Mobility***: alignment of the geographic mobility function with the business strategy and with new groups of employees: Gig workers (micro-projects), millennials, centennials, beneficiaries of early retirement, mobility grid.

- Diversity and inclusion:
  - ***Corporate diversity***: recognition and integration of the manifold dimensions of diversity in work team management so as to consider the performance of Company personnel in their various roles as a factor that sets us apart and enables us to grow.

- Occupational health and safety:
  - ***ZERO 0.0.***: design and industrialisation for safer, more ergonomic processes.
  - ***It's in your hands***: promotion of a safe and healthy work culture.
  - ***Think of your health***: promoting well-being in the workplace as part of the "Healthy Company" programme.

Policies, Processes and Guidelines: People

Internal reference framework

The following list of policies, processes and other internal provisions applicable specifically to social and personnel management complement the Company's good governance model described in the section on Global Plans:

- Vision and values – People
  - ***People, the key to success* - Recognise their achievements**: they all contribute to success, create an atmosphere of trust, be tolerant about mistakes, listen, communicate, be transparent in your actions, work as a team.

- Code of Ethics and Conduct – commitment to employees and stakeholders.

- Corporate Social Responsibility policy - Grupo Antolin's commitments:
  - ***Labour standards*** - Grupo Antolin defends freedom of association and the right to collective bargaining, the elimination of all forms of forced labour and respect for prevailing legislation in each country regarding working hours; its salary policies are in accordance with local legislation, including minimum wage legislation; it advocates the eradication of child labour and the abolition of discriminatory practices in employment, and ensures an occupational health and safety management system.
  - ***Diversity and equality*** - Grupo Antolin establishes and develops policies that integrate equal treatment and opportunities for men and women without direct or indirect discrimination on the basis of gender, race, colour, language, religion, opinion, origin or any other personal or social condition or circumstance. In all policies involving human resources management, Grupo Antolin considers diversity a cross-cutting factor that underpins all decisions taken in this area.

- Strategic Plan for Human Resources - Defines the multi-disciplinary lines and programmes to promote the professional development of the people who make up the Company:
  - *Talent management and professional development.*

- *Organisation, compensation and mobility.*
    - *Digitalisation of HR.*
    - *Diversity and inclusion.*
    - *Occupational health and safety.*
- Sustainability Master Plan. 7 strategic lines: Team commitment:
    - ***Purpose*** - to consolidate Grupo Antolin's corporate identity worldwide through a collaborative enterprise in which people feel appreciated, adopt the Company's commitments as their own and feel involved in achieving its objectives.
    - ***Motivation*** - to promote internal talent by favouring their professional development; to identify with the company project by adapting to meet current needs and conditions; to promote a dynamic, motivational environment of which employees can feel proud.
    - **Scope** - to attract and retain top technical and human talent; listen to and talk with employees; promote different talents and diversity; promote a safe and healthy work culture.
- Policy on diversity and equal opportunity:
    - recognition and integration of the multiple dimensions of diversity (age, gender, origin, culture, sexual orientation, social origin, etc.) when managing work teams, considering the people who make up the Company in their various roles as a factor that sets us apart and enables us to grow.
    - Commitment to establishing and developing policies based on equal treatment and equal opportunity for men and women, without direct or indirect discrimination on the basis of gender, race, colour, language, religion, opinion, origin or any other personal or social condition or circumstance.
- Anti-harassment policy and protocol for preventing gender-based workplace harassment and violence at work.
    - This procedure is designed to prevent and adequately address situations or conducts that could amount to bullying, sexual harassment or gender harassment within the workplace.
- Policy on occupational health and safety
    - Commitment to occupational health and safety of employees beyond mere compliance with prevailing legislation, in order to protect, promote and optimise the safety, health and well-being of the people who form part of our organisation.
- Policy on geographical mobility
    - Regulation of social-labour conditions for personnel who are to be transferred to other Grupo Antolin companies for a period of time for organisational, technical, production or career development reasons, drawing a distinction between short- and long-term transfers.

- Personnel management model
    - Defines the system followed for personnel management and to develop the corporate social commitment of all Grupo Antolin companies: analysis of positions and profiles required; recruitment and selection; hiring and onboarding; professional classification; performance management; training and qualification; communication; remuneration; motivation and work environment; offboarding; occupational health and safety (management system).
- Knowledge management model
    - Defines the Company's knowledge management system such that all those who need to use knowledge will have access to it, as well as to the information needed to exploit it.
    - ***Key knowledge***: this is knowledge that sets Grupo Antolin apart and is essential for achieving our business goals and contributing to the professional development of our people.
    - ***General knowledge***: any activity conducted by Grupo Antolin entails several associated items of knowledge which must be managed in order to bring it to the optimal state required by the Company.

Nevertheless, the Company encourages all people who, directly or indirectly, associate with Grupo Antolin when conducting their activities and discharging their responsibilities to express any concerns and report in good faith, impartially and respectfully, any conduct or situation that is contrary to the commitments, policies, principles and other instruments included in each company's specific internal regulations, and globally in Grupo Antolin.

The first point of contact for questions or doubts regarding compliance with the content of this code and internal regulations is your line manager, second line manager, management or local HR department and, if appropriate, local workers' committee.

Any questions or doubts about reported items that go unanswered, or that might compromise the responsibility of the whistleblower, or seriously affect the physical or moral integrity of that or any other person, or entail a significant risk for the Company's business or reputation, should be directed to the Transparency Channel as the official channel for reporting and escalating this type of situation.

External reference framework

- The United Nations Universal Declaration of Human Rights.
- The 2030 Agenda: Sustainable Development Goals 3, 4, 5, 8, 10, 16 and 17.
- The Guidelines and Principles of the International Labour Organization (ILO).
- United Nations Global Compact. Principles 3, 4, 5 and 6.
- The Diversity Charter.
- The European Quality Charter for Mobility.
- Occupational Health and Safety Assessment Series OHSAS 18001:2007 and ISO 45001.

- Local and national legislation and regulations, covenants, pacts and those derived from local, regional, sectoral and international collective negotiation.

Corporate diversity and equal opportunity

Grupo Antolin's strategy for proximity with clients and adaptation to the needs and requirements of its stakeholders, this poses the continued challenge of integrating new structures, cultures and people into the values, principles and way of working of Grupo Antolin.

Diversity is one of Grupo Antolin's main assets. Diversity must be managed, nurtured and encouraged. The different ways of understanding the world combined with the myriad experiences of stakeholders bring unique value to a global company such as ours.

The Company understands the concept of corporate diversity as the recognition and integration of the different dimensions of diversity (age, gender, origin, culture, sexual orientation, social origin, etc.) in work team management, taking into consideration the people who make up the Company in their various roles as a factor that sets us apart and enables us to grow.

The Code of Ethics and Conduct includes Diversity and Equality among its commitments to employees and stakeholders. Thus, the Company acts professionally, treating all persons with respect, avoiding any type of discrimination and ensuring that decisions are taken on objective, merit-based criteria.

As part of this commitment, which extends to the entire team, the Company considers diversity in all of its personnel management policies as a cross-cutting factor that underpins all decisions taken in this regard. Grupo Antolin espouses diversity of knowledge, disciplines, experience and origins, to help us know and understand the needs of our equally diverse stakeholders and the markets where we operate. Grupo Antolin bases its work on project management. The project team is a practical, tangible example of the true integration of diversity into the Company's day-to-day workings: cross-cutting, multi-disciplinary, multi-functional teams diverse across every dimension.

Tailoring this commitment to local conditions in each country and within each company is essential to enable the Company to detect risks, identify opportunities, design appropriate strategies, innovate and develop new products or services, to obtain a common benefit, now and in the future. Only by including diversity as a fundamental variable for decision-making can Grupo Antolin ensure that all key topics have a chance to be adequately considered and improve its position as a company in the various spheres of activity.

The principle of equality is a universal legal principle and also a fundamental principle in the European Union, as set forth in numerous directives. In the other countries where Grupo Antolin is present the principle of equality is enshrined in our founding principles, which are reflected in our workforces. Together with the principle of equality, Grupo Antolin declares its commitment to establishing and developing policies that combine equal treatment and equal opportunity without direct or indirect discrimination on the basis of gender, race, colour, language, religion, opinion, origin or any other personal or social condition or circumstance, with special emphasis on indirect discrimination. The Company understands the latter to be a situation in which an apparently neutral provision, criterion or practice places a person at a particular disadvantage vis-à-vis others for any of the reasons expressed previously in this same paragraph. In Spain, five out of every ten companies have an equality plan in place and are currently working to create an equality model that is consistent with new legislation and apply it across the entire domestic territory.

All personnel programmes are applicable to the entire group irrespective of their personal or professional situation. For Grupo Antolin, the only way of ensuring equal opportunity is through the integration, inclusion and development of personnel management based on competences, values and skills.

The principles listed are put into practice by fomenting the integration of people with diverse profiles, ensuring universal access for those with different abilities and promoting equality measures that represent an improvement vis-à-vis the status quo, implementing the corresponding monitoring systems. The Human Resources departments of the companies analyse suitability to the job, in each specific case, when the person exhibits a characteristic or condition that should be taken into account to ensure that duties are performed properly. In companies where it is not possible to incorporate them, we request and submit "statements of exceptional circumstances" adopting alternative measures so that through contracts with special employment centres and by outsourcing certain activities, we are able to comply with the regulations regarding the incorporation of this group. The aim of this is to advance the cause of real equality in the company between women and men irrespective of any personal or social circumstance and, by extension, society as a whole. Access to recruitment, selection and internal promotion processes is under identical conditions for all persons wishing to form part of the Company thanks to the implementation of blind CVs, among other measures.

To further this aim, the workers' legal representatives at those companies where they are present will be included in the process.

Evidencing our will regarding the foregoing over the coming years, a task force has been included in the Sustainability Master Plan that forms part of the Company's strategic plan, to focus on Diversity and Inclusion, stressing the start-up of initiatives and measures to address the different dimensions of diversity from the local sphere. Thus, in 2020, countries such as the United States created a project scheduled for start-up next year originated by and addressed to the employees of Grupo Antolin throughout the United States. The main goals of the team will be to raise awareness about how cultural differences can profoundly affect people in an organisation, to encourage participants to rethink their behaviour and their attitudes towards other people, and to identify problems related to diversity within the organisation that should be addressed.

By way of example, measures related to equal opportunity from a gender perspective include, with varying scopes:

- Participating in the UN 2020-2021 "Target Gender Equality" initiative, which aims to speed up the contribution to SDG 5 on gender equality. This initiative will help establish and achieve ambitious corporate objectives in terms of female representation and leadership at all levels, through performance assessments, skills development workshops, peer-to-peer learning and stakeholder dialogue on a domestic scale, affording the opportunity to take part in high-level international events in this area.

- Process for selecting the members of the Advisory Board based on diversity and equal opportunity criteria. In 2020, when three seats on the Advisory Board came up for renewal, two of those seats were filled by women, who now make up 50% of the board.

- Evidencing our commitment was the renewal of the "Óptima" award in four the companies in Castile and Leon. This distinction recognises gender equality in the workplace, based on the assessment and degree of progress towards the measures described in the equality plans

drawn up pursuant to Chapter III of Organic Law 3/2007 of 22 March 2007 on Effective Gender Equality.

- “Responsible Family Company” award to our company in Saltillo (Mexico).

- Management Development Programme (MDP) offered by Instituto de Empresa, in which women play an active role. In 2020, three employees, of which one female employee, attended the programme.

Within the field of diversity, programmes to promote and facilitate work-life balance and shared parental responsibility remain within the local sphere in each country, in accordance with the applicable regulatory framework.

Managed locally by the regional and local Human Resources departments, in strict compliance with legal measures and those established through collective bargaining, they are applied in combination with voluntary initiatives and actions in response to the specific needs and requirements of their workforces. All of these measures are aligned with the commitments set out in Grupo Antolin’s Code of Ethics and Conduct, the Corporate Strategy Framework for Human Resources and the Sustainability Master Plan in the “Team Commitment” line of work. Most of the actions focus on organisational policies and working day and holiday period flexibility. These policies received a boost worldwide when the pandemic was declared, adapting to the circumstances and regulations in each country.

As a result, the Human Resources departments have managed to reach agreements on workday flexibility for work-life balance (often for reasons beyond the employees’ control when their children’s schools were shut down), and temporary remote working to protect at-risk employees or comply with office occupancy rates (closed spaces).

In addition, as an extension of the commitment enshrined in the Code of Ethics and Conduct, a Global Anti-Harassment Policy setting out the commitments and protocol for the prevention of gender-based harassment and violence at work, defined in accordance with international legislation and the legal mandates in the countries where Grupo Antolin is present, was approved and published. This follows along with the need to create a specific internal global regulatory framework in this regard due to the importance of its risk management and rating in the companies in these Grupo Antolin countries.

The Company understands that diversity and inclusion go hand-in-hand. Therefore, our strategy must focus on retaining the top talent in order to strengthen our brand image and improve our performance by applying broader ideas and new perspectives that will enable employees to be more productive and the Company to bolster its reputation as a great place to work. Since 2018 Grupo Antolin has managed to climb the Merco ranking of companies that best attract and retain talent and is now ranked fifth in the industrial sector. This year, not only was Grupo Antolin present once more in Actualidad Económica’s ranking of best companies to work for but it was also the only company in the sector to win this accolade.

Organisation of work

In accordance with its Code of Ethics and Conduct and its Corporate Social Responsibility Policy, Grupo Antolin has made an express commitment to follow and comply with labour standards, as follows:

- Support in the elimination of all forms of forced or compulsory labour.
- Respect for prevailing legislation in each country regarding working time.
- Help in the abolition of child labour.

Based on this commitment, the organisation of working time within each company is generally by collective agreement according to the needs of the client, the employer and the specific labour environment, in accordance with the principles of job stability and quality, and of flexible working time and workplace.

Plants offer shift work strategically adapted to the business structure, size, location and objectives, as well as the characteristics of the departments and the number of workers. The need for two, three or even five work shifts at some plants is determined by the nature of the services offered and demand for our products, thus directly affecting the employees' working day.

As a result of the COVID-19 pandemic, the organisation as a whole and, specifically, the Human Resources department were forced to deal with a crisis for which there was no precedent. The crisis was triggered by a global health emergency that underscored the importance of maintaining a management focus on employee health while ensuring the survival of Grupo Antolin's business.

During 2020, Grupo Antolin has had to adopt forms of work and work shifts adapted to the obligations and recommendations derived from the pandemic in each region, as well as to the new needs of our clients.

Along with the various measures adopted by the states where Grupo Antolin is present, most of which declared a state of emergency, most of our plants and technical-sales offices were forced to negotiate temporary reductions in working time (also known as *ERTEs*, *short-term work, furloughs or Kurzarbeit)*. This made it necessary to communicate with all our workers' committees in order to successfully negotiate the application of furloughs in a very short period of time. In all, approximately 17,300 workers were furloughed in 2020.

Telecommuting was one of the keys at the outbreak of the pandemic that enabled business to continue until industrial and face-to-face work could gradually resume. For now, telecommuting is here to stay as a part of our mixed form of work. Thanks to the Company's communications digitalisation plan, Grupo Antolin was able to respond immediately to this emerging need and guarantee remote working with all of its stakeholders.

Countries such as the United Kingdom and France enacted domestic legislation requiring companies to allow all employees to work remotely and provide them with the means to do so. This enabled us to meet the goal of reducing contagion among the population and, in our case, among Grupo Antolin employees.

Similarly, closely linked to labour law and social conditions, some countries where we are present are enacting work-life balance legislation, establishing policies for disconnecting from work. France did this several years ago (to guarantee the right to disconnect, ensure work-life balance and prevent health risks of the people who work at the facilities). In the case of Spain, measures aim to enable employees to adapt their working day without having to take a pay cut or a reduction in working hours.

In France, the right to disconnect is applicable within the framework of an agreement signed with the different companies covered by collective bargaining on professional equality between men and women and quality of working life.

The agreement verses on developing this right and on designing training to raise awareness on reasonable use of digital work tools.

Training and development

Process digitalisation and automation rapidly transforming the world of human resources and forcing companies to take part in this transition as catalysts to transform employee skills and roles into new forms of work that will enable them to develop certain skills which the Company needs and which, in turn, ensure their employability.

The Company is fully aware of the change that industrial digitalisation and automation will entail for professionals. From a strategic perspective, Grupo Antolin is firmly committed to digital transformation. This transformation strategy seeks to provide the Company with the tools and technology it needs in order to become more efficient and competitive while employees receive training and improve their skills. For this reason, one of the Human Resources department's strategic lines of action is to adapt employee skills and roles to the new forms of work. Forging ahead this reskilling of its professionals is essential for building an operational model that will be successful in the competitive market (present and future).

Prompted by management, an action plan involving the creation of a collaborative task group has been put into place for the purpose of reflecting and analysing the challenges we will face. This work is supplemented by:

- the launch of several lines of work identified as catalysts of change to improve the digital skills of the organisation's professionals by providing training in a set of tools that will be useful, regardless of each employee's specific role (e.g. collaborative and data analysis tools);
- the digital approach to implement the various learning itineraries via the cloud-based tool already implemented in the organisation *(Success Factors)*. This approach allows us to manage learning efforts in a more personalised way, with closer monitoring of learners and increased efficiency when rating our professionals, thereby ensuring that there is "nobody left behind".

In 2020 Grupo Antolin joined the *Upkilling4future* project spearheaded by Forética in Spain, as part of an alliance with JP Morgan and CSR Europe, which aims to:

- analyse the requirements for new professions and skills in each sector;
- determine the approach to employee training and reskilling;
- establish which opportunities for internal mobility between positions and functions will be permitted within the Company.

It is based on Grupo Antolin's digital transformation strategy, the Mobile Production System: *connected people for a truly smart factory,* to address the challenges and opportunities related to industrial digitalisation and automation and its direct impact on the workforce.

The project, carried out as an alliance with a start-up*,* encompasses digitalisation of all daily activities of a production plant to boost efficiency and speed-up decision-making in the field, strengthen training and skills of operators and promote autonomous digital management.

Beginning in 2018, this time has enabled us to attain a global standard in all the business units. This has enabled us to discover these catalysts, resulting in roll-out in more than 18 factories and 6,000 active users who use this system today.

With training viewed as a means for tackling the future on a surer footing, the Company continues to operate its 4.0 technical training lines and skills for all of the organisation's professionals.

The situation triggered by the pandemic led to prioritisation of methodologies for providing virtual as opposed to face-to-face training, the latter being the method of choice until that time. In this line, technological change was promoted by the information systems area, providing training for all head office employees, on the collaborative Teams platform. The correct use of this platform and the knowledge of all of its functionalities has been essential for maintaining a steady communication flow among the teams. Teams is currently in the process of being integrated with the training management platform *(People First)* for the purpose of providing employees with faster, simpler access to training at other centres and regions.

The trend that began in 2020 to promote the development of and investment in online training will continue in the future, directed mainly at covering statutory or global training needs.

Identifying and developing key technological skills related to electronics, lighting and innovation is key for the Company in order to carry out Grupo Antolin's strategy of attracting, developing, managing and retaining talent. In 2020 work has been done on master lines of action in these technologies, in addition to defining and establishing alliances with technological partners, to address the technological challenges raised by the Company's strategy.

Worthy of mention are the promotion and management of young talent through the development of ad hoc programmes such as the post-graduate programme of dual training in electronics in 2020, in partnership with the Instituto Tecnológico de Castilla y León, and the different dual training initiatives in Spain, Germany and the USA, favouring their employability and the incorporation of work teams of the organisation of recent graduates.

The digitalisation of the Human Resources function is one of the pillars that underpins the various systems used by the Company for personnel management. Systems that are in continuous evolution with new implementations such as redefining the performance management process or conducting global projects to maximise the efficiency of the systems and establish appropriate indicators for measurement. We have continued to work on consolidating the SAP modules, *Success Factors Recruiting* and *Success Factors Training*, enabling us to manage both processes more efficiently and obtain relevant information in real time, providing the possibility of performing detailed management and conducting real-time situational analysis.

This same approach is followed on projects in order to disseminate the brand of the organisation as an employer, such as the recent brand adaptation and the re-design of the corporate jobs website so as to make it more attractive and accessible for the type of talent being sought by the organisation.

Being a key concern of the Company, efforts continue to be made to promote knowledge exchanges. Integrated as part of the personnel management process, the recognition and remuneration for

knowledge at every level becomes increasingly important for the design and monitoring of the professional itineraries.

Internal knowledge management affords us long-term value that sets us apart. We apply it to manage our knowledge appropriately, identify emerging needs, improve our products and processes and create new management models, to this end employing experts, leaders, knowledge communities and the aforementioned partnerships with key technology institutions and centres.

Hours of training by professional category (2019)	**Administrative staff**	95,215	**Indirect labour**	259,602	**Direct labour**	796,576
Hours of training by professional category (2020)	**Administrative staff**	80,984	**Indirect labour**	178,116	**Direct labour**	744,141

Administrative staff Indirect labour and Direct labour. See appendix I (notes 1 and 4)

Social relations

As part of our commitment to uphold labour standards in the countries where the Company is present, Grupo Antolin recognises and defends freedom of association and the right of all persons to engage in collective bargaining. It ensures that an occupational health and safety management system is in place in companies that are domestic or international in scope.

Grupo Antolin endeavours to ensure that communications with the labour unions and workers' representatives are fluid and based on respect. We establish communication channels with the unions at our plants, both in Spain and abroad, by providing the union groups with an email account within the domain @grupoantolin.com. In addition, in order to share legal and any other documentation requested more easily, specific folders have been created on the Company's internal network. Furthermore, the calendar of periodic meetings with the workers' representatives is provided in order to review calendars, working days, temporary hires and any other points the parties may wish to discuss.

In 2020, the dialogue with social agents has been more fruitful than ever. A multitude of agreements were signed (to implement furloughs) and there was coordination on the preventive measures needed to ensure the safety of all our employees, a goal which the labour unions put ahead of any salary demands.

Thus ended a year in which social dialogue has been helped by the fact that both parties' were intent on reaching agreements to ensure the survival of the business and guarantee safety in the workplace.

The entire workforce has a direct participation channel through joint meetings between management and employees at which 100% of the workforce is represented. Collective agreements comprise various channels for communication with the representatives in the form of committees to deal with numerous different general interest matters.

Reflecting Grupo Antolin's commitments to uphold labour standards, the decision to initiate the social dialogue arose at the request of the workforce and the unions.

To ensure that negotiations are as enlightening as possible, the representatives are provided at all times with the information and training needed to establish their strategies.

This being the case, companies that are not currently covered by a collective bargaining agreement, pact or instrument at the company, local, regional, national or sectoral level, due to the lack of any

such instrument or to social dialogue not having been embarked upon, are covered by applicable legislation and regulations, which in all cases address occupational health and safety.

Percentage of employees covered by a collective agreement and labour legislation, by country:

Country	Total headcount at 31/12/2020	Employees covered by a collective agreement		Employees covered by labour legislation	
Germany	1,850	1,460	79%	390	21%
Argentina	122	0	0%	122	100%
Austria	495	495	100%	0	0%
Brazil	609	609	100%	0	0%
China	2,785	173	6%	2,612	94%
South Korea	6	0	0%	6	100%
Slovakia	972	593	61%	379	39%
Spain	2,747	2,747	100%	0	0%
United States	3,947	752	19%	3,195	81%
France	960	960	100%	0	0%
Hungary	347	0	0%	347	100%
India	792	717	91%	75	9%
Italy	110	110	100%	0	0%
Japan	13	0	0%	13	100%
Morocco	216	0	0%	216	100%
Mexico	4,178	4,178	100%	0	0%
Poland	277	0	0%	277	100%
Portugal	260	260	100%	0	0%
Czech Republic	2,143	2,143	100%	0	0%
United Kingdom	1,292	741	57%	551	43%
Romania	1,031	1,031	100%	0	0%
Russia	149	0	0%	149	100%
South Africa	325	325	100%	0	0%
Thailand	172	172	100%	0	0%
Turkey	832	832	100%	0	0%
Vietnam	11	0	0%	11	100%
Total	**26,641**	**18,298**	**69%**	**8,343**	**31%**

Country	Total headcount at 31/12/2019	Employees covered Collective agreement		Employees covered Labour legislation	
Germany	2,315	1,505	*65%*	810	*35%*
Argentina	168	0	*0%*	168	*100%*
Austria	658	658	*100%*	0	-
Brazil	720	720	*100%*	0	
China	4,002	240	*6%*	3,762	*94%*
South Korea	8	0	*0%*	8	*100%*
Slovakia	855	0	*0%*	855	*100%*
Spain	2,189	2,189	*100%*	0	
United States	4,991	599	*12%*	4,392	*88%*
France	1,010	1,010	*100%*	0	
Hungary	761	0	*0%*	761	*100%*
India	1,072	804	*75%*	268	*25%*
Italy	109	109	*100%*	0	
Japan	18	0	*0%*	18	*100%*
Morocco	150	0	*0%*	150	*100%*
Mexico	5,111	3,169	*62%*	1,942	*38%*
Poland	297	0	*0%*	297	*100%*
Portugal	234	234	*100%*	0	
Czech Republic	2,424	2,060	*85%*	364	*15%*
United Kingdom	1,863	557	*29.92%*	1,306	*70.08%*
Romania	965	965	*100%*	0	
Russia	156	0	*0%*	156	*100%*
South Africa	323	323	*100%*	0	
Thailand	124	0	*0%*	124	*100%*
Turkey	799	799	*100%*	0	
Total	31,322	**15,941**	*49%*	**15,381**	*51%*

See appendix I. Explanatory note 2.

Health and Safety

In 2020 Grupo Antolin's occupational health and safety activities were to a great extent determined by the COVID-19 pandemic. The Company's priority has at all times been to protect the health and well-being of all its employees and their families while ensuring the survival of the business and continuing to serve our clients.

In January, our companies in China drew up and successfully implemented a COVID-19 prevention protocol which was subsequently used as the basis for drawing up the corporate protocol. This protocol was satisfactorily implemented in all our companies and we were able to resume activities under optimal conditions to protect the health of all personnel.

The goal for the coming years is to continue to implement the COVID-19 prevention protocol continuously and strictly, performing control tests and promoting vaccination of our employees in each country as soon as possible.

Grupo Antolin's objective:

To safeguard the health, safety and well-being of the people who work for or provide services to Grupo Antolin so that they can carry out their work in a safe, healthy environment.

Grupo Antolin's approach:

- To reduce the number of accidents at work and occupational diseases of the workforce to zero.
- To make health and safety universal values.

Grupo Antolin's commitments:

It is the responsibility of every single person in Grupo Antolin to aim to create a pleasant, respectful work environment, stay healthy and safe, comply with and enforce occupational health and safety rules and measures, and use the Company's resources and facilities responsibly, irrespective of where work is conducted.

The Company's Occupational Health and Safety Policy addresses the need to implement, develop and update an adequate management system. In recent years, Grupo Antolin companies have been working to implement the OSH management system based on the ISO 45001:2018 standard. In fact, in 2020 four new certificates were awarded and three more are pending issue in early 2021. This means that up to 49% of the Company's employees are working under occupational health and safety conditions certified as excellent.

In addition, the Policy includes an explicit commitment to the well-being of personnel at the workplace, outside work and in the community. In 2020, the Health Company Programme was, quite understandably, altered so as to work first and foremost on COVID-19 prevention. In countries such as China efforts focused on the mental strength of the team through specific training. In light of the interruption in Club EnForma's sporting activities for employees, a video series was made comprising two training levels so that employees and their families might counteract the lack of physical activity brought about as a result of the lockdown.

In addition to organisational measures such as telecommuting, and preventive measures such as cleaning, disinfecting, ventilation and using PPEs, other measures have been put into practice including fluid communication, training, surveillance and monitoring of employee health, and periodic screening tests which have undoubtedly helped to control the spread of the virus.

In 2020, there was a significant reduction in the accident rate in global terms (27.67% reduction in the Frequency Index). The frequency of accidents at work and occupational diseases will undoubtedly continue to drop over the next few years based on our individual and collective commitment to health and safety, continuous identification and prevention of unsafe acts and conditions and strict compliance with work procedures.

Occupational health and safety	2019		2020	
	Male	Female	Male	Female
Number of accidents by gender	166	94	114	42
Frequency rate I ([1])	2.73	1.55	2.37	0.87
Frequency rate II ([2])	4.52	3.92	3.87	2.25
Severity rate I ([3])	0.08	0.07	0.09	0.04
Severity rate II ([4])	0.14	0.17	0.15	0.09
No. of occupational illnesses by gender	4	9	2	2
Hours lost to absenteeism for common illnesses, accidents, strikes, union work, maternity leave, paternity leave and other reasons ([5])	2,438,966		2,614,606	

See appendix I. Explanatory note 3

(1) Accident frequency rate I*: no. of work-related accidents with sick leave per million hours worked.*
The rate by gender is calculated vis-à-vis total hours worked.

(2) Accident frequency rate II*: no. of work-related accidents with sick leave per million hours worked.*
Hours worked by gender are estimated based on the percentage of employees by gender.

(3) Severity rate I: *no. of working days lost due to work-related accidents per thousand hours worked.*
The rate by gender is calculated vis-à-vis total hours worked.

(4) Severity rate *II: no. of working days lost due to work-related accidents per thousand hours worked.*
Hours worked by gender are estimated based on the percentage of employees by gender.

(5) Accident indices: *accident index calculations are based on the average employees during the month and actual hours worked: (standard working day + overtime – hours lost due to absenteeism). Breakdown of the global indicator.*
The severity rate includes calendar days in working days lost.

Personnel management in figures

Employment I

(See appendix I. Explanatory notes 2 and 4)

Total headcount at 31 December 2020: 26,728 people.

Breakdown by Country	**Headcount at 31/12/2019**	**Average headcount in 2019**	**Headcount at 31/12/2020**	**Average headcount in 2020**
Germany	2,189	2,290	1,850	1,912
Argentina	136	149	122	128
Austria	571	621	495	464
Brazil	703	718	609	670
China	2,888	3,035	2,785	2,787
South Korea	7	7	93	99
Slovakia	1,101	1,098	972	1,031
Spain	2,613	2,691	2,747	2,611
United States	4,822	4,944	3,947	4,292
France	978	990	960	962
Hungary	482	584	347	392
India	800	792	792	792
Italy	104	98	110	109
Japan	16	17	13	15
Morocco	185	160	216	211
Mexico	4,870	4,986	4,178	4,222
Poland	309	303	277	295
Portugal	274	260	260	280
United Kingdom	1,712	1,757	1,292	1,541
Czech Republic	2,306	2,362	2,143	2,211
Romania	992	1,059	1,031	961
Russia	141	149	149	143
South Africa	354	354	325	341
Thailand	178	189	172	171
Turkey	907	903	832	862
Vietnam	15	7	11	12
Grand total	**29,653**	**30,524**	**26,728**	**27,514**

	Male	**Female**	Total
Breakdown by gender in 2019	18,418	11,235	29,653
Breakdown by gender in 2020	16,785	9,943	26,728

	By professional category		Admin. staff	Indirect labour	Direct labour
Breakdown in 2019	By gender	Female	1,443	1,903	7,889
		Male	2,709	7,141	8,568
Breakdown in 2020	By gender	Female	1,392	1,676	6,875
		Male	2,617	6,499	7,669

People with disabilities at 31/12/2019	292
People with disabilities at 31/12/2020	309

Employment II

(See appendix I. Explanatory notes 2, 4 and 5)

Total headcount at 31 December 2020: 25,748 people.
Average headcount in 2020: 26,671 people

Breakdown by country	Headcount at 31/12/2020	Average headcount in 2020
Germany	1,850	1,912
Argentina	122	128
Austria	495	464
Brazil	609	670
China	2,781	2,779
South Korea	6	6
Slovakia	800	841
Spain	2,313	2,341
United States	3,947	4,292
France	960	962
Hungary	347	392
India	681	681
Italy	110	109
Japan	13	15
Morocco	216	211
Mexico	4,178	4,222
Poland	277	295
Portugal	260	280
United Kingdom	1,292	1,541
Czech Republic	2,143	2,211
Romania	1,031	961
Russia	149	143
South Africa	325	341
Turkey	832	862
Vietnam	11	12
Grand total	**25,748**	**26,671**

	Male	Female	Total
Breakdown by gender in 2020	16,070	9,678	25,748

	By professional category		Admin. staff	Indirect labour	Direct labour
Breakdown in 2020	By gender	Female	1,338	1,627	6,713
		Male	2,522	6,186	7,362

People with disabilities at 31/12/2019	292
People with disabilities at 31/12/2020	307

Headcount by gender in 2020		Female	Male
By professional category	Management	42	245
	Middle management	321	1,201
	Operating personnel	2,598	7,234
	Other personnel	6,717	7,390

Total headcount	< 25 years old	25 to 40 years old	> 40 years old
Breakdown by age in 2019	2,404	14,014	12,509
Breakdown by age in 2020	1,795	12,248	11,705

Breakdown by age in 2020		< 25 years old	25 to 40 years old	> 40 years old
By gender	Female	688	4,286	4,704
	Male	1,107	7,962	7,001
By professional category	Administrative staff	108	1,892	1,860
	Indirect labour	345	4,077	3,391
	Direct labour	1,342	6,279	6,454
By professional category	Management	0	29	258
	Middle management	4	568	950
	Operating personnel	449	5,362	4,021
	Other personnel	1,342	6,289	6,476

Number of employees by contract type (by duration):		Permanent	%	Temporary	%
At 31.12.2019:	28,927	27,816	*96.16%*	1,111	*3.84%*
At 31.12.2020:	25,748	25,041	*97.25%*	707	*2.75%*

Number of employees by contract type (by duration) at 31/12/2020:		Permanent	%	Temporary	%
By gender	Male:	15,587	*96.99%*	483	*3.01%*
	Female:	9,454	*97.69%*	224	*2.31%*

Number of employees by contract type (by duration) at 31/12/2020		Permanent	%	Temporary	%
By age	< 25 years old	1,649	*91.87%*	146	*8.13%*
	25 to 40 years old	11,940	*97.49%*	308	*2.51%*
	> 40 years old	11,452	*97.84%*	253	*2.16%*

Number of employees by contract type (by duration) at 31/12/2020		Permanent	%	Temporary	%
By professional category	Administrative staff	3,752	*97.20%*	108	*2.80%*
	Indirect labour	7,669	*98.16%*	144	*1.84%*
	Direct labour	13,620	*96.77%*	455	*3.23%*

Number of employees by contract type (by duration) at 31/12/2020		Permanent	%	Temporary	%
By professional category	Management	286	*99.65%*	1	*0.35%*
	Middle management	1,507	*99.01%*	15	*0.99%*
	Operating personnel	9,598	*97.62%*	234	*2.38%*
	Other personnel	13,650	*96.76%*	457	*3.24%*

Number of employees by contract type (by length of working day) at 31/12/2020:		Full-time	%	Part-time (*)	%
By gender	Male:	15,892	*98.89%*	178	*1.11%*
	Female:	9,398	*97.11%*	280	*2.89%*

Number of employees by contract type (by length of working day) at 31/12/2020		Full-time	%	Part-time (*)	%
By age	< 25 years old	1,774	*98.83%*	21	*1.17%*
	25 to 40 years old	12,153	*99.22%*	95	*0.78%*
	> 40 years old	11,363	*97.08%*	342	*2.92%*

Number of employees by contract type (by length of working day) at 31/12/2020		Full-time	%	Part-time (*)	%
By professional category	Administrative staff	3,690	*95.60%*	170	*4.40%*
	Indirect labour	7,720	*98.81%*	93	*1.19%*
	Direct labour	13,880	*98.61%*	195	*1.39%*

Number of employees by contract type (by length of working day) at 31/12/2020		Full-time	%	Part-time (*)	%
By professional category	Management	286	*99.65%*	1	*0.35%*
	Middle management	1,495	*98.23%*	27	*1.77%*
	Operating personnel	9,598	*97.62%*	234	*2.38%*
	Other personnel	13,911	*98.61%*	196	*1.39%*

** The number and percentage of contracts reported is based on the working day of the employee, such that if their working day is 100% it is included in the full-time category, and if it is less than 100% it is reported as a part-time contract.*

Annual average headcount (percentage)	By gender	Male	Female
By contract type 2019	Permanent	95.76%	95.89%
	Temporary	4.24%	4.11%
	Part-time	*	*
By contract type 2020	Permanent	96.95%	97.60%
	Temporary	3.05%	2.40%
	Part-time	*	*

Annual average headcount (percentage)	By age	< 25 years old	25 to 40 years old	> 40 years old
By contract type 2019	Permanent	75.15%	91.96%	96.64%
	Temporary	24.85%	8.04%	3.36%
	Part-time	*	*	*
By contract type 2020	Permanent	91.74%	97.27%	97.86%
	Temporary	8.26%	2.73%	2.14%
	Part-time	*	*	*

Annual average headcount by professional category (percentage)		Admin. staff	Indirect labour	Direct labour
By contract type 2019	Permanent	96.70%	97.28%	94.80%
	Temporary	3.30%	2.72%	5.20%
	Part-time	*	*	*
By contract type 2020	Permanent	96.95%	98.03%	96.79%
	Temporary	3.05%	1.97%	3.21%
	Part-time	*	*	*

Annual average headcount by professional category (percentage)		Management personnel	Middle management	Operating personnel	Other personnel
By type of contract in 2019	Permanent	99.78%	99.26%	96.67%	94.86%
	Temporary	0.22%	0.74%	3.33%	5.14%
	Part-time	*	*	*	
By type of contract in 2020	Permanent	99.34%	98.96%	97.45%	96.78%
	Temporary	0.66%	1.04%	2.55%	3.22%
	Part-time	*	*	*	

Annual average headcount (number of contracts)	By gender	Male	Female
By contract type in 2019	Permanent	17,517.17	10,933.08
	Temporary	775.00	468.75
	Part-time	*	*
By contract type in 2020	Permanent	16,078.75	9,730.00
	Temporary	506.00	239.50
	Part-time	*	*

Annual average headcount (number of contracts)	By age	< 25 years old	25 to 40 years old	> 40 years old
By contract type in 2019	Permanent	235.33	3,085.75	25,129.17
	Temporary	80.42	255.58	907.75
	Part-time	*	*	*
By contract type in 2020	Permanent	1,543.00	12,235.67	12,030.08
	Temporary	138.92	343.50	263.08
	Part-time	*	*	*

Annual average headcount by professional category (number of contracts)		Admin. staff	Indirect labour	Direct labour
By contract type in 2019	Permanent	3,955.58	8,710.33	15,784.33
	Temporary	135.08	243.67	865.00
	Part-time	*	*	*
By contract type in 2020	Permanent	3,817.08	7,931.17	14,060.50
	Temporary	120.00	159.50	466.00
	Part-time	*	*	*

Annual average headcount by professional category (number of contracts)		Management personnel	Middle management	Operating personnel	Other personnel
By contract type in 2019	Permanent	301.57	1,561.92	10,526.59	16,060.17
	Temporary	0.67	11.67	362.00	869.42
	Part-time	*	*	*	
By contract type in 2020	Permanent	288.25	1,548.92	9,873.92	14,097.67
	Temporary	1.92	16.25	258.17	469.17
	Part-time	*	*	*	

** Data unavailable due to the need to standardise the term "part-time" on the basis of the harmonisation of the different legislations in this regard.*

Number of dismissals

	Male	Female
Breakdown by gender in 2019	1,727	954
Breakdown by gender in 2020	1,504	939

	< 25 years old	25 to 40 years old	> 40 years old
Breakdown by age in 2019	465	1,366	850
Breakdown by age in 2020	308	1,173	962

	Admin. staff	Indirect labour	Direct labour
Breakdown by professional category in 2019	157	675	1,849
Breakdown by professional category in 2020	169	637	1,637

Headcount by gender		Female	Male	Total
By professional category in 2019	Management	2	10	12
	Middle management	22	67	89
	Operating personnel	174	559	733
	Other personnel	756	1,091	1,847
By professional category in 2020	Management	0	9	9
	Middle management	17	45	62
	Operating personnel	175	560	735
	Other personnel	747	890	1,637

Average global remuneration (excluding management and directors)

Breakdown by gender	**Male**	**Female**
2019	€24,752	€18,310
2020	€24,044	€18,587

Breakdown by age	**< 25 years old**	**25 to 40 years old**	**> 40 years old**
2019	€12,493	€18,728	€28,132
2020	€12,079	€18,050	€27,725

Breakdown by professional category	**Admin. staff**	**Indirect labour**	**Direct labour**
2019	€43,459	€25,818	€15,420
2020	€42,502	€25,200	€14,981

Average global remuneration in 2020 (including fixed and variable remuneration)

	By gender		**Female**	**Male**
Breakdown in 2019	By professional category	Management	€131,865	€131,494
		Middle management	€54,405	€59,702
		Operating personnel	€25,962	€27,384
		Other personnel	€13,888	€16,898

	By gender		**Female**	**Male**
Breakdown in 2020	By professional category	Management	€131,254	€124,205
		Middle management	€51,943	€57,674
		Operating personnel	€26,852	€26,562
		Other personnel	€13,797	€16,114

Average remuneration of directors and management

Breakdown by gender	**Male**	**Female**
2019	€140,715	€158,635
2020	€134,855	€163,853

Notes:

1. Includes variable remuneration, allowances, termination payments, payments into long-term savings schemes and any other amounts received.

2. The remuneration shown comprises both directors and management, management being the same as that reported in the tables showing breakdowns by generic professional category. For further information on board remuneration, see note 22 to the consolidated annual accounts

3. At 31 December 2020 the Board of Directors of the Parent comprise one individual, a male, and four legal persons represented by one male and three females. The average remuneration of the Board of Directors is based on the amount received by the members of the board as remuneration for their services as management of the Parent. The average remuneration also includes wages, salaries and similar items of members of the Board of Directors of the Parent who were also employees of the latter in 2020.

Wage gap by gender (including fixed and variable remuneration)

Wage gap at Grupo Antolin in 2019:	4.39%
Wage gap at Grupo Antolin in 2020:	3.60%

The wage gap at Grupo Antolin includes the annualised total remuneration, including fixed and variable remuneration, of 100% of the population. The amount calculated is defined as the difference in average pay (male - female / male) for each of the categories defined with both genders represented, by country, weighting each gap by the country's population vs. the total population in each category.

VIII. Human Rights

The root of our decisions and action

The impact of Grupo Antolin's activity on human rights will change over time based on the operational context of the Company and its activities. Accelerated urbanisation, climate change, use of resources, globalisation and technology will unquestionably have a direct impact on human rights across the world, varying from country to country depending on an array of circumstances. Fully aware of this, Grupo Antolin will demand continuous monitoring at all times throughout our value chain under the principle of protecting, remediating and repairing.

Only by effectively building sustainability into the entire chain will the Company be able to manage the potential risks and transform them into opportunities, so as to position Grupo Antolin as the benchmark in mobility of the future from the inside. Identified as a relevant topic for the Company in its supplier relationships, Human Rights in the supply chain alongside Good Governance and Ethics, has become one of the seven strategic priorities for the coming years, included in Grupo Antolin's Sustainability Master Plan.

The Compliance department is particularly important in this regard and is charged with ensuring respect for and fulfilment of Ethical and Human Rights commitments by the entire workforce wherever Grupo Antolin operates. The overriding aim is to minimise negative impacts and maximise positive effects of our activity.

Our policies and commitments

The guiding principles for the way we think and act are at the heart of the Company. Human Rights are present in each and every one of the decisions and actions carried out in the different areas of the Company. Respecting and protecting human rights is inherent to the business culture and activity. All decisions made in the organisation must include a component on integrity, ethics and transparency, without overlooking or jeopardising respect for human rights.

Accordingly, Grupo Antolin's Human Rights Policy forms part of the document that constitutes the highest level of guidance on ethics and integrity: the Code of Ethics and Conduct. It is approved by the Board of Directors and must be interpreted alongside the organisation's other policies which expound upon each of the principles and commitments undertaken.

Internal reference framework

- **Strategic lines of action, commitments and policies:**

  The Universal Declaration of Human Rights, treaties and other related instruments cover a broad spectrum of rights, thus we consider virtually all the policies and guidelines in force in Grupo Antolin, particularly those described in this report, from wide-ranging universal policies to more specific guidelines, to be applicable to one or various rights.

  The following list of policies, processes and other internal provisions applicable to human rights as a whole complement the Company's Governance Model described in the section of this report on Global Plans.

  Grupo Antolin Objective: Work ethically and with integrity in favour of respecting human rights in all countries where we carry out sales, industrial and financial activity.

Grupo Antolin Approach: Promote and develop initiatives that ensure responsible behaviour and respect for human rights in our sphere of influence.

- **Code of Ethics and Conduct:**
  Our code of ethics supports, respects and promotes human rights within its area of influence. This includes eliminating all forms of forced or coerced labour, eradicating child labour, and combatting the illegal smuggling, trading or trafficking of human beings.

- **Corporate Social Responsibility Policy:** *Grupo Antolin's Human Rights Commitments*

  Grupo Antolin supports basic human rights, and avoids and reports involvement in business, economic and industrial activities that abuse such rights.

  Grupo Antolin applies due diligence to identify, prevent, mitigate and remediate the possible impacts and negative effects of its activities on human rights, whether directly or through its supply chain.

  Grupo Antolin respects and promotes children's rights within its sphere of influence.

- ***Modern Slavery Statement*:**

  Grupo Antolin is committed to applying the processes and mechanisms that prevent situations linked to slavery and human trafficking in our activity and supply chain, no matter what the activity, size or geographical area.

- **Sustainability Master Plan:** *Human rights in the supply chain*

  Purpose: Ensure the commitment to respect for human rights throughout our value chain. Extend the values of Grupo Antolin, our commitment to the environment and ethical behaviour throughout our supply chain.

  Motivation: Minimise possible risks linked to relationships with third parties. Meet the expectations of customers and legislators. Integrate CSR and ensure that the entire value chain shares the same commitment to respect for the topics we consider most relevant.

  Areas: Sustainable supplier management. Awareness of CSR in the supply chain. Protection of human rights.

- **Policy on conflict minerals**

  Commitment to the responsible supply of minerals and materials used in our products, obtaining them only from companies that share our values regarding working conditions, human rights, business ethics and environmental responsibility.

  Commitment to identifying and eliminating risks of potential adverse impacts on human rights in connection with the extraction, sale, handling and export of minerals from high-risk and conflict-affected areas.

  Grupo Antolin acknowledges its responsibility as a company to protect human rights and, therefore, not directly or indirectly through our activity contribute to financing or benefitting armed groups or conflicts.

(The term “conflict minerals” refers to 3TGs: cassiterite (tin - Sn), wolframite (tungsten - W), coltan (tantalum - Ta), and gold ore (Au), regardless of the location or source of the minerals or metal derivatives).

The Company’s suppliers are essential to its success as both sides have to work together not only from a technical point of view, but also respecting human rights throughout the supply chain. Along these lines, the launch of the supply chain management programme and the alignment with the commitment of Grupo Antolin’s customers aim to promote actions and strengthen the participation of the different players in the chain to protect and respect human rights.

A multi-disciplinary and multi-cultural work team has been created with a view to reducing potential risks linked to the violation of human rights related to conflict minerals. Tasked with updating the Conflict Minerals policy, applying due diligence to properly manage such minerals and high-risk areas with a pertinent plan of action, its objective is to develop a robust and reliable management system for these materials in order to meet the expectations of our customers and future regulation.

External reference framework:

- The United Nations Universal Declaration of Human Rights.
- The 2030 Agenda: Sustainable Development Goals 3, 4, 5, 7, 8, 10, 16 and 17.
- The Principles of the United Nations Global Compact. Principles 1, 2, 3, 4, 5 and 6.
- Guiding Principles on Business and Human Rights.
- Children’s Rights and Business Principles.
- OECD Guidelines for Multinational Enterprises.
- The Guidelines and Principles of the International Labour Organization (ILO), Conventions 29, 87, 98, 100, 105,111, 138, 182.
- *Section 1502 on conflict minerals of the Dodd-Frank Wall Street Reform and Consumer Protection Act*.

Impacts on Human Rights in figures

The integration of human rights into the Company’s risk management system in 2018 facilitated the establishment of effective systems and processes to address the possible impacts on human rights caused by both the Company in its normal activities and actions, and by people who directly or indirectly interact with the Company in the performance of their professional duties.

As a preventative measure, the Compliance department performs monthly monitoring on a company-by-company basis, using the risk map to trace any possible incidents that might affect Grupo Antolin’s commitment.

As regards respect for human rights, no cases related to discrimination or sexual harassment were identified in 2020. Five complaints were received, investigated and resolved in connection with a lack of respect and fair treatment in the workplace, alleging unfair treatment and discrimination in employment. All such complaints were filed internally by Grupo Antolin employees and none resulted in legal proceedings. The number of complaints received and reported decreased by two compared to 2019.

Action plans or remediation measures carried out during the year:

Action plan	Coaching and training related to human rights. Approval of Anti-Harassment Policy (prevention of harassment and discrimination). Awareness and training initiatives. Disciplinary action (Warning/Written warning. Penalties). Monitoring of behaviour and conduct to observe progress. Termination of professional activities.

Note: The scope of the concept of Human Rights taken as reference for the reporting of the indicator was defined in accordance with the United Nations Universal Declaration of Human Rights and the Guidelines and Principles of the International Labour Organization (ILO): eradication of child labour and that of adolescents aged 16-18 years, elimination of forced or coerced labour, slavery and people trafficking, respect for healthy working hours, diversity, inclusion and non-discrimination in employment and occupation, fair, equal and non-discriminatory pay respecting minimum wage conditions, freedom of association and right to collective bargaining, and occupational health and safety management.

IX. Corruption and bribery

Introduction: risk areas and management approach

Grupo Antolin expressly rejects all forms of corruption in its broadest sense: active, passive, private, or with public officials; applying a zero-tolerance criterion with respect to any breach of the Code of Ethics and Conduct and the content of the organization's policies. There is a procedure that defines the structure of roles and responsibilities, which go from the Governing Body, Senior Management, Compliance department, through the Compliance supervisory and advisory bodies to middle managers and employees.

In Grupo Antolin we are committed to the highest ethical standards that make the Company a unique model of conduct. Reiterating the Company's commitment to strict compliance with the legislation on preventing and combating corruption, it has prepared, published and disseminated the Global Anti-Corruption Policy that brings together the existing commitments, guidelines and policies; extending compliance therewith not only to all employees of the companies over which Grupo Antolin exercises direct or indirect management control but also to all commercial partners and other interested parties. In its commitment to prevent any form of corruption, Grupo Antolin carries out all its activities in accordance with the legislation in force in all the fields of action and all the countries where it operates, in accordance with its spirit and purpose, and in this sense, undertakes to:

a) not influence the will or objectivity of people outside the Company to obtain any benefit or advantage through the use of practices that are unethical and/or contravene the applicable law (ANTI-CORRUPTION AND BRIBERY GUIDELINES),

b) not to allow any facilitation payments nor finance nor show any kind of direct or indirect support of any political party, its representatives or candidates, nor use donations to cover up undue payments (DONATIONS AND CONTRIBUTIONS GUIDELINES),

c) neither unduly request nor receive, directly or indirectly, commissions, payments or benefits from third parties upon or as a result of transactions involving investment, divestment, financing or expenses carried out by the Company, and

d) pay particular attention in circumstances where there are indications of a lack of integrity on the part of people or entities with which business is being conducted so as to ensure that Grupo Antolin only establishes commercial relationships with qualified people and entities having an adequate reputation (DUE DILIGENCE PROCEDURE).

Grupo Antolin also works to adopt the most advanced practices and standards of good governance and to integrate and encourage responsible management to contribute to a culture of transparency, ethics and compliance that ensures the interests of all stakeholders. It therefore seeks to (I) professionalise decision-making in the family company, (II) protect the Company from possible compliance risks, and (III) consolidate trust in the organisation.

In 2020, Grupo Antolin has concluded the audit in relation to the UNE-ISO 37001 standard, obtaining the final certification of its Anti-corruption Management System. ISO 37001 is the international standard that sets the requirements and provides guidelines to establish, implement, maintain, review and improve mechanisms to combat possible bribery and corruption practices in companies.

The certification is an international benchmark and highlights the efficacy of the Company's actions to create an ethical and healthy environment, while also drawing attention to Grupo Antolin's commitment in such areas as integrity and transparency.

In addition, obtaining this certification represents a further step in the ongoing efforts of Grupo Antolin to continue strengthening and consolidating its ethical commitment in all areas of our activity among its employees and stakeholders.

With this process, the organisation wishes to endorse its firm commitment to combatting corruption and bribery, demonstrating the leadership shown by the governing body and senior management to counter malpractice, and verifying the way in which these concepts are conveyed to all the employees and collaborators forming part of Grupo Antolin.

Main corruption and bribery risks

One of the basic pillars of the Compliance programme is the management of risks, however these vary depending on the activity, size, geographical region where the operations take place and several other internal and external factors. To carry this exercise out with certain guarantees, Grupo Antolin has made a firm commitment to comprehensive risk management on an international scale using the Risk Management module of SAP-GRC, which covers all the areas and fields and means managing a considerable volume of risk.

In the 24 areas analysed and assessed at global level in all the plants and geographical regions where Grupo Antolin operates, we can conclude that corruption and bribery issues rank as low risks. For example, irregular donations and contributions and money laundering are in the last two positions in the global risk map.

The Organisation and Management of Criminal Risk Model is integrated in the Company's already implemented Compliance Management System, which has been updated in line with the UNE 19601 standard: Management system for criminal compliance. This year the Company has obtained the certification that verifies and confirms the internal development of a management system for criminal compliance that fulfils the requirements of the UNE 19601: 2017 standard.

With these certifications, Grupo Antolin continues to advance its implementation of the highest standards of compliance with the aim of strengthening the Company's good governance and transparency.

A SAP tool was used in the process to identify, manage and assess these risks, with the implementation of the following modules: GRC PC (*Process Control*) for the controls and RM (*Risk Management*) for the risks.

On the criminal side the following crimes have been identified: influence peddling and bribery, illegal financing of political parties, corruption in businesses, money laundering, corporate offences, and fraud against public administrations. Additionally, after the emergence of COVID-19 and the situation it has generated, as part of the criminal risk and threat analysis several offences were analysed where their commission could have increased or been more serious due to the management or the absence of management and/or adoption of adequate measures. Under this assumption, several crimes were analysed in detail: information technology damages, disclosure of secrets, privacy offences, corruption, and violation of workers' rights. With regard to the latter, special emphasis was placed on the measures and instructions approved by the authorities and their correct fulfilment. This analysis revealed that all the crimes and risks described were already appropriately covered and

included in the criminal risk catalogue of Grupo Antolin and the issues related to the Company's activities were reflected. There was no need to update or make changes to the risks and crimes included in the catalogue.

In carrying out its activity, Grupo Antolin has a very limited relationship with public authorities, mainly involving ordinary and obligatory activities such as the payment of the corresponding taxes and Social Security contributions, labour or environmental inspections, and obtaining authorisations, grants or licences.

Areas affected and sensitive activities

The following departments are the main areas affected: Legal, Corporate Quality, Commercial, Purchasing, Corporate Finance, Marketing, Communication and Institutional Relations, Tax Planning and Incentives, Human Resources and General Services.

If any breach, violation or non-compliance concerning corruption and bribery is reported, communicated or detected, the established procedure for escalating, investigating and remediating compliance breaches will be followed, which is explained in more detail in the section on the transparency channel.

The principal sensitive activities in the area of corruption and bribery are as follows:

- Taking part in calls for public tenders to obtain any type of contract.
- Management of relationships with public officials: applications for any licences, permits or authorisations from public entities to carry out any activity related to the Company's business.
- Grant applications and management.
- Relations with the judiciary, whether in legal proceedings in which the Company is a direct or indirect party or when called upon to collaborate in any way.
- Management of gifts and donations to any public entity.
- Management of administrative inspections, taxes, Social Security and occupational safety and environmental protection.
- Relations in general with public entities, e.g. dealings with public notaries and registrars.
- Processes to waive customers' debt.
- Negotiation and contracting of any goods or services from one of the Company's suppliers.
- Negotiation and signing of contracts with customers.
- Relations with administrations to procure contracts in the international arena.
- Receipt of funds from customers, especially those from territories formerly classified as tax havens.
- Making donations/charity initiatives.
- Any kind of investment management, whether movable or immovable assets (purchases of shares or companies, strategic agreements and other extraordinary financing transactions).

Monitoring of financial flows, paying particular attention to the destination, source of the amounts transferred from and to tax havens.

Taking into account the analysis and assessment of the data and information described, the risk associated with corruption in Grupo Antolin's activity in Spain and abroad is considered to be low, almost marginal. This consideration does not mean that the Company will have to continuously improve the suitability, adequacy, and effectiveness of the Compliance Management System and the Organisation and Management of Criminal Risk Model.

As the corruption and bribery risk management model must be reported correctly and completely, as well as the approach for mitigating and preventing these risks, details of the cases of corruption that have occurred are provided below.

	31.12.2020	31.12.2019
Substantiated claims of cases of corruption	3	1

The above cases of corruption are based on and consist of misappropriation, facilitation commissions and payments, conflicts of interest and personal use of Company assets by employees for their own benefit without the required authorisation. Considering the low impact and relative significance of the events mentioned, there is no high level of risk. Nevertheless, with the aim of avoiding these situations in the future several remediation or disciplinary measures are proposed as part of an action plan.

Action plan	Surveillance using video surveillance systems. Review and improvement of internal protocols and processes. Written warning and termination of employment or dismissal

Note: The scope of the concept of corruption for reporting on the indicator has been defined in accordance with principle 10 of the United Nations Global Compact, the United Nations Convention against Corruption, OECD Recommendations, the US Foreign Corrupt Practices Act (FCPA), the UK Bribery Act or reforms of criminal legislation in Spain and other countries.

Policies and commitments

In Grupo Antolin we are committed to the highest ethical standards, making the Company a unique model of conduct. The Compliance Policy and Anti-Corruption Policy are essential documents that form the core of the Company's management systems and enables us to set out several basic principles and rules for compliance with legislation on the prevention and combatting of corruption. Several existing commitments, guidelines and policies are derived from these top level global policies, which are not only extended to all the employees of the companies over which Grupo Antolin exercises direct or indirect management control but also to all commercial partners.

Internal reference framework

- **Vision and values:** Family Spirit Value - be humble; act honestly; respect others and deal with issues fairly.

- **Code of Ethics and Conduct:** Grupo Antolin's commitment - prevent any form of corruption. Grupo Antolin carries out all its activities in accordance with the legislation in force in all the

fields of action and all the countries where it operates, in accordance with its spirit and purpose.

- **Sustainability Master Plan:** Good Governance and Ethics.
    - **Purpose:** Adopt the most advanced practices and standards of good governance. Integrate and encourage responsible management to contribute to a culture of transparency, ethics and compliance that ensures the interests of all stakeholders.
    - **Motivation:** Professionalise decision-making in the family company. Protect the Company from possible compliance risks. Consolidate trust in the organisation.
    - **Areas:** Functioning of Corporate Governance. Training in ethics, integrity and compliance. Risk analysis and management. Anti-corruption policy. Grupo Antolin is firmly committed to strict compliance with legislation in force on preventing and combatting corruption in all the fields of action and all the countries where it operates.
    - It expressly rejects all forms of corruption whether: active, passive, private, or with public officials, applying a zero-tolerance criterion.
- **Supplier Code of Conduct**
    - Definition of the minimum standards of ethical and responsible conduct that must be observed by suppliers and subcontractors that participate in each and every one of the purchasing and manufacturing processes and/or the supply of goods or services. Compliance with our "Supplier code of conduct" is essential and is a component of the supplier selection and assessment processes. Grupo Antolin expects and encourages all suppliers to replicate this code in their own supply chain.
- **Corporate Compliance Policy**
    - The Company's commitment to establish and implement a cross cutting system that provides an adequate framework for the definition, detection and effective assessment of the risks faced by Grupo Antolin should it breach regulations. A requirement of the system is that it serves as a tool to adopt a culture of compliance and respect of legislation through raising awareness.
- **Anti-corruption policy**
    - A commitment of zero tolerance of conducts that are likely to be considered acts of corruption or bribery, whether in the public or private field. Consequently, Grupo Antolin undertakes to combat corruption in all its forms, including extortion and bribery and develop a series of specific policies on this issue.
- **Gifts and hospitality policy**
    - Express prohibition to promise, offer, receive or grant, personally or through an intermediary, to executives, directors, employees or collaborators of a commercial undertaking or company, association, foundation or organisation, an unjustified benefit or advantage of any nature that favours them or a third party over others, breaching their obligations in the purchase or sale of merchandise, the contracting of services or in commercial relationships.
- **Conflicts of interest policy**

- Express declaration that ensures the absence of any conflict of interest in our commercial and professional relationships. A conflict of interest is understood to be any situation where it could be understood that a personal interest or benefit of a Grupo Antolin employee may influence their professional decisions in respect of compliance with their obligations at the Company, where this personal interest or benefit is contrary to the Company's interests.

- **Compliance guidelines: Donations and contributions**
  - Orientative guidelines that describe what the purpose of a donation or contribution by Grupo Antolin should be: help its respective activity sector or support communities and associations by providing project subsidies or sponsorship. It includes recommendations and examples of actions

- **Compliance guidelines: Anti-corruption and bribery**
  - Orientative guidelines that establish recommendations, warnings and conducts, by way of illustration, that may contravene the commitments set out in the global scope of the Code of Ethics and Conduct and specifically in the Anti-corruption Policy.

External reference framework:

- The United Nations Universal Declaration of Human Rights.
- The 2030 Agenda: Sustainable Development Goals 16 and 17.
- The Principles of the United Nations Global Compact. Principle 10.
- The United Nations Convention against Corruption.
- *OECD Guidelines for Multinational Enterprises*
- *OECD Due Diligence Guidance for Responsible Business Conduct*
- ISO 37001:2017, Anti-bribery management systems.
- *UK Bribery Act 2010.*
- *Foreign Corrupt Practices Act (FCPA).*
- ISO 19600/UNE19601. Compliance Management Systems (Criminal).

Due diligence and prevention practices regarding members of the organisation, third parties and business partners

Grupo Antolin is committed to ethical conduct and compliance with the law, based on the values described in the Code of Ethics and Conduct that are mandatory for our employees and collaborators. Furthermore, in our links and/or associations with non-Group entities or people we require conducts that are in line with those values through our due diligence management policy and procedures.

From this perspective, knowing the conduct of those wishing to be associated with the organisation is a minimum business precaution and for this purpose, Grupo Antolin has implemented a due diligence policy as part of its Compliance Management System.

Due diligence procedures are key in any Compliance Management System as they guarantee that the will of the organisation in enforcing its values is applied in its relations with customers, suppliers, business partners and third parties in general (external) as well as with employees or members of the organisation (internal).

The Company defines, implements and manages due diligences that are common for all its employees and people in exposed positions in Grupo Antolin as well as for third parties and business partners that are linked to Grupo Antolin ’s activities.

Measures adopted to prevent corruption and bribery

Increase and improve the detection, correction and reporting mechanisms.

- Corporate Compliance Policy.
- Anti-corruption Policy.
- Third-Party Intermediary Policy.
- Due diligence procedure.
- Policy governing conflicts of interest.
- Gifts and Hospitality Services Policy.
- The Code of Ethics and Conduct contains Grupo Antolin’s commitment to international and local efforts to eliminate corruption. It also expressly states that Grupo Antolin will not pay any amount nor render any service to political parties, public officers or candidates to such positions, administrative authorities or their employees, even if such contributions are considered legal under the laws of the countries where these payments could be made.
- The Supplier Code of Conduct and the Supplier Manual, which contain the firm and unconditional commitment of all Grupo Antolin suppliers to business ethics.
- Creation of a culture of integrity in all operations.
- Updating of the Compliance induction programme.
- Implementation in the SAP-GRC system of the Global Compliance risks.
- International roll out of Compliance Risk management, which began by identifying global risks common to the entire organisation.
- From a financial standpoint, Grupo Antolin has various controls in place through the following procedures that are part of the internal control and risk management system in relation to financial reporting (ICOFR), a system implemented, documented and assessed by Internal Audit. Among the controls we can specifically highlight:
    - Business Plan and Annual Budgets. Budgetary control of the income and expenses of each department, with an analysis of deviations.
    - Analysis and approval of investments.
    - Economic control of projects.

- Transfer pricing.
- Closing and consolidation of financial statements.
- Updating of the perimeter of the consolidated Group.
- Periodic reconciliation of bank and financial accounts. Cash counts.
- Monthly economic and financial reporting system.

- The implementation is being carried out in SAP-GRC of the system that segregates internal functions through the Access Control module.
- Certification of the Criminal Compliance and Anti-bribery Management Systems in accordance with the requirements of the international UNE19601:2017 and ISO37001:2017 standards.

Training and raising awareness regarding the first high-level standard and anti-corruption policies.

- Development and launch of new e-learning courses and training on the Company's Success Factor platform, which are added to the course on Compliance and the Code of Ethics and Conduct launched last year. These new courses, which cover multidisciplinary topics, have been developed using patterns of approximation to risk and relative importance as reference:
    - Anti-corruption,
    - Anti-Trust,
    - Privacy and protection of personal data.

As a result of the global pandemic, the travel and in-person training that was initially planned has been cut back, so that only management and indirect workers in Germany could have visits and in-person training. However, online compliance training (with specific focus on bribery and corruption) and communication was boosted, using modern business video tools. Awareness campaigns have also been carried out and Compliance flash adds have been launched with guides and action guidelines covering the different areas of corruption and bribery.

Transparency channel and other reporting mechanisms

The 'Transparency Channel' is the channel put in place by the Company to manage complaints via the website or its P.O. box in the event of any conduct or act that is contrary to the commitments and principles of the code of conduct, including all those related to corruption and bribery. The person making the allegations may give their personal details on reporting a complaint or remain anonymous.

The Compliance department has defined the principles and process so that employees can report and escalate incidents or situations of non-compliance, creating a culture of transparency for the escalation of incidents.

Accordingly, there are several basic points in relation to the preliminary analysis, processing, investigation and remediation in the ordinary procedure for the management of the channel as well as classified incidents that are escalated.

The Compliance department is the area of the Company that is charged with receiving complaints, claims made internally or externally through the transparency channel; there are also internal regulations that state that certain specified circumstances must be escalated so that they are known and treated and managed correctly. In other words, employees and collaborators of Grupo Antolin who detect irregular conduct, a serious incident or a possible breach situation, must escalate this using the means provided for this purpose. The sole recipient and area responsible for all of the foregoing is the Compliance department.

The Compliance department, depending on the implications and the circumstances reported, must inform other departments to discuss, act and resolve the incidents in the most appropriate way possible, respecting in all cases confidentiality and privacy.

The Compliance department makes a preliminary analysis and assessment of all the information received regarding the possible commission of irregular conduct or breach described in the above-mentioned cases, whatever the source, provided that in its opinion there are sufficient indications of the credibility, severity, nature of the breach or rational indications are provided of the existence of a violation.

After this preliminary analysis, the procedure may be closed, recording the complaint, claim or incident escalated, together with the reason for it being closed, acting at all times in accordance with the data protection legislation; or it may be agreed to continue with the procedure and start an internal investigation when it is considered that the events reported or incidents escalated are sufficiently significant to be likely to represent a breach.

In both this preliminary investigation process and the subsequent additional process, the Compliance department may have the assistance of people who are totally independent from the claim or complaint and, if applicable, inform other areas or bodies of the Company.

Once, after the preliminary investigation, it is determined that the event or complaint escalated must be processed and an internal investigation started, the Compliance department will appoint or designate a Case Manager (CM). The Case Manager has primary responsibility for decisions taken in respect of the investigation activities. They are also responsible for drawing up the investigation plan, under the supervision and with the support of the Compliance department.

Based on the needs of the investigation, the Case Manager may request the support of other professionals in the Company to carry out the necessary enquiries to clarify the events being investigated (the Investigation Team). If necessary, all of the investigations may have the support of the regional or local legal advisors, Human Resources and the Compliance department that will provide advice and guidance to ensure compliance with laws, regulations, agreements, corporate policies, applicable guidelines and practices. Furthermore, if necessary, the assistance of external advisors may be sought. For this purpose, the Compliance department together with the Human Resources, Legal and Finance departments, in each case, shall determine the scope of this assistance, being able to delegate the investigation entirely or partially to external advisors, who should keep the Compliance department continuously updated while carrying out the investigations.

Upon completion of the investigation, the Case Manager, if necessary as a result of the severity of the events and the remediation measures agreed or at the behest of any of the parties involved, with the assistance of the Compliance department and the Investigation Team prepares a report containing all of the concurring circumstances that have been brought to light by the investigation, proposing the remediation measures to be taken (disciplinary correction, complaint to the

authorities, system or internal procedure improvements to prevent similar situations in the future, among others) and sends it to the competent bodies to agree and impose the corresponding disciplinary penalty. In any case, the Compliance department must maintain a register of documents and evidence that are part of the investigation process as well as of the cases and complaints handled and investigated internally.

If after the investigation, the competent bodies or individuals for carrying out the internal investigation should conclude that no breach or violation has been committed, the investigation will be closed. The Compliance department is responsible for the register of archived investigations.

It is a basic principle of Grupo Antolin, expressed in its Code of Conduct, that there will be no retaliation against any person who escalates cases of non-compliance. All investigations must address the potential of retaliation against this person or other parties involved, including witnesses and ensure that senior management is reminded of the requirement that no subtle or overt acts of retaliation are taken, threatened or perceived. All accusations of retaliation made by the whistleblowing employee or other parties involved must be investigated.

The Compliance department has the right to preserve the confidentiality of the documents until they may be circulated for remediation actions.

The following parties are authorised to agree or impose the penalties proposed by the Compliance department and the people involved in the internal investigation, on completion of the internal investigation described in the previous section:

- In cases where managers are the persons allegedly responsible for the breach, their immediate boss is authorised to agree the corresponding penalty, and will also inform the Human Resources department for the sanction to be imposed.
- In cases where it is Grupo Antolin employees who are allegedly responsible for the breach, the head of their department or their immediate boss is authorised to agree the penalty, and must also advise the Human Resources department for the sanction to be imposed.

As a result of its supervisory activities the Compliance department informs the Ethics, Good Governance, Compliance and CSR Committee, the Board of Directors and Governing body, at least annually and exceptionally whenever necessary, of the complaints and claims received during the year together with the conclusions and necessary considerations, as part of the reviews of the Compliance Management System.

Measures adopted to combat money laundering

Considering all the measures described above, we also contribute to the identification of the source and destination of funds to prevent the financing of criminal or terrorist activities or capital flight through certification of the holders and source of bank accounts.

X. Company

Local roots to develop the global project

The future poses challenges in different areas requiring the Company to play a key role in sustainable development and, only by knowing how to identify and take advantage of these challenges and opportunities, can we be considered an essential partner at international and local level to generate a prosperous environment for growth for everyone. Nevertheless, we cannot do this alone. Establishing new partnerships and strengthening existing ones is part of the lines of work foreseen in the Sustainability Plan.

The 2030 Agenda and the way it cuts across the organisation in the form of goals and objectives is an opportunity for Grupo Antolin to contribute to creating prosperous environments where we can deploy our business project through internal commitment and external collaboration with the various links in the value chain.

In a global environment characterised by continuous change, where decisions and actions taken on one side of the planet are capable of influencing life and people on the other side of the world, responsibility for decisions and action takes on a particular importance. The principles that have marked Grupo Antolin's day-to-day activities are universal. They have served to develop a specific business project where our values are part of an equation that today is key to anticipating and responding to these environmental, social and economic challenges.

Published in 2020 as part of Grupo Antolin's management model, Grupo Antolin's Sustainable Contribution model describes how the Company seeks to and can interact with the environment in which it operates with its stakeholders to build an area of shared prosperity from a three pronged economic, social and environmental perspective. Its objective is to enrich, develop and share this model through collaboration, contribution and innovation, maximising our impact on people and the planet.

Smart and inclusive mobility, diversity and talent, and social and environmental development are the lines of contribution defined by the Company, for which work is carried out in the following areas: education and employability, innovation and entrepreneurship, and sport, health and well-being.

Social action plays a large part in the programmes, but it is not the only line of action. There are many initiatives carried out locally at each centre, differing in scope, which, together with others of a more global and corporate nature, represent the values of the Company in society.

Based on the real and joint consolidation of the actions and initiatives carried out in the field, the commitment to our surrounding environment also includes the initiatives and collaboration projects undertaken by the different business areas and territories, with the common objective of contributing to the growth and development of society through business activity.

Policies and commitments

Grupo Antolin's contribution to the development of society extends beyond the corporate environment. The commitment to collaboration, cooperation and innovation as a driver of personal and social growth and development is aimed mainly at those countries in which the Company operates.

Contribution is one of the five values included in the performance management system that the people forming part of the Company must internalise and which, together with their objectives, make up the talent that Grupo Antolin is seeking in order to make the Antolin project a project for the future.

Internal reference framework

- Strategic lines and commitments and policies - Grupo Antolin's approach: Train, develop and share our commitment with our stakeholders through participation, training and recognition, especially with the local community.

  - **Vision and values:** Contribution value - contribution to the development of society: show your commitment to your environment; represents the Company's values in society.

  - **Code of Ethics and Conduct: DONATIONS AND CONTRIBUTIONS:** Any contribution, sponsorship or donation must follow Company policy and must never be an incentive to purchase our products.

  - **Corporate Social Responsibility Policy:** Grupo Antolin commitments - Grupo Antolin contributes with its international expansion to the "*global"* development of the economy and society as a commitment to a sustainable future, working on the impact that our activity has on the environment, people and the society in which we are present. We are committed to universal values that govern the Group's conduct in all its activities.

    Sustainable contribution: Grupo Antolin contributes directly and indirectly through its activity, products, technology and services to the global and local development of the economy, society and environment of the communities where it is present.

    Grupo Antolin may carry out its own sponsorship, patronage or social actions or work in association with third parties, seeking projects and partners that add value to the Company and/or its stakeholders and apply the values and principles set forth in this Code.

  - **Sustainability Master Plan:** Shared value

    Purpose: Be the driver of social and economic development in areas where we operate through the creation of shared value. Respond to the main concerns of the community. Maximise our positive impact.

    Motivation: Build an area of shared prosperity from an economic, social and environmental perspective based on trust, ethics, transparency and professionalism. Interact with our stakeholders and the environment in which we operate.

    Areas: Strategic social contribution. Donations and sponsorship policy. Measurement of the impact of the social contribution. Partnerships and relationships with the third sector locally and globally.

    In terms of a sustainable contribution, due diligence policies and principles are applied to guarantee comprehensive and transparent relations with people and entities, as well as the policies and guidelines described in the chapter on corruption and bribery in this non-financial information statement set out below:

- **Anti-corruption policy.**
- **Gifts and hospitality policy**
- **Conflicts of interest policy**
- **Compliance guidelines: donations and contributions**
- **Compliance guidelines: Anti-corruption and bribery**

External reference framework:

- The United Nations Universal Declaration of Human Rights.
- The 2030 Agenda: Sustainable Development Goals 3, 4, 5, 7, 8, 9, 10 and 17.
- The Principles of the United Nations Global Compact. Principles 1 and 2.
- Guiding Principles on Business and Human Rights.
- Children's Rights and Business Principles.
- The United Nations Convention against Corruption.
- *OECD Guidelines for Multinational Enterprises.*
- *OECD Due Diligence Guidance for Responsible Business Conduct*
- ISO 37001:2017, Anti-bribery management systems.
- *UK Bribery Act 2010.*

Commitment to sustainable development

From business responsibility to responsible business:

Corporate social responsibility at Grupo Antolin goes beyond compliance with laws and regulations; it is knowing, foreseeing and evaluating the performance of a company in its entirety. It analyses the impact that the decisions and actions necessary to achieve its results as a Company may have on people, its economic growth and the environment.

When Grupo Antolin speaks of commitment, it speaks of an active and voluntary contribution to sustainable development, to strengthen the acceptance and approval of society to operate, innovate and grow, turning challenges into business opportunities. It is looking beyond the Company's economic purpose without losing sight of it, implementing actions aimed at transforming the social and environmental impacts caused by the Company in the environment in which it operates into positive impacts. This is Grupo Antolin's way of doing things.

Responding to this commitment, through Grupo Antolin's activities as a Company, requires listening to the different stakeholders and involving them in the business project through the internal and external communication channels defined to interact with each one of them.

An example of this way of doing things is how Grupo Antolin stepped forward to help and combat the COVID-19 pandemic in the face of the serious health crisis that has buffeted Spain since March. The Company, together with its team of professionals and in collaboration with its main stakeholders, launched numerous solidarity initiatives to produce healthcare material due to the shortage of protective equipment against coronavirus. The main project was the production of sanitary gowns to supply to hospitals and centres for the elderly in Spain.

Framed as part of its contribution to the SDGs of the Global Compact and a projection of the Company's values, this initiative is an example that business and purpose go hand in hand as a driver of future profitability. A strong sense of purpose and a commitment to stakeholders have allowed Grupo Antolin to connect with different stakeholders to adapt to what society was demanding: protect people's health and well-being. Only by joining forces can we generate innovative ideas that help us minimise the impact of the crisis and emerge strengthened as a team and as a society.

Based on an analysis by the different business units of possible viable solutions to the most urgent needs generated by the pandemic, we reconverted one of our production processes for the manufacture of car roofs to produce protective gowns for healthcare personnel.

In record time, the Company's plant in Valladolid, Grupo Antolin RyA, adapted part of its facilities to become part of the solution to the crisis during the weekend immediately following the declaration of the state of emergency.

The project has been an example of Antolin's solidarity, spirit of perseverance and teamwork with the participation of 62 people in the production, coordinated by a multidisciplinary team formed by Company personnel.. Everyone participated voluntarily and did so despite the significant uncertainty generated at the time by the spread of the virus and the lockdown measures.

It is also a testament to the Company's innovative capacity. As a producer of components for car interiors the Company had no previous experience in the manufacture of any type of sanitary material. For the project, the factory processes had to be adapted; a gown pattern was developed, which was then approved by the health services; and material for interior lining of the roof of the vehicles was used.

The production of sanitary gowns ran from 23 March to 30 April. In total, 50,000 protective gowns were manufactured (3,000 units per day).

The gowns were distributed to hospitals in Burgos, Valladolid and Miranda, and to homes and centres for the elderly, foundations, private health clinics, primary care centres and chemists in Castilla y León.

In order to cover the needs of the largest number of groups possible, Grupo Antolin shared the gown pattern and suppliers of the material with public authorities (Castilla y León regional government) and private bodies (Spanish Chamber of Commerce, Federation of Industry (CEOE), Institute of Family Business and Sernauto) so that other companies could also manufacture the gowns.

As a result of this initiative, Grupo Antolin was a finalist for the III CaixaBank Solidarity Awards, donating the amount of the award to the food bank to help relieve the social emergency situation.

Sanitary caps, masks and supports for protective screens printed in 3D by companies and employees in their homes were part of the products manufactured together with the gowns. This action was complemented by the donation of two ventilators for use in hospitals.

A noteworthy example of teamwork is the Company's participation, together with other entities, in various global initiatives undertaken in March, April and May to commend solidarity and the work being done in Spain in the fight against the pandemic.

- The #EstoNOtienequePARAR campaign: the objective was to publicly recognise, commend and support companies and workers who continued to work and help in the face of the COVID-19 crisis. This initiative led to the EActíVate campaign with the aim of generating employment and mobilising companies and employees. More than 4,500 companies have participated in these campaigns.

- The Global Compact's #IniciativasconPrincipios (Initiatives with Principles) campaign : with the participation of 165 partner organisations of the Spanish network through 300 published initiatives, the objective was to demonstrate business leadership through commitment and solidarity to combat the health and economic crisis derived from the pandemic. The initiatives focused on multiple themes all linked to the SDGs and to the Ten Principles of the Global Compact.

- Forética platform #YoMeQuedoEnCasa #EsteVirusLoParamosUnidos # Forética4Health to lend visibility to the actions and solidarity initiatives of the members of this leading organisation in sustainability and corporate social responsibility.

- Participation in the "Study on Companies' Contribution in Spain to COVID-19", carried out by the Excellence in Sustainability Club with the leading good business practices.

I The commitment of the different companies at international level to their local communities, together with the commitment shown in Spain, has created a large solidarity network covering all the companies in which we are present.

Creation of shared value

Social contribution

When Grupo Antolin talks about contribution and society, the players are many and varied, mainly grouped into regulatory bodies and society. In the case of the first group, communication is ongoing through the channels defined by these bodies and, through participation in meetings, projects and specific events. When we talk about society in general, communication is fundamentally established with entities and organisations in the academic, environmental, industrial and social realm and adapted based on the content derived from specific commitments and the areas related to putting such commitment into practice. Here, tools such as the corporate website, social networks, the annual report and specific content reports are combined with participation in certain forums, projects, collaborations and publications, along with direct in-person communication with leading players.

Social is the term used to describe one of the lines of Grupo Antolin's Sustainable Contribution Strategy. At international level, each company can be proactive in adapting to the local needs and demands of each country or community as long as it is consistent with the aforementioned strategy.

Long-term forms of contribution that will remain over time are given priority over one-off contributions, which are nevertheless not excluded. The latter are generally more local in nature and

managed directly by each company although they are always aligned with the areas of action and initiatives defined in the Contribution Model.

Most social action in 2020 was concentrated on the pandemic. The health and social emergency coupled with the circumstances facing society as a whole and the company itself with a total stoppage of activity, has led to a change in the way initiatives undertaken by the different companies have been carried out. In addition to the various information campaigns, initiatives such as the following continued to be part of the 2020 activity.

- Smart and inclusive mobility: Blood and plasma donation campaigns.
- Sport, health and well-being:
    - The Grupo Antolin enFORMA Sports Club for the promotion of a healthy lifestyle at work and at home with in-person activity until mid-March and online thereafter.
    - Grupo Antolin Sports Club for the children of employees in Burgos until the start of the pandemic, which is expected to continue in the 2020/21 season.
    - Together it is possible. Cancer prevention campaigns in collaboration with the different associations and entities fighting cancer worldwide.
    - Local initiatives for people with disabilities.
- Innovation, education and employability:
    - Dual professional training schools in Germany, Spain, the United States and Mexico, adapted to local regulations and situations.
    - Dual master's programme in Industrial Project Management by Grupo Antolin and Universidad de Burgos, adapting training to new circumstances.
    - Business internship programme until the onset of the pandemic.
    - Grants and contracts for research assistants from Fundación General de la UBU (University of Burgos Foundation)
    - The *Tertiary Education Bursaries* programme in South Africa, scholarships for young people who would be unable to study without this aid.
    - FFL *First Lego League* tournament sponsorship to promote science and technology among children and young people.
- Social development:
    - Large food e-collection for the local food bank through online donations.
    - 26th anniversary of the "Giving Every Child a Fair Chance" programme for UNICEF, as a partner company, to purchase vaccines
    - Village Upliftment Programme project in collaboration with Hand by Hand India.
    - For a good cause. The Christmas charity auction of gifts donated by suppliers changed its format by inviting suppliers to transform their gifts into donations to the food bank.

- Aid for people and families in need. United Kingdom.
- Child protection initiatives. Europe, NAFTA and Mercosur

The Polo+ project is a noteworthy example of Grupo Antolin's commitment to entrepreneurship and the development of industry in Burgos. With the aim of turning Burgos into an entrepreneurship centre for technological development in the industrial sector, Polo+ supports the development of innovative and sustainable domestic and international industrial projects or projects serving industry, while generating wealth and sustainable employment.

This initiative emerged from ta group of Burgos-based industries joining together to promote economic growth in the city, supporting a new generation of entrepreneurs. They also aspire to give back to Burgos the opportunity that it gave them in their day to become industrial leaders.

For social action

Social contribution (€)		to 31/12/19	to 31/12/20
Total		€ 476,317.80	€ 601,281
By geographical region	Asia and Africa	€ 96,052.86	€ 151,274.81
	Europe	€ 326,725.32	€ 426,124.35
	Mercosur	€ 3,867.38	€ 826.40
	NAFTA	€ 49,672.24	€ 23,055.38
By type of contribution	Donations and volunteer actions	€ 160,695.66	€ 60,794.76
	Sponsorship and patronage	€ 315,541.35	€ 345,572.01
	Emergency response	€ 80.79	€ 194,914.17
Per employee		€ 16.47	€ 22.57

Note: The quantitative data is the result of the actions carried out by the companies within their local spheres of action in response to the main concerns of their immediate environment, together with those with a broader scope of action linked to the Company's strategy. They do not include the investment made in training and innovation programmes that are included in different budget items of the areas responsible for their management.

Response to emergencies *is linked to COVID-19 actions.*

- Associations

Grupo Antolin's leadership and its position as a benchmark is supported by fluid institutional relationships with the different public stakeholders -governments, ministries, embassies, investment and foreign trade promotion agencies, local entities- and private groups and industrial, business and automotive associations. The Company's global positioning lends institutional relations an international character.

As an example of its positioning and to increase the external visibility of the Company, Antolin openly, actively and constructively collaborates with a wide range of Spanish and foreign

institutions participating in multiple initiatives and numerous public events around the world, which it attends to share its experience, ideas and projects with enthusiasm and commitment.

Government relations and collaboration with public institutions in different areas are combined with collaboration with private associations and organisations. Notable among the latter are the promotion of the Antolin brand and the recognition of its performance in different sectors and areas of knowledge at national and international level, such as:

Automotive: Grupo Antolin chairs and is represented on the board of directors of Sernauto*,* the Spanish association of automotive suppliers, in addition to actively collaborating on different committees. As the representative for the sector advocating for the interests of its associates before the public authorities and national and international public and private institutions, Sernauto is the leading player in defining the Spanish industrial strategy.

At a global level, Grupo Antolin collaborates with more than 20 associations in the automotive sector, including notably:

- FIEV
- AFIA
- AMICA
- *Automotive Industry Association of Czech Republic*
- *Automotive Industry Association of Slovakia*
- VDA
- *Hungarian Automotive Association*
- AUTOSAR
- MICHauto
- *Sindipeças*
- AFAC: Asociación de Fábricas Argentinas de Componentes

Innovation: Member of the Board of *COTEC* - Foundation for innovation that promotes innovation and technological cooperation between companies with the aim of contributing to economic and social development.

At a global level, it is a member of numerous innovation, technology and materials associations, such as:

- Fundación TECNALIA (National Transport Board)
- "*Functional Printing*" cluster
- AIMPLAS (Technological Plastic Institute)

- AITIIP technology centre
- Fundación CIDAUT
- ITCL - Castilla y León technological institute
- EuMaT
- M2F *Move to Future*
- SERTEC
- AEMAC (Spanish Association of Composite Materials)
- *American Carbon Society*
- Grupo Español del Carbón
- CPA (Circular Plastic Alliance)

Family*:* Instituto de la Empresa Familiar [nstitute of Family Business], which brings together leading family businesses in different sectors with the aim of promoting the generation of wealth and job creation. It is one of the most relevant and influential representatives with the authorities, institutions, the media and society.

Academic*:* Trustee of the Chair of Connected Industry ICAI, the Higher Technical School of Engineering at Universidad Pontificia Comillas, which gives future professionals and engineers a view of the current situation of the automotive industry and the needs and future challenges we face. Technologies such as the internet of things, artificial intelligence, robotics, virtual and augmented reality are, inter alia, part of the transformation of the production processes of automotive companies. We would also like to mention the launch of the Dual Training Programme in Automotive Electronics in collaboration with the ITCL and the completion of the Dual Master in Industrial Process Management given by Universidad de Burgos and Grupo Antolin and, internationally, the Dual Training Programme in Mechanical Engineering that combines practical training at Antolin Straubing with degree studies at the University of Deggendorf.

Business*.* Member of the Spanish Chamber of Commerce that contributes to driving Spanish business, promoting its competitiveness and internationalisation. Active participation in multiple committees enables Grupo Antolin to participate in the formulation of legislative proposals, advise public authorities and foster relations with domestic and international institutions.

Highlights include:

- Club de Excelencia en Gestión [Excellence in Management Club]
- Círculo de Empresarios [Business Circle]
- AERCE

Sustainability. Founding partner of the Spanish Global Compact Network and member of its Executive Committee (a multi-stakeholder body that, in turn, represents the Spanish Global

Compact Network in various forums and meetings organised by other entities to promote the implementation of the Ten Principles of the Global Compact and raise awareness in the private sector to contribute to the objectives of the United Nations).

Notable memberships of associations include:

- Forética. Social cluster, transparency and good governance cluster and climate change cluster.
- Working groups: Circular Economy and the Future of Sustainability.
- Responsible Business Committees of Sernauto and Burgos Chamber of Commerce.
- RMI. Responsible Minerals Initiative.
- ASCOM. Spanish Compliance Association.

Cultural. Member of the Board of Trustees of Fundación Princesa de Asturias, which contributes to commending and promoting those scientific, cultural and humanistic values that form part of the common heritage of mankind. Also notable is the collaboration with Fundación VIII Centenario de la Catedral de Burgos.

This, together with the other activities in this area performed at local and regional level by the different companies, demonstrates the need for collaboration and alliances between governments, the private sector and civil society, built on principles and values and a shared vision and goals that place people and the planet at the heart of Grupo Antolin. **Grupo Antolin allocated €477,220.46 to collaborate with associations in 2020.**

- Responsible supply chain

	31.12.2018	31.12.2019	31.12.2020
Volume of direct material purchases (free, tax and intercompany)	€3,578 million	€3,368 million	€2,517 million
Volume of direct material purchases (free and tax)		€2,692 million(1)	€1,927 million
% of spending on local suppliers (active direct material suppliers)	47%	49%	47%
Number of direct material suppliers	2,822	2,918 (2)	2,830
Number of new suppliers contacted on ESG matters	1,505	1,584	1,612
Number of suppliers in the ESG assessment process	677	845	984
% ESG monitoring supply chain	52%	100%	100%

ESG: Environmental, Social and Government

	2018	2019	2020
Number of suppliers evaluated in ESG matters	828	923	1,466

(1) Starting with the 2019 NFIS, we will exclude data that come from intercompany purchases from the scope of the **volume of direct material purchases** reported. Intercompany purchases are those carried out between Grupo Antolin companies. As the sustainability performance of the Grupo Antolin companies is not evaluated, it does not make sense to include them in this table.

(2) To conduct a meaningful analysis, from 2019 onwards the scope of the suppliers to be evaluated will be focused on the most significant ones: **active direct material suppliers**. These suppliers are those that invoice continuously throughout the year when they are in active projects. Accordingly, we exclude direct material suppliers that represent material purchases for specific needs, and are therefore less significant.

Developing an efficient and sustainable supplier network is one of the bases for maintaining Company growth and development. Grupo Antolin's relationship with its supply chain is structured on the basis of a sustainable, robust and effective management system, which is supported by:

- The Supplier Manual: Supplier Code of Conduct.
- Communication: through the creation of a specific sustainability space on the *Buyone* portal.
- Monitoring the supply chain through self-assessment questionnaire (SAQ).
- Third-party sustainability audits of suppliers.
- The review and integration of sustainability requirements in purchasing procedures.
- The application of OECD due diligence for mineral supply chains in conflict-affected and high-risk areas.

The Suppliers Manual describes the organisational system that regulates dealings between Grupo Antolin and its suppliers. Its objective is the full satisfaction of customers and main stakeholders, as well as guaranteeing that the suppliers that are part of the supply chain meet the standards required by Grupo Antolin. The Manual establishes the requirements to be met and the modus operandi for the Grupo Antolin-supplier relationship. Acceptance of the document by the supplier is a requisite to be qualified as "active" on the Company's Suppliers Panel and to be eligible to be nominated in future projects and/or services. The supplier must ensure that all the requirements described in this document will be observed by itself and by its supply chain.

Grupo Antolin makes suppliers share its Corporate Social Responsibility values, policies and processes through the Supplier Code of Conduct published in 2019. Therefore, its actions must be based on ethics, transparency and respect for fundamental human labour and the environment rights, including in this connection its own supply chain. The Supplier Code of Conduct is part of Grupo Antolin's comprehensive sustainability policy and, therefore, determines our Company's supplier selection and purchasing strategy. The approval and application of the code is mandatory for all Grupo Antolin suppliers, which are also expected to extend these requirements to all sub-suppliers that make up their supply chain. It is a commitment to respect, evident not only as regards current domestic and international law, but also the Universal Declaration of Human Rights, the Conventions of the International Labour Organization (ILO), the Guidelines of the Organization for the Cooperation

and Economic Development (OECD) and the principles included in the United Nations Global Compact.

To facilitate and improve communication between Grupo Antolin and its supply chain, the Company relies on the *BuyOne* supplier portal, with the aim of standardising and guaranteeing accessibility to information and communicating Grupo Antolin's requirements to its suppliers. This is achieved while keeping the traditional communication channels open because people are important to suppliers and to the Company.

In order to ascertain the sustainable performance of Grupo Antolin's suppliers, the self-assessment questionnaire (hereinafter SAQ) is used to assess the state of the supply chain in terms of sustainability and, therefore, to identify, measure and manage the ESG-related risks present throughout the chain. Based on the questionnaire answered by suppliers, their overall performance is assessed in the main sustainability areas: working conditions and human rights, business ethics, anti-corruption and bribery, environment, supply of raw materials, supplier management, security and health, corporate social responsibility.

The contents requested and assessed in the questionnaires follow the recommendations defined in the Practical Principles proposed by original equipment manufacturers (OEMs), which are promoted by the sector's main sustainability initiatives worldwide: *Drive Sustainability* and *Automotive Industry Action Group* (AIAG). The principles arise from the analysis of the elements identified as materials for the automotive sector on a social, ethical and environmental level. Grupo Antolin has the support of an external service provider to carry out the supplier assessment process: NQC. All the information and documentation they provide is validated by NQC in order to guarantee the veracity and reliability of the answers provided in the questionnaires.

The fact that the service provided by NQC and the assessment questionnaire is the same as the one used by customers representing more than 63% of Grupo Antolin's sales is worthy of note, reflecting the added value brought by the tool because it is aligned with the expectations and needs of the sector.

The result of the SAQs answered and validated by NQC and Grupo Antolin is available to the responsible buyers of each supplier on *BuyONE*, within a specific section called Sustainability.

Based on the results of the assessment, Grupo Antolin can identify the global ESG risks of its supply chain, as well as those specific to each supplier. Using a detailed study of the data obtained, together with the performance dashboards, an analysis is performed in a variety of contexts, the risk indicators are defined and this is included as a criterion in supplier selection.

Another element of the supply chain sustainable management system is third-party sustainability audits, which are carried out at the supplier's facilities and are intended to verify the responses given by suppliers in the SAQ, as well as to identify the presence of risks on the ground and establish action plans to correct them. In 2019, the pilot test was developed to assess different supplier audit methodologies, since there is no sector standard. The methodology selected to incorporate third-party sustainability audits into the sustainable supply chain management system was called *Workplace Conditions Assessment* (WCA). This methodology fits best with both the Practical Principles developed in *Drive Sustainability* and with our Code of Conduct for suppliers, with the objectives and work systems applied at Grupo Antolin. In 2020, no sustainability audit was finally carried out as a result of the COVID-19 pandemic.

As described in the Human Rights section of this non-financial information statement and together with the foregoing, we should also point out the importance of monitoring the risk of human rights violations in the supply chain linked to conflict minerals Grupo Antolin applies the steps established by the OECD to develop due diligence for responsible supply chains of minerals from conflict-affected and high-risk areas. These steps are:

- Publication of the updated and publicly accessible Conflict Minerals Policy,
- Appointment of the conflict minerals team, which is in charge of defining the objectives, monitoring and managing the achievement of the objectives set. The team is made up of representatives from the sustainability, purchasing, commercial and engineering areas of global projects, with the sustainability area leading the work team.
- The activities carried out by the team include identifying the suppliers of products containing 3TG to Grupo Antolin . Processes and mechanisms are applied to suppliers identified with 3TG in the parts they provide us, which enables us to evaluate whether or not they comply with the requirements permitting us to meet the objectives set and improve performance in this connection.
- Grupo Antolin is a member of the *Responsible Minerals Initiative* (RMI), a partnership through which the inter-sector work of the *Responsible Minerals Assurance Process* (RMAP) is promoted.

In 2020, of the 179 suppliers identified as suppliers of products with conflict minerals, 98% have provided their *Conflict Mineral Reporting Template* (CMRT) correctly, compared to 64% who provided it in 2019. , Applying the categories established by RMI, 92% of the 335 smelters and refiners present in Grupo Antolin's supply chain are identified as eligible, while the rest are either not active or are not smelters or refineries and must be eliminated from the suppliers' CMRT.

In addition to the foregoing, the management of the supply chain in 2020 was marked by two fundamental events: Brexit and COVID-19.

- The agreement for the UK to leave the EU was resolved in the best possible way, with a framework of free trade in goods exempt from paying tariffs, thus also guaranteeing free competition. This agreement means that the United Kingdom becomes a third country as of 1 January 2021 and, as such, this entails the completion of customs procedures with the consequent costs and increased transit times and potential incidents during the customs process.

  For Grupo Antolin and, specifically, for the Purchasing area, the challenges have been great. The Company found itself in a situation with previously unknown characteristics and a high level of uncertainty until the final deadline..

  First, it was necessary to ensure that our suppliers understood the implications and were prepared to deal with the red tape that they entailed.

  Second, a robust action plan was developed and tested for the different scenarios foreseen throughout the Brexit process.

  The third phase, which will extend to next year, focuses on the recovery of new costs and, above all, on their distribution throughout the entire supply chain: Grupo Antolin, suppliers and customers.

Being centralised and naming a multidisciplinary team coordinated worldwide enabled the Company to implement the required actions and move the organisation on quickly, focusing on the same objective, without the supply or service to our customers being affected.

- The pandemic caused by COVID19 was considered a historic event, prompting the adoption of measures by governments and countries that seriously affected global supply chains.

  In this era of globalisation and free trade, borders have suddenly been closed, with ships that cannot leave China with materials because everything is locked down and with companies that cannot produce because their workforce has been affected by the virus or cannot reach their workplace due to unprecedented mobility restrictions.

  Against this backdrop, the team of buyers affected by the new forms of remote work and the labour measures applied at the Company to minimise the impact of the pandemic on the business have maintained supplies to the Grupo Antolin plants that were still operating.

  Grupo Antolin's supplier base has proven to be strong, solid and committed to Grupo Antolin's needs. There have been no serious supply disruptions, and plants, buyers and suppliers have been closely coordinated at all times.

  The lessons learned from the situation include:

  - As an organisation, be faster, more agile and imaginative in the search for the best solution.

  - As a Purchasing function, increase the resilience of our supply chain, encourage multi-sourcing and turn to suppliers close to our plants.

  2021 poses new challenges until the long-awaited recovery is achieved, such as:

  - the lack of supply capacity due to the previous contraction of supply,
  - the unavailability of transport due to the reduction in size of shipping and air companies and
  - the movement of supply towards other more “thriving” fields such as electronics.

Consumers

Being geared towards and adapting to customer needs is key for Grupo Antolin in its untiring pursuit to support our customers' brand strategy to improve quality and the end user experience.

The Company's customers are the main automobile manufacturers (OEMs) worldwide and we are recognised in the market as one of its main tier 1 suppliers. Accordingly, the Company's relationship with vehicle users (end consumers) is indirect and is always through the manufacturers themselves. Consequently, relationships with consumers are not a material issue for Grupo Antolin.

In order to meet the technical specifications of the diverse range of products supplied, Grupo Antolin must collaborate with its customers in the earliest design stages, including selecting materials, developing tools, determining transformation processes and even defining the component's specifications.

By complying with the data included by the manufacturer in the specifications, Grupo Antolin contributes to guaranteeing the quality of the components it supplies and supports OEMs in reinforcing aspects more directly related to issues that could affect safety (crashworthiness) or health

on board the vehicle (susceptibility of certain materials to emit potentially toxic volatile compounds). These issues are generally regulated by strict international standards and testing procedures, and many manufacturers even oversize these standards when applying them to components supplied by third parties in order to protect their direct liability to end users.

Tax information

- The profit or loss before taxes obtained country by country are shown below:

Country	Profit/(loss) before tax 2020	Profit/(loss) before tax 2019
Germany	-29,753,948	€ -7,800,777
Argentina	-1,779,833	€ -2,664,344
Austria	-6,661,918	€ -2,528,764
Brazil	-7,731,510	€ 5,828,467
China	25,596,410	€ 46,736,790
Korea	605,835	€ 932,089
USA	-41,881,592	€ -34,944,244
Slovakia	-2,876,854	€ -9,643,695
Spain	-24,499,764	€ 20,756,756
France	-2,719,632	€ 9,111,585
Netherlands	384,677	€ 115,766
Hungary	-889,529	€ -9,029,333
India	1,999,948	€ 3,932,135
Italy	-83,163	€ -3,293,737
Japan	124,989	€ 151,290
Morocco	592,804	€ 674,457
Mexico	-718,131	€ 15,230,754
Poland	-1,564,080	€ 971,148
Portugal	1,608,949	€ 3,133,084
United Kingdom	-50,178,530	-18,405,447
Czech Republic	-6,236,619	€ 7,110,110
Romania	-906,640	€ -4,210,547
Russia	-74,414	€ -97,853
South Africa	382,239	€ 1,180,603
Thailand	797,788	€ 1,010,196
Turkey	21,402,526	€ 17,989,933
Vietnam	858,596	€ 162,561
Total	**€ -124,201,397**	**€ 42,408,984**

- Income tax paid (not accrued) is reflected in the following table:

	Income Tax Payments 2020	Income Tax Payments 2019
Total	**€ 4,363,545**	**€ 7,223,888**

- Lastly, the public grants received were as follows:

Grants for operations 2020	**Total**	**18,182,577**
Capital grants 2020	**Total**	**657,514**

Grants for operations 2019	**Total**	**€ 4,293,929**
Capital grants 2019	**Total**	**€ 191,435**

Note: The movement in capital grants received is detailed in note 15 to the consolidated annual accounts. The amount of Euros 657 thousand was received in 2020. The amount of operating grants received is included in note 20 to the consolidated annual accounts and totalled Euros 18.2 million in 2020.

XI. Appendix I. Explanatory Notes

(1) **Hours of training:** The scope of the data reported in this Non-financial Information Statement (NFIS) is the same as for the consolidated financial information with the exception of the companies that are excluded from the reporting of consolidated data (14 in 2019 and 17 in 2020) and those that have no recorded data at 31 December 2019 or 31 December 2020.

Based on this scope, the data corresponds to 100% of the workforce in both 2019 and 2020.

(2) **People management in figures:** There are two reporting scopes:

- Employment I: The scope of the data reported in this section encompasses all the plants in which Grupo Antolin holds an investment, including equity-accounted companies. Therefore, with regard to the Company's total headcount, the figures in the "Employment I" section cover 100% of the workforce at both 31 December 2019 and 2020 in respect of the scope of the financial perimeter.

- Employment II: The scope of the data reported in this section excludes the equity-accounted companies. Therefore, with regard to the Company's total headcount, the figures in the "Employment II" section cover 97.55% of the total workforce at 31 December 2019 and 96.65% of the total workforce at 31 December 2020, which is 100% in respect of the specific scope for the NFIS.

(3) **Occupational health and safety:** The scope of the data reported in this Non-financial Information Statement is the same as for the consolidated financial information with the exception of certain companies that are not included in the scorecard with any of the following circumstances: new companies with an immature reporting level, they do not have their employee data loaded in the system at the 31 December 2020 reporting date, and/or they report through other SAP codes.

Based on this scope, the data corresponds to 98.49% of the workforce at 31 December 2019 and 95.40% of the workforce at 31 December 2020.

(4) **Professional category:** Criteria used in the calculation of the workforce that regularly provides services in all the industrial companies and technical-sales offices for Grupo Antolin:

- Direct labour - DL force: Workers that have been employed by a Grupo Antolin company over a period of time, assigned to the production process, performing direct operations on the product, in accordance with an established work method.
- Indirect labour - IL force: Workers that have been employed by a Grupo Antolin company over a period of time, who carry out support activities for the production process and are assigned to the Maintenance, Logistics, Quality, Engineering and Production departments, according to table I.

Table I

IL - INDIRECT labour	FACTORY	**Maintenance**	Head of Maintenance Maintenance personnel
		Production	Line managers Shift managers Elementary working unit leaders Machine preparers (tool changes, plastic mixing room, etc.).
		Logistics	Forklift operators Warehouse staff, supply of lines Movement of containers
		Quality	Factory quality checkers (excluding line) Reworkers at factories Quality firewalls at customers' organisations Reworkers
	OFFICE	**Engineering**	Manager and personnel from Engineering department.
		Quality	Manager and personnel from Quality department.
		Logistics	Manager and personnel from Logistics department
		Production	Manager and office personnel from Production department

- Administrative staff - administrative workforce:
  - Technical sales offices and headquarters staff: all employees of the technical sales offices, of the Antolin-Irausa Group and Antolin-Ingeniería Group are included.
  - Factory staff: Workers that have been employed by a Grupo Antolin company over a period of time, who carry out support activities of the production process according to table II.

Table II

SL - ADMINISTRATIVE workforce	FACTORY	**Temporary structure**	Young engineers, Black belts, Six Sigma, Improvement
		Development/Prototypes	Manager and personnel from Development department Personnel employed to make prototypes
		Cleaning, Security and Canteen	Personnel providing services in these areas who are employed directly by the Company
		Expatriates	Personnel on secondment from company A to company B, where company A assumes certain costs of this personnel
		Administration	Manager and personnel of the Development department
		IT	IT coordinator and personnel of the Systems department
		Human Resources	Personnel of the Human Resources department Medical service Reception personnel
		Purchasers	Manager and personnel of the Purchasing department
		STAs	STA (Suppliers Technical Assistant) personnel
		Management	Factory manager Secretary to the manager

			Regional manager Secretary to the regional manager
		Sales staff	Manager and sales personnel

(5) Professional category based on type of post assigned to each employee in the SAP system: managerial profile, middle management and other personnel according to table III.

Table III

Type of post	**Function**
Corporate director	Management
Director of Staff	
Factory manager	
Project manager	Middle management
Head of department	
Section head	
Engineer/graduate	Operating personnel
Graduate personnel	
Secondary education personnel	
Secretary/PA to management/Driver	
Driver	
Receptionist	
Operator	Other employees
Multidisciplinary employee	
Specialist employee	
Expatriates	

XII. Appendix II. Table of contents required under Law 11/2018

Table of contents required under Law 11/2018			
Information requested under Law 11/2018	**Materiality**	**Page or section of the report where the requirement under Law 11/2018 is addressed**	**Reporting criteria: Selected GRI standards** (GRI 2016, except as otherwise indicated)
GENERAL DISCLOSURES			
Brief description of the business model, including the business environment, the organisation and structure	Material	Grupo Antolin	GRI 102-2 GRI 102-7
Markets served	Material	Grupo Antolin	GRI 102-3 GRI 102-4 GRI 102-6
Organisation's objectives and strategies	Material	Regional diversification	GRI 102-14
Key factors and trends that could affect future performance	Material	Sector trends	GRI 102-14 GRI 102-15
Reporting framework used	Material	Other considerations of this report	GRI 102-54
Materiality principle	Material	Our focus: graphical analysis of materiality	GRI 102-46 GRI 102-47
ENVIRONMENTAL MATTERS			
Management approach: description and results of policies on these topics and the key risks in such connection with respect to the Group's activities	Material	Introduction: areas of risk and management approach	GRI 102-15 GRI 103-2
Detailed general information			
Detailed information on the actual and foreseeable impacts of the company's	Material	Introduction: areas of risk and management approach	GRI 102-15

Table of contents required under Law 11/2018			
Information requested under Law 11/2018	**Materiality**	**Page or section of the report where the requirement under Law 11/2018 is addressed**	**Reporting criteria: Selected GRI standards** (GRI 2016, except as otherwise indicated)
activities on the environment and, where applicable, health and safety			
Environmental assessment or certification procedures	Material	Introduction: areas of risk and management approach	GRI 103-2
Resources allocated to preventing environmental risks	Material	On the resources allocated to preventing environmental risks	GRI 103-2
Application of the precautionary principle	Material	Application of the precautionary principle	GRI 102-11
Amount of provisions and safeguards for environmental risks	Material	Application of the precautionary principle	GRI 103-2
Pollution			
Measures to prevent, reduce or remedy emissions seriously affecting the environment, factoring in any specific form of atmospheric pollution of an activity, including noise and light pollution	Material	Pollution	GRI 103-2
Circular economy and waste prevention and management			
Prevention, recycling and reuse measures, other methods of recovering and eliminating waste	Material	Circular economy and waste prevention and management	GRI 103-2 GRI 306-2

Table of contents required under Law 11/2018			
Information requested under Law 11/2018	**Materiality**	**Page or section of the report where the requirement under Law 11/2018 is addressed**	**Reporting criteria: Selected GRI standards** (GRI 2016, except as otherwise indicated)
Actions to combat food waste	Not material	-	-
Sustainable use of resources			
Consumption of water and water supply in accordance with local limitations	Material	Sustainable use of resources Environment in figures	GRI 303-5 (2018)
Raw materials consumption and measures adopted to enhance the efficiency of their use	Material	Sustainable use of resources Environment in figures	GRI 301-1 GRI 301-2
Direct and indirect energy consumption	Material	Environment in figures	GRI 302-1
Measures taken to improve energy efficiency	Material	Sustainable use of resources	GRI 103-2
Use of renewable energies	Material	Environment in figures	GRI 302-1
Climate change			
Greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces	Material	Climate change	GRI 305-1 GRI 305-2
Measures in place to adapt to the consequences of climate change	Material	Climate change	GRI 103-2
Voluntary medium- and long-term greenhouse gas	Material	Climate change	GRI 305-5

Table of contents required under Law 11/2018			
Information requested under Law 11/2018	**Materiality**	**Page or section of the report where the requirement under Law 11/2018 is addressed**	**Reporting criteria: Selected GRI standards** (GRI 2016, except as otherwise indicated)
reduction targets and the measures set in place to this end			
Protection of biodiversity			
Measures taken to preserve or restore biodiversity	Not material	-	-
Impacts caused by activities or operations in protected areas	Not material	-	-
SOCIAL AND PERSONNEL-RELATED ISSUES			
Management approach: description and results of policies on these topics and the key risks in such connection with respect to the Group's activities	Material	VII. Social and personnel management	GRI 102-15 GRI 103-2
Employment			
Total number and distribution of employees by country, gender, age and professional classification	Material	People management in figures	GRI 102-8 GRI 405-1
Total number and distribution of types of employment contract, average annual number of permanent, temporary and part-time	Material	People management in figures	GRI 102-8

Table of contents required under Law 11/2018			
Information requested under Law 11/2018	**Materiality**	**Page or section of the report where the requirement under Law 11/2018 is addressed**	**Reporting criteria: Selected GRI standards** (GRI 2016, except as otherwise indicated)
contracts by gender, age and professional classification			
Number of dismissals by gender, age and professional classification	Material	People management in figures Work organisation	GRI 103-2
Average remuneration and trends, disaggregated by gender, age and professional classification or similar value	Material	People management in figures	GRI 103-2
Salary gap, remuneration of like positions or average remuneration in the company	Material	People management in figures	GRI 103-2 GRI 405-2
Average remuneration of board members and management, including variable remuneration, allowances, termination payments, payments into long-term savings schemes and any other amounts received, on a disaggregated basis by gender	Material	People management in figures	GRI 103-2
Implementation of disconnection from work policies	Material	Work organisation	GRI 103-2
Number of employees with a disability	Material	People management in figures	GRI 405-1

Table of contents required under Law 11/2018			
Information requested under Law 11/2018	**Materiality**	**Page or section of the report where the requirement under Law 11/2018 is addressed**	**Reporting criteria: Selected GRI standards** (GRI 2016, except as otherwise indicated)
Work organisation			
Organisation of working time	Material	Work organisation	GRI 103-2
Number of hours of absenteeism	Material	Health and Safety	GRI 403-9 (2018)
Measures aimed at facilitating a work-life balance and encouraging sharing of responsibilities between both parents	Material	Corporate diversity and equal opportunity	GRI 103-2
Health and safety			
Occupational health and safety conditions	Material	Health and Safety	GRI 103-2 GRI 403-1 (2018) GRI 403-2 (2018)
Accidents in the workplace, in particular their frequency and severity, as well as occupational illnesses, disaggregated by gender	Material	Health and Safety	GRI 403-9 (2018) GRI 403-10 (2018)
Social relations			
Organisation of social dialogue, including procedures for notifying, consulting and negotiating with staff	Material	Social relations	GRI 103-2
Percentage of employees covered by collective bargaining agreements, by country	Material	Social relations	GRI 102-41

Table of contents required under Law 11/2018			
Information requested under Law 11/2018	**Materiality**	**Page or section of the report where the requirement under Law 11/2018 is addressed**	**Reporting criteria: Selected GRI standards** (GRI 2016, except as otherwise indicated)
Assessment of collective bargaining agreements, particularly in the field of occupational health and safety	Material	Social relations	GRI 403-4 (2018)
Training			
Training policies in place	Material	Training and development	GRI 103-2 GRI 404-2
Total hours of training by professional category	Material	Training and development	GRI 404-1
Universal accessibility			
Universal accessibility for people with disabilities	Material	Corporate diversity and equal opportunity	GRI 103-2
Equality			
Measures adopted to promote equal treatment and opportunities for men and women	Material	Corporate diversity and equal opportunity	GRI 103-2
Equality plans, job stimulation measures, protocols against sexual harassment and gender bias	Material	Corporate diversity and equal opportunity	GRI 103-2
Policies against all forms of discrimination and, as the case may be, diversity management	Material	Corporate diversity and equal opportunity	GRI 103-2
RESPECT FOR HUMAN RIGHTS			

Table of contents required under Law 11/2018			
Information requested under Law 11/2018	**Materiality**	**Page or section of the report where the requirement under Law 11/2018 is addressed**	**Reporting criteria: Selected GRI standards** (GRI 2016, except as otherwise indicated)
Management approach: description and results of policies on these topics and the key risks in such connection with respect to the Group's activities	Material	Our policies and commitments	GRI 102-15 GRI 103-2
Implementation of due diligence procedures			
Implementation of due diligence procedures in relation to human rights and prevention of risks of human rights abuses and, as the case may be, measures to mitigate, manage and redress any potential abuses committed	Material	VIII. Human Rights	GRI 102-16 GRI 102-17 GRI 412-1 GRI 412-2
Reported Human Rights violations	Material	Impacts on Human Rights in figures	GRI 103-2 GRI 406-1
Description of measures implemented to promote and comply with the core conventions of the International Labour Organisation regarding respect for freedom of association and the right to collective bargaining; the elimination of discrimination in employment and	Material	VIII. Human Rights	GRI 103-2

Table of contents required under Law 11/2018			
Information requested under Law 11/2018	**Materiality**	**Page or section of the report where the requirement under Law 11/2018 is addressed**	**Reporting criteria: Selected GRI standards** (GRI 2016, except as otherwise indicated)
occupation; the elimination of forced or compulsory labour; and the effective abolition of child labour			
ANTI-CORRUPTION AND BRIBERY			
Management approach: description and results of policies on these topics and the key risks in such connection with respect to the Group's activities	Material	IX. Corruption and bribery	GRI 102-15 GRI 103-2
Measures adopted to prevent corruption and bribery	Material	Internal reference framework	GRI 103-2 GRI 102-16 GRI 102-17 GRI 205-2 GRI 205-3
Measures to combat money laundering	Material	Measures adopted to combat money laundering	GRI 103-2 GRI 102-16 GRI 102-17 GRI 205-2 GRI 205-3
Contributions to foundations and non-profit organisations	Material	Commitment to sustainable development	GRI 102-13
INFORMATION ABOUT THE COMPANY			
Management approach: description and results of policies on these topics and the key risks in such connection with respect to the Group's activities	Material	Local roots to develop the global project	GRI 102-15 GRI 103-2

Table of contents required under Law 11/2018			
Information requested under Law 11/2018	**Materiality**	**Page or section of the report where the requirement under Law 11/2018 is addressed**	**Reporting criteria: Selected GRI standards** (GRI 2016, except as otherwise indicated)
Company commitments to sustainable development			
Impact of the Company's activity on local employment and development	Material	Commitment to sustainable development	GRI 103-2
Impact of the company's activity on local populations and the territory	Material	Commitment to sustainable development	GRI 413-1
Relationships with stakeholders in the local communities and types of dialogue with them	Material	Commitment to sustainable development	GRI 102-43 GRI 413-1
Association and sponsorship actions	Material	Commitment to sustainable development	GRI 103-2 GRI 201-1
Sub-contractors and suppliers			
Inclusion of social, gender equality and environmental concerns in the purchasing policy	Material	Responsible supply chain	GRI 103-2
Consideration of social and environmental responsibility concerns in relations with suppliers and sub-contractors	Material	Responsible supply chain	GRI 102-9
Oversight and audit systems and results thereof	Material	Responsible supply chain	GRI 102-9
Consumers			
Consumer health and safety measures	Not material	-	-

Table of contents required under Law 11/2018			
Information requested under Law 11/2018	**Materiality**	**Page or section of the report where the requirement under Law 11/2018 is addressed**	**Reporting criteria: Selected GRI standards** (GRI 2016, except as otherwise indicated)
Claims systems, complaints received and their resolution	Not material	-	-
Tax information			
Profits earned on a country-by-country basis	Material	Tax information	GRI 103-2 GRI 207-4 (2019)
Tax paid on profits	Material	Tax information	GRI 103-2
Public subsidies received	Material	Tax information	GRI 201-4

Grupo Antolin-Irausa, S.A.U. and Subsidiaries

Report on Limited Review

Interim Condensed Consolidated Financial Statements and Consolidated Directors' Report for the three-month period ended 31 March 2021

Translation of a report originally issued in Spanish and of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

Deloitte.

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Translation of a report originally issued in Spanish and of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Grupo Antolin-Irausa, S.A.U.
at the request of the Board of Directors,

Report on the Interim Condensed Consolidated Financial Statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements of GRUPO ANTOLIN-IRAUSA, S.A.U. AND SUBSIDIARIES *("the Group"),* which comprise the condensed consolidated balance sheet as at 31 March 2021, and the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and explanatory notes thereto for the three-month period then ended. The directors of Grupo Antolin-Irausa, S.A.U. *("the Parent")* are responsible for preparing these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our limited review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying certain analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with the audit regulations in force in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim condensed consolidated financial statements.

Conclusion

Based on our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of Grupo Antolin-Irausa, S.A.U. and Subsidiaries for the three-month period ended 31 March 2021 are not prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial statements.

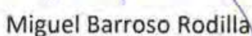
Emphasis of Matter

We draw attention to accompanying explanatory Note 2-a, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2020. Our conclusion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

The accompanying interim consolidated directors' report for the three-month period ended 31 March 2021 contains the explanations which the Parent's directors consider appropriate about the significant events that took place in that period and their effect on the interim condensed consolidated financial statements presented, of which it does not form part. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim condensed consolidated financial statements for the three-month period ended 31 March 2021. Our work was confined to checking the interim consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Grupo Antolin-Irausa, S.A.U. and Subsidiaries.

DELOITTE, S.L.



Miguel Barroso Rodilla

9 June 2021

Grupo Antolin-Irausa, S.A.U. and Subsidiaries

Interim Condensed Consolidated Financial Statements and Consolidated Directors' Report for the three-month period ended 31 March 2021

Grupo Antolin-Irausa, S.A. - Ins. R.M. Burgos, T 182, L 102, Secc 3ª, F 135, H 1960, Insc. 1ª - CIF ES-A-09092305
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GRUPO ANTOLIN

GRUPO ANTOLIN-IRAUSA, S.A.U. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

INDEX

	Page
CONDENSED CONSOLIDATED BALANCE SHEETS	**1**
CONDENSED CONSOLIDATED INCOME STATEMENTS	**2**
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	**3**
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	**4**
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS	**5**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:	
1. Description of the Group	**6**
Parent and Group activities	6
Subsidiaries	7
Associates and joint ventures	11
Joint operations	13
2. Basis of presentation of the quarterly condensed consolidated financial statements and consolidation standards	**13**
a) Basis of presentation of the quarterly condensed consolidated financial statements	13
b) Accounting policies	14
c) Responsibility for the information and use of estimates	15
d) Contingent assets and liabilities	16
e) Seasonality of the Group's transactions	16
f) Materiality	16
g) Comparative information	17
h) Changes in accounting policies and correction of errors	17
i) Events after the reporting period	17
j) Discontinued operations	18
k) Condensed consolidated statement of cash flows	18
3. Changes in the composition of the Group	**18**
Business combinations	19
Definition of the Group	19
4. Dividends paid by the Parent and earnings per share	**20**
Dividends paid by the Parent	20
Basic earnings (loss) per share	20
Diluted earnings (loss) per share	20
5. Segment reporting	**21**
6. Intangible assets	**24**
Goodwill	24
Other intangible assets	24
7. Property, plant and equipment and right-of-use assets	**26**
Property, plant and equipment	26
Right-of-use assets	27
Finance leases (leasing)	27
Operating leases	28
Impairment losses	28
Investment budget for the remainder of 2021	29

Page

		Page
8.	**Non-current financial assets and other current financial assets**	**29**
	Non-current investment securities	29
	Other financial assets	30
9.	**Inventories**	**30**
10.	**Cash and cash equivalents**	**31**
11.	**Equity**	**31**
	Share capital	31
	Additional paid-in capital	31
	Other reserves of the Parent	31
	Valuation adjustments	32
12.	**Non-controlling interests**	**33**
13.	**Current and non-current provisions**	**35**
14.	**Bank loans, debentures and other marketable securities**	**36**
15.	**Other financial liabilities**	**43**
16.	**Tax matters**	**44**
17.	**Income and expenses**	**46**
	Revenue	46
	Other operating revenue	47
	Supplies	47
	Staff costs	48
	Average number of employees	48
	Functional analysis by gender	48
18.	**Balances and transactions with related parties**	**49**
19.	**Information on the Directors of the Parent and Senior Management of the Group**	**51**
20.	**Discontinued operations**	**52**
21.	**Other information**	**52**
	Other current liabilities	52
	Guarantees given to third parties and other contingent liabilities	52
22.	**Explanation added for translation to English**	**52**

CONSOLIDATED DIRECTORS' REPORT **53**

GRUPO ANTOLIN

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

GRUPO ANTOLIN-IRAUSA, S.A.U. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS AT 31 MARCH 2021 AND 31 DECEMBER 2020 (NOTES 1 TO 5)

(Thousands of Euros)

ASSETS	31/03/21	31/12/20	EQUITY AND LIABILITIES	31/03/21	31/12/20
NON-CURRENT ASSETS:			**EQUITY (Note 11):**		
Intangible assets (Note 6)-	**462,249**	**455,433**	***SHAREHOLDERS' EQUITY-***	**718,608**	**711,346**
Goodwill	90,046	90,046	**Share capital**	**37,469**	**37,469**
Other intangible assets	372,203	365,387	**Additional paid-in capital**	**72,578**	**72,578**
Property, plant and equipment (Note 7)	**730,600**	**732,572**	**Reserves-**	**601,301**	**745,244**
Right-of-use assets (Note 7)	**276,537**	**284,419**	Other reserves of the Parent	441,686	568,834
Investment property	**6,058**	**6,048**	Reserves in fully or proportionally consolidated companies	143,813	162,096
Investments in companies accounted for using the equity method (Note 1)	**33,850**	**33,051**	Reserves in companies accounted for using the equity method	15,802	14,314
Non-current financial assets (Note 8)	**8,443**	**7,854**	**Profit/(Loss) attributable to the Parent**	**7,260**	**(143,945)**
Deferred tax assets (Note 16)	**82,747**	**81,795**	***VALUATION ADJUSTMENTS-***	**(176,539)**	**(196,274)**
Total non-current assets	**1,600,484**	**1,601,172**	**Translation differences**	**(168,615)**	**(188,410)**
			Other	**(7,924)**	**(7,864)**
			Equity attributable to the Parent	**542,069**	**515,072**
			NON-CONTROLLING INTERESTS (Note 12)	**61,192**	**62,518**
			Total equity	**603,261**	**577,590**
			NON-CURRENT LIABILITIES:		
			Grants	**4,461**	**4,261**
			Non-current provisions (Note 13)	**95,079**	**87,683**
			Non-current financial liabilities-	**1,374,721**	**1,379,698**
			Bank loans, debentures and other marketable securities (Note 14)	1,124,391	1,125,307
			Liabilities associated with right-of-use assets (Notes 7 and 15)	230,162	233,875
			Other financial liabilities (Note 15)	20,168	20,516
			Deferred tax liabilities (Note 16)	**47,933**	**45,760**
			Total non-current liabilities	**1,522,194**	**1,517,402**
			CURRENT LIABILITIES:		
			Current provisions (Note 13)	**33,031**	**31,497**
			Current financial liabilities-	**132,869**	**131,921**
			Bank loans, debentures and other marketable securities (Note 14)	67,161	68,056
CURRENT ASSETS:			Liabilities associated with right-of-use assets (Notes 7 and 15)	61,441	59,419
Non-current assets held for sale	**6,968**	**6,812**	Other financial liabilities (Note 15)	4,267	4,446
Inventories (Note 9)	**662,148**	**614,234**	**Current payables to Group companies and associates (Note 18)**	**880**	**880**
Trade and other receivables-	**881,686**	**748,014**	**Trade and other payables-**	**1,053,148**	**979,986**
Trade receivables for sales and services	751,810	628,825	Payable to suppliers, sundry and other payables	969,244	900,655
Associates (Note 18)	1,449	1,909	Payable to suppliers - Group companies and associates (Note 18)	41	1,589
Other receivables	131,729	121,874	Current tax liabilities (Note 16)	25,358	12,998
Provisions	(3,302)	(4,594)	Other accounts payable to public authorities	58,505	64,744
Other current financial assets (Note 8)	**3,306**	**3,759**			
Cash and cash equivalents (Note 10)	**338,545**	**401,739**	**Other current liabilities (Note 21)**	**147,754**	**136,454**
Total current assets	**1,892,653**	**1,774,558**	**Total current liabilities**	**1,367,682**	**1,280,738**
TOTAL ASSETS	**3,493,137**	**3,375,730**	**TOTAL EQUITY AND LIABILITIES**	**3,493,137**	**3,375,730**

The accompanying explanatory Notes 1 to 22 are an integral part of the condensed consolidated balance sheet at 31 March 2021.

GRUPO ANTOLIN

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

GRUPO ANTOLIN-IRAUSA, S.A.U. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2021 AND 2020 (NOTES 1 TO 5)

(Thousands of Euros)

	31/03/21	31/03/20
CONTINUING OPERATIONS:		
Revenue (Note 17)	1,076,015	1,053,636
Changes in inventories of finished goods and work in progress	11,574	(1,832)
Allocation to profit or loss of grants related to non-financial non-current assets and other grants	199	171
Other operating income (Note 17)	24,723	20,610
Total operating income	***1,112,511***	***1,072,585***
Procurements (Note 17)	(687,576)	(658,631)
Staff costs (Note 17)	(214,651)	(237,458)
Depreciation and amortisation charge (Notes 6 and 7)	(68,574)	(74,774)
Changes in trade provisions	(92)	(31)
Other operating expenses	(136,934)	(129,769)
Less – In-house work on non-current assets	23,149	29,702
Total operating expenses	***(1,084,678)***	***(1,070,961)***
OPERATING PROFIT FROM CONTINUING OPERATIONS	**27,833**	**1,624**
Finance income	1,348	481
Finance costs	(11,345)	(11,930)
Exchange gains (losses), net	3,240	909
FINANCIAL LOSS	**(6,757)**	**(10,540)**
Gains or losses on the loss of control of consolidated equity interests (Note 3)	-	-
Net impairment losses on non-current assets (Notes 6 and 7)	(5,900)	-
Gains or losses on disposals of non-current assets (Notes 6 and 7)	1,240	(432)
Profit/(Loss) of companies accounted for using the equity method (Note 1)	740	(417)
Impairment and gains or losses on loss of significant influence over companies accounted for using the equity method (Notes 1 and 3)	-	-
PROFIT (LOSS) BEFORE TAX	**17,156**	**(9,765)**
Corporate income tax (Note 16)	(6,587)	(597)
PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	**10,569**	**(10,362)**
PROFIT (LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS, NET OF TAX	**-**	**-**
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	**10,569**	**(10,362)**
Profit attributable to non-controlling interests (Note 12)	**(3,309)**	**(374)**
Profit/(Loss) attributable to the Parent	**7,260**	**(10,736)**

Earnings/(Loss) per share (Note 4) (Euros per share)-		
From continuing operations:		
Basic	0.90	(1.34)
Diluted	0.90	(1.34)

The accompanying explanatory Notes 1 to 22 are an integral part of the condensed consolidated income statement for the three-month period ended 31 March 2021.

GRUPO ANTOLIN

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

GRUPO ANTOLIN-IRAUSA, S.A.U. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIODS ENDED

31 MARCH 2021 AND 2020 (NOTES 1 TO 5)

(Thousands of Euros)

	31/03/21	31/03/20
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD (I)	**10,569**	**(10,362)**
Items that may be transferred subsequently to consolidated profit or loss-		
- Translation differences (Note 11)	22,324	(57,759)
- Actuarial gains and losses (Notes 11 and 13)	(60)	35
- Tax effect (Notes 11 and 16)	-	-
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN CONSOLIDATED EQUITY (II)	**22,264**	**(57,724)**
Transfers to consolidated profit or loss-		
- Translation differences (Note 11)	-	-
- Tax effect (Notes 11 and 16)	-	-
TOTAL TRANSFERS TO CONSOLIDATED PROFIT OR LOSS FOR THE PERIOD (III)	**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (I+II+III)	**32,833**	**(68,086)**
Attributable to the Parent	**26,995**	**(66,511)**
Attributable to non-controlling interests	**5,838**	**(1,575)**

The accompanying explanatory Notes 1 to 22 are an integral part of the condensed consolidated statement of comprehensive income for the three-month period ended 31 March 2021.

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

GRUPO ANTOLIN-IRAUSA, S.A.U. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2021 AND 2020 (NOTES 1 TO 5)

	Thousands of Euros										
			Other Reserves of the Parent					Valuation Adjustments			
	Share Capital	Additional Paid-in Capital	Restricted	Other	Reserves in Fully or Proportionally Consolidated Companies	Reserves in Companies Accounted for Using the Equity Method	Profit (Loss) Attributable to the Parent	Translation Differences	Other	Non-Controlling Interests	Total Equity
2019 ending balance	**37,469**	**72,578**	**13,435**	**494,873**	**222,877**	**13,906**	**461**	**(90,778)**	**(6,009)**	**67,274**	**826,086**
Adjustments due to changes in 2019 accounting policies	-	-	-	-	-	-	-	-	-	-	-
Adjustments due to errors in 2019	-	-	-	-	-	-	-	-	-	-	-
Adjusted balance at beginning of 2020	**37,469**	**72,578**	**13,435**	**494,873**	**222,877**	**13,906**	**461**	**(90,778)**	**(6,009)**	**67,274**	**826,086**
Recognised income and expense	-	-	-	-	-	-	(10,736)	(55,810)	35	(1,575)	(68,086)
Distribution of consolidated profit for 2019:											
To reserves	-	-	-	60,533	(60,804)	732	(461)	-	-	-	-
Contributions from non-controlling interests, dividends and other items, net	-	-	-	-	-	-	-	-	-	(1,400)	(1,400)
Other movements	-	-	-	(7)	(699)	-	-	-	-	-	(706)
Ending balance at 31 March 2020	**37,469**	**72,578**	**13,435**	**555,399**	**161,374**	**14,638**	**(10,736)**	**(146,588)**	**(5,974)**	**64,299**	**755,894**

	Thousands of Euros										
			Other Reserves of the Parent					Valuation Adjustments			
	Share Capital	Additional Paid-in Capital	Restricted	Other	Reserves in Fully or Proportionally Consolidated Companies	Reserves in Companies Accounted for Using the Equity Method	Profit (Loss) Attributable to the Parent	Translation Differences	Other	Non-Controlling Interests	Total Equity
2020 ending balance	**37,469**	**72,578**	**13,435**	**555,399**	**162,096**	**14,314**	**(143,945)**	**(188,410)**	**(7,864)**	**62,518**	**577,590**
Adjustments due to changes in 2020 accounting policies	-	-	-	-	-	-	-	-	-	-	-
Adjustments due to errors in 2020	-	-	-	-	-	-	-	-	-	-	-
Adjusted balance at beginning of 2021	**37,469**	**72,578**	**13,435**	**555,399**	**162,096**	**14,314**	**(143,945)**	**(188,410)**	**(7,864)**	**62,518**	**577,590**
Recognised income and expense	-	-	-	-	-	-	7,260	19,795	(60)	5,838	32,833
Allocation of consolidated loss for 2020:											
To reserves	-	-	-	(127,149)	(18,277)	1,481	143,945	-	-	-	-
Contributions from non-controlling interests, dividends and other items, net (Note 12)	-	-	-	-	-	-	-	-	-	(7,164)	(7,164)
Other movements	-	-	-	1	(6)	7	-	-	-	-	2
Ending balance at 31 March 2021	**37,469**	**72,578**	**13,435**	**428,251**	**143,813**	**15,802**	**7,260**	**(168,615)**	**(7,924)**	**61,192**	**603,261**

The accompanying explanatory Notes 1 to 22 are an integral part of the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2021.

GRUPO ANTOLIN

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

GRUPO ANTOLIN-IRAUSA, S.A.U. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED

31 MARCH 2021 AND 2020 (NOTES 1 TO 5)

(Thousands of Euros)

	31/03/21	31/03/20
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated profit/(loss) for the period (before tax)	**17,156**	**(9,765)**
Adjustments for:		
Depreciation and amortisation charge	68,574	74,774
Allocation to/(reversal of) current provisions, net	791	3,045
Allocation to/(reversal of) non-current provisions	9,590	6,416
Allocation to profit or loss of grants related to non-financial non-current assets and other grants	(199)	(171)
Financial loss	6,757	10,540
Net impairment losses on non-current assets (Notes 6 and 7)	5,900	-
Gains or losses on disposals of non-current assets (Notes 6 and 7)	(1,240)	432
Changes in fair value of financial instruments	-	-
Gains or losses on the loss of control of consolidated equity interests	-	-
Profit/(loss) of companies accounted for using the equity method (Note 1)	(740)	417
Profit/(loss) from operations before changes in working capital	**106,589**	**85,688**
(Increase)/decrease in trade and other receivables	(129,336)	55,821
(Increase)/decrease in inventories	(47,914)	18,224
Increase/(decrease) in trade and other payables	60,802	(15,932)
Increase/(decrease) in other current liabilities	11,300	(3,101)
Payments relating to provisions	(3,154)	(8,030)
Exchange differences and other items	15,275	(40,121)
Cash generated from (used in) operations	**13,562**	**92,549**
Corporate income tax reimbursed/(paid)	**2,945**	**(5,373)**
Total net cash flows from operating activities	**16,507**	**87,176**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends received	-	-
Proceeds from disposal of investments in:		
Group companies and associates	255	2
Intangible assets	-	-
Property, plant and equipment	3,619	-
Current financial assets	453	471
Payments for investments in:		
Group companies and associates	-	-
Property, plant and equipment (Note 7)	(26,641)	(28,144)
Intangible assets (Note 6)	(22,554)	(20,250)
Non-current financial assets	(589)	(2,312)
Total net cash flows from investing activities	**(45,457)**	**(50,233)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds (payments) relating to equity instruments:		
Acquisition of non-controlling interests' shares	-	-
Contributions from/(refunds to) non-controlling interests, net	(7,164)	(1,400)
Proceeds (payments) relating to financial liability instruments:		
Proceeds from/(repayment of) other bank borrowings, net	(8,188)	98,225
Payments of lease liabilities (IFRS 16) (Note 7)	(16,672)	(18,444)
Proceeds from/(repayment of) other financial liabilities, net	(550)	(2,008)
Other cash flows from financing activities:		
Finance income and costs paid, net	(1,670)	(3,808)
Dividends paid and payments on other equity instruments (Note 4)	-	-
Total net cash flows from financing activities	**(34,244)**	**72,565**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS (I)	**(63,194)**	**109,508**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS (II)	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (I + II)	**(63,194)**	**109,508**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**401,739**	**273,657**
CASH AND CASH EQUIVALENTS AT END OF PERIOD (NOTE 10)	**338,545**	**383,165**

The accompanying explanatory Notes 1 to 22 are an integral part of the condensed consolidated statement of cash flows for the three-month period ended 31 March 2021.

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 22). In the event of a discrepancy, the Spanish-language version prevails.

GRUPO ANTOLIN-IRAUSA, S.A.U. AND SUBSIDIARIES

EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

(1) DESCRIPTION OF THE GROUP

Parent and Group activities-

Grupo Antolin-Irausa, S.A.U. *(hereinafter "the Parent")* was incorporated as a public limited liability company on 5 November 1987 under the name of *"Grupo Antolin, S.A."*. Subsequently, on 1 November 1993, it adopted its current name of *"Grupo Antolin-Irausa, S.A."*. Its registered office is in Burgos, at Carretera Madrid-Irún, km. 244.8.

Corporate purpose of the Parent-

The corporate purpose of Grupo Antolin-Irausa, S.A.U. consists of:

a) The manufacture, marketing, transformation, importing and exporting of products related to the automotive or similar industries.

b) The provision of advice and technical, financial and administrative assistance in relation to those companies in which it has invested or could invest by virtue of rights to participate in their share capital or equity.

c) The provision of assistance or support services to investee companies or companies within its corporate group, including the granting of participating or other loans to said companies, and the granting of any necessary guarantees or security.

d) The development and promotion of research techniques and the operation, acquisition and disposal, by any means, of licences, permits, brands, patents and exclusives, whether they be domestic or foreign.

e) The participation in other companies with an identical or similar corporate purpose, for the development of this Group itself, through the subscription of shares or other equity interests in the incorporation of or in capital increases at those companies, or through the acquisition of such shares and equity interests by any means.

Activities of the Group-

Grupo Antolin-Irausa, S.A.U. is the head of an international group *(hereinafter "the Group" or "Grupo Antolin")* made up of companies that engage basically in manufacturing and selling automobile components.

Ownership of the Group-

At 31 December 2019 the Parent's shares were held by Grupo Antolin Holdco, S.A. and Castilfalé Gestión, S.A.U. In 2020 the former absorbed the latter, resulting in the Parent becoming a "sole-shareholder company" on 28 December 2020 (see Note 11).

At 31 March 2021 and 31 December 2020 all the share capital of the Parent was owned indirectly by Avot Inversiones, S.L., a company whose registered office is in Burgos and whose ultimate shareholders are members of the Antolín family (see Note 11).

Subsidiaries-

"Subsidiaries" are defined as those companies over which the Group has control. In accordance with IFRS 10, an investor controls an investee if, and only if, the following three conditions are met:

- it has power over the investee;
- it has exposure, or rights, to variable returns from its involvement with the investee; and
- it has the ability to use its power over the investee to affect the amount of its returns.

The Parent reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Set out below is the most significant information at 31 March 2021 about the subsidiaries that were included as *"fully consolidated companies"* in the condensed consolidated financial statements for the three-month period ended 31 March 2021:

Companies in which Grupo Antolin-Irausa, S.A.U. has a direct shareholding-

Company	Registered Office	Business Activity	Percentage Held	Thousands of Euros Cost of the Holding
Grupo Antolin-Aragusa, S.A.U.	Burgos	Automobile components	100.00	12,127
Grupo Antolin-Autotrim, S.A.U.	Burgos *(Plant: Almussafes)*	Automobile components	100.00	1,328
Grupo Antolin-Dapsa, S.A.U.	Burgos	Automobile components	100.00	3,039
Grupo Antolin-Eurotrim, S.A.U.	Burgos	Automobile components	100.00	10,197
Grupo Antolin Gestión de Inversiones, S.L.U.	Burgos	Holding company	100.00	268,825
Grupo Antolin-Glass, S.A.U.	Burgos	Provision of services	100.00	10,328
Grupo Antolin-Ingeniería, S.A.U.	Burgos	Technical studies	100.00	18,537
Grupo Antolin-Navarra, S.A.U.	Pamplona	Automobile components	100.00	3,316
Grupo Antolin-Plasbur, S.A.U.	Burgos	Automobile components	100.00	1,862
Grupo Antolin-RyA, S.A.U.	Burgos *(Plant: Valladolid)*	Automobile components	100.00	5,704
Grupo Antolin-Valplas, S.A.U.	Burgos *(Plant: Sollana-Valencia)*	Automobile components	100.00	12,300
ASH Reciclado de Techos, S.L.	Burgos	Recycling of industrial waste	100.00	4,150
Cidut, S.L.U.	Burgos	Automobile components	100.00	579
Keyland Sistemas de Gestión, S.L.	Burgos	Provision of services	50.00 (a)	250
Grupo Antolin-Lusitânia Componentes Automóvel Unipessoal, Lda.	Vila Nova (Portugal)	Automobile components	100.00	2,658
Grupo Antolin-France, S.A.S.	Saint-Etienne (France)	Holding company and technical services and sales	100.00	191,591
Grupo Antolin-Holland, B.V.	Amsterdam (Netherlands)	Holding company	100.00	3,164
Broomco (3051), Ltd.	Bury St Edmunds (United Kingdom)	Holding company	100.00	-
Grupo Antolin-UK, Ltd.	Essex (United Kingdom)	Technical services and sales	100.00	765
Antolin Deutschland, GmbH	Weyhausen (Germany)	Holding company	100.00	112,015
Grupo Antolin-Italia, S.r.l.	Milan (Italy)	Automobile components	100.00	18,780
Grupo Antolin Bohemia, a.s.	Chrastava (Czech Republic)	Automobile components	100.00	43,735
Grupo Antolin Ostrava, s.r.o.	Ostrava (Czech Republic)	Automobile components	100.00	3,400
Grupo Antolin Turnov, s.r.o.	Turnov (Czech Republic)	Automobile components	100.00	6,415
Antolin Czech Republic, s.r.o.	Prague (Czech Republic)	Technical services and sales	100.00	7
Grupo Antolin-Bratislava, s.r.o.	Bratislava (Slovakia)	Automobile components	100.00	22,204
Grupo Antolin-Saint Petersburg	Saint Petersburg (Russia)	Automobile components	100.00	46,535
Antolin Avtotechnika Nizhny Nóvgorod, Ltd.	Nizhny Nóvgorod (Russia)	Automobile components	100.00	13,668
Antolin Tanger, S.A.R.L.	Tangiers (Morocco)	Automobile components	100.00	21,100
Grupo Antolin-South Africa, Ltd.	Port Elizabeth (South Africa)	Automobile components	100.00	12,474
Gestión Industrial de Sonora, S.A. de C.V.	Hermosillo (Mexico)	Provision of services	99.99 (b)	151
Grupo Antolin-Saltillo, S. de R.L. de C.V.	Saltillo (Mexico)	Automobile components	99.99 (b)	10,832
Grupo Antolin-Silao, S.A. de C.V.	Silao (Mexico)	Automobile components	99.99 (b)	39,374
Grupo Antolin-Tlaxcala S. de R.L. de C.V.	Tlaxcala (Mexico)	Automobile components	99.99 (b)	24,035
Grupo Antolin-Cuautitlán, S. de R.L. de C.V.	Cuautitlán (Mexico)	Automobile components	99.99 (b)	5,300
Intertrim, Ltda.	Caçapava (Brazil)	Automobile components	85.28	17,806
Trimtec, Ltda.	Caçapava (Brazil)	Automobile components	100.00	113,747
Irauto, S.A.	Buenos Aires (Argentina)	Automobile components	97.08 (b)	9,406
Grupo Antolin-India PVT, Ltd.	Pune (India)	Automobile components	99.99 (b)	25,069
Grupo Antolin-Japan, Co.	Tokyo (Japan)	Technical services and sales	100.00	691
Grupo Antolin-Korea, L.L.C.	Suwon-si (South Korea)	Technical services and sales	100.00	350
Antolin China Investment Co., Ltd.	Beijing (China)	Holding company and technical services and sales	100.00	106,388
Antolin Liban, s.r.o.	Liban (Czech Republic)	Automobile components	100.00	11,525
Antolin Austria Holding, GmbH	Ebergassing (Austria)	Holding company	100.00	30,268
Antolin Hungary, Kft.	Helvécia (Hungary)	Automobile components	100.00	6,535
Antolin Trnava, s.r.o.	Trnava (Slovakia)	Automobile components	100.00	24,709
Antolin Interiors Mexico, S.A. de C.V.	Saltillo (Mexico)	Automobile components	100.00	52,093
Gestión Industrial de Toluca, S.A. de C.V.	Toluca (Mexico)	Provision of services	100.00	2,491
Gestión Industrial de Arteaga, S.A. de C.V.	Arteaga (Mexico)	Provision of services	100.00	792
Antolin Interiors UK, Ltd.	Warwick (United Kingdom)	Automobile components	100.00	179,066
Antolin Silesia, Sp. zo.o.	Wroclaw (Poland)	Automobile components	100.00	14,981
Antolin (Thailand) Co., Ltd.	Bangkok (Thailand)	Automobile components	100.00	58
Antolin Vietnam Co., Ltd.	Hai Phong City (Vietnam)	Automobile components	100.00	267
Ototrim Panel Sanayi ve Ticaret, A.S.	Bursa (Turkey)	Automobile components	50.00 (a)	25,725
Grupo Antolin-Leamington, Ltd.	Kent (United Kingdom)	Automobile components	100.00	11,783
				1,564,495

Companies in which the Group has a shareholding through other consolidated companies-

Company	Registered Office	Business Activity	Percentage Held	Thousands of Euros Cost of the Holding
Companies in which the Group has a shareholding through Grupo Antolin-Ingeniería, S.A.U.-				
Grupo Antolin-India PVT, Ltd.	Pune (India)	Automobile components	0.01 (b)	-
Gestión Industrial de Sonora, S.A. de C.V.	Hermosillo (Mexico)	Provision of services	0.01 (b)	-
Grupo Antolin-Saltillo, S. de R.L. de C.V.	Hermosillo (Mexico)	Automobile components	0.01 (b)	-
Grupo Antolin-Tlaxcala S. de R.L. de C.V.	Tlaxcala (Mexico)	Automobile components	0.01 (b)	-
Grupo Antolin-Cuautitlán, S. de R.L. de C.V.	Cuautitlán (Mexico)	Automobile components	0.01 (b)	-
Grupo Antolin-Silao, S.A. de C.V.	Silao (Mexico)	Automobile components	0.01 (b)	-
Irauto, S.A.	Buenos Aires (Argentina)	Automobile components	2.92 (b)	-
Company in which the Group has a shareholding through Grupo Antolin-India PVT, Ltd.-				
Grupo Antolin-Chakan, Ltd.	Delhi (India)	Automobile components	100.00	5,950
Companies in which the Group has a shareholding through Grupo Antolin-Gestión de Inversiones, S.L.U.-				
Grupo Antolin North America, Inc.	Detroit (United States)	Holding company and technical services and sales	100.00	258,898
Companies in which the Group has a shareholding through Grupo Antolin-North America, Inc.-				
Grupo Antolin-Kentucky, Inc.	Kentucky (United States)	Automobile components	100.00	17,923
Grupo Antolin-Michigan, Inc.	Marlette (United States)	Automobile components	100.00	12,750
Grupo Antolin-Illinois, Inc.	Troy (United States)	Automobile components	100.00	2,370
Grupo Antolin-Missouri, LLC	Clayton (United States)	Automobile components	100.00	1,501
Antolin Interiors USA, Inc.	Troy (United States)	Automobile components	100.00	85,758
Antolin Alabama, Inc.	McCalla (United States)	Automobile components	100.00	17,518
Antolin Shelby, Inc.	Shelby (United States)	Automobile components	100.00	6,963
Antolin Spartanburg Assembly, Inc.	Spartanburg (United States)	Automobile components	100.00	11,731
Antolin St. Clair, LLC.	St. Clair (United States)	Automobile components	100.00	- (d)
Company in which the Group has a shareholding through Antolin Interiors USA, Inc.-				
Antolin Lighting, LLC	Auburn Hills (United States)	Holding company	100.00	7,914
Company in which the Group has a shareholding through Antolin Lighting, LLC-				
Suzhou Antolin Automotive Interiors Co., Ltd.	Kunshan Jiangsu (China)	Automobile components	100.00	1,872
Company in which the Group has a shareholding through Grupo Antolin-Kentucky, Inc.-				
Grupo Antolin-Primera Automotive Systems, LLC	Wayne (United States)	Automobile components	49.00 (a)	17
Companies in which the Group has a shareholding through Grupo Antolin-France, S.A.S.-				
Grupo Antolin-IGA, S.A.S.	Henin Beaumont (France)	Automobile components	100.00	57,953
Grupo Antolin-Vosges, S.A.S.	Rupt-Sur-Moselle (France)	Automobile components	100.00	53,196
Grupo Antolin-Cambrai, S.A.S.	Paris (France)	Automobile components	100.00	81,864
Grupo Antolin-Besançon, S.A.S.	Besançon (France)	Automobile components	100.00	65,000
Company in which the Group has a shareholding through Keyland Sistemas de Gestión, S.L. *(in which the Group has a 50% stake)-*				
Keyland Mexico, S. de R.L. de C.V.	Mexico City (Mexico)	Provision of services	100.00 (a)	- (c)
Companies in which the Group has a shareholding through International Door Company, B.V. *(in which the Group has a 50% stake)-*				
Iramec Autopeças, Ltda.	Caçapava (Brazil)	Automobile components	100.00 (a)	650 (c)
Mexican Door Company, S. de R.L. de C.V.	Mexico City (Mexico)	Automobile components	100.00 (a)	3,933 (c)

Continues

Company	Registered Office	Business Activity	Percentage Held	Thousands of Euros Cost of the Holding
Company in which the Group has a shareholding through Broomco (3051), Ltd.-				
CML Innovative Technologies, Ltd.	Bury St Edmunds (United Kingdom)	Lighting products	100.00	7,982
Companies in which the Group has a shareholding through Antolin Deutschland GmbH-				
Grupo Antolin-Logistik Deutschland, GmbH	Cologne (Germany)	Automobile components	100.00	11,314
Grupo Antolin-Hranice, s.r.o.	Hranice (Czech Republic)	Automobile components	100.00	116
CML Technologies, GmbH & Co. KG	Bad Durkheim (Germany)	Lighting products	100.00	9,711
Grupo Antolin-Bamberg, GmbH & Co. KG	Bamberg (Germany)	Automobile components	100.00	30,660
Antolin Massen, GmbH	Massen-Niederlausitz (Germany)	Automobile components	100.00	13,988
Antolin Süddeutschland, GmbH	Regenstauf (Germany)	Automobile components	100.00	21,695
Antolin Straubing, GmbH	Straubing (Germany)	Automobile components	100.00	25,492
Haselbeck Formen- und Werkzeugbau, GmbH	Deggendorf (Germany)	Automobile components	100.00	6,569
Company in which the Group has a shareholding through Antolin Austria Holding, GmbH-				
Antolin Ebergassing, GmbH	Ebergassing (Austria)	Automobile components	100.00	45,248
Companies in which the Group has a shareholding through Grupo Antolin-Besançon, S.A.S.-				
Grupo Antolin-Sibiu, S.R.L.	Sibiu (Romania)	Automobile components	100.00	5,806
Guangzhou Antolin Lighting Co., Ltd.	Guangzhou (China)	Automobile components	100.00	1,310
Companies in which the Group has a shareholding through Antolin China Investment Co., Ltd.-				
Antolin Shanghai Auto-Parts Co., Ltd.	Shanghai (China)	Automobile components	100.00	35,096
Guangzhou Antolin Auto-Parts Co., Ltd.	Guangzhou (China)	Automobile components	100.00	10,698
Chongqing Antolin Tuopu Overhead System Co., Ltd.	Chongqing (China)	Automobile components	61.00	3,801
Dongfeng Antolin (Wuhan) Overhead Systems, Co., Ltd.	Wuhan (China)	Automobile components	51.00	1,036
Changshu Antolin Automotive Interiors Co., Ltd.	Changshu (China)	Automobile components	60.00	23,835
Changchun Antolin Automotive Interiors Co., Ltd.	Changchun (China)	Automobile components	60.00	39,786
Chengdu Antolin Automotive Interiors Co., Ltd.	Chengdu (China)	Automobile components	60.00	1,938
Shenyang Antolin Auto Parts Co., Ltd.	Lialong (China)	Automobile components	100.00	2,186
Wuhan Donghuan Antolin Auto Parts, Co., Ltd.	Wuhan (China)	Automobile components	51.00	117
Antolin Chongqing Auto Interiors Trim Systems, Co., Ltd.	Chongqing (China)	Automobile components	51.00	2,287
Chongqing Zhenneng Antolin Auto Parts, Co., Ltd.	Chongqing (China)	Automobile components	50.00	64
Shanghai Antolin-NAEN Automotive Electronics Co., Ltd.	Shanghai (China)	Automobile components	51.00	- (d)
Companies in which the Group has a shareholding through Changshu Antolin Automotive Interiors Co., Ltd. *(in which the Group has a 60% stake)*-				
Changshu Antolin Auto Parts Co., Ltd.	Changshu (China)	Automobile components	100.00	1,396 (c)
Ningbo Antolin Autoparts Co., Ltd.	Ningbo (China)	Automobile components	100.00	384 (c)
Company in which the Group has a shareholding through Changchun Antolin Automotive Interiors Co., Ltd. *(in which the Group has a 60% stake)*-				
Beijing Antolin Automotive Interiors Co., Ltd.	Beijing (China)	Automobile components	100.00	1,204 (c)
Company in which the Group has a shareholding through Antolin Hungary, Kft.-				
Plastimat Hungary, Kft.	Esztergom (Hungary)	Automobile components	74.00	6,951
Company in which the Group has a shareholding through Antolin Tanger, S.A.R.L.-				
Gold Set, S.A.R.L.A.U.	Tangiers (Morocco)	Automobile components	100.00	1,003
Companies in which the Group has a shareholding through Chongqing Antolin Tuopu Overhead System Co., Ltd. *(in which the Group has a 61% stake)*-				
Hangzhou Antolin Tuopu Overhead System Co., Ltd. (HATOS)	Hangzhou (China)	Automobile components	100.00	274 (c)
Harbin Antolin Tuopu Overhead System Co., Ltd.	Harbin (China)	Automobile components	100.00	83 (c)
				1,005,791

(a) These companies in which the Group has a direct or indirect holding of 50% or less have been included in the consolidated financial statements as *"fully consolidated companies"* because the Group has control over them.

(b) As indicated in the tables above, the Group has direct or indirect shareholdings in the share capital of these subsidiaries, bringing the total holding in their capital up to 100%.

(c) These amounts correspond to the cost of the Group's effective indirect shareholding, and do not include the part of the cost corresponding to the indirect shareholding of the non-controlling interest.

(d) These companies were incorporated in the first quarter of 2021. In the case of Antolin St. Clair, LLC., the production unit owned by the subsidiary Antolin Interiors USA, Inc. in the city of St. Clair (US) was contributed to this company.

In the first three months of 2021 and 2020 there were no significant additions to or exclusions from the consolidated Group. The only additions recorded in the first quarter of 2021 relate to the following:

- The incorporation of Antolin St. Clair, LLC. in the United States. The production business unit located in St. Clair, which was owned by the subsidiary Antolin Interiors USA, Inc., was contributed to this company. Consequently, this was an intragroup corporate reorganisation transaction which did not have an impact on these consolidated financial statements.

- Grupo Antolin set up a *joint venture* with NAEN Auto Technology, a company specialising in the electronics of keyless vehicle entry and ignition systems. This will enable Grupo Antolin, with a 51% equity stake, to strengthen its capabilities to integrate electronics in car interior components. However, at 31 March 2021 the Group had not yet made any disbursement in this connection and the joint venture had not yet commenced operations.

The only exclusion in the remainder of 2020 corresponded to the dissolution and liquidation of the subsidiary Grupo Antolin-Amsterdam, B.V., which was dormant and, therefore, this operation did not have any impact on the Group's consolidated financial statements.

Also, in 2020 Grupo Antolin-Irausa, S.A.U. acquired the equity interests held by the subsidiary Grupo Antolin-Holland, B.V. in Grupo Antolin-France, S.A.S., Grupo Antolin-Silao, S.A. de C.V. and Grupo Antolin-Leamington, Ltd. These intra-group transactions did not result in any change in the scope of consolidation.

Associates and joint ventures-

"Associates" are defined as companies over which the Group has the ability to exercise significant influence.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

IFRS 11 defines a joint venture *(as opposed to a joint operation as described in the next section of this Note)* as a joint arrangement whereby the parties that have joint control of the arrangement *("joint venturers")* have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures *(accounted for using the equity method in the accompanying interim consolidated financial statements at 31 March 2021),* and the corresponding book values recognised under "Investments in companies accounted for using the equity method" in the accompanying condensed consolidated balance sheets at 31 March 2021 and 31 December 2020, are as follows:

Company	Registered Office	Business Activity	Percentage of Group's Holding		Thousands of Euros	
			At 31/03/21	At 31/12/20	Book Value of Investment at 31/03/21	Book Value of Investment at 31/12/20
Companies in which Grupo Antolin-Irausa, S.A.U. has a direct shareholding-						
Dongwon Technology Co., Ltd.	Kyoung-Nam (South Korea)	Automobile components	30.00	30.00	8,759	8,528
NHK Antolin (Thailand) Co., Ltd.	Samutprakarn (Thailand)	Automobile components	50.00	50.00	4,460	4,229
Krishna Grupo Antolin Private, Ltd.	Chandigarh (India)	Automobile components	50.00	50.00	4,803	4,312
Walter Pack, S.L.	Igorre (Vizcaya)	Automobile components	40.03	40.03 (b)	3,748	3,877
AED Innovation Group, S.L.	Madrid	Automobile components	49.00	49.00 (a)	4,221	4,369
Company in which the Group has a shareholding through Antolin China Investment Co., Ltd.-						
Dongfeng Antolin (Wuhan) Automotive Trim Co., Ltd.	Wuhan (China)	Automobile components	49.00	49.00	(436)	(417)
Company in which the Group has a shareholding through International Door Company, B.V.-						
Slovakian Door Company, s.r.o.	Bratislava (Slovakia)	Automobile components	50.00	50,00 (c)	4,295	3,898
					29,850	**28,796**

(a) In July 2020, the Group acquired a 49% equity stake in Matoma Capital, S.L. *(now AED Innovation Group, S.L.)* for 4,477 thousand euros. This company is the parent of a group comprising AED Engineering, GmbH and AED Embedded Development, S.L.U., wholly owned by AED Innovation Group, S.L. and located in Munich (Germany) and Murcia (Spain), respectively. The Group has a commitment to make future capital contributions to this investee amounting to an additional 3,775 thousand euros between 2021 and 2022.

(b) In November 2018 the Group acquired a 40.04% interest in the share capital of Walter Pack, S.L., the parent of a group with an international presence, for 2,339 thousand euros, and on the same date made a monetary contribution of 1,560 thousand euros in a capital increase carried out by that company. After this transaction, the Group held 40.03% of the share capital of this investee. However, the contract for the acquisition of this holding envisages an adjustment to the price paid, or to the Group's percentage holding, in line with the evolution of certain variables at 2019 year-end. The Parent's Directors do not expect that the adjustment will have a material impact on the Group's consolidated financial statements.

(c) International Door Company, B.V. *(in which the Group has a 50% stake)* has a 100% equity interest in Slovakian Door Company, s.r.o. Therefore, at 31 March 2021 and 31 December 2020 the Group indirectly held 50% of the share capital of this company, which is classified as an "associate".

The changes in the first quarter of 2021 and in the first quarter of 2020 in "Investments in companies accounted for using the equity method" in the condensed consolidated balance sheet were as follows:

	Thousands of Euros	
	Three-Month Period Ended 31/03/21	Three-Month Period Ended 31/03/20
Opening balances	**28,796**	**24,332**
Profit (loss) of companies accounted for using the equity method	740	(417)
Translation differences (Note 11)	253	(792)
Other	61	7
Closing balances	**29,850**	**23,130**

In addition, the balances of "Investments in companies accounted for using the equity method" in the accompanying condensed consolidated balance sheets at 31 March 2021 and 31 December 2020 include 4,000 and 4,255 thousand euros, respectively, relating to a long-term loan granted by the Group to the associate Slovakian Door Company, s.r.o.

Joint operations-

IFRS 11 defines a joint operation as a joint arrangement whereby the parties that have joint control of the arrangement *("joint operators")* have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Following an assessment made by the Group, the only joint operation in which the Group is deemed to participate is International Door Company, B.V., a holding company with registered office in Amsterdam (Netherlands), in which the Parent has a 50% interest *(the cost of this interest amounted to 9,658 thousand euros at 31 March 2021 and 31 December 2020).* The other 50% is held by Küster Holding, GmbH, and the financial statements of the joint operation were proportionally consolidated.

The amounts of the assets and liabilities, and of the revenue and the profit or loss for the three-month period ended 31 March 2021, contributed by this joint operation are scantly material with respect to the total consolidated figures for the Group.

(2) BASIS OF PRESENTATION OF THE QUARTERLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

a) Basis of presentation of the quarterly condensed consolidated financial statements-

In accordance with Final Provision Eleven of Law 62/2003, of 30 December, on Tax, Administrative and Labour and Social Security Measures, holding companies that are required to prepare consolidated financial statements and directors' reports, where, at the end of the reporting period, none of the Group companies has issued securities admitted to trading on a regulated market of any European Union member state, may opt to present their consolidated financial statements for the years beginning on or after 1 January 2005 either in accordance with Spanish accounting legislation or in accordance with the International Financial Reporting Standards previously adopted by the European Union. Accordingly, Grupo Antolin-Irausa, S.A.U. decided to apply voluntarily, for the first time in 2007, the aforementioned International Financial Reporting Standards as adopted by the European Union when preparing its consolidated financial statements.

The consolidated financial statements for 2020 were prepared by the Parent's Directors in accordance with International Financial Reporting Standards as adopted by the European Union *(hereinafter, "EU-IFRSs")*, applying the basis of consolidation, accounting policies and measurement bases described in Notes 2 and 3 to those consolidated financial statements, and, accordingly, present fairly the Group's consolidated equity and consolidated financial position as at 31 December 2020 and the consolidated results of its operations, the changes in its consolidated equity and the consolidated cash flows for the year then ended.

It is expected that the consolidated financial statements of Grupo Antolin for 2020 will be approved by the Parent's sole shareholder on 3 June 2021.

These interim condensed consolidated financial statements for the three-month period ended 31 March 2021 are presented in accordance with IAS 34, Interim Financial Reporting and were prepared by management of the Parent in May 2021.

This interim consolidated financial information was prepared on the basis of the accounting records of Grupo Antolin-Irausa, S.A.U. and the other companies composing the Group, and includes the adjustments and reclassifications required to unify the accounting and presentation policies used by each of the Group companies *(in all cases, local legislation)* with those applied for consolidation purposes.

As established in NIC 34, the interim financial report is intended only to provide an update on the content of the latest complete set of annual consolidated financial statements prepared by the Group, focusing on new activities, events and circumstances occurring during the quarter ended 31 March 2021, and does not duplicate information previously reported in the consolidated financial statements for 2020. Consequently, these interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union. Accordingly, to obtain a proper understanding of the information included in these quarterly condensed consolidated financial statements, they should be read together with the Group's consolidated financial statements for 2020.

b) Accounting policies-

The accounting policies and methods used in preparing these quarterly condensed consolidated financial statements are the same as those used by the Group in the consolidated financial statements for 2020, except for the following standards, amendments and interpretations which came into force for annual reporting periods beginning on or after 1 January 2021 and which, where appropriate, were considered by the Group when preparing these quarterly financial statements:

Standards, amendments and interpretations:		Mandatory Application for Years *(Annual Reporting Periods)* Beginning On or After:
Approved for use in the European Union		
Amendments and/or interpretations:		
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Interest Rate Benchmark Reform - Phase 2 *(issued in August 2020)*	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to the interest rate benchmark reform *(second phase)*.	1 January 2021
Amendment to IFRS 4. Extension of the Temporary Exemption from Applying IFRS 9 *(issued in June 2020)*	Extension of the temporary exemption from IFRS 9 until 2023.	1 January 2021

The first-time application of these standards to the Group's consolidated financial statements did not have any material effects.

Standards and interpretations issued but not yet effective-

The most significant standards, amendments and interpretations that had been published by the IASB at 31 March 2021 but had not yet come into force, either because their effective date is subsequent to the date of the quarterly condensed consolidated financial statements or because they had not yet been adopted by the European Union, are as follows:

Standards, amendments and interpretations:		Mandatory Application for Years *(Annual Reporting Periods)* Beginning On or After:
Not approved for use in the European Union		
Amendments:		
Amendment to IFRS 16. Covid-19-Related Rent Concessions *(issued in March 2021)*	Amendment to extend the period for applying the practical expedient provided in IFRS 16 to account for Covid-19-related rent concessions.	1 April 2021
Amendment to IFRS 3. Reference to the Conceptual Framework *(issued in May 2020)*	IFRS 3 is updated to align the definitions of an asset and a liability in a business combination with those contained in the Conceptual Framework. Also, certain clarifications are introduced in relation to the recognition of contingent assets and liabilities.	1 January 2022
Amendment to IAS 16. Proceeds before Intended Use *(issued in May 2020)*	The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is bringing that asset to the location and condition necessary for its intended use. The proceeds from the sale of samples, together with the related production costs, must be recognised in profit or loss.	1 January 2022
Amendment to IAS 37. Onerous Contracts - Cost of Fulfilling a Contract *(issued in May 2020)*	The amendment explains that the cost of fulfilling a contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling the contract.	1 January 2022
Improvements to IFRS 2018-2020 Cycle *(issued in May 2020)*	Minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.	1 January 2022
Amendment to IAS 1. Classification of Liabilities as Current or Non-current *(issued in January 2020)*	Clarifications relating to the presentation of liabilities as current or non-current.	1 January 2023
Amendment to IAS 1. Disclosure of Accounting Policies *(issued in February 2021)*	Amendments that enable entities to adequately identify the information about material accounting policies that must be disclosed in the financial statements.	1 January 2023
Amendment to IAS 8. Definition of Accounting Estimates *(issued in February 2021)*	Amendments and clarifications about what is to be understood as constituting a change in accounting estimate.	1 January 2023
Amendment to IAS 12. Deferred Tax related to Assets and Liabilities arising from a Single Transaction *(issued in May 2021)*	Clarifications regarding how entities must recognise the deferred tax arising on transactions such as leases and decommissioning obligations.	1 January 2023
New standards:		
IFRS 17 "Insurance Contracts" and amendments thereto *(standard issued in May 2017 and amendments in June 2020)*	Supersedes IFRS 4 and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued, the objective being to ensure that entities provide relevant and reliable information that gives a basis for users of the financial information to assess the effect that insurance contracts have on the financial statements.	1 January 2023

None of the aforementioned standards was applied early in the first quarter of 2021.

The Group is beginning to assess the potential impacts of the future application of these standards and, after a first analysis, considers that they will not have a significant impact on the Group's consolidated financial statements.

c) *Responsibility for the information and use of estimates-*

The preparation of these quarterly condensed consolidated financial statements and of the information included herein is the responsibility of the Parent's Directors.

The consolidated results and the determination of consolidated equity are sensitive to the accounting principles and policies, measurement bases and estimates used by the Parent's Directors in preparing the quarterly condensed consolidated financial statements. The main accounting principles and policies and measurement bases are disclosed in Notes 2 and 3 to the consolidated financial statements for 2020, as well as in the section above in relation to the new standards that became effective for reporting periods beginning on or after 1 January 2021.

In preparing these quarterly financial statements estimates were occasionally made by senior management of the Group *(subsequently ratified by the Parent's Directors)* in order to quantify certain of the assets, liabilities, income, expenses and commitments reported herein. These estimates, which were made on the basis of the best information available, refer basically to the following:

- The corporate income tax expense, which, in accordance with IAS 34, is recognised in interim periods based on the best estimate of the weighted average annual income tax rate expected by the Group for the full financial year;
- The assessment of possible impairment losses on certain assets.
- The measurement of goodwill.
- The useful life of property, plant and equipment, intangible assets and investment property.
- The classification of leases as operating or finance leases.
- The market value of certain financial instruments.
- The fair value of certain unquoted assets.
- The amount of the provisions.
- The realisation of deferred tax assets.
- The ability to exercise control over some consolidated companies and the timing thereof.

Although these estimates were made on the basis of the best information available at 31 March 2021 on the events analysed, future events may make it necessary to change these estimates *(upwards or downwards)* in coming years. Any such changes would be applied prospectively, recognising the effects of the change in estimate in the consolidated income statements for the years affected, as provided for in IAS 8.

In the three-month period ended 31 March 2021 there were no significant changes in the accounting judgements and estimates used by the Group at 2020 year-end.

d) Contingent assets and liabilities-

In the first three months of 2021, there were no significant changes in the Group's contingent assets and liabilities (see Note 13).

e) Seasonality of the Group's transactions-

In view of the business activities in which the Group engages, its transactions are not cyclical or seasonal in nature. Therefore, no specific disclosures are included in this connection in these explanatory notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2021.

f) Materiality-

In determining the information to be disclosed in these explanatory notes on the various items in the interim condensed consolidated financial statements or on other matters, the Group, in accordance with IAS 34, assessed materiality in relation to the interim condensed consolidated financial statements for the three-month period ended 31 March 2021.

g) Comparative information-

In accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union, management of the Parent presents, for comparison purposes only, together with the condensed consolidated balance sheet at 31 March 2021, the balance sheet as at the end of the immediately preceding financial year *(31 December 2020).* Also, the Group presents, in addition to the consolidated figures for the three-month period ended 31 March 2021 for each item in the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows, the figures for the three-month period ended 31 March 2020.

The figures for the three-month period ended 31 March 2020 are presented for comparison purposes only and have not been audited or reviewed by the Group's auditors.

h) Changes in accounting policies and correction of errors-

In the three-month period ended 31 March 2021 there were no significant changes in accounting policies with respect to those applied in 2020 that might have affected the quarterly condensed consolidated financial statements. Similarly, no corrections of errors relating to prior years were made and there were no significant changes in accounting estimates that affect the three-month period ended 31 March 2021 or which may affect future periods.

i) Events after the reporting period-

In the period from 31 March 2021 to the date of preparation of these quarterly condensed consolidated financial statements the following significant events occurred:

- In April 2021 the Group decided to relocate the mass production projects that had been undertaken at the plant in Regenstauf (Germany) owned by the subsidiary Antolin Süddeutschland, GmbH. This process is currently in its early stages. Once the relocation of this activity is complete, the Regenstauf plant will be shut down and an Employee Benefit Plan will be implemented in relation to the termination of the employment contracts of substantially all the workforce. In this regard, the accompanying condensed consolidated financial statements include an impairment loss on certain assets of this plant (see Note 7), whereas no provision has been included to cater for the costs arising in connection with the termination benefits to be paid to the employees since the decision to effect this redundancy plan, and the communication thereof to the employees, took place after 31 March 2021. The cost of the termination benefits to be paid to the employees of this plant is estimated at between approximately 10 and 12 million euros.

- In April 2021 an agreement was reached for the sale of a building located in Almussafes (Valencia) that was recognised under "Investment property" in the accompanying condensed consolidated balance sheet at 31 March 2021. On this transaction, which is expected to be executed in a public deed on 15 June 2021, the Group will obtain a gain of approximately 4.3 million euros.

- On 5 May 2021, the Group signed an "Amendment and Restatement Agreement" which modified certain terms and conditions of the "Senior Facilities Agreement" entered into by the Group on 13 March 2014 with a group of banks, which in recent years had been subject to various novations and amendments. This agreement modified the repayment schedule of the syndicated loan received *(the outstanding balance of which at 31 March 2021 was 377,284 thousand euros)*, extending its maturity until 2026, increased the variable margin considered when determining the interest rate applicable to this financing, and modified certain of the financial ratios to be achieved by the Group.

Also, the maturity of the 200 million euro multi-currency credit facility *("Revolving Credit Facility")* granted to the Group by the aforementioned banks was extended until 2026 and the cost of the facility was linked to the achievement of certain environmental, social and corporate governance-related performance indicators by the Group (see Note 14).

- In addition to this refinancing process, Grupo is currently weighing up the possibility of redeeming the bonds issued in April 2017, whose outstanding amount at 31 March 2021 was to 385,400 thousand euros and which are scheduled to mature on 30 April 2024 (see Note 14), and issuing new bonds that would mature in 2028.

j) Discontinued operations-

A discontinued operation is a business unit that it has been decided to abandon and/or sell whose assets, liabilities and net profit or loss can be distinguished physically, operationally and for financial reporting purposes. The income and expenses of discontinued operations are presented separately in the condensed consolidated income statement.

No business unit or segment was discontinued in the first three months of 2021 or in 2020.

k) Condensed consolidated statement of cash flows-

The following terms are used in the condensed consolidated statement of cash flows (prepared using the indirect method) with the meanings specified:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities: the principal revenue-producing activities of companies in the automobile components industry and other activities that cannot be classified as investing or financing activities.
- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in the size and composition of the equity and borrowings of the Group companies that are not operating activities.

For the purpose of preparing the condensed consolidated statement of cash flows, "cash and cash equivalents" were considered to be cash on hand, demand deposits at banks and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Discontinued operations-

No business unit or segment was discontinued in the first quarters of 2021 and 2020.

(3) CHANGES IN THE COMPOSITION OF THE GROUP

There were no significant changes in the scope of consolidation of the Group in the first three months of 2021. The only changes were:

- The incorporation of the subsidiary Antolin St. Clair, LLC. in the United States. The production business unit located in St. Clair, which was owned by the subsidiary Antolin Interiors USA, Inc., was contributed to this company. Consequently, this was an intragroup corporate reorganisation transaction which did not have an impact on these consolidated financial statements.

- Grupo Antolin set up a *joint venture* with NAEN Auto Technology, a company specialising in the electronics of keyless vehicle entry and ignition systems. This will enable Grupo Antolin, with a 51% equity stake, to strengthen its capabilities to integrate electronics in car interior components. However, at 31 March 2021 the Group had not yet made any disbursement in this connection and the joint venture had not yet commenced operations.

Similarly, there were no changes in the scope of consolidation of the Group in the first three months of 2020. In the remainder of 2020 the following changes occurred:

- In July 2020, the Group acquired a 49% equity stake in Matoma Capital, S.L. *(now AED Innovation Group, S.L.)*, a company with registered office in Madrid that is the parent of a group engaging in the development and manufacture of embedded electronic systems for the automotive sector. This group comprises AED Engineering, GmbH and AED Embedded Development, S.L.U., wholly owned by AED Innovation Group, S.L. and located in Munich (Germany) and Murcia (Spain), respectively. This transaction - the purchase price of which was 4,477 thousand euros *(plus the commitment to make capital contributions for an additional 3,775 thousand euros in 2021 and 2022)* - will bolster the operations of the Group's new Electronic Systems business unit: a key pillar for the consolidation of the Group's position as a global provider of technological solutions for car interiors.

- The subsidiary Grupo Antolin-Amsterdam, B.V. was dissolved and liquidated in 2020.

The effect of these changes on the Group's consolidated financial statements for 2020 and on its condensed consolidated financial statements for the three-month period ended 31 March 2021 is scantly material.

Business combinations-

There were no business combinations with a significant impact in the three-month periods ended 31 March 2021 and 2020.

Definition of the Group-

Although Grupo Antolin-Irausa, S.A.U. is indirectly controlled by Avot Inversiones, S.L. (see Note 11), these interim condensed consolidated financial statements for the three-month period ended 31 March 2021 correspond to the subordinate group headed by Grupo Antolin-Irausa, S.A.U. and include all the companies belonging to this Group, which is understood to be the companies that together make up a single decision-making unit, as established in Article 42 of the Spanish Commercial Code. No company was excluded.

Avot Inversiones, S.L. is a holding company controlled by the Antolín family which, basically, holds direct and indirect ownership interests in Grupo Antolin Holdco, S.A. *(a holding company whose main asset is the ownership interest in Grupo Antolin-Irausa, S.A.U.).* The other companies in this higher group barely contribute any assets, liabilities, revenue or profit or loss to the consolidated financial statements of the higher group headed by Avot Inversiones, S.L.

With regard to other companies also controlled by the Antolín family and therefore related to Grupo Antolin, the Directors and legal advisers of the Parent consider that the Group and those companies do not currently form a decision-making unit and are not under common management, since their activities are distinct and independent and the *(commercial and financial)* economic relationships between them are not significant, there being no joint activity of any kind.

(4) DIVIDENDS PAID BY THE PARENT AND EARNINGS PER SHARE

Dividends paid by the Parent-

The Parent did not distribute any dividends to its shareholders in the three-month period ended 31 March 2021 or in 2020.

Restrictions on the distribution of dividends-

As indicated in Note 14, on 13 March 2014 the Parent signed a "Senior Facilities Agreement" with major Spanish and international financial institutions, which has been modified and novated successively, the latest novations being those of 3 June 2020 and 5 May 2021; under this agreement, the Group obtained financing by means of a syndicated loan *("Loan Facility") (whose outstanding balance at 31 March 2021 was 377,284 thousand euros)*, and a multi-currency Revolving Credit Facility with a 200-million-euro limit. In addition, an Intercreditor Agreement was executed governing relations between creditors: bond holders, lender financial institutions and the European Investment Bank (EIB), which became a party to this agreement in 2018 as a result of the financing granted to the Group. These financing agreements allow the distribution of dividends provided certain requirements are met. These include the following:

- *If the Group's debt-equity ratio is less than 3.50 but higher than 2.50, the dividends distributed may not exceed 25% of its consolidated net profit.*
- *If the Group's debt-equity ratio is less than 2.50, the dividends distributed may not exceed 50% of its consolidated net profit.*

The Group posted a loss in 2020 and, moreover, the novation of the Senior Facilities Agreement of 3 June 2020 established a lock-up period, ending on 30 June 2021, during which the Group may not distribute dividends.

Basic earnings (loss) per share-

Basic earnings *(loss)* per share are calculated by dividing the profit or loss for the period attributable to equity holders of the Parent by the weighted average number of shares outstanding during the period, excluding the average number of treasury shares held during the period.

The detail of the calculation of basic earnings/*(loss)* per share in the three-month periods ended 31 March 2021 and 2020 is as follows:

	Three-Month Period Ended:	
	31/03/21	31/03/20
Profit *(loss)* for the period attributable to equity holders of the Parent *(thousand euros)*	7,260	(10,736)
Weighted average number of shares outstanding in the period *(thousand shares)*	8,023	8,023
Basic earnings *(loss)* per share (euros)	**0.90**	**(1.34)**

The number of shares outstanding at 31 December 2020 and at 31 March 2021 was 8,023,241 *(same number of shares in the three-month period ended 31 March 2020).*

Diluted earnings *(loss)* per share-

Diluted earnings *(loss)* per share are calculated in much the same way as basic earnings per share, but the weighted average number of shares outstanding is adjusted to take into account the potential dilutive effect of the share options, warrants and convertible debt outstanding at the end of the period.

As at 31 March 2021 and 2020, diluted earnings *(loss)* per share were the same as basic earnings *(loss)* per share because the Group did not have any instruments with a dilutive effect.

(5) SEGMENT REPORTING

The segment information used by Group Management for management purposes is structured on the basis of the Group's various business units, and also by geographical segments.

In each business unit the production plants are grouped on the basis of their specific product or activity, rather than on the basis of the main activity of the company to which each plant belongs. This business unit or segment structure is focused on the production and development of each type of product and allows the operations of the businesses to be managed more efficiently. The main business units or segments of Grupo Antolin are the following four, defined taking into account the nature of the products: "Overheads and Soft Trim", "Doors and Hard Trim", "Cockpit & Consoles" and "Lighting".

There is also a "Corporate Unit" *(included under "Other")* which is charged with the global management of certain assets and the funding received by the Group from third parties, as well as other less significant activities. Moreover, approval was given in the latter months of 2019 to establish a new "Electronic Systems" business unit which will become operational from a management perspective in 2021.

The geographical segments defined by the Group are: "Asia-Pacific", "Europe", "Mercosur", "NAFTA" and "Africa".

Basis and methodology for segment reporting-

The business segment information shown below is based on monthly reports prepared by Group Management for management purposes, and is generated using the same computer application as that used to obtain all the Group's accounting data.

The income of each segment relates to the income directly attributable to the production plants included in that segment for management purposes, and, therefore, it also includes any secondary income that those plants may have recognised in relation to sales or services of other segments. The income of each segment does not include interest or dividend income or the gains on sales of investments or of non-current assets.

The expenses of each segment are calculated as those arising from the operating activities directly attributable to the plants included in that segment for management purposes. In this respect, with effect from 1 January 2017, the model for the allocation of head office and structural Corporate Unit expenses among the various Group companies and business segments was modified, and for management information purposes, the monitoring of the performance of the segments is carried out without taking into account these overheads. Accordingly, these expenses are presented in the segment information as corresponding to the "Corporate Unit". The expenses of each segment do not include finance costs, impairment losses or losses on sales of investments or of non-current assets.

Segment assets and liabilities are those that are directly connected with the operation of the plants in each segment, although virtually all the financial debt of the Group is centralised in the Corporate Unit.

Three-month period ended 31 March 2021-

By business segment

	Thousands of Euros					
	Doors and Hard Trim	Overheads and Soft Trim	Lighting	Cockpits and Consoles	Other (a)	Total
Revenue	418,699	396,156	80,501	179,705	954	1,076,015
Operating expenses/other operating income, net	(366,200)	(363,258)	(58,816)	(164,667)	(26,667)	(979,608)
EBITDA (b)	**52,499**	**32,898**	**21,685**	**15,038**	**(25,713)**	**96,407**
Depreciation and amortisation charge	(28,168)	(20,693)	(6,567)	(10,047)	(3,099)	(68,574)
Operating profit (loss) (EBIT)	**24,331**	**12,205**	**15,118**	**4,991**	**(28,812)**	**27,833**
Financial profit or loss						(6,757)
Other profit or loss						(3,920)
Corporate income tax						(6,587)
Consolidated profit from continuing operations						**10,569**
Other information:						
Investments in intangible assets in the period	6,418	5,963	5,229	4,854	90	22,554
Capital expenditures on property, plant and equipment in the period	15,269	5,050	1,237	4,339	746	26,641
Segment assets at 31 March 2021	**1,215,640**	**944,040**	**299,578**	**578,729**	**455,150**	**3,493,137**
Segment liabilities at 31 March 2021	**618,005**	**498,422**	**167,771**	**346,948**	**1,258,730**	**2,889,876**

(a) The operating result presented in this column corresponds principally to the head office and structural expenses, as well as to the amortisation of the gains allocated to intangible assets and property, plant and equipment in the business combinations of the "Lighting" and "Cockpits and Consoles" business segments. Also, the goodwill arising on these business combinations is presented as part of the assets included in the "Other" column, while a large part of the finance received by the Group is presented in this column of "Segment liabilities".

(b) In these consolidated financial statements and in the consolidated directors' report, EBITDA is: "Operating profit from continuing operations + Depreciation and amortisation charge", while EBIT is: "Operating profit from continuing operations".

By geographical segment

	Thousands of Euros					
	Asia/Pacific	Europe	Mercosur	NAFTA	Africa	Total
Revenue	130,179	569,862	12,670	344,483	18,821	1,076,015
Operating expenses/other operating income, net	(110,834)	(536,796)	(12,659)	(303,450)	(15,869)	(979,608)
Depreciation and amortisation charge	(7,295)	(38,428)	(506)	(21,457)	(888)	(68,574)
Operating profit (loss) (EBIT)	**12,050**	**(5,362)**	**(495)**	**19,576**	**2,064**	**27,833**
EBITDA	**19,345**	**33,066**	**11**	**41,033**	**2,952**	**96,407**
Other information:						
Investments in intangible assets in the period	1,732	15,005	470	5,208	139	22,554
Capital expenditures on property, plant and equipment in the period	1,299	21,710	144	3,124	364	26,641
Segment assets at 31 March 2021	**498,788**	**1,944,971**	**42,880**	**936,242**	**70,256**	**3,493,137**
Segment liabilities at 31 March 2021	**250,055**	**2,135,924**	**23,486**	**457,080**	**23,331**	**2,889,876**

Three-month period ended 31 March 2020-

By business segment

	Thousands of Euros					
	Doors and Hard Trim	Overheads and Soft Trim	Lighting	Cockpits and Consoles	Other (b)	Total
Revenue (a)	440,761	410,361	72,612	128,399	1,503	1,053,636
Operating expenses/other operating income, net (a)	(392,668)	(382,280)	(55,981)	(120,097)	(26,212)	(977,239)
EBITDA	**48,093**	**28,081**	**16,631**	**8,302**	**(24,709)**	**76,398**
Depreciation and amortisation charge	(28,955)	(22,124)	(6,742)	(9,396)	(7,557)	(74,774)
Operating profit (loss) (EBIT)	**19,138**	**5,957**	**9,889**	**(1,094)**	**(32,266)**	**1,624**
Financial loss						(10,540)
Other profit or loss						(849)
Corporate income tax						(597)
Consolidated profit (loss) from continuing operations						**(10,362)**
Other information:						
Investments in intangible assets in the period	12,538	6,507	4,369	4,875	(144)	28,145
Capital expenditures on property, plant and equipment in the period	9,077	7,310	1,634	1,963	267	20,251
Segment assets at 31 March 2020	**1,310,528**	**1,067,998**	**325,102**	**540,427**	**490,924**	**3,734,979**
Segment liabilities at 31 March 2020	**663,229**	**531,936**	**181,714**	**299,410**	**1,302,797**	**2,979,086**

(a) The operating result presented in this column corresponds principally to the head office and structural expenses, as well as to the amortisation of the gains allocated to intangible assets and property, plant and equipment in the business combinations of the "Lighting" and "Cockpits and Consoles" business segments. Also, the goodwill arising on these business combinations is presented as part of the assets included in the "Other" column, while a large part of the finance received by the Group is presented in this column of "Segment liabilities".

(b) In these consolidated financial statements and in the consolidated directors' report, EBITDA is: "Operating profit from continuing operations + Depreciation and amortisation charge", while EBIT is: "Operating profit from continuing operations".

By geographical segment

	Thousands of Euros					
	Asia/Pacific	Europe	Mercosur	NAFTA	Africa	Total
Revenue (a)	72,814	538,108	15,973	412,327	14,414	1,053,636
Operating expenses/other operating income, net (a)	(61,359)	(522,483)	(15,670)	(365,777)	(11,949)	(977,238)
Depreciation and amortisation charge	(6,733)	(42,621)	(778)	(23,909)	(733)	(74,774)
Operating profit (loss) (EBIT)	**4,722**	**(26,996)**	**(475)**	**22,641**	**1,732**	**1,624**
EBITDA	**11,455**	**15,625**	**303**	**46,550**	**2,465**	**76,398**
Other information:						
Investments in intangible assets in the period	971	20,758	431	5,425	560	28,145
Capital expenditures on property, plant and equipment in the period	501	12,535	441	5,993	780	20,250
Segment assets at 31 March 2020	**445,131**	**2,106,617**	**43,685**	**1,080,192**	**59,354**	**3,734,979**
Segment liabilities at 31 March 2020	**205,558**	**2,207,288**	**17,685**	**532,423**	**16,132**	**2,979,086**

(6) INTANGIBLE ASSETS

Goodwill-

In the three-month period ended 31 March 2021 there were no changes in “Goodwill” in the condensed consolidated balance sheet.

The balance of “Goodwill” in the condensed consolidated balance sheet at 31 March 2021 relates to the following cash-generating units:

Cash-Generating Unit or Entity	Thousands of Euros
“Lighting” business unit	44,409
Antolin Interiors México, S.A. de C.V.	26,629
Changchun Antolin Automotive Interiors Co., Ltd.	8,024
Changshu Antolin Automotive Interiors Co., Ltd.	9,352
Other cash-generating units or entities	1,632
	90,046

Impairment tests-

At the end of each reporting period, the Group estimates whether there has been any impairment, i.e. a reduction in the recoverable amount of its goodwill to less than its book value, and, if this is the case, it makes any necessary adjustments. The policies applied by the Group to test its goodwill for impairment are described in Note 3-b to the consolidated financial statements for 2020.

In this respect, the Group carried out the corresponding tests, and ascertained that at 31 March 2021 the recoverable amount of its goodwill *(substantially all of which relates to consolidated subsidiaries that are currently generating profits or are expected to do so in the coming years as certain planned projects are launched)* was higher than its book value. To determine the recoverable amounts of this goodwill, the Parent’s Directors reviewed and updated the assumptions of their forecasts at 2020 year-end regarding the activities and future results of the corresponding subsidiaries and their impact on cash flows, taking into account the behaviour of the main variables in the first few months of 2021, and analysed the cases in which negative variances had occurred with respect to the estimates made for that period at 2020 year-end. It was determined that these variances were due to temporary circumstances and, therefore, it was concluded that the review or modification of the forecasts and projections used at 2020 year-end would not have a significant effect on the recoverable amount of the corresponding cash-generating units at 31 March 2021.

The recoverable amount of the cash-generating units associated with the goodwill was assessed by reference to their value in use, which was calculated on the basis of cash flow projections *(reviewed and updated by Group management based on the budgets for 2021 and the business plans approved by the Board of Directors of the Parent in 2020)* that represent management's best estimates, covering a period of five years and including a terminal value estimated as a perpetual return.

The pre-tax discount rate used for the purposes of these impairment tests varies from country to country and ranges from 7.5% *(for businesses in Western Europe and the US)* to 9.5% *(for businesses in Eastern Europe, Mexico and Asia)*. The terminal value is estimated assuming sustainable average cash flows and a forecast growth rate of 1%.

Other intangible assets-

The changes in the three-month period ended 31 March 2021 in the various other intangible asset accounts and in the related accumulated amortisation and impairment losses were as follows:

	Thousands of Euros				
	Balance at 31/12/20	Additions	Disposals or Reductions	Transfers, Translation Differences and Other Items (a)	Balance at 31/03/21
Cost-					
Development expenditure	691,794	21,775	(2,080)	10,952	722,441
Computer software	74,846	327	(20)	675	75,828
Other intangible assets	207,906	452	(1)	893	209,250
	974,546	**22,554**	**(2,101)**	**12,520**	**1,007,519**
Accumulated amortisation-					
Development expenditure	(303,602)	(16,962)	1,912	(6,907)	(325,559)
Computer software	(65,362)	(1,113)	-	(320)	(66,795)
Other intangible assets	(175,670)	(1,435)	-	(482)	(177,587)
	(544,634)	**(19,510)**	**1,912**	**(7,709)**	**(569,941)**
Impairment losses-					
Development expenditure	(60,492)	(400)	-	(450)	(61,342)
Computer software	-	-	-	-	-
Other intangible assets	(4,033)	-	-	-	(4,033)
	(64,525)	**(400)**	**-**	**(450)**	**(65,375)**
Net-					
Development expenditure	327,700				335,540
Computer software	9,484				9,033
Other intangible assets	28,203				27,630
	365,387				**372,203**

(a) These changes in the cost of “Development expenditure” also include transfers from other asset accounts in the condensed consolidated balance sheet.

Development expenditure-

Capitalised development expenditure at 31 March 2021 relates to numerous projects for overheads and soft trim, trays, panels, lighting, consoles and automobile mechanisms. A portion of the capitalised development expenditure corresponds to projects that were in progress at 31 March 2021 and, accordingly, the related amortisation will not commence until the projects have been completed. The Directors of the Parent expect that most of the development projects in progress at 31 March 2021 will be completed in the remaining months of 2021 and in 2022, at which time the corresponding products will go into mass production.

The main additions to development expenditure in the three-month period ended 31 March 2021 *(totalling approximately 22 million euros)* correspond to the following projects: Porsche “Macan NF PO426 EU22 IP”, Audi “AU 436 WW23 Panel”, Jaguar “JLR D7a 21 MY Cockpits”, Chrysler “MP 552 MCA NA 21 Panel”, Renault “XHN Kadjar EUR 21 Panel+Plastic”, Mini “F6X EU24 IP” and Nissan “P33B/A RU 22 Panel” *(in the first quarter of 2020, additions to development expenditure amounted to approximately 27 million euros, while total additions in 2020 stood at 81.6 million euros).*

The main reductions in “Development expenditure” in the three-month period ended 31 March 2021 relate to the derecognition of development expenditure on certain projects that had been almost fully amortised and/or had become impaired. As a result of the derecognition of this expenditure, the Group recognised a loss that was virtually nil *(in the three-month period ended 31 March 2020, the derecognition of development expenditure on certain projects that had been almost fully amortised gave rise to scantly material losses).*

The development expenditure amortisation charge for the three-month period ended 31 March 2021 amounted to 17 million euros *(15.8 million euros in the three-month period ended 31 March 2020).*

Other intangible assets-

The balance of this heading at 31 March 2021 relates basically to customer relations recognised in 2015 in the business combination of the car interior components division of the international Magna Automotive Group, which are being amortised over periods of between 2 to 7 years; and to certain consideration paid by the Group to customers for the award and obtainment of contracts to produce and supply parts and components for these customers' projects. These incremental costs of obtaining orders or contracts were capitalised as it is deemed likely that profits or economic benefits will be obtained from the production and sale of the corresponding parts and components, enabling these costs to be recovered.

Impairment losses-

At the end of each reporting period, the Group reviews the book values of its intangible and tangible assets to determine whether there is any indication that those assets might have suffered an impairment loss. Should any such indication of impairment exist, the recoverable amount of the assets is determined in order to quantify any impairment loss suffered. The recoverable amount of the cash-generating unit associated with these assets was measured by reference to its value in use, which was calculated on the basis of cash flow projections, representing management's best estimates, that cover the remaining life of the corresponding project. The pre-tax discount rate used for the purposes of these impairment tests is between 7.5% and 10%.

(7) PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Property, plant and equipment-

The changes in the three-month period ended 31 March 2021 in the various property, plant and equipment accounts and in the related accumulated depreciation and impairment losses were as follows:

	Thousands of Euros				
	Balances at 31/12/20	Additions	Disposals or Reductions	Transfers, Translation Differences and Other Items	Balances at 31/03/21
Cost	2,055,547	26,641	(10,936)	17,744	2,088,996
Accumulated depreciation	(1,295,582)	(33,168)	5,658	(7,467)	(1,330,559)
Impairment losses	(27,393)	-	136	(580)	(27,837)
	732,572	**(6,527)**	**(5,142)**	**9,697**	**730,600**

Additions and reductions in the three-month period ended 31 March 2021-

The main additions to the Group's property, plant and equipment in the three-month period ended 31 March 2021 relate to investments made to expand its production facilities, some of which were in progress at 31 March 2021. These investments include most notably those made by Grupo Antolin-Kentucky, Inc. (United States), Grupo Antolin-Bamberg, GmbH & Co. KG (Germany), Grupo Antolin-Silao, S.A. de C.V. (Mexico), Grupo Antolin-Primera Automotive Systems, LLC (United States), Changshu Antolin Automotive Interiors Co., Ltd. (China) and Grupo Antolin-Tlaxcala, S. de R.L. de C.V. (Mexico).

The most significant reductions in the three-month period ended 31 March 2021 relate to the derecognition of property, plant and equipment items of the Chrastava plant owned by Grupo Antolin-Bohemia, a.s., which was damaged by a fire, as well as to the retirement of machinery and other items, most of which had been depreciated in full and were not being used by the companies in their production activities. Also, in the first quarter of 2021 a property in Madrid was sold that was not used in the Group's business activities. A gain of 1,289 thousand euros was obtained on this transaction. The gains or losses arising from the other retirements were scantly material.

With regard to the fire at the Chrastava plant (Czech Republic), the Group derecognised the property, plant and equipment items and inventories that had been destroyed; however, no significant loss was recognised in this connection in the accompanying condensed consolidated income statement for the three-month period ended 31 March 2021, since the damage caused by the fire is duly covered by the insurance policy taken out by the Group. Accordingly, "Other receivables" in the accompanying condensed consolidated balance sheet at 31 March 2021 includes 7,298 thousand euros relating to the compensation to be received from the insurance company for this fire. It is estimated that the final amount of compensation to be received, once the total cleaning and repair expenses have been incurred, will amount to approximately 10 million euros, and the Group does not expect to have any difficulty in realising the full amount of this compensation.

The property, plant and equipment depreciation charge for the three-month period ended 31 March 2021 amounted to 33.2 million euros *(34.8 million euros for the three-month period ended 31 March 2020).*

Right-of-use assets-

The changes in right-of-use assets and lease liabilities in the first quarter of 2021 were as follows:

	Thousands of Euros				
	Right-of-Use Assets:				
	Buildings	Machinery and Other P,P&E	Vehicles	Total	Lease Liabilities (Note 15)
Balances at 31 December 2020	**266,730**	**14,030**	**3,659**	**284,419**	**293,294**
Changes (a)	9,775	3,238	486	13,499	13,054
Payments	-	-	-	-	(16,672)
Period depreciation	(13,317)	(1,884)	(680)	(15,881)	-
Impairment losses for the period (b)	(5,500)	-	-	(5,500)	-
Finance costs in the period	-	-	-	-	1,927
Balances at 31 March 2021	**257,688**	**15,384**	**3,465**	**276,537**	**291,603**

(a) These changes correspond to new lease contracts or the end of other leases, translation differences and updating of calculations.

(b) This impairment loss relates to the right-of-use assets of the Regenstauf plant, which is expected to be abandoned before the end of the non-cancellable term of the corresponding lease contract (see Note 2-i).

The discount rate used at 31 March 2021 and at 31 December 2020 to determine the present value of the lease liabilities at those dates generally ranged between 0.75% and 5%, depending on each company's financial position and the country risk premium. However, the rate was higher in some countries, such as Brazil *(between 4.75% and 5.75%)* and Argentina *(9.75%).* The resulting overall average rate was around 2.65%.

Finance leases *(leasing)*-

The detail of the leased assets recognised by the Group, as the lessee under finance leases, in its non-current assets at 31 March 2021, and of the most significant characteristics of those assets and of the finance lease contracts entered into, is as follows (see Note 14):

Description of Asset	Contract Term (Months)	Months Elapsed to 31/03/21	Thousands of Euros (Excluding VAT and Interest)			
			Original Cost	Lease Payments Paid in Prior Years	Lease Payments Paid in First Quarter of 2021	Lease Payments Outstanding, Including Purchase Option
Solar panels	72	9	289	22	11	256
Machinery (a)	72	64	829	695	36	98
Machinery (a)	72	65	269	229	12	28
Machinery (a)	72	65	823	705	35	83
Machinery (b)	40	33	268	203	22	43
			2,478	**1,854**	**116**	**508**

(a) The machinery corresponds to investments made by the consolidated subsidiary Grupo Antolin Turnov, s.r.o. in 2015.

(b) These non-current assets correspond to presses acquired by the subsidiary Haselbeck Formen- und Werkzeugbau, GmbH.

Operating leases-

Some of the consolidated companies have lease arrangements under which they use the buildings housing a part of their warehouses, production facilities and offices, as well as machinery, vehicles and other items of property, plant and equipment. As indicated in Note 3-f to the consolidated financial statements for 2020, IFRS 16, Leases was applied when accounting for the lease contracts with the owners of the aforementioned assets in these quarterly condensed consolidated financial statements, except for the contracts that were classified as "leases of low-value assets" *(less than 6,000 euros, equivalent to 5,000 US dollars)* or "short-term leases".

The lease expense relating to these leases of low-value assets and short-term leases in the three-month period ended 31 March 2021 totalled 5,223 thousand euros, and this amount is recognised under "Other operating expenses" in the accompanying condensed consolidated income statement *(5,871 thousand euros in the three-month period ended 31 March 2020).*

Impairment losses-

At the date of the condensed consolidated balance sheet or at the end of each reporting period, the Group assesses whether there are any internal or external indications that the book value of its items of property, plant and equipment is higher than their corresponding recoverable amount. If this is the case, the book value of the asset in question is reduced to its recoverable amount and the future depreciation charges are adjusted in proportion to the asset's adjusted book value and its new remaining useful life, if it was also necessary to re-estimate its useful life. Any necessary reduction in the book value of property, plant and equipment for own use is charged to "Net impairment losses on non-current assets" in the condensed consolidated income statement.

Similarly, when there are indications that the value of an impaired asset has recovered, the consolidated companies recognise the reversal of the impairment loss recognised in prior periods. In no circumstances may the reversal of an impairment loss on an asset raise its book value above that which it would have if no impairment losses had been recognised in prior periods.

At 31 March 2021 the Group's consolidated companies analysed any situations in which an indication of impairment of their property, plant and equipment might exist, and, where such an indication was identified, they determined the recoverable amount of the asset concerned. Where the asset does not itself generate cash inflows that are independent of those from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value *(less costs to sell)* and value in use. In calculating value in use at 31 March 2021, the estimated future cash flows were discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. These future cash flows are derived from the projections made by Grupo Antolin for the corresponding cash-generating units for a period of five years *(using assumptions concerning changes in sale prices, costs and volumes based on experience and future expectations per the current approved strategic plan and the budget for the coming year)*, with a residual value calculated using a growth rate of 1%.

Based on this analysis, at 31 March 2021 the Group had recognised impairment losses on property, plant and equipment totalling 27,837 thousand euros, relating to the impairment of items of property, plant and equipment used, basically, at the plants in Spartanburg *(owned by Spartanburg Assembly, Inc.)* and Redditch *(owned by Antolin Interiors UK, Ltd.)*, and of assets at the plants of Trimtec, Ltda., Iramec Autopeças, Ltda., Grupo Antolin-Cambrai, S.A.S., Grupo Antolin-Bratislava, s.r.o. and Antolin Ebergassing, GmbH, corresponding to projects which are currently generating losses or have done so in the past and whose recoverable amount is lower than their book value *(at 31 December 2020 the Group had recognised impairment losses of 27,393 thousand euros)*.

Investment budget for the remainder of 2021-

At 31 March 2021, the budget for investments to be made by the Group in property, plant and equipment in the remaining months of 2021 amounted to 94,787 thousand euros.

The planned investments relate to many of the Group's plants, the most significant being those for the replacement and expansion of machinery at the plants of Antolin Liban, s.r.o., Grupo Antolin-Kentucky, Inc., Antolin Straubing, GmbH and Grupo Antolin-Besançon, S.A.S.

(8) NON-CURRENT FINANCIAL ASSETS AND OTHER CURRENT FINANCIAL ASSETS

The detail of the balances of these headings in the accompanying condensed consolidated balance sheets at 31 March 2021 and 31 December 2020, based on the nature of the transactions, is as follows:

	Thousands of Euros			
	At 31/03/21		At 31/12/20	
	Non-Current	Current	Non-Current	Current
Non-current investment securities	1,986	-	1,877	-
Other financial assets-				
Non-current receivables from Group companies	587	-	453	-
Other loans	501	2,011	50	2,408
Guarantees and deposits given	5,369	1,295	5,474	1,351
	8,443	**3,306**	**7,854**	**3,759**

Non-current investment securities-

The balances of this heading at 31 March 2021 and 31 December 2020 correspond to various minority interests in non-listed companies *(assigned to the category of "Available-for-sale assets")*. These investments include a 10% equity stake in Tianjin Antolin Auto-Parts Co., Ltd. with a net book value of 1,363 thousand euros.

Other financial assets-

Non-current receivables from Group companies-

The balances of this heading under non-current assets at 31 March 2021 and 31 December 2020 relate to the balances receivable at those dates of the long-term cashpooling account held by the Parent with Avot Inversiones, S.L., which matures on 31 December 2022 and bears annual interest at a variable market rate (see Note 18).

Other financial assets-

In February 2020, the Group and Eyesight Mobile Technologies, Ltd. (an Israeli company, now called CIPIA, that is a leading provider of in-car vision solutions using artificial intelligence) entered into a Simple Agreement for Future Equity ("SAFE"), under which this provider will supply the Group and work with it to develop driver and passenger monitoring systems. Pursuant to the agreement, in 2020 the Group paid this company an amount equivalent to 2,780 thousand euros, which it is planned will become a convertible loan and, subsequently, a minority equity stake in this Israeli company. This is dependent on certain conditions being met and certain circumstances arising, which had not occurred at the end of 2020. Consequently, at 31 March 2021 and 31 December 2020 the aforementioned amount was recognised as "Other financial assets - Guarantees and deposits given" under "Non-current assets" in the accompanying condensed consolidated balance sheets at those dates, given the intended long-term nature of the relationship with this third party and of the investment that may materialise.

(9) INVENTORIES

The detail of the Group's inventories at 31 March 2021 and 31 December 2020 is as follows:

	Thousands of Euros	
	31/03/21	31/12/20
Raw materials and supplies	261,075	247,757
Other supplies	620	265
Merchandise	23,278	19,029
Work-in-process and semi-finished goods	38,208	32,839
Project tools in progress	274,747	256,328
Finished products	88,964	79,822
By-products, waste products and materials recovered	166	190
Advances to suppliers	7,599	7,342
Write-downs	(32,509)	(29,338)
	662,148	**614,234**

Project tools-

The balance of this item at 31 March 2021 relates to the costs incurred by the Group on the project tools being manufactured at that date. At 31 March 2021, the Group had billed the corresponding customers, as an advance, 238 thousand euros, which are recognised under "Trade and other payables" in current liabilities in the accompanying condensed consolidated balance sheet *(customer advances at 31 December 2020 amounted to 173 million)*.

The Directors of the Parent expect that a significant portion of the project tools that were being manufactured at 31 March 2021 will be sold, at a profit, in the remaining months of 2021.

(10) CASH AND CASH EQUIVALENTS

The balances recognised under “Cash and cash equivalents” in the condensed consolidated balance sheets at 31 March 2021 and 31 December 2020, include the Group's cash *(cash on hand and at banks)* and short-term bank deposits *(for amounts of 16,614 thousand euros and 6.322 thousand euros, respectively)* maturing in no more than three months from the transaction date, which do not have significant risks of change in value, are part of the Group’s normal cash management policy and accrue an average interest rate no than higher 0.1%. The book values of these assets are the same as their fair value.

(11) EQUITY

Share capital-

The share capital of the Parent at 31 March 2021 and 31 December 2020 comprised 8,023,241 fully subscribed and paid registered shares *(3,114,603 “class A” shares, 3,074,733 “class B” shares and 1,833,905 “class C” shares)*, each with a par value of 4.67 euros.

In 2020, Grupo Antolin Holdco, S.A. *(acquirer)* and Castilfalé Gestión, S.A.U. *(acquiree)*, companies that owned the shares of the Parent, merged, thereby giving rise to all the Parent's shares being transferred to Grupo Antolin Holdco, S.A.

At 31 March 2021 and at 31 December 2020, all the Parent's shares were held by Grupo Antolin Holdco, S.A. Consequently, as per Article 13 of the revised text of the Spanish Corporate Enterprise Act, the Parent is entered in the Burgos Companies Register as a sole-shareholder company. The identity of its shareholder is also registered. On the other hand, no contract between the Parent and its sole shareholder has been entered in a ledger-register legalised by the Companies Register because no such contract exists.

At 31 March 2021 and 31 December 2020, all the share capital of the Parent was held directly or indirectly by Avot Inversiones, S.L. *(parent of the Parent's current and previous shareholders)*, a company whose registered offices are in Burgos and whose owners are members of the Antolín family (see Note 1). All the Grupo Antolin-Irausa, S.A.U. shares carry the same voting and dividend rights, although they are distinguished by their transfer regime.

At 31 March 2020 and 31 December 2020 all the shares of the Parent were pledged as guarantee for the obligations deriving from the covered bonds issued in 2017 and 2018 by the Parent, the “Senior Facilities Agreement” signed by the Parent with a number of financial institutions, and the long-term loan granted in 2018 *(and rolled over in 2020)* by the European Investment Bank (EIB), which signed the Intercreditor Agreement governing relations between the Group's financial creditors (see Note 14).

Additional paid-in capital-

The revised text of the Spanish Corporate Enterprise Act expressly allows the use of the additional paid-in capital balance to increase share capital and establishes no specific restrictions as to its use.

Other reserves of the Parent-

This heading in the condensed consolidated balance sheet at 31 March 2021 includes the following reserves:

	Thousands of Euros
Restricted reserves-	
Legal reserve	7,494
Capitalisation reserve	5,800
Reserve for retired capital	140
	13,435
2020 Loss (a)	**(127,149)**
Prior years' profits/losses	**(41,241)**
Other reserves	**596,641**
	441,686

(a) The allocation of the loss for 2020 is expected to be approved by the sole shareholder of the Parent on 3 June 2021.

Legal reserve-

The revised text of the Spanish Corporate Enterprise Act stipulates that 10% of the net profits of the year must be appropriated to the legal reserve until it reaches at least 20% of share capital. At 31 March 2021, the Parent's legal reserve amounted to 7,494 thousand euros *(31 December 2020: 7,494 thousand euros).*

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

Capitalisation reserve-

The Parent's "Capitalisation reserve" at 31 March 2021 amounted to 5,800 thousand euros. This reserve was set up in compliance with Law 27/2014, of 27 November, on Corporate Income Tax and is restricted for five years from the end of the year to which the reduction in the final tax base for corporate income tax corresponds *(consequently, 2,000 thousand euros are restricted until 31 December 2022, 2,000 thousand euros are restricted until 31 December 2021 and 1,800 thousand euros until 31 December 2020).* The amount matches that by which the final tax base applied was reduced for this item in the Spanish consolidated tax group's corporate income tax return for 2015, 2016 and 2017.

Prior years' profits/losses and Other reserves-

Apart from the restrictions on the distribution of dividends indicated in Note 4, in accordance with the provisions of Article 273 of the revised text of the Spanish Corporate Enterprise Act, any distribution of dividends that reduces the Parent's equity to below its share capital is prohibited.

Valuation adjustments-

The balances of this heading in the condensed consolidated balance sheet include net changes in the fair value of:

- Translation differences.
- Actuarial gains and losses (see Note 13).

The changes in this heading in the three-month period ended 31 March 2021 were as follows:

Actuarial gains and losses	Thousands of Euros		
	Balance at 31/12/20	Change in Fair Value, Net	Balance at 31/03/21
Actuarial gains (losses)	**(7,864)**	**(60)**	**(7,924)**

Translation Differences	Thousands of Euros		
	Balance at 31/12/20	Net Change	Balance at 31/03/21
Net translation differences in fully or proportionally accounted companies	(222,355)	22,071	(200,284)
Less - Translation differences attributable to non-controlling interests	35,747	(2,529)	33,218
	(186,608)	19,542	(167,066)
Net translation differences in companies accounted for using the equity method (Note 1)	(1,802)	253	(1,549)
	(188,410)	**19,795**	**(168,615)**

At 31 March 2021 and 31 December 2020, the Group had no financial derivatives designated as cash flow hedges.

(12) NON-CONTROLLING INTERESTS

The balance of “Non-controlling interests” in the condensed consolidated balance sheet reflects the interest of non-controlling interests in the fully consolidated companies. The balance of “Loss attributable to non-controlling interests” in the condensed consolidated income statement relates to the non-controlling shareholders' share of profit and loss for the period.

The changes in this heading in the condensed consolidated balance sheet in the three-month period ended 31 March 2021 were as follows:

Company	Thousands of Euros					
	Balance at 31/12/20	Dividends	Additions	Profit for the Three-Month Period Ended 31/03/21 Attributable to Non-Controlling Interests	Translation Differences	Balance at 31/03/21
Ototrim Panel Sanayi ve Ticaret, A.S.	17,041	(7,381)	-	2,022	323	12,005
Iramec Autopeças, Ltda.	(5,025)	-	-	(282)	14	(5,293)
Intertrim, Ltda.	(2,508)	-	-	(106)	(29)	(2,643)
Mexican Door Company, S.R.L. de C.V.	1,814	-	-	64	28	1,906
Chongqing Antolin Tuopu Overhead System Co., Ltd. (a)	1,323	-	-	(14)	59	1,368
Keyland Sistemas de Gestión, S.L.	170	-	-	73	-	243
Keyland Mexico, S. de R.L. de C.V.	69	-	-	15	1	85
Grupo Antolin-Primera Automotive Systems, LLC	7,322	(422)	-	470	342	7,712
Dongfeng Antolin (Wuhan) Overhead Systems, Ltd.	1,265	-	-	45	57	1,367
Plastimat Hungary, Kft.	2,396	-	-	173	-	2,569
Changchun Antolin Automotive Interiors Co., Ltd. (b)	20,421	-	-	670	920	22,011
Changshu Antolin Automotive Interiors Co., Ltd. (c)	17,110	-	-	87	762	17,959
Chengdu Antolin Automotive Interiors Co., Ltd.	447	-	-	75	21	543
Antolin Chongqing Auto Interiors Trim Systems, Co. Ltd.	709	-	639	5	32	1,385
Wuhan Donghuan Antolin Auto Parts Co., Ltd.	(86)	-	-	17	(3)	(72)
Chongqing Zhenneng Antolin Auto Parts Co., Ltd.	50	-	-	(5)	2	47
Shanghai Antolin-NAEN Automotive Electronics Co., Ltd.	-	-	-	-	-	-
	62,518	**(7,803)**	**639**	**3,309**	**2,529**	**61,192**

(a) Corresponds to the consolidated book value of the subgroup which this company heads, including the percentage attributable to non-controlling interests in the consolidated subsidiaries Hangzhou Antolin Tuopu Overhead System Co., Ltd. (HATOS) and Harbin Antolin Tuopu Overhead System Co., Ltd.

(b) Corresponds to the consolidated book value of the subgroup which this company heads, including the percentage attributable to non-controlling interests in the consolidated subsidiary Beijing Antolin Automotive Interiors Co., Ltd.

(c) Corresponds to the consolidated book value of the subgroup which this company heads, including the percentage attributable to non-controlling interests in the consolidated subsidiaries Changshu Antolin Auto-Parts Co., Ltd. and Ningbo Antolin Auto Parts Co., Ltd.

Set out below is an itemised analysis, by consolidated subsidiary, of the balance of this heading at 31 March 2021:

Company	Thousands of Euros				
	Share Capital	Reserves and (Prior Years' Losses), net	Profit (Loss) for the Three-Month Period Ended 31/03/21	Translation Differences	Total
Ototrim Panel Sanayi ve Ticaret, A.S.	2,413	33,102	2,022	(25,532)	12,005
Iramec Autopeças, Ltda.	4,810	(7,488)	(282)	(2,333)	(5,293)
Intertrim, Ltda.	1,678	(2,815)	(106)	(1,400)	(2,643)
Mexican Door Company, S.R.L. de C.V.	3,933	248	64	(2,339)	1,906
Chongqing Antolin Tuopu Overhead System Co., Ltd.	693	206	(14)	483	1,368
Keyland Sistemas de Gestión, S.L.	250	(80)	73	-	243
Keyland Mexico, S. de R.L. de C.V.	-	80	15	(10)	85
Grupo Antolin-Primera Automotive Systems, LLC	25	7,486	470	(269)	7,712
Dongfeng Antolin (Wuhan) Overhead Systems, Co., Ltd.	1,421	17	45	(116)	1,367
Plastimat Hungary, Kft.	1,560	836	173	-	2,569
Changchun Antolin Automotive Interiors Co., Ltd.	5,348	17,213	670	(1,220)	22,011
Changshu Antolin Automotive Interiors Co., Ltd.	9,612	8,784	87	(524)	17,959
Chengdu Antolin Automotive Interiors Co., Ltd.	1,292	(847)	75	23	543
Antolin Chongqing Auto Interiors Trim Systems, Co., Ltd.	2,197	(836)	5	19	1,385
Wuhan Donghuan Antolin Auto Parts Co., Ltd.	-	(87)	17	(2)	(72)
Chongqing Zhenneng Antolin Auto Parts Co., Ltd.	62	(12)	(5)	2	47
Shanghai Antolin-NAEN Automotive Electronics Co., Ltd.	-	-	-	-	-
	35,294	**55,807**	**3,309**	**(33,218)**	**61,192**

At 31 March 2021, the non-controlling interests with ownership interests in the share capital of these subsidiaries were as follows:

Subsidiary	Non-Controlling Interest	Percentage Held
Ototrim Panel Sanayi ve Ticaret, A.S.	SKT Yedek Parça ve Makina Sanayi ve Ticaret, A.S.	50.00
Iramec Autopeças, Ltda.	Küster Holding, GmbH (a)	50.00
Intertrim, Ltda.	Luiz Rodovil Rossi	14.72
Mexican Door Company, S. de R.L. de C.V.	Küster Holding, GmbH (a)	50.00
Chongqing Antolin Tuopu Overhead System Co., Ltd.	Ningbo Tuopu Vibration Control System Co., Ltd. (c)	39.00
Keyland Sistemas de Gestión, S.L.	Vector Software Factory, S.L.	50.00
Keyland Mexico, S. de R.L. de C.V.	Vector Software Factory, S.L. (b)	50.00
Grupo Antolin-Primera Automotive Systems, LLC	Crown Automotive Systems, LLC	51.00
Dongfeng Antolin (Wuhan) Overhead Systems, Co. Ltd.	Dongfeng Visteon Automotive Trim Systems Co., Ltd. (c)	49.00
Plastimat Hungary, Kft.	Summit D & V Autóipari Gyártó és Szerelő Korlátolt Felelősségű Társaság (d)	26.00
Changchun Antolin Automotive Interiors Co., Ltd.	Changshu Automotive Trim Co., Ltd. (c)	40.00
Changshu Antolin Automotive Interiors Co., Ltd.	Changshu Automotive Trim Co., Ltd. (c)	40.00
Chengdu Antolin Automotive Interiors Co., Ltd.	Changshu Automotive Trim Co., Ltd. (c)	40.00
Antolin Chongqing Auto Interiors Trim Systems, Co., Ltd.	Changshu Automotive Trim Co., Ltd. (c)	49.00
Wuhan Donghuan Antolin Auto Parts Co., Ltd.	Wuhan Donghuan Auto Cab System Co., Ltd. (c) (c)	49.00
Chongqing Zhenneng Antolin Auto Parts Co., Ltd.	Chongqing Guangneng Rongneng Automotive Trim Co., Ltd. (c) (c)	50.00
Shanghai Antolin-NAEN Automotive Electronics Co., Ltd.	Shanghai NAEN Auto Technology Co., Ltd. (c)	49.00

(a) Holding held indirectly via International Door Company, B.V.

(b) Holding held indirectly via Keyland Sistemas de Gestión, S.L.

(c) Holdings held indirectly via Antolin China Investment Co., Ltd.-

(d) Holding held indirectly via Antolin Hungary, Kft.

GRUPO ANTOLIN

(13) CURRENT AND NON-CURRENT PROVISIONS

The changes in these headings in the condensed consolidated balance sheet in the three-month period ended 31 March 2021 were as follows:

	Thousands of Euros			
	Non-Current provisions			
	Provisions for Pension Commitments and Similar	Other Provisions	Total	Current Provisions
Balances at 31 December 2020	**27,346**	**60,337**	**87,683**	**31,497**
Taken to income for the year	719	9,913	10,632	1,073
Reversals credited to income for the year	(29)	(492)	(521)	(374)
Provisions applied	(1,878)	(1,275)	(3,153)	(1)
Translation differences and other items	218	220	438	836
Balances at 31 March 2021	**26,376**	**68,703**	**95,079**	**33,031**

Provisions for pension and similar commitments-

The balances of this heading in the accompanying condensed consolidated balance sheets at 31 March 2021 and 31 December 2020 correspond basically to provisions to meet long-term employee benefit obligations *(pension commitments to certain current and former employees)* at British, French, German, Austrian, Mexican and Indian companies. Some of these companies have outsourced their pension liabilities with an insurance company.

The latest actuarial studies available to the Group to quantify these provisions refer to 31 December 2020, and, therefore, the amount recognised in the condensed consolidated balance sheet at 31 March 2021 is the same as that reflected in the consolidated balance sheet at 31 December 2020, plus the changes due to translation differences, benefits paid and provisions recorded in the period between the aforementioned dates, the detail being as follows:

	Thousands of Euros
Present value of the obligations at the end of 2020	42,766
Fair value of the plan assets at the end of 2020	(15,420)
Liability in the consolidated balance sheet at 31 December 2020	**27,346**
Net change in the period	(970)
Liability in the consolidated balance sheet at 31 March 2021	**26,376**

These amounts have been calculated using appropriate actuarial studies. The technical assumptions applied by the consolidated subsidiaries *(interest rates, mortality tables, accumulated annual CPI, etc.)* are in line with the socio-economic situation of each country *(the discounted interest rates used at 31 December 2020 range from 0.50% to 7.64% while at 2019 year-end they ranged from 0.90% to 8.33%)*.

Other provisions-

The balance of "Non-current provisions" at 31 March 2021 essentially comprises provisions set up to meet commitments entered into with the personnel of some of the consolidated companies in addition to those included under "Provisions for pension commitments" *(10,840 thousand euros)*, some claims by suppliers and customers for retroactive pricing arrangements and similar *(2,980 thousand euros)*, for future losses deriving from onerous contracts which are expected to be incurred in the long term *(2,869 thousand euros)*, provisions for the reversal or dismantling of assets *(15,290 thousand euros)*, and for certain liabilities in respect of court proceedings and claims that have been brought against the consolidated companies *(36,724 thousand euros)* during the normal course of their business and which are pending resolution at 31 March 2021.

The balance of "Current provisions" in the condensed consolidated balance sheet at 31 March 2021 corresponds to provisions established basically to cover production plant restructuring costs, claims by suppliers and customers, and retroactive pricing arrangements.

Claims in progress, meanwhile, include an environmentally related claim in Brazil and proceedings related with tax on operations in several countries, although it is deemed unlikely that the Group will incur any losses as a result of these and has not recognised a provision for them at 31 March 2021. At 31 March 2021, certain disputes are being heard in different countries, any costs of which can be passed on to suppliers or are adequately covered by the Group's insurance policies *(the most important of these is a claim in relation to a recall campaign for a component of the Audi Q7 model in the US market)*.

Neither the legal advisers of the Group nor the Directors of the Parent expect any of these proceedings and claims pending resolution at 31 March 2021 to produce a material impact on the consolidated annual financial statements for the years in which said proceedings are concluded.

(14) BANK LOANS, DEBENTURES AND OTHER MARKETABLE SECURITIES

The financing facilities granted to the Group by financial institutions and the debentures and bonds issued at 31 March 2021 and 31 December 2020 are as follows:

	Thousands of Euros					
	31/03/21			31/12/20		
	Current Liabilities	Non-Current Liabilities	Total	Current Liabilities	Non-Current Liabilities	Total
Debentures and bonds	-	635,400	635,400	-	635,400	635,400
Syndicated loan facility	16,768	360,516	377,284	16,768	360,516	377,284
Multi-currency Revolving Credit Facility	-	-	-	-	-	-
EIB loan	7,143	92,857	100,000	7,143	92,857	100,000
Other loans	26,902	40,668	67,570	25,369	42,201	67,570
Other credit lines	8,202	-	8,202	10,346	-	10,346
Factoring lines	1,056	-	1,056	6,984	-	6,984
Payables under finance leases	298	210	508	402	222	624
Interest payable	9,341	-	9,341	3,592	-	3,592
Less- financial re-measurement	(2,549)	(5,260)	(7,809)	(2,548)	(5,889)	(8,437)
	67,161	**1,124,391**	**1,191,552**	**68,056**	**1,125,307**	**1,193,363**

The maturity schedule of these financial debts at 31 March 2021, excluding the related interest cost as a reduction in the amount of the debt *(and excluding the effects of novating the syndicated loan arranged subsequently on 5 May 2021)*, is as follows:

Thousands of Euros						
Maturities in the Twelve-Month Period Ended 31 March:						
2022	2023	2024	2025	2026	2027 and Subsequent Years	Total
69,710	185,207	232,693	408,572	17,378	285,801	**1,199,361**

Debentures and bonds-

Bond issue effected on 18 April 2018-

On 18 April 2018, the Parent completed the process of placing with qualified and institutional investors an issue of ordinary long-term bonds totalling 250 million euros. The key terms and conditions of this bond issue are:

- The amount of the issue was 250 million euros maturing in 8 years *(on 30 April 2026)*.
- The credit rating of the issuer and/or the issue was BB-/Ba3.
- The issue's ISIN code is XS1812087598 and the bonds are traded on the Luxembourg Euro MTF market.
- The bonds bear annual interest at 3.375% payable six-monthly.

At 31 March 2021 the bonds were trading at 97.508% *(97.212% at 31 December 2020)*.

Bond issue placed on 10 April 2017-

On 10 April 2017, the Parent completed the process of placing with qualified and institutional investors an issue of ordinary long-term bonds totalling 400 million euros. The key terms and conditions of this bond issue are:

- The amount of the issue was 400 million euros maturing in 7 years *(on 30 April 2024)*.
- The credit rating of the issuer and/or the issue was BB-/Ba3.
- The issue's ISIN code is XS1598243142 and the bonds are traded on the Luxembourg Euro MTF market.
- The bonds bear annual interest at 3.25% payable six-monthly.

At 31 March 2021 the bonds were trading at 99.378% *(99.110% at 31 December 2020)*.

The Group redeemed part of these bonds during the first half of 2019. Specifically, the Group redeemed early a nominal amount of 14,600 thousand euros, posting a gain on this transaction of 1,312 thousand euros. Consequently, at 31 March 2021 and 31 December 2020 the nominal amount of these unredeemed bonds is 385,400 thousand euros.

Other significant terms of the bond issues effected in 2017 and 2018-

- The bonds are jointly guaranteed by Grupo Antolin-Irausa, S.A.U. and certain subsidiaries of the Group, and, in addition, a lien on 100% of the shares of the Parent has been established (see Note 11).
- The issuer of the bonds may redeem all or part of the bonds at any date from 30 April 2020 *(for the 2017 issue)* and from 30 April 2021 *(for the 2018 issue)*. Prior to these dates, it may redeem all or part of the bonds subject to certain conditions. Also, all the bonds may be redeemed at any date if any changes to tax legislation are introduced whereby the issuers would be required to pay additional amounts for the bonds.
- With respect to these bond issues, an Intercreditor Agreement was signed governing the relationship between creditors *(bondholders and the financial institutions of the Senior Facilities Agreement)*, under which said creditors will have an equal share in any guarantee issued.
- Certain limits have been established with respect to the Group's capacity to perform specific operations *(the distribution of dividends, the signing or provision of additional debt guarantees, certain investments and acquisitions, mergers with other companies, the sale of assets or investments, etc.)*, subject to certain exceptions and conditions. The Directors of the Parent consider that the Group complies and will comply with these limits and commitments.

Syndicated loan *("Loan Facility")*, and a multi-currency Revolving Credit Facility

On 13 March 2014, the Parent signed a "Senior Facilities Agreement" with major Spanish and international financial institutions under which the Group obtained financing by means of a 200-million-euro syndicated loan *("Loan Facility")*, and a multi-currency Revolving Credit Facility with a 200-million-euro limit. Subsequently, in June 2015 a 200-million-euro extension to the syndicated loan *("Loan Facility")* was agreed, increasing the capital of said loan to 400 million euros, all of which was drawn by the Parent prior to 31 December 2015.

On 26 October 2016 the group signed a novation of the "Senior Facilities Agreement", amending the repayment schedule and extending the final maturity date of the contract to 2021 *(originally this was 2020)* and the interest rate was modified *(Euribor plus a market spread)* thereby reducing the Group's finance costs.

Also, on 27 April 2018, a change to the "Senior Facilities Agreement" *("Amendment and Restatement Agreement")* was signed, increasing the syndicated loan by 50 million euros, all of which was drawn by the Parent in 2018. The amount of the loan was 419,204 thousand euros and it was divided into three tranches. In this modification of the loan a new financial entity became a new lender (HSBC Bank plc), the final maturity of the contract was extended until 2023, and the repayment schedule was changed as was the interest rate, reducing the cost of this financing.

Lastly, on 3 June 2020 a new addendum to this finance agreement was formalised, enabling the Group to obtain additional funds of up to an aggregate sum of 200 million euros. A lock-out period is stipulated in the addendum *(until 30 June 2021)* during which the Group must retain a minimum level of liquidity at each month-end and cannot distribute dividends, although it is not required to fulfil certain financial ratios.

The outstanding principal on the syndicated loan at 31 March 2021 and 31 December 2020 was 377,284 thousand euros, and so at those dates the Group had not drawn any amount against the multi-currency Revolving Credit Facility. The outstanding principal on the syndicated loan at 31 March 2021 has the following repayment schedule:

Thousands of Euros			
Maturities in the Twelve-Month Period Ended 31 March:			
2022	2023	2024	Total
16,768	150,914	209,602	**377,284**

Subsequent to 31 March 2021, specifically on 5 May 2021, a new amendment to the financing agreement was formalised whereby a new repayment schedule of the syndicated loan was established and the final maturity was extended until 2026. The new maturity schedule is as follows:

Thousands of Euros					
Maturities in the Twelve-Month Period Ended 31 March:					
2022	2023	2024	2025	2026	Total
15,091	15,091	22,637	90,548	233,917	**377,284**

Notwithstanding the above schedule, the Group may, at any moment during the life of the loan, opt to repay all or part of the outstanding syndicated loan or multi-currency revolving credit facility, provided certain conditions are met. Furthermore, the following events will trigger full or partial early repayment of these loans:

- Subject to certain exceptions and amounts, the disposal of specific asset categories, the receipt of indemnities from insurance companies or the flotation of the Parent *(with no change of control of the Group)*.

- In the event of a change of control in the Group, any of the financial institutions may decide to leave the financing arrangements in place or may request early repayment of the proportional part of the loan corresponding to said institution.

Interest-

These loans bear annual interest benchmarked to the Euribor, plus a variable market spread of between 1.05% and 1.25%, to be reviewed annually on the basis of certain financial ratios. The novation signed on 5 May 2021 established that the spread could lie within 1.80% and 2.50%.

In the novation formalised on 5 May 2021, the multi-currency revolving credit facility was linked to the achievement of certain environmental, social and corporate governance-related performance indicators by the Group.

The Group must also pay a commission with respect to the undrawn amount of the multi-currency revolving credit facility.

Loan guarantees-

These loans are backed by an irrevocable and unconditional guarantee from a significant number of the companies forming Grupo Antolin, although the guarantees provided by some subsidiaries *(specifically certain Portuguese, Czech, Austrian and German companies)* are limited to amounts established by the applicable local legislation. In order to comply with the obligations related to these loans, the Group has given a commitment to each of the subsidiaries in which it holds at least 90% of the share capital, that it will become a guarantor if any of the following circumstances arises: its EBITDA for the year represents at least 2.5% of the Group's EBITDA and exceeds 5 million euros.

In addition, liens have been established on the share capital of the Parent (see Note 11).

Early repayment-

The Senior Facilities Agreement under which these loans were ceded includes clauses specifying that the following events will trigger their full early repayment:

- Failure to repay the principal or pay the interest on the loans as and when they fall due.

- Failure of the Group to meet the financial ratios set in the agreement under which these loans were ceded or to remedy said failure within 20 days of the issue of the “ratio compliance certificate” in which it is detailed. However, this scenario ceased to apply between 30 June 2020 and 30 June 2021, both inclusive.

- Failure to comply with other obligations established in the loan agreement *(false representations, failure to provide information, etc.)* without rectifying said failure within a determined period.

- Failure to pay other borrowings falling due, provided certain circumstances are met, or the insolvency of the Parent, a material subsidiary, or the shareholders.

- A change in the ownership of the shares of the Parent, or the cession of businesses, expropriation, lawsuits and legal claims, the seizure of or embargoes on assets, material changes and any other circumstances which have a material adverse effect on the Group. The loans will also be repayable if the Group's auditors issue a disclaimer of opinion, or an adverse or qualified opinion.

At 31 March 2021, the Parent's Directors considered that all the clauses and obligations set out in the agreement in respect of the loans and subsequent amendments thereto had been fulfilled and no event which could trigger full or partial early repayment had occurred. They also considered that all conditions will be met in the next 12 months.

Other obligations and commitments-

The Senior Facilities Agreement contains certain obligations and commitments limiting the Group's capacity to perform certain operations during the life of the loans, including the following:

- Limits on obtaining additional financing, the constitution of charges or guarantees against its assets, and the granting of guarantees or sureties to third parties.
- Limits on the sale, cession, transfer or disposal of its assets.
- Limits on the acquisition of companies or businesses.
- Limits on the distribution of dividends by the Parent (see Note 4).

Long-term loan granted by the European Investment Bank (EIB)-

On 12 June 2018 the Parent and the European Investment Bank, and other group companies as guarantors, signed a contract by which said entity granted the Group a long-term loan of 100,000 thousand euros, to finance a project called "Antolin Car Interiors RDI", implementing the Group's R&D and innovation strategy for the development of new solutions for vehicle interiors. The total planned investment in the project is 217,172 thousand euros and must be implemented by various group companies located in Spain, Germany and France between 2018 and 2020.

This loan accrues annual interest of 2.025% and is backed by a joint and several guarantee from various group companies, acting as guarantors.

The principal is to be repaid in 14 quarterly instalments of equal amounts, the first of which falls due on 30 November 2021 and the last on 31 May 2028. At 31 March 2021 the outstanding principal of this loan totalled 100,000 thousand euros. The repayment schedule is set out below:

Thousands of Euros						
Maturities in the Twelve-Month Period Ended 31 March:						
2022	2023	2024	2025	2026	2027 and Subsequent Years	Total
7,143	14,286	14,286	14,286	14,286	35,713	**100.000**

On 23 December 2020, the Group signed a new contract with the European Investment Bank (EIB), increasing the amount of finance granted for the "Antolin Car Interiors RDI" project by 40,000 thousand euros. At 31 March 2021, the Group had not drawn down this amount, which it can draw in two 20,000-thousand-euro tranches before 30 June 2022, provided certain conditions are met. This loan extension will be repaid in regular instalments, the schedule of which will be established as drawdowns are made. It will be repayable between a minimum of four years and a maximum of seven years, with a one-year grace period. The Group intends to start drawing down on this loan extension as from the third quarter of 2021, and will repay it within seven years, with a one-year grace period. Interest will accrue on the first tranche of this finance annually, and will be calculated when it is drawn down based on the reference rate established in the contract plus a spread of 1.80%.

A lock-up period *(until 30 June 2021, inclusive)* has also been included in this new contract during which the Group is not required to comply with certain financial ratios but must retain a certain minimum level of liquidity at the end of each month and may not distribute dividends.

The European Investment Bank (EIB) has signed the intercreditor agreement which governs relations between bondholders, financial creditors and the Group, having agreed to adopt the covenants and conditions for the distribution of dividends envisaged in the loan agreements for the "Antolin Car Interiors RDI" project, and the guarantees, causes of early repayment and other obligations and commitments to those established in the aforementioned intercreditor agreement. The causes of obligatory partial or total repayment of the loan include failure to make the envisaged investments or the reduction of the cost of the project to a certain amount.

In the light of this accession to the intercreditor agreement and the conditions established in the loan agreement, at 31 March 2021 the Parent's Directors considered that all the clauses and obligations set out in the loan agreements have been fulfilled and no event which could trigger full or partial early repayment has occurred. They also consider that all conditions will be met in the next 12 months.

Other loans-

Other loans granted to the Group at 31 March 2021 are as follows:

	Thousands of Euros						
	Maturities in the Twelve-Month Period Ended 31 March:						
Nature of Loan	2022	2023	2024	2025	2026	2027 and Subsequent Years	Total
Euro loans	26,902	19,961	8,756	8,836	3,040	75	**67,570**

A significant portion of these loans were formalised in 2020 within the framework of government plans to provide financial assistance during the Covid-19 pandemic, specifically:

- Several long-term loans were obtained from financial institutions by the Parent *(with an initial combined principal of 43,000 thousand euros)* and by the subsidiary, Keyland Sistemas de Gestión, S.L. *(with a principal of 750 thousand euros)* regulated through the 25 March 2020 Resolution of the Secretary of State of the Economy and Business Support and through the Spanish Official Credit Institute (ICO) Covid-19 guarantee facility. This facility is intended to ensure sufficient liquidity to protect jobs and alleviate the economic effects of Covid-19, pay salaries and invoices from suppliers and utilities providers, and cover any other working capital requirement. These loans are therefore secured by ICO guarantees and the Group may be required to repay them early if it does not use the funds for the intended purpose. Some of these finance agreements also include an early repayment clause if certain financial ratios, which are the same as those in the Senior Facilities Agreement, are not achieved.

- Several short-term loan agreements with a combined initial principal of 18,500 thousand euros were formalised in France, granted by a number of credit institutions to French industrial subsidiaries. These were obtained to cover the financial impacts of the Covid-19 pandemic under French law *(Amending Finance Act 2020-289 of 23 March 2020)*. Ninety percent of the principal and any interest of these loans is secured by the French state. The term of the loans may be extended up to five years, under market conditions.

- A long-term loan agreement for 1,500 thousand euros was formalised in Portugal within the framework of the Covid-19 Economic Support Facility *("Linha de Apoio à Economía Covid-19")*. It was granted by a financial institution to the subsidiary, Grupo Antolin-Lusitânia Componentes Automóvel Unipessoal, Lda. This loan will be repaid in 72 monthly instalments after a one-year grace period. Eighty percent of the principal of this loan is secured by the state corporation, NORGARANTE-Sociedade de Garantia Mútua, S.A.

The remaining loan, which was outstanding at 31 March 2021 and 31 December 2020 and totalled 3,820 thousand euros, was granted to the Parent in 2016 and is being repaid in increasing six-monthly instalments, the last payable on 28 May 2022.

These loans bear annual floating market interest, except for loans arranged in France that do not bear interest *(for a principal of 13,500 thousand euros)*, or bear a fixed annual interest rate of 0.5% *(for a principal of 5,000 thousand euros)*.

Other credit lines-

The following other credit lines had been granted to the Group at 31 March 2021:

Nature of Loan	Thousands of Euros		
	Limit	Balance Drawn	Balance Available
Euro credit lines (a)	18,054	-	18,054
Credit lines in foreign currencies	51,720	8,202	43,518
	69,774	**8,202**	**61,572**

(a) This amount includes a current account overdraft limit of 17,000 thousand euros granted to the Group as part of a framework agreement with a financial institution for the provision of banking services.

The Directors of the Parent foresee no difficulty renewing these credit lines when they expire.

Also, in March 2014 the Group contracted a multi-currency long-term Revolving Credit Facility with a 200-million-euro limit maturing at 30 June 2023, although in the novation signed on 5 May 2021, the maturity date was extended until 2026. At 31 March 2021, no amount had been drawn down against this facility. As a result, at 31 March 2021 the undrawn amount available to the Group from credit lines and overdraft facilities totalled 261,572 thousand euros. These credit lines and overdraft facilities accrue interest at variable market rates.

Factoring lines-

At 31 March 2021, Grupo Antolin had signed recourse and non-recourse factoring agreements with various financial entities for a total limit of 101,000 thousand euros. At that date outstanding receivables assigned without recourse to financial institutions amounted to 38,075 thousand euros *(31 December 2020: 48,311 thousand euros)*. As this involved transferring part of the risks and benefits of the assets and control thereof, the Group directly reduced its trade receivables by the amount of the receivables assigned to the financial institutions and did not, therefore, recognise any financial liability in this connection (see Note 3-j).

In relation with these factoring agreements, at 31 March 2021 Grupo Antolin had 1,056 thousand euros pending payment to financial institutions in respect of collections made by these in the final days of December 2020 regarding invoices ceded to these entities. This amount, which is included under liabilities in the accompanying condensed consolidated balance sheet at 31 March 2021 as payable to the corresponding entities, was paid in the first few days of the second quarter of 2021 *(31 December 2020: 6,984 thousand euros)*.

Payables under finance leases-

The lease payments outstanding at 31 March 2021, including the purchase options, fall due as follows (see Note 7):

Thousands of Euros						
Maturities in the Twelve-Month Period Ended 31 March:						
2022	2023	2024	2025	2026	2027	Total
298	47	49	50	52	12	**508**

This financing accrues interest at a variable market rate.

(15) OTHER FINANCIAL LIABILITIES

"Other financial liabilities" under current and non-current liabilities in the condensed consolidated balance sheet at 31 March 2021 and 31 December 2020 were as follows:

	Thousands of Euros					
	At 31/03/21			At 31/12/20		
	Current Liabilities	Non-Current Liabilities	Total	Current Liabilities	Non-Current Liabilities	Total
Liabilities associated with right-of-use assets	**61,441**	**230,162**	**291,603**	**59,419**	**233,875**	**293,294**
Other financial liabilities-						
Loans granted by Spanish public bodies	3,905	11,620	15,525	4,070	12,109	16,179
Other financial liabilities	362	9,097	9,459	376	8,979	9,355
Less- financial re-measurement	-	(549)	(549)	-	(572)	(572)
	4,267	**20,168**	**24,435**	**4,446**	**20,516**	**24,962**

Lease liabilities

The maturities estimated for lease liabilities at 31 March 2021 *(recognised on applying IFRS 16)* range over approximately 15 years, as shown in the estimated breakdown below (see Note 7):

Thousands of Euros						
Maturities in the Twelve-Month Period Ended 31 March:						
2022	2023	2024	2025	2026	2027 and Subsequent Years	Total
61,441	55,664	41,174	33,661	25,149	74,514	**291,603**

Loans received from public bodies by the Spanish consolidated companies-

Most of the balances under this heading at 31 March 2021 and 31 December 2020 corresponded to loans granted to the Group by certain public bodies to finance research and development projects and improve competitiveness. In 2009, 2010, 2011 and 2012, the Ministry for Industry, Tourism and Trade, through the Competitiveness Plan for the Automobile Industry, granted long-term interest-free loans to Grupo Antolin. In general, these loans must be repaid in regular instalments.

The nominal amount of these and other loans granted by Spanish public bodies outstanding at 31 March 2021 *(which are recorded at said date at their amortised cost)* will be repaid in accordance with the following estimated maturity schedule:

Thousands of Euros						
Maturities in the Twelve-Month Period Ended 31 March:						
2022	2023	2024	2025	2026	2027 and Subsequent Years	Total
3,905	3,399	2,679	2,723	1,113	1,706	**15,525**

(16) TAX MATTERS

Corporate income tax-

Grupo Antolin-Irausa, S.A.U. and all of its consolidated Spanish subsidiaries domiciled in Spanish "common territory" in which it has holdings of 75% or more file consolidated corporate income tax returns. The parent of the consolidated tax group under which these companies file has been Avot Inversiones, S.L., with no. 0470/15 *(until 31 December 2014 most of these companies belonged to the consolidated tax group no. 27/95 the parent of which was Grupo Antolin-Irausa, S.A.).*

The corporate income tax charge is calculated for each consolidated subsidiary based on accounting profit, determined in accordance with generally accepted accounting principles, which need not coincide with taxable income, this latter being the tax base.

To calculate the income tax accrued in the three-month period ended 31 March 2021, the effective tax rate that would be applicable to the total expected earnings for the annual period was used, so that the tax expense for the interim period will be the result of applying the estimated average annual effective tax rate to the profit before tax for the interim period. However, the tax effects arising from occasional events or singular transactions carried out in the period are fully taken into account therein. The effective tax rate for the first quarter of 2021 applicable to the earnings of continuing operations was estimated at 38.39% *(-6.11% in the first quarter of 2020 and in the full year of 2020).*

Corporate income tax expense-

The balances of the "Corporate income tax" in the accompanying condensed consolidated income statement for the three-month period ended 31 March 2021 and 2020 were calculated as follows:

	Thousands of Euros	
	Three-month Period Ended 31/03/21	Three-month Period Ended 31/03/20
Profit (Loss) from continuing operations, before tax	17,156	(9,765)
Estimated tax charge	38.39%	-6.11%
Expense recognised under "Corporate income tax"	**6,587**	**597**

The account payable resulting from the estimation of the calculation of corporate income tax for the three-month period ended 31 March 2021, net of withholdings and prepayments, is recognised under "Trade and other payables-Current tax liabilities" in the accompanying condensed consolidated balance sheet at that date.

Deferred tax assets and liabilities-

The changes, by item, in the three-month period ended 31 March 2021 under "Deferred tax assets" and "Deferred tax liabilities" in the condensed consolidated balance sheet is as follows:

	Thousands of Euros				
	Balances at 31/12/20	Increases	Decreases	Translation Differences and Other Items	Balances at 31/03/21
Deferred tax assets-					
Tax loss carryforwards and unused deductions and refunds	25,172	-	-	-	25,172
Elimination of internal gain / (loss) in the consolidation process on development expenses invoiced by G.A. Ingeniería, S.A.U.	5,791	-	-	-	5,791
Amortisation and depreciation not deductible in the period	557	-	-	-	557
Tax effect of applying IFRS 16	2,135	-	-	-	2,135
Timing differences as a result of certain provisions and expenses that are not deductible in the period	48,140	-	-	952	49,092
	81,795	**-**	**-**	**952**	**82,747**
Deferred tax liabilities-					
Revaluation of certain plots of land recognised under property, plant and equipment and investment property on first-time application of the "EU-IFRSs"	4,782	-	-	-	4,782
Recognition of assets at fair value *(customer relations)* in business combinations in 2015	1,088	-	(177)	-	911
Difference between book value and taxable value of assets and liabilities, accelerated depreciation and amortisation of property, plant and equipment and intangible assets and other items	39,890	-	-	2,350	42,240
	45,760	**-**	**(177)**	**2,350**	**47,933**

Tax loss carryforwards and unused tax credits and tax relief

Although at 31 March 2021 certain consolidated companies had significant tax loss carryforwards *(around 679 million euros in total)*, the condensed consolidated balance sheet at that date only includes a tax asset of 16,411 thousand euros relating to the tax effect of the tax loss carryforwards, the offsetting of which can be reasonably assured *(basically, corresponding to tax losses incurred in 2009, 2011 and 2012 by the Spanish consolidated tax group, and tax losses incurred by French, Chinese, Mexican and South African companies)*.

Tax losses generated in a given year can be carried forward for offset against the taxable income of the immediately following years, as established in the tax legislation of the countries in which the consolidated companies are located.

Also, at 31 March 2021, once the use made of the provision of the Corporate Income Tax for 2020 has been considered, certain foreign companies had unused tax credits amounting to 4,706 thousand euros, while the Spanish companies of the Group had unused tax credits amounting to 40,927 thousand euros. These tax credits corresponded to R&D activities from 2004 to 2019, inclusive, and can be applied for 18 years from the year in which they were generated.

"Deferred tax assets" in the accompanying condensed consolidated balance sheet at 31 March 2021 includes a tax asset totalling 5,957 thousand euros corresponding to tax credits not used at that date, generated by the companies in the Spanish consolidated tax group *(5,957 thousand euros at 31 December 2020)*, which are reasonably expected to be used in the future on the basis of recent estimates made by the Parent's Directors about the future earnings performance of the consolidated tax group, and to a tax asset totalling 2,804 thousand euros for the tax credits of certain French companies *(the same amount at 31 December 2020).*

Realisation of deferred tax assets-

The aforementioned deferred tax assets were recognised in the condensed consolidated balance sheet because the Parent's Directors considered that their recovery was reasonably assured on the basis of the recent estimates made regarding the expected future performance of the Company's taxable profit. In this regard, Grupo Antolin's current business plan for the coming years revised by the Parent's Board of Directors and recently prepared by the Group Management envisages pre-tax profits being earned.

Years open to tax inspection-

Under current legislation, tax settlements cannot be considered to be final until the tax returns filed have been inspected by the tax authorities or until the statute-of-limitations period has expired *(generally four or five years in the countries in which the Group's companies are located)*. In this regard, on 17 April 2019 the Spanish consolidated tax group to which the Parent and the majority of the Spanish consolidated subsidiaries belong filed supplementary corporate income tax returns for 2016 and 2017.

In Spain, at 31 December 2020, the Group had the transactions performed in 2021 open for review by the tax authorities, as well as the 2017 to 2020, inclusive, for all applicable taxes *(with the exception of certain transactions in 2017 that had already been subject to audit in 2020)* and, additionally, 2016 for Corporate Income Tax.

At 31 March 2021, various tax inspections were in progress at subsidiaries located in France, Germany, Slovakia and Mexico.

The Parent's Directors believe that the settlements of those taxes were properly executed and, therefore, even if differences were to arise in the interpretation of the regulations governing the tax treatment of its transactions, such liabilities as could arise as a result of inspections at certain subsidiaries in relation to the other years would not have a material effect on the condensed consolidated financial statements for the three-month period ended 31 March 2021.

(17) INCOME AND EXPENSES

Revenue-

The breakdown of the Group's revenue by geographical market for the three-month periods ended 31 March 2021 and 2020 is as follows:

	Thousands of Euros	
Business Unit	Three-month Period Ended 31/03/21	Three-month Period Ended 31/03/20
Doors and Hard Trim	418,699	440,761
Overheads & Soft Trim	396,156	410,361
Lighting	80,501	72,612
Cockpits & Consoles	179,705	128,399
Other	954	1,503
	1,076,015	**1,053,636**

	Thousands of Euros	
Geographical Market	Three-month Period Ended 31/03/21	Three-month Period Ended 31/03/20
USA	260,500	301,091
Germany	175,374	162,639
Mexico	83,537	109,566
United Kingdom	127,936	124,030
China	110,902	51,946
Spain	37,938	39,162
France	45,171	43,776
Czech Republic	47,680	40,953
Hungary	17,900	17,649
Slovakia	23,568	20,067
Brazil	10,407	14,496
Other countries	135,102	128,261
	1,076,015	**1,053,636**

The percentage breakdown of the Group's revenue by car manufacturer is as follows:

Car Manufacturer	Percentage	
	Three-month Period Ended 31/03/21	Three-month Period Ended 31/03/20
Ford Group	11	11
Volkswagen Group	22	19
Renault-Nissan Group	5	6
Chrysler-Fiat Group	9	12
P.S.A.-Citroën Group	5	4
Tata Group	11	9
Daimler Group	8	7
BMW Group	10	11
General Motors Group	6	9
Other manufacturers	13	12
	100	**100**

Other operating revenue-

The breakdown of the balances of this heading in the condensed consolidated income statement for the three-month periods ended 31 March 2021 and 2020 is as follows:

	Thousands of Euros	
	Three-month Period Ended 31/03/21	Three-month Period Ended 31/03/20
Income from sundry services	13,927	14,414
Grants related to income	490	488
Income from leases of investment property	133	257
Income from the assignment of industrial property	421	446
Other sundry income	9,752	5,005
	24,723	**20,610**

Supplies-

The breakdown of the balances of this heading in the condensed consolidated income statement for the three-month periods ended 31 March 2021 and 2020 is as follows:

	Thousands of Euros	
	Three-month Period Ended 31/03/21	Three-month Period Ended 31/03/20
Purchases of goods for resale and raw materials	673,378	639,499
Purchases of other supplies	6,928	7,603
Purchases of prototypes	1,594	1,528
Transportation of purchases	18,403	18,669
Work performed by other companies	3,608	5,225
Less- bulk discounts and returns	(339)	(1,047)
Cost of sales of tools	1,925	3,208
Change in inventories of goods for resale, raw materials and other supplies	(17,921)	(16,054)
	687,576	**658,631**

Staff costs-

The breakdown of the balances of this heading in the condensed consolidated income statement for the three-month periods ended 31 March 2021 and 2020 is as follows:

	Thousands of Euros	
	Three-month Period Ended 31/03/21	Three-month Period Ended 31/03/20
Salaries and wages	161,439	176,422
Termination benefits	566	1,552
Employer's social security contributions	42,459	44,746
Other employee benefits expenses	10,187	14,738
	214,651	**237,458**

Average number of employees-

The average number of employees at the Group in the three-month periods ended 31 March 2021 and 2020 is as follows:

	Average Number of Employees	
	Three-month Period Ended 31/03/21	Three-month Period Ended 31/03/20
Direct labour	13,985	15,237
Indirect labour	8,094	8,973
General employees	3,480	3,619
	25,559	**27,829**

Also, the average number of people employed by associates in the three-month period ended 31 March 2021 amounted to 825 employees *(746 employees in the three-month period ended 31 March 2020)*.

The average number of employees at the Group, by function, in the three-month period ended 31 March 2021 with a disability equal to or greater than 33% was 285 *(246 in the three-month period ended 31 March 2020),* as follows:

	Average Number of Employees	
	Three-month Period Ended 31/03/21	Three-month Period Ended 31/03/20
Direct labour	192	162
Indirect labour	63	51
General employees	30	33
	285	**246**

Functional analysis by gender-

The functional breakdown, by gender, of the Group's work force at 31 March 2021 and 31 December 2020 is as follows:

	Number of Employees					
	31/03/21			31/12/20		
	Male	Female	Total	Male	Female	Total
Direct labour	7,522	6,918	14,440	7,362	6,713	14,075
Indirect labour	6,355	1,780	8,135	6,186	1,627	7,813
General employees	2,097	1,245	3,342	2,522	1,338	3,860
	15,974	**9,943**	**25,917**	**16,070**	**9,678**	**25,748**

The number of employees of associates at 31 March 2021 was 857 *(606 men and 251 women)*, and at 31 December 2020 there were 980 employees *(715 men and 265 women)*.

At 31 March 2021 the Parent's Board of Directors comprised one private individual *(a man)*, and four members who are legal entities, represented by two men and two women. At 31 December 2020 the Parent's Board of Directors comprised one private individual *(a man)*, and four members who are legal entities, represented by one man and three women.

At 31 March 2021 the Group's Senior Management comprised thirteen individuals *(ten men and three women)*. At 31 December 2020 the Group's Senior Management comprised eleven individuals *(nine men and two women)*.

(18) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Balances and transactions with associates-

The detail of the Group's balances with associates and joint ventures at 31 March 2021 and 31 December 2020 are as follows:

	Thousands of Euros					
	31/03/21			31/12/20		
Company	Long-Term Loans (a)	Trade Receivables	Trade Payables to Suppliers	Long-Term Loans (a)	Trade Receivables	Trade Payables to Suppliers
Slovakian Door Company, s.r.o.	4,000	523	2	4,255	188	46
NHK Antolin (Thailand) Co., Ltd.	-	47	9	-	287	8
Krishna Grupo Antolin Private, Ltd.	-	2	22	-	239	16
Dongfeng Antolin (Wuhan) Automotive Trim, Co., Ltd.	-	870	-	-	1,195	-
Dongwon Technology Co., Ltd.	-	-	8	-	-	10
Walter Pack, S.L.	-	7	-	-	-	236
AED Innovation Group, S.L. and subsidiaries	-	-	-	-	-	1,273
	4,000	**1,449**	**41**	**4,255**	**1,909**	**1,589**

(a) The balances of these credits are recognised under "Investments in companies accounted for using the equity method" at 31 March 2021 and 31 December 2020 (see Note 1).

The detail of the transactions *(sales and services provided and purchases and services received)* performed by the Group with associates and joint ventures in the three-month periods ended 31 March 2021 and 2020, is as follows:

Company	Sales and Services Provided		Finance Income		Purchases and Services Received	
	Thousands of Euros					
	Three-month period ended 31/03/21	Three-month period ended 31/03/20	Three-month period ended 31/03/21	Three-month period ended 31/03/20	Three-month period ended 31/03/21	Three-month period ended 31/03/20
Slovakian Door Company, s.r.o.	788	617	25	25	-	102
NHK Antolin (Thailand) Co., Ltd.	186	218	-	-	25	2
Dongwon Technology Co., Ltd.	-	-	-	-	6	28
Krishna Grupo Antolin Private, Ltd.	196	93	-	-	4	-
Dongfeng Antolin (Wuhan) Automotive Trim, Co., Ltd.	-	70	-	-	-	-
Walter Pack, S.L.	6	-	-	-	-	-
AED Innovation Group, S.L. and subsidiaries	-	-	-	-	-	-
	1,176	**998**	**25**	**25**	**35**	**132**

As can be observed in the table above, no significant transactions were performed with associates and joint ventures in the three-month periods ended 31 March 2021 and 2020.

Balances and operations with shareholders and Directors of the Parent-

At 31 March 2021 and 31 December 2020, the Group held the following balances with Avot Inversiones, S.L.:

	Thousands of Euros	
	31/03/21	31/12/20
Other non-current financial assets:		
Cashpooling account (Note 8)	**587**	**453**
Current debts with group companies and associates:		
Debt from the consolidated tax group (Note 16)	**(880)**	**(880)**

At 31 March 2021 and 31 December 2020, the Group had no balances with other shareholders and/or Directors of the Parent.

Also, the Group's transactions with shareholders and Directors of the Parent in the three-month periods ended 31 March 2021 and 2020 are as follows:

Shareholders and/or Directors and Type of Transaction	Thousands of Euros	
	Three-month Period Ended 31/03/21	Three-month Period Ended 31/03/20
Finance Income-		
Avot Inversiones, S.L. *(indirect shareholder)*	**4**	**4**
Directors' remuneration and wages	**1,152**	**1,275**

Balances and transactions with related parties-

In the three-month periods ended 31 March 2021 and 2020, the Group made purchases from Compras y Logística Burgalesa, S.L.U. (CYLBUR), a company related to Avot Inversiones, S.L.' shareholders, and from some Parent Directors' (see Note 3), for total amounts of 912 thousand euros and 1,242 thousand euros, respectively. These transactions were carried out in the normal course of business and under market conditions. As a consequence of these transactions, at 31 March 2021 and 31 December 2020 the Group had payables to this related company totalling approximately 790 and 829 thousand euros, respectively.

Also, in the three-month period ended 31 March 2021 purchases were made and services received from other companies related to Avot Inversiones, S.L.' shareholders totalling 140 thousand euros *(three-month period ended 31 March 2020: 39 thousand euros).* During the aforementioned period no sales were made nor services provided to other related companies. As a result of the transactions carried out with these related companies, at 31 March 2021 the Group has accounts payable to said companies amounting to 36 thousand euros *(628 thousand euros at 31 December 2020).*

Lastly, other transactions with parties and persons indirectly related to the Directors were effected in the ordinary course of the Group's business. These were not however material and are not relevant for the purposes of presenting fairly the Group's consolidated equity, consolidated financial position and consolidated results.

(19) INFORMATION ON THE DIRECTORS OF THE PARENT AND SENIOR MANAGEMENT OF THE GROUP

Parent Directors' remuneration and other benefits-

The members of the Board of Directors of the Parent accrued 762 thousand euros in remuneration for their duties as Directors of the Parent in the three-month period ended 31 March 2021 *(same amount in the three-month period ended 31 March 2020).* Also, certain members of the Parent's Board of Directors are also employees thereof and, as such, in the three-month period ended 31 March 2021 earned wages and salaries and other benefits totalling 390 thousand euros *(513 thousand euros in the three-month period ended 31 March 2020).*

Also, in the three-month periods ended 31 March 2021 and 31 March 2020, the Parent's Directors did not bill any amounts for services.

The sum of these amounts represents the total remuneration earned by the Parent's Directors in the three-month period ended 31 March 2021 in all connections.

The Group does not have any pension or life insurance commitments to any of the Parent's Directors, although it has arranged D&O insurance for the Directors of the Parent, the premiums for which are scantly material amounts *(40 thousand euros per annum).*

At 31 March 2021 and 31 December 2020, the Parent had not granted any loans or advances to any of its Directors. Moreover, at these dates the Parent had not provided any guarantees in their favour.

At 31 March 2021 and 31 December 2020, no contract between the Group and the sole shareholder of the Parent or persons acting on its behalf were concluded, modified or terminated early, corresponding to operations outside the ordinary business of the Group or which were not carried out under normal market conditions. In the three-month period ended 31 March 2021 and in 2020, no contracts of this nature were entered into by the Group and the Parent's Directors.

Remuneration and other benefits paid to senior management of the Group-

The remuneration accruing to the Group's senior managers *(members of the Management Committee who are not Directors of the Parent)* in the three-month period ended 31 March 2021 totalled 1,056 thousand euros *(1,538 thousand euros in the three-month period ended 31 March 2020).*

The Group has not entered into any pension commitments, nor has it granted any advances, loans or guarantees to any member of the Group's senior management. However, it has approved a "Multi-year remuneration plan" for the Group's senior managers for three-year periods *(the latter corresponding to the period 2019-2021).* The plan is subject to certain targets being met, with the remuneration to be paid in the first few months of the year following the end of each three-year period. The Group had no provision set aside in relation to this plan at 31

March 2021 and 31 December 2020 because the established conditions were not being fulfilled and it was estimated that at those dates, no liability had been accrued and it was unlikely this multi-year remuneration would be paid.

(20) DISCONTINUED OPERATIONS

In the first quarters of 2021 and 2020 no line of business or business segment of the Group was discontinued and there were no discontinued operations.

(21) OTHER INFORMATION

Other current liabilities-

The balances recorded under this balance sheet heading at 31 March 2021 and 31 December 2020 correspond mainly to remuneration payable to staff, to accruals recorded to match revenues to expenses and to record operations on an accruals basis.

Guarantees given to third parties and other contingent liabilities-

At 31 March 2021, various financial institutions had also provided guarantees to public bodies on the Group's behalf to guarantee compliance with the general and particular terms of certain asset- and income-related grants awarded to the Group, and the repayment of a number of loans granted by public bodies to fund research and development projects.

The contract for the sale of the "Seats and Metal" business unit in April 2017 established various guarantees provided by the Group in the event that losses or liabilities come to light arising from events prior to the date of transfer that were not envisaged in the financial statements of the companies sold at said date.

The Parent's Directors consider that any liabilities which might arise from the guarantees provided and for which provision was not made at 31 March 2021 would not be material.

(22) EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company in Spain (see Note 2-a). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

GRUPO ANTOLIN-IRAUSA, S.A.U.
AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

Business performance-

The first quarter of 2021 was characterised by a firm reactivation of economic activity worldwide, as well as an improvement in forecasts, as a result of the advance in vaccination against Covid-19 and the monetary stimulus programmes planned in Europe and the US.

The automotive sector was significantly affected by the improved performance of the economic and financial context, production volumes increasing by 12.2% compared to the first quarter of 2020. Thus, the number of vehicles manufactured in the first quarter of 2021 rose to 20 million units compared to the 17.8 million units manufactured in the first quarter of 2020.

In Western Europe, the estimated drop in production is 1.5%, primarily because of the decreases in the UK *(-11%)*, and Germany *(-12.8%)*.

Production in Eastern Europe slumped by 4% due to the poor performance of countries such as the Czech Republic, Poland and Romania.

The NAFTA area posted a reduction in its production volumes of close to 8%. Of particular significance in this connection being Mexico, with a decrease in its volumes of 17.6% and the US with a decrease of 3.6%.

As regards the Asia Pacific area, the notable increase in vehicle production levels in China, which translated into 2.4 million additional units compared to 2020, and which represented an increase of more than 75%, justify the growth in that territory. In the Indian market, the increases in production volumes reached 26% compared with 2020.

The Mercosur region also fared well *(+2%)*, as a result of the sound performance of Argentina *(+13.7%)* and, to a lesser extent, of Brazil *(+2%)*.

Against this backdrop, the performance of Grupo Antolin's revenue reflected an increase of 2.1%, which on a like-for-like basis would be 6.6%, if the negative impact of the exchange rate is excluded, which represented 47 million euros.

The negative exchange rate effect was caused by the depreciation of the Mexican peso, the US dollar and the Brazilian real against the euro.

Also, of total revenue 2.5 million euros correspond to the sale of tools.

The performance by business unit was as follows: Doors & Hard Trim *(-5% or -22 million euros)*, Lighting *(+10.9% or +7.9 million euros)*, Cockpits & Consoles *(+39.9% or +51 million euros)* and Overheads & Soft Trim *(-3.5% or -14 million euros)*.

The increase in revenue by territory, has its origin in the significant increase therein in Asia Pacific *(+78.8% or +57 million euros)* and, to a lesser extent, in Europe *(+5.9% or +32 million euros)* and Africa *(+30.6% or +4.4 million euros)*. Also, decreases were recognised in the NAFTA area *(-16.5% or -68 million euros)* and Mercosur *(-20.7% or -3.3 million euros)*.

The significant increases registered in the Asia Pacific have affected all business units with a presence in China and are explained by the lesser impact of the pandemic during this first quarter of 2021.

The percentage of our revenue in China in relation to total first- quarter sales is 10.3% compared to 4.9% in 2020, which represents an increase of 113.5%.

The improvement in Europe is founded, fundamentally, on the good performance of our production plants in the Czech Republic and Romania.

The decrease in revenue in the NAFTA area is explained mainly by the reduction in sales experienced in Mexico and the US as a consequence of the effects of the pandemic *(especially in Mexico)*, as well as by the reduction in volumes in mass production projects.

The most significant increases in revenue by customer were posted at the VW Group. the Tata Group, Daimler and Chinese customers such as Geely.

Our internationalisation and diversification strategy are reflected in two key indicators. Some 91% of the Group's average workforce were employed outside Spain in 2021, while consolidated sales excluding Spain accounted for slightly more than 96.5% of the total.

In terms of earnings, the Group has achieved EBITDA and EBIT margins of around 9% and 2.6%, respectively – higher than the 7.3% and 0.2% achieved in 2020.

In 2021 EBITDA as a percentage of sales at 7.9% also outperformed the 2019 figure despite sales being 15% lower in 2021.

Key events over the three-month period ended 31 March 2021 included:

- In March 2021 Grupo Antolin incorporated a joint venture with NAEN Auto Technology which specialises in the electronics of keyless vehicle entry and ignition systems. With a 51% equity stake, this has enabled Grupo Antolin to strengthen its in-car electronics capabilities.

Research and development-

The Group's innovation drive aims to find creative solutions to the major trends redefining the concept of mobility every day. As part of its “Smart Integrator” strategy, Grupo Antolin provides smart in-car solutions.

Grupo Antolin prioritises programmes that aim to technically enrich its products by developing solutions to embed functionalities and design processes to be more efficient and competitive.

Investment in cutting-edge technology has enabled us to incorporate the most advanced support for design work and ensure the analysis and validation of our products and processes.

Grupo Antolin's Innovation Plan envisages the following strategic lines, fields in which the Group has vast experience, and which are proving to be very important for car manufacturers:

- MATERIALS and PROCESSES *(focused on weight reduction to minimise CO_2 emissions)*,
- INDUSTRIAL FLEXIBILITY *(innovative processes to produce different functions)*, and

- INTELLIGENT INTERIORS *(supporting our customers' brand strategies is crucial to the end user's experience and perceived quality according to personalisation).*

We continue to see industrial design and innovation as a distinguishing feature that customers appreciate in the advanced stages of projects.

Our aim is to launch more integrated products that incorporate more technology and electronics, offering more functionalities and new lighting solutions. This is what we have called our "Smart Integrator" strategy, which must be our priority moving forward.

To accelerate the "Smart Integrator" strategy, we have to enhance our electronics capabilities. In 2020 Grupo Antolin launched an Electronics Business Unit to support the other business units in the development of products incorporating more electronic components.

Innovation is present throughout Grupo Antolin and therefore R&D and innovation activities are performed at all the Group's centres and involve not only its technical departments but also a large team of external partners.

Grupo Antolin has launched an open initiative called "ANTOLIN i.JUMP" to work with engineers, physicists and other STEM experts, and with start-ups, SMEs, technology centres and universities to accelerate R&D and innovation.

Grupo Antolin's goal is to create an open ecosystem for exchanging knowledge and ideas to develop new innovative solutions and novel models of collaboration to meet the challenges faced by the industry. The Company has launched a programme of collaborative challenges with "ennomotive", an open innovation platform that is leading the way in tackling technological challenges. The platform already has over 15,000 engineers worldwide

ANTOLIN i.JUMP is included in the innovation strategy and forms part of the Group's talent attraction policy. The Group needs to have the highest qualified staff to lead the way in the industry's current digital transformation.

Environmental and human resources issues-

One of Grupo Antolin's goals is to demonstrate its environmental commitment by dedicating time, effort and resources to waste management, consumption, energy efficiency and management and social awareness.

Our focus is based on reducing the environmental impact of our business activity.

In environmental and human resources matters we would draw attention to the following measures taken by Grupo Antolin in 2021:

- In the first quarter of 2021, Grupo Antolin continued to increase its commitment to the environment through its policies for "Environmental Management" and "Design for the Environment". This commitment has resulted in technological solutions which favour sustainability, prioritising innovative approaches that reduce weight, facilitate recycling and make use of natural materials, features widely demanded by the market.

- A key milestone in 2020 was the creation of the Sustainability Division, encompassing the functions of Corporate Social Responsibility and the Environment area. The main aim is to strengthen Grupo Antolin's commitment to developing a sustainable business model. Grupo Antolin sees sustainability as a cornerstone of the Group's strategy, which makes it more competitive and brings value to the business.

- In order to reduce CO_2 emissions and minimise the use of energy from fossil fuels, we are developing numerous products based on two environmental concepts: Light & Green. We are committed to the environment, working with makers on projects to reduce CO_2 emissions and develop technologically sustainable products.

  As proof of our commitment, Grupo Antolin adopts and applies the main conventions and guidelines established in the UN's Global Compact (principles 7, 8 and 9) and in the Carbon Disclosure Project (CDP Water Disclosure Project).

  Although we are not directly responsible for vehicle emissions, we can help to reduce the environmental impact of these through the optimisation of energy in our chain, and the efficient management of natural resources and of the materials we use.

- In 2021 Grupo Antolin maintained and strengthened the commitment it made in 2003 to the United Nations Global Compact and its principles of good governance based on respect for human rights, protecting the environment and ensuring decent working conditions.

Furthermore, in 2020 and the first quarter of 2021, internally, Grupo Antolin has continued to reinforce the prevention and contingency plan comprising a raft of obligatory measures and best practices to protect the health and safety of our workers and their families while ensuring business continuity in the event of a new wave of the pandemic.

Main risks deriving from activities-

The main risks which could affect the future development of our business and the corresponding measures put in place by the Group to offset them, are as follows:

- Derivatives are used to eliminate or reduce exposure to interest rate fluctuations in certain financial operations, given the impact an increase in interest rates could have on the Group's earnings. However, at 31 March 2021 no instruments of this kind had been contracted.

- The risk deriving from a possible increase in the prices of raw materials, including the purchase of components used in the production processes, is mitigated by the fact that Grupo Antolin deals with its main suppliers under long-term agreements which help keep prices stable. Also, Grupo Antolin negotiates with its customers to pass on increases in the prices of certain raw materials.

- The terms of agreements with customers have resulted in lower prices, which could reduce the Group's margins. The Group develops improvement programmes and tools to offset such impacts with higher productivity. Grupo Antolin also negotiates with its suppliers to help it absorb these price reductions.

- The extensive international expansion of the Group and its ever-growing volume of business outside the eurozone expose it to exchange rate risks in currencies such as the Pound sterling, the US dollar, the Mexican peso or the Chinese yuan, which could have an impact on its results. To reduce its exposure to this risk, the Grupo uses a variety of mechanisms, such as using local suppliers and negotiating with customers and suppliers to hedge against major movements in currencies.

Outlook for the Group-

The latest forecasts from leading economic organisations around the world are that global GDP will grow by over 5% in 2021, with China and the US at the forefront of this growth.

The most recent global production forecasts for the automotive sector point to growth of over 15% in 2021 compared to 2020, with 86.5 million vehicles being produced compared to 75 million units in the previous year. This new forecast is slightly down on the previous one by a few tenths as a consequence of the impact arising from the lack of microchips in the first half of the year. However, the mass vaccination programmes and the progressive elimination of mobility restrictions that are currently being implemented will lead to an acceleration in production that will make it possible in the second half of the year to recover the units that failed to be manufactured as a result of the lack of microchips.

In any event, the likelihood that vehicle production and sales will rise in 2021 continues to be high and, logically, the strong and robust trend seen during the last four-month period of 2020 and the first quarter of 2021 will continue.

Also, Grupo Antolin's comfortable liquidity position thanks to the lines of credit and revolving credit facility with an undrawn balance of almost 261 million euros, and its significantly diversified business model from a geographical, customer and product perspective put us on a sound footing to calmly and confidently confront any contingency that could arise.

Our latest earnings forecasts for 2021 are that revenue could increase by over 10% as a result of the reactivation of the economy in Europe and the NAFTA region, and the sound performance of the Chinese market. We expect the EBITDA margin to outpace the figures for 2020 and 2019, which could stand within a range of between 8.5% and 9%. This growth in margins would be fruit of the improvement initiatives, optimisation programmes and fixed and variable cost reduction drive executed as part of the efficiency, digitalisation and standardisation programme implemented in 2019 and 2020.

Subsequently, in the short and medium term the Group is confident that it will boost its profit margins.

Through the efficiency programme implemented in 2019 and 2020, Grupo Antolin has achieved its goal of being a stronger, more efficient, more competitive and more agile company capable of rising to the challenges faced by the automotive sector and enhance customer service.

Non-organic growth and the forging of alliances with technology partners remain a key part of the Grupo Antolin's strategic approach and we will continue to explore the market for opportunities that will complement our current business units, helping to add value to our product portfolio and make it more attractive.

In response to new challenges in the automobile sector, Grupo Antolin continues to work on new market trends related to driverless cars, new sources of energy, transport systems and connectivity.

To lead the industry revolution and anticipate customers' needs, last year Grupo Antolin strengthened its Innovation department with the new Electronics and Integrated Products department. The aim is to improve capacities in electronics and commit to the integrated development of new solutions.

To meet these new challenges and maintain our position as market leaders, Grupo Antolin is supported by a highly experienced and effective team of human resources whose abilities, initiative and talent are recognised by the sector.

Grupo Antolin continues to launch numerous initiatives in respect of Sustainability, as part of our firm commitment to the environment and the society in which we live.

The Group continues to implement new measures to improve and streamline spending and ensure investments are more efficient in order to maintain margins at levels that continue to enhance shareholder value.

Events after the reporting period-

On 5 May 2021, Grupo Antolin completed the process to refinance the current syndicated loan, which extended the maturity schedule to 2026 with the aim of endowing the Group's financial structure with increased flexibility.

The Group is also currently involved in a process to issue long-term bonds on the capital markets, for an estimated amount of 390 million euros. The main objective of attracting this financing is to redeem the bonds issued in 2017 that mature in 2024. The Parent's Directors envisage completing this in the first half of 2021.

Additionally:

- In April 2021 an agreement was reached for the sale of a building located in Almussafes (Valencia). On this transaction, which is expected to be executed in a public deed on 15 June 2021, the Group will obtain a gain of approximately 4.3 million euros.

- In April 2021 the Group decided to relocate the mass production projects that had been undertaken at the plant in Regenstauf (Germany) owned by the subsidiary Antolin Süddeutschland, GmbH. This process is currently in its early stages. Once the relocation of this activity is complete, the Regenstauf plant will be shut down and an Employee Benefit Plan will be implemented in relation to the termination of the employment contracts of substantially all the workforce. The cost of the termination benefits to be paid to the employees of this plant is estimated at between approximately 10 and 12 million euros.

No other significant events occurred subsequent to the first quarterly close of 2021.

Shares in the Parent-

The group companies held no shares in the Parent at 31 March 2021, and no transactions were performed with such shares in the three-month period ended on that date.

SIGNATURES OF THE DIRECTORS

The Directors of Grupo Antolin-Irausa, S.A.U. hereby sign these Condensed Consolidated Financial Statements and the Consolidated Directors' Report for the three-month period ended 31 March 2021, which precede this page, signed, in acceptance, by all the Directors.

In Burgos, on 19 May 2021

Ernesto Antolín Arribas
(for and on behalf of CANEA, S.L.)

María Helena Antolín Raybaud
(for and on behalf of INJAT, S.L.)

Miguel Ángel Vicente García
(for and on behalf of AMPABER, S.L.U.)

Emma Antolín Granet
(for and on behalf of Agrícola Cinegética San Quirce, S.L.U.)

Jesús Pascual Santos

Pablo Ruiz Ferreiro
(Non-director Secretary)

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