

CONSOLIDATED FINANCIAL STATEMENTS
AUDIT REPORT ISSUED BY AN INDEPENDENT
AUDITOR CORRESPONDING TO

TEKNIA MANUFACTURING GROUP, S.L. SOCIEDAD
UNIPERSONAL AND
ITS SUBSIDIARY COMPANIES AT

31 DECEMBER 2021

CONSOLIDATED FINANCIAL STATEMENTS AUDIT REPORT ISSUED BY AN INDEPENDENT AUDITOR

To the Sole Shareholder of TEK Nia MANUFACTURING GROUP, S.L. SOCIEDAD UNIPERSONAL AND ITS SUBSIDIARY COMPANIES DEPENDIENTES:

Opinion

We have audited the consolidated financial statements of TEK Nia MANUFACTURING GROUP, S.L. Sociedad Unipersonal (the Controlling Company) and its SUBSIDIARY COMPANIES (the Group), consisting of the balance sheet as of 31 December 2021, the income statement, the statement of changes in equity, the statement of cash flows and the report, all of them in their consolidated form, for the year ended on such date.

In our opinion, the consolidated financial statements attached show, in all material matters, a true and faithful image of the Group's equity and financial situation on 31 December 2021, as well as of its profit and cash flow, all of them in their consolidated form, for the year ended on such date, in accordance with the financial information framework applicable (identified in Note 2.1 in the consolidated report) and, in particular, with the accounting principles and criteria therein.

Basis of the qualified opinion

We have carried out our audit in accordance with the regulatory standards applicable to financial statements audits in force in Spain. Our responsibilities according to said rules are described below in the section entitled *Auditor's responsibility for the audit of the consolidated financial statements*.

We are independent of the Group, pursuant to ethical requirements including those of independence, which are applicable to our auditing of consolidated financial statements in Spain and the requirements of the regulatory provisions applicable to the auditing of accounts. We have therefore not provided any services apart from auditing the accounts. No circumstances or situations have arisen that, according to the terms of said regulatory provisions, have affected the necessary independence leading it to be compromised.

We consider that the audit evidence we have obtained provides a sufficient and appropriate basis for our opinion.

Key points of the audit

The key points of the audit are those relating to the risks of material misstatement that, in our professional judgement, were of most significance in our audit of the financial statements for the current year. These risks have been treated within the scope of our audit of the consolidated financial statements as a whole, and in the making of our opinion regarding thereof. We do not have a separate opinion regarding these risks.

Recoverability of deferred tax assets.

The Group has deferred tax assets on 31 December 2021 amounting to 10,899 thousand euros. The recovery of these assets is subject to certain group companies obtaining positive tax bases in the future that are sufficient to offset this amount. The estimate of positive tax bases is based on those companies' business plans. Therefore, they are subject to the opinion and significant estimates of the Directors. Given the above, we have considered this chapter as a relevant aspect to be reported in our report.

To approach this relevant aspect of the audit, we have analysed the projections, based on the Group's Strategic Plan approved by the Controlling company's directors, of the future profit of the companies that contribute the most significant amounts of these assets. We have discussed with the Group's financial management the analysis done on the possibility of recovering them,

The most significant information regarding these assets is stated in notes 3.7 and 14 in the consolidated financial statement report.

Goodwill

According to note 4 in the consolidated financial statements report, the Group has recognised goodwill in the amount of 7,631 thousand euros at 31 December 2021, related to certain subsidiary companies. The impairment of these assets is subject to the fair value thereof not being higher than its carrying amount. The fair value is calculated based on future cash flows of the group companies that contribute this goodwill. The estimate of these cash flows is based on the business plans of these companies. Therefore, it is subject to the significant opinions and estimates of the Directors. Given the above, we have considered this chapter as a relevant aspect to be reported in our report.

To approach this relevant aspect of the audit, we have analysed the valuation process the Controlling company uses, with regards to these companies contributing goodwill, to understand the criteria used by the controlling company and its adequacy to the current rules. Moreover, for the companies that generate these cash flows, we have discussed with the group's financial management the significant assumptions on which they base their estimates, to verify their reasonability, and whether amortisation criteria for these assets are consistent with the previous year.

Additionally, we have assessed if the information disclosed in notes 3.15 and 4 in the consolidated financial statements report with regards to this matter adjusts to the requirements of the financial regulatory framework applicable to the group.

Other information: Consolidated management report

The information exclusively comprises the consolidated management report for 2021, whose preparation falls under the responsibility of the Controlling Company's directors and is not an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. In accordance with the regulatory standards applicable to accounts auditing, our responsibility with regards to the consolidated management report consists of:

- a) Only checking that the consolidated statement of non-financial information has been presented in the form provided in the applicable regulations and, if otherwise, report thereon.
- b) Assessing and reporting the consistency of the consolidated management report with the consolidated financial statements, from the knowledge on the Group acquired during the auditing of said financial statements based on the knowledge acquired during the audit of said financial statements, as well as assessing and reporting that the content and presentation of the management comply with the applicable regulations. If, based on the work carried out, we concluded there are material errors, we are obliged to report it.

Based on the work carried out, in accordance with the paragraph a) above, the information on the management report has been provided following the format provided in the applicable regulations and that the rest of the information in the consolidated management report matches the information in the consolidated financial statements for the year 2021 and its content and reporting comply with the applicable regulations.

Responsibility of the Controlling company's directors in relation to the consolidated financial statements

The Controlling company's Directors are responsible for preparing the accompanying consolidated financial statements so that they present a true and fair view of the equity, financial position and results of the Group in accordance with the financial information regulatory framework and applicable to the Group in Spain, and for the internal control they deem appropriate to enable the preparation of the consolidated financial statements free of any material errors, due to fraud or mistake.

In the preparation of the consolidated financial statements, the Controlling Company's Directors are responsible for assessing the Controlling Company's ability to continue as an operating company, disclosing, if applicable, the matters related to the Company's performance and using the on-going principle, unless the Directors have the intention of winding up the Group or ceasing its operations, or if there is no other realistic alternative.

Responsibilities of the auditor in relation to the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance that the consolidated financial statements taken as a whole do not contain material misstatements due to fraud or error and to issue an audit report containing our opinion.

Reasonable assurance means a high level of assurance, which does not however guarantee that an audit performed in accordance with auditing standards in force in Spain will always detect every material misstatement. Misstatements may derive from fraud or from error and are considered material if, taken individually or together, they can reasonably be expected to be capable of influencing such economic decisions as users of the consolidated financial statements may take on the basis of those statements.

As part of an audit in accordance with the regulations governing the auditing of accounts in Spain, we apply our professional judgement and maintain an attitude of professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement in the consolidated financial statements due to fraud or error, we design and apply audit procedures to address these risks and we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since fraud may involve collusion, falsification, deliberate omission, intentionally erroneous statements or evasion of internal control.
- We obtain knowledge of internal controls that is relevant for the audit in order to design audit procedures that are appropriate in view of the circumstances, and not with a view to issuing an opinion on the effectiveness of the Group's internal controls.
- We assess whether the accounting policies applied are appropriate, as well as the reasonableness of the accounting estimations and the corresponding information disclosed by the directors of the Controlling company.
- We conclude whether the directors have correctly applied the on-going concern principles and based on the evidence provided throughout the audit, we determine if there is material certainty related to facts or conditions that may raise significant doubts on the Company's performance to continue as an on-going concern. If we conclude that there is material uncertainty, we are required to draw attention in our audit report to the information disclosed in the consolidated financial statements or, if such disclosures are inadequate, to express a qualified opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease being an on-going concern.

- We assess the overall presentation, the structure and the content of the consolidated financial statements, including the information disclosed and whether the consolidated financial statements represent the underlying transactions and events in a manner that offers a true picture.
- We obtain enough and adequate evidence regarding the financial information of entities or business activities within the Group to express an opinion regarding the consolidated financial statements. We are responsible for the management, supervision, and processing of the Group's audit. We are solely responsible for our audit opinion.

We notify the Controlling company's Directors in relation to, among other things, the scope and timing of the planned audit and the significant findings of the audit, as well as any significant deficiencies in the internal controls that we identify in the course of the audit.

Among the significant risks that have been communicated to the Controlling company's Directors, we determine those which have been of greatest importance for the audit of the consolidated financial statements for the current period and that are, as a result, the risks considered most significant.

We describe these risks in our audit report unless legal or regulatory provisions prohibit the matter being publicly disclosed.

MOORE AMS AUDITORES, S.L.

Signed: María Carmen Iñarra Muñoz

ROAC No: 19998

Partner

In Bilbao, 3 May 2022

**TEKNIA MANUFACTURING GROUP, S.L.,
(Sole shareholder Company) and Subsidiary Companies**

**Consolidated Yearly Financial Statements
pertaining to the financial year that ended on the
31 December 2021**

TEKNIA MANUFACTURING GROUP, S.L., A SOLE PROPRIETORSHIP COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET FOR THE FINANCIAL YEAR THAT ENDED ON 31 December 2021

ASSETS	REPORT NOTES	Thousands of Euros	
		2021	2020
A) NON-CURRENT ASSETS		112.543	110.442
I. Intangible fixed assets			
1. Consolidation goodwill	4	7.631	9.360
2. Other intangible fixed assets	8	1.781	2.092
		9.412	11.452
II. Tangible fixed assets			
1. Property and structures	9	22.645	19.293
2. Technical installations, and other tangible fixed assets	9	65.376	63.626
3. In-progress fixed assets and advanced payments	9	2.805	2.950
		90.826	85.869
III. Real estate investments		281	283
IV. Long-term investments on group and associated companies			
3. Other financial assets	10.1 and 11.1.1	340	334
		340	334
V. Long-term financial investments	11.1.1	785	712
VI. Deferred tax assets	14.3	10.899	11.792
B) CURRENT ASSETS		130.157	151.276
II. Stock	12	59.517	52.450
III. Trade and other accounts receivables			
1. Customer receivables for sales and services	11.1.1	44.168	49.896
3. Current tax assets	14.1 and 14.6	1.030	1.296
4. Other receivables	11.1.1 and 14.1	5.631	5.249
		50.829	56.441
V. Short-term financial investments	11.1.1	35	23
VI. Short-term accruals		1.101	892
VII. Cash and other cash equivalents		18.675	41.470
TOTAL ASSETS (A + B)		242.700	261.718

Elorrio, 30 March 2022

TEKNIA MANUFACTURING GROUP, S.L., A SOLE PROPRIETORSHIP COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET FOR THE FINANCIAL YEAR THAT ENDED ON 31 December 2021

NET WORTH AND LIABILITIES	REPORT NOTES	Thousands of Euros	
		2021	2020
A) NET WORTH		79.856	71.720
A-1) Stockholder equity			
I. Capital	13.1	20.000	20.000
III. Reserves	13.2	59.103	61.192
VI. Profits/losses of the financial year attributed to the Controlling Company		10.712	1.911
		89.815	83.103
A-2) Adjustments due to changes in value			
II. Consolidated company conversion differences	13.3	(10.168)	(11.697)
		(10.168)	(11.697)
A-3) Subsidiaries, donations and legacies received			
I. In consolidated companies	15	209	314
		209	314
B) NON-CURRENT LIABILITIES		56.618	57.509
I. Long-term provisions	16	2.623	1.626
II. Long-term debts			
2. Bank loans	11.1.2	46.019	46.375
3. Creditors by financial lease	10.2 and 11.1.2	924	1.650
4. Other financial liabilities	11.1.2	3.763	3.823
		50.706	51.848
IV. Deferred tax liabilities	14.3	3.289	4.035
C) CURRENT LIABILITIES		106.226	132.489
II. Short-term provisions	16	1.028	775
III. Short-term debts			
1. Bonds and other negotiable securities	11.1.2	-	20.497
2. Bank loans	11.1.2	21.437	11.549
3. Creditors by financial lease	10.2 and 11.1.2	725	1.557
4. Other financial liabilities	11.1.2	22.699	21.439
		44.861	55.042
V. Trade creditors and other accounts payable			
1. Suppliers	11.1.2	30.840	44.205
3. Current tax liabilities	14.1 and 14.6	1.202	133
4. Other creditors	11.1.2 and 14.1	26.877	30.970
		58.919	75.308
VI. Short-term accruals		1.418	1.364
TOTAL NET WORTH AND LIABILITIES (A + B+ C)		242.700	261.718

Elorrio, 30 March 2022

TEKNIA MANUFACTURING GROUP, S.L., A SOLE PROPRIETORSHIP COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT
PERTAINING TO THE FINANCIAL YEAR THAT ENDED ON 31 December 2021

	REPORT NOTES	Thousands of Euros	
		2021	2020
A) CONTINUED OPERATIONS			
1. Turnover net amount	17.1	323.753	284.516
a) Sales		323.065	283.445
b) Services provided		688	1.071
2. Change in stock of finished and in-process products		2.118	(1.002)
3. Works performed by the group for its assets		410	549
4. Supplies		(168.862)	(145.913)
a) Consumption of goods	17.2	(9.069)	(8.706)
b) Consumption of raw materials and other consumable materials	17.2	(138.070)	(119.025)
c) Works carried out by other companies		(21.853)	(17.977)
d) Goods, raw materials and other supplies impairment		130	(205)
5. Other operating income		2.727	3.592
a) Additional and other routine management income		854	667
b) Operating subsidies incorporated into the profits/losses of the financial year	15	1.873	2.925
6. Personnel expenses		(85.090)	(76.354)
a) Salaries, wages and the like		(65.596)	(58.032)
b) Social security contributions		(19.426)	(18.144)
c) Provisions		(68)	(178)
7. Other operating expenses		(41.924)	(39.751)
a) Losses, impairment and variation of provisions due to trade operations	11.1.1	31	(39)
b) Other routine management expenditure		(41.955)	(39.712)
8. Amortization of fixed assets	4, 8 and 9	(16.372)	(17.028)
9. Allocation of subsidies for non-financial fixed assets and others	15	20	2
10. Excess provisions		-	4
11. Impairment and profits/losses on disposals of fixed assets	9	139	474
a) Impairment and losses		(54)	-
b) Profits/losses on disposals and others		193	474
14. Other profits/losses		(912)	308
13. Consolidation negative difference consolidated companies	6	486	-
A.1) OPERATING PROFITS/LOSSES (1+2+3+4+5+6+7+8+9+10+11+12+13+14)		16.493	9.397
15. Financial income		214	91
b) From negotiable securities and other financial instruments		108	16
c) Allocation of subsidies, donations and legacies of a financial nature	15	106	75
16. Financial expenses		(2.088)	(2.505)
18. Exchange differences		(340)	(2.993)
A.2) FINANCIAL PROFITS/LOSSES (14+15+16+17+18)		(2.214)	(5.407)
A.3) PRE-TAX PROFITS/LOSSES (A.1 + A.2 +19+20+21)		14.279	3.990
24. Taxes on profits	14.2	(3.567)	(2.079)
A.4) FINANCIAL YEAR PROFITS/LOSSES FROM CONTINUED OPERATIONS (A.3 + 22)		10.712	1.911
B) DISCONTINUED OPERATIONS		-	-
A.5) CONSOLIDATED PROFITS/LOSSES OF THE FINANCIAL YEAR (A.4 + 23)		10.712	1.911

Profits/losses attributed to the Controlling Company
Profits/losses attributed to external partners

10.712 1.911
- -

Elorrio, 30 March 2022

TEKNIA MANUFACTURING GROUP, S.L., A SOLE PROPRIETORSHIP COMPANY AND SUBSIDIARY COMPANIES

STATEMENT OF CHANGES TO THE CONSOLIDATED NET WORTH PERTAINING
TO THE FINANCIAL YEAR THAT ENDED ON 31 December 2021

A) CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENDITURE PERTAINING
TO THE FINANCIAL YEAR THAT ENDED ON 31 December 2021

	REPORT NOTES	Thousands of Euros	
		2021	2020
A) Consolidated profits/losses of the financial year		10.712	1.911
Income and expenditure allocated directly to net worth			
III. Subsidies, donations and legacies received	15	-	95
VI. Exchange differences	13.3	1.529	(6.645)
VII. Tax-effected basis	15	-	(24)
B) Total income and expenditure allocated directly to consolidated net worth (I+II+III+IV+V+VI+VII)		1.529	(6.574)
Transfers to the consolidated profit and loss account			
X. Subsidies, donations and legacies received	15	(126)	(77)
XIII. Tax-effected basis	15	21	20
C) Total transfers to the consolidated profit and loss account (VIII+IX+X+XI+XII+XIII)		(105)	(57)
TOTAL RECOGNIZED CONSOLIDATED INCOME AND EXPENDITURE (A+B+C)		12.136	(4.720)
Total income and expenditure attributed to the Controlling Company		12.136	(4.720)
Total income and expenditure attributed to external partners		-	-

TEKNIA MANUFACTURING GROUP, S.L., A SOLE PROPRIETORSHIP COMPANY AND SUBSIDIARY COMPANIES

B) TOTAL STATEMENT OF CHANGES TO THE CONSOLIDATED NET WORTH PERTAINING
TO THE FINANCIAL YEAR THAT ENDED ON 31 December 2021
Thousands of Euros

	Capital	Reserves and profits/losses prior financial years (*)	Profits/Losses of the financial year attributed to the Controlling Company	Adjustments due changes of value	Subsidies donations and legacies received	Total
A. Closing balance 2019	20.000	57.074	6.118	(5.052)	300	78.440
I. Adjustments due to changes in criteria 2019 and earlier	-	-	-	-	-	-
II. Adjustments for errors 2019 and previous year	-	-	-	-	-	-
C. Adjusted balance, beginning of the financial year 2020	20.000	57.074	6.118	(5.052)	300	78.440
I. Total recognized income and expenditure			1.911	(6.645)	14	(4.720)
II. Operations with partners or owners						
4. (-) Distribution of dividends	-	(2.000)	-	-	-	(2.000)
III. Other variations in net worth						
2. Other movements	-	6.118	(6.118)	-	-	-
C. End balance for the financial year 2020	20.000	61.192	1.911	(11.697)	314	71.720
I. Adjustments due to changes in criteria 2020	-	-	-	-	-	-
II. Adjustments for errors 2020	-	-	-	-	-	-
D. Adjusted balance, beginning of the financial year 2021	20.000	61.192	1.911	(11.697)	314	71.720
I. Total recognized income and expenditure			10.712	1.529	(105)	12.136
II. Operations with partners or owners						
4. (-) Distribution of dividends	-	(4.000)	-	-	-	(4.000)
III. Other variations in net worth						
2. Other movements	-	1.911	(1.911)	-	-	-
E. End balance for the financial year 2021	20.000	59.103	10.712	(10.168)	209	79.856

Elorrio, 30 March 2022

TEKNIA MANUFACTURING GROUP, S.L., A SOLE PROPRIETORSHIP COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED CASH FLOWS STATEMENT PERTAINING TO THE FINANCIAL YEAR THAT ENDED ON 31 December 2021

	REPORT NOTES	Thousands of Euros	
		2021	2020
A) CASH FLOWS FROM OPERATING ACTIVITIES			
1. Pre-tax profits/losses of the financial year		14.279	3.990
2. Profits/losses adjustments		17.558	19.790
a) Amortization of fixed assets (+)		16.372	17.028
b) Valuation corrections for impairment (+/-)	4, 8 and 9	(107)	330
c) Variation of provisions (+/-)		1.339	494
d) Allocation of subsidies (-)		(126)	(77)
e) Profits/losses due to cancellation and disposals of fixed assets (+/-)	15	(193)	(474)
g) Financial income (-)		(108)	(16)
h) Financial expenses (+)		2.088	2.505
k) Other income and expenses (+/-)		(1.707)	-
3. Changes in current capital		(14.734)	12.293
a) Stock (+/-)	12	(4.911)	4.049
b) Debtors and other accounts receivables (+/-)		9.561	5.349
c) Other current assets (+/-)		(196)	417
d) Creditors and other accounts payable (+/-)		(19.241)	1.650
e) Other current liabilities (+/-)		53	964
f) Other non-current assets and liabilities (+/-)		-	(136)
4. Other cash flows from operating activities		(3.831)	(4.489)
a) Interest payments (-)		(1.953)	(2.364)
c) Interest collected (+)		108	16
d) Collections (payments) on income tax		(1.986)	(2.141)
5. Other cash flows from operating activities (+/-1+/-2+/-3+/-4)		13.272	31.584
B) CASH FLOWS FROM INVESTING ACTIVITIES			
6. Investment Payments (-)		(15.916)	(12.822)
a) Group companies, net of cash in consolidated companies	6	(1.068)	(1.089)
d) Intangible fixed assets	9	(228)	(311)
e) Tangible fixed assets	8	(14.471)	(11.422)
j) Other financial assets		(149)	-
7. Receivables from divestitures (+)		1.103	2.756
e) Tangible fixed assets		1.025	2.697
g) Other financial assets		78	59
8. Other cash flows from investing activities (6+7)		(14.813)	(10.066)
C) CASH FLOWS FROM FINANCING ACTIVITIES			
9. Collections and payments from equity instruments		-	95
g) Subsidies, donations and legacies received (+)		-	95
10. Collections and payments from financial liabilities		(17.254)	11.605
a) Issue			
2. Bank loans (+)	11.1.2	19.555	22.277
5. Other debts (+)		1.923	1.134
b) Return and amortization of			
1. Obligations and other securities (-)		(20.497)	-
2. Bank loans (-)	11.1.2	(15.273)	(10.978)
5. Other debts (-)		(2.962)	(828)
11. Dividend payments and remuneration from other equity instruments		(4.000)	(2.000)
a) Dividends (-)		(4.000)	(2.000)
12. Cash flows from financing activities (+/-9+/-10-11)		(21.254)	9.700
D) EFFECT OF EXCHANGE RATE VARIATIONS			
		-	-
E) NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (+/-5+/-8+/-12+/-D)			
		(22.795)	31.218
Cash or cash equivalents at the beginning of the financial year		41.470	10.252
Cash or cash equivalents at the end of the financial year		18.675	41.470

CONSOLIDATED REPORT PERTAINING TO THE FINANCIAL YEAR THAT ENDED ON THE 31 DECEMBER 2021

1. COMPANIES OF THE GROUP

1.1 Controlling Company

The Controlling Company Teknia Manufacturing Group, S.L., (a Sole Proprietorship Company), was incorporated in Bilbao on the 30th of July of 1998, before the Notary Mr. Andrés Maria Urrutia Badiola. It was domiciled in Barrio San Agustín sin número, Elorrio (Vizcaya).

The activity of the Controlling Company is detailed in its Articles of Association, being at the present time the promotion of companies, the acquisition, holding and enjoyment of all kinds of securities, as well as the provision of consulting and advice services to companies.

The activity of the various companies that make up the Group is indicated in Annex I to this Consolidated Report, which is an integral part of it.

The company Teknia Manufacturing Group, S.L. is, in turn, dependent on the company Siuled, S.L. with registered office at Calle María de Molina, 39 - 8º. (Madrid). The Consolidated Yearly Financial Statements and the Management Consolidated Report of Siuled, S.L. and its subsidiary companies pertaining to the financial year 2021 shall be prepared in a timely and appropriate manner and submitted, together with the appropriate Audit Report, in the Commercial Registry within the legally established deadlines.

The Consolidated Yearly Financial Statements of the Teknia Manufacturing Group, S.L., (a Sole Shareholder Company), and its Subsidiary Companies and the Management Consolidated Report pertaining to the financial year 2020 were prepared on the on the 31st of March, 2021 and have been submitted to the Companies Registry of Biscay.

The Consolidated Yearly Financial Statements and Management Consolidated Report of Grupo Siuled, S.L. and its Subsidiary Companies pertaining to the financial year 2020 were prepared on the 31st of March, 2021 and have been submitted to the Commercial Registry of Madrid, together with the appropriate Audit Report.

1.2 Consolidated Subsidiary Companies

The Companies that have been consolidated by the method of global integration, and of which none are listed on the Stock Exchange, are indicated in Annex I which is an integral part of this Consolidated Annual Report.

Subsidiary Companies are those in which the total direct and indirect shareholding of Teknia Manufacturing Group, S.L. (a Sole Proprietorship Company) exceeds 50% in these companies.

The end date of the Yearly Financial Statements and the Financial Statements of all companies used in the consolidation is the 31st of December, 2021.

1.3. Variation in the composition of the Group and other operations

During the year 2021 all the shares in the company Teknia Santander, S.L.U. were acquired. (Formerly named Mecanizados Bravo&Bippus, S.L.).

During the 2020 financial year, no operations have been performed that affect the consolidation perimeter.

2. BASIS FOR THE SUBMISSION OF CONSOLIDATED YEARLY FINANCIAL STATEMENTS

2.1. Financial Information and Faithful Image Regulatory Framework

Both the Controlling Company and all Subsidiary Companies have been consolidated with their Financial Statements as of the 31st of December, 2021 (as of the 31st of December, 2020 in the previous financial year).

The Financial Statements of the Spanish companies that make up the Consolidated Group have been obtained from the accounting records of the companies and are submitted in accordance with the Royal Decree 1514/2007 approving the Spanish General Chart of Accounts, and subsequent amendments thereto.

The financial reporting framework is also indicated in Note 2.7.

The Consolidated Yearly Financial Statements are submitted in accordance with Royal Decree 1159/2010 of the 17th of September, approving the Rules for the Formulation of Consolidated Yearly Financial Statements (NOFCAC) and modifying the Spanish General Chart of Accounts approved by Royal Decree 1514/2007, of the 16th of November and the Spanish General Chart of Accounts for Small and Medium-sized Business, approved by Royal Decree 1515/2007 of the 16th of November, as well as by the subsequent regulations that have amended the aforementioned Royal Decree and show the faithful image of the equity, the financial situation and the results of the group, as well as the truthfulness of the flows included in the Consolidated Statement of Cash Flows.

All Companies have applied generally accepted accounting principles when preparing their Yearly Financial Statements and Individual Financial Statements, the information of all companies being comparable to each other.

The attached Consolidated Yearly Financial Statements pertaining to the financial year 2021 have been formulated by the Board of Directors of the Controlling Company, Teknia Manufacturing Group, S.L. (a Sole Proprietorship Company), and are those that will be submitted for approval by the Sole Shareholder, hoping that they will be approved without changes.

All figures in these Consolidated Yearly Financial Statements are presented in thousand euros, except where otherwise indicated in any of the notes.

2.2. Non-mandatory accounting principles applied

In the preparation of these Consolidated Yearly Financial Statements, no non-mandatory accounting principles have been applied.

2.3. Critical Aspects of Assessing and Estimating Uncertainty

Estimates made by the Directors of the Controlling Company have been used in the preparation of the attached Consolidated Yearly Financial Statements in order to assess some of the assets, liabilities, income, expenses and commitments recorded in them. They basically refer to:

- Valuation of tangible and intangible fixed assets and their useful lives.
- Valuation of financial instruments.
- Assessment of asset deterioration, including goodwill.
- The calculation of provisions.
- The recoverability of tax credits.

Although these estimates have been made on the basis of the best information available at the end of the year 2021, it is possible that events that may occur in the future will force a revision (upward or downward) upon them in the following years, which will be done, if any, prospectively.

2.4. Comparing the information

The information pertaining to 2020 contained in the Consolidated Yearly Financial Statements pertaining to the financial year 2021 is presented for comparative purposes. As described in note 6 in this consolidated report, in the year 2021 all the shares in the company Teknia Santander, S.L.U. were acquired, so these consolidated financial statements must be read taking into account this variation in the consolidated group.

From the beginning of the year 2021 the accounting rules establish a new classification of financial assets and liabilities, keeping for 2020 the classification existing up until that date. All financial assets and liabilities recognised at 31st December, 2020, have been transferred to other categories on 1st January 2021 in accordance with the following chart:

Categorías de Activos financieros hasta el 31 de diciembre de 2020	Categorías de Activos financieros a partir del 1 de enero de 2021
Préstamos y partidas a cobrar	Activos financieros a coste amortizado
Categorías de Pasivos financieros hasta el 31 de diciembre de 2020	Categorías de Pasivos financieros a partir del 1 de enero de 2021
Debitos y partidas a pagar	Pasivos financieros a coste amortizado

Said transfer category has not resulted in any increase or decrease in the Group's equity at 1st January 2021.

2.5. Grouping of items

Certain items of the Consolidated Statement, of the Consolidated Profit and Loss Account, of the Consolidated Statement of Changes in Corporate Net Worth and the Consolidated Statement of Cash Flows, could appear as aggregate data to facilitate understanding, although whenever relevant, the itemized information has been included in the appropriate Annual Report notes.

In particular, collections and payments from financial assets, as well as those pertaining to high-turnover financial liabilities, are shown as net in the Statement of Cash Flows. The turnover period is considered to be high when the period between the acquisition date and the expiration date does not exceed six months.

2.6. Error correction

When preparing the attached Consolidated Yearly Financial Statements, no significant errors have been detected that would have made it necessary to adjust the amounts included in the Consolidated Yearly Financial Statements pertaining to the financial year 2021.

2.7. Principles of consolidation

The Directors of the Controlling Company have formulated these Consolidated Yearly Financial Statements in accordance with all mandatory accounting principles. These have been used for preparation:

- The Commercial Code.
- The Spanish General Chart of Accounts, considering the Group as the accounting subject to which the accounts relate.
- Royal Decree 1159/2010 of the 17th of September, approving the Rules for the Formulation of Consolidated Yearly Financial Statements (hereinafter NOFCAC) and amending the Spanish General Chart of Accounts and its subsequent amendments.

The Subsidiary Companies listed in Annex I, which is an integral part of this Consolidated Annual Report, have been consolidated by the method of global integration, incorporating into the Balance Sheet, the Profit and Loss Account, the Statement of Changes in Corporate Net Worth and the Statement of Cash Flows of the Controlling Company, all assets, liabilities, income, expenses, cash flows and other items in the Individual Yearly Financial Statements of the companies of the Group, after performing the relevant previous homogenizations and deletions.

The Individual Yearly Financial Statements of the foreign companies have been converted to euros by the closing exchange rate method for their assets and liabilities. The net worth items have been converted to euros at the historical exchange rate. The income and expenses of the Profit and Loss Account have been converted to euros at the closing exchange rate provided that there are no significant differences with the weighted average monthly rate, in case of significant differences, the latter is used. All exchange differences that arise as a result of the above are recorded as exchange differences in the net worth of the Consolidated Balance Sheet.

Global integration

- All the companies' financial statements cover one year, ended for economical purposes on 31st December 2021, except for Teknia Santander, S.L.U., which joined the Group at the end of June 2021. Therefore, the income statement, the statement of changes in equity and the statement of cash flows for this company cover the period between the date it was added to the Group and 31st of December 2021. (In the previous financial year, all the Yearly Financial Statements of the companies contained one financial year, with its end at the 31st of December 2020).
- All balances, transactions made, losses and profits from operations between companies of the Group that have not been carried out outside of it have been eliminated.

- The item of external partners, if any, is included in the net worth of the Consolidated Balance Sheet, except for the amount that needs to be classified as liabilities (if agreements have been reached, forcing cash or other assets to be delivered, which will be presented in the Consolidated Balance Sheet as financial liabilities).
- External partners are attributed, where appropriate, the share of “reserves”, “adjustments due to changes in value” and “subsidies, donations and legacies received” that corresponds to their shareholding and, where appropriate, uncalled outstanding disbursements on shares of external partners have been deducted.

3. STANDARDS OF REGISTRATION AND VALUATION

The main registration and valuation standards used by the Group when preparing its Consolidated Yearly Financial Statements, in accordance with those established by the Spanish General Chart of Accounts and the NOFCAC, have been as follows:

3.1. Homogenization of items

Temporary homogenization:

All companies in the Group have been consolidated with their Financial Statements as of the 31st of December 2021.

When a company becomes part or is left out of the Group, the Profit and Loss Account, the Statement of Changes in Corporate Net Worth and the Individual Statement of Cash Flows of that company included in the consolidation refer only to the part of the financial year in which that company has been a part of the Group.

Valuing homogenization

The elements of the Consolidated Yearly Financial Statements have been valued using uniform methods, in accordance with those set out in the Commercial Code, the Spanish General Chart of Accounts and other applicable laws. The necessary adjustments for homogenization are made in cases where a consolidated company has valued some element according to methods not uniform to those applied in consolidation and provided that the effect of applying that method is significant.

Homogenization by internal operations:

Where the amounts of the items derived from internal transactions do not match, or in the event of an operation pending recording, the Group has made the appropriate adjustments in order to carry out the appropriate deletions later on.

Homogenization to perform aggregation:

The Group has made the necessary reclassifications to adapt the structure of the Financial Statements of the Subsidiary Companies that did not match the structure of the Consolidated Yearly Financial Statements.

3.2. Intangible fixed assets, except goodwill

The intangible fixed assets were initially valued by its purchase price or production cost. It has subsequently been valued at its reduced cost by the corresponding accumulated amortization. These assets are amortized based on their estimated useful life.

Computer software:

The Group records in this account the costs incurred in the acquisition and development of computer software. This amount is amortized, linearly, over a maximum period of five years. The costs of maintaining the computer software are recorded in the profit and loss account for the year in which they are incurred.

Research and development expenses:

The Group follows the criterion of recording in the Consolidated Profit and Loss Account the research expenses incurred into during the year. For development expenses, they are activated when the following conditions are met:

- They are specifically itemized by projects and their cost can clearly be established.
- There are well-founded reasons to rely on the technical success and the economic and commercial profitability of the project.

The assets thus generated are amortized linearly over their useful life (within a maximum period of 5 years).

If doubts exist about the technical success or economic profitability of the project, then the amounts recorded on the asset are directly allocated to the Consolidated Profit and Loss Account for the financial year.

Industrial Property:

This account records the amounts satisfied for the acquisition of the property or the right to use the different manifestations of the same, or for the expenses incurred in connection with the registration of the property developed by the Group.

3.3. Tangible fixed assets

The tangible fixed assets are initially valued for their acquisition price or production cost and are subsequently reduced by the appropriate accumulated amortization and impairment losses, if any.

The costs of maintaining the various elements that make up the tangible fixed assets are allocated to the profit and loss account for the financial year in which they are incurred. On the contrary, amounts invested on improvements that contribute to increasing the capacity or efficiency of such goods or to extending their useful life are recorded as their higher costs.

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

The Group amortizes the tangible fixed assets following the linear method, applying annual amortization percentages calculated on the basis of the years of estimated useful life of each assets, according to the following detail:

	<u>Coefficients</u>
Structures	2.5% - 4%
Technical installations and equipment	6% - 33%
Tools	10% - 30%
Other installations and furniture	10% - 20%
Information processing equipment	20% - 30%
Transport elements	8% - 25%

The calculation of the provisions for the amortization of the assets takes into account the working shifts of the different assets, as well as their quality of new or used, so that in some installations and equipment the percentage can reach 30%, although they are not material figures.

The Group shall record the valuation correction for amortization of its intangible and tangible fixed assets provided that there are signs of loss of value that reduce the recoverable value of such assets to an amount lesser than its book value.

3.4. Leases

Operating Lease

Expenses arising from operating lease agreements are allocated to the Consolidated Profit and Loss Account in the year of accrual.

Financial Lease

In the financial leasing operations in which the Group acts as a tenant, the cost of the leased assets is presented on the Consolidated Balance Sheet according to the nature of the property and, simultaneously, a liability of the same amount. This amount shall be the lesser of the fair value of the leased property and the present value at the start of the lease of the agreed minimum amounts, including the purchase option, where there are no reasonable doubts about its exercise. The calculation does not include contingent fees, the cost of services and taxes incurred by the lessor. The total financial burden of the contract is allocated to the Consolidated Profit and Loss Account for the financial year in which it is accrued, using the effective interest rate method. Quotas of a contingent nature are recognized as expenditure for the financial year in which they are incurred.

Assets registered by this type of operation are amortized using criteria similar to those applied to all material assets, depending on their nature.

3.5. Financial instruments

A financial instrument is a contract that gives rise to a financial asset in a company or group of companies and, simultaneously, to a financial liability or to an equity instrument in another company or group of companies.

3.5.1 Financial assets

The financial liabilities held by the Group fall into the category of financial assets at amortised cost.

A financial asset is included in this category, even it is admitted for trading in an arranged market, if the group holds the investment with the purpose of receiving cash flows derived from the execution of the contract and the contractual terms and conditions of the financial assets result in, on scheduled dates, cash flows that are only collection of principal and interests related to the pending principal amount. The contractual cash flows that are only collection principal and interests related to the pending principal amount are inherent to an ordinary or common agreement, notwithstanding the transaction being linked to a zero-interest rate or below market rate.

As a general rule, in this category credits for trade transactions and credits for non-trade transactions are included:

- a) Credits for trade transactions: those financial assets that result from the sale of goods and the provision of services for the daily operations of the company in instalment payments, and
- b) Credits for non-trade transactions: those financial assets that, not being equity instruments or derivatives, do not have a trade origin and whose collection are of determined or determinable amount, which come from loan or credit transactions granted by the group.

Initial Valuation

The financial assets are initially recorded at the fair value of the contribution delivered plus the transaction costs that are directly attributable.

However, credits for business operations with a maturity of not more than one year, and that do not have an explicit contractual interest rate, as well as other debits whose amounts are expected to be received in the short term, may be valued at their face value, when the effect of not updating cash flows is not significant.

Subsequent Valuation

Its subsequent valuation is done for its amortized cost if the maturity is greater than the year. Interests accrued are registered in the income statement, applying the effective interest rate method. However, credits maturing in less than a year, in accordance with the provisions in the previous paragraph, have been initially assessed at their face value, and continue to be valued at said amount, unless they have been impaired.

Impairment calculation

At least at the end of the year, the necessary valuation adjustments are made provided there is objective evidence the value of a financial asset, or of a group of financial assets with similar risk characteristics valued jointly, has been impaired as a result of one or more events that have occurred after its initial recognition and causing a reduction or delay in future estimated cash flows, which may result from the debtor's insolvency. The loss due to value impairment of these financial assets is the difference between its carrying value and the present value of future cash flows, including, if applicable, those resulting from the execution of real and personal guarantees, estimated to be generated, discounted at the effective interest rate calculated at the time of the initial recognition.

Valuation adjustments due to impairment, as well as their reversal when the amount of said loss decreases for reasons linked to a subsequent event, are recognised as expense or income, respectively, in the consolidated income statement.

In particular, with regard to valuation corrections relating to trade and other accounts receivables, the criterion used by the Group to calculate the appropriate valuation corrections is estimated on the basis of an individualized analysis of the debt age and the financial situation of the debtor.

Cancellation of financial assets

The Group cancels its financial assets when the rights over the cash flow of the financial asset expire or have been relinquished and the risks and benefits inherent in its ownership have been substantially transferred, such as in firm sales of assets, commercial loan assignments in factoring operations where the company does not retain any credit or interest risk, sales of financial assets with a repurchase agreement for their fair value or financial asset securitisations in which the endorsing company does not retain subordinated financings, grant any collateral or assume any other risk.

On the contrary, the Group does not cancel financial assets, and recognizes a financial liability of an amount equal to the compensation received, in the assignments of financial assets in which the risks and benefits inherent in its ownership are substantially retained, such as draft discount, factoring with recourse, sales of financial assets with repurchase agreements at a fixed price or at the selling price plus interest and financial asset securitisations in which the endorsing company retains subordinated financing or other collateral that substantially absorb all expected losses.

3.5.2 Financial liabilities

The financial liabilities held by the Group fall into the category of financial liabilities at amortised cost.

The Group classifies all financial liabilities under this category, unless they have to be valued at fair value with changes in the income statement. As a general rule, in this category credits for trade transactions and credits for non-trade transactions are included:

- a) Debits for trade transactions: those financial liabilities that result from the sale of goods and the provision of services for the daily operations of the company in instalment payments,
- b) Debits for non-trade transactions: those financial liabilities that, not being derivative equity instruments, do not have a trade origin but come from loan or credit transactions received by companies.

Initial Valuation

Financial liabilities are initially valued at their fair value that, unless evidence on the contrary, is the transaction price, equivalent to the fair value of the consideration received adjusted by the transaction costs directly attributable.

However, debits for business operations with a maturity of not more than one year, and that do not have a contractual interest rate, as well as other disbursements demanded by third parties over their shares, whose expected is expected to be paid in the short term, may be valued at their face value, when the effect of not updating cash flows is not significant.

Subsequent Valuation

Its subsequent valuation is based on its amortized cost. However, debits for business operations with a maturity of not more than one year, as well as disbursements required by third parties on shareholdings, whose amounts are expected to be received in the short term, are valued at their nominal value, when the effect of not updating cash flows is not significant.

Interests accrued are registered in the consolidated income statement, applying the effective interest rate method. However, debits maturing in less than a year, in accordance with the provisions in the previous paragraph, have been initially assessed at their face value, and continue to be valued at said amount.

Cancellation of financial liabilities

The Group cancels its financial liabilities when the obligations that have generated them are terminated.

3.6. Foreign currency transactions

The functional currency used by the Group is the Euro. As a result, transactions in currencies other than the Euro are considered denominated in foreign currency.

In this respect, Spanish companies which at the end of the financial year have monetary assets and liabilities denominated in foreign currency convert them by applying the exchange rate on the balance sheet date. The profits or losses shown are directly allocated to the Profit and Loss Account for the financial year in which they occur.

On the other hand, the Yearly Financial Statements of foreign companies whose functional currency is different from the Euro, as indicated above, have been converted to Euros using the method indicated in Note 2.7.

3.7. Taxes on profits

The expense or income derived from the taxes on profits includes the portion of the current tax expense or income and the portion of the deferred tax expense or income.

Current tax is the amount that the Group's companies satisfy as a result of the tax settlements of profit tax for one year. Deductions and other tax benefits in the tax rate, excluding withholdings and payments on account, as well as compensable tax losses from prior financial years and actually applied to the current one, result in a lower amount of current tax.

Deferred tax expense or income corresponds to the recognition and cancellation of deferred tax assets and liabilities. These include temporary differences that are identified as expected amounts payable or recoverable from differences between the book amounts of assets and liabilities and their tax value, as well as negative tax bases outstanding and tax deduction credits not applied tax-wise.

These amounts are recorded by applying to the appropriate temporary difference or credit the type of taxation to which they are expected to be recovered or settled.

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

Deferred tax liabilities are recognized for all taxable temporary differences, except those arising from the initial recognition of goodwill or other assets and liabilities in an operation that does not affect the tax result or the accounting result.

Deferred tax assets are only recognized to the extent that each company in the Group is likely to have future tax gains against which they can be made effective within 10 years.

Deferred tax assets and liabilities, originating from transactions with direct debits or credits in equity accounts, are also accounted for in net worth.

At each accounting year end, deferred tax assets recorded are reconsidered, and appropriate corrections are made to them to the extent that there are doubts about their future recovery. Similarly, deferred tax assets that are not recorded on the balance sheet are evaluated at each year end and are recognized to the extent that they are likely to recover with future tax benefits over a period of no more than 10 years.

3.8. Income and expenses

Income and expenses are allocated on the basis of the accrual basis, i.e., when the actual flow of goods and services that they represent occurs, regardless of when the monetary or financial flow from them occurs. Such income is valued at the fair value of the payment received, once discounts and taxes have been deducted.

The recognition of income from sales is done when the significant risks and benefits inherent to the ownership of the good sold is transferred to the purchaser, not maintaining the ordinary management of that good or retaining the effective control over it.

As regards service delivery income, this is recognized considering the degree of completion of the service as of the consolidated balance sheet date, provided that the outcome of the transaction can be reliably estimated.

3.9. Patrimonial elements of an environmental nature

Assets of an environmental nature mean those assets that are used in a lasting manner within the Group's activity and whose main purpose is the minimization of environmental impact and the protection and improvement of the environment, including the reduction or elimination of future pollution.

3.10. Compensations for dismissal

In accordance with the legislation in force, the Group is obliged to pay a compensation to those employees with whom, under certain conditions, it terminated its work relations. Compensations for dismissal that are reasonably measurable are recorded as expenditure in the financial year in which the dismissal decision is made and communicated.

3.11. Subsidies

For the accounting record of subsidies, donations and legacies received, the Group follows the following criteria:

- *Subsidies, donations and non-refundable capital legacies:* These are valued at the fair value of the amount or good granted, depending on whether they are monetary or not, and are allocated to the results in proportion

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

to the amount of amortization made in the period for the subsidized elements or, where appropriate, when their disposal or valuation correction for impairment occurs.

- *Subsidies of a refundable nature:* As long as they are refundable they are registered as liabilities.
- *Operation subsidies:* They are paid to results at the time they are granted except if they are intended to finance operating deficits for future financial years, in which case they will be allocated to those years. If they are granted to finance specific expenses, the allocation shall be made as the financed expenses accrue.

3.12. Transactions with affiliated companies

Companies of the Group are those companies that are affiliated by a relationship of direct or indirect control in accordance with the provisions of article 42 of the Commercial Code related to groups of companies, or where companies are controlled by any means by one or more natural or legal persons acting jointly or under the sole direction of statutory agreements or clauses. Affiliated parties are those defined in the Standard for the Preparation of the Yearly Financial Statements (NECA) No. 15 of the 2007 Spanish General Chart of Accounts and in Article 83 of Royal Decree 1159/2010, of the 17th of September, approving the NOFCAC.

The Group carries out all its operations with affiliated companies using market values.

3.13. Provisions and contingencies

Provisions are credit balances that cover current obligations arising from past events, the cancellation of which is likely to result in an outflow of resources, but which are indeterminate in terms of their amount and/or time of cancellation. Contingent liabilities are possible obligations arising as a result of past events, whose future materialization is conditioned on whether or not one or more future events occur, independently of the will of each company.

The Consolidated Yearly Financial Statements contain all provisions for which it is estimated that the probability of the obligation having to be met is greater than the opposite case. Contingent liabilities are not recognized in the Consolidated Yearly Financial Statements, but are reported in the Consolidated Annual Report notes, to the extent that they are not considered as remote.

The provisions are valued at the current value of the best possible estimate of the amount necessary to settle or transfer the obligation, taking into account the available information about the occurrence and its consequences, and the adjustments arising from the updating of those provisions as a financial expense as it accrues.

3.14. Commitments concerning pensions

Defined benefit plans

Plans that do not have a defined contribution nature are considered defined benefit plans. Generally, defined benefit plans establish the amount of the benefit the employee will receive at the time of retirement, usually based on one or more factors such as age, years of service, and salary.

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

The Group recognizes in the consolidated balance sheet a provision in respect of benefit plans defined by the difference between the present value of the committed remuneration and the fair value of any assets subject to the commitments to which the obligations are to be settled, reduced, where appropriate, for the amount of costs for past services not yet recognized.

If an asset arises from the above difference, its valuation may not exceed the present value of the benefits that may return to the Group in the form of direct refunds or lower future contributions, plus, where appropriate, the part that is pending allocation to cost results for past services. Any adjustments that the Group has to make for this limit in the valuation of the asset are directly allocated to net worth, being recognized as reserves.

The present value of the obligation is determined by actuarial methods of calculation and financial and actuarial assumptions.

Certain foreign companies, on the basis of their national legislation, are obliged to make certain payments to their staff once they stop providing their services (Note 16.1).

The variation in the calculation of the present value of the committed remunerations or, where appropriate, of the affected assets, derived from post-employment plans, on the year-end date, due to actuarial gains and losses is recognized in the financial year in which it arises, directly on the net worth, as reserves. Variations in long-term benefit plans are recognized in the financial year in which they arise directly in the Consolidated Income Statement. For these purposes, losses and gains are exclusively the variations arising from changes in actuarial assumptions or adjustments for experience.

Costs for past services are immediately recognized in the Consolidated Profit and Loss Account, except in the case of revocable rights, in which case, they are allocated to the Consolidated Profit and Loss Account linearly in the remaining period until the rights for past services are irrevocable. However, if an asset arises, the revocable rights are allocated to the Consolidated Profit and Loss Account immediately, unless there is a reduction in the present value of benefits that may be returned by the Group in the form of direct refunds or lower future contributions, in which case, the excess on such a reduction is immediately allocated to the Consolidated Profit and Loss Account.

3.15. Goodwill and negative consolidation difference

In accordance with Article 46, Rule 2, of the Commercial Code, the difference between the book value of the shareholding in the Subsidiary Company and the value attributable to such shareholding of the fair value of the assets acquired and liabilities assumed under NRV 19 shall be recognized, if positive, as a consolidation goodwill. On the exceptional case that it is negative, as income of the financial year in the Consolidated Profit and Loss Account.

The assets and liabilities of the companies acquired in the business combinations already in the Group are valued at the amount with which they appear in the Consolidated Yearly Financial Statements and those acquired from third parties outside the Group at their fair value, performing the valuation of assets and liabilities acquired within one year of acquisition.

In accordance with Royal Decree 602/2016, of the 2nd of December, amending the Spanish General Chart of Accounts, the Spanish General Chart of Accounts for SMEs and the NOFCAC, the Goodwill shall be valued at the acquisition price less the accumulated amortization and, where appropriate, the cumulative amount of impairment valuation corrections recognized in accordance with the criteria included in the registration and valuation rule 6, Specific Rules on Intangible Fixed Assets of the Spanish General Chart of Accounts.

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

The Group considers that the useful life of the goodwill is 10 years, and its recovery is linear.

3.16. Information by segments

Operational segments are the components of the Group, which develop activities in which revenue is obtained and costs are incurred, the result of which is the subject of regular review, discussion and evaluation, by the highest authority in the decision-making process in the entity. For this purpose, the members of the Board of Directors of the Group's Controlling Company are considered to be the highest authority. Until the 2018 financial year, the segments designated as such and used by the Directors of the Controlling Company for the study, analysis and decision-making of the Group were the automotive segment in general (industrial area), Teknia Automotive and the research and development segment, activity started in 2010, Teknia Technologies.

However, in the 2019 financial year, the Group decided that each company should carry out its own projects as an additional role within its own management and not consider the area of research and development as an independent segment. Therefore, since the financial year 2019, the Directors have not had information on this activity for its study, analysis or decision-making within the Group and have considered that only the automotive segment exists.

3.17 Stock

Stocks are valued at their acquisition price, production cost or net realisable value, the smallest. The commercial discounts, reductions obtained, other similar items and interests included in the nominal debits are deducted in the determination of the purchase price.

The cost of production includes direct material costs and, where applicable, direct labour costs and manufacturing overhead.

Net realizable value represents the estimate of the sale price minus all estimated costs to complete its manufacture and the costs to be incurred in the marketing, sales and distribution processes.

The Group makes appropriate valuation corrections, recognizing them as an expense in the Consolidated Profit and Loss Account when the net realisable value of the stock is lower than its acquisition price or its cost of production.

3.18 Business Combination

In 2021 all the shares in the share capital of Teknia Santander, S.L. Have been acquired by Teknia Manufacturing Group, S.L. (Sociedad Unipersonal).

In its individual financial statements, the company Teknia Manufacturing Group, S.L. (Sociedad Unipersonal) has valued the investment in the equity of Teknia Santander, S.L. according to the valuation rule 9 n the General Accounting Plan, regarding financial instruments.

In Note 6 in these consolidated financial statements includes the valuation of the assets acquired and liabilities assumed in this joint venture in whose financial statements the acquisition method in the Valuation Rule 19 for joint ventures in the General Accounting Plan has been applied.

4. **CONSOLIDATION GOODWILL**

The composition and movement of this chapter in the financial year were as follows:

<i>(miles de euros)</i>	Saldo inicial	Diferencias de conversión	Amortización del año	Otras variaciones	31.12.2021
Teknia Bilbao XXI, S.L.U.	584	-	(117)	-	467
Teknia USA Inc (y sociedad dependiente Teknia Nashville, L.L.C.)	2.721	227	(553)	-	2.395
Teknia Polska Sp. z o.o. (y sus sociedades dependientes)	172	(1)	(34)	-	137
Teknia Mexico City, S.A. de C.V.	442	24	(93)	-	373
Teknia Gebze Makine Sanayi VE Ticaret, A.S.	1.170	(470)	(117)	-	583
Teknia Ampuero, S.L.U.	4.271	-	(595)	-	3.676
	9.360	(220)	(1.509)	-	7.631

The composition and movement of this chapter in the 2020 financial year were as follows:

<i>(miles de euros)</i>	Saldo inicial	Diferencias de conversión	Amortización del año	Otras variaciones	31.12.2020
Teknia Bilbao XXI, S.L.U.	701	-	(117)	-	584
Teknia USA Inc (y sociedad dependiente Teknia Nashville, L.L.C.)	3.529	(298)	(510)	-	2.721
Teknia Polska Sp. z o.o. (y sus sociedades dependientes)	222	(15)	(35)	-	172
Teknia Mexico City, S.A. de C.V.	610	(79)	(89)	-	442
Teknia Gebze Makine Sanayi VE Ticaret, A.S.	1.862	(497)	(195)	-	1.170
Teknia Ampuero, S.L.U.	4.866	-	(595)	-	4.271
	11.790	(889)	(1.541)	-	9.360

The Controlling Company carries out an impairment test of the accounted goodwill, through the valuation of the company that generated it, on the basis of the cash flows expected in the future. The updating rates used are between 10% and 10.5% (10% and 10.5% in the financial year 2020). This amount is compared to the company's net worth and if the difference is greater, it is considered that the accounted goodwill is not depreciated.

5. **EXTERNAL PARTNERS**

The group does not have external partners.

6. **BUSINESS COMBINATIONS**

Year 2021

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

In this year 100% of the shares in the Spanish company Teknia Santander, S.L. (Formerly, Mecanizados Bravo&Bippus, S.L.) for the amount of 3,561 thousand euros.

The most significant data in this acquisition are as follows:

Acquisition date 28 June 2021.

The amount of the assets and liabilities identified in the joint venture have been as follows:

	Amount in thousand euros
ASSETS	
Cash	891
Receivables	1583
Stock	2049
Accrual adjustments	13
Financial investments	2
Deferred tax assets	78
Fixed assets	2779
LIABILITIES	
Bank loans	(711)
Other financial liabilities	(723)
Payables	(1,858)
Deferred taxes	(56)
Total assets and liabilities, net	4047
Paid price	(3,561)
Consolidation negative difference	486

In 2021 this addition has resulted in income from sales and results for the group from its acquisition of 3,534 thousand euros and 340 thousand euros, respectively.

In case at the beginning of the year 8,843 thousand euros and (105) thousand euros from income and results, respectively, have been represented.

Year 2020

In the financial year 2020, a merger was made by absorption of two companies of the Group (Teknia Empresa de Gestión, S.L. (Sole Shareholder Company) and Teknia R&D S.L. (Sole shareholder Company), accounted for in the first (absorbing company) at consolidated values, not affecting this operation to the Consolidated Group.

7. MERGER AND SEGREGATION PROCESSES PERFORMED WITHIN THE GROUP

No such operations were carried out in the financial year 2021.

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

In the financial year 2020, the Sole Shareholder of Teknia Entidad de Gestión, S.L. (a Sole Shareholder) and Teknia R&D, S.L. (a Sole Proprietorship Company) approved the merger by takeover of these Companies, the first one being the acquiring company and Teknia R&D S.L. (a Sole Shareholder Company) the acquired company. The merger process is carried out with dissolution by winding-up without liquidation of the acquired company and mass transmission of all its assets and liabilities to the acquiring company, which acquires by universal succession the rights and obligations of the acquired company.

The acquiring company does not make any exchange of shares since both companies are wholly owned by the same common partner. The date from which the merger has accounting effects is the 1st of January 2020, in accordance with the accounting rules, as they are companies of the same Group.

This merger is subject to the special tax regime for mergers, divisions, contributions of assets, exchange of shares and change of registered office of a European Company or a European Cooperative Society from one Member State to another of the European Union, provided for in Chapter VII of Title VII of Law 27/2014, of the 27th of November, on Company Tax.

All the information required by the fiscal regulations is detailed in the Annual Report pertaining to the Yearly Financial Statements for the financial year that ended on the 31st of December 2020 of the company Teknia Entidad de Gestión, S.L. (a Sole Proprietorship Company).

In recent financial years, the Group has carried out various corporate reorganization operations, conducting merger operations between Group companies. The most significant information for each of these operations, carried out mainly since the financial year 2010, is reflected in the Consolidated Yearly Financial Statements for the financial years in which these operations happened.

- Merger by takeover of the Industrial Company J. Gispert S.A.U. by Teknia Manresa, S.L.U.
- Merger by takeover of the Company Construcciones Mecánicas Crolí, S.A. by Teknia Barcelona, S.L.U.
- Merger for the takeover of the Teknia Dej Company, S.L.U. by Teknia Elorrio, S.L.U.
- Merger by takeover of the Company Acabados Plásticos, S.L. by Teknia Martos, S.L.U.
- Merger by takeover of the Company Fegomi, S.L. by Teknia Martos, S.L.U.
- Merger for takeover of the Company Segove Cataluña, S.L.U. by the Company Teknia Barcelona, S.L.U.
- Segregation of Teknia Manufacturing Group, S.L.U. in favour of Teknia Entidad de Gestión, S.L.U.
- Merger for takeover of the Company Teknia Montmeló, S.L.U. by the Company Teknia Bilbao XXI, S.L.U.
- Merger for takeover of the Company Teknia R&D, S.L.U. by the Company Teknia Entidad de Gestión, S.L.U.

8. RESEARCH AND OTHER INTANGIBLE FIXED ASSETS

The movement in this Chapter in the financial year 2021 was as follows:

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

<i>(miles de euros)</i>	Gastos de I+D	Patentes, licencias, marcas y similares	Aplicaciones informáticas	Otro inmovilizado intangible	Anticipos e inmovilizaciones intangibles en curso	TOTAL
SALDO INICIAL COSTE, 2021	10.520	580	7.278	1.735	12	20.125
(+) Adiciones	-	-	192	23	13	228
(+) Traspasos	-	-	2	(2)	-	-
(-) Salidas, bajas y reducciones	-	(213)	-	(25)	-	(238)
(+) Entradas en el perímetro	321	-	268	-	-	589
(-) Diferencias de conversión	-	(1)	72	8	-	79
SALDO FINAL BRUTO, EJERCICIO 2021	10.841	366	7.812	1.739	25	20.783
AMORTIZACIÓN ACUMULADA, SALDO INICIAL EJERCICIO 2021	(10.520)	(438)	(5.762)	(1.313)	-	(18.033)
(+) Dotación a la amortización del ejercicio	-	(36)	(521)	(113)	-	(670)
(+) Traspasos	-	-	-	-	-	-
(+) Salidas, bajas o reducciones	-	213	-	25	-	238
(+) Entradas en el perímetro	(321)	-	(178)	-	-	(499)
(-) Diferencias de conversión	-	-	(40)	2	-	(38)
AMORTIZACIÓN ACUMULADA, SALDO FINAL EJERCICIO 2021	(10.841)	(261)	(6.501)	(1.399)	-	(19.002)
VALOR NETO CONTABLE, 2021	-	105	1.311	340	25	1.781

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

The movement in this Chapter in the financial year 2020 was as follows:

<i>(miles de euros)</i>	Gastos de I+D	Patentes, licencias, marcas y similares	Aplicaciones informáticas	Otro inmovilizado intangible	Anticipos e inmovilizaciones intangibles en curso	TOTAL
SALDO INICIAL COSTE, 2020	10.520	608	7.363	1.708	13	20.212
(+) Adiciones	-	-	162	149	-	311
(+/-) Traspasos	-	-	6	(6)	-	-
(-) Salidas, bajas y reducciones	-	-	(5)	(6)	-	(11)
(+) Entradas en el perímetro	-	-	-	-	-	-
(-) Diferencias de conversión	-	(28)	(248)	(110)	(1)	(387)
SALDO FINAL BRUTO, EJERCICIO 2020	10.520	580	7.278	1.735	12	20.125
AMORTIZACIÓN ACUMULADA, SALDO INICIAL EJERCICIO 2020	(10.520)	(418)	(5.020)	(1.195)	-	(17.153)
(+) Dotación a la amortización del ejercicio	-	(35)	(766)	(184)	-	(985)
(+/-) Traspasos	-	-	-	-	-	-
(+) Salidas, bajas o reducciones	-	-	-	7	-	7
(+) Entradas en el perímetro	-	-	-	-	-	-
(-) Diferencias de conversión	-	15	24	59	-	98
AMORTIZACIÓN ACUMULADA, SALDO FINAL EJERCICIO 2020	(10.520)	(438)	(5.762)	(1.313)	-	(18.033)
VALOR NETO CONTABLE, 2020	-	142	1.516	422	12	2.092

Fully amortized items

The Group has items within the intangible fixed assets, including R&D expenditure, fully amortized at 31st of December 2021 amounting to 16,980 thousand euros (15,556 thousand euros in 2020).

Investments abroad

The net amount of intangible fixed assets held by foreign companies at the end of financial year 2021 amounts to 1,413 thousand euros (1,610 thousand euros in 2020).

9. TANGIBLE FIXED ASSETS

The movement of the tangible fixed assets in the financial year 2021 was as follows:

<i>(miles de euros)</i>	Terrenos y construcciones	Instalaciones técnicas, y otro inmovilizado material	Inmovilizado en curso y anticipos	TOTAL
SALDO INICIAL COSTE, EJERCICIO 2021	28.909	248.667	2.950	280.526
(+) Adquisiciones	3.241	10.888	-	14.129
(+) Entradas en el perímetro de consolidación	1.659	19.994	-	21.653
(-) Salidas, bajas o reducciones	(559)	(3.701)	-	(4.260)
(-/+ Diferencias de conversión	827	4.283	31	5.141
(- /+) Traspasos a / de otras partidas	-	176	(176)	-
(+) Otros movimientos	-	-	-	-
SALDO FINAL COSTE, EJERCICIO 2021	34.077	280.307	2.805	317.189
AMORTIZACIÓN ACUMULADA, SALDO INICIAL EJERCICIO 2021	(9.616)	(184.945)	-	(194.561)
(+) Dotación a la amortización del ejercicio	(1.183)	(13.010)	-	(14.193)
(+) Entradas en el perímetro de consolidación	(839)	(18.123)	-	(18.962)
(+) Salidas, bajas o reducciones	559	2.869	-	3.428
(-/+ Diferencias de conversión	(353)	(1.570)	-	(1.923)
(- /+) Traspasos a / de otras partidas	-	-	-	-
(+) Otros movimientos	-	-	-	-
AMORTIZACIÓN ACUMULADA, SALDO FINAL EJERCICIO 2021	(11.432)	(214.779)	-	(226.211)
DETERIORO, SALDO INICIAL EJERCICIO 2021	-	(96)	-	(96)
(+) Dotaciones del ejercicio	-	(54)	-	(54)
(-/+ Diferencias de conversión	-	(2)	-	(2)
(+) Salidas, bajas o reducciones	-	-	-	-
DETERIORO, SALDO FINAL EJERCICIO 2021	-	(152)	-	(152)
VALOR NETO CONTABLE 2021	22.645	65.376	2.805	90.826

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

The movement of the tangible fixed assets in this Chapter in the financial year 2020 was as follows:

<i>(miles de euros)</i>	Instalaciones técnicas, y otro			TOTAL
	Terrenos y construcciones	inmovilizado	Inmovilizado en curso y anticipos	
SALDO INICIAL COSTE, EJERCICIO 2020	26.216	249.194	7.809	283.219
(+) Adquisiciones	1.708	10.029	2.129	13.866
(+) Entradas en elperimetro de consolidación	-	-	-	-
(-) Salidas, bajas o reducciones	-	(5.217)	(79)	(5.296)
(-/+) Diferencias de conversión	(706)	(10.529)	(28)	(11.263)
(- /+) Traspasos a / de otras partidas	1.691	5.190	(6.881)	-
(+) Otros movimientos	-	-	-	-
SALDO FINAL COSTE, EJERCICIO 2020	28.909	248.667	2.950	280.526
AMORTIZACIÓN ACUMULADA, SALDO INICIAL EJERCICIO 2020	(8.785)	(181.149)	-	(189.934)
(+) Dotación a la amortización del ejercicio	(1.079)	(13.423)	-	(14.502)
(+) Entradas en elperimetro de consolidación	-	-	-	-
(+) Salidas, bajas o reducciones	-	4.281	-	4.281
(-/+) Diferencias de conversión	124	5.470	-	5.594
(- /+) Traspasos a / de otras partidas	124	(124)	-	-
(+) Otros movimientos	-	-	-	-
AMORTIZACIÓN ACUMULADA, SALDO FINAL EJERCICIO 2020	(9.616)	(184.945)	-	(194.561)
DETERIORO, SALDO INICIAL EJERCICIO 2020	-	(96)	-	(96)
(+) Dotaciones del ejercicio	-	-	-	-
(+) Salidas, bajas o reducciones	-	-	-	-
DETERIORO, SALDO FINAL EJERCICIO 2020	-	(96)	-	(96)
VALOR NETO CONTABLE 2020	19.293	63.626	2.950	85.869

Real estate

All companies that are part of the Group carry out their activities in leased properties except for Teknia Epila, S.L.U., Teknia Uhersky Brod, AS, Componentes de Automoción Marroquíes SARL., Teknia USA Inc., Teknia Germany GmbH, Teknia KG doo, Kragujevac, Teknia Ampuero, S.L.U., Teknia Oradea, SRL. and Teknia Santander, S.L.U.

Collateral securities offered

Various Group companies have offered mortgage collaterals and other guarantees as set out in Note 19.1 to this Consolidated Annual Report.

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

Other information on the tangible fixed assets

<i>(miles de euros)</i>	2021	2020
Elementos Amortizados en Uso (Coste)	154.093	128.992
Terrenos y construcciones, separación valores		
- Terrenos	3.628	3.251
- Construcciones coste	30.449	25.658
- Construcciones / Amortización	(11.432)	(9.616)
Totales neto	22.645	19.293
Inmovilizado fuera del territorio Español (importe neto)	60.421	56.512
Resultados Enajenación inmovilizado	193	474

The fixed assets located outside the Spanish territory corresponds to those owned by foreign companies and machinery of a Spanish company in the previous year. Its composition is as follows:

<i>(miles de euros)</i>	2021		2020	
	Terrenos y construcciones	Resto de inmovilizado	Terrenos y construcciones	Resto de inmovilizado
Coste	24.438	103.299	22.151	96.135
Amortización	(6.763)	(60.499)	(5.775)	(55.903)
Deterioro	-	(54)	-	(96)
	17.675	42.746	16.376	40.136

At the end of the financial year, firm commitments to purchase assets were approximately 1,317 thousand euros (1,085 thousand euros at the end of financial year 2020). At the end of the financial years 2021 and 2020, there were no firm commitments for sales of tangible fixed assets.

The usual practice of the Group is to take out insurance policies to cover all its companies against the possible risks to which the various elements of their tangible fixed assets are exposed.

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

10. LEASES

10.1. Operating Lease

In its position as a tenant, the Consolidated Profit and Loss Account includes expenses for the leasing of real estate, premises and land, the main contracts being the following:

Empresa	Arrendador	Importe anual (miles de euros)		Vencimiento	
		2021	2020	2021	2020
Teknia Elorrio, S.L.U.	Clomi, S.L.U.	(181)	(162)	2022	2022
Teknia Pedrola, S.L.U.	Clomi, S.L.U.	(201)	(179)	2026	2026
Teknia Barcelona, S.L.U.	Terceros	(271)	(276)	2026	2026
Teknia Martos, S.L.U.	Terceros	(251)	(260)	Anual prorrogable	Anual prorrogable
Teknia Azuqueca, S.L.U.	Clomi, S.L.U.	(403)	(359)	2025, prorrogable por periodos de 5 años	2025, prorrogable por periodos de 5 años
	Terceros	(236)	(219)	2033	2033
Teknia Brasil Ltda.	Veradale, S.L.U	(683)	(544)	2028	2028
Teknia Mexico City S.A. de C.V.	Terceros	(99)	(83)	Anual prorrogable	Anual prorrogable
Teknia Manresa, S.L.U.	Terceros	(319)	(230)	Anual prorrogable y 2026	Anual prorrogable y 2026
Teknia San Luis Potosí, S.A. de CV	Terceros	(61)	(123)	2025	2025
Teknia Bilbao XXI, S.L.U.	Veradale, S.L.U	(472)	(421)	2025	2025
Teknia Ampuero, S.L.U.	Terceros	(36)	(178)	2028	2028
Teknia Rzeszow Sp. Z.o.o.	Veradale Polska, Sp. z.o.o	(365)	(371)	2027	2027
Teknia Kalisz Sp. Z.o.o.	Veradale Polska, Sp. z.o.o	(610)	(535)	2027	2027
Teknia Gebze Makine Sanayi ve Ticaret A.S	Terceros	(90)	(90)	2032	2032
Teknia Tepeji , S.A. de C.V.	Terceros	(486)	(468)	2022	2022

All transactions with companies affiliated to the Group amount to:

(thousand euros)	Operating expenses	
	2021	2020
Clomi, S.L.U.	785	700
Veradale, S.L.U.	1155	965
Veradale Polska, Sp. z.o.o	975	1117

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

Balances outstanding for lease or other items are, as of the 31st of December:

<i>(thousand euros)</i>	2021		
	Clients	Short-term creditors and suppliers	Long-term guarantees
Clomi, S.L.U.	-	-	163
Veradale, S.L.U.	-	-	189
Veradale Polska, Sp. z o.o	-	-	151

<i>(thousand euros)</i>	2020		
	Clients	Short-term creditors and suppliers	Long-term guarantees
Clomi, S.L.U.	-	-	163
Veradale, S.L.U.	-	-	180
Veradale Polska, Sp. z o.o	-	-	153

In 2022 and following years, it is estimated future payments are reestablished to the amounts before said reductions, increasing based on the annual CPI or similar indicators, determined in the contracts.

During the financial year 2020 and due to the activity stoppage motivated by the COVID-19 pandemic, temporary rent reductions have been agreed by the lessors.

10.2. Financial Lease

The Group maintains certain financial leasing contracts for tangible fixed assets whose most significant data are:

Object	Net book value of the asset	
	<i>(thousand euros)</i>	
	2021	2020
Installations, equipment and other fixed assets	4552	6552

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

The schedule of future payments for these contracts at the end of financial years 2021 and 2020 is as follows, in thousand of euros:

Years	31.12.2021	31.12.2020
Short-term:		
2021	-	(1,557)
2022	(725)	-
	(725)	(1,557)
Long-term:		
2022	-	(727)
2023	(416)	(416)
2024	(388)	(387)
2025	(120)	(120)
	(924)	(1,650)

11. FINANCIAL INSTRUMENTS

11.1. Category of financial assets and liabilities

11.1.1. Financial assets

The following are the items of financial assets 31 December 2021, with their breakdown in thousand euros as follows:

	Instrumentos financieros a largo plazo	Instrumentos financieros a corto plazo
	Créditos, derivados, y otros	Créditos, derivados, y otros
<i>(miles de euros)</i>		
Activos financieros a coste amortizado	1.125	45.297
TOTAL	1.125	45.297

At 31st December 2020 the classification of financial assets is as follows:

	Instrumentos financieros a largo plazo	Instrumentos financieros a corto plazo
	Créditos, derivados, y otros	Créditos, derivados, y otros
<i>(miles de euros)</i>		
Préstamos y partidas a cobrar	1.046	50.521
TOTAL	1.046	50.521

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

Long-term financial assets

This chapter, for the amount of 1,125 thousand euros (1,046 thousand euros in the previous financial year) mainly covers:

- Guaranties amounting to 938 thousand euros (901 thousand euros in the previous financial year), of which 503 thousand euros are with related parties (476 thousand euros in the financial year 2020) (Note 10.1).

The year maturities of long-term financial assets are as follows:

Ejercicio 2021

<i>(miles de euros)</i>	2023	2024	2025	2026 y siguientes	Sin vencimiento fijado	Total
Fianzas	330	18	-	563	27	938
Otros	-	-	-	-	187	187
						<u>1.125</u>

The year maturities of the most significant long-term financial assets of the financial year 2020 are as follows:

Ejercicio 2020

<i>(miles de euros)</i>	2022	2023	2024	2025 y siguientes	Sin vencimiento fijado	Total
Fianzas	191	4	1	642	63	901
Otros	50	-	-	-	95	145
						<u>1.046</u>

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

Short-term financial assets

The composition of short-term loans, derivatives and others is as follows:

<i>(miles de euros)</i>	2021	2020
Cientes	44.168	49.896
Personal	74	52
Deudores varios	1.020	550
Otros activos financieros	35	23
	45.297	50.521

The movement of corrections due value impairment caused by credit risk with customers during the financial year was as follows:

	<i>(miles de euros)</i>
Pérdida por deterioro al inicio del ejercicio 2021	<u>(895)</u>
(+) Entrada al perímetro	(10)
(-) Reversión deterioro	31
(-) Provisiones aplicadas	205
(+) Diferencias de conversión y otros	<u>(3)</u>
Pérdida por deterioro al final del ejercicio 2021	<u>(672)</u>

The movement of corrections due to value impairment caused by credit risk with customers during the previous financial year was as follows:

	<i>(miles de euros)</i>
Pérdida por deterioro al inicio del ejercicio 2020	<u>(895)</u>
(+) Corrección valorativa por deterioro	(39)
(-) Provisiones aplicadas	-
(+) Diferencias de conversión y otros	<u>39</u>
Pérdida por deterioro al final del ejercicio 2020	<u>(895)</u>

Factoring lines without recourse.

In the financial year 2020, several companies of the Group have signed factoring policies without recourse with several financial entities. The joint limit amounts to 16,258 thousand euros and 2,663 thousand USD (18,299 thousand euros and 2,019 thousand USD in 2020).

The factored amounts have been reduced from the number of Clients because the risks have been derived to the financial institutions and because of a lack of the Group's continued involvement with them. At 31st December 2021 the total amount factored by the Group amounts to 9,138 thousand euros and 1,810 thousand USD (7,391 thousand euros and 1,439 thousand USD at the end of 2020).

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

11.1.2. Financial liabilities

The composition of financial liabilities by class and category is as follows in the financial year 2021:

	Long-term financial liabilities			Short-term financial liabilities		
	Bonds and other negotiable securities	Bank loans	Derivatives and others	Bonds and other negotiable securities	Bank loans	Derivatives and others
<i>(thousand euros)</i>						
Financial liabilities at amortised cost	-	(46,943)	(3,763)	-	(22,162)	(75,796)
TOTAL	-	(46,943)	(3,763)	-	(22,162)	(75,796)

The composition of financial liabilities by classes and categories was as follows in the financial year 2020:

	Long-term financial liabilities			Short-term financial liabilities		
	Bonds and other negotiable securities	Bank loans	Derivatives and others	Bonds and other negotiable securities	Bank loans	Derivatives and others
<i>(thousand euros)</i>						
Debits and items to be paid	-	(48,025)	(3,823)	(20,497)	(13,106)	(91,795)
TOTAL	-	(48,025)	(3,823)	(20,497)	(13,106)	(91,795)

Bonds and other negotiable securities: Issuance of Bonds

At maturity, on 5th July 2021, the Parent Company fully amortised the bond issuance of “Bonos senior unsecured Teknia Manufacturing Group, S.L.U. Junio 2016” with the value code ES0305105001, cancelling the face value of 20,000,000,00 euros.

At 31st December in the previous year liabilities included in the financial statements for this amounted to 20,497 thousand euros in the short term.

The characteristics of this bonds issuance are described in the consolidated financial statements for the previous year.

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

Bank loans

This chapter covers financial leasing debts and debts due to bank loans and other items.

<i>(miles de euros)</i>	2021			2020		
	Largo plazo	Corto Plazo	Total	Largo plazo	Corto Plazo	Total
Deudas con entidades de crédito	(46.019)	(21.437)	(67.456)	(46.375)	(11.549)	(57.924)
Acreedores por arrendamiento financiero	(924)	(725)	(1.649)	(1.650)	(1.557)	(3.207)
TOTAL	(46.943)	(22.162)	(69.105)	(48.026)	(13.106)	(61.132)

The financial leasing creditors refer to the debts for the financial leasing operations indicated in Note 10.2.

The maturity of the debts with credit institutions at the end of financial years 2021 and 2020 is broken down as follows, in thousand euros:

Vencimiento	2021	Vencimiento	2020
Corto plazo:		Corto plazo:	
2022	(21.437)	2021	(11.549)
Largo plazo:		Largo plazo:	
2023	(14.958)	2022	(11.822)
2024	(13.160)	2023	(13.203)
2025	(9.835)	2024	(10.670)
2026	(7.516)	2025	(7.558)
2027 y años posteriores	(550)	2026 y años posteriores	(3.122)
	(46.019)		(46.375)

Within the chapter on short-term credit institutions are outstanding discounted bills of 4,233 thousand euros and 359 thousands of dollars (2,118 thousand euros and 1,412 thousands of dollars in the previous year). For the financial year 2021, the limit for the discounted bills, advance payments of invoices, etc. amounts to 22,350 thousand euros (20,650 thousand euros in the financial year 2020).

On the other hand, at the end of the financial year 2021, the Group has credit accounts granted by financial institutions with a total limit of 14,100 thousand euros and 5,300 thousands of zlotys (17,100 thousand euros and 5,300 thousands of zlotys in 2020), of which at the end of the financial year 2021 had drawn an amount of 6,991 thousand euros and 965 thousand zlotys (58 thousand euros and 5,092 thousand euros at the end of the financial year 2020) Of the 14,100 thousand euros in credits granted at 31 December 2021, 4,000 thousand euros would have a maturity date over 18 months (of the 17,000 thousand euros in credits granted at 31 December 2020, 8,000 thousand euros would have a maturity date over 18 months at that date).

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

At the closing of 2021, the Controlling Company has, of the above, a total of 13,800 thousand euros in loans (13.800 thousand of euros at the end of 2020) and 9,000 thousand euros in lines of credit granted by financial institutions (10,000 thousand of euros at the end of 2020) which are endorsed by the Official Credit Institute (ICO) (Note 19.1) covered by one of the lines referred to in Royal Decree-Law 8/2020, of the 17th of March, on extraordinary urgent measures to deal with the economic and social impact of COVID-19. There, the purpose of these funds is subject to the provisions of that entity.

Derivatives and others

The breakdown of this chapter is as follows, in thousand euros:

	2021		2020	
	Largo plazo	Corto plazo	Largo plazo	Corto plazo
<i>(miles de euros)</i>				
Anticipos y préstamos reembolsables	(3.001)	(1.103)	(3.304)	(924)
Proveedores de inmovilizado	(131)	(1.264)	(119)	(1.734)
Otras deudas	(631)	(1.352)	(400)	(1.669)
Pagarés	-	(18.980)	-	(17.113)
Proveedores	-	(30.840)	-	(44.205)
Otros acreedores:				
Personal	-	(5.767)	-	(5.265)
Anticipos de clientes	-	(9.556)	-	(13.321)
Otros	-	(6.934)	-	(7.564)
TOTAL	(3.763)	(75.796)	(3.823)	(91.795)

The Group has not subscribed any hedge instruments (speculative derivatives and hedge derivatives, respectively) in the years 2021 and 2020.

Advanced payments and reimbursable loans (CDTI, Ministry of Education and Science, Ministry of Industry and Technology and Competitiveness Plan):

The nominal of non-interest-rate loans amounts to 4,498 thousand euros (4,648 thousand euros in the previous financial year).

The maturities at the end of the financial year 2021 and 2020 are as follows:

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

<u>Año</u>	<u>(miles de euros)</u>	<u>Año</u>	<u>(miles de euros)</u>
Corto plazo:		Corto plazo:	
2022	<u>(1.103)</u>	2021	<u>(924)</u>
	(1.103)		(924)
Largo plazo:		Largo plazo:	
2023	(995)	2022	(832)
2024	(1.014)	2023	(856)
2025	(502)	2024	(843)
2026	(332)	2025	(399)
Resto	<u>(158)</u>	Resto	<u>(374)</u>
	(3.001)		(3.304)

Suppliers of fixed assets

The maturities of suppliers of fixed assets at the end of the financial year 2021 and 2020 are as follows:

<u>Año</u>	<u>(miles de euros)</u>	<u>Año</u>	<u>(miles de euros)</u>
Corto plazo:		Corto plazo:	
2022	<u>(1.264)</u>	2021	<u>(1.734)</u>
	(1.264)		(1.734)
Largo plazo:		Largo plazo:	
2023	(33)	2022	(10)
2024	(10)	2023	(10)
2025	(10)	2024	(10)
2026	(10)	2025	(10)
Resto	<u>(68)</u>	Resto	<u>(79)</u>
	(131)		(119)

Other debts

At 31 December 2021, this chapter includes an amount of 1,246 thousand euros in the short-term and 356 thousand euros in the long-term pending of payment for the purchase of share in the company Teknia Santander, S.L.U. (Formerly named Mecanizados Bravo&Bippus, S.L.). The debt's maturity date is as follows:

- June 2023: Euros 326 thousands
- June 2024: Euros 30 thousands

As of the 31st of December 2020, this chapter contains outstanding short-term 1,236 thousand euros for the purchase of the Mecanor group (today Teknia Ampuero, S.L. and its subsidiary companies). As of the 18th of March 2021, this debt has been written-off.

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

Issuance of promissory notes

In February 2022, the Controlling company added in the Spanish Alternative Fixed-Income Market (MARK, in Spanish) the Key Investor Information Document (DBII, in Spanish) of short-term securities, called “Commercial Paper Programme Teknia 2022”, for a maximum amount of up to 30,000,000 euros.

In the previous year, in February 2021, the Controlling Company added in the Spanish Alternative Fixed-Income Market (MARF, in Spanish) the Key Investor Information Document (DBII, in Spanish) of short-term securities, called “Commercial Paper Programme Teknia 2021”, for a maximum amount of up to 25,000,000 euros.

At the closing of 2021, the face value of the promissory debt amounted to 19,000,000 euros and they mature throughout 2022, with an interest rate between 0.250% and 0.700%.

At the closing of 2020, the face value of the promissory debt amounted to 17,200,000 euros and they mature throughout 2021, with an interest rate between 0.472% and 1.196%.

On 17 September 2020 a guarantee agreement was executed between Instituto de Crédito Oficial, E.E.E (ICO), as guarantor, Teknia Manufacturing Group, S.L.", as guarantee entity and the other financial placement and collaboration entities, within the promissory emissions programme under the purpose of the guarantee. The purpose of the agreement was for the ICO to grant on behalf of the Ministry or Foreign Affairs and Digital Transformation guarantees under the ICO promissory guarantees programme provided in section 29 in Royal Decree Law 8/2000 where Bolsas y Mercados Españoles Renta Fija S.A.U., the Company governing the MARK market.

According to the above mentioned agreement, the financing amount obtained through Guaranteed Promissory Notes will be destined exclusively to address the liquidity needs resulting from the economic impact of COVID-19 to, among other purposes, face the payment of payroll, the management of invoices to providers and suppliers of goods and services, the need of cash flows and the maturity of current tax and financial obligations or other liquidity needs overall maturity after 17 March 2020.

The guarantee amount was 70% of the face value discounted from each emissions and the unit face value discount from each promissory note. The validity of the guarantee granted matched the maturity date of the issuance of Endorsed Promissory Notes (which in no case can be higher than 24 months, increased by 10 working days).

The characteristics of promissory notes issued by Teknia Manufacturing Group, S.L. Endorsed by the ICO not matured at the closing of 2020 were:

Issuer	ISIN	Volume (euros)	Payout Date	Maturity Date
TEKNIA MANUFACTURING GROUP, S.L.U.	ES0505105413	3000000.00	28/09/2020	20/09/2021
TEKNIA MANUFACTURING GROUP, S.L.U.	ES0505105421	3000000.00	26/10/2020	25/10/2021
TEKNIA MANUFACTURING GROUP, S.L.U.	ES0505105439	600000.00	23/11/2020	19/11/2021
TEKNIA MANUFACTURING GROUP, S.L.U.	ES0505105447	5400000.00	23/11/2020	21/05/2021

At the closing of 2020, an amount of 8,338 thousand euros in promissory notes issued by the Company were endorsed by the ICO, whereas in 2021 no promissory notes have been issued, or are in force, backed by the ICO.

11.2. Information on the nature and level of risk of financial instruments

11.2.1. Qualitative

The management of the Group's financial risks is centralized on the Financial Management Team of Group, which has established the necessary mechanisms to control exposure to changes in interest and exchange rates, as well as credit and liquidity risks. These are the main financial risks that impact the Group:

a) Credit risk:

Generally, the Group maintains its cash and cash equivalents in high-level of solvency financial institutions.

Credit risk is determined by the group companies' sales to their customers. At this time, given the current economic situation and one of the economic sectors in which the Group operates, each client has been reviewed individually in order to minimize the impact of this type of risk.

b) Liquidity Risk:

In order to be able to meet all payment commitments resulting from its activity, the Group has sufficient cash and assets of high liquidity, as shown in the Consolidated Balance Sheet. The dividend policy followed is prudent and takes into account the investments necessary to maintain the Group's competitiveness. The credit limits indicated in Note 11.1.2 are also maintained.

c) Market risk (Interest rate, exchange rates, etc.):

The Group is not too exposed to this risk as significant interest-rate liabilities are Euribor-referenced and no large increases are expected in the short term or were signed at a fixed rate to minimize the impact of any change in interest rates.

With regard to the exchange rate risk, the group does not consider it necessary to have coverage in place for this, since historically it has been proven that the automotive sector is a long-term business in which rate fluctuations will affect both positively and negatively, but its long-term effect will be practically neutral.

The Group's activity is focused on the automotive sector, so the risk of market drop is the same as that of the sector in which it operates. The Group is present in several countries to minimize the possible impact of different developments in manufacturing costs and car consumption in each country.

11.2.2. Quantitative information

As indicated above, the main risk would be the exchange rate changes of companies whose functional currency is not the Euro. A policy of natural coverage of companies operating in more than one currency is applied. In this regards, the quantitative information, is included in Note 20.5.

12. STOCK

The composition of this chapter at the closing of 2021 and 2020 is as follows, in thousand euros:

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

<i>(miles de euros)</i>	2021	2020
Mercaderías, materias primas auxiliares y otros	22.361	15.600
Producto en curso	14.288	13.791
Producto terminado	18.656	15.563
Subproductos y residuos	14	-
Anticipos a proveedores	6.846	9.421
Deterioro	(2.648)	(1.925)
TOTAL	59.517	52.450

13. STOCKHOLDER EQUITY**13.1. Share Capital**

The share capital of the Controlling Company is represented by 332,779 shares (332,779 shares in the previous year) of 60.10 euros in nominal value being Siuled, S.L. the Sole Shareholder.

The share capital of the Controlling Company is fully subscribed and disbursed, through the following contributions, in thousand euros:

	<i>(miles de euros)</i>
Aportación no dineraria de acciones de sociedades	23.547
Aportación dineraria en constitución	1.030
Aportación dineraria en ampliaciones de capital	5.053
Redenominación a euros	(1)
Reducción de capital en 2013	(9.629)
	20.000

13.2. Reserves

The composition at year-end of the financial year of this chapter is as follows:

<i>(miles de euros)</i>	2021	2020
Reserva legal de la Sociedad Dominante	4.000	4.000
Reservas voluntarias de la Sociedad Dominante	33.516	26.047
Reservas de consolidación	21.587	31.145
TOTAL	59.103	61.192

According to article 214 of the Spanish Capital Companies Act, in any case, a figure equal to 10 per 100 of the profit from the financial year will be allocated to the legal reserve until it reaches at least 20 per 100 of the share capital.

The legal reserve, until it reaches the limit indicated, may only be used for loss compensation in the event that no other reserves are available for this purpose.

The movement of reserves is reflected in the Consolidated Statement of Changes in Corporate Net Worth.

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

13.3 Exchange differences

This amount comes from certain companies of the Group, according to the following details in thousand euros:

<i>(miles de euros)</i>	2021	2020
Teknia Brasil, Ltda.	(6.138)	(6.156)
Teknia Polska Spolka z o.o y sus sociedades dependientes	(2.001)	(1.847)
Teknia Uhersky Ubrod, AS	771	145
Teknia USA Inc, y su sociedad dependiente	(7)	(815)
Componentes de Automoción Marroquíes SARL	26	(71)
Teknia San Luis Potosí, S.A. de C.V.	(771)	(969)
Teknia Mexico City, S.A. de C.V.	(283)	(406)
Teknia KG doo, Kragujeva	40	40
Teknia Gebzre Makine Sanayi VE Ticaret, A.S.	(1.607)	(1.156)
Teknia Japan, GK	(3)	(1)
Teknia Tepejí, S.A. de C.V.	(106)	(400)
Teknia Oradea, S.R.L.	(89)	(61)
TOTAL	(10.168)	(11.697)

Exchange rates with regards to the euro, applied in the exchange of the financial statements of foreign companies have been as follows at 31 December 2021 and 2020:

	2021	2020	2019	% var. 2021/2020	% var. 2020/2019
Real Brasileño	6,3101	6,3735	4,5157	-0,99%	41,14%
Zloty Polaco	4,5969	4,5597	4,2568	0,82%	7,12%
Corona Checa	24,8580	26,2420	25,408	-5,27%	3,28%
Dólar Americano	1,1326	1,2271	1,1234	-7,70%	9,23%
Peso Mejicano	23,1438	24,4160	21,2202	-5,21%	15,06%
Dirham Marroquí	10,5165	10,9351	10,7465	-3,83%	1,75%
Dinar Serbio	117,5821	117,5802	117,5928	0,00%	-0,01%
Lira Turca	15,2335	9,1131	6,6843	67,16%	36,34%
Leu Rumann	4,949	4,8683	4,783	1,66%	1,78%
Yen Japonés	130,38	126,49	121,94	3,08%	3,73%

14. **TAXATION SITUATION**

14.1. **Public Governments**

The composition of this chapter is as follows, in thousand euros:

	2021		2020	
	Deudor	Acreedor	Deudor	Acreedor
<i>(miles de euros)</i>				
Impuesto corriente	1.030	(1.202)	1.296	(133)
I.R.P.F	53	(1.194)	12	(1.273)
I.V.A.	4.293	(1.103)	4.432	(1.285)
Otros	140	(495)	166	(288)
Seguridad Social	68	(1.845)	37	(1.973)
	4.554	(4.637)	4.647	(4.819)

14.2. **Reconciliation of the income and expenses net amount with the tax base of taxes on profits**

The appropriate information in financial year 2021 is as follows:

<i>(miles de euros)</i>	Cuenta de pérdidas y ganancias consolidada Importe del ejercicio 2021			Ingresos y gastos directamente imputados al patrimonio neto Importe del ejercicio 2021		
	Aumento	Disminución	Efecto neto	Aumento	Disminución	Efecto neto
Saldo de ingresos y gastos del ejercicio			10.712			1.529
Impuesto sobre Sociedades	3.567		3.567	-	-	-
Diferencias permanentes:						
-de ajustes de consolidación	12.242	(9.483)	2.759	-	(1.529)	(1.529)
-de sociedades individuales	5.996	(4.871)	1.125	-	-	-
Diferencias temporarias de ajustes de consolidación	717	(680)	37	-	-	-
Diferencias temporarias de sociedades individuales	1.344	(4.967)	(3.623)	-	-	-
Compensación de bases imponibles negativas de ejercicios anteriores			(157)			-
Base imponible (resultado fiscal)			14.420			-

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

The appropriate information in financial year 2020 was as follows:

<i>(miles de euros)</i>	Cuenta de pérdidas y ganancias consolidada			Ingresos y gastos directamente imputados al patrimonio neto		
	Importe del ejercicio 2020			Importe del ejercicio 2020		
Saldo de ingresos y gastos del ejercicio			<u>1.911</u>			<u>(6.574)</u>
	<u>Aumento</u>	<u>Disminución</u>	<u>Efecto neto</u>	<u>Aumento</u>	<u>Disminución</u>	<u>Efecto neto</u>
Impuesto sobre Sociedades	2.079	-	2.079	24	-	24
Diferencias permanentes:						
-de ajustes de consolidación	13.812	(124)	13.688	6.645	-	6.645
-de sociedades individuales	2.146	(10.970)	(8.824)	-	-	-
Diferencias temporarias de ajustes de consolidación	2.006	(615)	1.391	-	-	-
Diferencias temporarias de sociedades individuales	3.024	(3.172)	(148)	-	(95)	(95)
Compensación de bases imponibles negativas de ejercicios anteriores			<u>(3.960)</u>			<u>-</u>
Base imponible (resultado fiscal)			<u>6.137</u>			<u>-</u>

With regard to the most significant permanent differences that have arisen from the consolidation entries, as well as in the individual companies, both in the financial year 2021 and in the financial year 2020, they refer to the dividends and impairment of the shareholdings in Subsidiary Companies.

14.3. Reconciliation of deferred tax liabilities and assets

The deferred tax reconciliation is as follows, in thousand euros:

	2021		2020	
	Activos	Pasivos	Activos	Pasivos
<i>(miles de euros)</i>				
Saldo Inicial	11.792	(4.035)	12.030	(3.797)
Aumentos				
* Por Bases imponibles negativas y deducciones pendientes de compensar	728	-	548	-
* Subvenciones imputadas directamente al patrimonio (Nota 15)	-	-	-	(24)
* Ajustes en consolidación	-	-	168	-
* Por Fondo de comercio	-	(29)	-	(160)
* Otros	114	(73)	154	(358)
* Diferencias de conversión	142	(102)	-	-
Disminuciones				
* Bases imponibles negativas y deducciones	(809)	-	(755)	-
* Subvenciones transferidas a la Cuenta de PyG (Nota 15)	-	21	-	20
* Ajustes en consolidación	(139)	151	-	163
* Otros	(929)	778	(94)	7
* Diferencias de conversión	-	-	(259)	114
Saldo Final	10.899	(3.289)	11.792	(4.035)

The negative tax bases applied in the year have amounted to 157 thousand euros (3,960 thousand euros in the previous year).

Spanish companies have deductions from previous years and from the current year from investments, research expenses and other expenses, pending application amounting to 13,114 thousand euros (12,348 thousand euros in the previous year) and negative tax bases from previous years pending offsetting amounting to 12,843 thousand euros (12,511 thousand euros in the previous year). Foreign companies have negative tax basis amounting to 33,318 thousand euros (28,528 thousand euros in the previous year).

With regard to group companies domiciled in Bizkaia, the law applicable to the settlement of Company Tax for the financial year 2021, as in the previous financial year, is that applicable to the Bizkaia territory special Tax (Foral) Standard.

14.4. Years open for inspection

In accordance with current legislation, taxes cannot be considered definitively paid until the submitted tax returns have been inspected by the tax authorities, or the statutory submission period has elapsed.

All companies in the Group have open inspections by the Spanish Tax Agency of all non-expired financial years, for all taxes.

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

The Directors of the Controlling Company and of the consolidated Subsidiary Companies, consider that the tax settlements have been properly performed, so that, even if discrepancies arise in the interpretation of the regulations in force for the tax treatment granted to the operations, any resulting liabilities, if realized, would not significantly affect the attached Consolidated Yearly Financial Statements.

14.5 Consolidated Tax Group

The Controlling Company is part of a consolidated Tax Group which taxes in the territory special Tax (Foral) Territory of Bizkaia.

In accordance with the approval of the Regulatory territory special Tax (Foral) Decree 2/2015 of the 10th of February, amending the territory special Tax (Foral) Standard 12/2013 of the 5th of December, on the Tax on the Income of Non-Residents and the territory special Tax (Foral) Standard 11/2013, of the 5th of December, on the Company Tax (NFIS) and more specifically, of Article 2, Section 2, amending Article 85 of the NFIS, the Controlling Company Siuled, S.L., sole shareholder of Teknia Manufacturing Group, S.L. (A Sole Proprietorship Company), is not part of the Tax Group which taxes under territory special Tax (Foral) Regulations.

In accordance with the provisions of Articles 83.2 and 88.6 of the NFIS, Siuled, S.L., not resident in the foral territory and Controlling Company of the Tax Group in accordance with the regulations applicable since January 1, 2015, it was agreed that Teknia Manufacturing Group, S.L. (A Sole Proprietorship Company) would act as a representative of the Tax Group.

The consolidated tax group in 2021, as well as in 2020, consists of Teknia Manufacturing Group, S.L. (Sociedad Unipersonal), Teknia Elorrio, S.L. (Sociedad Unipersonal), Teknia Bilbao XXI, S.L. (Sociedad Unipersonal).

14.6 Current tax assets and liabilities

The breakdown in terms of corporate tax to the various Public Governments is as follows:

(miles de euros)

	Deudor		Acreedor	
	2021	2020	2021	2020
Hacienda Foral Pais Vasco	37	34	-	-
Hacienda Estatal	853	1.050	-	-
Haciendas extranjeras	140	212	(1.202)	(133)
	1.030	1.296	(1.202)	(133)

15. **SUBSIDIES**

The following details the movement in the financial year in the Subsidies chapter:

Subvenciones, donaciones y legados recogidos en el balance consolidado, otorgados por terceros distintos a los socios:

	<i>(miles de euros)</i>	
	2021	2020
Saldo al inicio del ejercicio	314	300
Aumentos	-	95
Efecto impositivo (Nota 14.3)	-	(24)
Imputación a resultados	(126)	(77)
Efecto impositivo (Nota 14.3)	21	20
Saldo al cierre del ejercicio	209	314

The capital subsidies basically cover those granted by the CDTI for investments made, as well as the updating of the loan from the competitiveness plans granted to the companies of the Group. The addition in 2020 corresponded to a subsidy granted by the Spanish Institute for Diversification and Energy Savings (IDEA).

All subsidies originate from the Subsidiary Companies, and the Group considers that the conditions associated with them are being fulfilled.

Subsidies allocated to the consolidated profit and loss account.

The composition of this chapter is as follows, in thousand euros:

	<i>(miles de euros)</i>	
	2021	2020
Subvenciones de explotación incorporadas al resultado del ejercicio	1.873	2.925
Imputación de subvenciones de inmovilizado no financiero	20	2
Imputación de subvenciones de carácter financiero	106	75
TOTAL	1.999	3.002

In the chapter operating subsidies incorporated into profit for 2021 are 1,239 thousand euros received from Teknia Nashville Ltda, corresponding to the *Paycheck Protection Program Loan Forgiveness* in the United States for those companies impacted by COVID-19 and with a reduction in gross income of 25% during the quarter or more during 2020.

In the chapter operating subsidies incorporated into profit for 2020 are 2,736 thousand euros for several types of grants received by group companies whose purposes was to palliate the impact of the COVID-19 pandemic.

16. **PROVISIONS**

The composition of this chapter is as follows:

<i>(miles de euros)</i>	2021		2020	
	Corto plazo	Largo plazo	Corto plazo	Largo plazo
Retribuciones al personal	(278)	(1.306)	-	(1.210)
Otras provisiones	(750)	(1.317)	(775)	(416)
TOTAL	(1.028)	(2.623)	(775)	(1.626)

The chapter other non-current provisions at 31 December 2021 includes 1,317 thousand euros (314 thousand euros in 2020) of the Brazilian company for tax litigation. In addition, in 2020 an amount of 102 thousand euros from the previous years from the company Teknia Ampuero, S.L.U. was included to cover potential commercial and labour litigation.

16.1. **Remuneration to staff members**

This chapter contains provisions made by the Polish and Mexican companies, in accordance with the laws of their countries. The present value of the commitments has been determined, applying for their quantification the capitalization interest rates and life tables and other generally accepted actuarial assumptions, following the legal standards of each country.

Changes in 2021 and 2020 were as follows:

<i>(miles de euros)</i>	2021	2020
Saldo inicial del ejercicio	(1.210)	(1.135)
Entrada en el perímetro	-	-
Variación de dotaciones	(307)	(178)
Pagos	-	-
Traspasos	(45)	-
Diferencias de conversión	(22)	103
Saldo final	(1.584)	(1.210)

17. **INCOME AND EXPENSES**

17.1. **Turnover net amount**

The turnover net amount breakdown, according to the destination of the geographic markets, is as follows:

	2021	2020
Nacional	17%	21%
Resto Unión Europea	43%	45%
Resto del Mundo	40%	34%

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

The Group has 1 customer (1 in 2020) who have been individually billed a percentage greater than 10% of the net amount of the Group's turnover. This customer has been billed in 2021 and 2020 for the following percentages:

%	
2021	2020
22%	22%

For the purposes of this note, a company or group of companies is considered a customer.

17.2. Purchases

The purchases of goods and raw materials and other supplies breakdown by geographic markets are as follows:

	%	
	2021	2020
Nacional	31%	38%
Resto Unión Europea	42%	39%
Resto del Mundo	27%	23%

17.3. Staff

The breakdown of average staff as well as staff at year-end of the Group by category and gender is shown below:

	Personal Medio 2021	Personal al 31 diciembre 2021			Personal Medio con discapacidad
		Total	Hombres	Mujeres	
Administradores (no personal de empresa)	1,50	2	2	-	-
Administradores (personal de empresa)	2,00	2	2	-	-
Alta dirección	6,00	6	5	1	-
Estructura	265,20	275	146	129	2,00
Mano de obra indirecta	968,37	960	794	166	7,00
Mano de obra directa	1.925,54	1.994	1.198	796	10,00
Totales	3.167,11	3.237	2.145	1.092	19,00

Two of the Controlling Company's directors in 2021 are, also, workers in the Group (two in 2020).

The breakdown of average staff as well as staff at previous year-end of the Group by category and gender is shown below:

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

	Personal Medio 2020	Personal al 31 diciembre 2020			Personal Medio con discapacidad
		Total	Hombres	Mujeres	
Administradores (no personal de empresa)	1,00	1	1	-	-
Administradores (personal de empresa)	2,00	2	2	-	-
Alta dirección	6,00	6	5	1	-
Estructura	310,15	310	176	134	2,00
Mano de obra indirecta	844,26	926	778	148	13,00
Mano de obra directa	1.968,92	2.036	1.205	831	30,00
Totales	3.131,33	3.280	2.166	1.114	45,00

18. OPERATIONS AND BALANCES WITH ASSOCIATED PARTIES

18.1 Balances and transactions with the sole shareholder

In addition to the operations with the associated companies indicated in Note 10, the Group has maintained the following operations with the Sole Shareholder of Teknia Manufacturing Group, S.L. (A Sole Proprietorship Company) in thousand euros:

	Operating income		Operating expenses	
	2021	2020	2021	2020
Siuled, S.L.	-	-	-	61

At 31 December 2021, like at the closing of 2020, the Group does not have balances with this company.

18.2 Remuneration of the Directors and key staff

The amount collected in 2021 by all the Controlling Company's Directors has amounted to 344 thousand euros (389 thousand euros in 2020), of which 210 thousand euros have been received as salary remunerations (306 thousand euros 2020) and 133 thousand euros as services (83 thousand euros in 2020).

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

The Sole Shareholder of the Controlling Company, Siuled, S.L., which in turn is an administrator, has balances and transactions that are indicated in the appropriate notes of this Consolidated Annual Report.

The remuneration paid in 2021 to key personnel for the Group has amounted to 1,050 thousand euros (725 thousand euros in 2020).

Furthermore, the Controlling Company has subscribed a civil liability insurance for the Directors and Executives whose premium amounts to 5 thousand euros, taxes included (in the previous year, 5 thousand euros).

19. FINANCIAL STRUCTURE

The Group's Financial Management is the one that arbitrates the overall financial policy, but it also allows the national companies freedom of management. Although each company has its own treasury and manages its collection and payment calendars, as well as prepares its treasury budgets, the Controlling Company has centralised the financial management of the Group's subsidiary companies, obtaining financing, through loans and issuing bonds (matured in 2021) and promissory notes, which are later on transferred to the subsidiary companies and holds a bank account with each subsidiary company.

Foreign companies independently manage their treasury on the basis of the guidelines set by the Group Management.

19.1 Guarantees and warranties

At 31 December 2021, the Controlling Company has endorsed by the Official Credit Institute (ICO) loans whose balance at that date amounts to 13,800 thousand euros (13,800 thousand euros at 31 December 2020) (Note 11.1.2), credit lines with a limit of 9,000 thousand euros, of which 3,397 thousand euros have been withdrawn (at the closing of 2020, credit lines not withdrawn with a total limit of 10,000 thousand euros) (Note 11.1.2). Additionally, in 2020 there were pending promissory notes maturing at the end of the year endorsed amounting to 8,337.64 thousand euros. (Note 11.1.2).

In 2021, as well as the generic warranty in note 11.1.2 referring to non-recourse factoring lines, the Controlling Company has issued four generic Comfort Letters before clients of Teknia Pedrola, S.L. (Sociedad Unipersonal), Teknia Azuqueca, S.L. (Sociedad Unipersonal), Teknia Kalisz Sp. z o.o and Teknia Brasil Ltda, and also other two Comfort Letter before financial entities of Teknia Rzeszow Sp. z o.o and Componentes de Automoción Marroquíes, SARL (In 2020, two generic Comfort Letters before clients of Teknia Pedrola, S.L. (Sociedad Unipersonal) and Teknia Kalisz Sp. z o.o and before a supplier of Teknia Brasil Ltda and a fourth Comfort Letter of Teknia Rzeszow Sp. z o.o before a financial entity).

Furthermore, in 2021, the Controlling Company is joint and several guarantor of loans whose owners are subsidiary companies whose total balance at the end of 2021 amounts to 6,158 thousand euros (7,290 thousand euros at the closing of 2020).

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

The company Teknia Rzeszów Sp. z o.o., has executed agreements with financial entities as guarantee of loan payments, credits, discount lines and other financing instruments obtained in the amount of 3,388 thousand PLN (2,595 PLN in 2020), as well as "Blank Bill" with financial entities endorsing its leasings for a total of 539 thousand euros (539 thousand euros in 2020).

The company Teknia Kalisz, Sp. z o.o has executed contracts with financial entities as a guarantee of the discount lines obtained in 2021 amounting to 965 thousand PLN (1,938 thousand PLN in 2020).

The Czech company Teknia Uhersky Brod, a.s., has been granted a mortgage guarantee amounting to 2,022 thousand euros (862 thousand euros in 2020). It has also executed a "Blank Bill" for these loans and another additional one amounting to 629 thousand euros (531 thousand euros in 2020).

Teknia Brasil Ltda. guarantees with machines and facilities a loan amounting to 956 thousand BRL (1,275 thousand BRL, in the previous year). This loan is endorsed by the Controlling Company, as well as two loans with a balance at 31 December 2021 of 36 thousand BRL (84 thousand BRL in the previous year).

The company Teknia Oradea, S.R.L. has a mortgage loan amounting to 283 thousand euros (366 thousand euros in 2020), being the cost of the mortgaged property 1,220 thousand euros (1,382 thousand euros in 2020). In turn, this company's loans amounting to 369 thousand euros at the closing of 2021 (588 thousand euros in 2020) are endorsed by its controlling company Teknia Ampuero, S.L. (Sociedad Unipersonal).

20. OTHER INFORMATION

20.1 Information on the purchase cost prices of the contributed shares

The values for which the shares contributed to the Controlling Company were entered into the accounts at the time of its incorporation are reflected in the Consolidated Yearly Financial Statements for the financial year 2007 and earlier.

In the case of the sale of these stocks, the tax gain to be reported would be the difference between the sale price and the tax cost value mentioned above.

20.2 Auditors' fees

The fees accrued by the Controlling company's auditors for auditing the consolidated financial statements and the financial statements of the Group companies have amounted to 126 thousand euros (124 thousand euros in the previous year) and other works to 17 thousand euros (20 thousand euros in the previous year).

Furthermore, the fees for auditing foreign and Spanish companies, carried out by other auditors of Moore Global Network have amounted to 46 thousand euros (49 thousand euros in 2020) and 3 thousand euros for other works for the group (3 thousand euros in 2020).

Other auditors have received 83 thousand euros for auditing works (59 thousand euros in 2020) and no other works have been carried out in 2021 or 2020.

20.3 Article 229 of the Consolidated Text of the Spanish Capital Companies Act

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

The Directors state that neither they nor the persons associated with them, as defined in Article 231 of the Spanish Capital Companies Act, incur none of the conflict of interest situations listed in article 229 of said Act. Although it is indicated that they have stakes and hold positions in the affiliated companies.

20.4 Donations and contributions to non-profit associations

The Board of Directors, the Sole Shareholder and, last, its Founder are interested in promoting and increasing on an annual basis the philanthropic activities of the different Teknia Group companies.

In 2021 Group companies have made contributions to non-profit organisations amounting to 342 thousand euros (76 thousand euros in 2020).

20.5 Foreign currency

The overall amount of the most significant assets and liabilities elements denominated in foreign currency is as follows:

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

<i>(thousand euros)</i>																			
ASSETS	Brazilian Real		PLN		Dirham		Czech Crown		Mexican Peso		USD		Serbian Dinar		Turkish Lira		Romanian LEU		
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	
Tangible fixed assets	5430	5253	9708	10155	4267	3893	12469	10073	8597	8701	10528	9715	4940	5062	274	685	2201	2258	
Stock	1921	2469	5640	8590	-	-	1030	3637	1902	3686	1551	2210	446	888	605	597	244	-	
Trade and other accounts receivables	4626	4369	525	789	-	-	61	217	320	621	8101	11543	149	144	516	557	208	64	
Cash and other cash equivalents	569	653	262	323	-	6	17	59	32	62	778	1109	52	102	179	36	72	-	

<i>(thousand euros)</i>																			
LIABILITIES	Brazilian Real		PLN		Dirham		Czech Crown		Mexican Peso		USD		Serbian Dinar		Turkish Lira		Romanian LEU		
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	
Long-term debt to credit institutions	(213)	(213)	-	-	-	-	-	-	-	-	(2,860)	(3,963)	-	-	-	-	-	-	
Short-term debt to credit institutions	-	-	-	-	-	-	-	-	-	-	(2,513)	(1,151)	-	-	-	-	-	-	
Trade creditors and other accounts payable	(4,092)	(5,193)	(4,305)	(6,820)	(357)	(39)	(566)	(724)	(1,754)	(377)	(3,293)	(4,478)	(216)	(377)	(1,250)	(1,365)	(638)	(385)	

<i>(thousand euros)</i>																			
PROFITS AND LOSSES	Brazilian Real		PLN		Dirham		Czech Crown		Mexican Peso		USD		Serbian Dinar		Turkish Lira		Romanian LEU		
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	
Supplies	(9,736)	(8,495)	(13,061)	(10,679)	(613)	(629)	(8)	(1,177)	(1,763)	(3,409)	(26,691)	(20,033)	(613)	(591)	(2,457)	(422)	(869)	(1,121)	
Turnover net amount	15759	13542	4185	3038	-	-	145	432	1945	120	59490	49543	3095	1793	3889	2241	-	-	

21. ENVIRONMENTAL AND GREENHOUSE GAS EMISSIONS RIGHTS INFORMATION

21.1. Environmental information

The Group, within the development of its productive activities, is committed to the elimination, or at least, the minimization of environmental impact.

In this sense, most of the Group's production plants have an environmental management system certified according to international standards (ISO 14001 or ISO/TS 16949). As a tier 2 automotive agent, TEKNIA Group companies are committed to continuous investment in R&D in order to improve the energy efficiency of their production processes and to develop new products or lighter parts in order to support the development of new generation vehicles (with reduced emissions of CO2).

Expenses incurred in by Spanish companies to protect and improve the environments directly charged to the consolidated income statement for 2021 amounts to 289 thousand euros (233 thousand euros in 2020) and basically correspond to expenses resulting for treating waste.

21.2. Information on greenhouse gas emissions rights

The group companies do not perform activities in facilities that give rise to trade in greenhouse gas emission rights, and therefore no such items are recorded.

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

22. INFORMATION ABOUT THE AVERAGE SUPPLIER PAYMENT PERIOD. THIRD ADDITIONAL PROVISION. "DUTY OF INFORMATION" OF LAW 15/2010, OF THE 5TH OF JULY.

The information on the average supplier payment period for the financial years 2021 and 2020 is as follows:

	Pagos realizados y pendientes de pago en la fecha de cierre del balance consolidado	
	2021	2020
	Dias	
Periodo medio de pago a proveedores	68,35	64,15
Ratio de operaciones pagadas	68,20	69,35
Ratio de operaciones pendientes de pago	63,78	44,89
	Importe (miles de euros)	
Total pagos realizados	148.993	105.715
Total pagos pendientes	20.162	27.190

23. SUBSEQUENT FACTS

There are no further noteworthy developments that could significantly affect the attached Consolidated Yearly Financial Statements.

24. SEGMENTED INFORMATION

24.1. Assignment and allocation criteria used to determine and offer the information for each of the segments

As indicated above (Note 3.16), in the financial years 2021 and 2020 the Board of Directors of the Controlling Company has identified a single segment (Automotive), so it is not necessary to collect segmented information concerning this financial year.

Elorrio, on the 30th of March 2022.

2021 MANAGEMENT REPORT

1. STATUS OF TEKNIA GROUP AND FORESEEABLE EVOLUTION

The difficult situation in the automotive industry caused by the disruptions in the supply chain not related to the industry itself or caused directly by it (lack of semiconductors, increase of energy, collapse of commercial transport routes, price increase of raw materials) have again had an impact on the operating management in 2021, being this year characterised by uncertainty.

Several situations arose in 2021 that have affected the level of activity of Group companies must be noted. On the one hand, the extension of the pandemic at worldwide level has had a slight impact in the reactivation of the demand for vehicles in the market, slowing down the recovery more than expected. On the other hand, in the last quarter of the year there has been a shortage of semiconductors at global level, which caused cuts in the supply chain in the automotive industry and subsequent stoppages in the line of the main vehicles manufacturers due to lack of components.

There is no simple solution, since it is not so much a problem with the prices to purchase said components (semiconductors), but a problem to supply the current global demand due to production limitations, prioritising the media and technology industry over the automotive industry, but work is being done to provide a solution and global level (see the new Bosch factory in Germany).

This situation has been completely unexpected in the automotive industry following the reactivation of production/economic activities in the first months of 2021 to pre-COVID rates, since the industry is in good health (the end consumer demands new cars according to the new legal requirements) and showed clear signs of starting an expansive era. It is, therefore, a temporary situation resulting from the market imbalance since, although demand is there, the market cannot be supplied with vehicles (there is a constriction of offer due to shortage of one of the manufacturing components).

Although it is always difficult to set a time for the reversal of external situations, both due to the reports of the experts consulted and the feedback from Tier1/OEMs, TEKNIA's management estimates this circumstance will be solved throughout the second half of 2022. We also expect that, when semiconductors can be supplied to the automotive sector, the recovery will be exponential (due to the already mentioned good health of the demand for vehicles from the end consumer).

During this impasse, TEKNIA Groups expects to display (as happened last year when facing the COVID-19 crisis) its resiliency and strengths, adapting its cost structure to the periodical decrease in the execution of orders. To do so, at present, the following actions are in place:

- Flexible staffing resources (reducing working days/salaries), in accordance with the laws in each country and avoiding, insofar as possible, losing jobs;
- Negotiation of the transfer of extra costs due to the changes overcome not in contract in production schemes to the other agents in the supply chain;
- Overall contention of expenses.

Last, we should also highlight that, due to the shortage in the market of different supplies, such as raw materials and different types of energy, the price of basic supplies has had a strong peak.

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

Turnover Evolution

One of the main effects of the situation experienced in 2021 has been the volatility in sales, since firm production orders have been significantly fluctuation week after week. This has rendered the operational management of plants and financial projections during the second half of the year difficult.

We have focused on managing the day-to-day monitoring management inputs on a weekly basis and establishing the already mentioned adaptation measures.

The net amount of the Group's turnover was 323,753 thousand euros, 13.79% more than in 2020. This increase has been possible thanks to the supervision of several management indicators, to being alert to contingencies and ready to execute changes in strategies and policies with short notice.

The distribution of the Group's revenues by EMEA markets was 77% over the total (79% in 2020), the NAFTA market was 18% (17% in 2020) and finally the Brazilian market was 5% (5% in 2020).

In technology sales a slight increase in the weight of aluminium against bar cutting is observed compared to the previous year, mainly as a result of the increase in aluminium raw materials over the whole last quarter of the year. Thus, the distribution is as follows: Plastic is 34% (35% in 2020), metal is 36% (38% in 2020), bar cutting is 16% (16% in 2020) and aluminium 14% (12% in 2020).

The turnovers and their evolution in recent years are:

	2021		2021		2020		2020		2019		2019	
	Euros		Vs		Euros		Vs		Euros		Vs	
	'000	%	2020		'000	%	2019		'000	%	2018	
Turnover Net Amount	323753	100%	(13.79%)		284516	100%	(24.75%)		378116	100%	2.01%	
Operating margin	16493	5.09%	(75.51%)		9397	3.30%	(30.93%)		13606	3.60%	(14.48%)	
EBITDA	32845	10.15%	(24.32%)		26419	9.29%	(17.36%)		31968	8.45%	(4.19%)	

At commercial level, Teknia achieved in 2021 awards of around 60 million euros per annum, 6.7% less than in the previous year, as a result of the continuity of delays in launching offers for new projects by clients as a result of the industry's circumstances, as mentioned before.

€'000	2021	2020	2019
Gainings	59428	63683	95055

This situation started reverting at the end of the year, when the number of offers increased significantly compared to the rest of the period.

From the perspective of acquisitions, the category "Body & chassis" experienced a growth beyond 300% reaching 29.5% due to the satellite plant model implemented for the client BOSCH in the Nashville plant.

The promotion of a strategy based on electrification is still in progress and there is a greater number of trade contacts with potential clients in this category. Thus, in 2021 we have attracted five new big "players" with the goal of irrumping

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

new mobility trends, in particular electrical vehicles. This is aligned with our Smart Technology Transition strategy and our commitment to the environment.

EBITDA and DEBT improved levels

The Group's EBITDA has reached a figure of 32,845 thousand euros, which is a 24.32% rise from 2020. Last year, the Group adjusted the cost structure, both for fixed costs and floating costs, beating the demand contraction, a situation that was maintained throughout 2021. Therefore, profitability levels in percentage terms have continued to improve, reaching a double digit (10.15%).

On the other hand, less noteworthy part has been the Group's financial management in all levels and departments of the organisation, trying to optimise cash management and alleviating the pressure experience throughout the second half of 2021 due to the evident contraction of working capital.

The result of this management is the improvement in DEBT levels in terms of Net Financial Debt / EBITDA compared to 2020, from a 2.48x to a 2.34x. This has allowed Teknia to:

- Amortising the Senior bond of 20 million euros in July 2021, refinancing only 8 million euros;
- Escalating the credit rating (going from BB negative trend to BB positive trend) despite the temporary situation in the industry during 2021, mentioned in the previous paragraphs;
- Reduce the Group's recurring funding cost by a drop of 0.1% from the previous financial year.

<i>(thousand euros)</i>	2021	2020	2019	2018	2017
Debt Cost	(2,088)	(2,505)	(3,041)	(3,402)	(2,978)
Debt	(95,567)	(106,890)	(98,506)	(109,304)	(82,354)
Debt/ Cost	2.2%	2.3%	3.1%	3.1%	3.6%

Additionally to the cash registered in the balance sheet at the closing of the year, the Group has at 31 December a "liquidity reserve", understood as all the liquid treasury positions plus the undrawn part of the credit lines, advances, factoring and similar instruments currently subscribed, of 39 million euros (54,8 million euros at 31 December 2020).

Aware of the trends and developments in the global automotive market, as well as the potential for further improvement that TEKNIA Group still has, a strategic plan has been designed based on focusing all efforts and actions on increasing competitiveness, productivity, quality and profitability mainly organically.

Teknia will resume inorganic growth as long as the stated objectives are met and opportunities for acquisition aligned with them are found.

In this regard, TEKNIA Group has acquired, at half of the price, a new production company (named Teknia Santander, S.L.U., formerly Mecanizados Bravo & Bippus, S.L.), located in the north of Spain. This new plant specialises in mechanising and assembling steel and steel components for all kinds of applications, including engine axis both for electrical vehicles and combustion vehicles.

The main reason for this acquisition is taking a step forward in Teknia's strategy towards electrical mobility supporting its clients by adding new products and extending Teknia's capabilities in bar mechanising in the automotive industry.

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

The Group expects to continue its inorganic growth in 2022 by adding, at least, one German company in the mechanised segment with a turnover of 20 million euros. In a longer term, Teknia is studying another two larger business restructuring operations.

Exchange Differences (Financial)

The chart below shows the annual variation of the most significant currencies in which TEKNIA Group operates in recent years.

	% var.		% var.		% var.	
	2021 vs 2020	2021	2020 vs 2019	2020	2019 vs 2018	2019
Brazilian Real	6.3101	-0.99%	6.373	41.12%	1.61%	4.516
Polish Zloty	4.5969	0.82%	4.559	7.09%	-1.04%	4.257
Czech Crown	24.8580	-5.27%	26.242	3.28%	-1.23%	25.408
American Dollar	1.1326	-7.70%	1.227	9.26%	-1.89%	1.123
Moroccan Dirham	10.5165	-3.83%	10.935	1.75%	-1.89%	10.747
Mexican Peso	23.1438	-5.21%	24.416	15.06%	-5.65%	21.220
Serbian Dinar	117.5821	0%	117.580	-0.01%	-0.51%	117.593
Turkish Lira	15.2335	67.16%	9.113	36.34%	10.32%	6.684
Romanian RON	4.949	1.66%	4.868	1.78%	2.56%	4.783
Japanese Yen	130.38	3.07%	126.49	-	-	-

Source: www.ecb.europa.eu, data as of the 31st of December of each year.

We highlight in this area, the great devaluation of the Turkish Lira, the main actor of the impact on the income statement at the accounting level, but that has not supposed cash out.

2. THE GROUP'S FINANCIAL SITUATION, POLICY AND RATIOS

The management of the Group's financial risks is centralized on the Financial Management Team of the Group, which has established the necessary mechanisms to control exposure to changes in interest and exchange rates, as well as credit and liquidity risks.

The Group's current Strategic Plan firmly incorporates the objective of diversifying funding sources. This diversification plan closes the year 2021 with a composition of the Group's debt distributed to 29% in alternative financing and 71% in bank financing. This results from amortisation at maturity in 2021 Of the 20-million bond listed in the MARF.

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

On the other hand, Teknia has renewed and extended its 25 million promissory note program at the MARF in February 2022. The outstanding balance at the closing of 2022 is 19 million euros and its cost has been reduced as the issuances endorsed by the ICO have been amortised. At present, financing through promissory notes is at cost levels slightly lower than bank financing.

This promissory notes program continues to provide TEKNIA Group with new investors such as insurance, mutual insurance, equity and fund managers, investment banking and agencies.

RATIOS

	2021	2020	2019	2018	2017
DEBT AND LIQUIDITY					
CURRENT ASSETS / CURRENT LIABILITIES	1.23	1.14	1.19	1.24	1.28
CURRENT LIABILITIES + NON-CURRENT / EQUITY	2.04	2.65	2.30	2.57	1.99
NET F. DEBT / EQUITY	0.96	0.91	1.13	1.29	1.02
NET F. DEBT / EBITDA	2.38x	2.48x	2.76x	2.87x	2.44x
PROFITABILITY					
SALES RETURN (ROS)	3.31%	0.67%	1.62%	1.71%	3.66%
ECONOMIC RETURN (ROA)	6.80%	3.59%	5.26%	5.99%	8.60%
FINANCIAL RETURN (ROE)	13.41%	2.65%	7.80%	8.50%	16.16%
RETURN ON INVESTMENT (ROCE)	12.08%	7.27%	9.50%	10.60%	14.68%

In reading the ratios for the financial year 2018, it should be noted that due to the incorporation in the first quarter of the year of the Spanish business group Bravo, the data are not comparable with those of the previous financial years as it was preferred to keep the data published in previous reports for greater transparency.

3. DEVELOPMENTS AFTER THE YEAR-END OF THE FINANCIAL YEAR

Since the closing of the year until now there have been no events that due to their importance may have a special impact on the financial statements and global situation of the Group which has not been already mentioned in the consolidated financial statements report.

Following this strategy to diversify sources of financing and continue showing transparency to the market for investors, in February 2022 the promissory notes program in the MARF market has been renewed extending it to 30 million.

4. RESEARCH AND DEVELOPMENT ACTIVITIES

The R&D activity is intended to recover in the medium term, once the Group has created internal demand and sufficient return for this activity to be successful again.

5. HOLDINGS IN TREASURY STOCK

During the financial year 2021, there has been no acquisition of treasury stock (or shares) by any of the companies that make up TEKNIA Group.

6. GROUP EXPOSURE TO PRICE RISK, CREDIT RISK, LIQUIDITY RISK AND CASH FLOW RISK.

The management of the Group's financial risks is centralized on the Financial Management Team of Group, which has established the necessary mechanisms to control exposure to changes in interest and exchange rates, as well as credit and liquidity risks. These are the main financial risks that impact the Group:

- Credit risk:

Generally, the Group maintains its cash and cash equivalents in high-level of solvency financial institutions.

Credit risk is determined by the group companies' sales to their customers. At this time, given the current economic situation and one of the economic sectors in which the Group operates, each client has been reviewed individually in order to minimize the impact of this type of risk.

- Liquidity Risk:

In order to be able to meet all payment commitments resulting from its activity, the Group has sufficient cash and assets of high liquidity, as shown in the Consolidated Balance Sheet. The dividend policy followed is prudent and takes into account the investments necessary to maintain the Group's competitiveness. The credit limits indicated in Note 11.1.2 of the Consolidated Annual Report are maintained.

- Market risk (Interest rate, exchange rates, etc.):

The Group is not too exposed to this risk as significant interest-rate liabilities are Euribor-referenced and no large increases are expected in the short term or were signed at a fixed rate to minimize the impact of any change in interest rates.

With regard to the exchange rate risk, the group does not consider it necessary to have coverage in place for this, since historically it has been proven that the automotive industry is a long-term business in which rate fluctuations will affect both positively and negatively, but its long-term effect will be practically neutral.

The Group's activity is focused on the automotive sector, so the risk of market drop is the same as that of the sector in which it operates. The Group is present in several countries to minimize the possible impact of different developments in manufacturing costs and car consumption in each country.

- Insurance Policies

i. Property damage

TEKNIA MANUFACTURING GROUP, S.L., (a Sole Proprietorship Company) and subsidiary companies

The usual practice of the Group is to take out insurance policies to cover all its companies against the possible risks to which the various elements of their tangible fixed assets are exposed.

The calculation criterion for insured capital is the reinstatement to new to market values, so we believe that with current Teknia policies and future upgrades, the company's assets are 100% insured in the event of possible and unforeseen incidents.

In turn, in collaboration with the insurer, accident studies are being carried out at the plants in order to obtain a detailed report of the possible needs in order to avoid them.

ii. Civil Liability

The company secures the risks of its activity through a General Liability Policy whose objective is to ensure to the maximum the claims that may be derived from the Group's activity.

In relation to operating and product coverage, the claim limits are as follows:

Operating Civil Liability	€8,000,000	Per claim
Product/Post work Civil Liability	€8,000,000	Per claim and year
Export Extension USA/Canada	€8,000,000	Per claim and year

7. PAYMENT TO SUPPLIERS AVERAGE PERIOD

The average period of payment to suppliers amounts to 68.35 (64.15 in 2020). The Group is working to gradually reduce this average.

8. NON-FINANCIAL INFORMATION STATEMENT

In accordance with the provisions of Law 11/2018 of the 28th of December, amending the Commercial Code, the consolidated text of the Spanish Capital Companies Act and Law 22/2015 of the 20th of July on audit of accounts, in the area of non-financial information and diversity, the group has prepared the non-financial information statement, which is a part of this management report and is submitted as a separate report.

Elorrio, on the 30th of March 2022.

TEKNIA MANUFACTURING GROUP (SOLE PROPRIETORSHIP COMPANY) AND SUBSIDIARY COMPANIES
ANNEX I (Thousands of Euros)

	Teknia Eorrio, S.L.U.		Teknia Bilbao XXI, S.L.U.		Teknia Martos, S.L.U.		Teknia Brasil, Ltda.		Teknia Epila, S.L.U.	
Registered Office	Barrio San Agustín nº11 Eorrio – (Bizkaia)		Abanto and Ciervana (Bizkaia)		Martos (Jaén)		Jacarei (São Paulo) BRAZIL		Epila (Zaragoza)	
Activity	Manufacture of tube assemblies		Bar cutting		Plastic injection		Manufacture of plastic tube assemblies, printing and injection		Metal parts printing	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Percentage of shareholding										
- Direct	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
- Indirect	-	-	-	-	-	-	-	-	-	-
Holder of the indirect participation	-	-	-	-	-	-	-	-	-	-
Dividends received in the year	-	199	-	-	-	1.527	-	-	-	-
Net worth:										
- Share Capital	60	60	174	174	139	139	21.871	21.653	1.200	1.200
- Share premium, reserves and results from previous financial years.	5.088	4.591	1.693	2.175	4.886	4.296	(19.604)	(15.640)	107	88
- Other items of treasury stock	-	1	15	22	56	71	-	-	-	-
- Results of the financial year	409	497	(94)	(481)	116	590	(2.089)	(4.206)	59	18
- Operating results	581	704	(4)	(478)	106	777	(1.849)	(2.599)	83	41
- Results of interrupted operations	-	-	-	-	-	-	-	-	-	-
Shareholding accounted value	9.443	9.443	5.613	9.924	6.841	6.841	179	2.245	1.365	1.306
Auditor of the Company	Moore AMS Auditores, S.L.	Moore AMS Auditores, S.L.	Moore AMS Auditores, S.L.	Moore AMS Auditores, S.L.	Moore AMS Auditores, S.L.	Moore AMS Auditores, S.L.	Moore Stephens Lima Lucchesi	Moore Stephens Lima Lucchesi	Moore AMS Auditores, S.L.	Moore AMS Auditores, S.L.

1

TEKNIA MANUFACTURING GROUP (SOLE PROPRIETORSHIP COMPANY) AND SUBSIDIARY COMPANIES
ANNEX I (Thousands of Euros)

	Teknia Barcelona, S.L.U.		Teknia Pedrola S.L.U.		Teknia Polska Sp. z o.o.		Teknia Kalisz Sp. z o.o.		Teknia Rzeszów, Sp. z o.o.	
Registered Office	C/ Comte de Montemolin 39, Pol. Ind. Leixample (Parets del Vafes)		Pol. Ind. El Pradillo Pedrola – Zaragoza		Nowogrodza, 12 (Warsaw)		Przemysłowa, 3-5, Popówek		Przemysłowa, 4 (Rzeszow)	
Activity	Bar cutting		Manufacture of tube assemblies		Holding		Printing and tube		Plastic injection	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Percentage of shareholding										
- Direct	100%	100%	100%	100%	100%	100%	-	-	-	-
- Indirect	-	-	-	-	-	-	100%	100%	100%	100%
Holder of the indirect participation	-	-	-	-	-	-	Teknia Polska Sp. z o.o.		Teknia Polska Sp. z o.o.	
Dividends received in the year	-	1.758	-	-	-	422	-	-	-	-
Net worth:										
- Share Capital	240	240	500	500	2.154	2.171	294	296	127	128
- Share premium, reserves and results from previous financial years.	3.250	2.382	228	1.072	5.657	4.458	5.702	6.432	10.120	10.202
- Other items of treasury stock	20	28	45	63	-	-	-	-	-	-
- Results of the financial year	1.897	876	(185)	(843)	2.383	1.245	809	(683)	1.851	2.494
- Operating results	2.505	1.235	(471)	(818)	(18)	(16)	1.314	(602)	2.384	2.639
- Results of interrupted operations	-	-	-	-	-	-	-	-	-	-
Shareholding accounted value	11.289	11.289	26	26	2.395	2.395	-	-	-	-
Auditor of the Company	Moore Advertis Auditores Y Consultores S.L.P.	Moore Advertis Auditores Y Consultores S.L.P.	Moore AMS Auditores, S.L.	Moore AMS Auditores, S.L.	Not audited	Not audited	TPA Sp. Z.o.o Spk.	TPA Sp. Z.o.o Spk.	TPA Sp. Z.o.o Spk.	TPA Sp. Z.o.o Spk.

2

TEKNIA MANUFACTURING GROUP (SOLE PROPRIETORSHIP COMPANY) AND SUBSIDIARY COMPANIES
ANNEX I (Thousands of Euros)

	Teknia Azuqueca, S.L.U.		Teknia Uhersky Brod a.s.		Teknia San Luis de Potosí, S.A. de C.V.		Teknia Germany GmbH	
	2021	2020	2021	2020	2021	2020	2021	2020
Registered Office	Pol. Ind. Miralcampo de Arriba – Azuqueca de Henares (Guadalajara)		Rybářská 2330 Uherský Brod, PSC 688 01 (Czech Republic)		Parque Industrial San Luis Potosí (Mexico)		Stuttgart (Germany)	
Activity	Manufacture of plastic parts and other materials		Manufacture of plastic parts and other materials		Manufacture of plastic parts and other materials		Automotive parts design and engineering	
Percentage of shareholding	100%	100%	100%	100%	100,0%	100%	100%	100%
- Direct	-	-	-	-	-	-	-	-
- Indirect	-	-	-	-	-	-	-	-
Holder of the indirect participation	-	-	-	-	-	-	-	-
Dividends received in the year	-	181	491	300	-	-	-	-
Net worth:								
- Share Capital	3.500	3.500	4.899	4.641	5.735	5.436	25	25
- Share premium, reserves and results from previous financial years.	(296)	700	7.152	6.774	(1.946)	(1.760)	796	779
- Other items of treasury stock	83	129	-	-	-	-	-	-
- Results of the financial year	(717)	(963)	418	476	999	(85)	24	17
- Operating results	(709)	(923)	440	716	1.200	917	31	24
- Results of interrupted operations	-	-	-	-	-	-	-	-
Shareholding accounted value	-	-	3.636	3.636	4.787	3.591	620	620
Auditor of the Company	Moore AMS Auditores, S.L.	Moore AMS Auditores, S.L.	RDO Czech Republic s.r.o.	RDO Czech Republic s.r.o.	Moore Orozco Medina, S.C.	Moore Orozco Medina, S.C.	Not audited	Not audited

3

TEKNIA MANUFACTURING GROUP (SOLE PROPRIETORSHIP COMPANY) AND SUBSIDIARY COMPANIES
ANNEX I (Thousands of Euros)

	Componentes de Automoción Marroquies SARRL		Teknia Manresa, S.L.U.		Teknia USA Inc.		Teknia Mexico City, S.A. de C.V.		Teknia KG doo, Kragujevac	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Registered Office	TFZ D'Exportation lot 30 Lot N02 Mod.1 – Tangier		Pg Ind. Bufalvent, C/ Doctor Esteve Terrades 3 (Manresa)		601 Abbot Road, East Lansing, Michigan 48823 (USA)		Calle Avena nº 218, Colonia Granjas Mexico. Distrito Federal		Kragujevac, 56 Dragoslav Sejovic street.	
Activity	Creation, manufacture and marketing of automotive parts		Metal parts printing		Management of technical and commercial activities		Purchase-sale, distribution and manufacture of dies or turning, among others.		The production of other parts and additional equipment for vehicles	
Percentage of shareholding	99,99%	99,99%	100%	100%	100%	100%	100%	100%	100%	100%
- Direct	-	-	-	-	-	-	-	-	-	-
- Indirect	-	-	-	-	-	-	-	-	-	-
Holder of the indirect participation	-	-	-	-	-	-	-	-	-	-
Dividends received in the year	-	-	-	2.075	-	-	-	-	-	-
Net worth:										
- Share Capital	3.261	3.136	60	60	11.580	10.688	721	684	1.823	1.823
- Share premium, reserves and results from previous financial years.	(723)	(1.045)	6.235	4.754	ros)	596	1.135	892	312	296
- Other items of treasury stock	-	-	-	-	-	-	-	-	-	-
- Results of the financial year	559	349	1.316	1.481	96	61	327	183	303	15
- Operating results	879	435	1.609	1.872	97	102	453	440	395	17
- Results of interrupted operations	-	-	-	-	-	-	-	-	-	-
Shareholding accounted value	3.096	2.235	3.825	3.825	11.614	11.347	2.567	2.269	1.680	1.680
Auditor of the Company	Moore Stephens Bernossi, SARRL	Moore Stephens Bernossi, SARRL	Moore AMS Auditores, S.L.	Moore AMS Auditores, S.L.	Brown & Maguire CPAs, PLLC is the auditor of the consolidated Teknia USA Inc. and its subsidiary company	Brown & Maguire CPAs, PLLC is the auditor of the consolidated Teknia USA Inc. and its subsidiary company	Moore Orozco Medina, S.C.	Moore Orozco Medina, S.C.	Moore Stephens Revtijel Racunovodstvo d.o.o. Beograd	Moore Stephens Revtijel Racunovodstvo d.o.o. Beograd

4

TEKNIA MANUFACTURING GROUP (SOLE PROPRIETORSHIP COMPANY) AND SUBSIDIARY COMPANIES
ANNEX I (Thousands of Euros)

	Teknia Nashville, LLC		Teknia Gebze Makine Sanayi VE Ticaret A.S.		Teknia Entidad de Gestión S.L.U.		Teknia Japan GK	
Registered Office	94 Belinda Parkway, Mt Juliet, 37122 Tennessee, USA.		Dilovasi/Kocaeli, Turkey		Pol. Ind. Miralcampo – Azuqueca de Henares (Guadalajara)		1-1+7 Sakuragi-cho Naka-ku, Yokohama-shi, Kanagawa, Japan	
Activity	Printing		Manufacturing and marketing of industrial and automotive machinery parts		Provision of management services and technical, economic and financial advice		Engineering services for automotive, solar, home and electronics industries	
	2021	2020	2021	2020	2021	2020	2021	2020
Percentage of shareholding								
- Direct	-	-	100%	100%	100%	100%	100%	100%
- Indirect	100%	100%	-	-	-	-	-	-
Holder of the indirect participation	Teknia USA Inc.		-	-	-	-	-	-
Dividends received in the year	-	-	-	-	-	-	-	-
Net worth:								
- Share Capital	8.710	8.039	51	86	153	153	23	24
- Share premium, reserves and results from previous financial years.	(1.800)	2.380	(44)	118	722	591	44	36
- Other items of treasury stock	-	-	-	-	-	-	-	-
- Results of the financial year	1.255	719	(584)	(191)	74	130	6	9
- Operating results	1.339	853	160	205	101	85	11	19
- Results of interrupted operations	-	-	-	-	-	-	-	-
Shareholding accounted value	-	-	1.120	1.989	468	468	36	36
Auditor of the Company	Brown & Maguire CPAs, PLLC	Brown & Maguire CPAs, PLLC	Consulta Bagimtz Daneim ve YMM A.S.	Moore Stephens Turkey MBK Independent Auditing and CPA Co.	Moore AMS Auditores, S.L.	Moore AMS Auditores, S.L.	It is not audited	It is not audited

5

TEKNIA MANUFACTURING GROUP (SOLE PROPRIETORSHIP COMPANY) AND SUBSIDIARY COMPANIES
ANNEX I (Thousands of Euros)

	Teknia Ampuero, S.L.U.		TEKNIA TEPEJÍ, S.A. DE C.V.		Teknia Oradea, S.R.L.		Teknia Santander, S.L.U.
Registered Office	Polígono Industrial barrio Marrón, Nº 1, Ampuero - Cantabria		Tapejé del Río (Hidalgo - Mexico)		Oradea - Bihor (Romania)		Ampuero (Cantabria)
Activity	Manufacture and sale of metal parts		Sale, import and export, distribution, marketing, manufacturing, die cutting, in-bond of all kinds of parts and machinery for the metal and casting industry		Mechanical operations in general		Manufacturing and sale of metallic pieces of any kind
	2021	2020	2021	2020	2021	2020	2021
Percentage of shareholding							
- Direct	100%	100%	-	-	-	-	-
- Indirect	-	-	100%	100%	100%	100%	100%
Holder of the indirect participation	-	-	Teknia Ampuero, S.L.U.		Teknia Ampuero, S.L.U.		-
Dividends received in the year	2.834	2.308	-	-	-	-	-
Net worth:							
- Share Capital	2.889	2.889	3.793	3.595	1.089	1.107	920
- Share premium, reserves and results from previous financial years.	6.834	6.833	1.589	1.037	565	380	2.837
- Other items of treasury stock	4	17	-	-	-	-	144
- Results of the financial year	2.570	2.834	1.452	469	708	194	(105)
- Operating results	3.214	2.774	2.240	957	828	326	(275)
- Results of interrupted operations	-	-	-	-	-	-	-
Shareholding accounted value	14.308	14.308	-	-	-	-	3.561
Auditor of the Company	Moore AMS Auditores, S.L.	Moore AMS Auditores, S.L.	Moore Orozco Medina, S.C.	Moore Orozco Medina, S.C.	S.C. Reponperp, S.R.L.	S.C. Reponperp, S.R.L.	Meng Consultores

6

These Consolidated Yearly Financial Statements (Consolidated Balance Sheet, Consolidated Profit and Loss Account, Consolidated Net Asset Changes Statement, Consolidated Cash Flows Statement and Consolidated Annual Report) and the 2021 Consolidated Management Report of Teknia Manufacturing Group, S.L. (A Sole Proprietorship Company) and its Subsidiary Companies are found on the front of the folios of stamped paper, with numbers 005804628 to 005804696, both inclusive.

The Board of Directors signs this page number 005804697, in recognition of the formulation of the Consolidated Yearly Financial Statements and the Consolidated Management Report of Teknia Manufacturing Group, S.L. (A Sole Proprietorship Company) and its Subsidiary Companies:

	Signature
Executive Director-Chairman: JAVIER LÁZPITA SARRIUGARTE	
Executive Director: JAVIER QUESADA DE LUIS	
Executive Director: IÑIGO MIGUEL MARCO-GARDOQUI ALCALÁ-GALIANO	
Executive Director: JOSÉ MANUEL CORRALES RUIZ	

**INDEPENDENT VERIFICATION REPORT ON
THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT OF
TEKNIA MANUFACTURING GROUP, S.L., (A Sole Shareholder Company)
AND SUBSIDIARY COMPANIES CORRESPONDING
TO THE FINANCIAL YEAR 2021**

**INDEPENDENT VERIFICATION REPORT ON
THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT OF
Teknia MANUFACTURING GROUP S.L., (a Sole Shareholder Company) AND ITS SUBSIDIARY
COMPANIES PERTAINING TO THE FINANCIAL YEAR 2021**

To the Sole Shareholder of Teknia Manufacturing Group, S.L. (A Sole Shareholder Company):

In accordance with Article 49 of the Commercial Code, we have carried out the verification, with limited security scope, of the attached Consolidated Non-Financial Information Statement (hereinafter NFIR) pertaining to the financial year ended on the 31st of December 2020, of Teknia Manufacturing Group, S.L. (A Sole Shareholder Company) and its Subsidiary Companies (hereinafter referred to as the Group) which is a part of the Group's Consolidated Management Report.

Responsibility of the Directors

The formulation of the Consolidated NFIR that is a part of the Consolidated Management Report of Teknia Manufacturing Group, S.L. (A Sole Shareholder Company) and its Subsidiary Companies, as well as the content thereof, is the responsibility of the Directors of the Group. The NFIR has been prepared in accordance with the contents of the current trade regulations and following the criteria of the *Sustainability Reporting Standards from Global Reporting Initiative* (GRI standards) according to the Essential option, described in accordance with the chart in the section "Contents of the report and coverage of matters", detailed in the table in the section "GRI Content Index".

This responsibility also includes the design, implementation and maintenance of the internal control deemed necessary to enable the NFIR to be free from material misstatement, due to fraud or mistakes.

The Directors of the Group are also responsible for defining, implementing, adapting and maintaining the management systems from which the necessary information is obtained for the preparation of the NFIR.

Our independence and quality control

We have met the requirements for independence and other ethical requirements from the Code of Ethics for Accounting Professionals issued by the International Standards of Ethics for Accounting Professionals (IESBA) which is based on the fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behaviour.

Our signature applies the International Quality Control Standard 1 (NICC 1) and accordingly maintains a comprehensive quality control system that includes documented policies and procedures relating to compliance with ethical requirements, professional standards and applicable laws and regulations.

Our responsibility

Our responsibility is to present our conclusions in an independent limited safety verification report based on the work performed that relates exclusively to the financial year 2021. The data for the financial years prior to 2018 were not subject to the verification provided for in the existing commercial regulations. We have carried out our work in accordance with the requirements set forth in the current Revised International Insurance Standard 3000, "Assurance Engagements Other than Audits or Review of Historical Financial Information" (NIEA 3000 revised) issued by the International Standards Council for Auditing and Assurance (IAASB) of the International Federation of Accountants (IFAC) and with the Action Guide on verification engagements of Non-Financial Information Statement issued by the Spanish Institute of Chartered Accountants.

In limited safety work, the procedures carried out vary in nature and time of completion, and are less extensive than those performed in a reasonable safety work, and therefore the safety obtained is substantially less.

Our work has consisted of asking questions to the General Managers, as well as to the various departments of the organization that have participated in the preparation of the NFIR, of reviewing the processes for collecting and validating the information presented in the NFIR and of applying certain analytical procedures and sampling review tests described below:

- Meetings with Group staff to learn about the business model, policies and management approaches applied, the main risks related to these matters and to obtain the information necessary for external review.
- Analysis of the scope, relevance and integrity of the contents included in the 2021 NFIR in the light of the materiality analysis carried out by the Group, taking into account the contents required in the existing commercial regulations.
- Analysis of process to compile and validate data presented on the NFIR in the financial year 2021.
- Review of information on risks, policies and management approaches applied in relation to the material aspects presented in the 2021 NFIR.
- Verification, by means of evidence, on the basis of selection of a sample, of the information related to the contents included in the NFIR for the financial year 2021 and its adequate compilation from the data provided by the sources of information.
- Obtaining a representation letter from the Directors and the General Management.

Conclusion

On the basis of the procedures carried out and the evidence we have obtained, no additional aspect has been revealed that makes us believe that the NFIR of Teknia Manufacturing Group, S.L. (A Sole Shareholder Company) and its Subsidiary Companies, pertaining to the financial year that ended the 31st of December 2020, has not been prepared, in all its significant aspects, in accordance with the contents of the current commercial regulations and following the criteria of the GRI standards, according to the Essential option described in accordance with the chart included in the section “Contents of the report and coverage of matters”, detailed in the chart included in the section “GRI Content Index” of the above-mentioned NFIR.

Use and Distribution

This report has been prepared in response to the requirement established in the commercial regulations in force in Spain, so it may not be suitable for other purposes and jurisdictions.

In Bilbao, on 27 June 2022

MOORE AMS AUDITORES, S.L.

Signed: Daniel Gago Sánchez
(Partner)



Teknia Manufacturing Group, S.L. (Sole Shareholder Company) and subsidiary companies

Non-financial information report 2021

Annex to the Consolidated Management Report

About this Statement**[102-45] [102-50] [102-52]**

The Non-Financial Information Statement (hereinafter EINF or Statement) is a part of the Consolidated Management Report for the financial year 2021 and covers, within its scope, all the companies of TEKNIA Group considered in said Report. It refers to the period from the 1st of January to the 31st of December 2021.

This EINF is prepared to comply with the requirements applicable to TEKNIA Group in accordance with Law 11/2018, of the 28th of December, on non-financial information and diversity approved by the Spanish Congress of Deputies. In addition, this EINF serves to comply with Polish law (Act of the 15th of December 2016, amending Accounting Act 61) that applies to the company Teknia Polska Sp. z o.o.

In accordance with the provisions of this legislation, the principles and guidelines of Directive 2014/95/EU on Non-Financial Information and Diversity and of GRI Standards (Global Reporting Initiative) in the GRI option selected have been considered in the preparation of this Statement in addition to the requirements of Law 11/2018.

External verification of the information published in this Statement shall be carried out by Moore AMS Auditors, the same company that audits the Consolidated Yearly Financial Statements of Teknia Group.

For more information on the process followed for the preparation of this Statement, the principles that have been applied in its elaboration, and its contents, see also the chapter "**Statement Annex**".

Contents

Letter from the President.....3

Teknia Group4

 The distinguishing features of the group.....7

 Teknia Group in the automotive sector.....11

 The governing structure of TEKNIA Group16

Responsible Management within TEKNIA Group.....17

 Environmental issues.....18

 Sustainable use of resources22

 Energy24

 Fighting climate change.....28

 Water consumption.....30

 Circular economy and waste prevention and management.....32

 Social and staff-related issues.....34

 Diversity and employment.....35

 Compensation:.....39

 Organization of work:.....40

 Social relations:.....41

 Employees with disabilities:.....41

 Training42

 Safety and Health43

 Fight against corruption and bribery46

 Respect for human rights48

 Commitment to society.....50

 The Group's commitments to sustainable development.....50

 Outsourcing and Suppliers56

Annex to the Statement58

Letter from the President

[102-14]

Dear friends,

2021 has continued to be marked decisively by the global fight against the Covid-19 pandemic and the terrible consequences it has had on the lives of so many people, our economy and the way we work and relate to each other. In addition, this year we have to add the brusque increase in production costs overall, but above all of raw materials and energy. Furthermore, from the summer on, the lack of semiconductors, which has impacted the industry overall, but has hit the automotive industry the hardest, resulted in a sudden drop of 30% in sales, which marked the last quarter of the year.

It has been a year in which Teknia Group, and all the people who are a part of it, have been able to prove their strong capacity to adapt in order to face circumstances of which we had no precedent.

In this complex context at the global and sectoral level, we have made our best effort to keep up our competitiveness and continue to strengthen our profitability, with a final EBITDA of 10.15%, which is even higher than the one obtained in 2020 which was 9.3%. On the other hand, I would also like to mention the fact that, in such a complex environment, we have completed the financial year with a high financial solvency and within it with a Debt/EBITDA ratio of 2.34 times which is within our goals, very well seen within the market where we operate.

These results have been possible due to our effort, resilience and capacity to adapt to changing environments and adverse and sudden situations. And all this would not have been possible without the commitment of all the people that are part of Teknia, a team that has evidenced its resistance capacity at the most complicated times and, above all, of doing so together. This is the path we will continue walking on together.

On the other hand, it is important to emphasize that we have achieved these results, acting in accordance with our values, establishing safety protocols in our plants to protect the health of our workers, maintaining our productive capacity at all times and trying to avoid the final adjustments of the workforce to the maximum, instead, when circumstances have required it, favouring the application of temporary flexibility measures, which we have implemented with great success.

On the other hand, we have been able to reinforce our responsible management in environmental and social terms.

In environmental terms, we have significantly reduced greenhouse gas emissions associated to our production activity, reducing our emissions rate (in relation to the production) in approximately 9% due to the overall decrease in emissions associated to the electricity acquired by the Group from



NFIR 2021

2020 due to PPA agreements executed in some of our plants to ensure electrical energy consumption from renewable sources.

In social terms, we have continued reinforcing our commitment to society and the environments where we are present, through our social action plan, whose goals is to favour access to quality education and training for young people vulnerable to quality employment. In 2021 we have enhanced our actions in Mexico by collaborating with a local association in a programmed for promoting education and access to employment for vulnerable people.

Last, in 2022, once the pandemic seems to be giving us a break and the semiconductors crisis and the peak in costs is improving, we would like to go back to the path of growth.

The ambition to grow and become ever more competitive, which have guided Teknia for its 30 years of activity, should be the light that guides us through the upcoming years. We will continue to work to remain the benchmark for our customers, consolidate recovery from the pandemic, and continue to move forward in our vision of responsible business.

Teknia Group
[102-2] [102-5]

TEKNIA Group is a group of Spanish-owned and family-owned companies founded in 1992, mainly dedicated to the automotive sector.

The Group operates both nationally and internationally and specializes in the development of automotive-specific components, assemblies and manufacturing processes.

It currently has 21 production plants in five technologies (Printing, Tube Forming, Plastic, Machining and Aluminium), which develop all the areas related to this activity: Marketing, Engineering, Purchase, Quality, Human Resources and Production.

For further details of the companies that comprise Teknia Group in 2021, see Annex I to the 2021 Consolidated Yearly Financial Statements of Teknia Manufacturing Group S.L (A Sole Shareholder Company) and its subsidiary Companies.

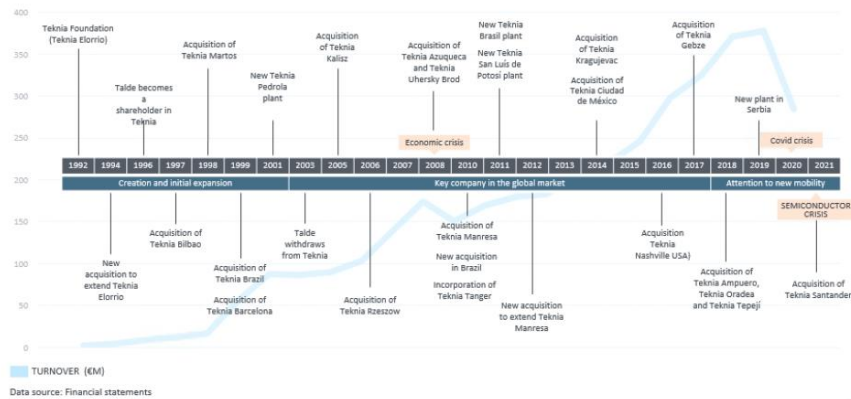
The history of Teknia Group [102-10]

Teknia Group originated in 1992, following the acquisition of a company located in Zaldibar (Biscay) with 29 employees in a single metal stamping and tube handling plant.

Photo 1: Historical file. The origin of Teknia Group.



Figure 1: Key milestones in the history of Teknia Group (1992-2021)



2021 Milestones:

The factory of **Mecanizados Bravo & Bippus** acquired in 2021 (currently, Teknia Santander S.L.U.) specialises in the mechanisation of bars to manufacture different components, among which are axis for the engines in electric and combustion vehicles. Therefore, the new facilities manufacture a wide range of turned and rectified parts.

In particular, it has a wide range of technologies that allow to carry out different operations such as milling, assembling, induction thermal treatment, pressing and sawing.

This facility is the second facility Teknia has in Ampuero, Cantabria, and is one of the twenty plants Teknia has in the world. This represents yet another step in the company's driving electrical mobility going hand in hand with its clients, incorporating new products, while extending its capabilities when it comes to mechanising bar for automation purposes. Teknia therefore continues its strategy to add companies that contribute long-term value to the business.



The distinguishing features of the group

Value creation [102-7]

Aware of market trends and developments, Teknia Group has focused its efforts during the financial year on reducing the cost structure, maintaining its profitability and even improving it, maximizing the value of the Group in the long term, and ensuring the viability of the strategic plan.

The creation of financial value in the Group is based on three axes:

- *Maximising profitability*: The Group closed the year 2021 with an EBITDA of 10.15% over sales, improving this ratio compared to the previous year.
- *Consolidation of growth achieved, organic and inorganic*: Group has ended 2021 with a turnover of 323.75 million euros and 3237 employees worldwide, showing the capacity to integrate the latest acquisitions even in adverse periods such as those experienced in this year.
- *The maintenance of a diversified and conservative debt policy*, which allows the development of corporate strategy, limiting the risk of concentration of financing sources and excessive financial leverage.

Figure 2: Evolution of Teknia Group in terms of number of employees and turnover (employees at year-end and a turnover of thousands of euros)

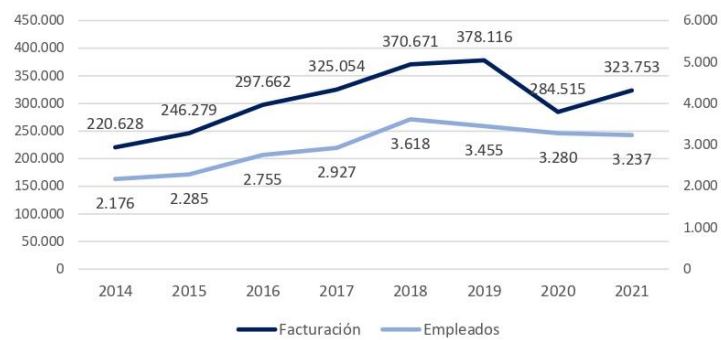


Table 1: Total capitalization of the Group, broken down in terms of debt and share capital (in thousands of €)

	2014	2015	2016	2017	2018	2019	2020	2021
Net worth	55750	59057	68225	73536	74351	78440	71720	79856
Net financial debt	47083	49209	68248	75175	95768	88254	65420	76892

Proximity to the customer and geographic diversification [102-4] [102-6]

Teknia Group has always considered proximity to the customer as one of its distinguishing features and, as the main customers of the Group are global companies, an effort has been made to be close to them.

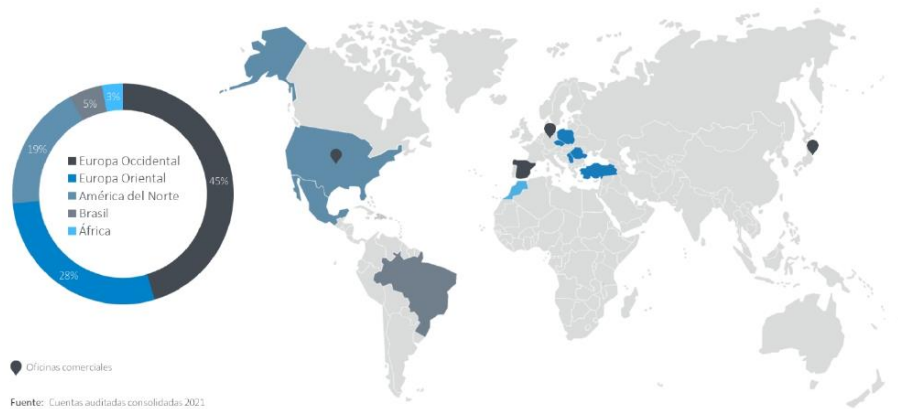
In 1995, when the Group did not exceed 40 workers, it was decided to open a technical-commercial office in Germany to be close to the main customer at the time. In line with this principle and with the corporate strategy, efforts have been made to locate production plants and commercial offices where our customers may require them.

This principle has led the Group to become a global player, with presence in the major markets of the automotive sector. This allows our customers to have solutions for global projects where Teknia Group, through its internalization, can provide added value along with saving them time and development costs. In addition, the international presence allows Teknia Group to gain resilience and reaction capacity to alleviate and minimize adverse situations in the short-term markets in which it operates.

Thus, Teknia Group is currently present in 12 countries on 4 continents:

- Commercial offices in Stuttgart (Germany), Michigan (USA) and Tokyo (Japan).
- Productive activity in the United States, Mexico, Brazil, Spain, Morocco, Poland, Czech Republic, Serbia, Romania, and Turkey.

Picture 1: Locations of Teknia Group in the world and production by location



Technological diversification and strategic products [102-2]

Currently, the Group specializes in the manufacture and sale of assembled parts and components for the automotive industry, applying the following production processes:

- Metal tube forming
- Bar cutting
- Metallic printing
- Plastic injection
- Injection and mechanization of aluminium

In a competitive automotive sector, specialization in strategic products is key.

Teknia Group considers the products as strategic taking into account the following circumstances:

- Added value of the product.



NFIR 2021

- Current production volumes or potential for high growth in the future in the automotive industry.
- Products whose technology can be transferred to different plants/markets in which the Group operates.
- Products in which the Group maintains a clear leadership in both technology and know-how.

Examples of strategic products for the Group include brake fluid tanks, door hinges, damper brackets, brake pistons, and more.

Teknia Group values
[102-16]

The entrepreneurial vision of the Chairman, and Founder of the Group, has been expressed through the main values that comprise our corporate philosophy:

- Ethical behaviour
- Profit-oriented
- Customer-oriented
- Common sense

Teknia Group in the automotive sector
[102-6] [102-9]

The automotive sector is structured in a chain in which different actors are involved in the manufacturing process of the final product, which is the motor vehicle.

In its simplest version, this chain begins with THE COMMODITY SUPPLIERS that provide raw materials and the materials for the second-tier suppliers (TIER 2 SUPPLIERS) to manufacture the parts that the first-tier suppliers (TIER 1 SUPPLIERS) integrate into fully-finished systems or subsystems that are, in turn, integrated and assembled by the OEM customers (Original Equipment Manufacturer) to create the finished car.

Teknia Group offers its products mainly to TIER 1 customers but also directly to OEM customers.

Picture 2: Main players in the value chain of the automotive sector



The following are the applied production processes and the products and services marketed by Teknia Group.

**Activities and products of TEKNIA Group
[102-2]**

TEKNIA Group operates in 21 production plants, incorporating all the roles related to the production activity: Marketing, Purchase, Quality, Human Resources and Production.

Each of these plants is within at least one of the following technologies and production processes:



TeKNia Group consolidates and enhances its technological development through the Group Technical Management Teams and each of the previous technologies, with the following main roles:

1. The technological transfer of know-how between plants, from products and processes in which a dominant position or leadership is maintained, ensuring the globalization of the offer to our clients, with the service and quality required.

Examples of interventions in this line are:

- The technological transfer of *wipers*, in printing technology
- The technological transfer of *reservoirs*, in plastic technology

2. Development of new and innovative technologies that ensure the maintenance of the competitiveness of our processes in each of the technologies of the group, as well as to avoid future technical obsolescence of our plants.

Examples of interventions in this line are:

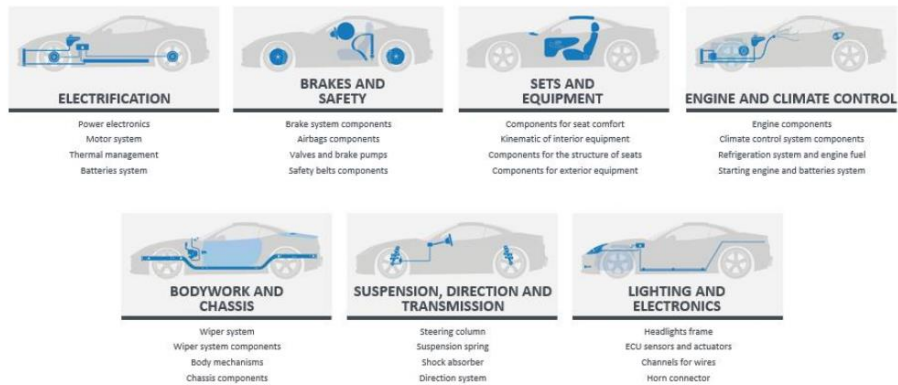
- The development of low pressure technology, in aluminium technology
- The development of the electric car shaft, in the machining technology

In addition, since 2010, TEKNIA Group has carried out engineering activities in product development, market analysis, conceptualization and design, simulation and validation, trials and testing. Since the second quarter of 2019, these activities have been carried out from a centralized support area, led by the Group's technical management team.

The group thus offers customers its capabilities along the value chain of automotive component manufacturing activity:



TEKNIA's product catalogue includes, but is not limited to, the following key product and part segments:



Industry trends

Some of the major macro trends affecting the automotive and component manufacturing industries are:

- New requirements: environment and safety
 - Light weighting
 - Improved efficiency in combustion engines
 - Intensification of alternative propulsion

- Expanding security levels
- New demands: consumers
 - Development of self-driving
 - Maas - Mobility as a Service
 - Connectivity boom
 - Increased customization
- New competitors: global economy
 - China's growing role
 - Breakthrough of new competitors
 - Diversification of sources of income
 - Importance of advanced manufacturing

The answers to these trends are addressed in the TEKNIA Group's Strategic Plan for the next 15 years. See *"Goals and Strategy"* for more details.

Goals and strategy

Since its inception, TEKNIA Group has used an advanced management model. At the moment, and in the face of the increasingly changing trends in the sector, we have Strategic Plan that sets the Group's main lines of action.

The main axes of TEKNIA Group Strategic Plan are:


- Teknia seeks to become a partner in the manufacturing of mobility solutions for its clients.
- Consolidation of the Group's profitability
- Maintaining the international vocation of the Group, being present in those markets where mobility solutions are manufactured.

Customer Recognition

As a result of TEKNIA Group's good work, it has won several awards by clients and institutions throughout its history.

Here are some of the most relevant ones received in recent years:

Table 2: Acknowledgements received by TEKNIA Group

Year	Entity	Acknowledgement
2019		Bosch Global Supplier Award The world's largest manufacturer of automotive components has decided to grant this award to TEKNIA Group's aluminium technology. It is the only Spanish company to have received this

		award, granted to 47 suppliers out of the total of 43,000 that Robert Bosch has worldwide.
2019		2018 Continental Supplier of the Year Award TEKNIA Group's machining technology has been granted this award this year. Continental has recognized the 14 best performing suppliers from its 900 strategic suppliers worldwide.
2018		2018 PSA Supplier Excellence Award TEKNIA Kragujevac has been awarded this year with the excellence award granted by PSA to its suppliers. This award is granted to specific manufacturing facilities and only the best performing PSA suppliers are eligible.
2017		2017 GM Supplier Quality Excellence Award TEKNIA Nashville has been awarded for the second year in a row with the General Motors Supplier Excellence Award 2017. In the words of GM "2017 was a great year for GM and without the performance of suppliers like TEKNIA GROUP this would never have been possible".
2017	 Capital para tu inversión exterior	External project of a large company by COFIDES Awarded to TEKNIA Group in the IV edition of the "Impulse to Internationalization" Awards which COFIDES (the Spanish Development Finance Company) annually awards, in recognition of companies and institutions that have stood out for their contribution to internationalization.

The governing structure of TEKNIA Group **[102-18]**

In order to develop its activity, TEKNIA Group has adopted the following structure:

1. Board of Directors

The Board of Directors of Teknia Manufacturing Group, S.L. (A Sole Shareholder Company) consists of four members. This body holds the highest responsibility for the management and representation of the Group.

In addition to the roles established in the Capital Companies Act, it is the body responsible for approving and enacting the Group's ethical regulations.

2. Corporate Management Areas

TEKNIA Group has a Corporate Divisions structure that, led by the General Management, maintains responsibilities over the operation and operations management of the Group:

- Operations Management
- Business Management and Development
- Industrial and Quality Management
- Technical Management
- Financial Management
- Human Resources Management
- Legal Advisory Management

These areas, in general, include dedicated staff at the Group, Business Unit and/or Technology levels. In addition to their traditional roles, some management areas have additional powers oriented to:

- Environmental issues, that are addressed by Industrial and Quality Management.
- Social, security and personnel issues, that are addressed by Human Resources Management.
- Economic issues, that are addressed by Financial Management, with the involvement of the other divisions.

The subsidiaries within the Group have, on the other hand, their own General Management Areas or Directorates and their own Area Managers.

3. Ethics and Compliance Committee

This Committee operates directly under the Board of Directors and is composed of the General Directorates of: Legal, Internal Audit, Financial and Human Resources Advisories for the Group.

As a general matter, the Ethics and Compliance Committee is the collegiate body responsible for ensuring compliance with and interpretation of the Code of Conduct within TEKNIA Group.

Within each of the companies there is an Ethics and Compliance Control Body, composed of the General and Human Resources Divisions. Their roles are described in more detail in the chapter **“Fighting bribery and corruption”**.

Responsible Management within TEKNIA Group

Staff from different areas of TEKNIA Group, both at the corporate level and locally in each of its companies, participate in the day-to-day management of sustainability issues.

In addition to the individual responsibilities in this area (mainly derived from human resources management, environmental management, resource consumption, etc.), in recent years, TEKNIA Group has made progress in defining its model of responsible management, through the following actions: publishing the Code of Conduct and its dissemination through the Group; establishing the Ethics and Compliance Committee and the Group’s Corporate Control Bodies; and establishing the Group’s Corporate Social Responsibility area.

The details of the commitments established and the actions carried out in each case are detailed in the following chapters of the document: **“Environmental issues”**, **“Social and personnel-related issues”**, **“Fight against corruption and bribery”**, **“Respect for human rights”**, **“Commitment to society”**.

External recognition

This effort to strengthen the responsible management of the Group is recognized in the assessments given to the companies of the group by analysts specialized in the field of sustainability/corporate social responsibility more popular in the sector:

Chart 3: Ratings obtained by the companies of the Group in the evaluations of specialized analysts



House of analysis specialized in the evaluation of the integration of CSR/Sustainability principles in companies of different sectors.

Teknia Group	56 pts – Silver medal
Teknia Azuqueca	58 pts – Silver medal
Teknia Uhersky Brod	57 pts – Silver medal

NQC | SUPPLIER ASSURANCE

An initiative designed by Drive Sustainability integrated OEMs for initial verification of CSR/Sustainability performance of their suppliers.

Teknia Uhersky Brod	79%
---------------------	-----

Teknia Tepej del Rio	78%
Teknia Azuqueca	77%
Teknia Elorrio	75%
Teknia Kalisz	60%

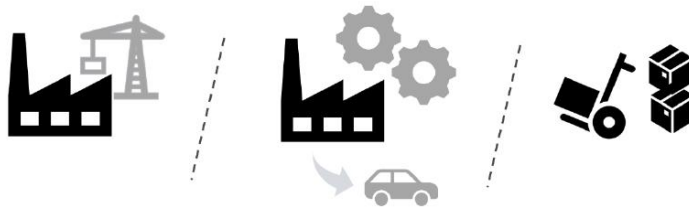
In order to facilitate understanding and maintain transparency of the information provided, the scope of the reported indicators is indicated throughout the text, in the graphs or tables used to represent the information (where this is necessary), as well as the assumptions and estimates used to perform the calculations.

Environmental issues
[102-11] [102-15]

The information reported in the following sections refers to the performance and management carried out in TEKNIA's production plants.

TEKNIA Group considers the environmental impact of its activities from a broad perspective. As a result of this approach, it has established criteria and principles of action throughout the different stages on which it has the capacity to influence:

1. Real Estate Activity
2. Productive activity
3. Supply Activity



The following details the Group's management for each of these stages:

Environmental Issues in Real Estate Activity

The expansion and growth of TEKNIA Group at the national and international levels has revealed the need for common criteria of location, design and constructive process for production plants worldwide.

For this reason, a Real Estate Standardization Handbook has been developed, establishing the criteria to be applied in the creation of a new industrial plant, in the different phases of the project: soil search, design, and construction.

Picture 3: Home page of TEKNIA Group's Real Estate Standardization Handbook.



In addition to technical and corporate image criteria, recommendations are incorporated that have an impact on the environmental sustainability of the Group's activities, since these assets are the environments where the productive activity is subsequently developed.

The following issues, among others, are taken into account:

- Location of the property with respect to basic services, infrastructure and clients
- Thermal insulation of the industrial building
- Optimal use of natural lighting and ventilation
- Artificial lighting and air conditioning using efficient technology
- Heat recovery systems
- Energy regulation and management systems
- Renewable energy installations

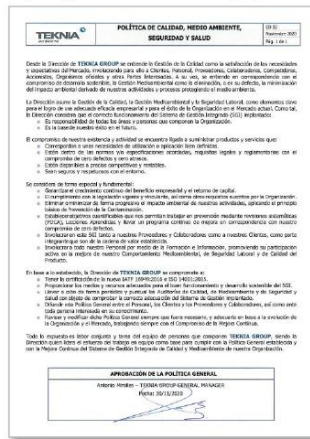
This handbook, in force since 2018, has been applied in the following real estate projects: second phase of the Jacarei plant, Tangier plant, new Group headquarters, and the new Kragujevac plant, which opened in mid-2020.

Environmental Issues within the Production Activity

TEKNIA Group has an Integrated Quality and Environment Policy that applies to the production activity of all plants. This policy establishes as a corporate principle the commitment to sustainable development, and environmental management as the elimination, or otherwise, the minimization of the environmental impact resulting from our activities.

All the Group's production plants have the Global Quality and Environment Management System and a Policy indicating the commitments made in this area.

Picture 4: New Integrated Policy on Quality, Environment and Safety and Health, adopted in November 2020



The main environmental risks arising from the activity are inadequate waste management, water and soil pollution, and energy consumption.

- With regard to waste and water management, the risk consists of the occurrence of potential incidents or non-compliance episodes during its management that could result in an impact of the environment, legal consequences and/or additional costs for the Group.
- With regard to energy consumption, the risk is that energy costs rise above the level that allows the Group to be competitive.

Responsibilities for these matters are assigned to the following staff:

- Local Production Staff
- Local Quality and Environment Staff
- Group Energy and Environment Staff

To ensure that environmental management in the Group's companies is aligned with international standards and to minimize the risks listed above, environmental management procedures have been designed in accordance with ISO 14001: 2015 on environmental management systems.

At the closing of 2021, 76% of the Group's production plants have an environmental management system certified according to ISO 14001. Production plants that have this certification comprise 92% of the production.

The 2024 Strategic Plan has set the Group-level goal of achieving 100% of plants with an Environmental Management System according to the ISO 14001 certified standard.

Within our Integrated Quality and Environment Policy, the certification of all production plants has been defined as a priority goal. In line with this commitment, in the financial year 2021, the production plants of

Teknia México City have obtained for the first time the certification of their environmental management system according to ISO 14001: 2015.

In addition, to minimize the costs and environmental impact of its activity, TEKNIA Group also has staff dedicated to providing energy efficiency services to plants.

In this task, an action model is adopted based on the international standard ISO 50001 and its continuous improvement principle, based on the identification of potential areas of improvement, the establishment of an improvement plan and the follow-up of the results obtained.

The management and performance of the Group's production plants in respect of these matters is described in more detail in the sections *"Sustainable use of resources"*, *"Circular economy and waste prevention and management"* and *"Fighting climate change"* of this chapter.

Environmental Management in Supply Activity

In addition to maintaining responsibility for the environmental impact generated in its own activity (Real Estate and Production), TEKNIA Group is also concerned and seeks to promote environmental responsibility in its supply chain. For this reason, criteria have been integrated into the purchasing processes of the Group in order to favour those suppliers with better environmental management.

For more information on this subject, see *"Subcontracting and suppliers"* in the "Society" chapter .

Sustainable use of resources

TEKNIA Group seeks to minimize the consumption of resources used in its production process as a way of improving the efficiency of the production process, reducing the costs incurred and reducing the environmental impact of its activity.

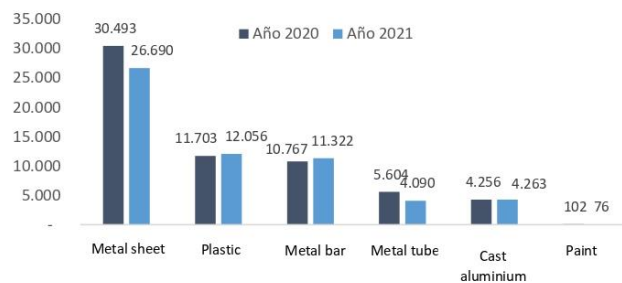
**Raw and other materials
[301-1]**

The main raw other and materials used in the production process of TEKNIA Group are:

- Metal, in three different presentations:
 - Coil/plate-shaped for printing;
 - Tube-shaped for tube forming;
 - Bar-shaped for machining.
- Plastic for injection.
- Aluminium for casting and injection.
- Paint for plastic parts.

For more information on the production process in TEKNIA Group, see the chapter “TEKNIA Group in the automotive sector”.

Figure 3: Consumption of main raw materials for the processing of TEKNIA Group products (in tons)



Considering total raw materials, in 2021 their consumption has been reduced 7% compared to 2020.

Some examples of measures to improve resource consumption efficiency include:

With regard to raw material:



NFIR 2021

- Where the contract with the customer and the technical specifications allows for it, the use of recycled raw material over the virgin one is favoured.
- In the aluminium smelting activity, much of the rejection generated during the production process is reintroduced as raw material.

Regarding the packaging of Group products:

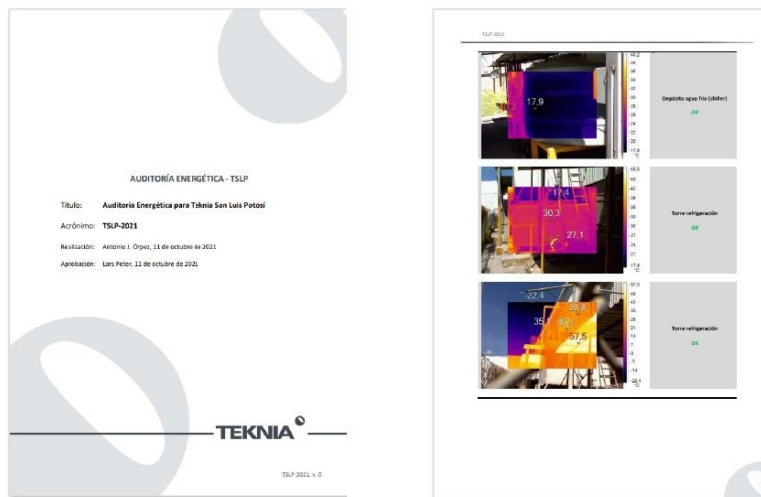
- The use of recycled versus virgin cardboard packaging is encouraged.
- There is a tendency to replace cardboard packaging with returnable containers.

Energy
[302-1] [302-3]

The production activity of TEKNIA Group, like any industrial activity, is intensive in the use of energy. In order to minimize consumption, an intervention model is followed based on the ISO 50001 standard and its continuous improvement principle.

Thus, energy audits are carried out periodically at the plants, and proposals are made for improvements in management and performance in this area.

Picture 5: Example of Energy Audit and Energy Efficiency Actions Report proposed for a plant of the Group (TEKNIA Manresa)



As a result of these analyses, plans are developed for improving energy efficiency and minimizing costs. The Strategic Plan has set the Group-level goal of achieving a 10% reduction in energy intensity (kWh/€) up to 2024 compared to 2019.

Some of the main energy efficiency initiatives developed in recent years are:

- Replacing machines with more efficient ones;
- Installation of remote control devices for continuous monitoring of energy consumption;
- Replacement of current compressors with more efficient ones with VSD system;
- Installation of Start/Stop systems on production machinery;
- Replacement of current luminaires with LED technology ones;
- Intelligent lighting systems (incorporating presence sensors, brightness sensors, etc.);
- Replacing refrigeration systems with more efficient ones;
- Replacing blow nozzles with more efficient ones;
- Improved machinery thermal insulation;
- Changes in power supply.

Also, in order to monitor the actions undertaken in this field and to check their effectiveness, an Energy Performance Annual Report in the Group's plants is carried out.

Picture 6: Example of the Energy Performance Annual Report and Fact Sheet evaluation of plant performance

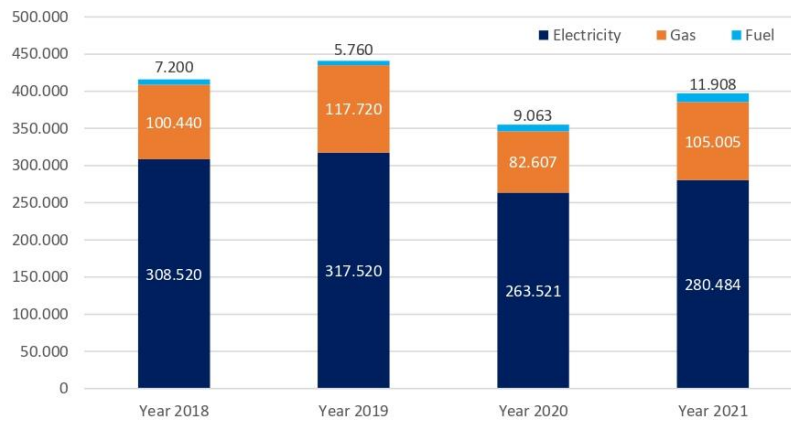




There is also continuous monitoring of the electricity market in the countries where the Group's production plants are located. Depending on the market situation, future purchases of electricity and gas are combined with spot purchases. This results in economic savings and stability in energy prices for the Group.

The absolute energy consumption of the Group's production plants has fallen by 11.9% compared to 2020, in line with the decrease in the Group's turnover.

Figure 4: Energy consumption in the Group's plants, by energy source used (in Gigajoules)



The main source of energy consumed in the Group's production plants is electricity (71% of the total) and to a lesser extent gas (26%) and liquid fuels (3%).

Electrical energy is mainly used for the operation of machinery, lighting and the operation of electrical and electronic equipment, while gas and fuels are used in part in the production process (drying processes, furnaces and aluminium smelting), for building heating and vehicle operation.

The electrical energy consumed by the companies of TEKNIA Group has the following origins:

- In most cases, consumption is subject to the electrical mix of the supplier of each environment, which incorporates a certain percentage of renewable energy.
- In some geographies, such as Spain, Mexico and Brazil, agreements have been reached for the purchase of 100% renewable energy with a supplier company (*more information can be found in the Featured 1: Purchase of emissions-free energy for the Group's plants in the chapter "Fighting climate change"*).
- In addition, several photovoltaic self-consumption initiatives are being evaluated in different production plants of the Group.

Chart 4: Evolution of the ratio of energy consumed by production value for the plants of the Group (in kWh consumed/€ of production)

Year	Consumption ratio
2018	0.335
2019	0.364
2020	0.382
2021	0.376

The energy consumption ratio of the Group's productive plants (in kWh consumed/€ of production) has increased from 2020 due to a slight improvement in energy efficiency. The increase in the ratio since 2018 is explained to a large extent by the incorporation into the Group of companies engaged in aluminium smelting and injection processes, which have a higher energy intensity than other technologies.

Fighting climate change
[305-1] [305-2] [305-4]

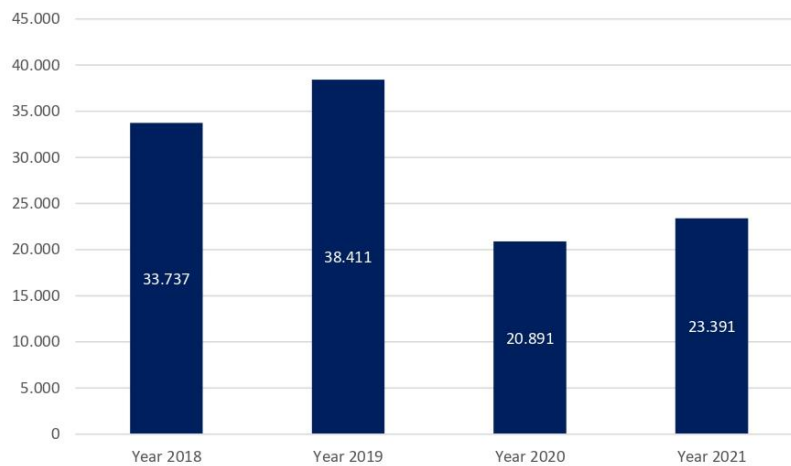
Like any energy-intensive activity, the industrial activity developed by TEKNIA Group involves the generation of greenhouse gas (GHG) emissions.

These emissions are generated both directly, through combustion processes carried out in the Group's own companies, and indirectly (through electricity purchased from suppliers). The calculations below take both sources into account.

TEKNIA Group's action in this area is based on improving energy efficiency, the adoption of low carbon and renewable technologies, and the promotion of consumption savings. The Strategic Plan has set the Group-level goal of achieving a 15% reduction in emissions' intensity (kgCO₂/€) generated by the Group compared to 2019. This calculation considers emissions ranges 1 and 2.

The management applied by the Group in this area is explained in the section on **"Energy"**, within the chapter on **"Sustainable use of resources"**.

Figure 7: Absolute greenhouse gas emissions from TEKNIA Group (in ton CO₂e_q.)



There is a slight increase in absolute greenhouse gas emissions in 2021 compared to 2020 (approx. 12%), although lesser than the revenue amount.

Featured 1: *Purchase of renewable energy for the plants of the Group*

Purchase of renewable energy for the plants of the Group

During 2021, different agreements have been reached with a supplier company for the purchase of electric power for different plants of the Group.

This agreement allows plants to provide energy without greenhouse gas emissions or with low associated emissions, while achieving stability in the price of energy, and considerable economic savings.



In Spain: A PPA emission-free electricity supply agreement has been signed for Teknia Azuqueca, Teknia Martos, Teknia Manresa and Teknia Elorrio, in force since 2020 January.

In Brazil: A PPA emission-free electricity supply agreement has been signed for Teknia Brazil, in force since 2020 June.

In Brazil: A PPA emission-free electricity supply agreement has been signed for Teknia San Luis Potosí, in force since June.

The supply agreement in Spain and Mexico also entails the construction of a new renewable energy generation facility by the supplying company.

Purchase of renewable energy for the plants of the Group

In 2021, the total consumption of electricity in the Teknia Kalisz plant in Polan was 100% from renewable sources thanks to an agreement with the energy retailer which guarantees the origin for the whole plant's consumption.


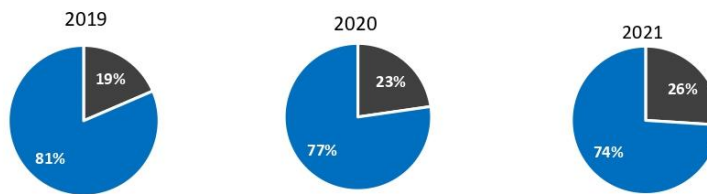


Figure 8: GHG emissions by scope - 1, direct, and 2, indirect - (in % of total)



The reduction in the relative weight of 2 scope emissions in 2021 is a result of the renewable energy purchase initiatives that apply to the Group during this year.

Chart 5: Evolution of the emission ratio by production value (in kg of CO2 Eq./€ of production)

Year	GHG emission ratio
2019	0.113
2020	0.087
2021	0.080

The ratio of greenhouse gas emissions has gone down as a result of the overall decrease in emissions associated to the electricity acquired by the Group from 2021.

Water consumption
[303-1] [303-2] [303-3]

The water extracted by the plants of the Group is mainly devoted to the following uses: drinking and sanitation, cleaning of the facilities, and in the refrigeration systems of the machinery. To a lesser extent, also to the cleaning of finished parts.

Water consumption has fallen by 10% compared to 2020, in line with the decrease in the Group's turnover.

Figure 5: Total extraction of fresh water, for all areas (in mega litres) per year

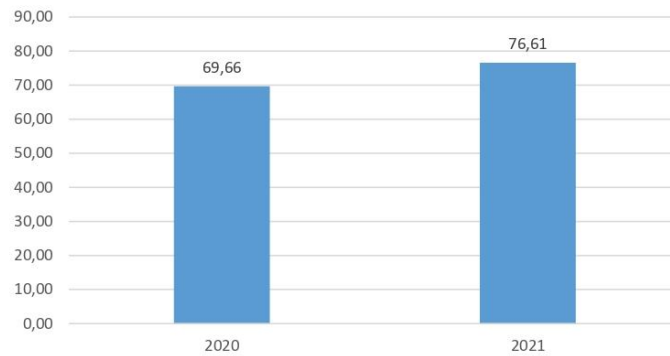


Chart 5: Breakdown of water extraction by source and type

		All areas	Areas with water stress.
Extraction of fresh water by source	Third party water (suppliers)	69,079 m ³	23,338 m ³
	Groundwater	7,527 m ³	-
Total water extraction	All sources	76,606 m ³	23,338 m ³

Due to the nature of the Group's activity, most of the water extracted is obtained from the city supply network or from other water services provided by public or private companies.

The freshwater consumed is mainly provided by public or private water service providers (90% of the total). The remaining 10% is water consumed by Teknia Brasil from a well located in the facilities. Removal is subject to the limits authorized by local authorities.

As regards to water consumption, according to the categorization of areas proposed by the World Resources Institute, 88% of consumption is carried out in areas not exposed to a high risk to this resource. Water consumed in areas with water stress is supplied in its entirety by water service providers.

Several initiatives have been carried out in recent years to reduce the Group's water consumption:

- ✓ At Teknia Ampuero, during 2019, improvements were made to the aluminium smelting and injection process that help minimize water consumption: investments have been made in a new cooling tower that significantly reduces water loss from evaporation. Measures have also been taken to detect water leaks in the smelting process early, minimizing consumption, and the flow of waste water sent for purification.
- ✓ In Teknia Tepejí del Río, deionized water has been used to wash parts since 2019. This water allows for the cleaning of more parts per unit volume than conventional water, reducing water consumption in the process.
- ✓ In Teknia Azuqueca, since June 2018, a more efficient cooling tower has been available for the plastic injection process, which has resulted in a decrease in the amount of water lost by evaporation, thus reducing water consumption.
- ✓ In Teknia Mexico City, during 2020, different measures have been taken to minimize water consumption associated with sanitation: old toilets have been replaced with double-discharge ones, urinals have also been replaced with ones that completely eliminate the consumption of water, and new water and air mixing keys have been installed in the washbasins.

Regarding soiled water treatment, they are mainly managed as waste and treated by an authorized manager. Teknia Ampuero, whose production process is more intensive in the generation of soiled water, also has an internal treatment system for them, and has the appropriate authorizations for dumping. These dumpings follow the parameters set by the legislator.

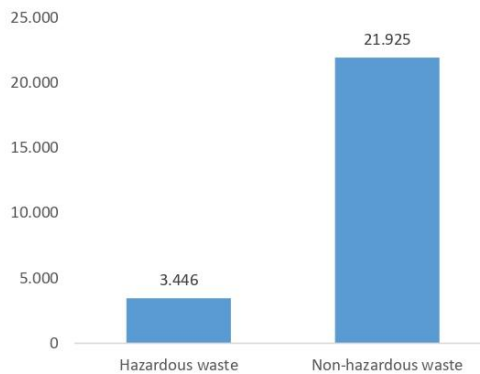
Circular economy and waste prevention and management

[306-2]

The waste generated by the companies of TEKNIA Group is basically of two types:

- Waste generated in the production process - fundamentally, waste from moulding and physical and mechanical processing of metals and plastics and from the smelting, industrial oils and packaging processes.
- Waste generated in other activities such as offices or canteens – waste assimilable to urban one.

Figure 6: Total waste produced by type (in tons)



86% of the waste generated by the productive activity meet the classification of non-hazardous waste as defined in the local regulation.

Waste generated by the companies of the Group is managed in accordance with the applicable law in each environment. In the plants of the Group, waste is separated according to its composition and its recovery possibilities and stored in its facilities until collection by external companies specialized in waste transport and management. They are in charge of its recovery or elimination.

Residues of raw material of production that cannot be reused in the plant's own production activity (mainly residues of metallic or plastic raw material) are recovered by these third parties.

Different initiatives are being carried out to minimize the amount of waste generated in the productive activity. Among others:

- ✓ Teknia Barcelona has a process of collecting and spinning the chip generated in the machining process. This allows the steel and aluminium chip to be separated from the cutting oil used in this process. Thus, the oil is recovered for reuse, and the "dry" chip can be sold to a manager as an easily recoverable non-hazardous waste instead of being managed as a hazardous waste (with the consequent environmental and economic benefit). The machining plants in Bilbao and Mexico City have similar separation and recovery systems.
- ✓ In Teknia Ampuero, the technology of the plant's soiled water treatment plant was updated in August 2018, to be able to treat the wash water of parts that was not possible to perform internally previously (and had to be managed as waste). This improvement reduces the amount of waste generated at the plant and the associated costs.

- ✓ Teknia Azuqueca and Teknia Brasil, have a process of *reusing the parts' paint line water*: the water used in the paint booth runs in closed circuit and follows a chemical treatment for recovery, allowing it to be reused for up to three years. This allows to minimize the amount of water and paint sludge that must be handled externally as waste.
- ✓ Teknia Ampuero maintains a collection, cleaning and reuse service of stained cleaning cloths, in order to avoid the generation of waste associated with this use.

The expenditure incurred by the Spanish companies for the protection and improvement of the environment directly allocated to the Consolidated Profit and Loss Account for the financial year 2021 amounts to 289 thousand of euros (233 thousand of euros in the financial year 2020) and they refer basically to the costs of waste treatment.

Social and staff-related issues

[102-15]

The exceptional situation created by the worldwide health crisis caused by the pandemic continued over 2021, although to a lesser degree. Other difficulties in the industry have added to this crisis, such as the semiconductors, energy and raw materials crisis, which have led us to adopt certain flexibility measures to avoid final adjustments in our staff.

As regards to the general management of persons in the Teknia Group:

In the General CSR Policy, TEKNIA Group's guidelines for action in this field are defined: promoting a quality working environment, based on respect, diversity and personal and professional development of the team, with the particular commitments of:

- Complying with labour rights recognized in national and international law;
- Respecting the principles of equal opportunities and non-discrimination against workers;
- Fostering the growth of the team, providing the means to improve the results of its work, to deal with changes successfully and to contribute to the fulfilment of the Group's goals;

- Promoting the occupational safety and health of the team and in the facilities of the Group, as well as of the external personnel who carry out their work on the Group's premises.

In the following sections of this chapter: **"Diversity and employment"**, **"Training"** and **"Safety and Health"**, the Group's management in these areas is explained in greater detail.

The Human Resources area maintains responsibility for the management of social and staff-related aspects of TEKNIA Group. This area has staff at the Group level and staff assigned to each of the major companies.

The main risks identified in relation to social and staff-related issues are as follows:

- Occupational health and safety: such as the risk that employees may suffer accidents related to their activity in TEKNIA.
- Attraction and retention of talent: such as the ability (or lack of) to attract, develop, and maintain professionals that enable the company to grow and succeed.

The management carried out by the companies of the Group related to these matters and other measures applied is described in the following sections of this chapter.

Diversity and employment

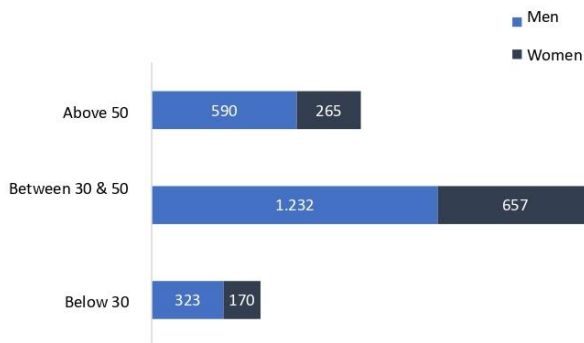
Diversity in Employment:

[405-1]

At the end of 2021, TEKNIA Group had 3,237 employees whom 66% were men and 34% were women. This means the staff of women and men is maintained compared to 2020.

By age range, employees between 30 and 50 years of age account for 58.1% of the total workforce, those over 50 years of age account for 27.6% years and those under 30 years of age account for 14.3% years of age. This represents an increase of close to 3.6% in the age group from 30 to 50, and an increase of 0.3% in the age group over 50. The group of under 30 decreases by more than three percentage points.

Figure 9: Distribution of employees by sex and age



As stated in TEKNIA's Code of Conduct, the Group rejects discrimination against persons on any basis (gender, race, age, or any other situation or personal condition).

In addition, any form of harassment or abuse, as well as any other conduct that could create an intimidating, offensive or hostile work environment, is expressly prohibited.

The greater presence of men versus women in our workforce is in line with the employment figures by gender for the sector in Spain (in the year 2021, the industry sector employed 74% of men compared with 26% of women).

With regard to diversity of origin, TEKNIA Group employs people of 22 different nationalities. Most nationals of the countries where the Group is present, along with workers from 11 other countries.

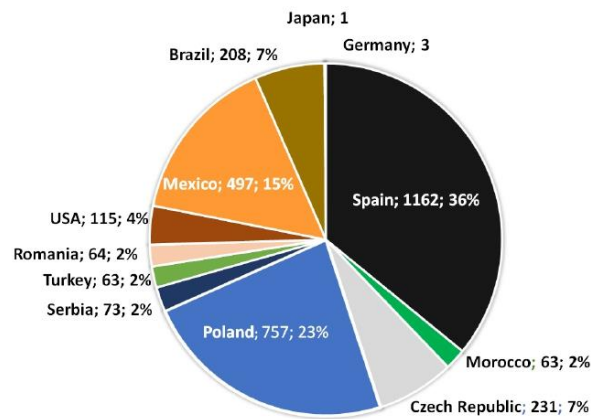
Some of the actions developed by the Group's companies to promote equality and diversity among employees are as follows:

- Communicating to Group workers the commitments made in TEKNIA's Code of Conduct on non-discrimination and prohibition of abuse and harassment (through reading and accepting the Code and training activities);
- Creating a Harassment Code and sharing it with staff.

With regard to the geographical distribution of employees, 74.5% are in the Europe, Middle East and Africa (EMEA) region, 19% in the NAFTA region and 7% in Brazil. In 2020, the distribution was 72.4% in EMEA, 20.9% in NAFTA, and 6.7% in Brazil.

The following chart shows the distribution of employees by country in 2021.

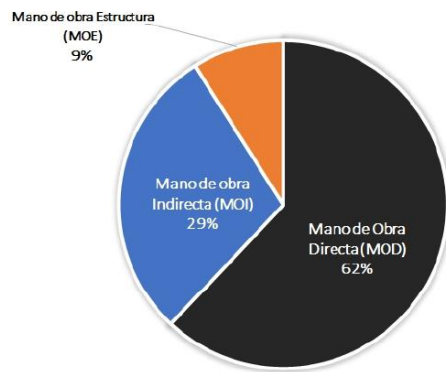
Figure 10: Distribution of employees by country (in total employees and percentage to total)



As regards the distribution of workforce in the Group, the following are taken into account:

- *Direct Workforce* includes workers who are directly involved in the manufacture of products of the TEKNIA Group. It corresponds mainly to the functions developed by production operators and team managers.
- *Indirect Workforce* includes workers who, without directly intervening in the productive activity, give the necessary support for this activity to take place. It corresponds mainly to the functions developed by the areas of logistics, quality, maintenance, sourcing, tool fitters, planning, technicians, etc.
- *Structure Workforce* includes workers who perform administrative, control or management functions, providing service to the activity of the productive plants. It corresponds mainly to the functions developed by human resources, administration, commercial, purchasing, engineering, etc.

Figure 11: Distribution of employees by type of workforce (in % to total)



The distribution of employees by type of workforce varies slightly from the previous year, with a decrease of one percentage point in the MOE category and a one-point increase in MOI. The MOD category remains stable.

Developments in employment:

[401-1]

The total number of employees of TEKNIA Group has decreased from 2020 by 43 employees (see Figure 2, 8).

Chart 6: Net balance of staff developments in 2021 per gender and type of workforce (in number of people)

	Direct Workforce (MOD)	Indirect Workforce (MOI)	Structure Workforce (MOE)
Man	3	9	(33)
Woman	(30)	11	(3)

Regarding changes in employees by gender, 2021 has been a similar year to 2020 (80% men compared to 20% women).

Conditions of employment:

[102-8]

Most of the contracts that TEK Nia Group maintains with its employees are permanent (92.3% of the total), assuming temporary contracts around 7% of the total. Of the total contracts, part-time contracts account for 1.6%.

Chart 8: Distribution of contract modalities (permanent, temporary, other and part-time) by gender, age and region (in number of contracts)

		Permanent contract	Temporary contract	Others	Part-time contract
Total		3001	216	20	51
By gender	Men	2003	127	15	30
	Women	998	89	5	21
By age group	Under 30 years of age	398	78	17	-
	30 - 50 years of age	1784	99	3	20
	Older than 50 years of age	819	39	-	31
By region	EMEA	2238	168	10	49
	NAFTA	564	48	-	2
	Brazil	198	-	10	-
	Japan	1	-	-	-

Compared to 2020, the proportion of permanent contracts over temporary contracts is maintained. It is also the Group's policy to promote stability in employment and people's development. The average seniority of the Group's workers is 11.6 years, increasing by 0.8 years from 2020.

Compensation:

[405-2]

For a homogeneous comparison in terms of remuneration, the theoretical gross fixed salary per employee (understood as the salaries that would have been received by the employee if he had worked in the company during the whole year, without discounting any incidence such as medical leave, maternity/paternity leave, ERTE -Temporary Redundancy Plan-, etc.) and the monetary variable remuneration received.

Chart 9: Average remuneration of employees, broken down by sex and professional classification

	Man	Woman
Director	€58,210	€52,824
Administration Officer	€22,500	€19,888
Technician	€24,539	€20,289

Operator	€16,613	€12,645
----------	---------	---------

Regardless of their geographical origin or position in the organization, the average wage for women is 15,137 euros compared to 21,695 euros for men (30% difference).

The wage remuneration is defined in the different companies of the Teknia Group according to the Collective Agreements or applicable labour standard. We in the Group strictly comply with this regulation. Therefore, the salary, mostly governed, is determined by the role of each worker regardless of sex.

The salary difference shown in the table above is primarily due to the following reasons:

- The fact that there is a majority male presence in companies of certain technologies that present collective agreements with a higher level of pay, within a single country. For example, in Spain:
 - The companies dedicated to metal and machining technologies have a male presence of 75%. However, it should be mentioned that female presence has increased compared to 2020 by 7 percentage points. Said companies have collective agreements traditionally with a more favourable remuneration (in the iron and steel industry in Biscay, the salary set for an operator's position is €18,840 and €22,369 in Barcelona)
 - Companies engaged in plastic technology have a lower male presence (60%) and collective agreements with a lower remuneration (the wage established for an operator's position is 16% lower: €17,331.54)
- The fact that there is a greater female presence in companies in lower-wage settings such as Mexico (where women account for 50% of the staff), compared to environments such as Europe or the United States (where they account for 30% of the staff).
- Other factors outside TEKNIA Group (such as unequal access to technical training or the labour market by women in some countries or national territories).

The annual gross remuneration of each of the directors, specific to their membership to the management body, was €50,000, without any difference in amount between each of the members of the Board of Directors.

Organization of work:

The organization of working time is carried out in accordance with the labour regulations applicable in each case (collective agreements or labour laws of the higher scope).

Where the productive organization permits, the Group companies provide their workers with family reconciliation measures, including the following: reductions in regular and irregular working hours, shift changes, hourly flexibility, as well as other licenses in this regard established by the applicable labour regulations.

Chart 10: Absenteeism hours and total and broken-down absenteeism rate by region

Hours of absence from work	Employment absenteeism rate
----------------------------	-----------------------------

Total	284668	5.11%
EMEA	249979	6.4%
NAFTA	23856	1.85%
Brazil	10833	2.9%

In 2020, the total group absenteeism rate was 4.9%. Therefore, in 2021 the rate was gone up 0.12% partially due to the pandemic, mainly in the EMEA area, as well as the delay in surgical interventions as a result of the collapse of the health system caused by the permanence of the pandemic.

Social relations:

[102-41]

The companies of TEKNIA Group apply and strictly comply with the labour standards applicable in their respective field, in which the working conditions are regulated, well established through collective agreements as a result of negotiation freely developed by workers' and employers' representatives or by the regulations applicable within the relevant scope in each country.

Chart 11: Proportion of workers covered by collective agreements in countries with significant operations (in percent)

Country	Percentage of workers covered by collective agreements
Total	79%
Spain	100%
Poland	100%
Mexico	76%
Brazil	100%
Czech Republic	-
United States	-
Romania	100%
Turkey	-
Serbia	-
Morocco	-

The percentage of workers covered by collective agreement has gone up by two percentage points compared to 2020.

Employees with disabilities:

As of 31 December 2021, the Group had 51 employees with some degree of disability, which accounted for 1.5% of the Group's total employees. Some of these workers have been recruited through special employment centres.

Some of the Group's companies develop alternative measures to fulfil their reserve obligation, such as the maintenance of service delivery contracts with special employment centres.

Other actions developed by the Group's companies to facilitate the integration within the team of people with disabilities are as follows:

- Compliance with government guidelines for action on the employment of people with disabilities, which provide for shorter working days, additional rest times during the day, days off in certain situations, etc.
- Adaptation of jobs to workers' disabilities (by modifying the position to adapt it to the worker's circumstances or by reassigning it to other tasks that do not interfere with the worker's disability).
- Providing written communication channels for people with hearing disabilities.
- Providing special hearing protection for the hearing impaired.

Training

[404-1]

Each of the Group's companies has a Training Plan that is developed annually, applied at the local level. This Plan is coordinated by the local Human Resources managers who collect information about the existing training needs among the staff and propose the appropriate training for them.

In addition, the Group has at the corporate level, a procedure for staff performance evaluations.

These performance evaluations are conducted in order to identify personnel who are likely to be promoted or occupy positions of greater responsibility in the Group, as well as to identify areas of improvement for staff training and development. In the case personnel eligible for a promotion, a specific orientation and training process is established to help them adapt to their new position.

Picture 7: Staff Performance Evaluation Procedure for the Group

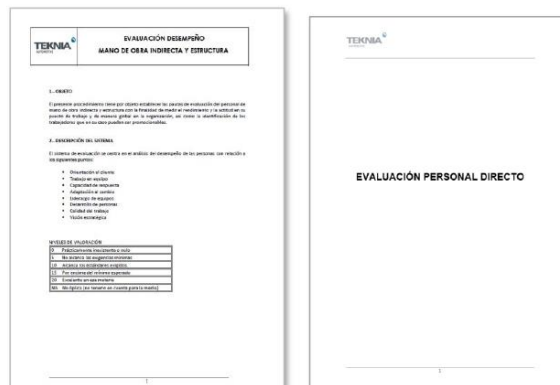


Chart 12: Training hours by gender and professional category (in total hours and average hours per employee)

	Direct Workforce (MOD)	Indirect Workforce (MOI)	Structure Workforce (MOE)	Average hours per employee
Man	15055	9089	2762	12.6
Woman	3657	1682	2628	7.3
Average hours per employee	9.3	11.2	19.6	10.8

A significant increase is observed compared to 2020 (6.2 hours per employee), which evidences we are getting closer to pre-pandemic figures. However, despite this increase, the training hours of 2019 are not reached yet, since in 2021 the effects of the pandemic continue, although to a lesser degree, and other difficulties the industry is suffering have appeared, such as the semiconductors, the energy and the raw materials crisis.

Safety and Health
[403-2]

TEKNIA Group's commitment is that all TEKNIKIA employees develop their work in safe and healthy places.

TEKNIA Group follows the requirements set out in local labour legislation with respect to occupational safety and health, as well as those set out in the collective agreements applicable in this field. All employees are responsible for rigorously complying with occupational health and safety standards and for ensuring their own safety and that of those affected by their activities.

Regarding the management carried out in each of the companies of the Group in the field of Occupational Safety and Health:

- In most cases, they have a detailed risk assessment of the activity and the workplace, and as a result, measures are applied to minimize such risks. In most cases, these assessments are reviewed periodically (when there is a change in operational circumstances and/or machinery). These assessments are usually carried out with the collaboration of specialized external services.
- In addition, when an accident occurs at work, an investigation is carried out and the risk assessment is reviewed, and corrective measures are proposed, if necessary.
- Normally, workers are offered the possibility of conducting health surveillance, carried out in most cases by specialized external services.
- In most cases, certain workers are designated as specific representatives of occupational safety and health, and a joint committee is normally established in this area, involving representatives of workers and of the company.
- In general, specific occupational safety and health training is provided to workers.

In turn, in the plants in Spain, there is an external prevention service with technicians who have presence in the productive plants every week.

At the Group level, efforts are being made to strengthen the protection of the health of its employees. A person responsible for prevention monitoring and reporting has been identified at each production plant and an additional monthly health and safety report is made to monitor and take action if necessary.

Chart 13: Comparison of incidence, frequency and severity rates of total occupational accidents and diseases for the years 2020 and 2021

	Year 2020	Year 2021
Frequency index of occupational accidents	16.73	15.72
Incidence index of occupational diseases	0	0
Severity index of accidents and occupational diseases	0.45	0.47

As can be seen in table 13, there has been a decrease in the frequency index (which measures the number of accidents/working time performed) compared to 2020. In parallel, there has been a slight increase in the accident severity index (which measures the days of work lost for this reason, relative to the time of work performed). During 2021, no cases of occupational disease have been recorded in the workforce, thus maintaining the incidence rate at 0.

Regarding the typology of accidents (most of them being mild):

- The most common accidents are (in this order), as a result of: pounding on/bumping against/hitting objects, people falling , trapping by or between objects, or excessive effort.

- The most common injuries as a result of these accidents are (in this order): superficial injuries, sprains and strains, and fractures.

Chart 14: Breakdown of incidence, frequency and severity rates of accidents and occupational diseases by gender and region

	Man	Woman	EMEA	NAFTA	Brazil
Frequency index of occupational accidents	19.48	8.38	20.27	4.76	8.33
Incidence index of occupational diseases	0	0	0	0	0
Severity index of accidents and occupational diseases	0.58	0.25	0.60	0.19	0.10

During the period covered by this report, no deaths have been recorded due to an accident at work or occupational disease.

Fight against corruption and bribery**[102-15] [102-16] [102-17]**

TEKNIA's Code of Conduct is the common framework for ethics and compliance.

Approved by the Group's Board of Directors in April 2018, it sets out the criteria for action and values to govern the actions and relations of TEKNIA Group.

The standards of conduct that make up the Code set out the principle of due diligence for the prevention, detection and eradication of irregular behaviour.

TEKNIA Group has a zero-tolerance policy against corruption, bribery and similar fraudulent behaviours contrary to its Code of Conduct, and in particular against those conducts resulting from fraudulent practices in the private and public spheres.

The Code of Conduct applies to all the companies that make up the Group and to all their staff.

The main provisions of TEKNIA Code of Conduct for the prevention of corruption and bribery are based on the following principles:

- All operations will be developed under an ethical and responsible prism. Compliance with the legislation in force in each country is a necessary presupposition for the Code of Conduct.
- TEKNIA Group competes in the market fairly and does not in any case accept deceptive, fraudulent or malicious conducts.
- The selection of suppliers shall be governed by criteria of objectivity and transparency, reconciling the interest of the company in obtaining the best conditions, with the benefit of maintaining stable relationships with ethical and responsible suppliers.
- No employee of TEKNIA Group may offer, grant, request or accept, directly or indirectly, gifts or bribes, favours or compensations, in cash or in kind, whatever their nature, that may influence the decision-making process related to the performance of the functions derived from their position.

TEKNIA Group has a matrix or map of criminal risks that includes the conduct related to corruption or bribery contemplated by the Spanish Criminal Code, considering in this respect an average risk (probability of medium materiality).

Outreach and Training:

TEKNIA Code of Conduct is available in the two official languages of TEKNIA (English and Spanish) and has been made available or distributed to all Group employees. It is accessible on electronic computer format through our intranet.

In addition, training has been given in this regard, mainly to key personnel (managers and managers) because of their greater decision-making capacity, that logically entails a greater risk. This training is based on the content of TEKNIA Code of Conduct in order to ensure the correct communication, training and awareness of all members of TEKNIA Group for their timely understanding and implementation.

Means of monitoring and control:

The Ethics and Compliance Committee is the supervising body responsible for ensuring compliance with and interpretation of the Code of Conduct within TEKNIA Group.

Constituted during the second quarter of the financial year 2018, its members report directly to the Board of Directors, these being the persons who occupy the positions of:

- Legal Advisory Manager for the Group (Coordinator of the Committee)
- Internal Audit Manager for the Group
- Financial Manager for the Group
- Human Resources Manager of the Group

TEKNIA Ethics and Compliance Committee acts as the Central Supervisory Body for the Group in the matters attributed to it. In each of the companies that are a part of TEKNIA Group, the respective General Management together with the Human Resources Manager of each individual company act as local Ethics and Regulatory Compliance Control Bodies.

In order to carry out these supervision roles, TEKNIA Ethics and Compliance Committee and the local Ethics and Regulatory Compliance Control Bodies have established a reporting channel, as provided for in the Code of Conduct itself.

For this purpose, communications containing complaints of non-compliance or consultations concerning the interpretation or application of the Code of Conduct may be made to the local Ethics and Compliance Control Bodies by means of a signed written document, addressed to the respective company's Management, who will formally acknowledge receipt thereof. If the purpose of the letter is to report any action by the Company's General Management, the letter may be handed over to the local Human Resources Manager, who in turn will send it to TEKNIA Ethics and Compliance Committee.

The local Ethics and Compliance Control Bodies will review the complaints and resolve the matter, bringing to the attention of the Ethics and Compliance Committee the processing and resolution of each file, as well as seeking their advice and collaboration, if deemed necessary.

In the event that the object of the complaint is the General Management of the company, the Ethics and Compliance Committee will necessarily intervene in the processing of the file.

The Ethics and Compliance Control Bodies guarantee the confidentiality of complaints, as well as the indemnity of the complainant in good faith.

In the event that the conducts reported through the Complaints Channel are punishable, according to the applicable regulatory framework, the same shall be imposed in accordance with the sanction procedure provided for in the applicable local law or collective rule.

During the financial year 2021, no actions relating to bribery and corruption have been detected within TEKNIA Group.

Respect for human rights**[102-15] [102-16]**

The business culture of TEKNIA Group, based on the fulfilment of human and social rights, is translated into the compliance with labour legislation and the principles of action set out in the internal regulations of TEKNIA Group.

This respect is articulated in a double perspective: internal (in relation to and between its employees) and external (in relation to its supply chain, and other commercial relations).

Internal perspective

TEKNIA Group considers people as a key business factor, defends and promotes the fulfilment of human and labour rights and commits itself to the implementation of standards and good practices in terms of conditions of employment, health and safety at work.

The following particular commitments are established:

- Compliance by all workers with the minimum age for employment;
- Prohibition of any kind of discrimination (based on race, physical disability, illness, religion, sexual orientation, political opinion, age, nationality or gender);
- Prohibition of harassment or abuse in the workplace, whether physical, sexual, psychological or verbal, or any other conduct that could create an intimidating, offensive or hostile work environment;
- Recognition of the right to freedom of association and collective bargaining, in accordance with applicable law;
- Compliance with working hours and overtime legislation;
- Respect for legislation and collective agreements on wages;
- Maintenance of safe and healthy workplaces.

These principles are covered by the labour regulations of the countries where the Group operates and are assigned internally the responsibilities of monitoring its compliance (essentially, to the Management of each entity, the Human Resources and Legal Advisory Areas).

External perspective

TEKNIA's Code of Conduct provides that the principles set out therein may be extended, in whole or in part, to any person or entity with whom the Group's companies have a commercial relationship.

In particular, with respect to the Group's suppliers, it is established that all suppliers working with TEKNIA shall respect the human and labour rights of all employees engaged.

For more information on the integration of environmental, social and ethical management considerations into TEKNIA Group's procurement processes, see the section "**Subcontracting and suppliers**" in the chapter on *Commitment to society*.

With respect to the protection of human rights of third parties by the workers of the Group it is established that all persons, natural and legal, who maintain any working, economic, commercial, and/or industrial relationship with TEKNIA, shall be treated fairly and with dignity.

In addition, TEKNIA employees must strictly comply with existing internal and external regulations to ensure the proper processing of information and the protection of personal data provided to the Group by third parties.

The main risk in this area is that there will be a violation of the human rights of workers or business partners in one of the Group's companies, with the consequent legal impact, on their reputation and the relationship with their interest groups.

This risk is minimized by the responsibilities assigned internally in each of the companies, as well as at the Group level, the respect for trade union activity and collective bargaining and the supervision carried out by the local authorities.

Disclosure, training, and means of supervision and control:

TEKNIA Group develops actions to internally disclose the Group's principles of action and to monitor compliance with established principles. For more information on training, disclosure and the monitoring and control mechanisms in place, see "**Fighting corruption and bribery**".

During the financial year 2021, no actions relating to human rights infringement have been detected within TEKNIA Group.

Commitment to society

The Group's commitments to sustainable development

[102-15]

TEKNIA Group's priority in terms of sustainability and community relations is to support the economic and social development of the environments where it operates and to be recognized as a positive actor for the development of society through:

- Generation of wealth and economic activity of the Group in the environments in which it operates.
- Development of a Social Action Program focusing on the education of children and youth as a means of advancement of society.

The potential risk in this area would be that TEKNIA Group did not respond with its actions to what interest groups or society expect of the company, and could potentially affect the Group's relations with them.

1. *Economic and social development of the environments where TEKNIA Group operates:*

[201-1]

TEKNIA Group's economic and productive activity in the environments where it maintains activity generates a series of positive economic and social impacts:

Impact of the Group's activity on employment and local development:

Industrial activity, such as the one developed by TEKNIA Group, is characterized by being a significant sector in the economy and employment in the Western economies, although with a greater indirect importance due to its drag effect on other sectors:

- In Europe, the manufacturing industry generates around EUR 2.1 billion in Gross Value Added (GVA) and almost 30 million jobs – corresponding to 16.6% GVA and 14.4% of community employment. In Spain, the sector contributes 12.3% of the GVA, and 9.8% of the total employment of the Spanish economy.
- As industry maintains a significant supply chain, the sector's indirect impact on the economy and society is greater. PwC's "Keys to the Competitiveness of Spanish Industry" report calculates the indirect economic impact of the motor vehicle manufacturing sector at an additional €1.26 per Euro of GDP generated by this industry. It also calculates the indirect impact on employment on 1.17 jobs additional to each job generated in this industry.

In addition, the jobs generated by the sector are mostly located in environments outside large cities, contributing to the maintenance of population and local economic activity in these environments (see Chart 15).

Chart 15: Main operating environments of TEKNIA Group by country

Country	Employees	Major Operating Environments
Spain	1162	Ampuero Azuqueca de Henares Barcelona Bilbao Elorrio Martos Pedrola Manresa Santander
Poland	757	Kalisz Rzeszow
Mexico	497	Tepej del Río San Luis de Potosí México D.F.
Czech Republic	231	Uhersky Brod Nivnice
Brazil	208	Jacarei
United States	115	Nashville
Turkey	63	Gebze
Serbia	73	Kragujevac
Morocco	63	Tangier
Romania	64	Oradea

Generated and distributed economic value

Chart 16: Economic value generated and distributed by TEKNIA Group (in thousands of euros)

	2021	2020	2019
Turnover net amount	323747	284516	378116
Procurement (goods, raw materials and other consumables and subcontracting)	(168,862)	(145,913)	(197,601)
Employees (personnel expenses)	(85,090)	(76,354)	Materials (91,839)
Financial expenses	(2,088)	(2,505)	(3,041)

Taxes on profits	(3,567)	(2,079)	(3,662)
-------------------------	---------	---------	---------

Chart 17: Benefits earned, taxes on benefits paid and subsidies received by country (in thousands of euros)

	Spain	Poland	Mexico	U.S.A. (USA)	Czech Republic	Brazil	Romania	Serbia	Morocco
Profits/Losses of the financial year	5822	2503	2640	1587	399	(3,068)	708	303	583
Taxes on profits	(1,223)	(630)	(1,400)	-	(150)	-	(110)	(61)	(77)
Public subsidies	602	-	-	1239	4	-	0	28	-

	Turkey	Germany	Japan
Profits/Losses of the financial year	(794)	23	6
Taxes on profits	97	(11)	(3)
Public subsidies	-	-	-

2. Social action of TEKNIA Group:

The Group is firmly committed to the development and progress of communities and the society as a whole. As a result of this commitment, it develops a Social Action Program focusing on promoting education among the youngest ones as a means of advancement of society.

The projects of this program are developed according to the following priorities (defined as the "focus of the project" for Social Action):

- Projects that promote the education of young people in situation of inequality as a way of personal development and improvement of future professional development possibilities.
- Projects in environments where TEKNIA Group maintains an industrial presence.
- Projects that promote professional qualification and creation of employment opportunities, preferably related to Teknia's activities.
- Projects that seek to alleviate situation of crisis or social emergencies.

The Social Action Program is aligned with two of the priorities set out in the United Nations Sustainable Development Goals for 2030:

- SDG 4: *Ensure inclusive, equitable and quality education and promote lifelong learning opportunities for all.*
- SDG 8: *Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.*

The following are the actions taken during the year 2021:



Contribution to improving education as a means for social progress
Thionck Essyl, Senegal



Since 2017, TEKNIA Group has been supporting the “Foundawtion” Foundation in the construction of a new high school in Thionk-Essyl, a village in the Casamanza region of southern Senegal.

This project responds to the shortage of secondary education places, which has led to chronic overcrowding in the only existing school, complicating the educational continuity of youth, and affecting the quality of the education offered. In 2021 the works were completed so the school was completed finished and in operation.

In the educational field, during the academic year 2020/2021, an additional 120 students have been added to the school, up to a total of 360 students. In the year 2021/2022 this figure was exceeded reaching 420 students, reaching almost 90% of its total capacity.

In addition, in 2021, the creation of a Professional Training Centre ((Bajankusoor) in Thionck Essyl started to continue contributing to the educational and social and employment progress of young people, by making access to employment or skilled professions highly demanded in the region easier. At present, the project is in its design stage and the goals is for it to have capacity for 338 students at the same time who would be trained in 5 types of workshops specialised in several professional disciplines (woodwork, construction, pottery, farmer, electrician or mechanic).



Reinforcing quality of education against school dropout
Tangier, Morocco

The project consists in creating after-school science and technology clubs in 6 public secondary schools in Tanger, aiming at improving the academic performance of young students in public secondary education centres in the region and overcome the problems of local education:

- Traditional aversion for scientific and technical matters, as opposed to the growth of employment opportunities in this field in Morocco and specifically in Tangier.
- Lack of knowledge and experience of teachers in the delivery of these subjects.
- High school absenteeism due to lack of motivation and poor performance.

During the beginning of 2021 the academic guides for the Science Club and the materials to manage it were defined. 6 teachers were trained and at the end of the year the club was implemented by developing workshops with a practical and motivating approach in these fields, attaining 120 students (20 per school).



School support and reinforcement for young people at risk of exclusion Mexico

This project was born in 2021 in collaboration with the Mexican association Colonia Juvenil to promote education and access to employment for vulnerable people, in this particular case, for young people at risk of exclusion.

In the initial stage of this collaboration, the 2021 works were focused in implementing structural improvements in spaces for the education and housing of its beneficiaries, whose goal will be to improve the liveability conditions and create optimal conditions for young people to study. At the end 2021 the collaboration consisted in giving economic support fix structures in the housing centre for young people.



Youth Entrepreneurship Support Program Spain

This project was born with the ambition of supporting young people in Spain (Catalonia, the Basque Country, Castilla la Mancha, Andalucía and Aragón) with a business idea in their journey to entrepreneurship, giving them advice, training and a mentor that supports them in the launching, consolidation and growth of their companies, hand in hand with Youth Business Spain (a private independent non-profit foundation dedicated to supporting entities in their mission to help young people in difficulty to set into motion and consolidate their businesses).

In order to balance support for new entrepreneurs, with the support of those business initiatives that are going through a delicate time due to the pandemic, it is established that 70% of the beneficiaries are initiatives to develop a new business project, and 30% beneficiaries to support existing businesses.

This mentoring programme is developed within the framework of comprehensive service actions for entrepreneurs especially impacted by the pandemic.

This comprehensive service programme includes:



NFIR 2021

- Training on Personal Skills or Soft Skills
- Training on Business Digitisation
- Mentoring
- Access to financing through microcredits and direct aid.

From the start of the programme in November 2020 to date, thanks to Teknia's economic support, the service has been offered free of charge to 150 young entrepreneurs, of which 105 had a business idea or had started one recently, and 45 had a business already in motion.



Contributions to Food Banks Spain

At the beginning of 2021, from Teknia Entidad de Gestión economic contributions were made to Food banks in the provinces of Barcelona, Biscay and Cantabria (where the company is present), aiming at helping to alleviate the situation of those most affected by the consequences of the pandemic.

Outsourcing and Suppliers

[102-9] [308-1]

TEKNIA Group states in its Code of Conduct that the selection of suppliers shall be governed by criteria that reconcile the interest of the company in obtaining the best conditions, with the benefit of maintaining stable relationships with ethical and responsible suppliers. In addition, the CSR General Policy states that alignment of the supply chain with TEKNIA Group's principles of action must be encouraged.

The main risk in this area is that TEKNIA Group maintained a relationship with suppliers or subcontractors who failed to meet the Group's quality requirements and this would affect the work carried out by the Group. In addition, maintaining a business relationship with suppliers that infringe TEKNIA Group's values and principles of action could adversely affect the Group's reputation before its interest groups.

TEKNIA Group's Purchasing Procedure, following the requirements of the quality standard IATF 16949:2016, states that, during the selection and evaluation process of suppliers, in addition to the technical matters of the purchasing process (economic criteria, risk criteria, technical capacity, etc.), other issues such as environmental management by the supplier also need to be taken into account.

Picture 8: Priority level or risk class assigned to the supplier depending on the certification of its environmental and quality management system

SUPPLIER QMS CERTIFICATION	ACTIVE SUPPLIERS (risk class)	NEW SUPPLIERS** (approval class)
IATF + ISO 14001	LOW	A – preferred approved supplier
IATF	LOW	A – preferred approved supplier
ISO 9001 + PLAN TO OBTAIN CERTIFICATION IATF OR SECOND PARTY AUDIT IATF	MEDIUM	B – approved supplier
ISO 9001 + ISO 14001	HIGH*/MEDIUM	B – approved supplier
ISO 9001	HIGH*/MEDIUM	B – approved supplier
Not certified	n/a	C – not approved

In addition to the Purchasing department, the Quality and Environment department also participates in the supplier selection and evaluation process.

For a particular purchase or subcontracting need, the supplier is analysed and given a degree of preference for hiring or a level of risk based on the following criteria:

- **For new suppliers:** having quality and environmental management systems certified according to international reference standards.
- **For active suppliers:** In addition to the above, monthly supplier performance assessments are taken into account.

Picture 9: Risk assigned to the supplier based on its performance and certification of its environmental management and quality system

		Supplier QMS Certification		
		LOW	MEDIUM	HIGH*
Monthly Performance	RED			
	YELLOW			
	GREEN			

■	HIGH RISK*. Suppliers without IATF certification. Need for audit and work in a Development Plan.
■	HIGH RISK*. Suppliers with high risk due to performance. Apply the escalation process. If necessary to be included in the audit plan.
■	MEDIUM RISK. Requires an action plan to have low risk.
■	LOW RISK. Supplier will be monitored but preventive actions are not required from the very beginning.

Depending on the assigned risk level, suppliers may be subject to audits or a development plan for their quality management system. This improvement plan may include, among other activities, obtaining certification for their environmental management system.

Thus, Teknia Group suppliers are selected and assessed considering environmental criteria in the process. 40% of the company's total suppliers have an environmental management system certified according to ISO 14,001. The proportion of certified suppliers remains the same as the one on 2020.

In addition, the Supplier Quality Assurance Handbook incorporates requirements for suppliers in the following areas:

- Toxic, harmful or dangerous substances – obligations relating to compliance with environmental and occupational safety and health regulations applicable to the use of certain toxic and dangerous substances used in production processes.
- Conflict minerals – a ban on purchasing materials that are made from minerals from areas declared to be conflict.

Annex to the Statement

Compliance with GRI standards
 [102-54] [102-46]

The standards developed by the Global Reporting Initiative (GRI) have been used for reporting key indicators of non-financial results. The norm applied has been the “GRI standards”.

In the process of information collection and presentation, the principles of transparency, relevance, comparability, periodicity, clarity and reliability have been taken into account, required to ensure the quality of the reported information.

This report has been prepared in accordance with the Essential option of the GRI Standards.

Interest groups in the preparation of the report
 [102-13] [102-40] [102-42] [102-43] [102-44]

Following an internal consultation process, Teknia Group has identified the following as the main interest groups of the company:



TEKNIA Group considers as stakeholders those that maintain legitimate own interests in their activity, a certain ability to influence the fulfilment of corporate objectives and their own expectations with respect to corporate management.

For each of the interest groups considered, the Group has mechanisms for the communication and identification of its expectations, either through direct dialogue with some of the corporate areas, or through other methods:

Interest group	Dialogue mechanisms
Clients	<ul style="list-style-type: none"> – Direct dialogue with the Sales department – Terms of purchase and other commercial commitments – Monitoring of satisfaction and quality issues through the Quality Department
Share capital participants	<ul style="list-style-type: none"> – Continuous participation through TEKNIA’s Corporate Governance Bodies – Dialogue with TEKNIA Group Management
Administration/Regulatory Bodies	<ul style="list-style-type: none"> – Direct dialogue with regional and local authorities – Participation in sector associations: Euskadi’s Automotive Cluster - ACICAE
Civil Society	<ul style="list-style-type: none"> – Communication through the press and social networks – Corporate website
Employees	<ul style="list-style-type: none"> – Legally established mechanisms of social dialogue (communication with workers' representatives) – Direct dialogue with the Human Resources Department – Performance evaluation meetings – Labour climate survey – Channel of consultation and reporting of irregularities of the Code of Conduct (Complaints Channel)
Suppliers	<ul style="list-style-type: none"> – Direct dialogue with the TEKNIA Group’s Purchasing Department – Terms of purchase and other commercial commitments
Funders	<ul style="list-style-type: none"> – Direct dialogue with the Financial Department

In Europe, the regulator has shown its willingness to strengthen the transparency of companies through the publication of Directive 2014/95/EU laying down information requirements regarding their management in the non-financial and diversity matters (in particular on issues related to “environment, society, staff, respect for human rights and the fight against corruption and bribery”), which has been transposed into national law with different degrees of demand.

In addition to the above, TEKNIA Group regularly conducts an exercise to identify the main expectations of stakeholders on specific sustainability or CSR issues. The findings of this analysis are incorporated into the materiality analysis (see the following section for more information: “Contents of the report and coverage of matters”) used in the elaboration of the Non-Financial Information Statement.

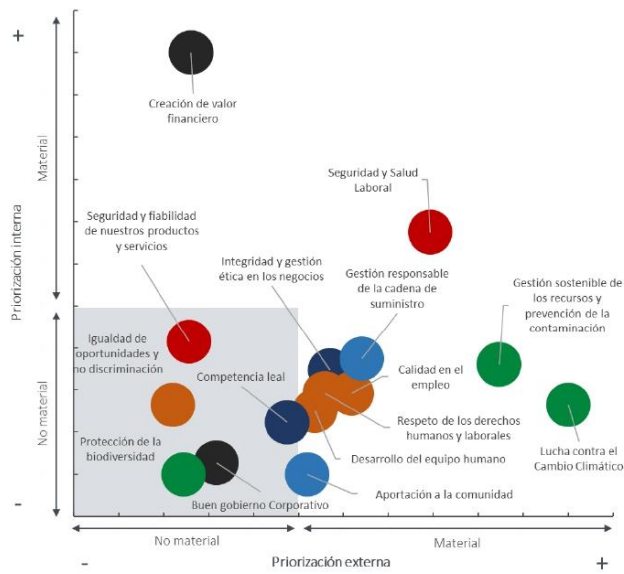
Contents of the report and coverage of matters [102-46] [102-47]

TEKNIA Group is bound by the national legislations emanating from this European Directive, and therefore the content of the report has been drawn from the content required by it. Given the highest level of concretion of the Spanish standard with respect to the matters to be reported (Law 11/2018), this is taken as a reference when establishing the contents indicated in this standard.

A materiality analysis has also been carried out to determine the internal and external prioritization of each of the issues and the relevance of their inclusion in the report. A cabinet analysis has been developed for its

preparation, based on internal documentation and input from the various interest groups, about TEKNIA Group and the automotive components and systems manufacturing sector.

Figure 12: Materiality analysis for TEKNIA Group



According to the results of the materiality analysis, Equality and Tax Information issues are non-material matters for TEKNIA Group. However, due to the relevance of these matters in Law 11/2018, information on them is incorporated into the Non-Financial Information Statement.

The relation between the matters of materiality and the contents covered by Law 11/2018, is as follows:

Management scope	Materiality matters	Contents covered by the Law 11/2018
Environmental issues	Sustainable resource management and pollution prevention	<ul style="list-style-type: none"> - Pollution - Circular economy and waste prevention and management - Sustainable use of resources
	Fighting Climate Change	<ul style="list-style-type: none"> - Climate Change
	Quality in employment	<ul style="list-style-type: none"> - Employment - Organization of work

Social and staff-related issues		– Social relations
	Occupational Safety and Health	– Health and safety
	Development of the human team	– Training
	Equal opportunities and non-discrimination	– Universal accessibility of people with disabilities – Equality
Respect for human rights	Respect for human and labour rights	– Respect for human rights
Fight against corruption and bribery	Integrity and ethical management in business	– Fight against corruption and bribery
Society	Contribution to the community	– The Company's commitments to sustainable development
	Responsible supply chain management	– Outsourcing and Suppliers
	Fair competition	– Tax information

Considering the result of the materiality, and the provision included in section 6 of Law 11/2018, it has been considered not to include information on the following matters, for the reasons given below:

Contents of Law 11/2018	Reason for non-inclusion
Protection of biodiversity	<p>All TEKNIA Group work centres are located in urban and industrial areas and comply with land use regulations, so their impact on biodiversity is considered to be insignificant.</p> <p>Therefore, this content is considered not relevant to understanding the results and overall impact of TEKNIA Group activity.</p>
Consumers	<p>TEKNIA Group markets its products directly to other companies in the automotive sector and in no case to end consumers (see section "TEKNIA Group in the automotive sector"), so this content is not considered to apply to TEKNIA Group.</p>

**GRI Content Index
[102-55]**

GRI standard	Content	Page/Information/Omission
GRI 101: Foundations 2016		
General Contents		
GRI 102: General Contents 2016	102-1: Name of the organization	Title Page
	102-2: Activities, brands, products and services	p. 5;10;12-13
	102-3: Location of the office	Barrio San Agustín, S/N, Elorrio, 48230, Bizkaia
	102-4: Location of the operations	p. 9
	102-5: Property and legal form	TEKNIA Manufacturing Group, S.L. (A sole proprietorship company), (controlling company) and its subsidiary companies (the Group).
	102-6: Markets served	p. 9;11
	102-7: Size of the organization	p. 8
	102-8: Information on employees and other workers	p. 37-40
	102-9: Supply chain	p. 11;21
	102-10: Significant changes in the organization and its supply chain	p. 5-7
	102-11: Precautionary principle or approach	p. 18-21
	102-12: External initiatives	Not applicable
	102-13: Membership in associations	p. 62
	102-14: Statement of senior decision-makers	p. 3-4
	102-15: Main impacts, risks and opportunities	p. 20;51-52
	102-16: Values, principles, norms and standards of conduct	p. 10;16-17;49-50
	102-17: Mechanisms for ethical advice and concerns	p. 49-52
	102-18 Governance structure	p. 16-17
	102-40 List of interest groups	p. 61-62
	102-41 Collective bargaining agreements	p. 43-44
	102-42 Identification and selection of interest groups	p. 61-62
	102-43 Focus on stakeholder participation	p. 61-62
	102-44 Key issues and concerns mentioned	p. 63-64
	102-45: Entities included in the consolidated financial statements	p. 1
	102-46: Definition of the contents of the reports and coverage of the matters	p. 61-62
	102-47: List of material topics	p. 63
	102-48: Re-expression of information	P. 22 – correction of tube and metal sheet consumption data for the year 2020 P. 36 - correcting expenses destined by Spanish plants to protecting and improving the environment in 2020.

	102-49: Reporting changes	Not applicable
	102-50: The period that is the subject of the report	Title Page
	102-51: Date of last report	31 March 2021
	102-52: Reporting cycle	It is published on an annual basis
	102-53: Contact point for questions about the report	p. 68
	102-54: Statement of preparation of the report in accordance with the GRI standards	p. 61
	102-55: GRI Content Index	p. 65-68
	102-56: External verification	p. 68-69
Material matters		
Sustainable resource management and pollution prevention		
GRI 103 Management Approach 2016	103-1: Explanation of the material topic and its coverage	p. 18-21;63-64
	103-2: The management approach and its components	p. 18-21
	103-3: Evaluation of the management approach	p. 18-21
GRI 301: Materials 2016	301-1 Materials used by weight or volume	p. 22
GRI 302: Energy 2016	302-1: Energy consumption within the organization	p. 27
	302-3: Energy intensity	p. 28
GRI 303: Water and Effluents 2018	303-1: Interaction with water as a shared resource	p. 33-34
	303-2: Management of impacts related to water discharges	p. 34-35
	303-3: Water extraction	p. 33-34
GRI 306: Effluents and Waste 2016	306-1: Generation of waste and significant impact related to waste	p. 35-36
Fighting Climate Change		
GRI 103 Management Approach 2016	103-1: Explanation of the material topic and its coverage	p. 20-21; 29; 63
	103-2: The management approach and its components	p. 20-21; 24-32
	103-3: Evaluation of the management approach	p. 20-21; 24-32
GRI 305 Emissions 2016	305-1: Direct GHG Emissions (Scope 1)	p. 30.32
	305-2: Indirect GHG emissions when generating energy (Scope 2)	p. 30.32
	305-4: Intensity of GHG emissions	p. 32
Quality in employment		
GRI 103 Management Approach 2016	103-1: Explanation of the material topic and its coverage	p.37-38;41-42;63
	103-2: The management approach and its components	p. 37-38; 41-42
	103-3: Evaluation of the management approach	p. 37-38; 41-42

GRI 401: Employment 2016	401-1 New employee hirings and staff turnover	p. 40-42
GRI 405: diversity and equal opportunities 2016	405-1 Diversity in governing bodies and employees	p. 37-38 Out of the 4 members of the Board of Directors, two are over 50, and two between 30 and 50 years of age. Out of the Corporate Management Areas, 4 of the members are between 30 and 50 years of age, and 3 are over 50.
	405-2 Rate of base salary and compensation of women versus that of men	p. 42-43
Occupational Safety and Health		
GRI 103 Management Approach 2016	103-1: Explanation of the material topic and its coverage	p. 37;46-48;62
	103-2: The management approach and its components	p. 37; 46-48
	103-3: Evaluation of the management approach	p. 37; 46-48
GRI 403: Occupational safety and health 2016	403-2: Accident types and frequency rates of accidents, occupational diseases, lost days, absenteeism, and number of deaths caused by a work accident or occupational disease	p. 46-48 Information about non-employee workers is not available.
Development of the human team		
GRI 103 Management Approach 2016	103-1: Explanation of the material topic and its coverage	p. 37;45; 63
	103-2: The management approach and its components	p. 37; 45
	103-3: Evaluation of the management approach	p. 37; 45
GRI 404: Training and education 2016	404-1 Average training hours per year per employee	p. 45
Integrity and ethical management in business		
GRI 103 Management Approach 2016	103-1: Explanation of the material topic and its coverage	p. 49-52;63
	103-2: The management approach and its components	p. 16-17; 49-52
	103-3: Evaluation of the management approach	p. 16-17; 49-52
GRI 205: Anti-Corruption 2016	205-2 Communication and training on anti-corruption policies and procedures	49-50
Respect for human and labour rights		
GRI 103 Management Approach 2016	103-1: Explanation of the material topic and its coverage	p. 51-52;63
	103-2: The management approach and its components	p. 51-52
	103-3: Evaluation of the management approach	p. 51-52

GRI 412: Human rights assessment 2016	412-2: Training of employees in human rights policies or procedures	52
Contribution to the local community		
GRI 103 Management Approach 2016	103-1: Explanation of the material topic and its coverage	p. 53-54;63
	103-2: The management approach and its components	P. 53- 55
	103-3: Evaluation of the management approach	p. 53-55
GRI 201: Economic performance 2016	201-1 Direct generated and distributed economic value	p. 54
Responsible supply chain management		
GRI 103 Management Approach 2016	103-1: Explanation of the material topic and its coverage	p. 21;59-60;63
	103-2: The management approach and its components	p. 21; 59-60
	103-3: Evaluation of the management approach	p. 21; 59-60
GRI 308: Environmental assessment of suppliers 2016	308-1: New suppliers who have passed evaluation and selection filters according to environmental criteria	p. 60 The information refers to the total number of suppliers with which business relationships are kept, not just new ones.
GRI 414: Social assessment of suppliers 2016	414-1: New suppliers who have passed selection filters according to social criteria	Information is not available – it has not been possible to collect the required information
Financial value creation		
GRI 103 Management Approach 2016	103-1: Explanation of the material topic and its coverage	2021 Consolidated Management Report P. 1-4
	103-2: The management approach and its components	2021 Consolidated Management Report P. 1-4
	103-3: Evaluation of the management approach	2021 Consolidated Management Report P. 1-4
	Turnover evolution	2021 Consolidated Management Report P. 1

Contact details

[102-53]

 Financial and Investors: investors@teknigroup.com
Independent external verification

[102-56]



NFIR 2021

TEKNIA Group performs an independent external verification of its annual information. Verification of this Non-Financial Information Statement shall be carried out by Moore AMS Auditors, S.L., the same company that audits TEKNIA Group's Consolidated Yearly Financial Statements.

This Non-Financial Information Consolidated Statement (EINF) for the financial year 2021 of the Teknia Manufacturing Group, S.L. (A Sole Proprietorship Company) and Subsidiary Companies, which is presented in a separate statement of the Consolidated Management Report of 2021, but which is part thereof, appears on the front of the folios of stamped paper, with numbers 003075501 to 003075569, both inclusive.

The Board of Directors signs this page number 003075570, in recognition of the formulation of this Non-Financial Information Statement, which is an integral part of the Consolidated Management Report:

	Signature
Chairman: Javier Lázpita Sarriugarte (Chief Executive Officer)	
Executive Director: Iñigo Miguel Marco-Gardoqui Alcalá-Galiano	
Executive Director: Jose Manuel Corrales Ruiz	
Executive Director: Javier Quesada de Luis	

Elorrio, 30 March 2022