

€250 million 3.375% Senior Secured Notes due 2026

€390 million 3.500% Senior Secured Notes due 2028

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

***Financial Results for the period ended
September 30, 2023***

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Use of Terms and Conventions

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

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

Financial Information and Operational Data

Company historical financial information

This quarterly report includes our unaudited consolidated historical financial statements as of and for the three and/or nine months ended September 30, 2023, and 2022. 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. 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

Following the close of the reporting period on 30 September 2023, the main events considered significant were:

On October 11, 2023, the Board of Directors of Antolin, unanimously approved the appointment of Cristina Blanco Santo Tomas as the company's new Chief Executive Officer.

No other significant events occurred after the 30 September 2023 close.

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 (and/or nine months) ended September 30, 2023, and 2022 has been derived from the unaudited condensed interim financial statements of the Company and its subsidiaries as of and for the three months (and nine months) ended September 30, 2023, and 2022 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".

Group results of operations (Q3 2023)

Three months ended September 30, 2023, compared to three months ended
September 30, 2022

Executive summary

Light Vehicle Production figures in Q3 2023 (source S&P Mobility (former IHS), October 2023):

- Improvement of bottlenecks in supply chains (and mainly semiconductors shortages) continues to drive a positive quarter, in which, pent-up demand is being satisfied and inventories are being rebuilt.
- Production of Light Vehicles during Q3 2023 rose to 22.3 million units (+3.8%¹ vs. Q3 2022) mainly boosted by higher volumes in North America (+9.3%) and Europe (+6.3%).

Antolin in Q3 2023:

- Net turnover of €1,132.7 million in Q3 2023, up 1.0% (+4.6% *on a constant currency*) vs. Q3 2022 and compared to +3.8%² industry production growth. FX evolution lowered our net turnover by around €39.8 million mainly due to the negative evolution of the Chinese Yuan, the US\$, the Indian Rupee, the Argentinean Peso and the South African Rand against the Euro.
- Net turnover for components (excluding Tools on behalf of customers) increased by 0.3% (+3.9% *on a constant currency*), matching market growth. In Q3 2023 tooling sales amounted to 8.8 million euros, compared with the 1.1 million euros recorded in Q3 2022.
- EBITDA of €88.6 million in Q3 2023, thus representing a 15.3% increase (+21.6% *on a constant currency*) vs. Q3 2022, while EBITDA margin improved to 7.8% compared with the 6.9% recorded in Q3 2022.

Excluding one-off costs and synergies linked to the 2023-2026 GOA Transformation Plan which totaled 28.3 euro million (last-twelve months) at

¹ Source: S&P Global Mobility. Q3 2023 (October 2023)

² Source: S&P Global Mobility. Q3 2023 (October 2023)

30.09.2023 (4 euro million for Q3 2023), EBITDA margin was 8.2% vs. 7.2% in Q3 2022 (3 euro million for Q3 2022).

The evolution of exchange rates negatively impacted our EBITDA by around €4.9 million in the period.

- EBIT of €28.6 million in Q3 2023 vs. €5.2 million posted in Q3 2022, while EBIT margin improved by 2.0 percentage points to +2.5% vs. +0.5% in Q3 2022.
- Cash available of €294.2 million.
- Available credit facilities of €182.2 million (€80.0 million euros of RCF has been drawn).
- Cash and long-term undrawn committed credit lines of €476.4 million versus short-term maturities of €164.5 million (includes the €80.0 million euros which can be roll-over until RCF maturity in April 2026).
- Net Financial Debt to EBITDA of 3.3x (for covenant purposes: excluding one-off costs and synergies linked to the 2023-2026 GOA Transformation Plan which totaled 28.3 euro million).
- Interest coverage (EBITDA to Net Financial expenses) of 5.1x (for covenant purposes: excluding one-off costs and synergies linked to the 2023-2026 GOA Transformation Plan which totaled 28.3 euro million).

Group results of operations

The table below sets out our results of operations for the three months period ended September 30, 2023, compared to the three months period ended September 30, 2022.

In € millions	Three-months ended Sept 30,		
	2023	2022	% change
CONTINUING OPERATIONS			
Net Turnover	1,132.7	1,121.2	1.0%
Total Operating Income	1,132.7	1,121.2	1.0%
Supplies	(740.8)	(748.3)	(1.0%)
Staff costs	(227.0)	(221.0)	2.7%
Other operating expenses	(76.4)	(75.1)	1.8%
Depreciation and amortization expense	(43.6)	(55.8)	(21.9%)
Depreciation for leasing	(16.4)	(15.8)	3.6%
Profit/(loss) from ordinary continuing operations	28.6	5.2	449.9%
Net impairment gains/(losses) on non-current assets	0.2	1.0	(84.5%)
Profit/(loss) on the disposal of non-current assets	0.0	0.0	na
Profit of companies accounted for using the equity method	0.1	(0.2)	(142.1%)
Operating Profit/(loss) from continuing operations	28.8	6.0	377.6%
Financial income/expense	(17.2)	(10.5)	63.7%
Financial expenses for leasing	(1.8)	(1.8)	(3.1%)
Financial income/expense	(19.0)	(12.4)	53.7%
Exchange differences	(1.7)	2.3	(172.8%)
Financial Profit/(loss)	(20.7)	(10.0)	106.1%
Profit/(loss) before taxes	8.1	(4.0)	(303.4%)
Corporate income tax	2.1	(5.7)	(135.8%)
Profit/(loss) from continuing operations for the period	10.2	(9.7)	(204.8%)
Profit from discontinued operations	0.0	0.0	na
Consolidated profit/(loss) for the period	10.2	(9.7)	(204.8%)
Profit attributable to non-controlling interests	3.5	3.8	(7.3%)
Profit/(loss) attributable to the Parent	6.7	(13.5)	(149.4%)

Net Turnover

Net Turnover increased by €11.5 million, or 1.0% (4.6% at constant currency), to €1,132.7 million in Q3 2023 from €1,121.2 million in Q3 2022 due to market growth. This sales increase compares with an overall global light vehicle production of around +3.8% in the year, the global light vehicle production was able to grow due to easing supply chain constraints, pent-up demand and rebuilding of inventories.

Component and Tooling revenues reached €1,124.0 million and €8.8 million respectively, a rise of 0.3% and of 715.0% respectively compared to the three months ended September 30, 2022.

By geography, the increase in Net Turnover came from positive figures across all geographies.

- Europe & RoW:** Q3 2023 closed with a net turnover increase of 6.4%. Antolin sales figures benefited from market growth of 5.1% in Light Vehicle production figures supported by pent-up demand, rebuilding of inventories and easing supply chain disruptions.

On the positive side, the European countries with the largest net turnover growth were Poland (+49%), Romania (+26%), Turkey (+23%), Hungary (+18%), U.K. (+12%), Spain (+12%) & Italy (+12%); together with these countries is worth to highlight the performance of South Africa (+52%) & Brazil (+14%) within the RoW segment. On the negative side, the European countries with largest negative sales performance were Russia (-100%, country exit) and Czech Republic (-9%).
- North America:** lower net turnover (-4.2% or -€17.4 million vs. Q3 2022) was driven by negative performance in both, U.S.A. (-6%) due to Fx impact (+2% at constant Fx), and Mexico (-1%) also impacted by the evolution of the euro against the US\$ due to the dollarization of our Mexican operations. North America was impacted, as the European region, by easing supply chain disruptions and rebuilding of inventories.
- Asia:** revenues declined slightly in Q3 2023 by 1.3% up to €195.7 million due to an outstanding performance in Q3 2022 due to ramp-up production volumes in China after lockdowns in Q2 2022 due to COVID-19. Moreover, net turnover was impacted by negative foreign exchange impact (+€25.5 million) mainly due to the depreciation of the Chinese Yuan and the Indian Rupee against the €.

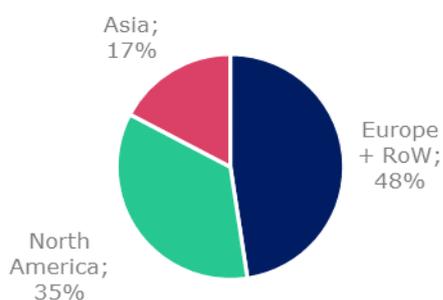
By Business Units, both reflected higher net turnover.

- In "Technology Solutions", Net Turnover grew by 3.7% up to €96.4 million boosted by our operations in Asia, and specifically in China.
- "Product Systems", Net Turnover rose by 0.9% up to €1,036.1 million due to higher "Headliners" sales in Asia and Europe.

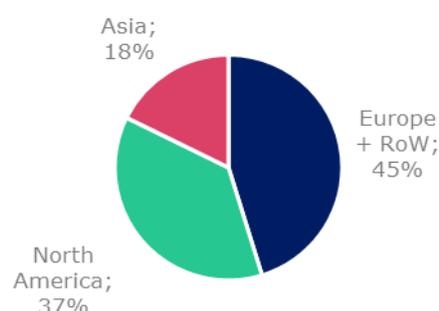
Finally, the negative evolution of exchange rates, lowered our global net turnover figure around €39.8 million during the period.

The percentage of Net Turnover derived per geography and business unit for Q3 2023 and for Q3 2022 are as follows:

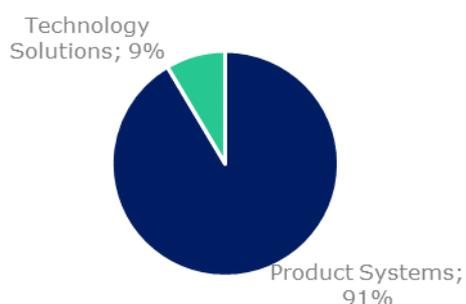
Q3 2023 Net Turnover by Geography



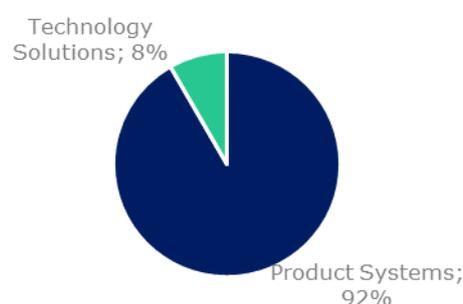
Q3 2022 Net Turnover by Geography



Q3 2023 Net Turnover by Business Unit



Q3 2022 Net Turnover by Business Unit



Supplies

Supplies were down by €7.5 million, or 1.0%, to €740.8 million in the three months ended September 30, 2023, from €748.3 million in Q3 2022. The decrease in supplies was primarily attributable to some cost relief, after several quarters suffering cost inflation.

Supply cost as percentage of Net Turnover has decreased to 65.4% in Q3 2023 from 66.7% in Q3 2022.

Staff costs

Staff costs increased by €5.9 million, or 2.7%, to €227.0 million in the three months ended September 30, 2023, from €221.0 million in the three months ended September 30, 2022, due to higher average salaries due to inflation which were partially offset by rightsizing initiatives from the 2023-2026 GOA Transformation Plan.

Staff costs as percentage of Net Turnover has slightly increased to 20.0% in Q3 2023 from 19.7% in Q3 2022, principally due higher staff costs.

Other operating expenses

Other operating expenses increased by €1.3 million, or 1.8% to €76.4 million in the three months ended September 30, 2023, from €75.1 million in the three months ended September 30, 2022. This increase was primarily attributed to higher costs in utilities and logistics, and extraordinary expenses related to 2023-2026 GOA Transformation Plan, mainly consultancy services.

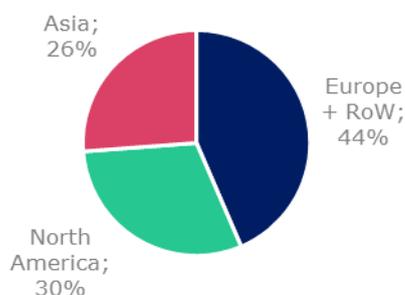
EBITDA

EBITDA in the three months ended September 30, 2023, increased by €11.7 million, or 15.3%, to €88.6 million from €76.9 million in the three months ended September 30, 2022. The increase in EBITDA was primarily attributable to higher sales driven by higher production of light vehicles on a worldwide basis (+3.8%) and higher customer compensations, which more than offset higher costs, mainly personnel, due to high inflation, and other operating expenses due to extraordinary costs related to 2023-2026 GOA Transformation Plan.

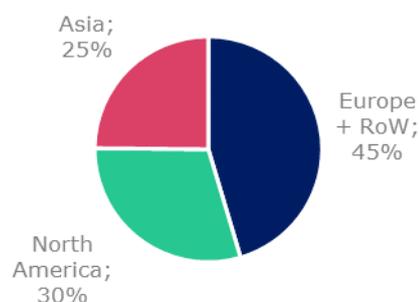
EBITDA margin was 7.8% in the three months ended September 30, 2023, compared to 6.9% in the three months ended September 30, 2022. Not considering one-off costs and synergies linked to the 2023-2026 GOA Transformation Plan (€4 euro million during Q3 2023), EBITDA margin for Q3 2023 would have been 8.2%.

The percentage of EBITDA (excluding "others") derived per geography and business unit for Q3 2023 and for Q3 2022 are as follows:

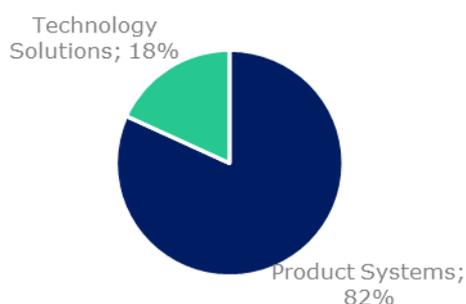
Q3 2023 EBITDA by Geography



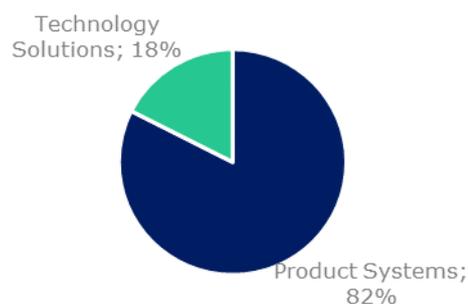
Q3 2022 EBITDA by Geography



Q3 2023 EBITDA by Business Unit



Q3 2022 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 were materially down and decreased by €11.7 million, or 16.2%, to €60.0 million in Q3 2023 from €71.7 million in Q3 2022. D&A decreased mainly due to lower tangible and intangible assets due to impairments of more than €150 million recorded in Q4 2022.

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

Profit for the year from ordinary continuing operations improved by €23.4 million or 449.9% to €28.6 million in the three months ended September 30, 2023, from €5.2 million in the three months ended September 30, 2022. The positive performance in EBIT was primarily attributable to the same reasons explained for EBITDA and lower depreciation and amortization expenses.

Financial Profit/(loss)

Financial loss increased by €10.6 million, or 106.1%, to €20.7 million in Q3 2023 from €4.7 million in Q3 2022. The surge in financial loss was primarily attributable to higher financial expenses (€17.2 million in Q3 2023 vs. €10.5 million in Q3 2022) due to higher interest rates and the positive result from the purchase and cancellation of €1.0 million 2028 SSN in Q3 2022. Furthermore, the evolution of exchange differences has turned to the negative side (-€1.7 million in Q3 2023 vs. €2.3 million in Q3 2022).

Corporate income tax

Corporate income tax decreased by €7.8 million to €2.1 million in the three months ended September 30, 2023, from -€5.7 million during the same period of last year. This increase was due to a tax adjustment in our Mexican subsidiaries.

Consolidated profit attributable to the parent

Consolidated profit for the three months ended September 30, 2023, reached €6.7 million, compared to -€13.5 million in the three months ended September 30, 2022. The improvement was attributable to higher EBITDA and lower depreciation and amortization expenses, which more than offset higher interest expenses.

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 Mexican Peso, the Czech Koruna or the British Pound. In the three months ended September 30, 2023, we were impacted particularly by the positive evolution of the Euro against the Chinese Yuan, the US\$, the Argentinean Peso, the South African Rand and the Indian Rupee which more than offset the depreciation of the euro against the Mexican peso and the Czech Koruna. In this regard, if we were to maintain the Q3 2022 exchange rates stable, net turnover and EBITDA for Q3 2023, would have been approximately €39.8 million and €4.9 million higher respectively.

Segment results of operations

From January 1, 2023, the number of business units has been reduced from three to two. Antolin has split its operations in traditional businesses, which has been named as "Product Systems", and new businesses, which has been named as "Technology Solutions".

Product Systems includes headliners, doors and hard trim, instrument panels, central consoles, sun visors, window regulators and trunk. Technology Solutions includes lighting, human-machine interface (HMI) and electronics.

From January 1, 2023, we have included one subsidiary, Grupo Antolin-Saltillo, S.R.L. de C.V. ("Saltillo"), under the "Technology Solutions" Business Unit, previously was included under the "Doors & Cockpits" Business Unit. Financial figures have been adjusted accordingly to have a homogeneous comparison Q3 2023 vs. Q3 2022.

Product Systems

Product Systems	Three months ended September 30, € million		
	2023	2022	% Change
Net turnover	1,036.1	1,027.2	0.9%
Other operating (expenses)/income, net	-939.4	-938.5	0.1%
EBITDA	96.6	88.7	8.9%
Depreciation and amortization	-46.7	-59.4	-21.4%
Operating profit/(loss) (EBIT)	49.9	29.3	70.6%
EBITDA margin	9.3%	8.6%	+0.7pp

Net turnover. Net turnover increased by €8.9 million, or 0.9%, to €1,036.1 million in the three months ended September 30, 2023, from €1,027.2 million in the three months ended September 30, 2022. The increase in net turnover was primarily attributable to the higher sales in "Headliners" in Asia and Europe.

Other operating (expenses)/income, net. Net other operating expenses marginally rose by €1.0 million, or 0.1%, to €939.4 million in the three months ended September 30, 2023, from €938.5 million in the same period of 2022. The increase in net operating expenses was primarily attributable to higher utilities cost.

EBITDA. EBITDA grew by €7.9 million, or 8.9%, to €96.6 million in Q3 2023 from €88.7 million in Q3 2022. The increase in EBITDA was primarily attributable to higher net turnover, lower supplies costs and customer compensations. EBITDA margin increased by 0.7 percentage points and stood at 9.3% (vs. 8.6% in Q3 2022).

Depreciation and amortization. Depreciation and amortization decreased by €12.7 million, or 21.4%, to €46.7 million in the three months ended September 30, 2023, from €59.4 million in the three months ended September 30, 2022. D&A decreased mainly due to lower tangible and intangible assets due to impairments of more than €150 million recorded in 2022.

Profit/(loss) from ordinary continuing operations (EBIT). Operating profit increased by €20.7 million, or 70.6%, to €49.9 million in the three months ended September 30, 2023, from an operating profit of €29.3 million in the same period of 2022. The increase in operating profit was primarily attributable to higher EBITDA and lower depreciation and amortization.

Technology Solutions

Technology Solutions	Three months ended September 30, € million		
	2023	2022	% Change
Net turnover	96.4	93.0	3.7%
Other operating (expenses)/income, net	-74.9	-74.1	1.1%
EBITDA	21.4	18.8	13.8%
Depreciation and amortization	-10.1	-9.2	9.2%
Operating profit/(loss) (EBIT)	11.4	9.6	18.2%
EBITDA margin	22.2%	20.3%	+1.9pp

Net turnover. Net turnover increased by €3.4 million, or 3.7%, to €96.4 million in the three months ended September 30, 2023, from €93.0 million in the three months ended September 30, 2022. The increase in net turnover was primarily attributable to higher sales in Asia, which showed double digit growth.

Other operating (expenses)/income, net. Net other operating expenses increased just by €0.8 million, or 1.1%, to €74.9 million in Q3 2023 from €74.1 million in Q3 2022. The increase in net operating expenses was primarily attributable to higher sales.

EBITDA. EBITDA increased by €2.6 million, or 13.8%, to €21.4 million in the three months ended September 30, 2023, from €18.8 million in the same period of 2022. Higher EBITDA was primarily attributable to higher net turnover. EBITDA margin rose by 1.9 percentage points and stood at 22.2% (vs. 20.3% in Q3 2022).

Depreciation and amortization. Depreciation and amortization increased by €0.8 million or 9.2%, to €10.1 million in the three months ended September 30, 2023, from €9.2 million in the three months ended September 30, 2022. Higher D&A was primarily attributable to higher investments in relation to new projects awarded in 2022.

Profit/(loss) from ordinary continuing operations (EBIT). Operating profit grew by €1.8 million, or 18.2%, to €11.4 million in Q3 2023 from €9.6 million in Q3 2022. The increase in operating profit was primarily attributable to same reasons explained for EBITDA.

Group results of operations (9m 2023)

Nine months ended September 30, 2023, compared to nine months ended
September 30, 2022

Executive summary

Light Vehicle Production figures in 9m 2023 (source S&P Mobility (former IHS), October 2023):

- Improvement of bottlenecks in supply chains (and mainly semiconductors shortages) has driven a positive year, in which, pent-up demand is being satisfied and inventories are being rebuilt.
- Production of Light Vehicles during 9m 2023 rose to 65.9 million units (+9.0%³ vs. 9m 2022) boosted by the recovery in volumes in Europe (+14.0%) and at a lesser extent, in North America (+11.3%).

Antolin in 9m 2023:

- Net turnover of €3,533.5 million in 9m 2023, up 9.7% (+10.7% on a constant currency) vs. 9m 2022 and compared to +9.0%⁴ industry production growth. FX evolution lowered our net turnover around €29.9 million mainly due to the negative evolution of the US\$, Chinese Yuan, the Indian Rupee, the Argentinean Peso and the sterling pound against the Euro.
- Net turnover for components (excluding Tools on behalf of customers) increased by 10.1% (excluding foreign exchange impact +11.0%), surpassing market growth. In 9m 2023 tooling sales amounted to 60.5 million euros, compared with the 66.0 million euros recorded in 9m 2022.
- EBITDA of €249.1 million in 9m 2023, thus representing a 11.8% increase (+13.9% on a constant currency) vs. 9m 2022, while EBITDA margin improved to 7.0% compared to the 6.9% recorded in 9m 2022.

Excluding one-off costs and synergies linked to the 2023-2026 GOA Transformation Plan which totaled 28.9 euro million (last-twelve months) at

³ Source: S&P Global Mobility. 9m 2023 (October 2023)

⁴ Source: S&P Global Mobility. 9m 2023 (October 2023)

30.09.2023 (20 euro million for 9m 2023), EBITDA margin was 7.6% vs. 7.1% in 9m 2022 (7 euro million for 9m 2022).

The evolution of exchange rates negatively impacted our EBITDA by around €4.6 million in the period.

- EBIT of €70.6 million in 9m 2023 vs. €10.2 million posted in 9m 2022, while EBIT margin improved by 1.7 percentual points to +2.0% vs. +0.3% in 9m 2022.
- Cash available of €294.2 million.
- Available credit facilities of €182.2 million (€80.0 million euros of RCF has been drawn).
- Cash and long-term undrawn committed credit lines of €476.4 million versus short-term maturities of €164.5 million (includes the €80.0 million euros which can be roll-over until RCF maturity in April 2026).
- Net Financial Debt to EBITDA of 3.3x (for covenant purposes: excluding one-off costs and synergies linked to the 2023-2026 GOA Transformation Plan which totaled 28.3 euro million).
- Interest coverage (EBITDA to Net Financial expenses) of 5.1x (for covenant purposes: excluding one-off costs and synergies linked to the 2023-2026 GOA Transformation Plan which totaled 28.3 euro million).

Group results of operations

The table below sets out our results of operations for the nine months period ended September 30, 2023, compared to the nine months period ended September 30, 2022.

In € millions	Nine-Months ended Sept 30,		
	2023	2022	% change
CONTINUING OPERATIONS			
Net Turnover	3,533.5	3,220.4	9.7%
Total Operating Income	3,533.5	3,220.4	9.7%
Supplies	(2,342.4)	(2,120.6)	10.5%
Staff costs	(691.1)	(646.4)	6.9%
Other operating expenses	(250.9)	(230.6)	8.8%
Depreciation and amortization expense	(129.4)	(165.4)	(21.8%)
Depreciation for leasing	(49.1)	(47.2)	4.0%
Profit/(loss) from ordinary continuing operations	70.6	10.2	595.5%
Net impairment gains/(losses) on non-current assets	(0.3)	(14.4)	(98.0%)
Profit/(loss) on the disposal of non-current assets	0.0	0.0	na
Profit of companies accounted for using the equity method	7.6	0.3	2,140.1%
Operating Profit/(loss) from continuing operations	77.9	(3.9)	(2,092.8%)
<i>Financial expenses</i>	<i>(46.3)</i>	<i>(28.2)</i>	<i>64.4%</i>
<i>Financial expenses for leasing</i>	<i>(5.6)</i>	<i>(5.7)</i>	<i>(1.9%)</i>
Financial income/expense	(51.9)	(33.9)	53.2%
Exchange differences	8.3	12.2	(32.2%)
Financial Profit/(loss)	(43.7)	(21.7)	101.3%
Profit/(loss) before taxes	34.3	(25.6)	(233.9%)
Corporate income tax	(14.2)	(12.6)	12.4%
Profit/(loss) from continuing operations for the period	20.1	(38.2)	(152.5%)
Profit from discontinued operations	0.0	0.0	na
Consolidated profit/(loss) for the period	20.1	(38.2)	(152.5%)
Profit attributable to non-controlling interests	11.9	8.7	37.0%
Profit/(loss) attributable to the Parent	8.1	(46.9)	(117.3%)

Net Turnover

Net Turnover increased by €313.1 million, or 9.7%, to €3,533.5 million in 9m 2023 from €3,220.4 million in 9m 2022 mainly due to market growth, Antolin overperformance and despite a negative FX impact of €29.9 million. This sales increase compares with an overall global light vehicle production of around +9.0% in the first nine-months of the year, the global light vehicle production was able to grow due to easing supply chain constraints, pent-up demand being satisfied and rebuilding of inventories.

Component and Tooling revenues reached €3,473.0 million and €60.5 million respectively, a rise of 10.1% and a decrease of 8.4% respectively compared to the nine months ended September 30, 2022.

By geography, the increase in Net Turnover came across all geographies, mainly Europe & RoW and Asia.

- Europe & RoW: 9m 2023 closed with a net turnover increase of 11.7%. Antolin sales figures benefited from market growth of 11.2% in Light Vehicle production figures supported by easing of supply chain disruptions, rebuilding of inventories and pent-up demand being satisfied

On the positive side, the European countries with the largest sales increase were Turkey (+34%), Portugal (+26%), Hungary (+26%), Slovakia (+21%), Spain (+19%) and France (16%). On the negative side, the European countries with negative sales performance were Russia (-100%, country exit) and U.K. (-0.5%).

Outside Europe, sales figures were strongly higher in South Africa (+38%) and in Brazil (+19%).

- North America: higher net turnover (+6.3% or +€71.5 million vs. 9m 2022) was boosted by positive performance in both, U.S.A. (+4%) and Mexico (+11%), with a negative Fx impact due to the evolution of the € against the US\$ (-€14.1 million) in the U.S.A. and the impact in our Mexican operations due to the partial dollarization of the business. North America was positively impacted, as the European region, by easing supply chain disruptions and rebuilding of inventories.
- Asia: revenues grew in 9m 2023 by 11.6% (vs. 9m 2022) up to €564.5 million (vs. €505.7 million), boosted by an outstanding performance in Thailand (+60%) and at minor extent in India (+11%) and China (+9%). Moreover, net turnover was impacted by negative foreign exchange evolution (-€46.3 million), so, at constant currency our net turnover in Asia grew more than 20% in the first-nine months of 2023.

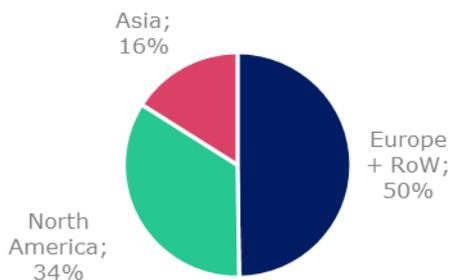
By Business Units, both reflected higher net turnover.

- In "Technology Solutions", Net Turnover grew by 7.0% up to €292.1 million due to higher sales mainly in China and, at a lesser extent, in Europe (Romania and Spain).
- "Product Systems", Net Turnover rose by 10.0% up to €3,240.5 million due to higher sales in Headliners and, at a lesser extent, in Doors & Hard Trim divisions.

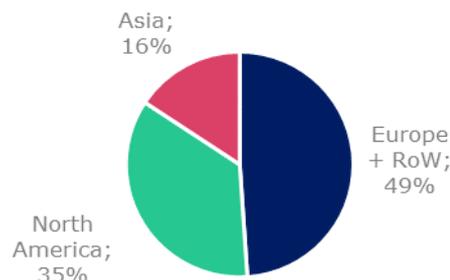
Finally, the negative evolution of exchange rates, lowered our global net turnover figure around €29.9 million during the period.

The percentage of Net Turnover derived per geography and business unit for 9m 2023 and for 9m 2022 are as follows:

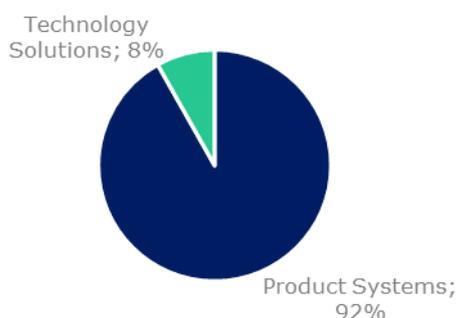
9m 2023 Net Turnover by Geography



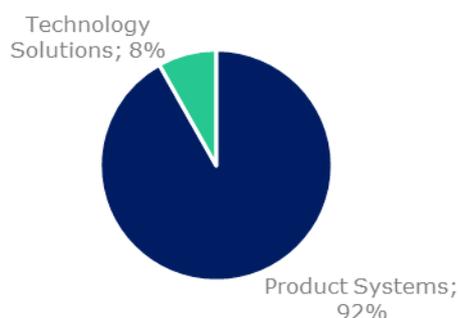
9m 2022 Net Turnover by Geography



9m 2023 Net Turnover by Business Unit



9m 2022 Net Turnover by Business Unit



Supplies

Supplies were up by €221.7 million, or 10.5%, to €2,342.4 million in the nine months ended September 30, 2023, from €2,120.6 million in 9m 2022. The increase in supplies was primarily attributable to higher revenues and cost increases due to inflation during the first half of the year.

Supply cost as percentage of Net Turnover has increased to 66.3% in 9m 2023 from 65.9% in 9m 2022.

Staff costs

Staff costs increased by €44.8 million, or 6.9%, to €691.1 million in the nine months ended September 30, 2023, from €646.4 million in the nine months ended September 30, 2022, due to higher net turnover (higher direct workforce), higher average salaries due to inflation and some extraordinary costs linked to dismissals related to the 2023-2026 GOA Transformation Plan.

Staff costs as percentage of Net Turnover has decreased to 19.6% in 9m 2023 from 20.1% in 9m 2022, principally due to higher net turnover, which more than offset higher staff costs.

Other operating expenses

Other operating expenses increased by €20.3 million, or 8.8% to €250.9 million in the nine months ended September 30, 2023, from €230.6 million in the nine months ended September 30, 2022. This increase was primarily attributed to higher sales, higher costs due

to inflation (mainly utilities and logistics) and extraordinary expenses related to 2023-2026 GOA Transformation Plan, mainly consultancy services.

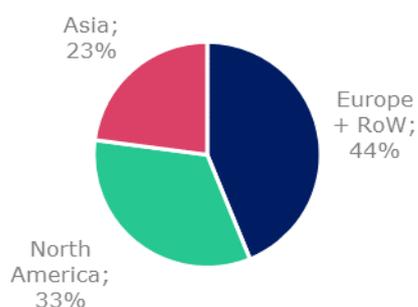
EBITDA

EBITDA in the nine months ended September 30, 2023, increased by €26.3 million, or 11.8%, to €160.4 million from €249.1 million in the nine months ended September 30, 2022. The increase in EBITDA was primarily attributable to higher sales driven by higher production of light vehicles on a worldwide basis (+9.0%) and customer compensations which more than offset higher costs due to high inflation and extraordinary expenses related to 2023-2026 GOA Transformation Plan.

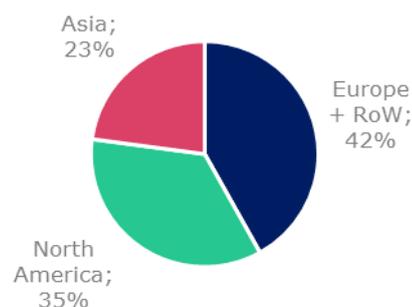
EBITDA margin was 7.0% in the nine months ended September 30, 2023, compared to 6.9% in the nine months ended September 30, 2022. Not considering one-off costs and synergies linked to the 2023-2026 GOA Transformation Plan (€20 euro million during 9m 2023), EBITDA margin for 9m 2023 would have been 7.6%.

The percentage of EBITDA (excluding "others") derived per geography and business unit for Q3 2023 and for Q3 2022 are as follows:

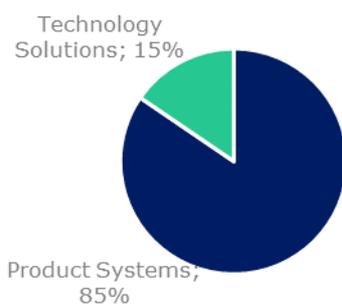
9m 2023 EBITDA by Geography



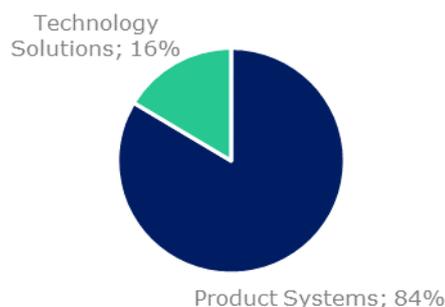
9m 2022 EBITDA by Geography



9m 2023 EBITDA by Business Unit



9m 2022 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 were materially down and decreased by €34.1 million, or 16.1%, to €178.5 million in 9m 2023 from €212.6 million in 9m 2022. D&A decreased mainly due to lower tangible and intangible assets due to impairments of more than €150 million recorded in 2022.

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

Profit for the year from ordinary continuing operations improved by €60.4 million or 595.5% to €70.6 million in the nine months ended September 30, 2023, from €10.2 million in the nine months ended September 30, 2022. The positive performance in EBIT was primarily attributable to the same reasons explained for EBITDA and lower depreciation and amortization expenses.

Financial Profit/(loss)

Financial loss increased by €22.0 million, or 101.3%, to €43.7 million in 9m 2023 from €21.7 million in 9m 2022. The surge in financial loss was primarily attributable to higher financial expenses (+€18.1 million) due to higher interest rates and the positive result from the purchase and cancellation of €9.7 million 2028 SSN recorded in 9m 2022.

Corporate income tax

Corporate income tax increased by €1.6 million to €14.2 million in the nine months ended September 30, 2023, from €12.6 million during the same period of last year. This increase was due to better results in several of our subsidiaries with positive profit before tax.

Consolidated profit attributable to the parent

Consolidated profit for the nine months ended September 30, 2023, reached €8.1 million, compared to -€46.9 million in the nine months ended September 30, 2022. The improvement was attributable to higher EBITDA and lower depreciation and amortization expenses which more than offset higher interest expenses. Additionally, an extraordinary effect (provision due to the invasion of Ukraine by Russia) in our Russian business was recorded during 9m 2022 (€15 million).

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 Mexican Peso, the Czech Koruna or the British Pound. In the nine-months ended September 30, 2023, we were impacted particularly by the negative evolution of the Euro against the US\$, the Chinese Yuan, the Argentinean peso, the Indian Rupee, the South African rand and the Sterling pound which more than offset the depreciation of the euro against the Mexican peso and the Czech Koruna. In this regard, if we were to maintain the 9m 2022 exchange rates stable, net turnover and EBITDA for 9m 2023, would have been approximately €29.9 million and €4.6 million higher respectively.

Segment results of operations

From January 1, 2023, the number of business units has been reduced from three to two. Antolin has split its operations in traditional businesses, which has been named as "Product Systems", and new businesses, which has been named as "Technology Solutions".

Product Systems includes headliners, doors and hard trim, instrument panels, central consoles, sun visors, window regulators and trunk. Technology Solutions includes lighting, human-machine interface (HMI) and electronics.

From January 1, 2023, we have included one subsidiary, Grupo Antolin-Salttillo, S. de R.L. de C.V. ("Salttillo"), under the "Technology Solutions" Business Unit, previously was

included under the "Doors & Cockpits" Business Unit. Financial figures have been adjusted accordingly to have a homogeneous comparison 9m 2023 vs. 9m 2022.

Product Systems

Product Systems	Nine-months ended September 30, € million		
	9m 2023	9m 2022	
Net turnover	3,240.5	2,945.2	10.0%
Other operating (expenses)/income, net	-2,955.9	-2,688.5	9.9%
EBITDA	284.6	256.7	10.9%
Depreciation and amortization	-140.7	-177.3	-20.7%
Operating profit/(loss) (EBIT)	144.0	79.3	81.4%
EBITDA margin	8.8%	8.7%	+0.1pp

Net turnover. Net turnover increased by €295.3 million, or 10.0%, to €3,240.5 million in the nine-months ended September 30, 2023, from €2,945.2 million in the nine-months ended September 30, 2022. The increase in net turnover was primarily attributable to the higher sales in all regions, mainly in Europe. Regarding products, net turnover was boosted by strong growth in the "Headliners" and, at a lesser extent, "Doors and Hard Trim" divisions.

Other operating (expenses)/income, net. Net operating expenses rose by €267.4 million, or 9.9%, to €2,955.9 million in the nine months ended September 30, 2023, from €2,688.5 million in the same period of 2022. The increase in net operating expenses was primarily attributable to higher sales and cost inflation.

EBITDA. EBITDA grew by €28.0 million, or 10.9%, to €284.6 million in 9m 2023 from €256.7 million in 9m 2022. The increase in EBITDA was primarily attributable to higher net turnover. EBITDA margin increased by 0.1 percentage points and stood at 8.8% (vs. 8.7% in 9m 2022).

Depreciation and amortization. Depreciation and amortization decreased by €36.6 million, or 20.7%, to €140.7 million in the nine-months ended September 30, 2023, from €177.3 million in the nine-months ended September 30, 2022. D&A decreased mainly due to lower tangible and intangible assets due to impairments of more than €150 million recorded in 2022.

Profit/(loss) from ordinary continuing operations (EBIT). Operating profit increased by €64.4 million, or 81.4%, to €144.0 million in the nine-months ended September 30, 2023, from an operating profit of €79.3 million in the same period of 2022. The increase in operating profit was primarily attributable to higher EBITDA and lower depreciation and amortization.

Technology Solutions

Technology Solutions	Nine-months ended September 30, € million		
	9m 2023	9m 2022	% Change
Net turnover	292.1	273.1	7.0%
Other operating (expenses)/income, net	-240.1	-222.8	7.8%
EBITDA	52.0	50.3	3.3%
Depreciation and amortization	-28.9	-26.7	8.1%
Operating profit/(loss) (EBIT)	23.0	23.6	-2.2%
EBITDA margin	17.8%	18.4%	-0.6pp

Net turnover. Net turnover increased by €19.0 million, or 7.0%, to €292.1 million in the nine-months ended September 30, 2023, from €273.1 million in the nine-months ended September 30, 2022. The increase in net turnover was primarily attributable to higher sales in Asia and, at a lesser extent, in Europe.

Other operating (expenses)/income, net. Net operating expenses rose by €17.3 million, or 7.8%, to €240.1 million in 9m 2023 from €222.8 million in 9m 2022. The increase in net operating expenses was primarily attributable to higher net turnover, higher costs due to inflation, mainly in electronics, and the extraordinary impact due to the transfer in our French facility located in Besançon during the first quarter of 2023.

EBITDA. EBITDA increased by €1.7 million, or 3.3%, to €52.0 million in the nine-months ended September 30, 2023, from €50.3 million in the same period of 2022. Higher EBITDA was primarily attributable to higher sales and despite higher material costs, mainly in electronics, and the transfer of one of our plants in Besançon (France) during Q1 2023. EBITDA margin decreased by 0.6 percentage points and stood at 17.8% (vs. 18.4% in 9m 2022).

Depreciation and amortization. Depreciation and amortization increased by €2.2 million or 8.1%, to €28.9 million in the nine-months ended September 30, 2023, from €26.7 million in the nine-months ended September 30, 2022. Higher D&A was primarily attributable to higher investments in relation to new projects awarded in 2022.

Profit/(loss) from ordinary continuing operations (EBIT). Operating profit decreased by €0.6 million, or 2.2%, to €23.0 million in 9m 2023 from €23.6 million in 9m 2022. The decrease in operating profit was primarily attributable to the drivers which explained EBITDA performance together with higher D&A.

Liquidity and capital resources

Historical cash flows

The following table set forth our historical cash flow items for the nine months ended September 30, 2023, and September 30, 2022:

In € millions	Nine-Months ended Sep 30,		
	2023	2022	% change
Consolidated profit/(loss) before taxes for the period	34.3	(25.6)	(233.9%)
Depreciation and amortization charge	178.5	212.6	(16.1%)
Endowment (reversal) of provisions	(29.6)	(9.4)	214.5%
Capital grants and other grants taken to income	(0.7)	(0.3)	135.1%
Financial (Profit)/loss	43.7	21.7	101.3%
Net impairment (gains)/losses on non-current assets	0.3	14.4	(98.0%)
(Profit)/loss of companies accounted for using the equity method	(7.6)	(0.3)	2,138.3%
Operating profit before changes in working capital	218.8	213.0	2.7%
(Increase)/decrease in debtors and other receivables	(13.5)	(207.4)	(93.5%)
(Increase)/decrease in inventories	(122.2)	(151.4)	(19.3%)
Increase/(decrease) in trade and other payables	78.4	167.2	(53.1%)
Unrealized exchange differences and other items	47.7	16.3	192.4%
Cash generated in transactions	209.2	37.8	453.1%
Corporate income tax collected/(paid)	(13.7)	(17.9)	(23.7%)
Total Net Cash Flows from operating activities	195.5	19.9	881.4%
Dividends collected	0.0	0.0	na
Collections for divestments in-			
Group companies, net of cash outflows	5.5	14.8	(62.8%)
Intangible assets	1.5	0.0	na
Property, plant and equipment	0.8	0.0	na
Current financial assets	0.6	0.0	na
Payments for investments in-			
Property, plant and equipment	(75.5)	(60.9)	23.9%
Intangible assets	(96.7)	(70.2)	37.7%
Current financial assets	(1.9)	0.0	na
Total Net Cash Flows from investment activities	(165.7)	(116.3)	42.5%
Collections/(payments) for equity instruments-			
Collections/(payments) for financial liabilities-			
Early bond repayment	0.0	(9.7)	(100.0%)
Syndicated loan repayments	(15.7)	(16.1)	(2.5%)
Attainment/(repayment) of other bank borrowings, net	(16.7)	(7.9)	110.3%
Financial lease liability payments (IFRS-16)	(52.9)	(55.2)	(4.0%)
Attainment/(reimbursement) of other financial liabilities, net	90.3	(11.9)	(856.3%)
Other cash flows from financing activities-			
Financial expenses and income paid, net	(37.4)	(20.2)	85.2%
Payments for dividends and remuneration from other equity instruments	(14.3)	0.0	na
Total Net Cash Flows from financing activities	(46.8)	(121.1)	(61.4%)
Net Increase/(decrease) in cash & cash equivalents	(17.0)	(217.5)	(92.2%)
Cash and cash equivalents at the start of the year	311.2	440.8	(29.4%)
Cash and cash equivalents at the end of the period	294.2	223.3	31.8%

Net cash generated by/(used in) operating activities

Our net cash generated by operating activities was €195.5 million in the nine-months ended September 30, 2023, mainly due to the consolidated profit before taxes for the nine months ended September 30, 2023, of €34.3 million, as well as due to depreciation and amortization expenses which totaled €178.5 million, financial loss of €43.7 million and an increase in net working capital of €9.6 million (including unrealized exchange differences and other items) and net payment of corporate income tax of €13.7 million.

Our net cash generated by operating activities was €19.9 million in the nine-months ended September 30, 2022, mainly due to the consolidated profit before taxes for the nine-months ended September 30, 2022 of -€25.6 million, as well as due to depreciation and amortization charges which totaled €212.6 million, net impairment loss on non-current assets of €14.4 (mainly due to our Russian assets), financial loss of €21.7 million, an increase in net working capital of €175.3 million (including unrealized exchange differences and other items) and net payment of corporate income tax of €17.9 million.

Net cash generated by/(used in) investing activities

Our net cash used in investing activities was €165.7 million in the nine-months ended September 30, 2023, primarily attributable to Besançon (France), Interiors Mexico (Mexico), Howell (U.S.A), Sibiu (Romania), Bamberg (Germany). Some of the main projects under development are Chevrolet Traverse, Porsche Macan, Audi Q7/Q9, Land Rover Velar, Jeep Cherokee, Mini F6X, Renault 5 ECHO and Ford Puma, among others. The breakdown by business unit of our cash used in investing activities is as follows: product systems 72% and Technology Solutions 28%

Our net cash used in investing activities was €116.3 million in the nine-months ended September 30, 2022, the breakdown of our cash used in investing activities is as follows: Doors & Cockpits 32%, Headliners 42% and Lighting 26% (product systems 74% and technology solutions 26%). Some of the main projects under development were Chevrolet Traverse, Porsche Macan, Mini F6x, Renault 5ECHO, Seat Terramar, Dodge Ram DT, F250/350 SuperDuty, among others.

Net cash generated by/(used in) financing activities

Our net cash used in our financing activities was €46.8 million in the nine months ended September 30, 2023, primarily attributable to the €15.7 million of syndicated loan repayments, repayment of other bank borrowings of €16.7 million, financial expenses paid (net) of €37.4 million, €52.9 million of payments related to lease liabilities and €6 million euro paid to our shareholders and €8.3 million paid to minorities. These payments were partially offset by Attainment of other financial liabilities of €90.3 million (mainly the €80 million from the RCF under the senior financial agreement).

Our net cash used in our financing activities was €121.1 million in the nine-months ended September 30, 2022, primarily attributable to €55.2 million of payments related to lease liabilities; €20.2 million of net finance expenses paid; the repayment of €36.0 million of bank borrowings and other financial liabilities, including 16.1 million of our syndicated loan and 11.9 million paid in dividends to minorities; and the early repayment of €9.2 million of the SSN 2028.

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.

As of September 30, 2023, the cash and bank balances and other liquid assets amounted to €294.2 million. Additionally, we had available revolving credit facilities totaling €182.2 million, of which €109.1 million correspond to the revolving credit facility made available under the Senior Facilities Agreement and €73.1 million to other credit lines.

Although we believe that our expected cash flows from operations, together with available borrowings and cash on hand, will be adequate to meet our anticipated liquidity and debt service needs, we cannot assure you that our business will generate sufficient cash flows from operations or that future debt and equity financing will be available to us in an amount sufficient to enable us to pay our debts when due, 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 September 30, 2023, we had loans and borrowings in an aggregate amount of €1,220.6 million outstanding. The main and most significant items included in this figure are (i) €630.3 million of 2026 Notes and 2028 Notes, (ii) €353.9 million of syndicated loans under the Senior Facility Agreement (iii) €104.8 million under the EIB Facility and (iv) €80 million of RCF under the Senior Facility Agreement . We anticipate that our leverage will continue for the foreseeable future.

Working Capital

The following table sets forth changes to our operating working capital for the three months ended September 30, 2023, and September 30, 2022:

In € millions	Three-months ended	
	September 30,	
	2023	2022
(increase)/decrease in debtors and other receivables	19.0	(86.6)
(increase)/decrease in inventories	(72.4)	(54.9)
increase/(decrease) in trade and other payables	4.9	106.3
Total (increase)/decrease in working capital	(48.5)	(35.1)
Adjustment for (increase)/decrease non- recourse factoring	(10.8)	(16.7)
Total (increase)/decrease in working capital excluding non- recourse factoring variation	(59.3)	(51.8)

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), 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 €48.5 million in the three-months ended September 30, 2023, due to (i) €26.8 million increase in operating working capital (impacted by an increase in factorized receivables of €10.8 million. If we consider this effect, operating working capital rose by €37.6 million); and (ii) €21.7 million increase in tooling working capital related to a lower volume of collections than payments mainly driven by strong order intake during 2022.

Net working capital increased by €35.1 million in the three-months ended September 30, 2022. due to (i) €18.9 million increase in operating working capital (impacted by an increase in non-recourse factorized receivables of €16.7 million. If we consider this effect, operating working capital increased by €35.6 million); and (ii) €16.2 million increase in tooling working capital related to a lower volume of collections than payments.

Capital expenditures

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

In € millions	Three-months ended	
	September 30,	
	2023	2022
Property, plant and equipment	26.9	19.6
Intangible assets	33.6	19.3
Capital expenditures	60.5	38.9

Our capital expenditure consists principally in expenditure on development expenses, property, plant and equipment.

The main investments in tangible assets in the three-months ended September 30, 2023, corresponded to Interiors Mexico (Mexico), Sibiu (Romania), Saltillo (México), Bamberg (Germany) or Liban (Czech Republic).

The main investments in intangible assets in the three-months ended September 30, 2023, have been related mainly to development expenses on certain new projects, such as Land Rover Velar, Chevrolet Traverse, Geely MMA, Jeep Cherokee, Porsche Macan, Audi Q7/Q9, Mini F6X, Ford Puma, Audi E6, DS5-DS7, Renault 5 ECHO or Cadillac L232 EV.

The main investments in tangible assets in the three-months ended September 30, 2022, corresponded to Turnov (Czech Republic), Sibiu (Romania), Changshu y Changchun (China), Interiors México (México), Tlaxcala (México), Missouri (USA), Ostrava (Czech Republic) and Cambrai (France).

Investments in intangible assets in the three-months ended September 30, 2022, related mainly to development expenses on certain new projects, , such as Chevrolet Traverse, Porsche Macan, Mini F6x, Renault 5ECHO ,Seat Terramar, Dodge Ram DT, F250/350 SuperDuty.

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 €236 million). Based on these assumptions, our consolidated contractual obligations as of September 30, 2023, would be as follows:

In € millions

	Total	< 1 year	1-5 years	> 5 years
Contractual Obligations				
Loans and borrowings ⁽¹⁾	1,209.2	161.3	1,047.9	0.0
Financial leases	0.2	0.1	0.2	0.0
Total Financial Debt	1,209.4	161.3	1,048.1	0.0
Soft loans – interest bearing ⁽²⁾	2.5	0.5	1.4	0.6
Soft loans – non-interest bearing ⁽²⁾	8.7	2.7	4.7	1.4
Total Soft Loans	11.2	3.1	6.0	2.0

(1) As of September 30, 2023, Loans and borrowings consist of (i) €630.3 million incurred under the Notes and €353.9 million under the Senior Facilities Agreement, (ii) €104.8 million under the EIB Facility, (iii) €80.0 million under the RCF within the Senior Financing Agreement (iv) €9.0 million of COFIDES loan, (v) €20.7 million of other bank loans or obligations and (vi) €10.7 million in accrued interest, excluding financial remeasurement.

(2) As of September 30, 2023, Soft loans include several loans granted to the Company by certain Spanish public bodies.

Interim report for the three-months ended September 30, 2023

Consolidated Balance Sheet (€ millions)

	Sep 30, 2023	Dec 31, 2022	Sep 30, 23 vs. Dec 31, 22 % change
ASSETS			
Intangible assets	461.8	409.2	12.9%
<i>Goodwill</i>	90.2	90.2	0.0%
<i>Other intangible assets</i>	371.6	319.0	16.5%
Property, plant and equipment	644.1	644.2	(0.0%)
Right-of-use assets (assets for leasing)	212.5	230.1	(7.6%)
Investment property	0.6	0.6	(2.6%)
Investments in companies accounted for using the equity method	42.4	35.6	19.0%
Other non-current financial assets (includes deferred tax assets)	107.7	107.7	0.1%
Total non-current assets	1,469.1	1,427.4	2.9%
Non-current assets held for sale	6.6	16.2	(59.0%)
Inventories	743.6	621.4	19.7%
Customer receivables for sales and services	640.8	627.3	2.2%
Other receivables (includes associate companies and valuation adjustments for impairment)	112.3	121.5	(7.6%)
Other current financial assets (includes current investments in Group companies and associates)	4.6	4.6	0.0%
Cash and cash equivalents	294.2	311.2	(5.5%)
Total current assets	1,802.1	1,702.2	5.9%
Total Assets	3,271.1	3,129.6	4.5%
EQUITY AND LIABILITIES			
Capital and Reserves	383.4	391.3	(2.0%)
Share capital	37.5	37.5	0.0%
Paid-in capital (share premium)	72.6	72.6	0.0%
Reserves	265.2	506.8	(47.7%)
Profit/(loss) attributable to the Parent	8.1	(225.6)	(103.6%)
Valuation adjustments (includes translation differences and other)	(97.0)	(109.2)	(11.1%)
Equity attributed to the Parent	286.4	282.1	1.5%
Non-controlling interests	63.2	67.0	(5.7%)
Total Net Equity	349.5	349.1	0.1%
Bank loans, debentures or other marketable securities	1,042.2	1,087.4	(4.2%)
<i>Marketable securities (Bonds)</i>	630.3	630.3	0.0%
<i>Other borrowings</i>	411.9	457.1	(9.9%)
Liabilities associated with right-of-use assets (assets for leasing)	178.1	189.8	(6.2%)
Other financial liabilities	17.9	17.8	0.6%
Other non-current liabilities (includes grants, provisions and deferred tax liabilities)	140.1	139.8	0.3%
Total non-current liabilities	1,378.3	1,434.8	(3.9%)
Bank loans, debentures or other marketable securities	158.1	45.8	245.1%
<i>Marketable securities (Bonds)</i>	0.0	0.0	na
<i>Other borrowings</i>	158.1	45.8	245.1%
Liabilities associated with right-of-use assets (assets for leasing)	58.4	60.8	(4.0%)
Other financial liabilities	3.1	3.0	5.2%
Other liabilities for sale	-	3.8	(100.0%)
Suppliers, creditors and other payables	1,072.7	994.3	7.9%
Other non-current liabilities (includes provisions, other payables and current tax liabilities)	251.1	238.0	5.5%
Total current liabilities	1,543.3	1,345.7	14.7%
Total Equity and Liabilities	3,271.1	3,129.6	4.5%

Consolidated Income Statement (€ millions)

In € millions	Nine-Months ended Sept 30,		
	2023	2022	% change
CONTINUING OPERATIONS			
Net Turnover	3,533.5	3,220.4	9.7%
Total Operating Income	3,533.5	3,220.4	9.7%
Supplies	(2,342.4)	(2,120.6)	10.5%
Staff costs	(691.1)	(646.4)	6.9%
Other operating expenses	(250.9)	(230.6)	8.8%
Depreciation and amortization expense	(129.4)	(165.4)	(21.8%)
Depreciation for leasing	(49.1)	(47.2)	4.0%
Profit/(loss) from ordinary continuing operations	70.6	10.2	595.5%
Net impairment gains/(losses) on non-current assets	(0.3)	(14.4)	(98.0%)
Profit/(loss) on the disposal of non-current assets	0.0	0.0	na
Profit of companies accounted for using the equity method	7.6	0.3	2,140.1%
Operating Profit/(loss) from continuing operations	77.9	(3.9)	(2,092.8%)
<i>Financial expenses</i>	<i>(46.3)</i>	<i>(28.2)</i>	<i>64.4%</i>
<i>Financial expenses for leasing</i>	<i>(5.6)</i>	<i>(5.7)</i>	<i>(1.9%)</i>
Financial income/expense	(51.9)	(33.9)	53.2%
Exchange differences	8.3	12.2	(32.2%)
Financial Profit/(loss)	(43.7)	(21.7)	101.3%
Profit/(loss) before taxes	34.3	(25.6)	(233.9%)
Corporate income tax	(14.2)	(12.6)	12.4%
Profit/(loss) from continuing operations for the period	20.1	(38.2)	(152.5%)
Profit from discontinued operations	0.0	0.0	na
Consolidated profit/(loss) for the period	20.1	(38.2)	(152.5%)
Profit attributable to non-controlling interests	11.9	8.7	37.0%
Profit/(loss) attributable to the Parent	8.1	(46.9)	(117.3%)
	2.0%	0.3%	
EBITDA Pre-IFRS 16	197.4	173.3	13.9%
EBITDA pre-IFRS 16 Mg	5.6%	5.4%	+0.2pp
EBITDA Post-IFRS 16	249.1	222.7	11.8%
EBITDA post-IFRS 16 Mg	7.0%	6.9%	+0.1pp

Other Financial Data as of September 30, 2023, and 2022 and December 31, 2022

<i>In € thousands</i>	LTM (Oct 1, 2022 -Sep 30, 2023)	FY 2022
Revenues	4,764,035	4,450,944
Adjusted for supplies	(3,197,911)	(2,976,166)
Gross profit	1,566,124	1,474,778
EBIT	76,821	16,375
EBIT margin	1.61%	0.37%
EBITDA pre-IFRS16	250,996	226,912
EBITDA pre-IFRS16 margin	5.27%	5.10%
Cash and bank balances (FX: end of period)	294,188	311,182
Cash and bank balances (FX: period average)	296,826	316,720
Bank loans	1,200,323	1,133,240
Financial debt (FX: period average)	1,211,897	1,147,142
Net Financial debt (covenant, FX: period average)	915,072	830,422
Net Financial expenses (covenant)	-54,993	-36,824

<u>Adjustments to LTM EBITDA (at 30.09.2023)</u>		
One off en EBITDA	22,508	13,381
Sinergies	5,773	0
Adjusted EBITDA pre-IFRS16	279,277	240,293

Ratio of Net financial debt to Adjusted EBITDA	3.28	3.46
Ratio of Adjusted EBITDA to net financial expenses	5.08	6.53

Calculation of EBITDA (Last 12 Months):	LTM (Oct 1, 2022 -Sep 30, 2023)	FY 2022
Profit for the year from continuing operations	76,821	16,375
Adjusted for:		
Depreciation and amortization expense	174,175	210,537
EBITDA pre-IFRS16	250,996	226,912

	30-9-2023	31-12-2022	30-9-2022
Bank Loans	1,200,323	1,133,240	1,146,446
Financial remeasurement	9,108	11,668	13,307
Soft loans with cost	2,465	2,234	2,579
Financial debt (FX: period average)	1,211,896	1,147,142	1,162,332
Cash and bank balances (FX: period average)	296,826	316,720	221,509
Net financial debt (covenant purposes)	915,070	830,422	940,823

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
		September 30, 2023
Ratio of net financial debt to EBITDA =	$\frac{\text{Net financial debt (covenant)}}{\text{EBITDA pre-IFRS16}}$	< 3.5
Ratio of EBITDA to net financial expenses =	$\frac{\text{EBITDA pre-IFRS16}}{\text{Net financial expenses (covenant)}}$	> 4.0

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 ordinary revenue from the provision of services.

Changes in inventories of finished goods and work in progress

We value our inventories as follows:

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

Finished goods, semi-finished goods and 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

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

Staff costs

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

Depreciation and amortization 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.