



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

**TEKNIA MANUFACTURING GROUP, S.L., A SOLE  
SHAREHOLDER COMPANY AND  
ITS SUBSIDIARY COMPANIES AT**

**31 DECEMBER 2022**



# MOORE

## CONSOLIDATED FINANCIAL STATEMENTS AUDIT REPORT ISSUED BY AN INDEPENDENT AUDITOR

To the Sole Shareholder of TEK Nia MANUFACTURING GROUP, S.L. A SOLE SHAREHOLDER COMPANY AND ITS SUBSIDIARY COMPANIES:

### Opinion

We have audited the consolidated yearly financial statements of TEK Nia MANUFACTURING GROUP, S.L., a Sole shareholder Company (the controlling Company) and its SUBSIDIARY COMPANIES (the Group), which include the balance sheet as of 31 December 2022, the income statement, the statement of changes in equity, the statement of cash flows and the report, consolidated all of them, for the financial year that ended on that date.

In our opinion, the attached consolidated yearly financial statements express, in all significant respects, the faithful image of the Group's equity and financial situation as of 31 December 2022, as well as its profit and cash flows, consolidated all of them, concerning the financial year that ended on that date, in accordance with the applicable regulatory framework for financial information (identified in note 2.1 of the consolidated report) and, in particular, with the accounting principles and criteria contained therein.

### Basis of opinion

We have carried out our audit in accordance with the regulations governing the account audit activity in force in Spain. Our responsibilities under these standards are described below in the *Auditor's Responsibilities in relation to the audit of the Consolidated Yearly Financial Statements* section of our report.

We are independent from of the Group in accordance with the ethical requirements, including those of independence, which are applicable to our audit of the Consolidated Yearly Financial Statements in Spain, as required by the regulatory framework of the audit activity of Yearly Financial Statements. In this respect, we have not provided services other than those of the audit of Yearly Financial Statements, nor have we been in situations or circumstances which, in accordance with the provisions of the aforementioned regulatory framework, have compromised our necessary independence.

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

### Most relevant aspects of the audit

The most relevant aspects of the audit are those which, in our professional judgement, have been considered as the most significant material misstatement risks in our audit of the current period's Consolidated Yearly Financial Statements. These risks have been dealt with in the context of our audit of the Consolidated Yearly Financial Statements as a whole and in the formation of our opinion on these, and we do not express a separate opinion on these risks.

#### *Recoverability of deferred tax assets.*

As of 31st December 2022, the Group has deferred tax assets registered for an amount of 10,644 thousand euros. The recovery of these assets is subject to the collection, by certain companies of the group, of positive taxable bases in the future, sufficient to be able to offset this amount. Estimates of positive taxable bases are based on the business plan of these companies and are therefore subject to significant judgements and estimates by the Directors. Due to the above, we have considered this chapter as a relevant aspect to be included in our report.

To address this important aspect of the audit, we have analysed the projections, based on the Group's Strategic Plan approved by the Directors of the Controlling Company, of the future results of the companies that contribute the most significant amounts of these assets to the Consolidated Yearly Financial Statements, bringing to the attention of the Financial Management area of the group the analysis carried out on their recovery possibilities.

The most significant information concerning these assets is given in Notes 3.7 and 14 of the Consolidated Yearly Financial Statements Annual Report.

#### *Goodwill*

According to Note 4 of the Consolidated Yearly Financial Statements Annual Report, the Group has registered goodwill amounting to 9,128 thousand euros as of 31st December 2022, in respect of certain subsidiary companies. The impairment of these assets is contingent on their fair value being higher than their recorded amount. Fair value is calculated on the basis of the future cash flows of the companies of the group that contribute to this goodwill. The estimate of these cash flows is based on the business plans of these companies, and is therefore subject to significant subjective judgement and estimates by the Directors. Due to the above, we have considered this chapter as a relevant aspect to be included in our report.

To address this important aspect of the audit, we have analysed the assessment process that the Controlling Company follows, with respect to these companies that contribute goodwill, in order to understand the criteria used by the Controlling Company and its conformity with the current regulations. In addition, for the companies that generate this goodwill, we have discussed with the financial management team of the group the significant assumptions on which their estimates are based, in order to verify their reasonableness, and the fact that the depreciation criteria for these assets was consistent with those used the previous year has been verified.

In addition, we have assessed whether the information disclosed in notes 3.15 and 4 of the consolidated yearly financial statements annual report in relation to this issue is adequate with the requirements of the financial information regulatory framework applicable to the group.

### **Other information: Consolidated Management Report**

The other information covers exclusively the consolidated management report for the financial year 2022, the preparation of which is the responsibility of the Directors of the Controlling Company and is not an integral part of the Consolidated Yearly Financial Statements.

Our audit opinion on the consolidated yearly financial statements does not cover the consolidated management report. Our responsibility over the consolidated management report, as required by the regulatory framework of the accounts audit activity, is:

- a) Verifying only, that the consolidated non-financial information statement has been provided in the manner established by the applicable regulations, and if not, reporting this fact.
- b) Evaluating and reporting on the consistency of the rest of the information contained in the consolidated management report with the consolidated yearly financial statements, based on the knowledge of the Group obtained in carrying out the audit of those statements, as well as evaluating and reporting whether the content and submission of this part of the consolidated management report comply with the applicable regulations. If, on the basis of the work we have done, we conclude that there are inaccuracies, we are obliged to report it.

On the basis of the work carried out, as described above, we have found that the information referred to in the previous paragraph a) is submitted in the manner established by the applicable regulations and that the rest of information contained in the consolidated management report is consistent with that of the consolidated yearly financial statements for the financial year 2022 and its content and submission comply with the applicable regulations.

### **Responsibility of the Directors of the Controlling Company in relation to the Consolidated Yearly Financial Statements**

The Directors of the Controlling Company are responsible for preparing the attached Consolidated Yearly Financial Statements, in such a way as to express the faithful image of the Company's equity, its financial situation and consolidated profit of the Group, in accordance with the financial reporting regulatory framework applicable to the Group in Spain, and of the internal control they consider necessary to allow the preparation of yearly financial statements free of material misstatement, due to fraud or error.

In the preparation of the Consolidated Yearly Financial Statements, the Directors the Controlling Company are responsible for the assessment of the Company's ability to continue as on-going principle, disclosing, as appropriate, any matters related to the operating company and using the on-going accounting principle except if the aforementioned Directors intend to wind up the Group or cease operations, or there is no other realistic alternative.

## **Responsibilities of the auditor in relation to the Consolidated Yearly Financial Statements audit**

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 evaluate whether the accounting policies applied are adequate and the reasonableness of the accounting estimates and the corresponding information disclosed by the Directors of the Controlling Company.
- We conclude on whether the use, by the Directors the Controlling Company, of the company-in-operation accounting principle is appropriate and, based on the audit evidence obtained, we conclude whether or not there is material uncertainty related to facts or with conditions that may generate significant doubts about the Group's ability to continue as an operating company. 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 a going concern.



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- 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.
- Obtaining 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. Obtaining 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 solely responsible for our audit opinion.

We communicate with the Directors of the Controlling Company regarding, among other issues, the scope and timing of the planned audit and its significant findings, as well as any significant internal control deficiencies that we identify during the audit.

Among the significant risks that have been communicated to the Directors of the Controlling Company, we determine those that have been of the greatest importance in the audit of the Consolidated Yearly Financial Statements for current period and that are, therefore, considered as the most significant risks.

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

MOORE AMS AUDITORES, S.L.  
ROAC NO.: S0516

[Signature]

Signed: Ignacio Barturen  
Fernandez ROAC No.: 18420  
Partner

[Sticker stamp] SPANISH ACCOUNTS CERTIFIERS INSTITUTE

MOORE AMS AUDITORES  
S.L.

2023 No. 03/23/00373

CORPORATE STAMP. EUR 96,00  
Accounts audit report subject to Spanish or international  
Accounts auditing rules

Bilbao, 5 May 2023



CLASS 8



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

**Consolidated Yearly Financial Statements corresponding to the  
financial year that ended on the 31 December 2022**



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**CLASS 8**

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

CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED ON 31ST DECEMBER

ASSETS	NOTES REPORT	Thousand euros	
		2022	2021
<b>A) NON-CURRENT ASSETS</b>		<b>113,525</b>	<b>112,543</b>
<b>I. Intangible assets</b>			
1. Consolidation goodwill	4	9,128	7,631
2. Other intangible assets	8	1,640	1,781
		<b>10,768</b>	<b>9,412</b>
<b>II. Tangible fixed assets</b>			
1. Land and buildings	9	18,714	22,645
2. Technical installations, and other tangible fixed assets	9	67,942	65,376
3. Under construction and advances	9	2,529	2,805
		<b>89,185</b>	<b>90,826</b>
<b>III. Real estate investments</b>			<b>281</b>
<b>IV. Non-current investments in group companies and associates</b>	10.1 and 11.1.1		
3. Other financial assets		279	340
		<b>279</b>	<b>340</b>
<b>V. Non-current investments</b>	11.1.1	<b>2,148</b>	<b>785</b>
<b>VI. Deferred tax assets</b>	14.3	<b>10,644</b>	<b>10,899</b>
<b>VIII. Non-current trade receivables</b>	11.1.1	<b>501</b>	
<b>B) CURRENT ASSETS</b>		<b>177,250</b>	<b>130,157</b>
<b>II. Stock</b>	12	74,890	59,517
<b>III. Trade and other accounts receivables</b>			
1. Trade receivables	11.1.1	57,460	44,168
3. Current tax assets	14.1 and 14.6	1,497	1,030
4. Other receivables	11.1.1 and 14.1	10,593	5,631
		<b>69,550</b>	<b>50,829</b>
<b>V. Current investments</b>	11.1.1	<b>23</b>	<b>35</b>
<b>VI. Short-term accruals</b>		<b>915</b>	<b>1,101</b>
<b>VII. Cash and other cash equivalents</b>		<b>31,872</b>	<b>18,675</b>
<b>TOTAL ASSETS (A + B)</b>		<b>290,775</b>	<b>242,700</b>

Elorrio, 31 March 2023





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**CLASS 8**

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

CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED ON 31 DECEMBER 2022

EQUITY AND LIABILITIES	REPORT NOTES	Thousand euros	
		2022	2021
<b>A) EQUITY</b>		<b>91,944</b>	<b>79,856</b>
<b>A-1) Stockholder equity</b>			
I. Capital	13.1	20,000	20,000
III. Reserves	13.2	63.815	59,103
VI. Profit from the year attributed to the controlling company		15,973	10,712
		<b>99,788</b>	<b>89,815</b>
<b>A-2) Valuation adjustments</b>			
II. Translation differences in consolidated companies	13.3	(8,050)	(10,168)
<b>A-3) Subsidies, donations and legacies received</b>			
I. In consolidated companies	15	206	209
		<b>206</b>	<b>209</b>
<b>B) NON-CURRENT LIABILITIES</b>		<b>64,212</b>	<b>56,618</b>
I. Non-current provisions	16	2,851	2,623
II. Long-term debts			
2. Bank loans	11.1.2	51,551	46,019
3. Finance lease payables	10.2 and 11.1.2	2,215	924
4. Other financial liabilities	11.1.2	3,553	3,763
		<b>57,319</b>	<b>50,706</b>
IV. Deferred tax liabilities	14.3	4.042	3,289
<b>C) CURRENT LIABILITIES</b>		<b>134,619</b>	<b>106,226</b>
II. Current provisions	16	962	1,028
III. Current payables			
2. Bank loans	11.1.2	25,652	21,437
3. Finance lease payables	10.2 and 11.1.2	969	725
4. Other financial liabilities	11.1.2	20,760	22,699
		<b>47,381</b>	<b>44,861</b>
V. Trade creditors and other accounts payable			
1. Suppliers	11.1.2	52,461	30,840
3. Current tax liabilities	14.1 and 14.6	910	1,202
4. Other creditors	11.1.2 and 14.1	31,816	26,877
		<b>85,187</b>	<b>58,919</b>
VI. Short-term accruals		1,089	1,418
<b>TOTAL EQUITY AND LIABILITIES (A + B+ C)</b>		<b>290,775</b>	<b>242,700</b>



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CLASS 8

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

CONSOLIDATED INCOME STATEMENT CORRESPONDING TO THE YEAR ENDED ON 31 DECEMBER 2022

	REPORT NOTES	Thousand euros	
		2022	2021
<b>A) CONTINUED OPERATIONS</b>			
<b>1. Turnover net amount</b>	17.1	<b>384,568</b>	<b>323,753</b>
a) Sales		383,841	323,065
b) Service provisions		727	688
<b>2. Changes in stock of finished and in-process products</b>		<b>3,000</b>	<b>2,118</b>
<b>3. Works performed by the group for its assets</b>		<b>664</b>	<b>410</b>
<b>4. Supplies</b>		<b>(208,228)</b>	<b>(168,862)</b>
a) Goods used	17.2	(4,429)	(9,069)
b) Raw materials and other consumables	17.2	(180,509)	(138,070)
c) Works carried out by other companies		(22,959)	(21,853)
d) Goods, raw materials and other supplies impairment		(331)	130
<b>5. Other operating income</b>		<b>4,364</b>	<b>2,727</b>
a) Additional and other routine management income		4,054	854
b) Operating subsidies taken to profit for the year	15	310	1.873
<b>6. Personnel expenses</b>		<b>(95,339)</b>	<b>(85,090)</b>
a) Wages, salaries and similar		(73,726)	(65,596)
b) Social security		(21,512)	(19,426)
e) Provisions		(101)	(68)
<b>7. Other operating expenses</b>		<b>(57,003)</b>	<b>(41,924)</b>
a) Losses, impairment and variation of provisions due to trade operations	11.1.1	24	31
b) Other operating expenses		(57,027)	(41,955)
<b>8. Amortisation of fixed assets</b>	4.8 and 9	<b>(17,328)</b>	<b>(16,372)</b>
<b>9. Allocation of subsidies for non-financial fixed assets and others</b>	15	<b>13</b>	<b>20</b>
<b>11 Impairment and profits/losses on disposals of fixed assets</b>		<b>8,851</b>	<b>139</b>
a) Impairment and losses		53	(54)
b) Profit from disposal and other	9	8,798	193
<b>14. Other profits/losses</b>		<b>(328)</b>	<b>(912)</b>
<b>13. Negative differences due to consolidation of consolidated companies</b>	6	<b>-</b>	<b>486</b>
<b>A.1) OPERATING PROFITS/LOSSES (1+2+3+4+5- +6+7+8+9+10+11+12+13+14)</b>		<b>23,234</b>	<b>16,493</b>
<b>15. Financial income</b>		<b>116</b>	<b>214</b>
b) From negotiable securities and other financial instruments		40	108
e) Allocation of subsidies, donations and legacies of financial nature	15	76	106
<b>16. Financial expenses</b>		<b>(2,146)</b>	<b>(2,088)</b>
<b>18. Translation differences</b>		<b>1,008</b>	<b>(340)</b>
<b>A.2) FINANCIAL PROFITS/LOSSES (14+15+16+17+18)</b>		<b>(1,022)</b>	<b>(2,214)</b>
<b>A.3) PRE-TAX PROFITS/LOSSES (A.1 + A.2 +19+20+21)</b>		<b>22,212</b>	<b>14,279</b>
<b>24. Taxes on profits</b>	14.2	<b>(6,239)</b>	<b>(3,567)</b>
<b>A.4) PROFIT FOR THE YEAR FROM CONTINUED OPERATIONS (A.3 + 22)</b>		<b>15,973</b>	<b>10,712</b>
<b>B) DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
<b>A.S) CONSOLIDATED PROFIT FOR THE YEAR (A.4 + 23)</b>		<b>15,973</b>	<b>10,712</b>

Profit attributed to the Controlling Company 15,973 10,712

Profit attributed to external partners



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**TEKNIA MANUFACTURING GROUP, S.L., SOLE PROPRIETORSHIP COMPANY AND SUBSIDIARY COMPANIES****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CORRESPONDING TO THE YEAR ENDED ON 31 DECEMBER 2022****A) CONSOLIDATED INCOME STATEMENT CORRESPONDING TO THE YEAR ENDED ON 31 DECEMBER 2022**

	REPORT NOTES	Thousand euros	
		2022	2021
<b>A) Consolidated profits/losses of the financial year</b>		<b>15,973</b>	<b>10,712</b>
Income and expenses attributed directly to equity			
III. Subsidies, donations and legacies received	15	139	-
VI. Translation differences	13.3	2,118	1,529
VII. Consolidated Tax effect	15	(9)	-
<b>B) Total income and expense recognised directly in equity (I+II+III+IV+V+VI+VII)</b>		<b>2,248</b>	<b>1,529</b>
Transfers to the consolidated income statement			
X. Subsidies, donations and legacies received	15	(172)	(126)
XIII. Tax effect	15	39	21
<b>C) Total transfers to the consolidated income statement (VIII+IX+X+XI+XII+XIII)</b>		<b>(133)</b>	<b>(105)</b>
<b>TOTAL RECOGNIZED CONSOLIDATED INCOME AND EXPENSES (A+B+C)</b>		<b>18,088</b>	<b>12,136</b>
Total income and expenses attributed to controlling company		18,088	12,136
Total income and expenses attributed to external partner		-	-

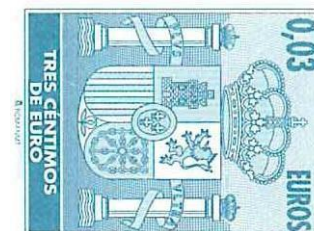
Elorrio, 31 March 2023

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

B) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CORRESPONDING TO THE YEAR  
ENDED ON 31 DECEMBER 2022

Thousands of euros

	Capital	Reserves and profit from previous years (*)	Profits/losses for the year attributed to the Controlling Company	Valuation adjustments	Subsidies, donations and legacies received	Total
<b>Balance at the end of the year 2020</b>	<b>20,000</b>	<b>61,192</b>	<b>1,911</b>	<b>(11,697)</b>	<b>314</b>	<b>71,720</b>
I. Adjustments due to changes in criteria 2020 and earlier	-	-	-	-	-	-
II. Adjustments for errors 2020 and earlier	-	-	-	-	-	-
<b>B. Adjusted balance, beginning of the financial year 2021</b>	<b>20,000</b>	<b>61,192</b>	<b>1,911</b>	<b>(11,697)</b>	<b>314</b>	<b>71,720</b>
I. Total recognised income and expense			10,712	1,529	(105)	12,136
II. Transactions with shareholders or owners						
4. (-) Distribution of dividends	-	(4,000)	-	-	-	(4,000)
III. Other changes in equity						
2. Other movements	-	1,911	(1,911)	-	-	-
<b>C. End balance for the financial year 2021</b>	<b>20,000</b>	<b>59,103</b>	<b>10,712</b>	<b>(10,168)</b>	<b>209</b>	<b>79,856</b>
I. Adjustments due to criteria changes 2021	-	-	-	-	-	-
II. Adjustments due to errors 2021	-	-	-	-	-	-
<b>D. Adjusted balance, beginning of the financial year 2022</b>	<b>20,000</b>	<b>59,103</b>	<b>10,712</b>	<b>(10,168)</b>	<b>209</b>	<b>79,856</b>
I. Total recognised income and expense			15,973	2,118	(3)	18,088
II. Operations with partners or owners						
4. (-) Distribution of dividends	-	(6,000)	-	-	-	(6,000)
III. Other changes in equity						
2. Other changes	-	10,712	(10,712)	-	-	-
<b>E. End balance for the financial year 2022</b>	<b>20,000</b>	<b>63,815</b>	<b>15,973</b>	<b>(8,050)</b>	<b>206</b>	<b>91,944</b>





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**CLASS 8**

TEKNIA MANUFACTURING GROUP, Company SOCIEDAD UNIPERSONAL AND SUBSIDIARY COMPANIES

**CONSOLIDATED STATEMENT OF CASH FLOWS CORRESPONDING TO THE YEAR ENDED ON 31 DECEMBER 2022**

	REPORT NOTES	Thousand euros	
		2022	2021
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>1. Profit for the year before taxes</b>		<b>22,212</b>	<b>14,279</b>
<b>2. Profits/losses adjustments</b>		<b>9,983</b>	<b>17,558</b>
a. Amortisation of fixed assets	4.8 and 9	17,328	16,372
b. Valuation adjustments due to Impairment (+/-)		254	(107)
c. Variation of provisions (+/-) d) Allocation of subsidies (-)		106	1,339
d. Profits/losses due to cancellation and disposals of fixed assets (+/-)	15	(89)	(126)
e. Financial income (-1)		(8,798)	(193)
f. Financial expenses (+)		(40)	(108)
g. Translation differences (+/-)		2,146	2,088
h. Other income and expenses (-/+)		(1,008)	-
		84	(1,707)
<b>3. Changes in working capital</b>		<b>(7,015)</b>	<b>(14,734)</b>
a) Stock(+/-)	12	(10,925)	(4,911)
b) Trade and other receivables (+/-)		(13,737)	9,561
c) Other current assets (+/-)		186	(196)
d) Creditors and other payable (+/-)		17,790	(19,241)
e) Other current liabilities (+/-)		(329)	53
<b>4. Other cash flows from operating activities</b>		<b>(7,846)</b>	<b>(3,831)</b>
a) Interest payments 1-1		(1,995)	(1,953)
b) Interest collected (+)		40	108
c) Collections (payments) on income tax		(5,891)	(1,986)
<b>5. Other cash flows from operating activities (+1+/-2+/-3+/-4)</b>		<b>17,334</b>	<b>13,272</b>
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>6. Investment payments (-)</b>		<b>(15,484)</b>	<b>(15,916)</b>
a) Group companies, net of cash in consolidated companies	6	-	(1,068)
b) Intangible fixed assets	9	(232)	(228)
c) Tangible fixed assets	8	(13,693)	(14,471)
d) Other financial assets		(1,559)	(149)
<b>7. Receivables from disinvestments (+)</b>		<b>13,573</b>	<b>1,103</b>
a) Group companies, net of cash in consolidated companies		31	-
b) Property, plant and equipment		12,766	1,025
c) Investments in real property		507	-
d) Other financial assets		269	78
<b>8. Other cash flows from investing activities (6 +7)</b>		<b>(1,911)</b>	<b>(14,813)</b>
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>9. Collections and payments from equity instruments</b>		<b>139</b>	<b>-</b>
a) Subsidies, donations and legacies (+)		139	-
<b>10. Collections and payments from financial liabilities</b>		<b>3,635</b>	<b>(17,254)</b>
a) Issue			
1. Bank loans (+)	11.1.2	27,349	19,555
2. Other debt (+)		1,589	1,923
<b>b) Return and amortization of</b>			
1. Bonds and other negotiable securities 1-)	11.1. 2	-	(20,497)
2. Bank loans 1+1	11.1. 2	(21,127)	(15,273)
3. Other debt (-)		(14,176)	(2,962)
<b>11. Dividends paid and payments on other equity instruments</b>		<b>(6,000)</b>	<b>(4,000)</b>
a) Dividends 1-1		(6,000)	(4,000)
<b>12. Cash flow from financing activities (+/-9+/-10.11)</b>		<b>(2,226)</b>	<b>(21,254)</b>
<b>D) EFFECT OF EXCHANGE RATE VARIATIONS</b>			
<b>E) NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (+/-..S+/-3+/-U+/-D)</b>			
		<b>13,197</b>	<b>(22,795)</b>
Cash or cash equivalents at the beginning of the financial year		18,675	41,470
Cash or cash equivalents at the end of the financial year		31,872	18,675



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

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### **CONSOLIDATED REPORT CORRESPONDING TO THE YEAR ENDED ON 31 DECEMBER 2022**

#### **1. COMPANIES OF THE GROUP**

##### **1.1 Parent company**

The Parent Company Teknia Manufacturing Group, S.L., (a Sole shareholder Company), was incorporated in Bilbao on the 30 July of 1998, before the Notary Mr. Andrés Maria Urrutia Badiola. It was domiciled in Barrio San Agustín without number, Elorrio (Vizcaya).

The activity of the Parent 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. (Sole shareholder Company) which, in turn, is a subsidiary company of Siuled, S.L., with registered address at Calle María de Molina, 39 -8- (Madrid). The Consolidated Yearly Financial Statements and the Consolidated Management Report of Siuled, S.L. and its subsidiary companies corresponding to the financial year 2022 shall be prepared on due time and in an appropriate manner and submitted, together with the appropriate Audit Report, in the Companies 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 Consolidated Management Report corresponding to the financial year 2021 were formulated on the 30 March 2022 and have been submitted to the Companies Registry of Vizcaya.

The Consolidated Yearly Financial Statements and Consolidated Management Report of Grupo Siuled, S.L. and its subsidiary companies corresponding to the financial year 2021 were prepared on the 31 March 2022 and have been submitted to the Companies 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 report.

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

The closing date of the yearly financial statements and the financial statements of all companies used in the consolidation is the 31 December 2022.



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

In 2022 all the shares in the company Teknia Stuttgart GmbH (formerly, Forschner PTM GmbH) were purchased.

In 2021 all the shares in the company Teknia Santander, S.L.U. (formerly, Mecanizados Bravo & Bippus, S.L.) were purchased.

## 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 31 December 2022 (as of the 31 December 2021 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 Preparation of Consolidated Yearly Financial Statements (NOFCAC) and modifying the Spanish General Chart of Accounts approved by Royal Decree 1514/2007, of the 16 November and the Spanish General Chart of Accounts for Small and Medium-sized Business, approved by Royal Decree 1515/2007 of the 16 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 incorporated 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 2022 have been prepared by the Board of Directors of the Controlling Company, Teknia Manufacturing Group, S.L. (a Sole shareholder 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.

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**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 measure some of the assets, liabilities, income, expenses and commitments recorded in them. They basically refer to:

- Measurement of tangible and intangible fixed assets and their useful lives.
- Measurement of financial instruments.
- Measurement of asset impairment, 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 2022, 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 2021 contained in the consolidated yearly financial statements corresponding to the financial year 2022 is presented for comparative purposes.

As explained in Note 6 in this consolidated report, in 2022 all the shares in the German company Teknia Stuttgart GmbH have been purchased. Therefore, these consolidated yearly financial statements should be read bearing in mind this change in the consolidated group.

**2.5. Grouping of items**

Certain items of the consolidated balance sheet, of the consolidated income statement, of the consolidated statement of changes in equity and of the consolidated statement of cash flow could be submitted as aggregate data to facilitate understanding, although whenever relevant, the itemized information has been included in the appropriate consolidated 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 re-state the amounts included in the consolidated yearly financial statements corresponding to the financial year 2021.

**2.7. Basis of consolidation**

The Directors of the Controlling Company have prepared these consolidated yearly financial statements in accordance with all mandatory accounting principles. These have been used for preparation:





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- The Code of Commerce.
- The Spanish General Chart of Accounts, considering the Group as the accounting subject to which the accounts relate. The RD 1159/2010 of the 17th of September, approving the Rules for the preparation 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 income statement, the statement of changes in equity 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 equity items have been converted to euros at the historical exchange rate. The income and expenses of the income statement 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 translation differences in equity of the consolidated balance sheet.

#### Global Integration

- The yearly financial statements of all the companies cover a financial year ended on 31 December 2022, except for the company Teknia Stuttgart GmbH which was added to the Group at the beginning of July 2022, so the income statement, the statement of changes of equity and the statement of cash flows of that company cover the period between the date it was added to the Group and 31 December 2022 (In the previous year, the yearly financial statements of all the companies covered a financial year, except for the company Teknia Santander, S.L.U. which was added to the Group at the end of June 2021, so the income statement, the statement of changes of equity and the statement of cash flows of that company cover the period between the date it was added to the Group and 31 December 2021).
- All the 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 MEASUREMENT**

The main registration and measurement 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:



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### 3.1. Homogenization of items

#### Temporary standardisation:

All Group companies have been consolidated with their financial statements as of the 31st of December 2022.

When a company becomes part or is left out of the Group, the income statement, the statement of changes in equity and the statement of cash flows in their individual form 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.

#### Measurement standardisation

The elements of the consolidated yearly financial statements have been measured using uniform methods, in accordance with those set out in the Code of Commerce, 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 standardised to those applied in consolidation and provided that the effect of applying that method is significant.

#### Standardisation 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.

#### Standardisation 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 measured at its purchase price or production cost. They have subsequently been measured 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 income statement for the year in which they are incurred.

#### Research and development expenses:

The Group follows the criterion of recording in the Consolidated Income Statement the research expenses incurred into during the year. For development expenses, they are capitalised when the following conditions are met:



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- 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 income statement for the financial year.

#### Patents, licenses, trademarks and the like:

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 measured at 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.

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 the 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 measurement adjustment 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.



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#### 3.4. Leases

##### Operating Lease

Expenses arising from operating lease agreements are allocated to the Consolidated Income Statement in the year they are accrued.

##### 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 income statement 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 contracting leading to a financial asset in a company or group of companies and, simultaneously, a financial liability or 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 if admitted for trading in an organised market, if the Group holds the investments to received cash flows resulting from the execution of a contract and the terms and conditions of the financial assets lead to, on specific dates, to cash flows that correspond mainly to the collection of the principal and interest on the amount of the outstanding principal. Contractual cash flows that are only collection of the principal and interest on the amount of the outstanding principal are inherent to an agreement qualifying as ordinary or common loan, regardless of the transaction being agreed at a zero interest rate or under market rate.

Overall, in this category receivables from trading transactions and non-trading transactions are included.

- a) Trade payables: financial assets arising from the sale of goods and the rendering of services in the Company's ordinary course of business collected by instalments, and
- b) Receivables from non-trading transactions: financial assets arising which, not being equity or derivative instruments, do not have a trading origin, and whose collections arise from a certain or determined amount, arising from loans or credits granted by the Group.

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

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**Initial Measurement**

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

However, trade payables that have no contractual interest rate and are payable within a year, and capital called up by third parties, as well as other credits expected to be paid in the short term, may be measured at their face value when the effect of discounting is immaterial.

**Subsequent Measurement**

Its subsequent measurement is done for its amortized cost if the maturity is greater than a year. Interest accrued is recognised in the income statement applying the effective interest method. However, payables maturing in less than a year that, in accordance with the provisions in the previous paragraph, are initially measured at their face value, continue being measured at said amount, unless they have been impaired.

**Impairment calculation**

At least at the closing of the year, valuation adjustments are applied if there is objective evidence that an impairment loss on an asset or group of assets with similar risk characteristics are measured collectively, due to an event or series of events that have occurred after initial recognition and that lead to a reduction or delay in the estimated future cash flows, which may be caused by the debtor's insolvency. The amount of the impairment loss on these financial assets is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

Impairment adjustments and their reversal, when the amount of such loss decreases due to causes related to a subsequent event, are recognised as an expense or income, respectively, in the consolidated income statement.

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

**Derecognition 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, assignment of trade payables in factoring operations where the Group 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.



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On the contrary, the Group does not deregister 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 assets at amortised cost.

The Group classifies all financial liabilities under this category, except for when they should be measured at their reasonable value with changes in the income statement. Overall, in this category debits from trading transactions and non-trading transactions are included:

- a) Trade payables: financial liabilities arising from the sale of goods and the rendering of services in the Company's ordinary course of business collected by instalments.
- b) Receivables from non-trading transactions: financial liabilities which, not being derivative instruments, do not have a trading origin, but arise from loans or credits granted by the Group.

#### Initial Measurement

Financial liabilities are initially measured at fair value which, barring evidence to the contrary, is the transaction price. The transaction price is equivalent to the fair value of the consideration received plus transaction costs directly attributable.

However, trade payables that have no contractual interest rate and are payable within a year, and capital called up by third parties, which is expected to be paid in the short term, both in the initial and subsequent measurement, are measured at their nominal amount, when the effect of discounting is immaterial.

#### Subsequent Measurement

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

Interest accrued is recognised in the income statement applying the effective interest method. However, payables maturing in less than a year that, in accordance with the provisions in the previous paragraph, are initially measured at their face value, continue being measured at said amount, unless they have been impaired.

#### Derecognition of financial liabilities

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



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#### 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 regard, 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 derecognition 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 the tax rate to which they are expected to be recovered or settled.

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.

On the other hand, 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, arising from transactions with direct debits or credits in equity accounts, are also accounted for in equity.

At each accounting year end, deferred tax assets recorded are reconsidered, and appropriate adjustments are made to them to the extent that there are doubts about their future recovery. Similarly, deferred tax assets that are not recognized on the balance sheet are measured 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.

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**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 measured 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 and the ordinary management of said good is not kept nor is the effective control over it retained,

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 legacies received:* 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.
- *Subsidies of a returnable nature:* As long as they are returnable they are registered as liabilities.
- *Operating 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.



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**3.12. Transactions with affiliated companies**

Group companies are those companies that are linked by a relationship of direct or indirect control in accordance with the provisions of article 42 of the Code of Commerce 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 measured at the present 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. Pension commitments****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.

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 measurement of the asset are directly allocated to equity, being recognized as reserves.



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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 equity, 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 Income Statement, except in the case of revocable rights, in which case, they are allocated to the consolidated income statement 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 income statement 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 income statement.

#### 3.15. Goodwill and negative consolidation difference

In accordance with Article 46, Rule 2, of the Code of Commerce, the difference between the carrying amount 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 Income Statement.

The assets and liabilities of the companies acquired in the business combinations already in the Group are measured 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 measurement 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 measured at the acquisition price less the accumulated amortization and, where appropriate, the cumulative amount of impairment valuation adjustments 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.

The Group considers that the useful life of the goodwill is 10 years and its recovery is linear (Note 4).



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

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#### 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, during 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 measured 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 overall manufacturing expenses.

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 adjustments, recognizing them as an expense in the Consolidated Income Statement when the net realisable value of the stock is lower than its acquisition price or its cost of production.

#### 3.18 Business combinations

In 2022 all the shares of Teknia Stuttgart GmbH 's share capital were purchased by Teknia Manufacturing Group, S.L. (Sole Shareholder company).

In 2021, all the shares in the share capital of Teknia Santander, S.L. (Sole Shareholder company) were purchased by Teknia Manufacturing Group, S.L. (Sole Shareholder company).

In their yearly financial statements for the years 2022 and 2021, the Controlling Company Teknia Manufacturing Group, S.L. (Sole shareholder Company) has measured the investment in the equity of Teknia Stuttgart GmbH and Teknia Santander, S.L. (Sole Proprietorship Company) in accordance with measurement rule 9 in the Spanish Charter of Accounts, regarding financial instruments.

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Note 6 in this consolidated report compiles the measurement of assets acquired and liabilities undertaken under these joint ventures to which the acquisition method in Measurement Rule 19 on joint ventures under the General Accounting Plan is applied in these consolidated yearly financial statements.

**4. CONSOLIDATION GOODWILL**

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

<i>(thousands of euros)</i>	<b>Initial balance</b>	<b>Translation differences</b>	<b>Amortization for the year</b>	<b>Other changes</b>	<b>31.12.2022</b>
Teknia Bilbao XXI, S.L.U.	467		(116)		351
Teknia USA Inc (and subsidiary companies)					
Teknia Nashville, L.L.C.)	2,395	148	(587)		1,956
Teknia Polska Sp. z o.o. (And their subsidiary companies)	137	(2)	(34)		101
Teknia Mexico City, S.A. de C.V.	373	41	(103)		311
Teknia Gebze Makine Sanayi VE Ticaret, A.S.	583	(138)	(89)		356
Teknia Ampuero, S.L.U.	3,676		(597)		3,079
Teknia Stuttgart GmbH			(157)	3,131	2,974
	<b>7,631</b>	<b>49</b>	<b>(1,683)</b>	<b>3,131</b>	<b>9,128</b>

The composition and movement of this chapter in the 2019 financial year were as follows:

<i>(Thousands of euros)</i>	<b>Initial balance</b>	<b>Translation differences</b>	<b>Amortization for the year</b>	<b>Other changes</b>	<b>31.12.2021</b>
Teknia Bilbao XXI, S.L.U.	584		(117)		467
Teknia USA Inc (and its subsidiary company)					
Teknia Nashville, L.L.C.)	2,721	227	(553)		2,395
Teknia Polska Sp. z o.o. (And its subsidiary companies)	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
	<b>9,360</b>	<b>(220)</b>	<b>(1,509)</b>		<b>7,631</b>

The controlling company carries out an impairment test of the accounted goodwill, through the measurement 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 2021). This amount is compared to the company's equity and if the difference is greater, it is considered that the accounted goodwill is not depreciated.

**S. EXTERNAL PARTNERS**

The Group has no external shareholders.



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**CLASS 8****TEKNIA MANUFACTURING GROUP, S.L., (a Sole Shareholder Company) and subsidiary companies****6. BUSINESS COMBINATIONS****Year 2022**

On 5 July 2022 100% of the shares in the German company Teknia Stuttgart GmbH (formerly, Forscher PTM GmbH) for 1 euro. The assets and liabilities identified in the joint venture have been as follows:

<i>(thousand euros)</i>	Amount
<b>ASSETS</b>	
Treasury	31
Receivables	2,014
Stock	4,779
Deferred tax assets	69
Net fixed assets	2,485
<b>LIABILITIES</b>	
Bank loans	(2,674)
Provisions	(56)
Payables	(9,778)
<b>Total assets and liabilities</b>	<b>(3,130)</b>
Paid price	(1)
<b>Goodwill</b>	<b>(3,131)</b>

In 2022, this inclusion has resulted for the Group in income from sales and profit from its acquisition of euros 12,437 thousand and euros 365 thousand, respectively.

Had it happened at the beginning of the year, it would have been 25,669 thousand euros and 725 thousand euros in income and profit, respectively.

In the financial year 2022, a merger was made by absorption of two companies of the Group (Teknia Pedrola, S.L. (Sociedad Unipersonal) and Teknia Épila S.L. (Sociedad Unipersonal), accounted for in the first (absorbing company) at consolidated values, not affecting this operation to the Consolidated Group (Note 7).

**Year 2021**

On 28 June 2021, 100% of the shares in the Spanish company Teknia Santander S.L. (Sociedad Unipersonal) (formerly Mecanizados Bravo&Bippus, S.L.) for euros 3,561 thousand.

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



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<i>(thousand euros)</i>	Amount
<b>ASSETS</b>	
Treasury	891
Receivables	1,583
Stock	2,049
Accrual adjustments	13
Financial investments	2
Deferred tax assets	78
Net fixed assets	2,779
<b>LIABILITIES</b>	
Bank loans	(711)
Other financial liabilities	(723)
Trade payables	(1,858)
Deferred taxes	(56)
<b>Total assets and liabilities</b>	4,047
Paid price	(3,561)
<b>Negative consolidation difference</b>	486

In 2021, this inclusion has resulted for the Group in income from sales and profit from its acquisition of 3,534 thousand euros and 340 thousand euros, respectively.

Had it happened at the beginning of the year, it would have been euros 8,843 thousand and euros (105) thousand in income and profit, respectively.

**7. MERGER AND SEGREGATION PROCESSES PERFORMED WITHIN THE GROUP**

In the financial year 2022, the Sole Shareholder of Teknia Pedrola, S.L. (a Sole shareholder Company) and Teknia Épila, S.L. (a Sole shareholder Company) approved the merger by takeover of these Companies, the former being the acquiring company and Teknia Épila 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 equity and liabilities to the acquiring company, which acquires by universal succession the rights and obligations of the acquired company.

The acquiring company did 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 2022, 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 corresponding to the Yearly Financial Statements for the financial year that ended on the 31st of December 2022 of the company Teknia Pedrola, S.L. (a Sole shareholder Company).



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**CLASS 8****TEKNIA MANUFACTURING GROUP, S.L., (a Sole Shareholder Company) and subsidiary companies**

In recent financial years, the Group has carried out several 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. Chronologically:

- 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 De] 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.
- Merger for takeover of the Company Teknia Épila, S.L.U. by the company Teknia Pedrola, S.L.U.

In 2021 there were no operations of this kind.

**8. RESEARCH AND OTHER INTANGIBLE FIXED ASSETS**

The movement in this Chapter in the financial year 2022 was as follows:  
(thousand euros)

	R&D expenses	Patents, licenses, trademarks and similar	Computer software	Other intangible fixed assets	Advanced payments and current intangible fixed assets in progress	TOTAL
<b>INITIAL BALANCE COST, 2022</b>	<b>10,841</b>	<b>366</b>	<b>7,812</b>	<b>1,739</b>	<b>25</b>	<b>20,783</b>
(+) Additions		32	152	41	7	232
(+-) Transfers						
(-) Decreases, disposals and reductions						
(+) Inclusion in the perimeter			3			3
(-) Translation differences		(3)	93	29		119
<b>GROSS FINAL BALANCE, FINANCIAL YEAR 2022</b>	<b>10,841</b>	<b>395</b>	<b>8,060</b>	<b>1,809</b>	<b>32</b>	<b>21,137</b>
<b>ACCUMULATED DEPRECIATION INITIAL BALANCE YEAR 2022</b>	<b>(10,841)</b>	<b>(261)</b>	<b>(6,501)</b>	<b>(1,399)</b>		<b>(19,002)</b>
(+) Funding allowance to the amortization for the year		(36)	(370)	(64)		(470)
(+-) Transfers						
(+) Decreases, disposals and reductions						
(+) Inclusion in the perimeter			(2)			(2)
(-) Translation differences		1	(27)	3		(23)
<b>ACCUMULATED DEPRECIATION CLOSING BALANCE YEAR 2022</b>	<b>(10,841)</b>	<b>(296)</b>	<b>(6,900)</b>	<b>(1,460)</b>		<b>(19,497)</b>
<b>NET ACCOUNTING VALUE 2022</b>		<b>99</b>	<b>1,160</b>	<b>349</b>	<b>32</b>	<b>1,640</b>



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## CLASS 8

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

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

(thousand euros)	R&D expenses	Patents, licenses, trademarks and similar	Computer software	Other intangible fixed assets	Advanced payments and current intangible fixed assets in progress	TOTAL
<b>INITIAL BALANCE COST 2021</b>	<b>10,520</b>	<b>580</b>	<b>7,278</b>	<b>1,735</b>	<b>12</b>	<b>20,125</b>
(+) Additions			192	23	13	228
(+-) Transfers			2	(2)		
(-) Decreases, disposals and reductions	321	(213)	268	(25)		(238)
(+) Inclusion in the perimeter						589
(-) Translation differences		(1)	72	8		79
<b>GROSS FINAL BALANCE, FINANCIAL YEAR 2021</b>	<b>10,841</b>	<b>366</b>	<b>7,812</b>	<b>1,739</b>	<b>25</b>	<b>20,783</b>
<b>ACCUMULATED DEPRECIATION INITIAL BALANCE FINANCIAL YEAR 2021</b>	<b>(10,520)</b>	<b>(438)</b>	<b>(5,762)</b>	<b>(1,313)</b>		<b>(18,033)</b>
(+) Funding allowance to the amortization for the year		(36)	(521)	(113)		(670)
(+-) Transfers						
(+) Decreases, disposals and reductions		213		25		238
(+) Perimeter inputs	(321)		(178)			(499)
(-) Translation differences			(40)	2		(38)
<b>ACCUMULATED DEPRECIATION CLOSING BALANCE 2021</b>	<b>(10,841)</b>	<b>(261)</b>	<b>(6,501)</b>	<b>(1,399)</b>		<b>(19,002)</b>
<b>CARRYING AMOUNT 2021</b>		<b>105</b>	<b>1,311</b>	<b>340</b>	<b>25</b>	<b>1,781</b>

#### Fully amortized items

The Group has items within the intangible fixed assets, including R&D expenditure, fully amortized at 31st of December 2022 amounting to 18,118 thousand euros (16,980 thousand euros in 2021).

#### Investments abroad

The net amount of intangible fixed assets held by foreign companies at the end of financial year 2022 amounts to 1,316 thousand euros (1,413 thousand euros in 2021).





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**CLASS 8**



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

**9. PROPERTY, PLANT, AND EQUIPMENT**

The movement of the tangible fixed assets in the financial year 2022 was as follows:

<i>(thousand euros)</i>	Property and structures	Technical installations and equipment <b>Fixed assets</b>	Under construction and advances	TOTAL
<b>INITIAL BALANCE COST, FINANCIAL YEAR 2022</b>	<b>34,077</b>	<b>280,307</b>	<b>2,805</b>	<b>317,189</b>
( + ) Acquisitions	390	10,914	2,691	13,995
( + ) Inclusion in the consolidation perimeter	223	8,850	16	9,089
(-) Decreases, disposals and reductions	(4,999)	(3,801)	(1,084)	(9,884)
(-/+ ) Translations differences	467	4,652	78	5,197
( - /+ ) Transfers to / from other items		1,712	(1,977)	(265)
( + ) Other changes				
<b>FINAL BALANCE COST, FINANCIAL YEAR 2022</b>	<b>30,158</b>	<b>302,634</b>	<b>2,529</b>	<b>335,321</b>
<b>ACCUMULATED AMORTIZATION, INITIAL BALANCE YEAR 2022</b>	<b>(11,432)</b>	<b>(214,779)</b>		<b>(226,211)</b>
(+) Funding allowance to the amortization of the financial year	(933)	(14,243)		(15,176)
( + ) Entries in the consolidation perimeter	(100)	(6,504)		(6,604)
(+) Decreases, disposals and reductions	1,143	3,810		4,953
(-/+ ) Translation differences	(122)	(2,878)		(3,000)
( - /+ ) Transfers to / from other items				
( + ) Other movements				
<b>ACCUMULATED AMORTISATION, FINAL BALANCE YEAR 2022</b>	<b>(11,444)</b>	<b>(234,594)</b>		<b>(246,038)</b>
<b>IMPAIRMENT, INITIAL BALANCE FINANCIAL YEAR 2022</b>		<b>(152)</b>		<b>(152)</b>
( + ) Funding allowances for the financial year				
(-/+ ) Translation differences		1		1
( + ) Outputs, cancellations or reductions		53		53
<b>IMPAIRMENT, FINAL BALANCE FINANCIAL YEAR 2022</b>		<b>(98)</b>		<b>(98)</b>
<b>CARRYING AMOUNT 2022</b>	<b>18,714</b>	<b>67,942</b>	<b>2,529</b>	<b>89,185</b>



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**CLASS 8****TEKNIA MANUFACTURING GROUP, S.L., (a Sole Shareholder Company) and subsidiary companies**

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

<i>(thousand euros)</i>	Land and Buildings	Technical installations and equipment Fixed assets	Under construction and advances	TOTAL
<b>INITIAL BALANCE COST, FINANCIAL YEAR 2021</b>	<b>28,909</b>	<b>248,667</b>	<b>2,950</b>	<b>280,526</b>
(+) Acquisitions	3,241	10,888		14,129
(+) Inclusion in the consolidation perimeter	1,659	19,994		21,653
(-) Decreases, disposals and reductions	(559)	(3,701)		(4,260)
(-/+ ) Translation differences	827	4,283	31	5,141
(-/+ ) Transfers to / from other items		176	(176)	
(+) Other movements				
<b>FINAL BALANCE COST, FINANCIAL YEAR 2021</b>	<b>34,077</b>	<b>280,307</b>	<b>2,805</b>	<b>317,189</b>
<b>ACCUMULATED AMORTIZATION, INITIAL BALANCE YEAR 2021</b>	<b>(9,616)</b>	<b>(184,945)</b>		<b>(194,561)</b>
(+) Funding allowance to the amortization of the financial year	(1,183)	(13,010)		(14,193)
(+) Entries in the consolidation perimeter	(839)	(18,123)		(18,962)
(+) Outputs, cancellations or reductions	559	2,869		3,428
(-/+ ) Translation differences	(353)	(1,570)		(1,923)
(- /+) Transfers to / from other items				
(+) Other movements				
<b>ACCUMULATED AMORTISATION, FINAL BALANCE YEAR 2021</b>	<b>(11,432)</b>	<b>(214,779)</b>		<b>(226,211)</b>
<b>IMPAIRMENT, INITIAL BALANCE FINANCIAL YEAR 2021</b>		<b>(96)</b>		<b>(96)</b>
(+) Funding allowances for the financial year		(54)		(54)
(-/+ ) Translation differences		(2)		(2)
(+) Decreases, disposals and reductions				
<b>IMPAIRMENT, FINAL BALANCE FINANCIAL YEAR 2021</b>		<b>(152)</b>		<b>(152)</b>
<b>NET BOOK VALUE 2021</b>	<b>22,645</b>	<b>65,376</b>	<b>2,805</b>	<b>90,826</b>

Real estate

All companies that are part of the Group carry out their activities in rented real property except for Teknia Uhersky Brod, AS, Componentes de Automoción Marroquíes S.A.R.L., Teknia Germany GmbH, Teknia KG doo, Kragujevac, Teknia Ampuero, S.L.U., Teknia Oradea, SRL., and Teknia Santander, S.L.U. (Note 10.1). In 2021 the with the extinct Teknia Épila, S.L. (Sole Shareholder company) which sold its assets during 2022 before being absorbed by Teknia Pedrola, S.L. (Sole Shareholder company) (Notes 6 and 7) and Teknia USA Inc. sold factory premises it owned where Teknia Nashville LLC. developed its activities. These two transactions have had an impact on the consolidated income statement of 531 thousand of euros and 6,763 thousand of euros, respectively.

Collateral securities offered

Several Group companies have offered mortgage collaterals and other guarantees as set out in Note 10.1 to this consolidated report.



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**CLASS 8****TEKNIA MANUFACTURING GROUP, S.L., (a Sole Shareholder Company) and subsidiary companies**

## Other Property, Plant and Equipment information

<i>(thousand euros)</i>	<b>2022</b>	<b>2021</b>
Amortised items in use (Cost)	<b>156,413</b>	<b>154,093</b>
Land and buildings, separation values	2,679	3,628
- Land	27,479	30,449
- Buildings/ Amortisation	(11,444)	(11,432)
- Total net	<b>18,714</b>	<b>22,645</b>
Fixed assets outside of Spanish territory (net amount)	<b>58,705</b>	<b>60,421</b>
Profits/losses on disposals of fixed assets	<b>8,798</b>	<b>193</b>

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

<i>(Thousand of euros)</i>	2022		2021	
	Land and buildings	Other PPE	Land and buildings	Other PPE
Cost	20,892	122,876	24,438	103,299
Amortisation	(6,975)	(78,088)	(6,763)	(60,499)
Impairment				(54)
	<b>13,917</b>	<b>44,788</b>	<b>17,675</b>	<b>42,746</b>

At the end of the financial year, firm commitments to purchase assets were approximately 1,270 thousand euros (1,317 thousand euros at the end of financial year 2021). At the end of the financial years 2022 and 2021, 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.



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**CLASS 8**



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

**10. LEASES**

**10.1. Operating Lease**

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

Company	Lessor	Annual amount (thousand euros)		Maturity	
		2022	2021	2022	2021
Teknia Elorrio, S.L.U.	Clomi, S.L.U.	(191)	(181)	2022	2022
Teknia Pedrola, S.L.U.	Clomi, S.L.U.	(214)	(201)	2026	2026
Teknia Barcelona, S.L.U.	Third parties	(319)	(271)	2026	2026
Teknia Martos, S.L.U.	Third parties	(223)	(251)	Annual extendable	Annual extendable
Teknia Azuqueca, S.L.U.	Clomi, S.L.U.	(101)	(403)	Cancelled in 2022	2025. extendable for periods of 5 years
	Third parties	(295)	n/a	2032 Extendable 10 years more	n/a
	Third parties	(288)	(236)	2033	2033
Teknia Brasil Ltda.	Veradale, S.L.U	(899)	(683)	2028	2028
Teknia Mexico City S.A. de C.V.	Third parties	(124)	(99)	Annual extendable	Annual extendable
Teknia Manresa, 5.LU.	Third parties	(344)	(319)	Annual extendable and 2026	Annual extendable and 2026
Teknia San Luis Potosí, S.A. de CV	Third parties	(29)	(61)	2025	2025
Teknia Bilbao XXI, S.L.U.	Veradale, S.L.U	(118)	(472)	cancelled in 2022	2025
	Third parties	(345)	n/a	2032 extendable 10 years more	n/a
Teknia Ampuero, S.L.U.	Third parties	(39)	(36)	2028	2028
Teknia Rzeszow Sp. Z.o.o.	Veradale Polska, Sp. z.o.o	(464)	(365)	2027	2027
Teknia Kalisz Sp. Z.o.o.	Veradale Polska, Sp. z.o.o	(642)	(610)	2027	2027
Teknia Gebze Makíne Sanayi ve Ticaret A.S	Third parties	(125)	(90)	2032	2032
Teknia Tepejí, S.A. de C.V.	Third parties	(561)	(486)	2022	2022



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All transactions with companies affiliated to the Group amount to:

<i>(thousand euros)</i>	Operating profit	
	2022	2021
Clomi, S.L.U.	506	785
Veradale, S.L.U.	1,017	1,155
Veradale Polska, Sp. z.o.o	1,106	975

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

<i>(Thousand euros)</i>	2022		
	Customers	Short-term payables	Lon-term deposits
Clomi, S.L.U.			110
Veradale, S.L.U.			128
Veradale Polska, Sp. z.o.o			151

<i>(thousand euros)</i>	2021		
	Customers	Short-term payables	Long-term Deposits
Clomi, S.L.U.			163
Veradale, S.L.U.			189
Veradale Polska, Sp. z.o.o			151

**10.2. Financial Lease**

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

Items	Net book value of the asset <i>(Thousand euros)</i>	
	2022	2021
Facilities, machinery and other assets	3,455	4,552



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The schedule of future payments for these contracts at the end of financial years 2022 and 2021 is as follows shown in thousand euros:

<u>Years</u>	<u>31.12.2022</u>	<u>Years</u>	<u>31.12.2021</u>
<b>Current:</b>		<b>Current:</b>	
2023	(969)	2022	(725)
	<b>(969)</b>		<b>(725)</b>
<b>Non-current:</b>		<b>Non-current:</b>	
2024	(1,052)	2023	(416)
2025	(368)	2024	(388)
2026	(289)	2025	(120)
2027 and beyond	(506)	2027 and beyond	
	<b>(2,215)</b>		<b>(924)</b>

**11. FINANCIAL INSTRUMENTS****11.1. Category of financial assets and liabilities****11.1.1. Financial assets**

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

<i>(thousand euros)</i>	<b>2022</b>	
	<b>Long-term financial instruments</b>	<b>Short-term financial instruments</b>
	Loans, derivatives and others	Loans, derivatives and others
Financial assets at amortised cost	2,928	59,415
<b>TOTAL</b>	<b>2,928</b>	<b>59,415</b>

<i>(thousand euros)</i>	<b>2021</b>	
	<b>Long-term financial instruments</b>	<b>Financial instruments Current</b>
	Loans, derivatives and others	Loans, derivatives and others
Financial assets at amortised cost	1,125	45,297
<b>TOTAL</b>	<b>1,125</b>	<b>45,297</b>

**Long-term financial assets**

This chapter, for the amount of 2,928 thousand euros (1,125 thousand euros in the previous financial year) mainly covers:

- Deposits amounting to 2,248 thousand euros (939 thousand euros in the previous financial year), of which 389 thousand euros are with related parties (503 thousand euros in the financial year 2021) (Note 10.1) and 611 thousand euros are guarantee deposits arising from a debt acquired in 2022 with the former owners of the company Teknia Stuttgart, GmbH (formerly Forscher PTM GmbH).



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- Non-current trade receivables amounting to 501 thousand euros, including balances pending collection from Teknia Kalisz Sp. Z. o.o. Due to sale of land in 2022.

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

<i>(Thousand euros)</i>	2024	2025	2026	2027 and beyond	No maturity fixed	Total
Deposits	199	393	685	900	71	2,248
Non-current trade receivables	501					501
Others					179	179
						<b>2,928</b>

The year maturities of the most significant long-term financial assets of the financial 2021 were as follows:

<i>(Thousand euros)</i>	2023	2024	2025	2026 and beyond	No maturity fixed	Total
Deposits	330	18		563	27	938
Others					187	187
						<b>1,125</b>

**Short-term financial assets**

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

<i>(Thousand euros)</i>	2021	2022
Customers	57,460	44,168
Staff	100	74
Other debtors	1,832	1,020
Other financial assets	23	35
	<b>59,415</b>	<b>45,297</b>

The valuation adjustments due to impairment caused by credit risk with customers during the financial year was as follows:

	<i>(thousand euros)</i>
Impairment loss at the end of the financial year 2022	<u>(672)</u>
(+) Inclusion in the perimeter	(10)
(-) Impairment reversal	24
(-) Applied provisions	
(+) Translation differences and others	<u>7</u>
Impairment loss at the end of the financial year 2022	<b><u>(651)</u></b>



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

	<i>(thousand euros)</i>
Impairment loss at the beginning of the financial year 2021	(895)
(+) Inclusion in the perimeter	(10)
(-) Impairment reversal	31
(-) Provisions applied	205
(+) Translations differences and other	(3)
Impairment loss at the end of the financial year 2021	<b>(672)</b>

**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 at the closing of 2022 amounts to 17,188 thousand euros and 3,067 thousand dollars. (16,258 thousand of euros and 2,663 thousand euros in 2021).

The factored amounts have been reduced from the number of customers because the risks have been derived to the financial institutions and because of a lack of the Group's continued involvement with them. At 31 December 2022 the total amount factored by the Group amounts to 11,483 thousand euros and 1,845 thousand dollars (9,138 thousand euros and 1,810 thousand dollars at the closing of 2021).

**11.1.2. Financial liabilities**

The composition of financial liabilities by class and category is as follows in the financial year 2022 and 2021:

	<b>2022</b>			
	Long-term financial instruments		Short-term financial instruments	
	Bank loans	Derivatives and others	Bank loans	Derivatives and others
<i>(thousand euros)</i>				
Financial liabilities at amortised cost	(53,766)	(3,553)	(26,621)	(99,529)
<b>Total</b>	<b>(53,766)</b>	<b>(3,553)</b>	<b>(26,621)</b>	<b>(99,529)</b>

	<b>2021</b>			
	Long-term financial instruments		Short-term financial instruments	
	Bank loans	Derivatives and others	Bank loans	Derivatives and others
<i>(thousand euros)</i>				
Financial liabilities at amortised cost	(46,943)	(3,763)	(22,162)	(75,796)
<b>Total</b>	<b>(46,943)</b>	<b>(3,763)</b>	<b>(22,162)</b>	<b>(75,796)</b>

**Bonds and other negotiable securities**

At its maturity, on 5 July 2021, the Controlling Company fully amortised the "Bono senior unsecured Teknia Manufacturing Group, S.L.U. Junio 2016" with value code ES0305105001, cancelling a face value of 20,000,000.00 euros.





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The characteristics of this bond issuance are gathered in the consolidated yearly financial statements for the year 2020.

**Bank loans**

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

<i>(thousand euros)</i>	2022			2021		
	Non-current	Short-term	Total	Non-current	Short-term	Total
Banks loans and finance lease payables	(51,551) (2,215)	(25,652) (969)	(77,203) (3,184)	(46,019) (924)	(21,437) (725)	(67,456) (1,649)
<b>TOTAL</b>	<b>(53,766)</b>	<b>(26,621)</b>	<b>(80,387)</b>	<b>(46,943)</b>	<b>(22,162)</b>	<b>(69,105)</b>

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

The maturity of the debts with credit institutions at the end of financial years 2022 and 2021 is broken down as follows, in thousand euros:

<b>Maturity</b>	<b>2022</b>	<b>Maturity</b>	<b>2021</b>
Current:		Current:	
2023	<b>(25,652)</b>	2022	<b>(21,437)</b>
Non-current:		Non-current:	
2024	(15,807)	2023	(14,958)
2025	(14,657)	2024	(13,160)
2026	(11,378)	2025	(9,835)
2027	(5,720)	2026	(7,516)
2028 and beyond	(3,989)	2027 and beyond	(550)
	<b>(51,551)</b>		<b>(46,019)</b>

Within the chapter on short-term credit institutions are outstanding discounted bills of 5,431 thousand euros and 3,075 thousand dollars (4,233 thousand euros and 359 thousand dollars in the previous year). For the financial year 2022, the limit for the discounted bills, advance payments of invoices, etc. amounts to 22,350 thousand euros (same amount in the financial year 2021).

On the other hand, at the end of the financial year 2022, the Group has credit accounts granted by financial institutions with a total limit of 18,100 thousand euros and 6,000 thousand zloty (14,100 thousand euros and 5,300 thousand zloty in 2021), of which at the end of the financial year 2022 had drawn an amount of 1,106 thousand euros and 0 zloty (6,991 thousand euros and 965 thousand zloty at the end of the financial year 2021). Out of the 18,100 thousand euros in loans granted at 31 December 2022, 0 euros would have a maturity of more than 18 months (out of the 14,100 thousand euros in loans granted at 31 December 2021, 4,000 thousand euros would have a maturity of more than 18 months.)



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The Controlling Company has, of the above, a total of 12,126 thousand euros in loans in loans partially endorsed by the Official Credit Institute (ICO) 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 (Note 19.1) .

At the closing of the year 2021, this body had endorsed 13,800 thousand of euros in loans and 9,000 thousand euros in credit lines, granted by financial entities, of which 3,397 thousand of euros are withdrawn. Throughout 2022, these credit lines have been renewed with the different financial entities without endorsement from ICO not endorsed by a short-term line from the Controlling Company at 31 December 2022 (Note 19.1).

**Derivatives and others**

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

	2022		2021	
	Non-current	Current	Non-current	Current
<i>(Thousand euros)</i>				
Advanced payments and reimbursable loans	(2,029)	(1,097)	(3,001)	(1,103)
Suppliers of fixed assets		(1,800)	(131)	(1,264)
Other debts	(1,524)	(582)	(631)	(1,352)
Promissory notes		(17,281)		(18,980)
Suppliers		(52,461)		(30,840)
Other creditors:				
Staff		(7,280)		(5,767)
Advanced payments from customers		(11,316)		(9,556)
Others		(7,712)		(6,934)
<b>TOTAL</b>	<b>(3,553)</b>	<b>(99,529)</b>	<b>(3,763)</b>	<b>(75,796)</b>

The Group has no hedging instruments (speculative derivatives and hedging derivatives, respectively) in 2022 and 2021.

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 3,311 thousand euros (4,498 thousand euros in the previous financial year).

The maturities at the end of the financial year 2022 and 2021 are as follows:



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<b>Year</b>	<i>(thousand euros)</i>	<b>Year</b>	<i>(thousands of euros)</i>
Current:		Current:	
2023	(1,097)	2022	(1,103)
	<b>(1,097)</b>		<b>(1,103)</b>
Non-current:		Non-current:	
2024	(1,026)	2023	(995)
2025	(507)	2024	(1,014)
2026	(266)	2025	(502)
2027	(230)	2026	(332)
Rest		Rest	(158)
	<b>(2,029)</b>		<b>(3,001)</b>

Suppliers of fixed assets

The maturities of suppliers of fixed assets at the end of the financial year 2022 and 2021 are as follows:

<b>Year</b>	<i>(thousand euros)</i>	<b>Year</b>	<i>(thousands of euros)</i>
Current:		Current:	
2023	(1,800)	2022	(1,264)
	<b>(1,800)</b>		<b>(1,264)</b>
Non-current:		Non-current:	
2024		2023	(33)
2025		2024	(10)
2026		2025	(10)
2027		2026	(10)
Rest		Rest	(68)
			<b>(131)</b>

Other debts

At 31 December 2022, this chapter includes an amount of 326 thousand of euros in the short-term and 1,251 thousand of euros in the long-term corresponding to the amount pending of payment for the purchase of shares in the company Teknia Santander, S.L.U. in 2021 and the amount due to the former owners of the company acquired in 2022 Teknia Stuttgart, GmbH (formerly, Forscher PTM GmbH) for the acquisition of the ownership of said subsidiary company's debt (Note 6). The maturity of the long-term debt is as follows:

June 2024:	30 thousand of euros
June 2025:	1,221 thousand of euros

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

June 2023:	326 thousand of euros
June 2024:	30 thousand of euros

**Issuance of promissory notes**

On 1 March 2023, the Controlling Company incorporated into the Fixed Income Alternative Market (MARF) the Short-Term Securities Information Base Document (DBII), entitled "*Commercial Paper Programme Teknia 2023*", for a maximum amount of up to 30,000,000 euros.

In the previous year, in February 2022, the Controlling Company incorporated into the Fixed Income Alternative Market (MARF) the Short-Term Securities Information Base Document (DBII), entitled "*Commercial Paper Programme Teknia 2022*", for a maximum amount of up to 30,000,000 euros.

At the end of the financial year 2022 the face value of the debt for the promissory notes amounts to 17,400,000 euros and they mature in the course of the financial year 2023, with the interest rate between 1.963% and 3.438%.

At the end of the financial year 2021 the face value of the debt for the promissory notes amounts to 19,000,000 euros and they mature in the course of the financial year 2022, with the interest rate between 0.250% and 0.700%.

**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 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. Below 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 present, given the current economic circumstances, each customer has been assessed on an individual bases in order to minimise the impact of this kind 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.



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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 significantly exposed to this risk, since almost half of its outstanding balance at 31 December in significant non-current financial liabilities are at fixed rate.

Regarding exchange rate risk, the Group does not consider the need to have hedges in this regard, since historically it has been proved that the automotive industry is a long-term business where oscillations in exchange rates will have both a positive and negative impact, but over time it 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. Quantitative information in this regard is found in note 20.5.

**12. STOCK**

The composition of this chapter at the end of the financial year is as follows in thousand euros:

<i>(thousand euros)</i>	<b>2022</b>	<b>2021</b>
Goods, auxiliary raw materials and others	31,721	22,361
Ongoing product	17,345	14,288
Finished product	22,128	18,656
By-products and waste	32	14
Advanced payments to suppliers	6,526	6,846
Impairment	(2.862)	(2.648)
<b>TOTAL</b>	<b>74,890</b>	<b>59,517</b>



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#### 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 par value being Siuled, S.L. the Sole Shareholder.

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

	<i>(thousand euros)</i>
Contribution in cash of company shares	23,547
Cash contribution upon incorporation	1,030
Cash contribution at capital increases to euros	5,053
Redenomination to euros	(1)
Share capital reduction in 2013	(9,629)
	<u>20,000</u>

##### 13.2. Reserves

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

<i>(thousand euros)</i>	<b>2022</b>	<b>2021</b>
Legal reserve of the Controlling Company	4,000	4,000
Voluntary reserves of the Controlling Company	27,106	33,516
Consolidation Reserves	32,709	21,587
<b>TOTAL</b>	<b>63,815</b>	<b>59,103</b>

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, insofar as it does not reach 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 equity.



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#### 13.3 Translation differences

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

<i>(Thousand of euros)</i>	2022	2021
Teknia Brasil, Ltda.	(6,174)	(6,138)
Teknia Polska Spolka z o.o and its subsidiary companies	(2,430)	(2,001)
Teknia Uhersky Ubrod, AS	1,154	771
Teknia SA Inc., and its subsidiary company	726	(7)
Componentes de Automoción Marroquíes SARL	(152)	26
Teknia San Luis Potosí, S.A. de C.V.	(246)	(771)
Teknia Mexico City, S.A. de C.V.	22	(283)
Teknia KG doo, Kragujeva	45	40
Teknia Gebzre Makine Sanayi VE Ticaret, A.S.	(1,569)	(1,607)
Teknia Japan, GK	(8)	(3)
Teknia Tepeji, S.A. de C.V.	671	(106)
Teknia Oradea, S.R.L.	(89)	(89)
<b>TOTAL</b>	<b>(8,050)</b>	<b>(10,168)</b>

The exchange rates in relation to the Euro applied in the conversion of the financial statements of foreign companies were as follows as of the 31st of December 2022 and 2021:

	2022	2021	2020	% change 2022/2021	% change 2021/2020
Brazilian Real	5.6386	6.3101	6.3735	-10.64%	-0.99%
Polish Zloty	4.6808	4.5969	4.5597	1.83%	0.82%
Czech Crown	24.1160	24.8580	26.2420	-2.98%	-5.27%
American Dollar	1.0666	1.1326	1.2271	-5.83%	-7.70%
Mexican Peso	20.8560	23.1438	24.4160	-9.89%	-5.21%
Moroccan Dirham	11.1592	10.5165	10.9351	6.11%	-3.83%
Serbian Dinar	117.3224	117,5821	117.5802	-0.22%	0.00%
Turkish Lira	19.9649	15.2335	9.1131	31.06%	67.16%
Romanian Leu	4.9495	4.9490	4.8683	0.01%	1.66%
Japanese Yen	140.66	130.38	126.49	7.88%	3.08%



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**CLASS 8****TEKNIA MANUFACTURING GROUP, S.L., (a Sole Shareholder Company) and subsidiary companies****14. TAXATION SITUATION****14.1. Public Governments**

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

(Thousand euros)	2022		2021	
	Debtor	Creditor	Debtor	Creditor
Current taxes	1,497	(910)	1,030	(1.202)
Personal Income Tax	199	(1,338)	53	(1,194)
VAT	8,301	(1,018)	4,293	(1,103)
Others	65	(799)	140	(495)
Social Security	96	(2.353)	68	(1,845)
	<b>8,661</b>	<b>(5,508)</b>	<b>4,554</b>	<b>(4,637)</b>

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

The appropriate information in financial year 2022 is as follows:

(thousand euros)	Consolidated income statement			Income and expenses allocated directly to equity		
	Amount in 2022			Amount in 2022		
Profit for the year			15,973			2,248
	<b>Increase</b>	<b>Decrease</b>	<b>Net Effect</b>	<b>Increase</b>	<b>Decrease</b>	<b>Net Effect</b>
Corporate Tax	6,239		6,239			
Permanent differences:						
- from consolidation adjustments	13,254	(947)	12,307		(2,248)	(2,248)
- from individual companies	3,161	(10,028)	(6,867)			
Temporary differences in consolidation adjustments	516	(230)	286			
Temporary differences in - from individual companies	3,944	(3,905)	39			
Offsetting negative tax bases from previous years			(5,999)			
Taxable Base (Tax profit)			<b>21,978</b>			





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The information corresponding to the financial year 2021 was as follows:

<i>(thousand euros)</i>	<b>Consolidated income statement</b>			<b>Income and expenses directly allocated to equity</b>		
	<b>Amount in 2021</b>			<b>Amount in 2021</b>		
	<b>Increase</b>	<b>Decrease</b>	<b>Net effect</b>	<b>Increase</b>	<b>Decrease</b>	<b>Net effect</b>
Profit for the year		10,712			1,529	
Corporate income tax Permanent differences:	3,567			3,567		
- from consolidation adjustments	12,242	(9,483)	2,759		(1,529)	(1,529)
- from individual companies	5,996	(4,871)	1,125			
Temporary differences of consolidation adjustments	717	(680)	37			
Temporary differences in - from individual companies	1,344	(4,967)	(3,623)			
Offsetting negative tax bases from previous years			<u>(157)</u>			
Taxable Base (Tax Result)			<b><u>14,420</u></b>			

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 2022 and in the financial year 2021, 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:



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(Thousand euros)	2022		2021	
	Assets	Liabilities	Assets	Liabilities
<b>Initial balance</b>	<b>10,899</b>	<b>(3,289)</b>	<b>11,792</b>	<b>(4,035)</b>
<b>Increases</b>				
• Due to negative taxable bases and deductions to be Offset	1,452		728	
• Subsidies allocated directly to equity (Note 15)		(9)		
• Adjustments in consolidation				
• Due to Goodwill		(160)		(29)
• Others	257	(1,159)	114	(73)
• Exchange differences	146		142	(102)
<b>Decreases</b>				
• Negative taxable bases and deductions	(1,232)		(809)	
• Subsidies transferred to the Income Statement (Note 15)		39		21
• Consolidation adjustments	(200)	97	(139)	151
• Others	(678)	430	(929)	778
• Exchange differences		9		
<b>Final Balance</b>	<b>10,644</b>	<b>(4,042)</b>	<b>10,899</b>	<b>(3,289)</b>

The negative tax bases applied in the financial year amounted to 5,684 thousand euros (157 thousand euros in the previous financial year).

The Spanish companies have deductions from investments, research and other expenses, which are still to be allocated amounting to 12,571 thousand euros (13,114 thousand euros in the previous financial year) and, negative taxable bases from previous outstanding financial years in the amount of 12,890 thousand euros (12,843 thousand euros in the previous financial year). Foreign companies have negative taxable bases in the amount of 24,567 thousand euros. (33,318 thousand euros in the previous financial year).

With regard to group companies domiciled in Bizkaia, the law applicable to the settlement of corporate tax for the financial year 2022, 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.

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

On 25 May 2022, the company Componentes de Automoción Marroquíes SARL, was notified of the opening of an investigation procedure for the years 2018, 2019, 2020, 2021 regarding the corporate tax, income tax, right to register and tax on social contribution. On 25 January 2023 a memorandum of understanding was signed with the Moroccan Regional Tax Directorate, finally closing the above mentioned activities, resulting in an additional tax expense for the company on corporate tax of 305 thousand euros (3,403 thousand Dirhams), a fine amounting to 54 thousand euros (605 thousand Dirhams) and financial interests amounting to 35 thousand euros (392 thousand Dirhams).



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On 22 September 2022 Teknia Stuttgart GmbH (formerly Forschner PTM GmbH) received from the Tuttlingen tax office notice of investigation procedures been opened regarding tax on salaries for the years 2018-2022, both included. At reporting date, the procedure was in the stage of submitting documentation and revision. Moreover, on 2 November 2022 Teknia Stuttgart GmbH received from the Rottenweil tax office notice of investigation procedures being opened regarding corporate tax, VAT and tax on economic activities for the years 2017, 2018, 2019 and 2020. At reporting date, the procedure was in the stage of submitting documentation and revision.

On 10 March 2023, the Group's controlling company and the representative of tax consolidation group (Note 14.5), received from the Regional (Foral) Inspection Directorate of Biscay a notice of information requirement, of tax nature, regarding the deduction of goodwill applied in corporate tax for the years 2018, 2020 and 2021. At reporting date, the procedure was in the stage of submitting documentation.

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 shareholder 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 shareholder Company) would act as a representative of the Tax Group.

The consolidated Tax Group in the financial year 2019 was also made up by Teknia Manufacturing Group, S.L. (A Sole shareholder Company), Teknia Elorrio, S.I. (A Sole shareholder Company), Teknia Bilbao XXI, S.I. (A Sole shareholder Company).

#### 14.6 Current tax assets and liabilities

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



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**CLASS 8****TEKNIA MANUFACTURING GROUP, S.L., (a Sole Shareholder Company) and subsidiary companies**

(Thousand euros)	Debtor		Creditor	
	2022	2021	2022	2021
Basque Country Tax Agency	28	37		
Spanish Tax Agency	1,104	853		
Foreign Tax Agencies	365	140	(910)	(1,202)
	<b>1,497</b>	<b>1,030</b>	<b>(910)</b>	<b>(1,202)</b>

**15. SUBSIDIES**

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

Subsidies, donations and legacies contained in the consolidated balance sheet, granted by third parties other than the partners:

	(thousand euros)	
	2022	2021
<b>Balance at the beginning of the financial year</b>	<b>209</b>	<b>314</b>
Increases	139	
Tax Effect (Note 14.3)	(9)	
Amounts allocated to income	(172)	(126)
Tax Effect (Note 14.3)	39	21
<b>Balance at year-end of the financial year</b>	<b>206</b>	<b>209</b>

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.

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:

(thousand euros)	2022	2021
Operating subsidies incorporated into the profit for the year	310	1,873
Allocation of subsidies for non-financial fixed assets	13	20
Allocation of subsidies of a financial nature	76	106
<b>TOTAL</b>	<b>399</b>	<b>1,999</b>

In operating subsidies in profit for the year 2021, 1,239 thousand euros received by Teknia Nashville LLC., corresponding to *Paycheck Protection Program Loan Forgiveness* in the United States to companies affected by COVID-19 and a gross reduction of 25% in income during one quarter or more in 2020 were included.



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**CLASS 8****TEKNIA MANUFACTURING GROUP, S.L., (a Sole shareholder Company) and subsidiary companies****16. PROVISIONS**

The composition of this chapter is as follows:

(Thousand euros)	2022		2021	
	Current	Long-term	Current	Long-term
Remuneration to staff members	(211)	(1,497)	(278)	(1,306)
Other provisions	(751)	(1,354)	(750)	(1,317)
<b>TOTAL</b>	<b>(962)</b>	<b>(2,851)</b>	<b>(1,028)</b>	<b>(2,623)</b>

Non-current provisions at 31 December 2022 includes 1,354 thousand of euros (1,317 thousand of euros in 2021) in the Brazilian company for tax litigation.

**16.1. Remuneration to staff members**

This chapter contains provisions made by the Polish and Mexican companies for pension commitments, 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 (Note 3.14).

The changes in the financial years 2022 and 2021 was as follows:

(thousand euros)	2022	2021
<b>Balance at the beginning of the financial year</b>	<b>(1,584)</b>	<b>(1,210)</b>
Funding allowances variation	(79)	(307)
Transfers		(45)
Exchange differences	(45)	(22)
<b>Final Balance</b>	<b>(1,708)</b>	<b>(1,584)</b>

**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:

	2022	2021
Domestic	16%	17%
Rest of European Union	43%	43%
Rest of the world	41%	40%



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The Group has 1 customer (1 in 2021) who has been individually billed a percentage greater than 10% of the net amount of the Group's turnover. This customer has been billed in 2022 and 2021 for the following percentages:

%	
2022	2021
25%	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:

	%	
	2022	2021
Domestic	35%	31%
Rest of European Union	45%	42%
Rest of the world	20%	27%

**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:

	Staff at 31 December 2022				Average staff with a disability
	Average staff 2022	Total	Men	Women	
Directors (external staff)	<b>2.00</b>	<b>2</b>	<b>2</b>		
Directors (internal staff)	2.00	2	2		
Senior Management	7.58	9	7	2	
Structure	298.06	283	146	137	1.00
Indirect workforce	932.90	956	802	154	9.20
Direct workforce	2,176.30	2,231	1,284	947	49.40
<b>Totals</b>	<b>3,416.84</b>	<b>3,481</b>	<b>2,241</b>	<b>1,240</b>	<b>59.60</b>

Two of the Directors of the Controlling Company in the financial year 2022 are, in turn, workers of the Group (one in the financial year 2021).

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



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

	Average Staff 2021	Staff at 31 December 2021			Average staff with disability
		Total	Men	Women	
Directors (external staff)	1.50	2	2		
Directors (internal staff)					
	2.00	2	2		
Senior Management	6.00	6	5	1	
Structure	265.20	275	146	129	2.00
Indirect workforce	968.37	960	794	166	7.00
Direct workforce	1,925.54	1,994	1,198	796	40.00
<b>Totals</b>	<b>3,167.11</b>	<b>3,237</b>	<b>2,145</b>	<b>1,092</b>	<b>49.00</b>

**18. TRANSACTIONS AND BALANCES WITH RELATED PARTIES****18.1 Balances and transactions with the sole shareholder**

In addition to the transactions with the related companies indicated in Note 10, the Group has maintained the following operations with the Sole Shareholder of Teknia Manufacturing Group, S.L. (A Sole shareholder Company) in thousands:

(Thousand euros)	Dividends		Purchases Fixed Assets	
	2022	2021	2022	2021
Siuled S.L.	6,000	4,000	60	

As of the 31st of December 2022, as at the year-end date of the financial year 2021, the Group does not maintain balances with this company.

**18.2 Remuneration of the directors and key staff**

The remuneration paid in 2022 to all the Directors of the Controlling Company amounted to 411 thousand euros (344 thousand euros in the financial year 2021), of which 234 thousand euros were paid as wages (210 thousand euros in 2021) and 177 thousand euros as services (133 thousand euros in 2021).

The Sole Shareholder of the Controlling Company, Siuled, S.L., which in turn is a director, has balances and transactions that are indicated in the appropriate notes of this consolidated report.

The remuneration met in the financial year 2022 for the staff considered key by the group amounted to 1,342 thousand euros (1,050 thousand euros in the financial year 2021).

In addition, the Controlling Company has a liability insurance policy for directors and executives, whose premium amounts to 5 thousand euros (taxes included) (5 thousand euros in the previous financial year).



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

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#### 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 generates its own treasury and manages its collection and payment schedules, and puts its own cash budgets together, the Controlling Company has centralized the financial management of the Group's subsidiaries, obtaining financing, through bank loans and issuance of bonds and promissory notes, that is subsequently transferred to the subsidiaries and maintaining a checking 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 collateral

As of the 31st of December 2022, the Controlling Company has partially endorsed loan from the Official Credit Institute (ICO) with a balance of 12,126 thousand euros (13,800 thousand of euros in 2021). Additionally, in 2021 the Controlling Company had been granted credit lines endorsed by the ICO limited to 9,000 thousand euros, which, at the closing of 2021, had been withdrawn in the amount 3,397 euros (Note 11.1.2). Throughout 2022, these credit lines have been renewed with the different financial entities without endorsement from ICO not endorsed by a short-term line from the Controlling Company at 31 December 2022 (Note 19.1).

In 2022, in addition to the generic collateral indicated in note 11.1.2 concerning the multicompany and multiproduct policy and the factory without recourse policies in Note 11.1.1, the Controlling Company has issued three generic Comfort Letter to customers Teknia Pedrola, S.L. (Sole Shareholder company), Teknia Azuqueca, S.L. (Sole Shareholder company) and Teknia Bilbao XXI, S.L. (Sociedad Unipersonal) and other Comfort Letter to Teknia Rzeszow Sp.'s Zoo, de Componentes de Automoción Marroquíes, SARL. y de Teknia Gebze Makine Sanayi VE Ticaret A.S. financial entities. (In 2021, four generic Comfort Letter to clients of Teknia Pedrola, S.L. (Sole Shareholder company), Teknia Azuqueca, S.L. (Sole Shareholder company), Teknia Kalisz Sp, Zoo and Teknia Brasil Ltda, and tow Comfort Letter to financial entities of Teknia Rzeszow Sp. Zoo and de Componentes de Automoción Marroquíes, S.A.R.L.).

Moreover, in 2022, the Controlling Company endorses as joint and several guarantor the payment of rent under lease agreements entered into by the subsidiary companies Teknia Azuqueca, S.L. (Sole Shareholder company) and Teknia Bilbao XXI, S.L. (Sole Shareholder company) with a third party and is joint and several guarantor of loans whose holders are subsidiary companies whose balance at year end 2022 amounted to 7,325 thousand euros (6,158 thousand euros at year end 2021).

The company Teknia Rzeszów Sp. z o.o., has contracts in place with financial institutions to guarantee the payment of loans, credits, discount lines and other financing obtained in the amount of 3,388 thousand PLN (same amount in 2021), as well as Blank Bill to financial institutions, guaranteeing their leases for a total of 274 thousand euros (539 thousand euros in 2021).

The company Teknia Kalisz, Sp. z o.o has entered into agreements with financial entities as guarantee for discount lines in force amounting to 6,000 thousand zloty, which, at year end 2022, had not been withdrawn (5,300 thousand zloty in 2021 withdrawn in the amount of 965 thousand PLN at 31 December) (Note 11.1.2).





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

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The Czech company Teknia Uhersky Brod, a.s., has a mortgage guarantee amounting to 1,525 thousand euros (2,022 thousand euros in 2021). It has also signed a "Blank Bill" for these loans and an additional one amounting to 574 thousand euros (629 thousand euros in 2021).

The company Teknia Brasil Ltda. Endorses with machinery and facilities a loan amounting to 639 thousand Brazilian reais (956 thousand Brazilian reais in the previous year), endorsed by the Controlling Company. Additionally, in 2021 two bank loans of this company with outstanding balance at 31 December of 36 thousand Brazilian reais fully amortised in 2022 were endorsed by the Controlling Company.

The company Teknia Oradea, S.R.L. has a mortgage loan of 200 thousand euros (283 thousand euros in 2021), with the cost of the mortgage good being 1,220 thousand euros (same amount in 2021) endorsed by its parent company Teknia Ampuero, S.L. (Sole Shareholder company. Furthermore, there are non-mortgage loans amounting to 39 thousand euros at year end 2022 (55 thousand euros in 2021), also endorsed by its controlling company Teknia Ampuero, S.L. (Sole Shareholder company.

## 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 shares, 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 auditors of the Controlling Company for the audit of the Group and its companies' consolidated yearly financial statements amounted to 127 thousand euros (126 thousand euros in the previous financial year) and for performing other tasks, 18 thousand euros (17 thousand euros in the previous financial year).

In addition, the fees for the audits of foreign and Spanish companies carried out by other auditors of the Moore Global Network, amounted to 58 thousand euros (46 thousand euros in 2021 by auditors of the Moore Global Network) and 5 thousand euros for other tasks performed for the group (3 thousand euros in 2021).

Other auditors have received the amount of euros 136 thousand for auditing works (euros 83 thousand in 2021) and no other works have been carried out in 2022 or 2021.

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

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 shares and hold positions in the affiliated companies.



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

#### 20.4 Donation and contributions to non-profit associations

The Board of Directors, the Sole Shareholder and, ultimately, the Founder are interested in driving and increasing the philanthropic activities of the different Teknia Group companies.

In 2022 Group companies have made contributions to non-profit organisations amounting to euros 445 thousand (euros 342 thousand in 2021).

#### 20.5 Foreign currency

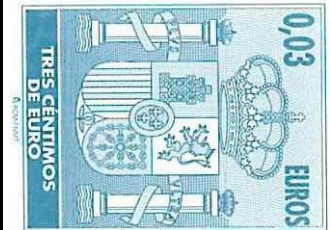
The overall amount of the most significant assets and liabilities elements denominated in foreign currency is as follows:

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

<i>(thousands of euros)</i>																			
ASSETS	Brazilian Real		PLN		Dirham		Czech Crown		Mexican Peso		USD		Serbian Dinar		Turkish Lira		Romanian LEU		
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	
Property, plant and equipment	5,392	5,430	9,103	9,708	3,513	4,267	11,889	12,469	9,218	8,597	7,620	10,528	4,872	4,940	205	274	2,297	2,201	
Stock	2,714	1,921	8,680	5,640	1,112		4,224	1,030	14,799	1,902	2,373	1,551	1,753	446	773	605	1,095	244	
Trade and other accounts receivables	5,192	4,626	9,868	525			4,120	61	8,867	320	6,081	8,101	1,538	149	1,465	516	762	208	
Cash and other cash equivalents	260	569	4,321	262			548	17	2,639	32	1,486	778	18	52	37	179	737	72	



<i>(thousand euros)</i>																			
LIABILITIES	Brazilian Real		PLN		Dirham		Czech Crown		Mexican Peso		USD		Serbian Dinar		Turkish Lira		Romanian LEU		
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	
Long-term debt to credit institutions	(57)	(213)		-	(382)		(1,027)		(3,671)		(632)	(2,860)					(275)		
Current debt with credit institutions	(56)		(534)		-		(1,070)		(1,446)		(2,395)	(2,513)			(24)		(177)		
Trade creditors and other accounts payable	(4,110)	(4,092)	(8,068)	(4,305)	(2,041)	(357)	(4,874)	(566)	(8,757)	(1,754)	(4,763)	(3,293)	(1,036)	(216)	(1,792)	(1,250)	(1,181)	(638)	



<i>(Thousand euros)</i>																			
PROFITS AND LOSSES	Brazilian Real		PLN		Dirham		Czech Crown		Mexican Peso		USD		Serbian Dinar		Turkish Lira		Romanian LEU		
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	
Supplies	(12,058)	(9,736)	(28,577)	(13,061)	(5,495)	(613)	(13,522)	(8)	(23,231)	(1,763)	(16,894)	(26,691)	(4,401)	(613)	(4,430)	(2,457)	(1,984)	(860)	
Turnover net amount	18,983	15,759	58,132	4,185	8,610		22,075	145	44,807	1,949	31,445	59,490	6,636	3,095	6,202	3,889	4,875		



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

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**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 CO<sub>2</sub>).

The expenditure incurred by the Spanish companies for the protection and improvement of the environment directly allocated to the consolidated income statement for the financial year 2022 amounts to 337 thousand euros (289 thousand euros in the financial year 2021) and they refer basically to the costs of waste treatment.

**21.2. Information on greenhouse gas emissions rights**

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.



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

**22. INFORMATION ON AVERAGE PAYMENT PERIOD TO SUPPLIERS. THIRD ADDITIONAL PROVISION. "REPORTING REQUIREMENT" IN LAW 15/2010, OF 5 JULY.**

The information on the average supplier payment period for the financial years 2022 and 2021 is as follows:

	Payments made and pending at the closing of the balance sheet	
	2022	2021
	Days	
Average payment period to suppliers.	59.36	68.35
Rate of paid transactions	63.05	68.20
Rate of outstanding transactions	45.38	63.78
	Amount (thousand euros)	
Total payments made	132,287	148,993
Total outstanding payments	30,274	20,162
Volume paid <= 60 days	50,489	.
No. of invoices paid <= 60 days	13,836	.
% cash volume	38%	.
% no, invoices paid	48%	.

**23. SUBSEQUENT FACTS**

In March 2023 the acquisition of a financial stakeholding, representing 100% of the shares, in a Swedish company, which became Teknia Vimmerby AB, was completed.

There are no further noteworthy developments that could significantly affect the attached consolidated yearly financial statements.

**24. SEGMENTED INFORMATION**

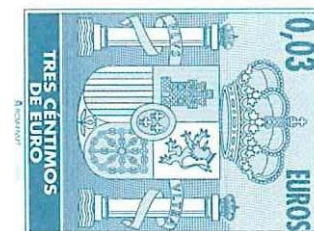
**24.1. Assignment and allocation criteria used to determine and offer the information for each of the segments**

As indicated above (Note 3.16), in the financial years 2022 and 2021 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, 31 March 2023

**TEKNIA MANUFACTURING GROUP (SOLE SHAREHOLDER COMPANY) AND SUBSIDIARY COMPANIES**  
**ANEXO 1**  
**(Thousand euros)**

	<b>Teknia Elorrio, S.L.U</b>		<b>Teknia Bilbao XXI, S.L.U.</b>		<b>Teknia Martos, S.L.U.</b>		<b>Teknia Brasil, Ltda.</b>		<b>Teknia Manresa, S.L.U.</b>
Registered Office	Barrio San Agustín nº11 Elorrio- (Bizkaia)		Abanto and Ciervana (Bizkaia)		Martos (Jaén)		Jacarei (São Paulo) BRAZIL		Merged in 2022 with Teknia Pedrola, S.L.U.
Activity	Manufacture of tube assemblies		Bar cutting		Plastic injection		Manufacturing of tube assemblies, stamping and plastic injection		
	2022	2021	2022	2021	2022	2021	2022	2021	2021
Percentage of shareholding									
- Direct	100%	100%	100%	100%	100%	100%	100%	100%	100%
- Indirect	-	-	-	-	-	-	-	-	-
Holder of the indirect participation	-	-	-	-	-	-	-	-	-
Dividends agreed in the year	409	-	-	-	116	-	-	-	-
<b>Equity:</b>									
- Capital	60	60	174	174	139	139	24,476	21,871	1,200
- Share premium, reserves and profit from previous financial years.	5,088	5,088	1,600	1,693	4,886	4,886	(24,276)	(19,604)	107
- Other items of treasury stock	30	-	18	15	42	56	-	-	-
- Profit for the year	(520)	409	(495)	(94)	89	116	(231)	(2,089)	59
- Operating profit	(651)	581	(567)	(4)	80	106	(871)	(1,849)	83
- Profit from interrupted operations	-	-	-	-	-	-	-	-	-
Shareholding accounted value	9,443	9,443	5,309	5,613	6,841	6,841	-	179	1,365
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 MSL Lima Lucchesi	Moore MSL Lima Lucchesi	Moore AMS Auditores, S.L.



**TEKNIA MANUFACTURING GROUP (SOLE SHAREHOLDER COMPANY) AND SUBSIDIARY COMPANIES**  
**APPENDIX I**  
**(Thousand 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	Cl Comte de Montemolin 39, Poi. Ind. Leixample (Parets del Valles)		Poi. Ind. El Pradillo Pedrola - Zaragoza		Nowogrodza, 12 (Warsaw) POLAND		Przemyslowa, 3-5, (Popówek) POLAND		Przemyslowa, 4 (Rzeszow) POLAND	
Activity	Bar cutting		Manufacture of tube assemblies		Holding		Stamping and tube		Plastic injection	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
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 agreed in the year	1,897	-	-	-	2,295	-	-	-	-	-
<b>Equity:</b>										
- Capital	240	240	500	500	2,115	2,154	288	294	125	127
- Share premium, reserves and profit from previous financial years.	3,258	3,250	1,408	228	5,556	5,657	6,395	5,702	9,939	10,120
- Other items of treasury stock	41	20	30	45	-	-	-	-	-	-
- Profits/Losses of the financial year	2,054	1,897	(1,102)	(185)	1,893	2,383	1,281	809	2,197	1,851
- Operating profit	2,634	2,505	(1,069)	(471)	(19)	(18)	1,826	1,314	2,670	2,384
- Profit from interrupted operations	-	-	-	-	-	-	-	-	-	-
Shareholding accounted value	11,289	11,289	835	26	2,395	2,395	-	-	-	-
Auditor of the Company	Moore Addveris Auditores Y Consultores S.LP.	Moore Addveris Auditores Y Consultores S.LP.	Moore AMS Auditores, S.I.	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.

TEKNIA MANUFACTURING GROUP (SOLE SHAREHOLDER COMPANY) AND SUBSIDIARY COMPANIES  
APPENDIX I  
(Thousand euros)

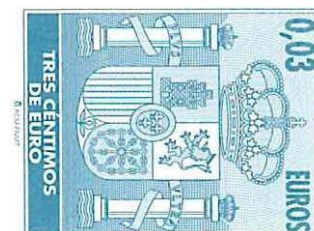
	Teknia Azuqueca, S.L.U.		Teknia Uhersky Brod a.s.		Teknia San Luis Potosi, S.A. de C.V.		Teknia Germany GmbH		Componentes de Automoción Marroquíes SARL	
Registered Office	Poi. Ind. Miralcampo de Arriba - Azuqueca de Henares (Guadalajara)		Rybářská 2330 (Uhersky Brod), CZECH REP,		Parque Industrial San Luis Potosí MEXICO		(Stuttgart) GERMANY		TFZ D'Exportation Ilot 30- Lot n02 Mod.1 (Tanger) MOROCCO	
Activity	Plastic injection		Plastic injection		Plastic injection		Management of trading activities		Plastic injection	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Percentage of shareholding										
• Direct	100%	100%	100%	100%	100.0%	100%	100%	100%	99.99%	99.99%
• Indirect	-	-	-	-	-	-	-	-	-	-
Holder of the indirect participation	-	-	-	-	-	-	-	-	-	-
Dividends agreed in the year	-	-	-	491	-	-	-	-	-	-
<b>Equity:</b>										
- Share Capital	3,500	3,500	5,050	4,899	6,364	5,735	25	25	3,073	3,261
- Share premium, reserves and profit from previous financial years.	(979)	(296)	7,803	7,152	(1,052)	(1,946)	819	796	(155)	(723)
- Other items of treasury stock	46	83	-	-	-	-	-	-	-	-
- Profit for the year	(174)	(717)	(690)	418	1,847	999	20	24	114	559
- Operating profit	(118)	(709)	(879)	440	1,997	1,200	24	31	577	879
- Profit from interrupted operations	-	-	-	-	-	-	-	-	-	-
Shareholding accounted value	-	-	3,636	3,636	6,709	4,787	620	620	3,031	3,096
Auditor of the Company	MooreAMS Auditores, S.L.	Moore AMS Auditores, S.L.	Kratkyaudit, S.R.O.	BDO Czech Republic s.r.o.	Moore Orozco Medina, 5.C.	Moore Orozco Medina, 5.C.	Not audited	Not audited	Moore Stephens Bernossi, SARL	Moore Stephens Bernossi, SARL





TEKNIA MANUFACTURING GROUP, S.L. (SDAD. PROPRIETORSHIP COMPANY) AND SUBSIDIARY COMPANIES  
APPENDIX I  
(Thousand euros)

	Teknia Manresa, S.L.U.		Teknia USA Inc.		Teknia Mexico City, S.A. de C.V.		Teknia KG doo, Kragujevac	
Registered Office	Pg Ind. Bufalvent, C/ Doctor Esteve Terrades 3 (Manresa)		601 Abbot Road, East Lansing, Michigan 48823 USA		Calle Avena n 218, Colonia Granjas Mexico. Distrito Federal MEXICO		Kragujevac, 56 Dragoslav Srejavic street. SERBIA	
Activity	Metal parts stamping		Management of trading activities		Sale-purchase, distribution and manufacturing of dies or turning, among others.		The production of other parts and additional equipment for vehicles	
	2022	2021	2022	2021	2022	2021	2022	2021
Percentage of shareholding								
- Direct	100%	100%	100%	100%	100%	100%	100%	100%
- Indirect	-	-	-	-	-	-	-	-
Holder of the indirect participation	-	-	-	-	-	-	-	-
Dividends agreed in the year	1,316	-	-	-	391	-	-	-
<b>Equity:</b>								
- Capital	60	60	12,296	11,580	801	721	1,827	1,823
- Share premium, reserves and Profit from previous years.	6,235	6,235	861	714	1,259	1,135	616	312
- Other items of treasury stock	-	-	-	-	-	-	-	-
- Profit for the year	1,107	1,316	4,798	96	237	327	266	303
- Operating profit	1,403	1,609	6,628	97	364	453	347	395
- Profit from interrupted operations	-	-	-	-	-	-	-	-
Shareholding accounted value	3,825	3,825	11,614	11,614	2,584	2,567	1,680	1,680
Auditor of the Company	MooreAMS Auditores, S.L.	MooreAMS Auditores, S.I.	Brown & Magulre CPAs, PLLC es Auditor of Teknia USA Inc and its subsidiary company consolidated financial statements	Brown & Maguire CPAs, PLLC is the Auditor of Teknia USA Inc and its subsidiary company consolidated financial statements	Moore Orozco Medina, S.C.	Moore Orozco Medina, S.C.	Moore Stephens Revizija i Racunovodstvo d.o.o.	Moore Stephens Revizija i Racunovodstvo d.o.o.

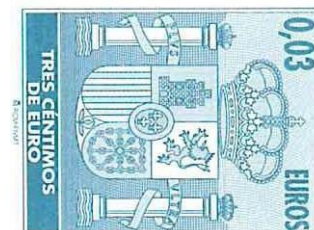


## TEKNIA MANUFACTURING GROUP, S.L. (SDAD. PROPRIETORSHIP COMPANY) AND SUBSIDIARY COMPANIES

ANEXO 1

(Thousands of euros)

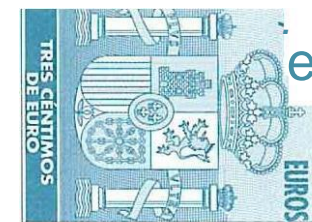
	Teknia Nashville, LLC		Teknia Gebze Makine Sanayi VE Ticaret A.S.		Teknia Entidad de Gestión S.L.U.		Teknia Japan GK	
Registered Office	94 Belinda Parkway, Mt Juliet, 37122 Tennessee, ESTADOS UNIDOS.		Dilovasi/Kocaeli, TURQUÍA		Pol. Ind. Miralcampo - Azuqueca de Henares (Guadalajara)		1-1+-7 Sakuragi-cho Naka-ku, Yokohama-shi, Kanagawa, JAPAN	
Activity	Metal parts stamping		Manufacturing and marketing of industrial and automotive machinery parts		Provision of management services and technical, economic and financial advice		Management of trading activities	
	2022	2021	2022	2021	2022	2021	2022	2021
Percentage of shareholding								
- Direct	-	-	100%	100%	100%	100%	100%	100%
- Indirect	100%	100%	-	-	-	-	-	-
Holder of the indirect participation	Teknia USA Inc.		-	-	-	-	-	-
Dividends agreed in the year	-	-	-	-	-	-	-	-
<b>Equity:</b>								
- Share capital	9,249	8,710	39	51	153	153	21	23
- Share premium, reserves and results from previous financial years.	(578)	(1,800)	(430)	(44)	795	722	47	44
- Other items of treasury stock	-	-	62	-	-	-	-	-
- Profits/Losses of the financial year	(344)	1,255	(485)	(584)	101	74	6	6
- Operating profit	(904)	1,339	12	160	156	101	11	11
- Profit from interrupted operations	-	-	-	-	-	-	-	-
Shareholding accounted value	-	-	417	1,120	468	468	36	36
Auditor of the Company	Brown & Maguire CPAs, PLLC	Brown & Maguire CPAs, PLLC	Consulta Bagimsi Denetim ve YMM A.S.	Consulta Bagimsi Denetim ve YMM A.S.	MooreAMS Auditores, S.L.	MooreAMS Auditores, S.L.	Not audited	Not audited



## TEKNIA MANUFACTURING GROUP (SOLE SHAREHOLDER COMPANY) AND SUBSIDIARY COMPANIES

 ANNEX 1  
 (thousand euros)

	Teknia Ampuero, S.L.U.		TEKNIA TEPEJI, S.A. DEC.V.		Teknia Oradea, S.R.L.		Teknia Santander, S.L.U.		Teknia Stuttgart GmbH
Registered address	Polígono Industrial barrio Marrón, N2 1, Ampuero - Cantabria		Tapejé del Río (Hidalgo) - MEXICO		Oradea - Bihor ROMANIA		Ampuero (Cantabria)		(Stuttgart) GERMANY
Activity	Manufacture and sale of metal parts		Manufacture and sale of metal parts		Manufacture and sale of metal parts		Manufacture and sale of metal parts of any kind		Manufacture and sale of metal parts of any kind
	2022	2021	2022	2021	2022	2021	2022	2021	2022
Percentage of shareholding									
- Direct	100%	100%	-	-	-	-	100%	100%	100%
- Indirect	-	-	100%	100%	100%	100%	-	-	-
Holder of the indirect participation	-	-	Teknia Ampuero, S.L.U.		Teknia Ampuero, S.L.U.		-	-	-
Dividends agreed in the year	2,570	2,834	-	-	-	-	-	-	-
<b>Equity:</b>									
- Share Capital	2,889	2,889	4,209	3,793	1,089	1,089	920	920	256
- Share premium, reserves and results from previous financial years.	6,834	6,834	3,662	1,589	1,273	565	2,733	2,837	(3,387)
- Other items of treasury stock	-	4	-	-	-	-	115	144	-
- Results for the year	2,543	2,570	2,385	1,452	418	708	(179)	(105)	365
- Operating profit	3,143	3,214	3,983	2,240	506	828	(352)	(275)	506
- Profit from interrupted operations	-	-	-	-	-	-	-	-	-
Shareholder value	14,308	14,308	-	-	-	-	3,561	3,561	-
Auditor of the Company	MooreAMS Auditores, S.L.	MooreAMS Auditores, S.L.	Moore Orozco Medina, S.C.	Moore Orozco Medina, S.C.	S.C. Repoexpert S.R.L.	S.C. Repoexpert, S.R.L.	Despacho de auditores, S.L.P.	Despacho de auditores, S.L.P.	LFK Wirtschaftsprüfungsgesellschaft mbH





**CLASS 8**



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

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**CONSOLIDATED MANAGEMENT REPORT 2022**

**I. STATUS OF TEKNIA GROUP AND FORESEEABLE EVOLUTION**

2022 was impacted by the War in Ukraine started in the first quarter of the year, leading to the escalation of costs of different kinds (energy, raw materials, labour costs). This resulted in the world's economy slowing down in a time when we had started recovering from the impact of the COVID-19 pandemic and the problems linked to supplies in 2021.

One of the industries affected the most has been the automotive industry, which had been facing the consequences of the lack of semiconductors and disruptions in the supply chain. In this regard, the breakage in 2022 of the interconnected supply chains led to a domino effect in the industry, causing production to halt the European factories of several manufacturers.

Therefore, at European level, the automotive market has had a challenging 2022. Economic uncertainty and uncertainty resulting from technologically moving to electrification have had a direct impact on the market, particularly in terms of registrations. In fact, 2022 closed with a drop of several percentage points losing approximately a million units sold.

On the other hand, the industry is slowly moving towards the implementation of the electrical vehicle and the subsequent decrease in the volume of internal combustion vehicles. As a result, there are doubts as to which production means must be kept to face this change in demand, within a context of uncertainty where production volumes have become highly unstable to increasing their volatility and our customers (OEMs) have to face a relevant technological change to stay up to date with new regulations and needs.

**Turnover Evolution**

The Group's turnover has been 384,568 thousand euros, up by 18.78% than in 2021, confirming the recovery of the upward growth trend before the pandemic, when registered income was 378 million euros.

The Group's sales growth practically doubles those of the markets where it operates, where manufacturing volumes rose 11% in the same period, according to the data from S&P Global Mobility.

Therefore, the Group's distribution of income by markets has been: EMEA markets resulted in 75% over the total (77% in 2021), NAFTA, 20% (18% in 2021) and finally Brazil, 5% (5% in 2021).

In sales by technology, there is a slight increase in the weight of machining plants compared to the previous year. Therefore, the distribution by technology is as follows: plastic injection represents 33% (34% in 2021), metal (stamping and tube formation), 35% (36% in 2021), machining plants 18% (16% in 2021) and aluminium injection 14% (14% in 2021).



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The turnovers and their evolution in recent years are:

	2022		2022		2021		2021		2020	
	Euros		Vs		Euros		Vs		Euros	
	'000	%	2021	%	'000	%	2020	%	'000	%
Net turnover										
Business	<b>384,568</b>	100%	18.78%		<b>323,753</b>	100%	13.79%		<b>284,516</b>	100%
Operating margin	<b>23,234</b>	6.04%	40.88%		<b>16,493</b>	5.09%	75.51%		<b>9,397</b>	3.30%
EBITDA <sup>1</sup>	<b>40,549</b>	10.54%	23.46%		<b>32,845</b>	10.15%	24.32%		<b>26,419</b>	9.29%

The Group's retail activity continues focusing on driving business of product categories not affected by the market transition towards electrification, without letting opportunities that may still arise in internal combustion vehicles go by.

In this chapter, Teknia has excelled in 2022 in gains of 71 million euros in the year, up by 20% compared to the previous year. This increase is the result of a combination of factors among which are the recovery of historical customers and the recovery of the volume lost in the post-pandemic stage.

	€'000	2022	2021	2020
Gains <sup>2</sup>		71,315	59,428	63,683

Mexican plants have driven this success. Their joint level of gains has grown 90% in the "Safety" category, which has experienced a growth of 80%, and a recovery of plastic injection technology (which has gone back to levels similar to those in 2020), thus experiencing a growth beyond 60% compared to 2021.

Mention should be made to a recently created category of great strategic relevance, "New Mobility", which has grown 80% compared to 2021. In 2023 it is expected that it will practically triple gains compared to 2022 reaching 18 million euros. This is aligned with our strategy and our commitment to the environment.

**EBITDA and DEBT levels**

EBITDA has also risen to a record 40,5 million euros in 2022, up by 23% compared to 2021, whereas operating margin was 23,2 million euros, up by 41%. This has been attained despite the rise in energy and raw materials prices, whose increases the Group has managed to transfer in somewhat more than a half throughout the year.

Thus, profitability continued growing to reach 10,5%, so Teknia improves the levels before the pandemic. This performance has been reached due to the Group placing the focus on following an efficient management policy and containing costs despite the circumstances described above.

<sup>1</sup> EBITDA calculated as the operating result deducted in the funding allowances to amortization, the allocation of subsidies for non-financial fixed assets, excess provisions.

<sup>2</sup> The Gains refer to parts manufacturing projects in terms of expected annual sales.



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Regarding debt levels, the Groups continues its contention goal and reaches a Net Debt-to-EBITDA ratio of 1.80x, compared to 2.34x in 2021. Thus, debt levels stay at around 100 million euros. Cash has increased significantly rising from 19 million euros in 2021 to 32 million euros in 2022, up by 68%.

<i>(thousand euros)</i>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Debt costs	(2,146)	(2,088)	(2,505)	(3,041)	(3,402)
Debt	(104,700)	(95,567)	(106,890)	(98,506)	(109,304)
Debt/ Cost	2.05%	2.2%	2.3%	3.1%	3.1%

In addition to the cash registered in the balance sheet at reporting date, the Group has at 31 December a “liquidity reserve”, understood as all the cash positions plus undrawn credit lines, discounting invoices, factoring and similar products currently subscribed, of 39 million euros (34 million euros at 31 December 2021).

Aware of the trends and evolution of the automotive market at global level, as well as the improvement potential Teknia Group still has, the Corporate Management is immersed in preparing a strategic plan based on focusing all efforts and actions in continue growing sustainably increasing competitiveness, productivity, quality and profitability.

In this regard, in 2022, Teknia has continued its inorganic growth strategy and has acquired a plant in Germany, specialised in manufacturing metal suspension parts for mobility. It is the first production plant in country and reinforces the Group’s strategy to drive high added value specialised technologies.

The Group expects to grow inorganically throughout 2023, focusing its efforts in entities of a certain size and proven profitability, and in companies technologically competitive contributing differential value. The Group is also open to larger transactions.

³ The item Debt Cost comprises all financial expenditure and both short- and long-term debt interests

**CLASS 8****TEKNIA MANUFACTURING GROUP, S.L., (a Sole Shareholder Company) and subsidiary companies**Translation Differences (Financial)

The chart below shows the annual variation of the most significant currencies in which Teknia Group operates in recent years<sup>4</sup>.

	% change 2022 vs 2021		% change 2021 vs 2020		% change 2020 vs 2019	
	2022	2021	2021	2020	2020	2019
Brazilian Real	5.6386	(10.64%)	6.3101	(0.99%)	6.373	41.12%
Polish Zloty	4.6808	1.83%	4.5969	0.82%	4.559	7.09%
Czech Crown	24.1160	(2.98%)	24.8580	(5.27%)	26.242	3.28%
American Dollar	1.0666	(5.83%)	1.1326	(7.70%)	1.227	9.26%
Moroccan Dirham	11.1592	6.11%	10.5165	(3.83%)	10.935	1.75%
Mexican Peso	20.8560	(9.89%)	23.1438	(5.21%)	24.416	15.06%
Serbian Dinar	117.3224	(0.22%)	117.5821	0%	117.580	-0.01%
Turkish Lira	19.9649	31.06%	15.2335	67.16%	9.113	36.34%
Romanian LEU	4.9495	0.01%	4.949	1.66%	4.868	1.78%
Japanese Yen	140.66	7.88%	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 Currency 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 goal is diversifying funding sources. This diversification plan closes the year 2022 with a composition of the Group's debt distributed to 24% in alternative financing and 76% in bank financing (29% and 71% respectively in 2021). The drop in the weight of alternative financing in Teknia's pool in 2022 is directly linked to the drop in the outstanding balance in the MARF promissory notes programme (-8% compared to the end of 2021).

Thus, the inflation effect led, from the second quarter of 2022, banks to start a cash restriction policy rising interest rates aggressively, introducing volatility in financial markets and driving credit risk, resulting in some liquidity contraction expecting the start of a possible recession. This contraction is especially noticeable in short term markets and, at level, this impact is evidence by the behaviour of the Fixed Income Alternative Market (MARF), in which promissory notes are traded. They were partially amortised during the last quarter of the year.

In the chart, variation (-) means appreciation and variation (+) depreciation



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**CLASS 8****TEKNIA MANUFACTURING GROUP, S.L., (a Sole Shareholder Company) and subsidiary companies****RATIOS**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>DEBT AND LIQUIDITY</b>					
CURRENT ASSETS / CURRENT LIABILITIES	1.32	1.23	1.14	1.19	1.24
CURRENT LIABILITIES + NON-CURRENT / EQUITY	2.16	2.04	2.6S	2.30	2.57
NET F. DEBT / EQUITY	0.79	0.96	0.91	1.13	1.29
NET F. DEBT / EBITDA	1.80x	2.38x	2.48x	2.76x	2.87x
<b>PROFITABILITY</b>					
SALES RETURN (ROS)	4.15%	3.31%	0.67%	1.62%	1.71%
ECONOMIC RETURN (ROA)	7.99%	6.80%	3.59%	5.26%	5.99%
FINANCIAL RETURN (ROE)	17.37%	13.41%	2.65%	7.80%	8.50%
RETURN ON INVESTMENT (ROCE)	14.84%	12.08%	7.27%	9.50%	10.60%

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

Following this strategy to diversify financing sources and continuing showing the market's transparency to investors, in March 2023 the MARK promissory notes programme was renewed by 30 million euros.

In addition, in that same month, the Controlling Company Teknia Manufacturing Group, S.L. (Sole Shareholder company) completed the acquisition of 100% of the shares in a Swedish company, which became Teknia Vimmerby AB.

Since the year end until now there have been no additional events other than those already discussed which, due to their importance, may have a special impact on the financial statements and the global situation of the Group not mentioned in the consolidated yearly financial statements report.

**4. RESEARCH AND DEVELOPMENT ACTIVITIES**

The Group carries out process innovation activities and has two product design and development programmes, in Teknia Azuqueca, S.L.U. and Teknia Rzeszów, SP z.o.o. Teknia also has customised machinery manufacturing centres in Teknia Elorrio, S.L.U. and mould manufacturing centres in Teknia Ampuero, S.L.U.

Furthermore, Teknia assesses the possibility of strengthening its innovation activity, which aims to drive in the medium-term.





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## CLASS 8



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

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#### **TREASURY STOCK**

During the financial year 2022, 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 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. 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 present, given the current economic circumstances, each customer has been assessed on an individual bases in order to minimise the impact of this kind 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. Furthermore, 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 significantly exposed to this risk, since almost half of its outstanding balance at 31 December in significant non-current financial liabilities are at fixed rate.

Regarding exchange rate risk, the Group does not consider the need to have hedges in this regard, since historically it has been proved that the automotive industry is a long-term business where oscillations in exchange rates will have both a positive and negative impact, but over time it will be practically neutral.

The Group's activity is focused on the automotive industry, so the risk of market drop is the same as that of the industry 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.

**CLASS 8**

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

## Insurance Policies

## i. Property damage

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 Group'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 Group 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 59.36 (68.35 in 2021). 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.



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**CLASS 8**



These consolidated yearly financial statements (consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows and consolidated report) and the 2022 consolidated management report of Teknia Manufacturing Group, S.L. (a Sole Shareholder Company) and its Subsidiary Companies are found on the front of the folios of stamped paper, with numbers 009449501 to 009449568, both inclusive.

The Board of Directors signs this page number 009449569, in recognition of the formulation of the Consolidated Yearly Financial Statements and the Consolidated Management Report of Teknia Manufacturing Group, S.L. (A Sole shareholder Company) and its Subsidiary Companies:

Executive Director-Chairman: JAVIER LÁZPITA SARRIUGARTE	[Signature]
Executive Director: JAVIER QUESADA DE LUIS	[Signature]
Executive Director: IÑIGO MIGUEL MARCO-GARDOQUI ALCALÁ-GALIANO	[Signature]
Executive Director: JOSÉ ANTONIO JAINAGA GÓMEZ	[Signature]