€390 million 3.500% Senior Secured Notes due 2028

€250 million 10.375% Senior Secured Notes due 2030

Issued by Grupo Antolin Irausa, S.A.U.

Financial Results for the period ended March 31, 2025

Contents

Conventions

Unless otherwise specified or the context requires otherwise in this quarterly report:

- references to **"2028 Notes"** are to the €390.0 million 3.500% Senior Secured Notes due 2028, which were issued pursuant to an indenture dated June 29, 2021;
- references to **"2030 Notes"** are to the €250.0 million 10.375% Senior Secured Notes due 2030, which were issued pursuant to an indenture dated July 17, 2024;
- references to **"Allocation"** are to the change in the system by which the Group allocates overheads of the corporate unit, so that such overhead and structural costs and other structural costs are no longer allocated to the business segments and are instead allocated within "other". See "Operating and Financial Review and Prospects—Segment Reporting";
- references to "**Asia**" are to Australia, China, India, Indonesia, Japan, Malaysia, Philippines, South Korea, Taiwan, Vietnam and Thailand, collectively;
- references to "**Company**" are to Grupo Antolin-Irausa, S.A.U., a limited liability company incorporated and existing under the laws of Spain and the issuer of the Notes;
- references to "**Covid-19**" are to the infectious disease caused by severe acute respiratory syndrome coronavirus;
- references to "**Eastern Europe**" are to the following countries Azerbaijan, Bulgaria, Croatia, Czech Republic, Hungary, Kazakhstan, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey and Uzbekistan;
- references to "**EIB**" are to the European Investment Bank;
- references to "**EIB Facility**", are to are to the facility agreement entered into by the Company and EIB on 12 June 2018 for an amount of €100.0 million and a further finance contract with the European Investment Bank dated December 23, 2020, regarding a further euro term loan facility of €40.0 million;
- references to "**emerging markets**" and "**emerging economies**" are to growth markets and growth economies, excluding the US;
- references to "**EU**" are to the European Union as of the date of this annual report;
- references to "**Europe**" are to Western Europe and Eastern Europe, collectively;
- references to "**Antolin**", "**we**", "**us**" and "**our**" are to the Company together with its consolidated subsidiaries;
- references to "**growth markets**" and "**growth economies**" are to economies where we are experiencing increasing demand for our products, and which include the US, Mexico, Brazil, Turkey, China, India and Thailand;
- references to "**IFRS-EU**" are to the International Financial Reporting Standards promulgated by the International Accounting Standards Board and as adopted by the European Union;
- references to **"IHS"** are to S&P Global Mobility (former "**IHS**");
- references to **"Intercreditor Agreement"** are to the intercreditor agreement dated March 21, 2014 (as amended and/or amended and restated from time to time) entered into with, among others, lenders under our Senior Facilities Agreement and the trustee on behalf of the holders of the 2024 Notes, and to which the Trustee will accede on the

Issue Date as the creditor representative on behalf of the holders of the Notes. See "Description of Indebtedness—Intercreditor Agreement";

- references to "**North America**" are to the US, Canada and Mexico, collectively;
- references to "**Notes**" are to the 2028 Notes and 2026 Notes;
- references to "**OEM**" are to original equipment manufacturer;
- references to "**R&D**" are to research and development;
- references to "**Revolving Credit Facility**" are to the revolving credit facility made available under the Senior Facilities Agreement;
- references to "**RoW**" are to Africa, Middle East and South America ("Rest of the World");
- references to "**Senior Facilities**" are to the senior term facilities made available under the Senior Facilities Agreement and the Revolving Credit Facility;
- references to **"Senior Facilities Agreement"** are to the senior term and revolving credit facilities agreement originally dated March 13, 2014 (as amended and/or amended and restated from time to time), entered into between, among others, the Company, as the original borrower, various subsidiaries of the Company, as original guarantors, the original lenders listed therein and Deutsche Bank AG, London Branch, as agent and security agent;
- references to **"SFA Guarantors"** are to the Company and the Guarantors;
- references to "**South America**" are to Argentina, Brazil, Bolivia, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay and Venezuela, collectively;
- references to "**TCO**" are to technical commercial offices; and
- references to "**Western Europe**" are to Austria, Belgium, Finland, France, Germany, Italy, the Netherlands, Portugal, Spain, Sweden, Switzerland and the United Kingdom, collectively.

Forward Looking Statements

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

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

- the effects of Covid-19;
- the effects of the invasion of Ukraine by Russia;
- increased or more pronounced cyclicality in the automobile industry;
- our susceptibility to economic trends and to the impact of adverse economic conditions on our customers or suppliers;
- continuing uncertainties and challenging political conditions in Spain and the European economy, which may impact the value of the euro;
- the potential loss of customers or changes in market share by our customers;
- our ability to realize revenues from our awarded business and/or the potential termination or non-renewal of purchase orders by our customers;
- disruptions in the automotive supply chain and fluctuations in the prices of materials;
- our and our customers' ability to obtain sufficient capital financing, including working capital lines, and credit insurance;
- fluctuations in the prices of materials and commodities;
- increased competition in the automotive parts industry generally, as well as shifts in market share among, and demand for, certain vehicles and products;
- shifts in market shares among vehicles or vehicles segments or shifts away from vehicles;
- our ability to offset price concessions or additional costs from our customers;
- costs and risks in relation to the construction, maintenance, downsizing, closing and/or sale of our plants;
- mechanical failures, equipment shutdowns, technological breakdowns and interruptions in the supply of utilities;
- increased capital expenditures required by our ongoing operations;
- risks and additional costs associated with ongoing and/or future acquisitions and divestitures, program launches and/or our growth with our customers;
- our joint ventures, certain of which we do not control;

- potential impairment of deferred tax assets and/or goodwill;
- our current tax liabilities and the tax accounting treatment we are subject to, including risks related to any changes therein;
- potential reduction in our net income and equity due to the impairment of goodwill;
- our international operations and risks related to compliance with anti-corruption laws, regulations and economic sanctions programs in connection thereto;
- our exposure to foreign exchange rate fluctuations;
- unrealized expectations on our investment strategies or shifts away from technologies in which we invest;
- loss of key executives, availability of labor and any changes in workforce utilization efficiency, including those resulting from work stoppages and other labor problems;
- risks related to potential non-compliance with, or changes in, applicable laws and regulations, including in relation to environmental, insurance, product liability, tax, intellectual property and/or health and safety laws and regulations;
- risks related to shifts away from technologies in which we invest;
- explosions, fires or any other accidents, natural disasters, floods, hurricanes and earthquakes, theft, terrorist attacks and/or other acts of violence, war or other political changes in geographic areas in which we operate;
- restrictions on transfer of funds;
- other risks and uncertainties inherent in our business and the world economy; and

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

Presentation of Financial and Other Data

Company historical financial information

This quarterly report includes our unaudited consolidated historical financial statements as of and for the three months ended March 31, 2025, and 2024. Unless otherwise indicated, all financial information in this quarterly report has been prepared in accordance with IFRS-EU applicable at the relevant date and are presented in millions of euros. IFRS differs in certain significant respects from generally accepted accounting principles in the US.

Non-IFRS* financial *information

We have presented certain information in this quarterly report that are non-IFRS measures. As used in this quarterly report, this information includes "EBITDA" which represents our profit for the year from continuing operations after adding back depreciation and amortization expense. This quarterly report also contains other measures and ratios such as EBITDA margin and capital expenditures. We present these non-IFRS measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity.

We believe that EBITDA is meaningful for investors because it provides an analysis of our operating results, profitability, and ability to service debt and because EBITDA is used by our chief operating decision makers to track our business evolution, establish operational and strategic targets and make important business decisions. To facilitate the analysis of our operations, this indicator excludes depreciation and amortization expense from our profit for the year from continuing operations to eliminate the impact of general long-term capital investment. Although we are presenting this measure to enhance the understanding of our historical operating performance, EBITDA should not be considered an alternative to our profit for the year from continuing operations as an indicator of our operating performance, or an alternative to cash flows from operating activities as a measure of our liquidity.

The information presented by EBITDA and other adjusted financial information presented in this quarterly report is unaudited and has not been prepared in accordance with IFRS or any other accounting standards.

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

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

Industry Data

In this quarterly report, we rely on and refer to information regarding our business and the market in which we operate and compete. We have obtained this information from various third-party sources, including providers of industry data, discussions with our customers and our own internal estimates. While we believe that industry publications, surveys and forecasts are reliable, they have not been independently verified, and we do not make any representation or warranty as to the accuracy or completeness of such information set forth in this quarterly report.

In drafting this quarterly report, we used industry sources, including reports prepared by S&P Global Mobility in May 2025. While S&P Global Mobility endeavours to ensure the accuracy of the data, estimates and forecasts, provided in its services and reflected herein, decisions based upon them (including those involving investment and planning) are at the user's own risk and S&P Global Mobility accepts no liability in respect of information, analysis and forecasts provided.

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

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

We cannot assure you that any of these assumptions are accurate or correctly reflect our position in the industry, and none of our internal surveys or information has been verified by any independent sources. We do not make any representation or warranty as to the accuracy or completeness of this information. Some of the surveys or sources were compiled by our advisors and are not publicly available and accordingly may not be considered to be as independent as other third-party sources.

Recent Developments

After the closing of the three-month period ended March 31, 2025, the main events were:

1. Disposal of a non-productive building in France (€0.9 million)
2. Disposal of non-core productive assets (€1.2 million): CML Innovative Technologies (UK) & CML Technologies (Germany)

No other significant events occurred after March 31, 2025.

Operating and Financial Review and Prospects

You should read the following discussion together with our unaudited condensed interim financial statements included elsewhere in this quarterly report. The financial data in this discussion of our results of operations and financial condition as of and for the three months ended March 31, 2025, and 2024 has been derived from the unaudited condensed interim financial statements of the Company and its subsidiaries as of and for the three months ended March 31, 2025, and 2024 prepared in accordance with IFRS-EU. Certain monetary amounts, percentages and other figures included in this quarterly report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them.

You should read the following discussion together with the sections entitled "Forward Looking Statements".

Executive summary

Light Vehicle Production figures in Q1 2025 *(source S&P Mobility, May 2025)*:

- Production of Light Vehicles during Q1 2025 stood at more than 22 million units (+2.8% vs. Q1 2024). Both Europe & Rest of the World and North America reported lower volumes (-5.1% YoY in Q1 2025 in and -5.3% YoY in Q1 25 in North America) with growth concentrated in Asia (+9.6% YoY in Q1 2025) driven by growth in Greater China (+14.4% YoY in Q1 2025).

Antolin in Q1 2025:

- Net turnover of €985 million in Q1 2025, down 5.2% vs. Q1 2024 (-1.1% on a constant currency considering the dollarization of our Mexican business and excluding the asset disposals completed in Q4 2024) and compared to +2.8%[1] industry production growth on a worldwide basis. FX evolution increased our total sales by around €13 million mainly due to the appreciation of the US dollar against the Euro. Asset disposals contributed €56 million to our Q1 2024 revenue.
- Net turnover for components (without including Tools on behalf of customers) decreased by 6.9% to 950.2 million euros, and tooling sales amounted to 34.7 million euros, compared with the 18.5 million euros recorded in Q1 2024.
- EBITDA of €95.4 million in Q1 2025 increased 15.1% (+15.4% on a constant currency) vs. Q1 2024 (€82.8 million), while EBITDA margin improved to 9.7% compared with

1 Source: S&P Global Mobility. Q1 2025 (May 2025) the 8.0% recorded in Q1 2024.

Excluding one-off costs and including synergies linked to the 2023-2026 Transformation Plan which totaled 4.0 euro million for Q1 2025 (€58 million for the LTM as of 31.03.2025), EBITDA margin was 10.1% vs. 9.2% in Q1 2024 (one-off and synergies of €9.0 million in Q1 2024).

The evolution of exchange rates negatively impacted our EBITDA by around €0.2 million in the period.

- EBIT of €34.7 million in Q1 2025 (+51.6% YoY) vs. €22.9 million recorded in Q1 2024, while EBIT margin improved by 1.3 percentual points to +3.5% vs. +2.2% in Q1 2024.
- Cash available of €254 million.
- Available credit facilities of €72 million.
- Cash and long-term undrawn committed credit lines of €325 million versus short-term maturities of €101 million (excluding €59 million of drawn RCF which can be rolled over and €11 million in accrued interests).
- Net Financial Debt to EBITDA of 3.4x (for covenant purposes: excluding one-off costs and including synergies linked to the 2023-2026 Transformation Plan which totaled €58 million as of March 2025 -LTM-).
- Interest coverage (EBITDA to Net Financial expenses) of 3.8x (for covenant purposes: excluding one-off costs and including synergies linked to the 2023-2026 Transformation Plan which totaled €58 million as of March 2025 -LTM-).

Divestment Plan

- On April 18, 2024, Antolin announced a divestment target of €150 million for 2024 and 2025.
- During 2024 the company sold assets, including productive, non-productive and sale and lease back operations, amounting to €119 million. The contribution of productive assets sold in 2024 to the net revenue and EBITDA of the Group amounted to €56 million and €2 million in Q1 2024.
- During 2025 the company expects to complete the second phase of the disposal program, collecting €30 million from the sale of non-productive and non-core assets. In the context of this second round, the company has already sold and collected €12 million corresponding to the sale of two buildings and two non-core companies. Of these sales, the sale of the one building for €9.8 million was executed during the first quarter and the remaining assets were sold during the month of April 2025:
    1. Building in Spain (€9.8 million)
    2. Building in France (€0.8 million)
    3. Non-core productive assets: CML Innovative Technologies (UK)and CML Technologies (Germany) (€1.2 million)

Group results of operations

The table below sets out our results of operations for the three-month period ended March 31, 2025, compared to the three-month period ended March 31, 2024.

Consolidated Income Statement (€ millions)

In € millions	Three-Months ended March 31,		
	2025	**2024**	***% change***
Total Operating Income	**984.8**	**1,039.3**	***(5.2%)***
Supplies	(628.3)	(674.1)	*(6.8%)*
Staff costs	(198.5)	(216.9)	*(8.5%)*
Other operating expenses	(62.6)	(65.4)	*(4.2%)*
Depreciation and amortization expense	(43.2)	(42.6)	*1.3%*
Depreciation for leasing	(17.5)	(17.4)	*.7%*
Profit/(loss) from ordinary continuing operations	**34.7**	**22.9**	***51.6%***
Net impairment gains/(losses) on non-current assets			
Profit/(loss) on the disposal of non-current assets	2.6	0.0	*NM*
Profit of companies accounted for using the equity method	(0.1)	(0.3)	*(76.3%)*
Operating Profit/(loss) from continuing operations	**37.2**	**22.6**	***64.7%***
Financial income	*(24.4)*	*(19.0)*	*28.4%*
Financial expenses /leasing	*(2.2)*	*(1.9)*	*11.9%*
Financial income/expense	(26.6)	(20.9)	*26.9%*
Exchange differences	(2.2)	(1.5)	*48.0%*
Financial Profit/(loss)	**(28.8)**	**(22.4)**	***28.3%***
Profit/(loss) before taxes	**8.4**	**0.2**	***54.7x***
Corporate income tax	(2.8)	(0.1)	*27.8x*
Profit/(loss) from continuing operations for the period	**5.6**	**0.1**	***104.5x***
Profit from discontinued operations	0.0	0.0	
Consolidated profit/(loss) for the period	**5.6**	**0.1**	***104.5x***
Profit attributable to non-controlling interests	1.5	3.4	*(55.6%)*
Profit/(loss) Attributable to sthe Parent	4.1	(3.3)	*NM*

Net Turnover

Net turnover decreased by €54.5 million, or 5.2%, to €985 million in Q1 2025 from €1,039 million in Q1 2024 due to:

1. Asset disposals in Q4 2024 (Ototrim and our Trunk Trim business) that contributed €56 million to Q1 2024 revenues;
2. Closure of facilities linked to end of production of projects with no replacement in Components and JITs (Grupo Antolin Navarra in Spain and Endem in Germany);
3. Product replacement cycles with end of production coming ahead of start of production of new projects;

Partially compensated by a positive impact from currency of €13 million[2] and strong growth in "Doors & HT" supported by start of production of new programs. On a like-for-like basis, under the same perimeter of consolidation and constant exchange rates, revenue decline -1.1%.

[2] Adjusted for the dollarization of our Mexican business.

“Component” and “Tooling” revenues reached €950.2 million and €34.7 million respectively, a decrease of 6.9% and an increase of 87.2% respectively compared to the three months ended March 31, 2024.

By geography:

- Europe & RoW: Q1 2025 closed with a net turnover decline of 11% or €59 million mostly driven by asset disposals (Ototrim in Turkey and the European Trunk Trim business operating in Hungary and Germany) that contributed €40 million in revenue in Q1 2024. On a like-for-like basis, excluding asset disposals and currency impact (€-0.4 million) revenue decline was driven by end of production of some programs in Components and JITs with no planned replacement.

  On a country basis, Romania (+53% YoY), Slovakia (+12% YoY) and France (+12% YoY) were the main contributors to growth, while Italy (-57% YoY), Poland (-22% YoY) and UK (-22% YoY) were the main contributors to the revenue decline in the region.

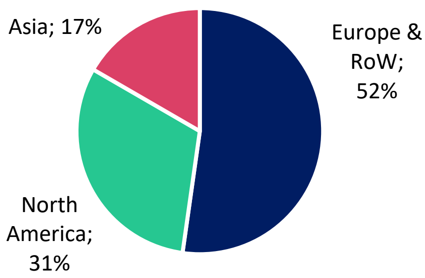
- North America: Net turnover increased by 4% YoY or €11.7 million. Revenue growth was driven by the strengthening of the US dollar in Q1 2025 that contributed €10.5 million[3] and the start of production of new programs after Q1 2024, partially compensated by the disposal of assets (the Trunk Trim operations in North America contributed €15.3 million in revenues in Q1 2024) and the replacement cycle of some products in Mexico, with the end of production coming ahead of start of production of new programs in 2025.
- Asia: Revenue declined in Q1 2025 (-3.4% or €6 million) vs. Q1 2024 despite a positive Fx evolution (€2.9 million, mainly driven by the evolution of the Chinese yuan against the euro). Revenue decline reflected mainly the rebalancing of market shares between the international and the local OEMs and the end of production of programs with no replacement while international OEMs rethink their product strategy in China.

By Business Units:

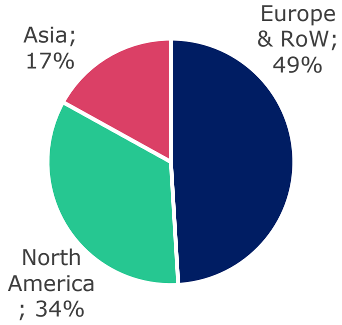
- In “Product Systems” net turnover decreased by 6.2% (or €57.9 million) mostly due to asset disposals (€56 million) partially compensated by a positive impact from currency (€12 million).
- In “Technology Solutions” net turnover increased by 4.3% (€4.2 million) with a positive impact from currency of €1 million.

The percentage of Net Turnover (excluding “others”) derived per geography and business unit for Q1 2025 and for Q1 2024 are as follows:

Q1 2024 Net Turnover by Geography

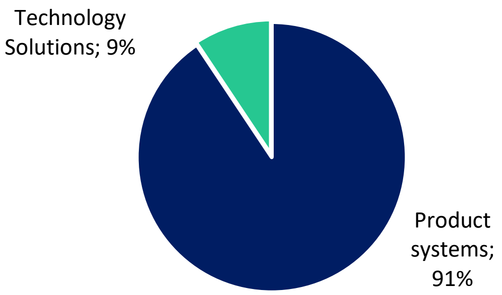


Q1 2025 Net Turnover by Geography

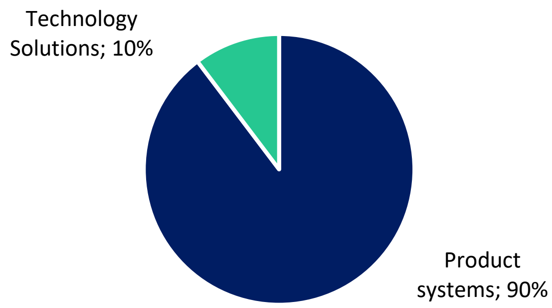


[3] Adjusted for the dollarization of our Mexican business.

Q1 2024 Net Turnover by Business Unit



Q1 2025 Net Turnover by Business Unit



Supplies

Supplies were down by €46 million, or 6.8%, to €628.3 million in Q1 2025, from €674.1 million in Q1 2024. The decline in supplies was primarily attributable to lower revenues and supply chain initiatives linked to our 2023-2026 Transformation Plan like renegotiations with top suppliers, supplier's portfolio optimization, localization and diversification.

Supply cost as percentage of Net Turnover has decreased to 63.8% in Q1 2025 from 64.9% in Q1 2024.

Staff costs

Staff costs decreased by €18.4 million, or 8.5%, to €198.5 million in Q1 2025, from €216.9 million in Q1 2024, due to lower net turnover (lower direct workforce) and rightsizing initiatives linked to our 2023-2026 Transformation Plan.

Staff costs as a percentage of Net Turnover has decreased to 20.2% in Q1 2025 from 20.9% in Q1 2024.

Other operating expenses, net

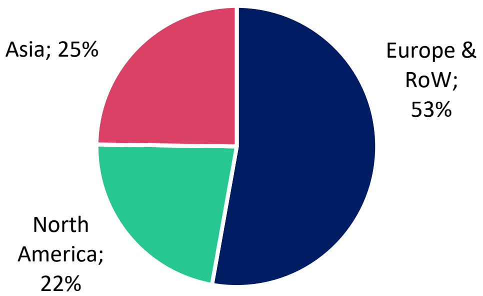
Other operating expenses net of other operating income, decreased by €2.8 million, or 4.2% to €62.6 million in Q1 2025, from €65.4 million in Q1 2024. This decline was primarily attributed to lower external direct workforce, lower travelling expenses and logistics costs linked to lower revenues and to cost saving measures driven by the Transformation Plan and 2023-2026.

EBITDA

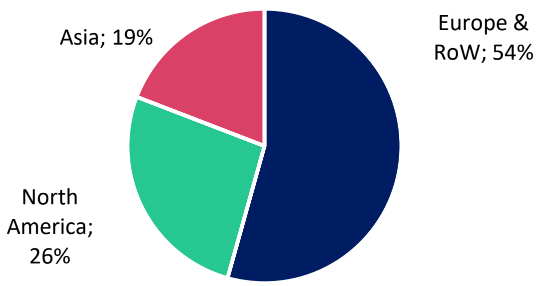
EBITDA in Q1 2025, increased by €12.5 million, or 15.0%, to €95.4 million from €82.9 million in Q1 2024. The increase in EBITDA was primarily attributable by the cost reductions driven by the 2023-2026 Transformation Plan initiatives.

EBITDA margin was 9.7% in Q1 2025, compared to 8.0% in Q1 2024. Excluding one-off costs and including synergies linked to the 2023-2026 GOA Transformation Plan (€4.0 euro million during Q1 2025), EBITDA margin for Q1 2025 would have been 10.1% compared to 9.2% in Q1 2024 (€9.0 million of one-off costs and synergies).

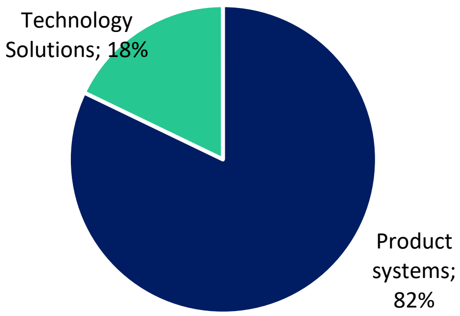
Q1 2024 EBITDA by Geography



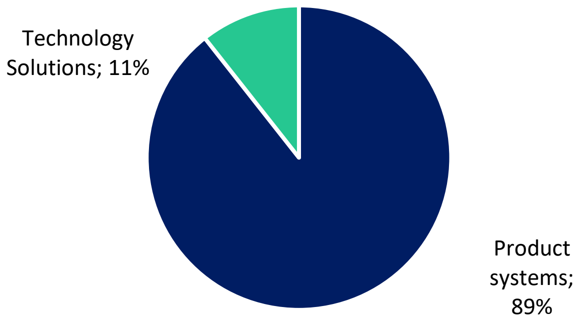
Q1 2025 EBITDA by Geography



Q1 2024 EBITDA by Business Unit



Q1 2025 EBITDA by Business Unit



EBITDA Charts exclude "others": which refers to a "corporate unit" which includes central non-operational activities managed from headquarters. Also includes all those consolidation adjustments not attributable to any of the other business unit.

Depreciation and amortization expense (including leasing)

Depreciation and amortization expenses increased by €0.7 million, or 1.1%, to €60.7 million in Q1 2025 from €60.0 million in Q1 2024.

Profit/(loss) from ordinary continuing operations (EBIT)

Profit for the year from ordinary continuing operations increased by €11.8 million or 51.6% to €34.7 million in Q1 2025, from €22.9 million in Q1 2024. The performance in EBIT was primarily attributable to the same reasons explained for EBITDA.

Financial Profit/(loss)

Financial loss increased by €6.4 million, or 28.3%, to €28.8 million in Q1 2025 from €22.4 million in Q1 2024. The increase in financial loss was primarily attributable to higher average cost of financing following the refinancing process of our senior financing and the issuance of the 2030 senior notes with a 10.375% coupon.

Corporate income tax

Corporate income tax expense increased by €2.7 million to €2.8 million in Q1 2025, from €0.1 million during the same period of last year. The increase in income tax expense was related to income losses in jurisdiction where tax credits could not be activated.

Consolidated profit attributable to the parent

Consolidated profit for the three months ended March 31, 2025, reached €5.6 million, compared to €0.1 million profit in the three months ended March 31, 2024. The higher net profit was attributable to cost savings achieved through the Transformation Plan partially compensated by higher financial costs and tax expense.

Foreign exchange translation

Our international expansion and our increasing volume of business outside of the euro-zone, exposes us to exchange rate risks in currencies such as the US Dollar, the Brazilian Real, the Chinese Yuan, the Indian Rupee, the Czech Koruna, the Argentinean peso or the British Pound. In the three months ended March 31, 2025, we were impacted by the positive evolution of the US dollar and the Chinese Yuan and negatively impacted by the devaluation of the Mexican Peso and the Brazilian Real.

In this regard, if we were to maintain the Q1 2024 exchange rates stable our Q1 2025 performance would have been approximately €13.0 million lower at revenue level, considering the dollarization of our Mexican business, and €0.23 million higher at EBITDA level.

Segment results of operations

Antolin has split its operations in traditional businesses, under the name "Product Systems", and new businesses, under the name "Technology Solutions".

Product Systems includes several products such as: headliners, doors and hard trim, instrument panels, central consoles, sun visors, window regulators and trunk and it has four divisions: "Doors and Hard Trim", "Headliners", "Instrument Panels and Central Consoles" & "Components & JITs". Technology Solutions includes products such as: lighting, human-machine interface (HMI) and electronics.

Outside our productive business units, we have "Others", which refers to a "corporate unit" that includes non-industrial activities managed from Antolin headquarters including corporate costs together with engineering and research and development activities not attributable to other specific segments, as well as other immaterial activities performed with certain Group companies not included in any of the other business segments. The "Others" segment also includes all those consolidation adjustments that are not attributable to any of the other two business segments, as well as the Technical - Commercial Offices (TCOs) expenses.

Product Systems

Product Systems (€ millions)	Q1 2025	Q1 2024	YoY Change
Net turnover	**882.7**	**940.6**	**-6.2%**
Other operating (expenses) income, net	-780.2	-854.4	-8.7%
EBITDA	**102.5**	**86.2**	**18.9%**
EBITDA margin	**11.6%**	**9.2%**	**2.4 pp**
Depreciation and Amortization	-47.6	-46.5	2.3%
Operating profit / Loss (EBIT)	**54.9**	**39.7**	**38.3%**

Net turnover. Net turnover decreased by €58 million, or 6.2%, to €882.7 million in Q1 2025, from €940.6 million in Q1 2024. Lower net turnover was primarily attributable to the disposal of Ototrim and the Trunk Trim businesses that contributed €56 million in the first quarter of 2024, partially compensated by a positive impact from currency, that contributed €12 million[4] to revenue. Organic revenue variation amounted to -1.1% year-on-year. Organic revenue decline was driven by the end of production and closure of Antolin Navarra (Spain) and Endem (Germany) in "Components and JITs" and product replacement cycles in "Headliners", largely compensated by strong growth in "Doors & HT" driven by start of production of new programs.

Other operating (expenses)/income, net. Net operating expenses declined by €74.2 million, or 8.7%, to €780.2 million in Q1 2025, from €854.4 million in the same period of 2024. The reduction in net operating expenses was primarily attributable to the initiatives implemented from our 2023-2026 Transformation Plan, which have already improved our cost base, together with lower net turnover.

EBITDA. EBITDA increased by €16.3 million, or 19%, to €102.5 million in Q1 2025 from €86.2 million in Q1 2025. The increase in EBITDA was primarily attributable to lower costs driven by the initiatives implemented from our 2023-2026 Transformation Plan. Although all product divisions delivered margin improvements year-on-year, achieving double-digit margins in the quarter, "Doors & HT" was the main driver of profitability growth.

EBITDA margin stood at 11.6%, and improved by 2.4 percentual points in the three months ended March 31, 2025, compared to the same period of 2024

Profit/(loss) from ordinary continuing operations (EBIT). Operating profit increased by €15.2 million, or 38.3%, to €54.9 million in Q1 2025, from an operating profit of €39.7 million in the same period of 2024, driven by the increase in the EBITDA, partially compensated by slightly higher depreciation and amortization expenses.

[4] Adjusting for the dollarization of the Mexican operations.

Technology Solutions

Technology Solutions (€ millions)	Q1 2025	Q1 2024	YoY Change
Net turnover	**101.5**	**97.3**	**4.3%**
Other operating (expenses) income, net	-89.3	-78.6	13.7%
EBITDA	**12.2**	**18.8**	**-35.1%**
EBITDA margin	**12.0%**	**19.3%**	**-7.3 pp**
Depreciation and Amortization	-8.7	-9.5	-8.5%
Operating profit / Loss (EBIT)	**3.5**	**9.3**	**-62.3%**

Net turnover. Net turnover increased by €4.2 million, or 4.3%, to €101.5 million in Q1 2025, from €97.3 million in Q1 2024, including a positive impact from currency of c. €1 million.

Other operating (expenses)/income, net. Net operating expenses rose by €10.8 million, or 13.7%, to €89.3 million in Q1 2025 from €78.6 million in Q1 2024. The increase in net operating expenses was attributable to project mix.

EBITDA. EBITDA declined by €6.6 million, or 35.1%, to €12.2 million in the three months ended March 31, 2025, from €18.8 million in the same period of 2024. The annual decline was driven by above average profitability in projects in Q1 2024.

Profit/(loss) from ordinary continuing operations (EBIT). Operating profit decreased by €5.8 million, or 62.3%, to €3.5 million in Q1 2025 from €9.3 million in Q1 2024 when the business unit obtained unsustainable above average profits.

Others

Other (€ millions)	Q1 2025	Q1 2024	YoY Change
Net turnover	**0.6**	**1.4**	**-56.4%**
Other operating (expenses) income, net	-19.9	-23.5	-15.2%
EBITDA	**-19.3**	**-22.1**	**-12.7%**
Depreciation and Amortization	-4.4	-4.0	9.3%
Operating profit / Loss (EBIT)	**-23.7**	**-26.1**	**-9.3%**

EBITDA. EBITDA improved by €2.8 million, or 12.7%, to €-19.3 million in Q1 2025, from €-22.1 million in the same period of 2024. EBITDA improvement was primarily attributable to global saving plan and our 2023-2026 Transformation Plan.

Liquidity and capital resources

Historical cash flows

The following table set forth our historical cash flow items for the three months ended March 31, 2025, and March 31, 2024:

Consolidated Statement of Cash Flows (€ millions)

In € millions	Three-Months ended March 31,		
	2025	**2024**	***% change***
Consolidated profit/(loss) before taxes for the period	**8.4**	**0.2**	***37.4x***
Depreciation and amortization charge	60.7	60.0	*1.1%*
Endowment (reversal) of provisions	(5.0)	(1.2)	*4.0x*
Capital grants and other grants taken to income	(0.2)	(0.3)	*(28.6%)*
Financial Profit/(loss)	28.8	22.4	*28.6%*
Net impairment (gains)/losses on non-current assets			
(Profit)/loss on the disposal of non-current assets	(2.6)	(0.0)	*71.6x*
(Profit)/loss of companies accounted for using the equity method	0.1	0.3	*(72.5%)*
Result for the loss of control of consolidated interests			
Operating profit before changes in working capital	**90.2**	**81.3**	***10.9%***
(Increase)/decrease in debtors and other receivables	(169.9)	(45.0)	*3.8x*
(Increase)/decrease in inventories	(21.7)	(53.0)	*(59.1%)*
Increase/(decrease) in trade and other payables	52.4	(1.4)	*NM*
Unrealized exchange differences and other items	(7.8)	10.1	*-0.8x*
Cash generated in transactions	**(56.7)**	**(8.0)**	***7.1x***
Corporate income tax collected/(paid)	(6.6)	(7.4)	*(10.3%)*
Total Net Cash Flows from operating activites	**(63.4)**	**(15.4)**	***4.1x***
Dividends collected			
Collections for divestments in-			
Group companies, net of cash outflows			
Intangible assets		4.8	*(100.0%)*
Property, plant and equipment	9.8	4.2	*136.2%*
Non-current financial assets		0.0	*(100.0%)*
Current financial assets		0.9	*(100.0%)*
Investment property			
Payments for investments in-			
Associate companies			
Group companies			
Property, plant and equipment	(17.5)	(24.3)	*(28.0%)*
Intangible assets	(21.7)	(28.2)	*(23.1%)*
Non- current financial assets		(0.1)	*(100.0%)*
Current financial assets		(0.1)	*(100.0%)*
Total Net Cash Flows from investment activites	**(29.4)**	**(42.8)**	***(31.4%)***
Collections/(payments) for equity intruments-			
Acquisition of shares from non-controlling interests			
Contributions (returns) to non-controlling interests, net		2.6	*(100.0%)*
Grants, donations			
Collections/(payments) for financial liabilities-			
Early bond repayment			
Issue bond			
Net drawdown on the syndicated loan	115.0		*NM*
Syndicated loan repayments	(7.3)	(15.7)	*(53.6%)*
Attainment/(repayment) of other bank borrowings, net	14.1	48.9	*(71.2%)*
Drawned facilities			
Financial lease liability payments (IFRS-16)	(18.8)	(18.9)	*(.7%)*
Attainment/(reimbursement) of other financial liabilities, net		(0.8)	*(100.0%)*
Proceeds from/(repayment of) payables to Group companies, net		0.2	*(100.0%)*
Other cash flows from financing activities-			
Financial expenses and income paid, net	(26.6)	(11.9)	*124.1%*
Payments for dividends and remuneration from other equity instruments			
Total Net Cash Flows from financing activites	**76.4**	**4.4**	***17.3x***
Net increase/(decrease) of cash or cash equivalents for continuing operations	**(16.3)**	**(53.8)**	***(69.7%)***
Cash and cash equivalents at the start of the year	**270.0**	**294.6**	***(8.3%)***
Cash and cash equivalents at the end of the period	**253.7**	**240.8**	***5.4%***

Net cash generated by/(used in) operating activities

Net cash generated by operating activities was €-63.4 million in Q1 2025 driven by a strong seasonal working capital outflow amounting to €-139.2 million, and to unrealized exchange differences of €-7.8 million, that fully compensated gross operating cash flow generation. The impact from unrealized exchange difference was mainly related to the US dollar. Gross operating cash flow generation before changes in working capital and after income tax paid amounted to €83.5 million.

Net cash generated by/(used in) investing activities

Net cash used in investing activities was €29.4 million in Q1 2025, down from €42.8 million in the same period of 2024. The decline in investment outflow is a combination of lower CAPEX (€39.2 million) and the execution of the second phase of the asset disposal program.

Lower CAPEX year-on-year reflects on one hand the strategy followed by the company to relocate R&D to best cost countries, the selectivity when taking on new projects but also the short-term flexibility to reduce CAPEX temporarily compensating for a lower absolute EBITDA generation. Lower CAPEX is also explained by OEMs extension of vehicle life cycle and shorter development times.

As part of the second phase of the asset disposal program, Antolin sold a building for €9.8 million and collected the proceeds during Q1 2025.

Net cash generated by/(used in) financing activities

Net cash generated in our financing activities was €76.4 million in Q1 2025, primarily attributable to the €115 million drawdown on the RCF facilities, partially compensated by syndicated loan repayments of €7.3 million, payment of financial lease liabilities of €18.8 million and net financial expenses paid of €26.6 million.

Liquidity

Our principal source of liquidity is our operating cash flow, which is analyzed above. Our ability to generate cash from our operations depends on our future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control, as well as other factors. The Transformation Plan has help compensate partially the negative impact from current industry challenges.

Given the seasonality of our working capital, the strong working capital outflows in the first quarter of each year impact our free cash flow generation capability, and hence our liquidity position and net debt.

As of March 31, 2025, the cash and bank balances and other liquid assets amounted to €254million[5]. Additionally, we had available revolving credit facilities totaling €72 million, of which €17.2 million correspond to the revolving credit facility made available under the Senior Facilities Agreement. As a result total liquidity in Q1 2025 amounted to €320 million, €50 million below the liquidity in Q1 2024 and €153 million below the liquidity as of December 31, 2024.

Although we believe that our expected cash flows from operations, together with available borrowings and cash on hand, will be adequate to meet our anticipated liquidity

[5] *€13.8 million are classified in other non-current assets held for sale.*

and debt service needs, we cannot assure you that our business will generate sufficient cash flows from operations or that future debt and equity financing will be available to us in an amount sufficient to enable us to pay our debts when due, including the Notes, or to fund our other liquidity needs.

We believe that the potential risks to our liquidity include:

- A reduction in operating cash flows due to a lowering of operating profit from our operations, which could be caused by a downturn in our performance or in the industry as a whole;
- The failure or delay of our customers to make payments due to us;
- A failure to maintain low working capital requirements; and
- The need to fund expansion and other development capital expenditures.

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

- Reduce or delay our business activities and capital expenditures;
- Sell our assets;
- Obtain additional debt or equity financing; or
- Restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

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

We are leveraged and have debt service obligations. As of March 31, 2025, we had loans and borrowings in an aggregate amount of €1,273 million outstanding. The main and most significant items included in this figure are (i) €630.3 million of 2028 Notes and 2030 Notes, (ii) €305 million of syndicated loans under the Senior Facility Agreement, (iii) €73 million under the EIB Facility and (iv) €171.5 million in the revolving credit facility under the Senior Financing Agreement. We anticipate that our leverage will continue in the foreseeable future.

Working Capital

The following table sets forth changes to our working capital for the three months ended March 31, 2025, and March 31, 2024:

In € millions	Three-months ended March 31,	
	2025	**2024**
(increase)/decrease in debtors and other receivables	-170	-35
(increase)/decrease in inventories	-22	-54
increase/(decrease) in trade and other payables	52	6
Total (increase)/decrease in working capital	**-139**	**-83**
Adjustment for (increase)/decrease non- recourse factoring	22	3
Total (increase)/decrease in adjusted working capital	**-117**	**-79**

Our working capital requirements largely arise from our trade receivables, which are primarily composed of amounts owed to us by our customers, inventories primarily composed of materials (mainly textile fabric, plastic injection grain, petroleum-based resins and certain metals, including steel, aluminum and copper) and tooling and other current assets which comprise receivables accounts with the public treasury by the advanced payments of taxes or refunds of taxes. Our trade payables primarily relate to trade payables to our suppliers for materials, services and fixed assets, other amounts to the public treasury for taxes and payments to our employees by way of salaries. We have historically funded our working capital requirements through funds generated from our operations, from borrowings under bank facilities and through funds from other finance sources.

Net working capital increased by €139 million in the three months ended March 31, 2025, due to (i) €140 million increase in operating working capital; and (ii) €1 million decrease in tooling working capital related to a higher volume of collections than payments. If this figure is adjusted by the variation in our non-recourse factoring lines, net working capital increased by €117 million.

Capital expenditures

The following table sets forth our cash used in investing activities for the periods indicated:

	Three-months ended March 31	
In € millions	2025	2024
Property, plant and equipment	17.5	24.3
Intangible assets	21.7	28.2
Capital expenditures	**39.2**	**52.5**

The main investments in tangible assets in Q1 2025, corresponded to Antolin Interiors México, S.A. de C.V. (Mexico), Grupo Antolin Bamberg GmbH & Co. KG (Germany), Grupo Antolin Turnov, s.r.o. (Czech Republic), Grupo Antolin Italia SRL, Grupo Antolin Sibiu, S.R.L. (Romania) and Grupo Antolin Liban.

Investments in intangible assets in Q1 2025, have been related mainly to development expenses on certain new projects, such as Audi "Q7"/"Q9", VW "Caddy", Jeep "Cherokee", Audi eQ4, BMW "X5/X7", Ford "Transit EV", Alfa Romeo "Giulia", or the Chrysler "EJ".

Contractual obligations

We have included below contractual commitments providing for payments primarily pursuant to our outstanding financial debt (additionally we have contractual obligations related to operating leases -right of use liabilities- of approximately €230.6 million). Based on these assumptions, our consolidated contractual obligations as of March 31, 2025, would be as follows:

In € millions	Total	< 1 year	1-5 years	> 5 years
Contractual Obligations				
Interest bearing Loans and borrowings(1)	1,267.71	169.98	1,097.73	0.00
Financial leases	0.20	0.10	0.10	0.01
Other Financial Liabilities(2)	5.38	1.04	3.72	0.62
Soft-Loans interest bearing	2.84	0.62	1.72	0.50
Soft-Loans non-interest bearing	2.54	0.42	2.01	0.12
Total Financial Debt	1,273.29	171.11	1,101.55	0.63

(1) As of March 31, 2025, Loans and borrowings consist of (i) €630.3 million incurred under the Notes and €305.4 million under the Senior Facilities Agreement, (ii) €73.3 million under the EIB Facility, (iii) €6.2 million of COFIDES loan, (iv) €203.0 million of credit facilities (including €171.5 million from the RCF of which €163.7 million can be rolled-over until June 2029 and €8.9 million are due on March 2026), (v) €38.3 million of other bank loans or obligations and (vi) €11.1 million in accrued interest, excluding financial remeasurement.

(2) As of March 31, 2025, soft loans include several loans granted to the Company by certain Spanish and Portuguese public bodies.

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Balance sheet and other financial data

The following table set forth our historical balance sheet items for the three months ended March 31, 2025, and March 31, 2024:

Consolidated Balance Sheet (€ millions)

	March 31, 2025	Dic 31, 2024	% change
ASSETS			
Intangible assets	479.3	475.1	.9%
Goodwill	91.1	91.1	.0%
Other intangible assets	388.2	384.0	1.1%
Poperty, plant and equipment	556.6	564.8	(1.4%)
Right-of-use assets (assets for leasing)	188.3	203.4	(7.4%)
Investment property	0.0	0.0	NM
Investments in companies accounted for using the equity method	23.1	23.1	(.3%)
Other non-current financial assets (includes deferred tax assets)	216.0	218.4	(1.1%)
Total non-current assets	**1,463.3**	**1,484.8**	**(1.4%)**
Non-current assets held for sale	7.1	14.0	(49.3%)
Inventories	720.2	698.5	3.1%
Customer receivables for sales and services	668.7	498.9	34.0%
Other receivables (includes associate companies and valuation adjustments for impairement)	83.2	84.4	(1.4%)
Other current financial assets (includes current investments in Group companies and associates)	4.3	4.5	(4.6%)
Cash and cash equivalents	253.7	270.0	(6.1%)
Total current assets	**1,737.1**	**1,570.2**	**10.6%**
Total Assets	**3,200.4**	**3,055.0**	**4.8%**
EQUITY AND LIABILITIES			
Capital and Reserves	325.7	322.8	.9%
Share capital	37.5	37.5	.0%
Paid-in capital (share premium)	72.6	72.6	.0%
Reserves	211.5	241.8	(12.5%)
Profit/((loss) attributable to the Parent	4.1	(29.0)	NM
Valuation adjustments (includes tranlation differences and other)	(184.3)	(155.8)	18.3%
Equity attibuted to the Parent	**141.4**	**167.0**	**(15.3%)**
Non-controlling interests	**58.6**	**57.1**	**2.6%**
Total Net Equity	**199.9**	**224.1**	**(10.8%)**
Bank loans, debentures or other marketable securities	916.7	937.8	(2.3%)
Markeatable securities (Bonds)	630.3	630.3	.0%
Other borrowings	286.4	307.5	(6.9%)
Liabilities asscociated with right-of-use assets (assets for leasing)	162.3	167.9	(3.3%)
Other financial liabilities	5.2	4.9	4.7%
Other non-current liabilities (includes grants, provisions and deferred tax liabilities)	164.9	161.9	1.8%
Total non-current liabilities	**1,249.0**	**1,272.5**	**(1.8%)**
Bank loans, debentures or other marketable securities	337.6	198.4	70.2%
Markeatable securities (Bonds)			
Other borrowings	337.6	198.4	70.2%
Liabilities asscociated with right-of-use assets (assets for leasing)	51.2	62.8	(18.4%)
Other financial liabilities	1.0	1.1	(8.4%)
Other liabilities for sale	0.0	0.0	NM
Suppliers, creditors and other payables	1,099.4	1,047.0	5.0%
Other non-current liabilities (includes provisions, other payables and current tax liabilities)	262.2	249.1	5.2%
Total current liabilities	**1,751.5**	**1,558.5**	**12.4%**
Total Equity and Liabilities	**3,200.4**	**3,055.0**	**4.8%**

Other Financial Data

Other financial Data (euro thousands)

In € thousands	**LTM** (April 1, 2024-March 31,2025)	**FY 2024**
Revenues	4,136,202	4,190,665
Adjusted for supplies	(2,707,474)	(2,753,266)
Gross profit	1,428,728	1,437,399
EBIT	91,877	80,066
EBIT margin	2.22%	1.91%
EBITDA pre-IFRS16	253,084	240,432
EBITDA pre-IFRS16 margin	6.12%	5.74%
Cash and bank balances BS (FX: end of period)	253,671	270,029
Cash and bank balances (FX: period average)	255,571	268,136
Bank loans	1,254,331	1,152,975
Financial debt (FX: period average)	1,270,825	1,152,189
Net Financial debt (covenant, FX: period average)	1,015,254	884,053
Net Financial expenses (covenant)	-78,571	-77,945

Adjustments to LTM EBITDA (at 30.09,2024)	**1Q 2025**	**FY 2024**
One-offs	50,441	50,819
Synergies	8,022	8,134
Divestments	-12,522	-14,625
Adj. EBITDA pre-IFRS16 (covenant)	299,025	284,760

Ratio of Net financial debt to Adj. EBITDA for covenant	**3.40**	**3.10**
Ratio of Adj. EBITDA to net financial expenses for covenant	**3.81**	**3.65**

Calculation of EBITDA (Last 12 Months):	**1Q 2025**	**FY 2024**
Profit for the year from continuing operations	91,877	80,066
Adjusted for:		
Depreciation and amortization expense	161,207	160,366
EBITDA pre-IFRS16	253,084	240,432

	31-3-2025	**31-12-2024**
Bank Loans	1,254,331	1,136,224
Financial remeasurement	13,577	14,555
Soft loans with cost	2,545	3,050
Exchange Rate differences	373	(1,640)
Financial debt (FX: period average)	**1,270,825**	**1,152,189**
Cash and bank balances (FX: period average)	255,571	268,136
Net finacial debt (covenant purposes)	**1,015,254**	**884,053**

Bank loans includes both current and non-current payables under bridge loan, syndicated loans, other loans, credit lines, finance leases, invoice discount lines, interest payable and less financial remeasurement.

Most of the balances under "Other current and non-current financial liabilities" corresponded to loans granted to Grupo Antolin by certain Spanish public bodies to finance research and development projects and improve competitiveness.

			Limit Dic. 31, 2024
Ratio of net financial debt to EBITDA =	Net financial debt (covenant) / EBITDA pre-IFRS16	<	3.5
Ratio of EBITDA to net financial expenses =	EBITDA pre-IFRS16 / Net financial expenses (covenant)	>	3

Critical Accounting Policies

Our financial statements and the accompanying notes contain information that is pertinent to this discussion and analysis of our financial position and results of operations. The preparation of financial statements in conformity with IFRS requires our management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses, and the related disclosure of contingent assets and liabilities. Estimates are evaluated based on available information and experience. Actual results could differ from these estimates under different assumptions or conditions.

The directors of the Company have assessed the potential impacts of applying these new standards in the future and consider that it may be significant for presenting and analysing certain items on our consolidated financial statements, although they will not affect the profit and loss attributable to the Company or the net equity attributable to its shareholders.

IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. We started applying IFRS 9 on January 1, 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized and also requires the provision of financial statements with certain additional disclosures. The objective is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. IFRS 15 replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. We started applying IFRS 15 on January 1, 2018.

IFRS 16 Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard, where lessors continue to classify leases as finance or operating leases. IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases/Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16. We started applying IFRS 16 initially on January 1, 2019.

Principal income statement account items

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

Net turnover

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

Changes in inventories of finished goods and work in progress

We value our inventories as follows:

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

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

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

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

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

Capital grants and other grants taken to income

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

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

Other operating income

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

Supplies

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

Staff costs

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

Depreciation and amortization expense

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

Other operating expenses

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

Net finance income/(cost)

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

Profit before tax

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

Corporate income tax

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

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

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

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

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

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

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

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