



Auditor's Report on CIE Automotive, S.A.

(Together with the annual accounts and
directors' report of CIE Automotive, S.A. for the
year ended 31 December 2023)

*(Translation from the original in Spanish. In the event
of discrepancy, the Spanish-language version prevails.)*



KPMG Auditores, S.L.
Torre Iberdrola
Plaza Euskadi, 5
Planta 17
48009 Bilbao

Independent Auditor's Report on the Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of CIE Automotive, S.A.

REPORT ON THE ANNUAL ACCOUNTS

Opinion

We have audited the annual accounts of CIE Automotive, S.A. (the "Company"), which comprise the balance sheet at 31 December 2023, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of non-current and current investments in Group companies and associates

See notes 3.5, 6 and 7 to the annual accounts

Key audit matter	How the matter was addressed in our audit
The Company holds investments and loans in Group companies and associates amounting to Euros 2,338,606 thousand and Euros 62,229 thousand, which are recognised in the balance sheet under "Non-current investments in Group companies and associates" and "Current investments in Group companies and associates", respectively. As required by the applicable financial reporting framework, the Company calculates the recoverable amount of investments in companies for which there is objective evidence of impairment. This recoverable amount is calculated by applying valuation techniques that often require the application of value judgements and estimates by management and the Directors. Due to the uncertainty and judgement associated with these estimates, as well as the significance of the carrying amount of these investments, we have considered their valuation a key audit matter.	Our audit procedures included the following: - evaluating the design and implementation of the key controls related to the process of measuring investments; - assessing the criteria used by Company management to identify indications, if any, of impairment of the investments; - assessing the reasonableness of the methodology, assumptions and data considered by the Company in estimating the recoverable amount of investments in Group companies and associates, with the involvement of our valuation specialists. Furthermore, we assessed whether the disclosures in the annual accounts meet the requirements of the financial reporting framework applicable to the Company.

Other Information: Directors' Report

Other information solely comprises the 2023 directors' report, the preparation of which is the responsibility of the Company's Directors and which does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not encompass the directors' report. Our responsibility regarding the information contained in the directors' report is defined in the legislation regulating the audit of accounts, as follows:

- Determine, solely, whether certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as specified in the Spanish Audit Law, have been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.



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- b) Assess and report on the consistency of the rest of the information included in the directors' report with the annual accounts, based on knowledge of the entity obtained during the audit of the aforementioned annual accounts. Also, assess and report on whether the content and presentation of this part of the directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the directors' report is consistent with that disclosed in the annual accounts for 2023, and that the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit and Compliance Committee's Responsibilities for the Annual Accounts

The Directors are responsible for the preparation of the accompanying annual accounts in such a way that they give a true and fair view of the equity, financial position and financial performance of the Company in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Audit and Compliance Committee is responsible for overseeing the preparation and presentation of the annual accounts.

Auditor's Responsibilities for the Audit of the Annual Accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.



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As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Audit and Compliance Committee of CIE Automotive, S.A. regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the entity's Audit and Compliance Committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit and Compliance Committee of the entity, we determine those that were of most significance in the audit of the annual accounts of the current period and which are therefore the key audit matters.



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We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format _____

We have examined the digital file of CIE Automotive, S.A. for 2023 in European Single Electronic Format (ESEF) comprising an XHTML file with the annual accounts for the aforementioned year, which will form part of the annual financial report.

The Directors of CIE Automotive, S.A. are responsible for the presentation of the 2023 annual financial report in accordance with the format requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the "ESEF Regulation"). In this regard, they have incorporated the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration by means of a reference thereto in the directors' report.

Our responsibility consists of examining the digital file prepared by the Company's Directors, in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we plan and perform our audit procedures to determine whether the content of the annual accounts included in the aforementioned digital file fully corresponds to the annual accounts we have audited, and whether the annual accounts have been formatted, in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital file examined fully corresponds to the audited annual accounts, and these are presented, in all material respects, in accordance with the requirements of the ESEF Regulation.

Additional Report to the Audit and Compliance Committee _____

The opinion expressed in this report is consistent with our additional report to the Company's Audit and Compliance Committee dated 23 February 2024.



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Contract Period

We were appointed as auditor by the shareholders at the ordinary general meeting on 28 April 2022 for a period of three years, from the year ended 31 December 2023.

KPMG Auditores, S.L.

On the Spanish Official Register of Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

On the Spanish Official Register of Auditors ("ROAC") with No. 18,961



CIE Automotive



***MANAGING HIGH VALUE
ADDED PROCESSES***

**Annual Accounts and Management
Report
for the year ended 2023**

This 2023 Annual Report is a translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish language version prevails.

Note
INDEX

	BALANCE SHEET
	INCOME STATEMENT
	STATEMENT OF CHANGES IN EQUITY
	CASH FLOW STATEMENT
	NOTES TO THE ANNUAL ACCOUNTS
1	Activity of CIE Automotive, S.A.
2	Basis of presentation
3	Accounting policies
4	Financial risk management
5	Intangible assets
6	Analysis of financial instruments
7	Investments in and credits to Group companies
8	Trade and other receivables
9	Derivative financial instruments
10	Cash and cash equivalents
11	Share capital and share premium
12	Reserves and retained earnings
13	Profit/(loss) for year
14	Financial liabilities at amortised cost
15	Provisions
16	Deferred taxes
17	Income and expense
18	Income tax and tax matters
19	Finance income/expense
20	Cash flows from operating activities
21	Cash flows from investing activities
22	Cash flows from financing activities
23	Contingencies
24	Director and key management compensation
25	Transactions with Group companies and related parties
26	Information on the environment
27	Auditor fees
28	Events after the balance sheet date

Appendix I List of subsidiaries and associates

Appendix II Consolidated 2023 and 2022 balance sheets and income statements

BALANCE SHEET AT 31ST DECEMBER 2023
(Thousand euro)

		At December 31 st	
	Note	2023	2022
NON-CURRENT ASSETS			
Intangible assets	5	8,466	11,543
Property, plant and equipment		772	964
Non-current investments in group companies and associates	6-7	2,388,606	2,300,450
Equity instruments		1,094,467	1,090,467
Credits to companies		1,294,139	1,209,983
Non-current financial investments	6	19,447	19,894
Equity instruments		96	81
Credits to third parties		19,315	19,788
Derivatives	9	11	-
Other financial assets		25	25
Deferred tax assets	16	17,496	18,113
Total non-current assets		2,434,787	2,350,964
CURRENT ASSETS			
Trade and other receivables	6-8	24,285	22,473
Receivables from Group companies and associates		23,885	22,309
Other receivables		69	42
Current tax assets		331	122
Current investments in group companies and associates	6-7	62,229	24,676
Credits to companies		62,229	24,676
Current financial investments	6	18,129	19,458
Credits to third parties		1,300	1,300
Derivatives	9	-	1,347
Other financial assets		16,829	16,811
Prepaid expenses		3,068	66
Cash and cash equivalents	6-10	67,044	31,202
Total current assets		174,755	97,875
TOTAL ASSETS		2,609,542	2,448,839

BALANCE SHEET AT 31ST DECEMBER 2023
(Thousand euro)

		At December 31 st	
	Note	2023	2022
EQUITY			
Capital and reserves		319,796	308,801
Share capital	11	29,952	30,637
Share premium	11	152,171	152,171
(Treasury shares)	11	(1,202)	(60,326)
Reserves	12	80,796	128,469
Profit / (loss) for the year	13	111,972	106,899
Interim dividend	13	(53,893)	(49,049)
Valuation adjustments	9	-	1,024
Hedging transactions		-	1,024
Total equity		319,796	309,825
NON-CURRENT LIABILITIES			
Non-current provisions	15	7,487	18,695
Long-term payables	6-9-14	1,511,544	1,476,520
Bank borrowings	6-14	1,511,544	1,470,648
Derivatives	6-9	-	5,872
Group companies and associates, non-current	6-14	165,155	175,075
Deferred tax liabilities	16	-	323
Other non-current payables	6-14	50,057	50,025
Other non-current payables		50,057	50,025
Total non-current liabilities		1,734,243	1,720,638
CURRENT LIABILITIES			
Current provisions	15	5,476	2,153
Current borrowings		440,903	327,638
Bank borrowings	6-14	166,483	130,738
Commercial paper program	6-14	274,420	196,900
Group companies and associates, current	6-14	22,019	7,846
Trade and other payables	6-14	87,050	80,739
Trade payables		5,503	6,840
Payables to group companies and associates		12,045	6,563
Other payables		53,893	49,049
Fixed asset suppliers		348	306
Accrued wages and salaries		10,143	12,095
Current tax liabilities		5,118	5,886
Deferred revenue		55	-
Total current liabilities		555,503	418,376
TOTAL EQUITY AND LIABILITIES		2,609,542	2,448,839

INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2023
(Thousand euro)

		As of 31 st December	
		2023	2022
CONTINUING OPERATIONS	Note		
Revenue	17	238,418	196,720
Services rendered and other income		238,418	196,720
Other operating income		887	485
Non-trading and other operating income		887	485
Employee benefit expense	17	(38,399)	(26,977)
Wages and salaries		(37,415)	(26,051)
Social security		(984)	(926)
Other operating expenses	17	(13,555)	(8,155)
External services		(13,490)	(8,093)
Taxes		(65)	(62)
Depreciation and amortization	5	(3,766)	(3,834)
Impairment and profit / (loss) on disposal of fixed assets	5	(243)	-
OPERATING PROFIT		183,342	158,239
Finance income	19	1,658	1,266
Finance expense	19	(77,273)	(34,801)
Change in fair value of financial instruments	19	6,641	(12,638)
Net exchange differences	19	(223)	(6)
FINANCIAL RESULTS		(69,197)	(46,179)
PROFIT BEFORE TAX		114,145	112,060
Income tax	18	(2,173)	(5,161)
PROFIT FOR THE YEAR		111,972	106,899

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2023
A) STATEMENT OF RECOGNISED INCOME AND EXPENSE
(Thousand euro)

	Note	2023	2022
Profit for the year	13	111,972	106,899
Income and expense recognised directly in equity			
Cash flow hedges	9	(1,347)	1,347
Tax effect	16	323	(323)
		(1,024)	1,024
TOTAL RECOGNISED INCOME AND EXPENSE		110,948	107,923

B) TOTAL STATEMENT OF CHANGES IN EQUITY
(Thousand euro)

	Share capital (Note 11)	(Treasury shares) (Note 11)	Share premium (Note 11)	Reserves (Note 12)	Profit for the year (Note 13)	Interim dividend (Note 13)	Valuation adjustments (Note 9)	Total
Beginning balance, 2022	30,637	(401)	152,171	126,297	89,929	(44,113)	-	354,520
Total recognised income and expense	-	-	-	-	106,899	-	1,024	107,923
Transactions with shareholders and owners:								
Distribution of profit	-	-	-	2,722	(89,929)	44,113	-	(43,094)
Interim dividend (Note 13)	-	-	-	-	-	(49,049)	-	(49,049)
Acquisition of treasury shares (Note 11)	-	(71,391)	-	-	-	-	-	(71,391)
Reduction of share capital (Note 11)	-	11,466	-	(550)	-	-	-	10,916
Closing balance, 2022	30,637	(60,326)	152,171	128,469	106,899	(49,049)	1,024	309,825
Total recognised income and expense	-	-	-	-	111,972	-	(1,024)	110,948
Transactions with shareholders and owners:								
Distribution of profit	-	-	-	7,661	(106,899)	49,049	-	(50,189)
Interim dividend (Note 13)	-	-	-	-	-	(53,893)	-	(53,893)
Share capital reduction (Note 11)	(685)	57,117	-	(56,432)	-	-	-	-
Acquisition of treasury shares (Note 11)	-	(8,856)	-	-	-	-	-	(8,856)
Sale of treasury shares (Note 11)	-	10,863	-	797	-	-	-	11,660
Other movements	-	-	-	301	-	-	-	301
Closing balance, 2023	29,952	(1,202)	152,171	80,796	111,972	(53,893)	-	319,796

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2023
(Thousand euro)

	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES	20		
Profit for the year before tax		114,145	112,060
Adjustments		(60,590)	(59,590)
Changes in working capital		1,225	8,612
Other cash flows from operating activities		35,783	73,390
Cash flows from/(used in) operating activities		90,563	134,472
CASH FLOWS FROM INVESTING ACTIVITIES	21		
Payments for investments		(10,291)	(684)
Proceeds from disposals		5,843	4,952
Cash flows from/(used in) investing activities		(4,448)	4,268
CASH FLOWS FROM FINANCING ACTIVITIES	22		
Proceeds from and payment of financial liabilities		46,161	9,185
Dividends and payments on other equity instruments		(96,434)	(147,682)
Cash flows from/(used in) financing activities		(50,273)	(138,497)
NET INCREASE IN CASH AND CASH EQUIVALENTS		35,842	243
Cash and cash equivalents at beginning of period		31,202	30,959
Cash and cash equivalents at end of period	10	67,044	31,202

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023 **(Denominated in thousand euro)**

1. Activity of CIE Automotive, S.A.

CIE Automotive Group and activity

CIE Automotive, S.A., parent company of CIE Automotive Group, came into existence in 2002 as a result of the merger of two business groups, Egaña and Aforasa. Following the merger between Acerías y Forjas de Azcoitia, S.A. (transferee) and Egaña, S.A. (transferor), the former took CIE Automotive, S.A. as its registered name. Since then, CIE Automotive, S.A. has become a financially solid Group with global presence.

The shares of CIE Automotive, S.A. are traded on the continuous market of Madrid and Bilbao Stock Exchanges.

The business is carried out through an industrial group formed by several companies that are mainly engaged in the design, manufacture and sale of automotive components and sub-assemblies, on the global automotive market, using complementary technologies – aluminium, forging, metals and plastics – and several associated processes: machining, welding, painting and assembly, as well as the design and production of roof systems.

Its main facilities are in the following territories: Spain (Biscay, Araba/Álava, Gipuzkoa, Navarre, Barcelona, Cádiz, Orense and Pontevedra), Germany, France, Portugal, Czechia, Romania, Italy, Morocco, Lithuania, Slovakia, Hungary, North America (Mexico and the United States of America), South America (Brazil), India, the People's Republic of China and Russia.

The Company's registered office is located in Spain at "Alameda Mazarredo 69, 8º, Bilbao".

Group structure

At present, CIE Automotive, S.A. (publicly listed company) has a 100% direct share in the following companies: CIE Berriz, S.L., Advanced Comfort Systems Ibérica, S.L.U., Advanced Comfort Systems France, S.A.S., Autokomp Ingeniería, S.A.U., CIE Automotive Boroa, S.L.U., CIE Roof Systems, S.L.U. and CIE Automotive Roof Systems Korea, Ltd; mainly, holding companies to which the CIE Automotive Group's productive companies report to.

The list of subsidiaries and associates at 31st December 2023, together with the information concerning them, is disclosed in the Appendix I to these Annual Accounts.

These Annual Accounts were prepared by the Board of Directors on 23rd February 2024.

Business evolution

After the atypical 2020 and 2021 financial years, that were greatly marked by the Covid-19 pandemic, tensions in the supply chain and lack of semiconductors, the 2022 financial year was also marked by challenges for the global economy in general, and the automotive industry in particular. The Russian invasion of Ukraine negatively affected an already weakened macroeconomic environment, generating an increase of energy prices, and the scarcity and increase in the price of essential materials for the production of vehicles. Thus, the global production reached 84.5 million vehicles in 2022.

During the 2023 financial year, the exogenous elements that conditioned the evolution of the global automotive market, such as the tensions in the supply chain, geopolitics or the inflationary background, have gradually subsided. Global production in 2023 reached 92.4 million vehicles, 9.4% higher than during the previous year. In this market context, the Group has once again shown its operational strength and flexibility, achieving sale records.

As of 31st December 2023, the Group has a liquidity reserve amounting to €1,724.8 million, which will allow it to fulfil with the necessary payments for the continuity of its business during 2024. In the same way, the Group has complied with the "covenants" of all its structural financing.

At the date of preparation of these Annual Accounts, the Directors of CIE Automotive, S.A., with the available information, estimate that the continuity of the business is not at risk given the solvency and liquidity position of the Group.

Investments in Russia

As of 31st December 2023 and 2022, the Company has an indirect investment through its subsidiary CIE Berriz, S.L. in the Russian company CIE Automotive RUS, LLC, dedicated to the production and sale of automotive components.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

The events of the conflict between Russia and Ukraine, and its impact on the Russian plant's activities, resulted the Group registering value correction adjustments during the year 2022 over its net assets in Russia amounting to €17.6 million, which were registered as of 31st December 2022 on the consolidated income statement of the Group. No valuation adjustment was needed to be registered neither in the Company's Annual Accounts nor on the Annual Accounts of its subsidiary CIE Berriz, S.L. As a consequence of the lack of progress and the general blockade in which this conflict finds itself, at 2023 year-end the Group has maintained the value adjustment registered as of 31st December 2022. The net book value of CIE Automotive Rus, LLC's net assets is not significant.

Changes in the scope of consolidation

2023

On 2nd May 2023, the Group, through its subsidiary Autometal, Ltda., and once the usual conditions precedent were met, proceeded to acquire the entire capital stock of the Brazilian company Iber-Oleff Brasil, Ltda. amounting an approximate value (Enterprise Value) of €20 million. The acquisition cost, once adjusted the debt, amounted to €17.3 million (Note 2). After the acquisition of this company, the company name has been modified to CIE Autometal Salto Indústria e Comércio, Ltda.

On 9th August 2023, the Group entered into a share purchase agreement whereby the Group sold 100% of its stake in the operating companies of the German forging business Schöneweiss & Co. GmbH, Gesekschmiede Schneider GmbH, Falkenroth Umformtechnik GmbH and Jeco Jellinghaus GmbH for a total amount of approximately €25 million (Note 13).

On 11th October 2023, the Group, through its subsidiary CIE Roof Systems, S.L., has acquired the entire capital stock of the Hungarian company Salgglas Üvegipari, Z.r.t., whose acquisition cost, including the financial debt assumed, amounted to €5 million (Note 2).

Additionally, during the year 2023, the following corporate transactions have been carried out without any of them having significant impact on the consolidated financial statements:

- On 1st March 2023, the merger by absorption between the Brazilian companies CIE Forjas Minas, Ltda. (absorbing company) and Autoforjas, Ltda. (absorbed company) was carried out.
- On 17th April 2023, the British company Stokes Group Limited was liquidated.
- On 15th May 2023, the company name of Mahindra CIE Automotive, Ltd. was changed to CIE Automotive India, Ltd.
- On 30th May 2023, the merger by absorption between the companies Componentes de Automoción Recytec, S.L.U. (absorbing company) and Alurecy, S.A.U. (absorbed company) was carried out.
- On 28th June 2023, the Mexican company CIE Metal Norte, S.A.P.I. de C.V. was set.up.
- On 5th July 2023, the CIE Porriño, S.L.U. was set.up.
- On 30th August 2023, the company name of Aurangabad Electricals, Ltd. was changed to CIE Aluminium Casting India, Ltd.
- On 13th September 2023, the Guatemalan company Biocombustibles de Guatemala, S.A. was liquidated.

2022

During the year 2022, the Group has acquired 18,956,240 shares of its subsidiary CIE Automotive India, Ltd. (previously named Mahindra CIE Automotive, Ltd.) for a total amount of €57,157 thousand, resulting in a decrease of the consolidated equity schedule by the amount paid. The Group's interest increased from 60.75% to 65.71% as of 31st December 2022.

On 15th March 2022, the Mexican subsidiary CIE Automotive de México, SAPI de C.V. acquired the 30% share it held indirectly in Ges Trading Nar, S.A. of C.V. (previously named Gescrap Autometal Mexico Servicios, S.A. de C.V.), and which until then depended directly on the associated company Gescrap Autometal de México, S.A. of C.V. This transaction had no impact on the Group's consolidated financial statements.

On 10th June 2022, together with other shareholders, an investment of €1,500 thousand was made in the company Basquevolt, S.A. by the Group, a project focused on the production of solid-state cells that aspires to be a leading battery producer in Europe, and over which the Group holds 16.67%.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

On 13rd October 2022, the company Belgium Forge, NV was liquidated. The liquidation of the company had no significant impact on the Group's consolidated financial statements.

During the second half of the year, a corporate restructuring was carried out in the "Golde" roof system division, acquired to Inteva Products in 2019. The objective of this restructuring was to adapt the structure inherited from Inteva to the operational structure of CIE. The summary of the transactions, which had no impact on the consolidated financial statements, is as follows:

- On 4th August 2022, CIE Roof Systems, S.L.U. has acquired 100% and 99.99%, respectively, of the companies Golde Oradea, SRL (Romanian nationality) and Golde Bengaluru Pvt. Ltd. (Indian nationality) from its direct subsidiary Golde Netherlands, BV.
- On 23rd August, 2022, CIE Roof Systems, S.L.U. has acquired the interest held by Golde Netherlands, BV in Roof Systems Germany, GmbH until reaching 100% of its share.
- On 31st August 2022, CIE Roof Systems, S.L.U. has also acquired practically the entire share held by Golde Lozorno spol s.r.o. from Golde Netherlands, BV. until reaching 99.77% of its share.
- On 2nd November 2022, the liquidation process of Inteva Products (Barbados), Ltd. began. Within the liquidation procedures, a legal document has been signed by which all the assets and liabilities of the Barbadian company are transferred to its direct parent company, Golde USA, LLC, a US national. The assets and liabilities transferred include the interests that Inteva Products (Barbados), Ltd. held in the Chinese companies Golde Shanghai, Co. Ltd., Golde Changchun, Co. Ltd. and CIE Golde Shanghai Innovation, Co. Ltd.; all owned by 100%.
- On 7th November 2022, CIE Roof Systems, S.L.U. has acquired from SIR SAS 50% of shares that the latter had in the joint venture Golde Shanghai Automotive Parts, Co. Ltd.
- On 8th November 2022, the cross-border merger was formalized in which CIE Roof Systems, S.L.U., absorbing company of Spanish nationality, has absorbed Golde Holdings, BV of Dutch nationality. With this merger, CIE Roof Systems, S.L.U. has come to hold 100% of the share in the Chinese companies Golde Tianjin, Co. Ltd., Golde Shandong, Co. Ltd. and Golde Wuhan, Co. Ltd. The merger date for accounting purposes was 1st January 2022.
- On 28th November 2022, CIE Roof Systems, S.L.U. has acquired 100% of the French company SIR SAS, of French nationality, from its direct subsidiary Golde Netherlands, BV.
- During the months of November and December, the necessary procedures were carried out to migrate the US company Golde USA, LLC (subsidiary of CIE Roof Systems, S.L.U. and 100% owned) to Biscay (Spain). This process was completed on 23th December 2022, the day on which the company was domiciled and nationalized for legal and tax purposes in Spain, without having lost its legal personality. Within this migration process, the corporate name of the company has also been modified, becoming CIE Golde Holding, S.L.U.

Consolidated Annual Accounts of CIE Automotive Group

Under the Spanish Royal Decree 1,815/1,991 of December 20, the Company is obliged to present Consolidated Annual Accounts.

On 23rd February 2024, the Company authorized the issuance of the Consolidated Annual Accounts of CIE Automotive, S.A. and its subsidiaries for the year ended 31st December 2023, which presented profit for the year attributable to owners of the parent of €320,175 thousand and equity, including profit for the year and non-controlling interests, of €1,661,244 thousand (2022: €300,120 thousand and €1,504,649 thousand, respectively).

Those Consolidated Annual Accounts were prepared under the International Financial Reporting Standards adopted by the European Union (IFRS-EU). Appendix II, attached, includes the Groups' consolidated 2023 and 2022 balance sheets and income statements under IFRS-EU.

The Consolidated Annual Accounts include all CIE Automotive Group companies defined under Article 42 of Spain's Code of Commerce, each of which is consolidated using the appropriate method. All subsidiaries under the control of CIE Automotive Group have been consolidated using the full consolidation method. The list of CIE Automotive Group companies together with the information concerning them is disclosed in the Appendix I to these Annual Accounts.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

2. Basis of presentation

2.1 Fair presentation

The Annual Accounts were prepared from the Company's accounting records and are presented in accordance with current commercial legislation and with the rules established in the General Accounting Plan, approved by Royal Decree 1514/2007 and the modifications incorporated therein, being the last ones incorporated by means of Royal Decree 1/2021, of 12th January in force for fiscal years beginning on or after 1st January 2021, in order to give a true and fair view of the Company's equity, financial position and results, as well as the veracity of the cash flows included in the statements of cash flows. These annual accounts were authorized for issue by the Company's Directors and will be submitted for shareholder approval at the Annual General Meeting at which they are expected to be ratified without modification.

2.2 Comparative information

The Annual Accounts present for comparative purposes, with each of the line items of the balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the Annual Accounts, in addition to the figures of the year 2023, the corresponding figures to the previous year, which were part of the Annual Accounts for the year 2022 approved at the Annual General Meeting held on 4th May 2023.

2.3 Key sources of estimation uncertainty

The preparation of the Annual Accounts requires the Company to make certain estimates and judgments concerning the future. These are continually evaluated and are based on historical experience and other factors, including expectations of future events considered being reasonable under current circumstances.

The resulting accounting estimates will, by definition, seldom match the related actual results. The most relevant estimates and assumptions are addressed below.

Impairment of investments in group companies and associates

The Company annually tests if investments in the equity of group companies and associates have suffered an impairment applying, according to the accounting policy described in Note 3.5.c). The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimations.

This analysis is based on comparing the book value of each holding with the recoverable value associated with each of its direct holdings, and which in most cases correspond to holding companies whose main activity consists of holding of participations in the legal companies of the plants that make up the Group. This analysis is carried out considering the cost of the shares to be recovered from the shares at the lowest level at which they are found. In cases where the equity value of the investment is less than the share held by its direct participating company, the Company verifies that the value in use of each of the companies exceeds the cost of shares.

For the analysis of the value recovery of its holdings, the Company considers the value in use of each of its direct investees, understanding the value in use as the present value of the future cash flows derived from each investment and its corresponding subsidiaries, reduced by the net financial debt contributed by each of the shares (equity value).

The assumptions used, as well as the results obtained from the analysis carried out as of 31st December 2023 and 2022 are included in Note 7.c.

As of 31st December 2023, within the current macroeconomic and sectoral context, updated market projections have been taken into consideration, and have not modified the conclusions regarding the recoverability of the shares held by the Company. In this sense, the projections made by the Management already include different considerations about potential future events that may affect projected cash flows of each of its businesses.

Income tax

The legal status of the tax regulations applicable to the Company mean that estimates are employed, and the final quantification of tax is uncertain. Tax is calculated based on Management's best estimates, always taking into account prevailing tax legislation and foreseeable legislative changes (Note 18).

When the final tax result differs from the amounts initially recognised, such differences will have an effect on income tax and provisions for deferred taxes in the year in which they are identified.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

If the final outcome (on judgment areas) differs by 10% not favourable from management estimates, deferred assets would decrease and income tax would increase by approximately €2.8 million (2022: €5.5 million), and if these variations were favourable these deferred assets would increase, and income would decrease by approximately €2.9 million (2022: €2.6 million). These estimates include, mainly, possible changes to the consolidated taxable income of the Basque tax group, as well as the remaining significant tax credits and losses carried forward, which are deemed recoverable within these assumptions.

As of 31st December 2023, within the current macroeconomic and sectoral context, updated market projections have been taken into account, as well as the latest internal information available on the near future of each of the businesses owned by the Group. In this sense, the projections made by the Management already include different considerations about potential future events that may affect the projected tax results in each of its jurisdictions in accordance with the latest tax regulations and legislation approved by each of them as of 31st December 2023.

Employee benefits

In the profit-sharing and bonus agreements for its current employees, the Company makes estimates in the amounts of the benefits to be paid and the group of people to whom it is applicable.

Any change in the number of employees that ultimately benefits from these remuneration schemes or in the assumptions used would have an impact on the carrying amounts of the related provisions and on the income statement.

In addition, the Company makes estimates to measure the benefits payable in respect of employees benefiting from share-based payments or from additional incentives approved based on the value of the shares.

These estimates are reviewed at the end of each reporting period and the related provisions are adjusted to reflect the best estimates as of the year end.

2.4 Aggregation

For clarity, the items presented in the balance sheet, income statement, statement of changes in equity and cash flow statement are grouped together and, where necessary, a breakdown is included in the relevant notes to the accounts.

2.5 Presentation currency

The Annual Accounts are expressed in thousand euros, unless otherwise indicated.

3. Accounting policies

The principal accounting policies applied in the preparation of these Annual Accounts are set out below.

3.1. Intangible assets

Goodwill

Goodwill represents the excess of acquisition cost over the interest in the acquisition-date fair value of the net identifiable assets, liabilities and contingent liabilities of the subsidiary acquired. Goodwill arising on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and is carried at cost less cumulative impairment losses; goodwill impairment cannot be reversed in the future. Gains and losses on the sale of an entity include the carrying amount of goodwill allocated to the entity sold.

Goodwill recognized separately is amortised on a straight-line basis over its estimated useful life, being valued at acquisition cost less accumulated amortization, and, if applicable, the accumulated amount of recognized impairment corrections. The useful life is determined separately for each of the CGU groups to which it has been assigned and is estimated to be 10 years. At least annually, it is analysed if there are indications of impairment of the value of the cash-generating unit groups to which goodwill has been assigned, and if there is one, its eventual deterioration is checked.

The valuation adjustments for impairment recognized in goodwill are not reversed in subsequent years.

Computer applications

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and prepare them for use of the specific software. These costs are amortised over the assets' estimated useful lives (between 4 to 6 years).

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

Software maintenance expenses are recognised when incurred. Costs directly related to the production of identifiable and unique computer programs controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Direct costs include software development employee costs and an appropriate portion of the relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed 6 years and the time it begins to be amortised once is capitalized is no longer than one year.

Patents

Patents are carried at cost less accumulated amortization and corrections for impairment of recognized value. Amortization is calculated using the straight-line method to allocate the cost over its estimated useful life (10 years).

3.2. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3.3. Financial assets

a) Financial assets at fair value with changes in the profit and loss account

This category includes equity instruments that are not held for trading, or that are to be valued at cost, and over which the irrevocable choice has been made at the time of their initial recognition to present subsequent changes in fair value directly in equity.

Additionally, those financial assets designated, at the time of initial recognition irrevocably as measured at fair value with changes in the profit and loss account, and that would otherwise have been included in another category, are included to eliminate or significantly reduce a valuation inconsistency or accounting asymmetry that would arise in another case from the valuation of assets or liabilities on different bases.

Initial valuation

The financial assets included in this category will initially be valued at their fair value, which, unless there is evidence to the contrary, will be the transaction price, which will be equivalent to the fair value of the consideration delivered. Transaction costs directly attributable to them shall be recognised in the profit and loss account for the financial year.

Subsequent valuation

After initial recognition, the company will value the financial assets included in this category at fair value with changes in the profit and loss account.

b) Financial assets at amortised cost

This category includes those financial assets, including those admitted to trading on an organized market, in which the Company maintains the investment with the aim of receiving the cash flows derived from the execution of the contract, and the contractual conditions of the financial asset give rise, on specified dates, to cash flows that are only settlements of principal and interest on the amount of outstanding principal.

Contractual cash flows that are only charges of principal and interest on the amount of the outstanding principal are inherent in an agreement that has the nature of an ordinary or common loan, without prejudice to the fact that the operation is agreed at a zero or below market interest rate.

This category includes credits for commercial operations and credits for non-commercial operations:

- a) Credits for commercial operations: are those financial assets that originate in the sale of goods and the provision of services for traffic operations of the company with deferred collection, and

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

- b) Credits for non-commercial operations: are those financial assets that, not being instruments of equity or derivatives, have no commercial origin and whose collections are of a determined or determinable amount, which come from loan or credit operations granted by the company.

Initial valuation

Financial assets classified in this category shall initially be valued at their fair value, which, unless there is evidence to the contrary, shall be the transaction price, which shall be equal to the fair value of the consideration delivered, plus the transaction costs directly attributable to them.

However, credits for commercial transactions with a maturity not exceeding one year and which do not have an explicit contractual interest rate, as well as staff credits, dividends receivable and disbursements required on equity instruments, the amount of which is expected to be received in the short term, are valued at their nominal value to the extent that the effect of not updating the cash flows is considered not significant.

Subsequent valuation

Financial assets included in this category shall be valued at their amortised cost. Accrued interest shall be accounted for in the profit and loss account, applying the effective interest rate method.

However, loans with a maturity not exceeding one year that, in accordance with the provisions of the previous section, are initially valued at their nominal value, continue to be valued at that amount, unless they have been deteriorated.

When the contractual cash flows of a financial asset are modified due to the financial difficulties of the issuer, the company analyses whether it is appropriate to account for an impairment loss.

Impairment

The necessary valuation corrections are made, at least at closing and provided that there is objective evidence that the value of a financial asset, or of a group of financial assets with similar risk characteristics valued collectively, has been deteriorated as a result of one or more events that have occurred after its initial recognition and that cause a reduction or delay in future estimated cash flows, which may be motivated by the debtor's insolvency.

In general, the impairment loss of these financial assets is the difference between their carrying value and the present value of future cash flows, including, where appropriate, those arising from the enforcement of the collateral and personal guarantees, which are expected to be generated, discounted at the effective interest rate calculated at the time of their initial recognition.

Impairment value adjustments, as well as their reversal when the amount of such loss decreases for reasons related to a subsequent event, are recognized as an expense or an income, respectively, in the profit and loss account. The reversal of impairment is limited to the carrying value of the asset that would be recognized on the date of reversal if the impairment had not been recorded.

c) Financial assets at cost

In any case, investments in the equity of group companies, jointly controlled entities and associated companies are included in this valuation category.

Initial valuation

Investments included in this category will initially be valued at the cost, which is equivalent to the fair value of the consideration delivered plus the transaction costs that are directly attributable to them, the latter not being incorporated into the cost of investments in group companies.

However, in cases where there is an investment prior to its classification as a group, jointly controlled or associated company, the cost of said investment is considered to be the book value that it should have immediately before the company becomes qualified.

Part of the initial valuation is the amount of preferential subscription rights and similar that, where appropriate, have been acquired.

Subsequent valuation

Equity instruments included in this category are valued at their cost, less, where appropriate, the cumulative amount of impairment valuation corrections.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

When these assets must be assigned a value due to derecognition from the balance sheet or other reason, the method of the average cost weighted by homogeneous groups is applied, these being understood as the values that have equal rights.

In the case of sale of preferential subscription rights and similar or segregation thereof to exercise them, the amount of the cost of the rights decreases the book value of the respective assets.

Contributions made as a result of a joint venture account contract and similar shall be valued at the cost, increased or decreased by the profit or loss, respectively, that correspond to the company as a non-managing unit-holder, and less, where appropriate, the accumulated amount of the impairment valuation corrections.

The same criterion applies to participating loans whose interest is contingent, either because a fixed or variable interest rate is agreed conditional on the fulfilment of a milestone in the borrowing company (for example, the obtaining of profits), or because they are calculated exclusively by reference to the evolution of the activity of the aforementioned company. If, in addition to a contingent interest, an irrevocable fixed interest is agreed, the latter is accounted for as a financial income based on its accrual. Transaction costs are charged to the profit and loss account on a straight-line basis over the life of the equity loan.

Impairment

At least at the end of the financial year, the necessary valuation corrections are made whenever there is objective evidence that the carrying value of an investment will not be recoverable. The amount of the valuation correction is the difference between its carrying value and the recoverable amount, understood as the largest amount between its fair value minus the costs of sale and the present value of the future cash flows derived from the investment, which in the case of equity instruments is calculated, either by estimating those expected to be received as a result of the distribution of dividends made by the investee company and the disposal or withdrawal from accounts of the investment in it, or by estimating its participation in the cash flows that are expected to be generated by the investee company, from both its ordinary activities and its disposal or withdrawal from accounts.

Unless there is better evidence of the recoverable amount of investments in equity instruments, the estimate of the impairment loss of this asset class is calculated on the basis of the equity of the investee and the tacit capital gains existing at the date of valuation, net of the tax effect. In determining this value, and provided that the investee company has invested in another, the equity included in the Consolidated Annual Accounts prepared by applying the criteria of the Commercial Code and its implementing rules is taken into account.

The recognition of impairment valuation corrections and, where appropriate, their reversal, is recorded as an expense or income, respectively, in the profit and loss account. Impairment reversal is limited to the carrying value of the investment that would be recognized on the date of reversal if the impairment had not been recorded.

However, in the event that there has been an investment in the company, prior to its classification as a group, jointly controlled or associated company, and prior to that qualification, valuation adjustments directly imputed to the equity derived from such investment have been made, these adjustments are maintained after the qualification until the disposal or withdrawal of the investment, at which time they are recorded in the profit and loss account, or until the following circumstances occur:

(a) In the case of prior valuation adjustments for increases in value, impairment valuation adjustments shall be recorded against the equity reflecting the valuation adjustments previously made up to the amount thereof, and the excess, if any, is recorded in the profit and loss account. The valuation correction for impairment directly imputed to equity is not reversed.

b) In the case of previous valuation adjustments for value reductions, when subsequently the recoverable amount is higher than the book value of the investments, the latter is increased, up to the limit of the indicated value reduction, against the item that has collected the previous valuation adjustments and from that moment the new amount arising is considered the cost of the investment. However, when there is objective evidence of impairment in the value of the investment, losses accumulated directly in equity are recognized in the profit and loss account.

3.4. Derivative financial instruments and accounting hedge

Financial derivatives are measured at fair value upon initial recognition and for subsequent measurement purposes. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

a) Fair value hedges:

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the profit and loss account, along with any change in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Where the hedged item is an unrecognised firm commitment or a component thereof, the cumulative change in the fair value of the hedged item after its designation is recognised as an asset or liability, and the corresponding gain or loss is reflected in the profit and loss account.

Changes in the carrying amount of covered items valued at amortised cost imply the correction, either from the moment of the modification, or subsequently from the cessation of hedge accounting, of the effective interest rate of the instrument.

b) Cash flow hedges:

The loss or gain of the hedging instrument, in the part that constitutes an effective hedge, is directly recognised in the equity. Thus, the equity component that arises as a result of the coverage is adjusted to be equal, in absolute terms, to the lower of the following two values:

- (i) The cumulative loss or gain of the hedging instrument since the start of the hedging.
- (ii) The cumulative change in the fair value of the hedged item (i.e., the present value of the cumulative change in the hedged expected future cash flows) since the start of the hedge.

Any remaining loss or gain of the hedging instrument or any loss or gain required to offset the change in the cash flow hedging adjustment calculated in accordance with the preceding paragraph, represents an ineffectiveness of the hedging that is recognised in the result for the year.

If a highly probable expected covered transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a covered expected transaction relating to a non-financial asset or a non-financial liability becomes a firm commitment to which fair value hedge accounting applies, that amount is removed from the cash flow coverage adjustment and is included directly in the initial cost or other carrying amount of the asset or liability. The same criterion applies to the exchange rate risk hedges of the acquisition of an investment in a group, jointly controlled or associated company.

In all other cases, the recognised equity adjustment is transferred to the profit and loss account to the extent that the hedged expected future cash flows affect the result for the year.

However, if the recognised equity adjustment is a loss and all or part of it is not expected to be recovered in one or more future periods, that amount that is not expected to be recovered is immediately reclassified in the result for the year.

3.5. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

3.6. Equity

The Company's share capital is represented by ordinary shares.

Costs of issuing new shares or options are recognised directly in equity as a reduction in reserves.

If the Company purchases treasury shares, the consideration paid, including any directly attributable incremental costs, is deducted from equity until the shares are redeemed, reissued or sold. When these shares are sold or subsequently reissued, any amount received, net of any incremental directly attributable transaction costs, is included in equity.

3.7. Financial liabilities

Financial liabilities, for the purposes of their valuation, shall be included in one of the following categories:

Financial liabilities at amortised cost

In general, this category includes debits for commercial operations and debits for non-commercial operations:

- a) Debits for commercial operations: are those financial liabilities that originate in the purchase of goods and services for traffic operations of the company with deferred payment, and

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

- b) Debits for non-commercial operations: are those financial liabilities that, not being derivative instruments, have no commercial origin, but come from loan or credit operations received by the company.

Equity loans that have the characteristics of an ordinary or common loan are also included in this category without prejudice to the agreed interest rate (zero or below market).

Initial valuation

Financial liabilities included in this category are initially valued at their fair value, which is the transaction price, which is equivalent to the fair value of the consideration received adjusted for transaction costs directly attributable to them.

However, debits for commercial transactions with a maturity not exceeding one year and which do not have a contractual interest rate, as well as disbursements required by third parties on shares, the amount of which is expected to be paid in the short term, are valued at their nominal value, when the effect of not updating cash flows is not significant.

Subsequent valuation

Financial liabilities included in this category are valued at their amortised cost. Accrued interest is accounted for in the profit and loss account, applying the effective interest rate method.

However, debits with a maturity not exceeding one year which are initially valued at their nominal value continue to be valued at that amount.

Financial liabilities at fair value with changes in the profit and loss account

This category includes financial liabilities that meet any of the following conditions

- a) Liabilities that are maintained for negotiation.
- b) Those irrevocably designated from the moment of initial recognition to account for fair value with changes in the profit and loss account, given that:
 - An inconsistency or "accounting asymmetry" with other fair value instruments with changes in profit and loss is eliminated or significantly reduced; or
 - A group of financial liabilities or financial assets and liabilities is managed and its performance is assessed on the basis of its fair value in accordance with a risk management strategy or documented investment and group information is also provided on the basis of fair value to key management personnel.
- c) Non-segregable hybrid financial liabilities included optionally and irrevocably.

Initial and subsequent assessment

Financial liabilities included in this category are initially valued at fair value, this being the transaction price, which is equivalent to the fair value of the consideration received. Transaction costs directly attributable to them are recognised in the profit and loss account for the period.

After initial recognition, financial liabilities falling under this category are valued at fair value with changes in the profit and loss account.

In the case of convertible bonds, the fair value of the liability component is determined by applying the interest rate for similar non-convertible bonds. This amount is accounted for as a liability on the basis of the cost amortised until its settlement at the time of its conversion or maturity. The rest of the income obtained is allocated to the conversion option that is recognised in the equity.

In the event of renegotiation of existing debts, it is considered that there are no substantial changes in financial liabilities when the lender of the new loan is the same as the lender who granted the initial loan and the present value of cash flows, including net commissions, does not differ by more than 10% from the present value of unpaid cash flows from the original liability calculated under the same method.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

3.8. Current and deferred income tax

The Company files its taxes under the consolidated tax system as the parent of a group of companies (Note 18). The subsidiaries included in the Company's consolidated tax group for tax return purposes, according to Bizkaia provincial tax laws, in 2023 are as follows:

- CIE Berriz, S.L.
- Autokomp Ingeniería, S.A.U.
- CIE Mecauto, S.A.U.
- CIE Udalbide, S.A.U.
- Egaña 2, S.L.
- Gameko Fabricación de Componentes, S.A.
- Inyectametal, S.A.
- Leaz Valorización, S.L.U.
- Orbelan Plásticos, S.A.
- Transformaciones Metalúrgicas Norma, S.A.
- Alurecy, S.A.U. (absorbed company by Componentes de Automoción Recytec, S.L.U. on the merger carried out as of 30th May 2023)
- Componentes de Automoción Recytec, S.L.U.
- Nova Recyd, S.A.U.
- Recyde, S.A.U.
- Alcasting Legutiano, S.L.U.
- Gestión de Aceites Vegetales, S.L.
- Reciclado de Residuos Grasos, S.L.U.
- Participaciones Internacionales Autometal Dos, S.L.U.
- Industrias Amaya Tellería, S.L.U.
- Mecanizaciones del Sur - Mecasur, S.A.
- CIE Automotive Goiaín, S.L.U.
- CIE Automotive Boroa, S.L.U.
- CIE Roof Systems, S.L.U.
- Recogida de Aceites y Grasas Maresme, S.L.U.
- CIE Golde Holding, S.L.U. (incorporated in the year 2022)

Income tax expense (income) is that amount of income tax that accrues during the period. It includes both current and deferred tax expense (income).

Income tax is calculated on the basis of accounting profit adjusted for any permanent differences between profit for accounting and tax purposes. Tax credits available at the consolidated tax group level, arising mainly from corporate investing activities, are analyzed annually for future utilization and offset and are recognised as a function of current expectations regarding their utilization. This analysis not only encompasses estimable taxable income but also expectations regarding the use of tax credits granted (Note 16).

Both current and deferred tax expense (income) are recognised in the income statement. However, the tax effect of items recognised directly in equity is recognised in equity.

Current tax assets and liabilities are measured at the amounts expected to be paid to or recovered from the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred taxes are calculated, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, deferred income tax is not accounted for if it arises from initial recognition of a goodwill or an initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor tax base. Deferred income tax is determined implementing applicable legislation and the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

3.9. Employee benefit

a) Profit-sharing and bonus plans

The Company recognizes a liability and an expense for bonuses and profit-sharing where contractually obliged or where there is a past practice that has created a constructive obligation.

b) Termination benefits

Termination benefits are paid to employees as a result of the Company's decision to terminate employment contracts before the retirement age or when employees voluntarily agree to resign in return for benefits offered by the Company. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or as a result of an offer of termination benefits made to encourage voluntary redundancy. Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value.

c) Share-based payments

At 31st December 2023 CIE Automotive Group maintains several share-based payment plans settled in equity instruments in its subsidiary CIE Automotive India, Ltd (previously named Mahindra CIE Automotive, Ltd.), listed on the Indian stock market (Appendix I), whose fair value amounts to €1,318 thousand at 31st December 2023 (€1,373 thousand at 31st December 2022).

Under these plans, the CIE Automotive Group receives services from the plan beneficiaries in exchange for equity instruments (options) in the aforementioned subsidiary.

The fair value of the employee services received in exchange for the grant of such shares/options is recognised as employee benefit expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions.
- Excluding the impact of any service vesting conditions (for example, remaining an employee of the entity over a specified time period).

Non-market performance and service conditions are included in the assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period during which all the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The total cost of the services rendered by the beneficiaries is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied (continued service at the company).

The balancing entry for the staff cost recognised is dividend income from the subsidiaries whose shares underlie the options granted and are deliverable at the end of the term of the plan. Delivery of the aforementioned equity instrument gives rise to the corresponding change against the Group's equity.

Likewise, at the General Meeting of shareholders held on 24th April 2018, a long-term incentive for the CEO was approved based on the evolution of the share price of CIE Automotive, S.A. This agreement was modified at the General Shareholders' Meeting on 5th May 2021 and was executed in fiscal years 2022 and 2021 (Note 24). At the last General Shareholders' Meeting held on 4th May 2023, amendments to the terms of this long-term variable compensation have been approved, due to the need to adjust the reality of the CEO's long-term incentive to the radical change in the socio-political, socio-economic and geostrategic premises that were taken into account when the compensation package was configured.

The total estimated cost of this incentive is recognised as personnel expenses in the period when the conditions must be fulfilled.

3.10. Provisions and contingent liabilities

The Company recognises provisions when it has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

Provisions are measured at the best estimate of the expenditure required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expenses.

Provisions due within one year or for which the effect of the time value of money is not material are not discounted.

When some of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised separately when, and only when, it is virtually certain that reimbursement will be received.

Contingent liabilities, meanwhile, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognised in the financial statements but are disclosed in the accompanying Notes as warranted.

3.11. Business combinations

Mergers, spin-offs and non-monetary contributions of businesses among entities under common control are recognised following the rules for accounting for related-party transactions (Note 3.18).

Mergers and spin-offs that are not common control transactions and business combinations arising from the acquisition of all of the assets and liabilities of a company or a portion thereof that constitutes one or more businesses are recognised using the acquisition method.

The Company recognises business combinations arising from the acquisition of shares or equity interests in another company in accordance with the rules for accounting for investments in Group companies, joint ventures and associates (Note 3.5.c).

3.12. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in exchange for the goods delivered and services rendered in the course of the Company's ordinary activities, less returns, discounts and value added tax.

The Company recognises revenue when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company and the specific conditions applicable to each of its activities are met. The amount of revenue cannot be measured reliably until all of the contingencies associated with the sale have been resolved. The Company's estimates are based on historical data, taking into account customer and transaction types, as well as the specific terms of each contract.

According to the interpretation published by the ICAC in its official journal in September 2009 (interpretation no. 79), companies classified as 'industrial holding companies', such as CIE Automotive, S.A., must present dividends, interest income and management fees from their investments in Group companies, jointly controlled entities and associates within revenue in their income statements.

a) Sales of services

The Company invoices CIE Automotive Group companies for sales commission, for providing general management and administration services, as well as services in the field of IT, according to contracts with each.

Service revenue is recognised in the financial year in which the services are provided with reference to the outcome of the transaction in question and on the basis of the actual level of service performed as a percentage of total services performable.

Revenue from royalties is recognised on an accrual basis in accordance with the substance of the relevant agreements.

b) Interest income

Interest income of financial assets valued at amortised cost is recognised using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues updating the receivable as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrant.

c) Dividend income

Dividend income is recognised as revenue in the income statement when the right to receive payment is established, provided that, since the date of acquisition, an investee company or any subsidiary of the Group has generated profits for an amount greater than the equity distributed. However, if the dividends distributed come from results generated prior to the date of acquisition, they are not recognized as income, reducing the carrying amount of the investment.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

3.13. Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

3.14. Foreign currency transactions

a) Functional and presentation currency

The Company's Annual Accounts are presented in euro, which is both its functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign currency gains and losses resulting from the settlement of transactions and translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognised in the income statement, unless they are deferred in equity as eligible cash flow hedges and eligible net investment hedges (Note 3.6).

Exchange gains and losses are presented in the income statement under "Net exchange differences".

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

3.15. Related-party transactions

As a general rule, intragroup transactions are initially recognised at fair value. If the price agreed differs from fair value, the difference is recognised based on the economic substance of the transaction. Subsequent measurement follows prevailing accounting rules.

However, in mergers, spin-offs or non-monetary business contributions, the constituent elements of the acquired business are valued at the amount corresponding to them, once the operation has been carried out, in accordance with their previous values according to the Consolidated Annual Accounts of the group or subgroup, or in case of waiver, the greater between the cost of acquiring the business in the contributing company, and the amount representing its percentage of participation in the equity of the investee company whose business is transferred.

When the parent of the group or subgroup of the subsidiary does not intervene, the annual accounts used for this purpose are those of the highest-level Spanish-parented group or subgroup to recognize the assets and liabilities.

In these cases, any difference between the acquiree's net assets and liabilities, adjusted for grants, donations and bequests received, valuation adjustments and any equity (capital or share premium) issued by the acquiring company, is recognised in reserves.

3.16. Dividend distribution

The payment of dividends to shareholders is recognised, to the extent outstanding, as a liability in the annual accounts in the year in which the dividends are approved by the shareholders in General Meeting or declared by the Board of Directors.

4. Financial risk management

4.1 Financial risk factors

The Group's activities are exposed to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk, liquidity risk and raw material price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

In the broadest sense, the goal of the management of financial risk is to control the incidents generated by fluctuations in exchange and interest rates and the price of raw materials. Management of these risk factors, which is the responsibility of the Group's Finance Department, focuses on the arrangement of financial instruments in order to build, as far as possible, exposure to favourable trends in exchange and interest rates, subject to compatibility with the mitigation, in part or in whole, of the adverse effects of an unfavourable environment.

a) Market risk

(i) Foreign exchange risk

CIE Automotive Group's presence in international markets obliges it to arrange an exchange rate risk management policy. The overriding objective is to reduce the adverse impact on its activities in general and on the income statement in particular of the variation in exchange rates so that it is possible to hedge against adverse movements and, if appropriate, leverage favourable trends.

In order to arrange such a policy, CIE Automotive Group uses the Management Scope concept. This concept encompasses all collection / payment flows in a currency other than the euro expected to materialise over a specific time period. The Management Scope includes assets and liabilities denominated in foreign currency and firm or highly probable commitments for purchases or sales in a currency other than the euro. Assets and liabilities denominated in foreign currency are subject to management, irrespective of timing, while firm commitments for purchases or sales that form part of the Management Scope would also apply to management if are expected to be recognised on the balance sheet within a period of no more than 18 months.

Once defined the Management Scope, CIE Automotive Group uses a series of financial instruments for risk management purposes that in some instances permit a certain degree of flexibility. These instruments are essentially the following:

- Currency forwards: These contracts lock in an exchange rate for a specific date; the timing can be adjusted to match expected cash flows.
- Other instruments: Other hedging derivatives may also be used, the arrangement of which requires specific approval by the relevant management body. This body must be informed beforehand as to whether or not it complies with requirements for consideration as a hedging instrument, therefore qualifying for hedge accounting.

The Group protects against loss of value as a result of movements in the exchange rates other than the euro in which its investments in foreign operations are denominated by similarly denominating, to the extent possible, its borrowings in the currency of the countries of these operations if the market is sufficiently deep or in a strong currency such as the dollar, insofar as dollar correlation to the local currency is significantly higher than that of the euro. Correlation, estimated cost and depth of the debt and derivative markets determine policy in each country.

The Group has several investments in foreign operations whose net assets are denominated in US dollars, exposing it to foreign exchange translation risk. The exchange risk on the net assets of the Group's foreign operations is mainly managed through natural hedges achieved by borrowings (loans) denominated in the corresponding foreign currency.

The exposure on the rest of the assets denominated in other foreign currencies in respect of operations in countries outside the Eurozone is mitigated basically by borrowings denominated in these currencies.

If at 31st December 2023, the euro had been devalued/revalued by 10% with respect to all other functional currencies other than euro, all other variables remaining constant, equity would have increased/decreased by €303/€248 million (2022: increased/decreased by €287/€235 million), due to the impact of the net assets contributed by the subsidiaries operating in a functional currency different from the euro.

If the average exchange rate of the euro had devalued/revalued by 10% in 2023 with respect to all functional currencies other than the euro, all other variables remaining constant, profit after tax for the year attributable to the parent company would have been €26.6/€21.7 million higher/lower, respectively (2022: €24.2/€19.8 million higher/lower, mainly as a result of the exchange gains/losses on the translation of accounts receivable denominated in currencies other than the euro).

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

If as of 31st December 2023, the euro had been devalued/revalued by 10% with respect to the following currencies, keeping the rest of the currencies and variables constant, the net worth and the profit after tax attributable to the parent company would have varied according to the following table:

	Equity (million euro)		Profit after tax (million euro)	
	Devalued Euro 10%	Revalued Euro 10%	Devalued Euro 10%	Revalued Euro 10%
Chinese yuan	87	(71)	4.2	(3.4)
US dollar	86	(70)	10.2	(8.3)
Indian rupee	65	(53)	4.9	(4.0)
Brazilian real	45	(37)	5.9	(4.8)

(ii) Price risk

The Group is exposed to equity securities price risk because of investments that are classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. However, the scant weight of these securities as a percentage of total Group assets and equity means that this risk factor is not material.

(iii) Interest rate risk

Group's borrowings are largely benchmarked to floating rates, exposing it to interest rate risk, with a direct impact on the income statement. The general objective of interest rate risk management strategy is to reduce the adverse impact of increases in interest rates and to leverage as far as possible the positive impact of potential interest rate cuts.

In order to attain this objective, the risk management strategy materialises in the arrangement of financial instruments designed to provide such flexibility. The strategy expressly contemplates the possibility of arranging hedges for identifiable and measurable portions of cash flows, which enables hedge efficiency testing as required to evidence that the hedging instrument reduces the risk of the hedged item in the portion designated and is not incompatible with the established strategy and objectives.

The Management Scope encompasses the borrowings recognised in the balance sheet of the Group and any of its companies. On occasion, hedges are arranged to cover loans committed and in the final stages of arrangement the principal on which needs to be hedged against rate increases.

In order to manage this risk factor, the Group uses financial derivatives that may qualify as hedging instruments and therefore hedge accounting. The corresponding accounting standard (IFRS 9) does not specify the type of derivatives that may be considered hedging instruments except for options issued or sold. It does, however, specify the prerequisites for consideration as hedging instruments. In line with the management of foreign exchange risk, the arrangement of any financial derivative which is suspected not to comply with the prerequisites for consideration as a hedging instrument requires the express approval of the relevant management body. By way of example, the basic hedging instruments are the following:

- Interest-rate swaps: Through these derivatives, the Group converts the benchmarked floating interest rate on a loan to a fixed benchmark with respect to all or part of the loan and affecting all or part of the term of the loan.
- Other instruments: As discussed in the section on foreign exchange risk management, other hedging derivatives may also be used, the arrangement of which requires the specific approval of the relevant management body. The management body must be informed beforehand as to whether the instrument meets the prerequisites for qualifying as a hedging instrument and, by extension, hedge accounting.

If during 2023 the average interest rate on borrowings denominated in euro had been 100 basis points higher/lower, all other variables remaining constant, profit after tax for the year would have been €10,089 thousand lower/higher (2022: €12,100 thousand), largely as a result of an increase/decrease in the interest expense on floating-rate loans.

As of 31st December 2023, the Group had no agreements for interest rate hedging derivatives. As of 31st December 2022, in relation to the valuation of the derivatives, a 10 basis point increase/decrease throughout the interest rate curve taken into consideration when measuring the hedging derivatives would have decreased equity by €23/€86 thousand.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

b) Liquidity risk

The prudent management of liquidity risk entails maintaining enough cash and available financing through sufficient credit facilities. In this respect, the Group's strategy, articulated by its Treasury Department, is to maintain the necessary financing flexibility by maintaining sufficient headroom on its undrawn committed borrowing facilities. Additionally, and on the basis of its liquidity needs, the Group uses liquidity facilities (non-recourse factoring and the sale of receivables, transferring the related risks and rewards).

Management monitors the Group's forecast liquidity requirements together with the trend in net debt. The calculation of liquidity and net debt at 31st December 2023 and 2022 is calculated as follows:

Thousand euro	31.12.2023	31.12.2022
Cash and cash equivalents	839,921	732,053
Other financial assets	194,897	125,283
Undrawn lines of credit	690,004	676,908
Liquidity buffer	1,724,822	1,534,244
Bank borrowings	2,169,467	2,141,122
Other financial liabilities	24	6,012
Cash and cash equivalents	(839,921)	(732,053)
Other financial assets	(194,897)	(125,283)
Net financial debt	1,134,673	1,289,798

Additionally, as of 31st December 2023, Shanghai Golde Auto Parts, Co. Ltd., a joint venture in which the Group has a 50% and consolidates using the equity method, has a net treasury of €16 million (€40 million as of 31st December 2022).

The evolution of the Net Financial Debt in 2023 and 2022 is shown in the following table:

Thousand euro	Cash and cash equivalents	Other financial assets	Bank borrowings	Other financial liabilities	TOTAL
Net Financial debt 1st January 2022	658,788	126,135	(2,179,853)	-	(1,394,930)
Cash flow	68,765	7,493	49,717	-	125,975
Exchange rate adjustments	10,415	(3,122)	(14,796)	-	(7,503)
Other non-monetary movements	-	(5,179)	(12,264)	(6,012)	(23,455)
Flows from discontinued operations	3,391	174	5,752	-	9,317
Discontinued operations	(9,306)	(218)	10,322	-	798
Net Financial debt 31st December 2022	732,053	125,283	(2,141,122)	(6,012)	(1,289,798)
Cash flow	109,676	53,834	(8,795)	-	154,715
Exchange rate adjustments	(23,693)	(4,485)	5,546	-	(22,632)
Other non-monetary movements	-	(188)	(8,329)	5,988	(2,529)
Additions in consolidation scope	(17,942)	8,667	(6,767)	-	(16,042)
Disposal of the German forging business	39,267	11,786	(10,000)	-	41,053
Other transfers from discontinued activities	560	-	-	-	560
Net Financial debt 31st December 2023	839,921	194,897	(2,169,467)	(24)	(1,134,673)

The Group's treasury department estimates that actions in progress will allow avoiding lack of liquidity situations. In that sense, is considered that cash generation in 2024 will allow facing recurrent payments without increasing net financial debt.

The Group's treasury department monitors Group's liquidity needs forecasts in order to ensure that there is enough cash to meet operative needs at the same time that maintains undrawn credit facilities at any time to ensure Group doesn't fail limits and rates ("covenants") established by financial entities.

The Group is strategically diversifying the financial markets and financing sources, it taps as a tool for eliminating liquidity risk and retaining financing flexibility in light of the situation prevailing in the European financial markets; this strategy has opened up access to internationalize the banking pool.

Amounts payable to credit institutions in the short term include recurring loans over time amounting to €12 million with financial institutions used for the management of operating working capital (€36 million as of 31st December 2022) (Note 15). Although this component of the bank debt is presented as a current liability for accounting purposes, it is stable as evidenced by the usual operation of the business, and therefore provides financing that is equivalent to long-term debt.

Noteworthy is the existence at 31st December 2023 of €690 million of undrawn credit lines and loans (31st December 2022: €677 million).

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023 (Denominated in thousand euro)

The following table shows a breakdown of working capital in the Group's consolidated balance sheet as of 31st December 2023 and 2022:

Thousand euro	Note	31.12.2023	31.12.2022
Inventories	11	460,460	494,849
Trade and other receivables	10	241,897	309,457
Other current assets		64,071	47,636
Current tax assets		63,114	57,311
Current operating assets		829,542	909,253
Other current financial assets	9	126,875	92,855
Cash and other cash equivalents	12	839,921	732,053
Current assets		1,796,338	1,734,161
Trade and other payables	16	961,866	1,026,609
Current tax liabilities	17	74,256	65,218
Current provisions	19	114,475	173,519
Other current liabilities	17	175,078	169,176
Current operating liabilities		1,325,675	1,434,522
Current financial borrowings	15	511,662	472,013
Other current financial liabilities	9	24	140
Current liabilities		1,837,361	1,906,675
TOTAL WORKING CAPITAL		(41,023)	(172,514)

Although the standalone figure for working capital is not a key parameter for the understanding of the financial statements, the Group actively manages working capital through net operating working capital and short- and long-term net borrowings, on the basis of the solidity, quality and stability of relations with customers and suppliers, and comprehensive monitoring of the situation with respect to financial institutions with whom in many cases automatically renews its credit lines.

One of the Group's strategies is to ensure the optimisation and maximum saturation of the resources assigned to the business. The Group therefore pays special attention to the net operating working capital invested in the business. In this regard, as in previous years, considerable work is being performed to control and reduce collection periods for trade and other receivables, as well as to optimise accounts payable with the support of banking arrangements to mobilise funds and minimise inventories through excellent logistic and industrial management, allowing JIT (Just In Time) supplies to the Group's customers.

In parallel, the Group's Management efficiently controls the exercise of payment of expenses and the exercise of realization of current assets, carrying out an exhaustive monitoring of the treasury forecasts, in order to ensure that it has enough cash to meet the operation needs while maintaining sufficient availability of undrawn credit facilities at all times so that the Group does not breach the limits or the indices ("covenants") established by the financing entities. As of 31st December 2023 and 2022, the Group complies with all the ratios required in its financing. Therefore, it is estimated that cash generation in 2024 will sufficiently cover the needs to meet short-term commitments, avoiding any situation of tension in the liquidity position with the actions in progress.

As a result of the above, it may be confirmed that there is no liquidity risk at the Group.

Likewise, there are no significant restrictions to the use of cash/other cash equivalents.

c) Credit risk

Group's credit risks are managed by customer groups. Credit risk arising from cash and cash equivalents, derivative financial instruments and bank deposits is considered immaterial in view of the creditworthiness of the banks the Group works with. If management detects liquidity risk in respect of its banks under certain specific circumstances, it recognises the corresponding impairment provisions if necessary.

In addition, each management unit has specific policies for managing customer credit risk; these policies factor in the customers' financial position, past experience and other customer specific factors.

With respect to customer credit limits, it should be noted that Group policy is not to concentrate more than 10% of business volumes with individual customers or manufacturing platforms.

Given the characteristics of the Group's customers, management historically deemed that those receivables due within 60 days presented no credit risk. The Group continues to consider the credit quality of these outstanding balances to be strong, although it is determined the expected loss.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023 (Denominated in thousand euro)

d) Raw material price risk

The Group has not a significant risk in raw price variations. In these companies where the risk could exist in market specific situations (plants which use raw materials with market price), the risk is controlled thanks to price financing repercussion agreements to customers considering the current market conditions.

4.2 Hedge accounting

The Group determines the effectiveness of the hedge at the beginning of the same and periodically through prospective reviews of its effectiveness to ensure that there is adequate coverage between the hedged risk and the hedging instrument.

The treatment and classification of the Group's hedging transactions are described below:

a) Fair value hedges of a recognised asset or liability or a firm commitment

Changes in the fair value of these derivatives are recognised in the income statement together with any change in the fair values of the assets or liabilities hedged which is attributable to the hedged risk.

b) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are reclassified to the income statement in the period in which the hedged item affects profit or loss (for instance, when the forecast sale that is hedged takes place). However, when a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or liability, the gains or losses previously deferred in equity are removed from equity and included in the initial cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the requirements for hedge accounting, any cumulative gain or loss that remains recognised in equity remains in equity and is reclassified to profit or loss when the forecast transaction occurs.

Occasionally, despite the goal of achieving a perfect hedge of flows, mismatches may arise between the characteristics of the hedges and the debts hedged. Once a mismatch is detected, and provided that this does not entail disproportionate costs, the derivative is fine-tuned in order to adapt it to the new characteristics of the underlying.

This circumstance may arise in the case of a hedge arranged in anticipation of a highly probable underlying which, when confirmed, requires the readjustment of the derivative to adapt it to the underlying to which it is designated. This situation may arise whether or not the derivative is designated as a hedge at inception i.e., if the underlying has been defined as a highly probable transaction.

c) Net investment hedges

As of 31st December 2023 and 2022, the Company did not have foreign resources denominated in foreign currency that were designated as hedges of the net investment. As of 31st December 2023, the Group maintained investments whose net assets were exposed to the risk of conversion into foreign currency and foreign resources denominated in dollars formalized through the company CIE Berriz, S.L., which are denominated in dollars, and which main purpose is to support the group's sustainable growth in North America. In 2023, the positive exchange difference generated by this financing, which amounted to €2,830 thousand, was recognized under the heading "Net Investment Coverage" of the Consolidated Global Income Statement; heading under "foreign currency conversion differences" (2022: negative exchange difference amounting to €7,363 thousand).

d) Derivatives that do not qualify for hedge accounting

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

4.3 Valuation method (fair value estimation)

The regulations in force establish the information to be disclosed on valuations at fair value applicable also to non-financial assets and liabilities. Based on the provisions of Royal Decree 1/2021, of 12th January, fair value is the price that would be received for the sale of an asset or paid to transfer or cancel a liability through an orderly transaction between market participants on the valuation date.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023 (Denominated in thousand euro)

The Company discloses the fair value estimation according to the following level hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1).
- Inputs other than Level 1 quoted prices that are observable for the asset or liability, either directly (for example, as prices) or indirectly (for example, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the Company's assets and liabilities that are measured at fair value at 31st December 2023 and 31st December 2022:

2023 - thousand euro	Note	Level 2	Level 3	TOTAL
Credits at fair value	6	-	15,415	15,415
Derivatives	9	11	-	11
Total assets at fair value		11	15,415	15,426
2022 - thousand euro	Note	Level 2	Level 3	TOTAL
Credits at fair value	6	-	14,588	14,588
Derivatives	9	1,347	-	1,347
Total assets at fair value		1,347	14,588	15,935
Derivatives	9	(5,872)	-	(5,872)
Total liabilities at fair value		(5,872)	-	(5,872)

There were no transfers between levels during 2023 and 2022.

a) Level 2 financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods such as estimated discounted cash flows and makes assumptions that are based on market conditions existing at each balance sheet date. If all the significant inputs required to calculate an instrument's fair value are observable, the instrument is included in Level 2.

Specific financial instrument valuation techniques include:

- i) Fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.
- ii) Fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.
- iii) It is assumed that the carrying amount of trade receivables and payables is similar to their fair value.
- iv) The fair value of financial liabilities for financial reporting purposes is estimated by discounting future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The instruments included in Level 2 relate to financial instruments derivatives (Note 9).

b) Level 3 financial instruments

If one or more of the significant inputs are not based on data observable in the market, the financial instrument is included in Level 3.

As of 31st December 2023 there are loans granted to Group employees valued at fair value and amounting to €15,415 thousand, after the incorporation of new employees to the long-term incentive plan, as well as the increase of certain loan amounts (2022: €14,588 thousand) (Note 6.5).

The Company has not agreements for the offset of financial assets and liabilities.

4.4 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group can adjust the number of dividends payable to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023 (Denominated in thousand euro)

Consistent with others in the industry, the Group monitors capital on the basis of the leverage ratio. This ratio is calculated as net debt divided by total capital used. Net debt is calculated as total borrowings plus financial liabilities less cash, cash equivalents and financial assets, all of which are shown in the Consolidated Annual Accounts. Total capital employed is calculated as 'equity', as shown in the Consolidated Annual Accounts, plus net debt.

The Group's strategy, as in previous years, has been to maintain a leverage rate close to 0.50.

The gearing ratios at 31st December 2023 and 2022 are as follows:

Thousand euro	2023	2022
Borrowings	2,169,467	2,141,122
Financial liabilities	24	6,012
Less: Cash and cash equivalents and financial assets	(1,034,818)	(857,336)
Net financial debt	1,134,673	1,289,798
Equity	1,661,244	1,504,649
Total capital used	2,795,917	2,794,447
Gearing ratio	0.41	0.46

At 31st December 2023 and 2022, the Group has agreements formalised related with credit and bank loans that oblige it to comply with certain covenants. As of 31st December 2023 and 2022, the Group complies with all the ratios required in its financing.

4.5 Climate risk factors

Recent years have highlighted the risks underlying climate change, and the potential impact they may have on financial statements. As a consequence of the holding nature of the Company, climate risk is directly related to the impact on its operating subsidiaries and the cash flows expected to be obtained from them.

The Corporate Department of Environment is responsible for establishing the guidelines and coordinating the actions of the Environmental Plan for plants, gradually integrating environmental criteria in the management of all processes, in its attempt to reduce the impacts of the Group's operations on the environment.

In this sense, the Group keeps updated its Environment Policy, where it was recognized as aligned with the Sustainable Development Goals. Thus, the Group develops products and processes under eco-design concepts, oriented to efficiency, providing necessary resources in continuous improvement through prevention and preservation, the minimization of risks, the reduction of the environmental footprint, the efficient use of natural resources, the minimization of waste, the circularity of materials and the collaboration of the people involved in the processes. Moreover, the Group is aligned with the United Nations 2030 Agenda by establishing environmental objectives to be met by each of the plants and regions where it operates, based on the *Global Reporting Initiative* standards.

Additionally, in December 2022, the Board of Directors of the parent company took another step in its environmental strategy by approving a new roadmap that establishes new medium- and long-term objectives, consistent with what scientific experts and the Paris agreements dictate, for limiting global warming to 1.5°C above pre-industrial levels. Thus, the climate emergency has led the Group to continue strengthening its commitment to climate neutrality by joining the SBTi initiative and setting the clear objective of achieving emissions neutrality no later than 2050.

Below are the action plans established to address each of the climate-related risks that have an impact on the Group's Consolidated Annual Accounts.

The risks arising from the transition to low-carbon economies

The authorities and governments of different countries have implemented policies to fight against climate change that have affected differently in the different countries where the Group operates. Some of these policies have consisted of promoting sustainable energy consumption in industrial production through fiscal and operational incentives, while in other cases, the use of energies that have a direct impact on the climate has been penalized or stopped.

Regarding the automotive industry, it has been possible to reduce polluting emissions from vehicles, although the latest regulations to fight climate change – the most restrictive in Europe and China – are forcing manufacturers and their suppliers to implement additional solutions to reduce their environmental footprint. In recent years, the Group has been adapting its production process as well as the goods produced to a changing environment, demonstrating its ability to be prepared for the challenges offered by climate change risk.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

The Group aims to anticipate the aforementioned measures, having launched certain action plans that allow mitigating in advance the impact of new policies, regulations and trends that climate change has entailed. The lines of work established for this have been the following, and have as main axes the actions on the goods produced and actions on their productive process.

- Actions on goods produced

In the context of a changing environment and increasingly aware of the effects of global climate change, the Group has been adapting the sale of its assets to new challenges in the climate and environmental field, and they are directly related to the latest trends in the automotive sector. In this sense, the Group is immersed in a technological transformation, aimed at reducing its corporate footprint, as well as the goods it produces. To achieve these objectives, the Group develops different technologies that provide the efficiency and flexibility necessary to face all challenges with changing volumes and scenarios.

Technological diversity also allows to focus investments on those technologies most demanded by the market in each circumstance. Currently, the market is betting on the electrification of vehicles and more than 80% of the components and subassemblies produced by the Group can be used in any type of vehicle (combustion, electric, hybrid). Despite this considerable percentage of versatility in the goods it produces, the Group has proposed to take advantage of the opportunity offered by the decarbonization of transport to position itself in new products of high added value. These products are related to the engine and power electronics, gearboxes and batteries.

This commitment to batteries was materialized in the investment made by the Group in 2022 in the company Basquevolt, S.A. with an initial investment of €1.5 million.

Additionally, the Group's technological commitment to meet these environmental objectives focuses on the eco-efficiency and circularity, the light-weighting of vehicles, the improvement of the user experience (noise reduction, light integration, ...), the bet for electric and autonomous vehicles and Industry 4.0 as a key to competitiveness and eco-efficiency, always aiming at the path towards the decarbonization of transport.

These actions are naturally linked to the reduction of environmental impact and mitigation of climate change. For those products that do not yet have a clear substitute in zero-emission vehicles, the Group has defined a strategy with different action plans.

Thus, the Group's spirit of adaptation and flexibility in the products it markets, together with the ability to always be aligned with new market trends, are the Group's main measure to address any market risks to its goods, as well as those that may arise from the transition to low-carbon economies.

- Actions on the productive process

The environmental actions on the production process for the realization of the goods sold to the market have been the following:

- a) *Environmental Investments*: the Group adapts its production facilities to the conditions required by the environmental legislation of the countries where it is located. Consequently, the Group makes investments aimed at minimizing environmental impact, protecting and improving the environment; and incurs expenses derived from environmental actions, which basically correspond to the ordinary expenses for the removal of waste, consulting, measurements and environmental certifications (Note 27).

The adaptation and incorporation of investments that meet the most current environmental requirements implies a direct mitigation of the risk derived from the transition to low-carbon economies in the recovery of the value of their productive assets.

- b) *Energetic efficiency*: the improvement of energy efficiency is a priority objective for the Group, since it contributes to reducing its environmental impact, in addition to implying a direct improvement in competitiveness. The main lines of action consist of energy saving, and emission control. In this line, the Group contracts clean energy for the operation of its facilities wherever this option is available; and with the same philosophy of reducing their emissions and their energy bill, photovoltaic panels have been installed in different facilities in Europe, where, in addition, in 2022 new contracts have been signed for the supply of green energy for own consumption starting 2023; and India, where investment in new solar power plants has continued (Note 9).

In this sense, it is expected that the action plans carried out by the Group in terms of efficiency will mean, in the medium and long term, an improvement in the margin on the goods it produces.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

- c) *Water and material consumption:* in the Group's production process, an intensive use of water is carried out. In order to reduce discharges as much as possible, it has its own systems and facilities for water treatment, recirculation and recovery. With regard to raw materials, the Group constantly reviews all processes to make responsible use of raw materials. An example of these practices is the reduction of the gross weight of the products it manufactures, and that implies the reduction of the consumption of energy and other products necessary for the production process.

As in the case of energy efficiency action plans, it is estimated that these actions will also improve the margins of the goods produced.

- d) *Pollution control and waste management:* the Group's environmental management systems are based on the ISO14001 standard, and ensure that pollution does not exceed the levels established by current regulations. On the other hand, the Group's recycling system allows the reincorporation of recycled raw materials into its production process. Those materials that cannot be recycled are collected by specialized managers who prioritize their recycling over their landfill.

All of these action plans and expected results have been included for each plant in the projections used for the investment impairment assessment described in Note 7.

The risk of the impact on the margins of adaptation to low-carbon economies

Cost pressure can occur on car producers. During the deployment phase of more sustainable vehicles, the final cost will be higher and, to maintain sales volumes, there is a risk of increased cost pressure on component suppliers.

Faced with this type of scenarios and risks, the Group's model is very effective. Commercial diversification makes dependence on a project or its renovation low, so the freedom to invest in projects is key. To this is added another of the axes of the group, the investment discipline, which leads to a detailed analysis of the projects with volume sensitivity analysis, avoiding those projects with volumes lower than those initially announced have a definitive impact on the returns.

The Group not only adapts to the low-carbon economy through the final product it offers to the market, but also by modifies its production process, which is highlighted by signing of clean energy purchase agreements for the use of its operating plants. As a consequence, in Spain 100% of the energy consumed is green energy, which has resulted in emissions savings.

The direct physical risk posed by climate change in the production process and operations of a business

As of 31st December 2022 and 2021, the Group's production facilities, as well as the customers to which it provides, were not located in areas or geographical areas where an imminent climate risk is foreseen.

However, the Group is aware of the unpredictability of the effects of climate change and monitors the impacts that any adverse circumstance may generate in the valuation of the Group's assets, and therefore, in its Consolidated Financial Statements. In this sense, the Group is exposed to physical risks whose possible impacts it manages depending on the typology of each of them:

- a) *Water stress risks:* are the risks that can result in the lack of water supply.
- b) *Acute physical risks:* are the risks arising from the occurrence of acute climatic phenomena. These accidental risks are covered by the global Civil Liability policy. To strengthen the management of environmental and safety risks, the Group has initiated a collaboration project with the technical departments of its insurance companies, where risks are evaluated and monetized and an elimination plan is established, or where appropriate, mitigation.
- c) *Chronic physical risks:* they are risks that cause gradual changes with more lasting impact, such as rising average temperatures, rising sea levels or prolonged periods of heat.
Although the Group's production facilities are not directly threatened by the effect of these chronic physical risks, there are environmental objectives established to be met in all the plants and regions where it operates.
- d) *Protection of biodiversity:* due to the location of its production facilities, mostly in industrial estates, the impact of its activities on biodiversity is not considered significant.

In this sense, for the assumptions used in the analysis of impairment of assets described in Note 8, the Group has considered macroeconomic variables that already take into account, implicitly, the impacts that climate change may have in each of the geographies where it operates. The growth rates, discount rates and risk rates used are market ratios that implicitly also reflect the valuation of climate risk. These rates do not show significant differences with those used in previous years. Due to the very nature of the activity, it is considered that there is no material impact of the risk of climate change that implies an indication of deterioration, for any of the Group subsidiaries.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

As a consequence, based on the foregoing, it is not expected that there will be substantial changes in the Group's future estimates (provisions, changes in useful lives, etc.) nor significant impacts on the recovery analysis of non-financial assets taking into account that these impacts have already been incorporated into the Group's business plans.

5. Intangible assets

The movement schedule in intangible assets during the period is as follows:

	Computer applications	Patents	Goodwill	Total
Cost				
Balance at 1st January 2022	20,815	1,000	27,718	49,533
Additions	678	-	-	678
Balance at 31st December 2022	21,493	1,000	27,718	50,211
Additions	730	-	-	730
Disposals	(335)	-	-	(335)
Balance at 31st December 2023	21,888	1,000	27,718	50,606
Accumulated amortization				
Balance at 1st January 2022	(18,020)	(400)	(16,632)	(35,052)
Additions	(744)	(100)	(2,772)	(3,616)
Balance at 31st December 2022	(18,764)	(500)	(19,404)	(38,668)
Additions	(692)	(100)	(2,772)	(3,564)
Disposals	92	-	-	92
Balance at 31st December 2023	(19,364)	(600)	(22,176)	(42,140)
Carrying amount				
Balance at 1st January 2022	2,795	600	11,086	14,481
Balance at 31st December 2022	2,729	500	8,314	11,543
Balance at 31st December 2023	2,524	400	5,542	8,466

a) Goodwill

The goodwill arose in 2011 as a result of the reverse merger between the Company and its parent INSSEC.

The goodwill is allocated to the Company's cash-generating units (CGUs) groups by management unit and operating market. Goodwill is allocated to the Brazilian and European operations as was the case at INSSEC.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by Management covering normally a five-year period. Cash flows beyond this five-year period are extrapolated using estimated growth rates. Note 7.c) details the key assumptions used to calculate the value in use of the various CGUs groups in a manner that is consistent with the overall situation of CIE Automotive Group's operating markets as well as the businesses' projected performance.

CIE Automotive Group has verified that neither its goodwill nor its investments in group companies (Note 7) suffered any impairment loss in either 2023 or 2022.

b) Fully-amortised intangible assets

At 31st December 2023 there are fully-amortised items of intangible assets with an historic cost of €17.7 million (2022: €17.0 million).

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

6. Analysis of financial instruments

6.1 Analysis by category

The carrying amounts of the Company's financial instruments by each category of financial assets and liabilities, which does not include balances with public administrations, are as follows:

Financial assets in thousands of euros	At cost		At amortised cost		At fair value with changes in profit and loss		Others	
	2023	2022	2023	2022	2023	2022	2023	2022
Non-current								
- Balances with group companies								
Investments in group companies (Note 7.a)	1,094,467	1,090,467	-	-	-	-	-	-
Credits to group companies (Note 7.d)	-	-	1,294,139	1,209,983	-	-	-	-
-Other investments (Note 6.4)	96	81	-	-	-	-	-	-
-Credits to third parties (Note 6.5)	-	-	3,900	5,200	15,415	14,588	-	-
-Derivatives (Note 9)	-	-	-	-	11	-	-	-
-Other financial assets	-	-	25	25	-	-	-	-
TOTAL	1,094,563	1,090,548	1,298,064	1,215,208	15,426	14,588	-	-
Current								
- Trade and other receivables (Note 8)	-	-	23,954	22,351	-	-	-	-
-Credits to group companies (Note 7.d)	-	-	62,229	24,676	-	-	-	-
-Credits to third parties (Note 6.5)	-	-	1,300	1,300	-	-	-	-
-Derivatives (Note 9)	-	-	-	-	-	1,347	-	-
-Other financial assets (Note 6.6)	-	-	16,829	16,811	-	-	-	-
-Cash and other cash equivalents (Note 10)	-	-	-	-	-	-	67,044	31,202
TOTAL	-	-	104,312	65,138	-	1,347	67,044	31,202
Financial liabilities in thousands of euros			At amortised cost		At fair value with changes in profit and loss			
			2023	2022	2023	2022		
Non-current								
- Borrowings received (Note 14)			1,511,544	1,470,648	-	-	-	-
- Other non-current financial liabilities (Derivatives) (Note 9)			-	-	-	-	-	5,872
- Borrowings from group companies (Note 14)			165,155	175,075	-	-	-	-
- Other debts (Note 14)			50,057	50,025	-	-	-	-
TOTAL			1,726,756	1,695,748	-	-	-	5,872
Current								
-Borrowings received (Note 14)			166,483	130,738	-	-	-	-
-Commercial paper program (Note 14)			274,420	196,900	-	-	-	-
-Borrowings from group companies (Note 14)			22,019	7,846	-	-	-	-
- Trade and other payables (Note 14)			81,932	74,853	-	-	-	-
TOTAL			544,854	410,337	-	-	-	-

6.2 Classification by maturity

The maturity schedule for financial instruments having fixed or determinable maturities is as follows:

	Financial assets						
	2024	2025	2026	2027	2028	Subsequent years	Total
Investments in group companies and associates:							
Credits to group companies ⁽¹⁾	62,229	-	-	-	-	1,294,139	1,356,368
Other financial investments:							
Trade and other receivables (Note 8)	23,954	-	-	-	-	-	23,954
Credits to third parties (Note 25)	1,300	-	-	-	-	3,900	5,200
Other financial assets	16,829	-	-	-	-	25	16,854
TOTAL	104,312	-	-	-	-	1,298,064	1,402,376

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

	Financial liabilities					Subsequent years	Total
	2024	2025	2026	2027	2028		
Borrowings from group companies and associates	22,019	-	-	-	-	165,155	187,174
Other financial liabilities:							
Bank borrowings	166,483	286,149	333,053	373,099	443,639	75,604	1,678,027
Commercial paper program	274,420	-	-	-	-	-	274,420
Other liabilities	-	1,575	7,500	13,275	27,707	-	50,057
Trade and other payables	81,932	-	-	-	-	-	81,932
TOTAL	544,854	287,724	340,553	386,374	471,346	240,759	2,271,610

(*) The long-term loans extended to group companies take the form of unlimited 5-year current credit accounts that are tacitly renewed one year before its maturity for additional periods of one year unless it exists a previous cancellation one year before the established maturity (Note 7.d).

6.3 Credit quality of financial assets

Financial assets that have not expired are not impaired. Management perceives no risk of impairment whatsoever as the Company's financial assets mainly relate to balances due from CIE Automotive group companies and associates that present no indications of credit risk.

6.4 Other investments

The Company at 31st December 2023 and 2022 has under this heading the investment in Fundación CIE I+D+I as Funding Trustee, having given an initial (and unchanged) endowment of €60 thousand.

6.5 Credits to third parties

	Balance at 01.01.22	Additions	Profit/(Loss) adjustment	(Collections)	Balance at 31.12.22	Additions	Profit/(Loss) adjustment	(Collections)	Balance at 31.12.23
Credits to employees (Notes 17.b and 24)	20,465	-	(2,225)	(3,652)	14,588	5,518	(148)	(4,543)	15,415
Advances (Note 25.a)	7,800	-	-	(1,300)	6,500	-	-	(1,300)	5,200
Other	102	-	(102)	-	-	-	-	-	-
TOTAL	28,367	-	(2,327)	(4,952)	21,088	5,518	(148)	(5,843)	20,615

6.6 Other current financial assets

The Company records an account receivable with possibility of immediate availability with INSSEC DOS which balance at 31st December 2023 and 2022 stood at €16,800 thousand (Note 25).

7. Investments and credits to group companies

a) Investments in group companies, jointly-controlled entities and associates

The main group companies owned directly by the Company (not listed) are as follows:

Name and registered office	Legal structure	Activity	% of total voting rights held directly	
			2023	2022
Group companies and jointly-controlled entities				
CIE Berriz, S.L. (Bizkaia)	S.L.	Holding company	100%	100%
CIE Automotive Boroa, S.L.U. (Bizkaia)	S.L.U.	Holding company	100%	100%
CIE Roof Systems, S.L.U. (Bizkaia)	S.L.U.	Holding company	100%	100%
Autokomp Ingeniería, S.A.U. (Bizkaia)	S.A.U.	Services and installations	100%	100%
Advanced Comfort Systems Ibérica, S.L.U. (Orense)	S.L.U.	Manufacture of automotive components	100%	100%
Advanced Comfort Systems France, S.A.S. (France)	S.A.S.	Manufacture of automotive components	100%	100%
CIE Automotive Roof systems Korea Limited	Ltd	Manufacture of automotive components	100%	100%

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

The amounts of capital, reserves and profit for the year and other relevant information, as taken from the individual annual accounts of the respective group companies and jointly controlled entities, at 31st December 2023 and 2022, are as follows:

Company	Equity				Operating profit	Profit/(loss) for the year	Investment book value	Dividends received (Note 25)
	Capital	Share premium	Reserves	Interim dividend				
2023:								
CIE Berriz, S.L.	60,101	-	216,012	-	106,119	17,765	251,874	40,000
Advanced Comfort Systems Ibérica, S.L.U.	450	2,803	3,002	-	1,062	905	8,528	624
Advanced Comfort Systems France, S.A.S.	3,100	-	21,983	-	3,622	2,969	57,132	10,000
Autokomp Ingeniería, S.A.U.	180	-	154	(1,750)	9,210	2,619	4,804	3,210
CIE Automotive Boroa, S.L.U.	368,535	368,525	3,917	(19,750)	480	27,134	737,060	21,928
CIE Roof Systems, S.L.U.	10	-	23,969	-	46,678	(19,127)	34,996	-
CIE Automotive Roof Systems Korea Limited	73	-	(3)	-	(211)	13	73	-
TOTAL							1,094,467	75,762
2022:								
CIE Berriz, S.L.	60,101	-	256,133	-	25,853	1,483	251,874	8,000
Advanced Comfort Systems Ibérica, S.L.U.	450	2,803	3,002	-	755	624	8,528	525
Advanced Comfort Systems France, S.A.S.	3,100	-	30,690	-	1,100	1,084	57,132	-
Autokomp Ingeniería, S.A.U.	180	-	157	(4,500)	7,098	5,957	4,804	6,816
CIE Automotive Boroa, S.L.U.	368,535	368,525	2,511	(10,500)	18,533	14,084	737,060	11,119
CIE Roof Systems, S.L.U.	10	-	(14,868)	(52,000)	123,982	103,546	30,996	52,000
CIE Automotive Roof Systems Korea Limited	73	-	-	-	(3)	(3)	73	-
TOTAL							1,090,467	78,460

b) Movements in investments in CIE Automotive Group companies

The movements in 2023 and 2022 are summarized below:

	Balance at 01.01.22	Additions/ (Disposals)	Balance at 31.12.22	Additions/ (Disposals)	Balance at 31.12.23
CIE Berriz, S.L.	251,874	-	251,874	-	251,874
Advanced Comfort Systems Ibérica, S.L.U.	8,528	-	8,528	-	8,528
Advanced Comfort Systems France, S.A.S.	57,132	-	57,132	-	57,132
Autokomp Ingeniería, S.A.U.	4,804	-	4,804	-	4,804
CIE Automotive Boroa, S.L.U.	737,060	-	737,060	-	737,060
CIE Roof Systems, S.L.U.	30,996	-	30,996	4,000	34,996
CIE Automotive Roof Systems Korea Limited	73	-	73	-	73
TOTAL	1,090,467		1,090,467	4,000	1,094,467

German forging business

On 14th December 2022, the Board of Directors of CIE Automotive India, Ltd. (previously named Mahindra CIE Automotive, Ltd.) made the decision to put the German forging business up for sale, corresponding to the company CIE Forging Germany GmbH and its subsidiaries after receiving offers from potential buyers of this business.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

On 9th August 2023, the Group signed, through its subsidiary CIE Forging Germany GmbH, a share purchase agreement whereby 100% of its stake in the operating companies of the German forging business Schöneweiss & Co. GmbH, Gesekschmiede Schneider GmbH, Falkenroth Umformtechnik GmbH and Jeco Jellinghaus GmbH was sold for a total amount of approximately €25 million. This compensation consists of €22.5 million of fixed price and €2.5 million of contingent price subject to the collection of certain assets in the disposed companies. Out of the total agreed sale price, €11.7 million have been paid collected before the 31st December 2023, being the remaining amount pending collection. According to the maturities agreed in the agreement as well as the estimated materialization of contingent assets, a net receivable amounting to €11.8 million has been registered (discounted amount), due in 2024 and 2025.

The net profit contributed by this business, after the relevant valuation adjustments, amounted to €12.7 million, including both the consolidated profit contributed by the disposed companies, as well as the transaction outcome and the discount effect over the accounts receivable with the seller.

The Company has taken the disposal of this business into account when preparing its Annual Accounts, and has not identified any valuation adjustment to be included on its direct subsidiary CIE Berriz, S.L.

Movement in investment in group companies

c) Analysis of impairment of investments in group companies and associates

c.1 Application methodology

The impairment analysis of each investment held by the Company is carried out individually both at the level of the Company itself and at lower levels. In the case of investee companies whose activity is the holding of the Group's subsidiaries, their value in use is determined by adding the value in use of their shares, since an individualized value in use of the same does, in no case, reflect its economic reality. The value in use of each of its direct investees is understood as the present value of the future cash flows derived from each investment and its corresponding subsidiaries, reduced by the net financial debt contributed by each of the participations (equity value).

c.2 Assumptions used

Sales projection and margins

Sales estimates are made at the level of each CGU and below it, at the level of each project, taking into account the confirmed purchase orders at the time of the budget, the portfolio of the different customers for each project, the estimated production units for ongoing projects in the forecasted period and future projects for which the Group has already been nominated.

The gross operating margin (EBITDA) applied to forecasted sales are estimated based on the current profitability of the contracts in production corrected, if applicable, for adjustments, positive or negative, in future profitability already known at the time of preparation of the forecast; as well as expected future returns from each of the projects which production has not started.

The average^(*) of the margins projected for the aggregated cash flows for each of the following subsidiaries through the period of the projections has been as follows:

Companies	2023	2022
CIE Berriz, S.L.	19.82%	19.52%
Autokomp Ingeniería, S.A.U.	18.82%	18.57%
Advanced Comfort Systems Ibérica, S.L.U.	15.48%	8.50%
Advanced Comfort Systems France, S.A.S.	17.24%	18.81%
CIE Roof Systems, S.L.U.	17.04%	15.83%

^(*) The average of the detailed margins is the result of dividing the sum of the gross operating profits (EBITDA) by the sum of the sales of the years that make up the projection period.

The company CIE Automotive Boroa, S.L.U., incorporated in 2019, has as its activity the financing of different companies of the Group, without it having any subsidiary; and the recovery of the cost of this holding is directly related to the flows generated by the Group companies to which it has granted financing. In addition, at 31st December 2023 and 2022, the equity value of the same exceeds the cost of the participation that the Company has recognized.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

Calculation of residual value

The residual value is calculated by applying the "normalized annual cash flow", which is made up of the EBITDA of the last year of the budget, minus the maintenance investments necessary to keep the activity at each plant (in the case of the Group it amounts between 2% and 4% of revenue depending on the region and technology); discounted by the normalized payment of taxes in the face of a future recurrence according to the tax situation of each of the tax territories.

Annual growth rate

The growth rates (g) used for the period beyond the projections used in 2023 and 2022 in the CGUs and groups of CGUs, which are reported by segment, have been as follows:

	2023	2022
North America	2.5%	2.5%
Brazil	5.0%	5.0%
Asia	4.5%-7.5%	4.5%-7.5%
CIE Forging Europe	2.25%	2.25%
Rest of Europe	2.25%	2.25%

The Company estimates the growth rate for each of the cash-generating units based on macroeconomic data related to inflation and growth in the economies of each of the countries where it operates, considering these as the main measurement factors for estimating the growth rate in current valuation models, due to the direct relationship between macroeconomic growth and the sale of vehicles.

Discount rate

The pre-tax discount rate was determined on the basis of the weighted average cost of capital (WACC) plus a premium to reflect the tax effect. The WACC was determined using the Capital Asset Pricing Model (CAPM), which is widely used for discount rate calculation purposes.

The methodology for calculating the discount rate consists of adding to the risk-free rate of each market the specific risks of the assets assigned to each of the cash generating units.

The risk-free rate corresponds to the 10-year Treasury in the market in question. In the case of countries with economies or currencies with doubtful solvency levels, the Group carries out an estimate of its own risk applicable to each country.

The specific risk premium assigned to the Group's assets corresponds to the specific risks of the Automotive business itself, for which an estimated beta is used, based on the betas assigned to comparable companies or groups of companies.

The discount rates applied to cash flow projections in years 2023 and 2022 are as follows:

	2023	2022
North America	8.27%-11.64%	6.93%-11.65%
Brazil	14.03%	14.58%
Asia	6.60%-10.17%	6.74%-10.38%
CIE Forging Europe	6.69%-7.62%	6.11%-7.47%
Rest of Europe	6.59%-7.62%	6.03%-7.47%

c.3 Results of the impairment test

The impairment analysis carried out has not reflected any indication of impairment for investments in group companies and associates as of 31st December 2023 and 2022.

d) Credits to CIE Automotive Group companies

The loans extended to CIE Automotive Group companies take the form of unlimited 5-year current credit accounts that are tacitly renewed at maturity for additional successive or equal periods of 5 years. They accrue interest at market rates. Cancellation of the loans must be notified by the parties with one year's notice, which is why €1,294,139 thousand amount is recognized as non-current loans at the 2023 year-end (2022: €1,209,983 thousand) (Note 6).

These receivable balances and those payable (Note 14) arise mainly from the Company's role as a financing centre for Group companies.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

The opening balance of current loans to group companies includes the interest due on these credit accounts as well as income tax due from CIE Automotive Group companies under the consolidated tax regime in an aggregate amount of €62,229 thousand (2022: €24,676 thousand) (Note 6).

The detail of the non-current credits to other group companies at 31st December 2023 and 2022 is as follows:

	2023	2022
Alcasting Legutiano, S.L.U.	6,988	3,195
Autokomp Ingeniería, S.A.U.	63,563	63,425
CIE Automotive Goiaín, S.L.U.	17,487	17,610
CIE Berriz, S.L.	987,020	930,907
CIE Legazpi, S.A.U.	6,873	2,577
CIE Mecauto, S.A.U.	3,931	3,457
CIE Metal CZ, s.r.o.	11,938	9,349
Componentes de Automoción Recytec, S.L.U.	13,934	16,381
Egaña 2, S.L.	7,391	2,414
Nova Recyd, S.A.U.	8,599	-
Participaciones Internacionales Autometal Dos, S.L.U.	146,039	155,348
Transformaciones Metalúrgicas Norma, S.A.	9,908	-
Other less significant balances	10,468	5,320
TOTAL	1,294,139	1,209,983

8. Trade and Other receivables

The detail of trade and other receivables at 31st December 2023 and 2022 is as follows:

	2023	2022
- Receivables from group companies and associates	23,885	22,309
- Other receivables	69	42
TOTAL	23,954	22,351

This heading mainly includes trade receivable balances from CIE Automotive Group companies. The breakdown per company is as follows:

	2023	2022
ACS Shanghai Co., Ltd.	436	1,464
Automotive Mexico Body Systems, S. de R.L. de C.V.	1,972	1,858
Century Plastics, LLC	803	51
CIE Celaya, S.A. de C.V.	60	2,110
CIE Golde Shanghai Innovation Co., Ltd.	3,023	3,732
Forjas de Celaya, S.A. de C.V.	828	865
Golde Auburn Hills, LLC	1,638	212
Golde Oradea, S.R.L.	847	582
Golde Pune Automotive India Private, Ltd.	1,785	-
Machine, Tool and Gears, Inc.	1,755	1,953
Maquinados Automotrices y Talleres Industriales de Celaya, S.A. de C.V.	1,295	1,307
Nugar, S.A. de C.V.	2,818	2,215
Pintura, Estampado y Montaje, S.A.P.I. de C.V.	3,420	2,888
Pintura y Ensamblados de México, S.A. de C.V.	882	694
SC CIE Matricón, S.A.	576	-
Other less significant balances	1,747	2,378
TOTAL	23,885	22,309

The carrying amounts of trade and other accounts receivable approximate their fair value as they are due in the short term.

The credit risk on trade and other accounts receivable is managed by classifying each of the Company's customers by their credit risk.

Credit risk arising on trade receivables is not concentrated.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

Receivables that have passed their nominal due date but that are within the usual collection periods established with the various customers and debtors are not considered past due. All receivables exceeding the established collection agreements had been provided for at 31st December 2023 and 2022. Trade receivables not impaired relate to customers and debtors that have no recent history of default. All trade and other receivables are due within twelve months of the balance sheet date.

The accounts included in 'Trade and other receivables' have not been impaired.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. The Company does not maintain any guarantee as insurance.

9. Derivative financial instruments

	Assets/(Liabilities)	
	2023	2022
Interest rate swaps:		
- Cash-flow hedges	-	1,347
Equity Swap:		
- Non cash-flow hedges	11	(5,872)
	11	(4,525)

Derivatives are classified in the year according to their maturity.

The Company's hedging derivatives as of 31st December 2022 had demonstrated their effectiveness in the hedging tests carried out (Note 3.6).

Swaps (interest rate and other)

During the year 2022, the Company contracted new interest rate swaps which have been liquidated during 2023 for a positive amount of €729 thousand. The amounts of the principal of the interest rate swap agreements (from variable to fixed) outstanding as of 31st December 2022 amounted to €50,000 thousand, with a value of €1,347 thousand positive and were classified as hedging instruments.

Equity swap

On 6th August 2018 the Company arranged a new swap associated with the listed share price of CIE Automotive, S.A., which was novated on 28th December 2022. The underlying asset of the operation amounts to 2 million shares with an initial value of €25.09 per share. This underlying's valuation amounts to €11 thousand negative at 31st December 2023 (€5,872 thousand negative at 31st December 2022), and is due in 2028.

10. Cash and cash equivalents

Cash and other cash equivalents at 31st December 2023 and 2022 break down as follows:

	2023	2022
Cash	64,920	29,256
Cash equivalents	2,124	1,946
TOTAL	67,044	31,202

Other liquidity assets correspond to investments of cash surplus, maturing in less than three months or with immediate availability.

11. Share capital, share premium and treasury shares

a) Share capital

The share capital of the Company, S.A. at 31st December 2022 was represented by 122,550,000 fully paid ordinary bearer shares, represented through accounting entries, with a par value of €0.25 each, listed on the Madrid stock market. On 30th March 2023, a reduction of the share capital amounting €685 thousand was carried out through the redemption of 2,742,516 treasury shares, acquired during 2022. After that operation, the share capital of the Company as of 31st December 2023 is represented by 119,807,484 fully paid ordinary bearer shares, represented through accounting entries, with a par value of €0.25 each, listed on the Madrid stock market.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

As of 31st December 2023 and 2022, the most relevant participations in the share capital of CIE Automotive S.A., that is, the companies that, directly or indirectly, participate in the share capital in a percentage equal to or greater than 10%, are the following:

Shareholding %	31.12.2023	31.12.2022
Acek Desarrollo y Gestión Industrial, S.L. (*)	16.05%	15.69%
Corporación Financiera Alba, S.A.	13.66%	13.35%
Elidoza Promoción de Empresas, S.L.	10.58%	10.34%

(*) 5.93% and 5.79% directly; 10.12% and 9.90% indirectly, through Risteel Corporation, B.V. as of 31st December 2023 and 2022 respectively.

The stock price of the Company listed in the Madrid Stock Exchange was €25.72 at 29th December 2023 (last listed session of the period).

b) Share premium

This reserve is freely available for distribution.

c) Treasury shares

The movement of treasury shares during the periods ended 31st December 2023 and 31st December 2022 is broken down in the following table:

	31 st December 2023		31 st December 2022	
	Number of shares	Amount (Thousand euro)	Number of shares	Amount (Thousand euro)
Opening balance	2,919,127	60,326	15,244	401
Share capital reduction	(2,742,516)	(57,117)	-	-
Acquisitions	337,952	8,856	3,346,121	71,391
(Sales) for the year	(467,046)	(10,863)	(442,238)	(11,466)
Ending balance	47,517	1,202	2,919,127	60,326

During 2023, the Company has sold a net amount of 129,094 treasury shares directly. Likewise, a share capital reduction has been carried out through the redemption of 2,742,516 treasury shares, being the ending balance 47,517 shares as of 31st December 2023 (reaching 0.04% of the total voting rights issued by the Company), which are added to the indirect participation resulting from the equity swap agreement signed in the year 2018 with Banco Santander, S.A. for the acquisition of 2,000,000 shares (equivalent to 1.67% of the total voting rights). During 2022, the Company acquired a final amount of 59,925 treasury shares directly, with an ending balance of 2,919,127 shares (reaching 2.38% of the total voting rights issued by the Company), which are in addition the indirect participation resulting from the equity swap agreement signed in the year 2018 with Banco Santander, S.A. for the acquisition of 2,000,000 shares (equivalent to 1.63% of the total voting rights).

Also, rescinding the resolution adopted by the General Meeting of Shareholders on 28th April 2022 for the unexecuted part, the General Meeting of Shareholders on 4th May 2023 agreed to authorize the Company, directly or through any of its subsidiaries, for a maximum of five years from the date of the General Meeting of Shareholders, to acquire, at any time and as many times as it deems appropriate, shares of CIE Automotive, S.A., by any means permitted by Law, including against profits for the year and/or unrestricted reserves, and to subsequently dispose of or redeem such shares, all accordance with article 146 and related provisions of the Corporate Enterprises Act.

Under this authorization framework, on 4th May 2023, the Company's General Shareholders' Meeting approved a program to repurchase the Company's treasury shares in order to reduce up to a maximum of 10% of the Company's share capital through the redemption of treasury shares, reserving the right to terminate this program prior to the expiration date in accordance with the agreed terms.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

12. Reserves

The breakdown of the reserves as of 31st December 2023 and 2022 is as follows:

	2023	2022
Legal and statutory reserves:		
- Legal reserve	6,450	6,450
	6,450	6,450
Other reserves:		
- Voluntary reserves	8,043	55,716
- Merger reserve	66,303	66,303
	74,346	122,019
TOTAL	80,796	128,469

a) Legal reserve

In accordance with Article 274 of the Spanish Companies Act, 10% of profits must be transferred to the legal reserve each year until it represents at least 20% of share capital. Both in the fiscal years ended 31st December 2023 and 2022, the legal reserve is fully allocated.

The legal reserve may be used to increase capital in an amount equal to the portion of the balance that exceeds 10% of capital after the increase.

Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

b) Merger reserve

The amount of merger reserve contains the equity effect on CIE Automotive S.A. of the merger agreement between the Company and INSSEC in 2011 and the equity effect of the merger among CIE Berriz, S.L, CIE Inversiones e Inmuebles, S.L.U. and CIE Automotive Bioenergía, S.L.U. in 2012.

The merger reserve is available for distribution.

13. Profit /(loss) for year

a) Proposed distribution of profit

The proposed distribution of 2023 profit to be put before the shareholders in General Meeting, along with that approved at the Annual General Meeting of 4th May 2023 in respect of 2022 profit is shown below:

	2023	2022
Available for distribution		
Profit for the year	111,972	106,899
TOTAL	111,972	106,899
Distribution:		
Interim dividend	53,913	50,246
Final dividend	53,913	50,246
Voluntary reserves	4,146	6,407
TOTAL	111,972	106,899

b) Dividends paid

On 14th December 2023, the Board of Directors approved the payment of an interim dividend charged to the profit of the year 2023 of the Company for an amount of €0.45 per share, which has meant a total of €53,893 thousand (Note 25.a)). Payment has been made effective on 5th January 2024.

The amount to distribute did not exceed the profit obtained by the Company since the last financial year, deducting the income tax estimation, according to Article 277 of Spain Corporate Enterprise Act.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

The provisional accounting statement at 30th November 2023, which has been formulated according to legal requirements and shows the existence of enough cash-flow to distribute the dividend mentioned above, is as follows (thousand euro):

Provisional cash-flow statement	Thousand euros
Profit forecast:	
- Available net profit for 2023	114,948
To deduct:	
- Legal reserve	-
Maximum amount to distribute	114,948
Amount distribution proposal	107,826
Treasury forecast for one year	187,930
Interim dividend	(53,913)

On 4th May 2023, the General Meeting of Shareholders of CIE Automotive, S.A. has agreed to distribute the individual result for the 2022 year, approving the distribution of a complementary dividend of €0.42 gross per share entitled to a dividend, which has meant a total of €50,189 thousand. The disbursement has been made effective on 7th July 2023.

On 15th December 2022, the Board of Directors approved the payment of an interim dividend charged to the profit of the year 2022 of the Company for an amount of €0.41 per share, which meant a total of €49,049 thousand. Payment has been made effective on 5th January 2023.

On 28th April 2022, the General Meeting of Shareholders of CIE Automotive, S.A. agreed to distribute the individual result for the 2021 year, approving the distribution of a complementary dividend of €0.36 gross per share entitled to a dividend, which meant a total of €43,094 thousand. The disbursement was made effective on 6th July 2022.

On 15th December 2021, the Board of Directors of CIE Automotive, S.A. agreed to distribute the result for the 2021 year of the Company, approving the distribution of an interim dividend of €0.36 gross per share entitled to a dividend, which meant a total of €44,113 thousand. The disbursement was made effective on 5th January 2022.

14. Financial liabilities at amortised cost

The detail of financial liabilities at amortised cost as of 31st December 2023 and 31st December 2022 classified by concept is as follows:

	2023	2022
Non-current financial liabilities at amortised cost		
- Bank borrowings (Notes 6 and 14.a)	1,511,544	1,470,648
- CIE Automotive Group companies and associates, non-current (Note 14.b)	165,155	175,075
Other non-current payables		
- Other non-current payables (Note 14.c)	50,057	50,025
	1,726,756	1,695,748
Current financial liabilities at amortised cost		
- Bank borrowings (current portion of non-current borrowings) (Notes 6 and 14.a)	166,483	130,738
- Commercial paper program (Note 14.a)	274,420	196,900
- Payables to CIE Automotive Group companies (Note 14.b)	22,019	7,846
- Trade payables	5,503	6,840
- Trade payables to Group companies	12,045	6,563
- Fixed asset suppliers	348	306
- Accrued wages and salaries	10,143	12,095
- Dividend payable (Note 13)	53,893	49,049
TOTAL	544,854	410,337

a) Borrowings and commercial paper

The Company's policy is to diversify its financing sources. There is no concentration of loan/credit risk in respect of its bank borrowings as the Group works with multiple entities.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

The exposure to interest rate changes deriving from long term bank borrowings is as follows:

	Balance at December 31	More than 1 year	More than 5 years
At 31st December 2023			
Total borrowings	1,952,447	1,511,544	75,605
Borrowings at fixed rate	(1,136,227)	(744,252)	(22,309)
Exposure	816,220	767,292	53,296
At 31st December 2022			
Total borrowings	1,798,286	1,470,648	138,893
Borrowings at fixed rate	(999,091)	(725,082)	(102,191)
Effect of interest rate swaps (Note 9)	(50,000)	-	-
Exposure	749,195	745,566	36,702

Non-current borrowings mature as follows:

	2023	2022
Between 1 and 2 years	286,149	588,366
Between 3 and 5 years	1,149,790	743,389
Over 5 years	75,605	138,893
TOTAL	1,511,544	1,470,648

The effective interest rates at the balance sheet dates are the usual market rates (benchmark rate plus a market spread) and there are no significant differences with respect to other companies of a similar size and with similar risk and borrowing levels. Bank loans and credit facilities generated a weighted average annual rate of interest of 3.55% (1.95% as in the year 2022).

The Company has the following undrawn credit lines:

Thousand euro	2023	2022
Maturing within one year	107,230	74,533
Maturing in more than one year	408,546	437,000
TOTAL UNDRAWN CREDIT LINES	515,776	511,533

The carrying amounts of non-current borrowings approximate their fair value.

The carrying amounts of current borrowings approximate their fair value as the effect of discounting is not significant.

The carrying amounts of the Company's borrowings are all denominated in euro.

During 2023, the Company repaid €253.2 million under these financing agreements (2022: €155.2 million) and raised new funding in the amount of €325.0 million (2022: €287.6 million).

Syndicated loan 2014

On 28th July 2014 CIE Automotive, S.A. entered into a new financing arrangement with a syndicate of six financial institutions for €450 million. The amortisation period stood at 5 years, with an average term of 4.7 years. This improved the average term of the Group's financing and also the economic terms and conditions of the former syndicated financing agreement. The subsequent amendments related to this financing were the following:

- On 13th April 2015 the syndicated loan was novated and a decrease in the initially negotiated spread was agreed. Similarly, it was agreed to extend the maturity periods, establishing the new final maturity date in April 2020.
- On 14th July 2016, the Company signed a second novation with respect to the syndicated financing agreement. According to this novation, the total amount was increased by €150 million, to €600 million, the maturity period was extended for another year, the last payment therefore being due in April 2021 and a change was agreed in the margin initially negotiated and novated in 2015.
- On 6th June 2017, the Company signed a third novation with respect to the syndicated financing agreement. According to this novation, the maturity period was extended by one year for most of finance institutions, being the last payment due in April 2022.
- On 27th April 2018, the Company signed a fourth novation of this syndicated financing agreement. According to this novation, the maturity period was extended by one year, being the last payment due in April 2023.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023 (Denominated in thousand euro)

- On 12th April 2019, the Company signed a fifth novation with respect to the syndicated agreement. According to this novation, the limit was increased by €90 million, reaching a total of €690 million; and the maturity was extended until April 2024.
- On 27th February 2020, the Company requested the extension of the maturity date until 13th April 2025, being approved by most of the financing entities.
- In June 2020, this finance agreement became a sustainable loan valued by an external agent annually with its subsequent adjustment to the margin based on the improvement of the annual ratios of the Group's Environmental, Social and Governance criteria.
- On 16th June 2021, a longer maturity agreement was signed due on April 2026, being approved by all financial entities involved.
- On 6th June 2022, the extension of this financing until April 2027 was signed, a new extension was unanimously approved by the financing entities.
- On 7th June 2023, the extension of this financing due on April 2028 has been signed. This renewal prioritises sustainable financing as long as it continues to be tied to criteria for the improvement of the evolution of the activity in Environmental, Social and Governance (ESG) terms. The extension has been unanimously approved by the financing entities.

The drawn amount of this syndicated financing agreement on 31st December 2023 amounted to €310 million (31st December 2022: €340 million), and its interest rate is indexed to Euribor plus a variable margin based on the Net Finance Debt/EBITDA ratio.

Other financing agreements

On 14th July 2016, the Company arranged a new loan with several financial and insurance institutions amounting to €85 million and with final maturity in 10 years. Part of this finance agreement was contracted to a fixed interest rate, and the other part to a floating interest rate indexed to Euribor. In July 2021, a 2-year extension was signed for this financing, bringing the final maturity to 2028 and becoming the same at a fixed market interest. The balance disposed as of 31st December 2023 and 2022 amounts to €68 million.

In 2014 and 2018, the Company signed financing agreements with the European Investment Bank (EIB) to finance various research and development projects in the automotive components sector. During the first half year of 2021 the Group paid-out the finance agreement signed in 2014. In addition, in September 2020 the Company signed a finance agreement with this institution amounting to €40 million, due in 2030. The final maturity of these financings is in 2031 and the outstanding balance as of 31st December 2023 amounts to €95 million (€108 million as of 31st December 2022).

All these financing facilities are subject to compliance with different financial ratios usual for these contracts in the market. As of 31st December 2023 and 31st December 2022, the Company complies with all the obligations that, in accordance with the financing contracts, were in force and were payable by the different lenders as of that date.

Financing contracts for the 2023 and 2022 financial years relates mainly to non-structural contracts signed with Spanish financial entities.

In its commitment to sustainability and in accordance with its strategic plan, the Group has been incorporating sustainable financing criteria into its financing in its objective for 2025 of obtaining more than half of the Group's gross debt classified as sustainable debt.

Commercial Paper Program

On 19th July 2018, the Company made public the formalization of a program of issuance of commercial paper program with a maximum amount of €200 million, which was registered in the Ireland Stock Market and which will serve as diversification of financing of working capital needs of the Group and as an alternative to bank financing for this purpose. On 18th July 2019, the program was renewed increasing the maximum amount to €300 million. On 18th March 2020, the maximum amount was increased to €400 million and on 21st July 2020 the program was renewed. As of 31st December 2023, the drawn balance amounts to €274 million (€197 million as of 31st December 2022).

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

b) Payables to group companies

The payables with group companies take the form of unlimited 5-year current credit accounts that are tacitly renewed at maturity for additional successive or equal periods of 5 years. They accrue interest at market rates. The cancellation must be notified between the parts with a year of anticipation, for that reason is registered as non-current debts, €165,155 thousand (2022: €175,075 thousand).

These payable balances, as well as the receivable balance to receive (Note 7), arise principally from the action of the Company as financing management center for the Group companies.

The breakdown of non-current payables to group companies, at 31st December 2023 and 2022 is as follows:

	2023	2022
Advanced Comfort Systems France, S.A.S.	12	8,995
Advanced Comfort Systems Ibérica, S.A.U.	2,950	2,950
Alurecy, S.A.U.	-	1,541
Biosur Transformación, S.L.U.	4,843	4,611
CIE Compiègne, S.A.S.	13,415	12,442
CIE Galfor, S.A.U.	45,555	5,385
CIE Plasty CZ, s.r.o.	7,443	4,234
CIE Roof Systems, S.L.U.	16,823	13,383
CIE Udalbide, S.A.U.	1,274	2,844
CIE Unitools Press, a.s.	7,585	6,345
CIE Zdanice, s.r.o.	8,052	17,896
Componentes de Dirección Recylan S.L.U.	245	3,487
Gameko Fabricación de Componentes, S.A.	3,546	4,288
Gestión de Aceites Vegetales, S.L.	2,542	-
Industrias Amaya Tellería, S.A.U.	14,931	16,078
Inyectametal, S.A.	1,939	7,476
Leaz Valorización, S.L.U.	253	1,492
MAR SK, s.r.o.	17,551	23,593
Mecanizaciones del Sur-Mecasur, S.A.	4,800	6,915
Nova Recycl, S.A.U.	-	16,559
Orbelan Plásticos, S.A.	5,354	4,019
Reciclado de Residuos Grasos, S.L.U.	1,229	2,414
Transformaciones Metalúrgicas Norma, S.A.	-	1,918
Other less significant balances	4,813	6,210
TOTAL	165,155	175,075

The balance included under the heading of current liabilities with group companies and associates includes the interests accrued by the credit accounts as well as the debts with subsidiaries of the group related to the liquidation of corporate income tax of companies in regime of fiscal consolidation, both amounting to €22,019 thousand (2022: €7,846 thousand).

c) Other long-term debts

At 31st December 2023 this heading includes mainly the granted loan in December 2019 with COFIDES, which at 31st December 2023 holds a balance of €49,901 thousand, being fully classified in the long term (2022: €49,869 thousand classified in the long term), and accrues an interest at a rate benchmarked to Euribor plus a market spread.

d) Average payment period information

The breakdown of trade payables settled during 2023 and 2022 those pending of payment at the year-end in relation to the legally-permitted payment terms stipulated in Spanish Law 15/2010 of 5th July, is as follows:

	Days	
	2023	2022
Average payment period to suppliers	52	54
Paid operations ratio	62	66
Outstanding operations ratio	46	47

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

	Thousand euros	
	2023	2022
Payments made	11,898	8,354
Outstanding payments	17,552	13,403

Additionally, and in accordance with the obligations required in the Spanish Law 18/2022 on creation and growth of companies, it is reported that the total amount of payments made in before than the maximum established by Law 5/2010 has amounted to €8,182 thousand (2022: €5,435 thousand) and 1,225 invoices (2022: 1,124 invoices), which represent 69% of the total payments made and 69% of the total invoices (2022: 65% and 65% respectively).

15. Provisions

As of 31st December 2023, and 2022 the Company has provisions relating the hedge of various non-operating risks and other contingencies.

16. Deferred taxes

The analysis of deferred taxes is as follows:

	2023	2022
Deferred tax assets:		
- Deductible temporary differences	6,937	5,392
- Tax credits (capex)	10,559	12,721
	17,496	18,113
Deferred tax liabilities:		
- Taxable temporary differences	-	(323)
Deferred taxes (net)	17,496	17,790

The deductible temporary differences mainly stem from the different timing of expense recognition for accounting and tax purposes and the limitation of the deductibility of financial expenses, among other factors. These differences will revert when the aforementioned expenses turn deductible for tax purposes.

The net movement in the deferred income tax account in 2023 and 2022 is as follows:

	2023	2022
Opening balance	17,790	16,751
(Charged)/credited to the income statement (Note 18)	(617)	1,362
Tax recognised directly in equity	323	(323)
Closing balance	17,496	17,790

The movements in deferred tax assets in 2023 and 2022 are as follows:

Deferred tax assets	Provisions & other	Tax credits	Total
Balance at 1st January 2022	4,547	12,204	16,751
(Charged)/credited to the income statement	845	517	1,362
Balance at 31st December 2022	5,392	12,721	18,113
(Charged)/credited to the income statement	1,545	(2,162)	(617)
Balance at 31st December 2023	6,937	10,559	17,496

Deferred tax liabilities	Hedges	Total
Balance at 31st December 2021	-	-
(Charged)/credited to equity	323	323
Balance at 31st December 2022	323	323
(Charged)/credited to equity	(323)	(323)
Balance at 31st December 2023	-	-

Deferred taxes charged to equity in 2023 and 2022 correspond to cash flow hedges. After the early cancellation of the hedging derivatives in 2023, the reversal of the temporary difference associated with them occurred.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

Deferred tax assets are recognised for tax-loss carry forwards to the extent that the realization of the related tax benefit through future taxable profits is probable.

At 31st December 2023 the Company had the following tax losses that were generated by CIE Automotive tax group of which the Company is parent (Note 3.10):

Year generated	Amount
2010	274
2011	1,027
2013	16,082
2018	12,426
2019	264
2020	366
2021	244
2022	376
2023 (forecast)	221
TOTAL	31,280

The tax-loss carry forwards are allocated to each of the companies that contributed to generating them, for the purpose of their possible recognition as deferred tax assets, an amounting to €7,507 thousand. Out of these losses carried forward, €13,798 thousand correspond to the Company. The recognition of losses carried forward in the Company results in the recognition of deferred tax assets amounting to €3,311 thousand.

At 31st December 2023, the Company does not maintain tax losses pending compensation generated previous to its integration to the fiscal Group.

In addition, the amounts and years of generation of individual tax credits (deriving from various items and including those recognised as tax assets) pending of offset are as follows:

Year generated	Amount
1996	134
1997	86
1998	102
1999	83
2000	2,660
2001	238
2002	34
2003	45
2004	323
2005	30
2006	7,209
2007	2,595
2008	1,829
2009	586
2010	92
2011	118
2012	118
2013	241
2014	267
2015	29
2016	122
2017	242
2018	123
2019	253
2020	244
2021	839
2022	561
2023	398
TOTAL	19,601

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

From the aforementioned tax credits, an amount of €5,103 thousand derive from the merged company Instituto Sectorial de Promoción y Gestión de Empresas, S.A. (INSSEC) and those are considered tax credits earned before the fiscal group.

The applicable tax legislation for the current year imposes a 30-year time limit on tax credits and tax-loss carry forwards generated, also stipulating that the 30-year period commences as from 1st January 2014 for tax credits and tax-loss carry forwards existing prior to that date.

17. Income and expense

a) Revenue

Revenue breaks down as follows:

	2023	2022
Rendering of services	101,299	86,125
Dividend income (Note 7.a)	75,762	78,460
Interest income	61,357	32,135
TOTAL	238,418	196,720

a.1) Rendering of services

The geographic breakdown of revenue from the core business of rendering corporate services to CIE Automotive Group companies (Note 1 and Appendix I), totalling €101,299 thousand (2022: €86,125 thousand), based on the locations of the receiving companies, is as follows:

Mercado	2023	2022
Spain	29%	23%
America	53%	61%
Rest of the world	18%	16%
TOTAL	100%	100%

a.2) Dividends received from CIE Automotive Group companies

The Company received in 2023 a dividend from the subsidiaries Advanced Comfort Systems, Ibérica, S.L.U., Autokomp Ingeniería, S.A.U. and CIE Automotive Boroa, S.L.U. for its distribution of results for the year 2022 amounting to €624 thousand, €1,460 thousand and €2,178 thousand, respectively.

Likewise, the Company has also received dividends charged to voluntary reserves of its subsidiaries CIE Berriz, S.L. and Advanced Comfort Systems France, S.A.S. amounting to €40,000 thousand and €10,000 thousand, respectively.

In year 2023, the Company has also received interim dividends of its subsidiaries Autokomp Ingeniería, S.A.U. and CIE Automotive Boroa, S.L.U. amounting to €1,750 thousand and €19,750 thousand respectively.

All these distributions were approved at each of the corresponding General Meetings of Partners/Shareholders held during the month of December 2023. These dividends have been collected by the Company during the year.

The Company received in 2022 a dividend from the subsidiaries Advanced Comfort Systems, Ibérica, S.L.U., Autokomp Ingeniería, S.A.U. and CIE Automotive Boroa, S.L.U. for its distribution of results for the year 2021 amounting to €525 thousand, €2,316 thousand and €619 thousand, respectively.

In year 2022, the Company also received interim dividends of its subsidiaries CIE Roof Systems, S.L.U., Autokomp Ingeniería, S.A.U. and CIE Automotive Boroa, S.L.U. amounting to €52,000 thousand, €4,500 thousand and €10,500 thousand respectively, and CIE Berriz, S.L. distributed a dividend amounting to €8,000 thousand charged to voluntary reserves.

All these distributions were approved at each of the corresponding General Meetings of Partners/Shareholders held during the month of December 2022. These dividends were collected by the Company during the year 2022.

a.3) Interest income

At 31st December 2023 the Company accrued interest income for an amount of €61,357 thousand (2022: €32,135 thousand), whereof income for interests on credits to CIE Automotive Group companies and associated have amounted to €60,592 thousand (2022: €32,044 thousand).

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

b) Employee benefit expense

	2023	2022
Wages and salaries	37,291	25,793
Termination benefits	124	258
Social security costs		
– Social security	984	926
TOTAL	38,399	26,977

The average number of employees by category during the year was as follows:

	Headcount	
	2023	2022
Executives	9	9
University graduates and specialists	56	57
TOTAL	65	66

The distribution of the Company's personnel by women and men, and Board of Directors members at the year-end is as follows:

	2023			2022		
	Women	Men	Total	Women	Men	Total
Directors	5	9	14	5	9	14
Executives	4	4	8	4	4	8
University graduates and specialists	28	25	53	29	27	56
TOTAL	37	38	75	38	40	78

Likewise, there were no persons employed in 2023 and 2022 with a functional disability greater than or equal to 33%. However, the Company has subcontracted Lantegi Batuk Foundation, an entity qualified as a special employment center, having obtained the corresponding approval by the Basque Service of Employment – Lanbide.

Long-term incentive

The Board of Directors of CIE Automotive, S.A. agreed in 2018 to implement a plan to allow the participation of certain Group employees in the Company's share capital, granting said employees a loan due at maturity at date of 31st December 2022, with zero interest rate. On December 2022, the maturity of these loans to executives was extended for a period of 5 years, as well as the incorporation of new employees to the long-term incentive plan. During year 2023, certain loan amounts have increased, keeping the rest of the conditions of the plan unchanged. The objective of the plan is twofold: (i) to motivate, promote loyalty and encourage the most important members of the Group's management to achieve the strategic objectives for the next five years; and (ii) as a result of the commitment to the Group, to allow that the aforementioned employees benefit from any increase in the quoted price of the shares of CIE Automotive, S.A. from 1st January 2018 to 31st December 2027. These loans, which, meet the conditions to be considered as full recourse, are valued at fair value, are classified under credits classified at fair value and, as of 31st December 2023, amount to €15 million (2022: €15 million) (Note 6).

c) Other operating expenses

Other operating expenses are broken down as follows:

	2023	2022
Travel expenses	983	931
Repairs and maintenance	2,412	1,515
Independent professional services and other services	1,671	1,732
Leases	540	497
Insurance premiums	2,612	2,018
Other	5,337	1,462
TOTAL	13,555	8,155

18. Income tax and tax matters

As mentioned in the section covering measurement standards (Note 3.10), CIE Automotive, S.A. is authorized to file consolidated tax returns with certain subsidiaries.

As certain transactions are treated differently for income tax purposes with respect to how they are treated in preparing the annual accounts, taxable income for the year differs from accounting profit.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

The reconciliation of net income and expenses for the year to taxable income as per the Company's individual tax return is set forth below:

	2023			2022		
	Increases	Decreases	Net	Increases	Decreases	Net
Profit/(loss) for year			111,972			106,899
Income tax			2,173			5,161
Permanent differences	6,701	(75,762)	(69,061)	3,379	(78,460)	(75,081)
Temporary differences:						
- originated in current year	11,780	-	11,780	5,420	(1,905)	3,515
- originated in previous years	-	(5,340)	(5,340)	-	-	-
Individual taxable income tax base			51,524			40,494

The calculation of tax income is disclosed in the following table:

	2023	2022
Individual taxable income tax base	51,524	40,494
Tax Group taxable base	51,524	40,494
Current tax payable	12,366	9,720
Current tax	12,366	9,720

The breakdown of income tax expense is as follows:

	2023	2022
Current tax	12,366	9,720
Deferred tax (Note 16)	(1,545)	(845)
Tax credits (Note 16)	2,162	(517)
Income tax withholdings (retained abroad)	398	517
Register of provisions and other	(11,208)	(3,714)
Total	2,173	5,161

No corporate income tax was payable to the Tax Administration in 2023 and 2022 (Note 16).

The periods not prescribed under prevailing legislation are opened to inspection by the tax authorities, which are the years between 2019 and 2023.

The accounting obligations arising from the merger between the Company and Instituto Sectorial de Promoción y Gestión de Empresas, S.A. (Absorbed Company) appear in the 2011 Annual Report, the first approved report that includes the accounting effects of the merger by absorption dated 1st January 2011.

As a result, among others, of the different interpretations of current tax law, additional liabilities could arise as a result of an inspection. In any event, the Directors consider that any such liabilities that may arise will not have a significant impact on the Annual Accounts for 2023 or 2022.

The corporate income tax legislation applicable to the Company in 2023 is that relating to Bizkaia Regional Regulation 11/2013, 5th December; modified by the Foral Regulation 2/2018, of 12th March.

Minimum tax – Pillar 2

In December 2021, the OECD published the PILLAR 2 Model Rules with the objective of setting minimum taxation in each of the jurisdictions where large multinational corporations operate, setting a turnover threshold of more than 750 million for their application. Consequently, in December 2022, the European Union published Directive (EU) 2022/2523 on ensuring an overall minimum level of taxation for multinational business groups and large groups in the Union. This directive is expected to be transposed in Spain during fiscal year 2024 (it has already been approved in other member countries has already been approved), and its purpose is to ensure that the results of each constituent entity (legal companies) aggregated by country are subject to a minimum taxation of 15%. All this tax law updates both in Spain and in other countries are being monitored by the Company, which will be, as the parent company of the Group, the responsible for calculating, presenting and settling the obligations stemmed from the transposition of the regulations to the tax authorities.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

At the date of preparation of these Annual Accounts, the Directors do not estimate that the entry into force of these regulations in the tax territory where the Company is based will have a significant impact on the results or future cash flows. This is a consequence of the subsidiaries of the Company carrying out its activities in geographies where tax rates are mostly higher than 15%, and therefore, its recurring taxation, once capitalisations/deregistration as well as the movement of tax provisions are isolated, exceeds the set threshold.

19. Finance income/expense

The breakdown of the financial result for the years 2023 and 2022 is as follows:

	2023	2022
Finance income:		
Other finance income	1,658	1,266
	1,658	1,266
Finance expense:		
Borrowings from group companies (Note 25)	(7,573)	(5,251)
Third-party borrowings	(69,517)	(29,355)
Other finance expense	(183)	(195)
	(77,273)	(34,801)
Change in fair value of financial instruments:		
Gains/(losses) recognised regarding financial instruments	6,641	(12,638)
	6,641	(12,638)
Net exchange differences	(223)	(6)
Finance income/expense	(69,197)	(46,179)

20. Cash flows from operating activities

	2023	2022
Profit for the year before tax	114,145	112,060
Adjustments for:		
- Depreciation	3,766	3,834
- Change in provisions	3,323	992
- Impairment and profit/loss on disposal of fixed assets	243	
- Finance income (Note 19), dividend income and interest income from CIE Automotive Group companies (Note 17)	(138,777)	(11,861)
- Finance expense (Note 19)	77,273	34,801
- Exchange rate differences (Note 19)	223	6
- Change in fair value of financial instruments (Note 19)	(6,641)	12,638
	(60,590)	(59,590)
Changes in working capital:		
- Trade and other receivables	9	(4,735)
- Trade and other payables	1,216	13,347
	1,225	8,612
Other cash flows from operating activities:		
- Interests paid	(72,114)	(27,832)
- Dividends received (Note 17)	75,762	78,460
- Interests received	32,135	22,762
	35,783	73,390
Cash flows from operating activities	90,563	134,472

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

21. Cash flows from investing activities

	2023	2022
Payments for investments:		
- Group companies and associates (Note 7.b)	(4,000)	-
- Intangible assets	(730)	(678)
- Property, plant and equipment	(10)	(6)
- Other financial assets	(5,551)	-
	(10,291)	(684)
Proceeds from disposals:		
- Other financial assets	5,843	4,952
	5,843	4,952
Cash flows from investing activities	(4,448)	4,268

22. Cash flows from financing activities

	2023	2022
Proceeds from and repayments of financial liabilities:		
- Issuance:		
- Bank borrowings (Note 14)	325,000	287,585
- Commercial paper program (Note 14)	77,520	-
- Net change in loans to/from Group companies and associates (*)	-	40,603
- Repayment and depreciation of:	729	
- Bank borrowings (Note 14)	(253,216)	(155,153)
- Commercial paper program (Note 14)	-	(163,850)
- Settlement of hedging derivatives	-	-
- Net change in loans to/from Group companies and associates (*)	(103,872)	-
	46,161	9,185
Payment of dividends and remuneration of other equity instruments:		
- Sale/(Acquisition) of treasury shares (Note 11.c)	2,804	(60,475)
- Payment of dividends and remuneration of other equity instruments (Note 13.b)	(99,238)	(87,207)
	(96,434)	(147,682)
Cash flows from financing activities	(50,273)	(138,497)

(*) Corresponds to the net movement on current account balances with CIE Automotive Group companies, including asset and liability balances, arising from overall Group financing arrangements.

23. Contingencies

Contingent liabilities

The Company had not extended any guarantees or pledges other than those disclosed at 31st December 2023 and 2022 (Note 14).

24. Director and Key Management compensation

a) Compensation paid to the members of the Board of Directors

Total compensation paid to the members of the Board of Directors has amounted to €25,785 thousand (2022: €8,556 thousand). The members of the Board of Directors received no compensation in respect of bonuses or profit-sharing arrangements. Nor did they receive shares or sell or exercise stock options or other rights related to pension plans or insurance policies of which they are beneficiaries.

As of 31st December 2023 and 2022, there is no outstanding amount arising from other transactions with these related parties.

The Company has entered into no commitments relating to pensions or other types of complementary retirement remuneration with the Directors.

b) Compensation and loans to Key Management personnel

As of 31st December 2023, and 2022, the Company's Senior Management was made up of 4 women and 3 men. The total compensation accrued by key management personnel in 2023 amounted to 6,257 thousand (2022: €8,975 thousand). Likewise, Senior management personnel do not have life or civil liability insurance at the expense of the Company. These amounts exclude the compensation related to the members of the Board of Directors, with have been disclosed in Note 17.b).

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023

(Denominated in thousand euro)

As explained in Note 17, the Board of Directors of CIE Automotive S.A. agreed in 2018 to implement a plan to allow the participation of certain Group employees in the company's capital stock. The total nominal amount of the loans to members of the Senior Management, pending collection as of 31st December 2023 is 6,679 thousand (2022: €5,364 thousand).

The Company has entered into no commitments related to pensions or other types of complementary post-employment benefits with Key Management personnel.

c) Article 228 of the Spanish Companies Act

In the duty to avoid situations of conflict of interest of the Company, during 2023 the administrators who have occupied charges in the Board of Directors during have complied with the obligations foreseen in the article 228 of the re-casted text of the Law of Capital companies. Likewise, both managing directors and their relatives have abstained from incurring in the suppositions of conflict of interest foreseen in the article 229 of the aforementioned norm. No communication about direct or indirect conflicts of interest has been notified during the current year to the Board of Directors.

d) Complementary long-term incentive based on the increase in value of the shares of CIE Automotive, S.A.

At the General Shareholders' Meeting held on 24th April 2018, the concession was approved, for the CEO, of a long-term incentive based on the evolution of the share price of CIE Automotive, S.A., and modified by an agreement which was approved by the General Shareholders' Meeting on 5th May 2021.

The incentive consists of the payment of a total extraordinary remuneration resulting from multiplying 1,450,000 rights by the increase in the value of the share price of CIE Automotive, S.A. during a maximum period of time of 9 years (reference periods), being its initial base quotation of €21.30 per share and the closing value the average of the contribution corresponding to a monthly payment within the established reference periods, in the terms approved by the General Shareholders' Meeting. In accordance with the modifications introduced at the aforementioned General Shareholders' Meeting of 5th May 2021, during the year, the CEO proceeded to partially execute the incentive, so that the amount accrued for said remuneration has amounted to €5,900 thousand. With this partial execution, the base price was set for possible subsequent years of the incentive at €25.37 per share.

This incentive consisted of the payment of a total remuneration resulting from multiplying 1,450,000 rights by the increase in the value of the share price of CIE Automotive, S.A. during a maximum period of time of 9 years (reference periods), being its initial base quotation of €21.30 per share and the closing value the average of the contribution corresponding to a monthly payment within the established reference periods, in the terms approved by the General Shareholders' Meeting. In accordance with the modifications introduced at the aforementioned General Shareholders' Meeting of 5th May 2021, during the year 2021, the CEO proceeded to partially execute the incentive, so that the amount accrued for said remuneration amounted to €5,900 thousand. With this partial execution, the base price was set for possible subsequent years of the incentive at €25.37 per share. During the year 2022, the CEO proceeded to partially execute the incentive, so that the amount accrued for said remuneration rose to €2,972 thousand. With this second partial exercise, a base price was set for possible subsequent executions of the incentive at €27.41 per share.

At the last General Shareholders' Meeting held on 4th May 2023, a new remuneration plan 2024-2026 to the Board of Directors' members has been approved (applicable starting 4th May 2023) as well as amendments to the terms of this long-term variable compensation, due to the need to adjust the reality of the CEO's long-term incentive to the radical change in the socio-political, socio-economic and geostrategic premises that were taken into account when the compensation package was configured. As a consequence of the approved new policy regarding the Board members remuneration plan 2024-2026 and these amendments, (i) on the one side, in order to compensate the remuneration deficit which has not been reachable given the evolution of the share price, a non-aggregating extraordinary remuneration has been granted amounting to €20,000 thousand (Note 24.a), being paid said compensation as of 31st December 2023; and (ii) likewise, the granting of the extraordinary compensation implies the need to adjust the reference value of quotation of the share price from which the incentive can be executed, setting a base quotation of €34.00 per share for successive executions in the scenario of revaluation of the share from the date the General Shareholders' Meeting was held to 31st December 2027.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023 (Denominated in thousand euro)

25. Transactions with group companies and related parties

The Company is the ultimate parent company of Group (Appendix I).

The breakdown of the transactions conducted with group companies in 2023 and 2022 is provided below:

	2023	2022
Services rendered:	237,653	196,629
- Dividends received (Notes 7 and 17)	75,762	78,460
- Services (Note 17)	101,299	86,125
- Financial services (Note 17)	60,592	32,044
Interest:	(7,573)	(5,251)
- Financial (Note 19)	(7,573)	(5,251)

Closing balances at the 2023 and 2022 year-ends derived from the transactions described above are set out in Notes 6, 7, 8 and 14.b) above.

A breakdown of movements in non-current credit lines and loans granted to and received from companies of CIE Automotive Group in 2023 and 2022 is provided in Note 7.d) and Note 14.b).

In 2023 and 2022, no provision was required for the impairment of loans granted to group companies and associated.

a) Balances and transactions of the Company with related parties not belonging to the CIE Automotive Group:

31.12.2023		
Balances in thousand euro	Directors/ Key management	Other related parties
Receivables from related parties: Customers	-	62
Receivables from related parties: Loans	15,415	-
Payables to related parties: Suppliers	-	(470)
Payables to related parties: Loans	-	(34,428)
Receivable balances with entities with significant influence	-	16,800
Dividend payable	-	(53,893)
Advances to related parties	5,200	-
Transactions in thousand euro	Directors/ Key management	Other related parties
Services provided	-	2
Services received	-	484
Finance income	-	17
Finance expense	-	645

31.12.2022		
Balances in thousand euro	Directors/ Key management	Other related parties
Receivables from related parties: Customers	-	36
Receivables from related parties: Loans	14,588	-
Payables to related parties: Suppliers	-	(480)
Payables to related parties: Loans	-	(34,370)
Receivable balances with entities with significant influence	-	16,800
Dividend payable	-	(49,049)
Advances to related parties	6,500	-
Transactions in thousand euro	Directors/ Key management	Other related parties
Services provided	-	17
Services received	-	483
Finance expense	-	592

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR 2023 (Denominated in thousand euro)

26. Information on the environment

Environmental activity refers to any transaction, the main purpose of which is to minimize damage to the environment or enhance environmental protection efforts. Because of its holding company structure, the Company is not materially exposed to environmental risk.

The Company has not incurred significant expenses of an environmental nature in either 2023 or 2022.

The Company is not aware of the existence of any environmental protection related contingencies or liabilities and did not deem it necessary to recognize any provision for liabilities or charges of an environmental nature.

27. Auditor fees

Fees from KPMG Auditores, S.L. for the audit services of the Company's accounts (including the Company's consolidated annual accounts) and other assessment services amounted to €235 thousand in 2023 (2022: €228 thousand for the services rendered by PricewaterhouseCoopers Auditores, S.L.). Other services rendered by KPMG Auditores, S.L. have amounted to €81 thousand in 2023 (2022: €56 thousand corresponding to PricewaterhouseCoopers Auditores, S.L.), and mainly refer to agree upon procedures related to covenant compliance, review of the Spanish SCIF report related to Internal Control Management on Financial Information and verification of non-financial indicators.

There are no other fees accrued and/or invoiced by other firms from the KPMG network in 2023. Fees related to tax advisory services rendered by other firms from the PwC network amounted to €73 thousand in 2022.

28. Events after the balance sheet date

At the date of preparation of these Annual Accounts, no significant subsequent event to the fiscal year 2023 has occurred which could arise on significant impacts to the financial statements of the period ended as of 31st December 2023.

APPENDIX I: LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Company	Parent company	Activity	Location	% effective Shareholding of CIE Automotive	
				Direct	Indirect
CIE Berriz, S.L. (*)	CIE Automotive, S.A.	Holding company	Biscay	100.00%	-
CIE Udalbide, S.A.U.	CIE Berriz, S.L.	Manufacture of auto parts	Biscay	-	100.00%
CIE Mecauto, S.A.U.	CIE Berriz, S.L.	Manufacture of auto parts	Álava/Araba	-	100.00%
Mecanizaciones del Sur-Mecasur, S.A.	CIE Berriz, S.L.	Manufacture of auto parts	Álava/Araba	-	100.00%
Gameko Fabricación de Componentes, S.A.	CIE Berriz, S.L.	Manufacture of auto parts	Álava/Araba	-	100.00%
Grupo Componentes Vilanova, S.L.	CIE Berriz, S.L.	Manufacture of auto parts	Barcelona	-	100.00%
Componentes de Automoción Recytec, S.L.U. (3)	CIE Berriz, S.L.	Manufacture of auto parts	Álava/Araba	-	100.00%
Componentes de Dirección Recylan, S.L.U.	CIE Berriz, S.L.	Manufacture of auto parts	Navarre	-	100.00%
Nova Recyd, S.A.U.	CIE Berriz, S.L.	Manufacture of auto parts	Álava/Araba	-	100.00%
Recyde, S.A.U.	CIE Berriz, S.L.	Manufacture of auto parts	Gipuzkoa	-	100.00%
Recyde CZ, s.r.o.	CIE Berriz, S.L.	Manufacture of auto parts	Czechia	-	100.00%
CIE Zdánice, s.r.o.	CIE Berriz, S.L.	Manufacture of auto parts	Czechia	-	100.00%
Alcasting Legutiano, S.L.U.	CIE Berriz, S.L.	Manufacture of auto parts	Álava/Araba	-	100.00%
Egaña 2, S.L.	CIE Berriz, S.L.	Manufacture of auto parts	Biscay	-	100.00%
Inyectametal, S.A.	CIE Berriz, S.L.	Manufacture of auto parts	Biscay	-	100.00%
Orbelan Plásticos, S.A.	CIE Berriz, S.L.	Manufacture of auto parts	Gipuzkoa	-	100.00%
Transformaciones Metalúrgicas Norma, S.A.	CIE Berriz, S.L.	Manufacture of auto parts	Gipuzkoa	-	100.00%
Plasfil Plásticos da Figueira, S.A. (4)	CIE Berriz, S.L.	Manufacture of auto parts	Portugal	-	100.00%
CIE Stratis-Tratamentos, Ltda.	Plasfil Plásticos da Figueira, S.A.	Manufacture of auto parts	Portugal	-	100.00%
CIE Metal CZ, s.r.o.	CIE Berriz, S.L.	Manufacture of auto parts	Czechia	-	100.00%
CIE Plasty CZ, s.r.o.	CIE Berriz, S.L.	Manufacture of auto parts	Czechia	-	100.00%
CIE Unitools Press, a.s.	CIE Berriz, S.L.	Manufacture of auto parts	Czechia	-	100.00%
CIE Joamar, s.r.o. (in liquidation)	CIE Berriz, S.L.	Manufacture of auto parts	Czechia	-	100.00%
CIE Automotive Maroc, s.a.r.l. d'au	CIE Berriz, S.L.	Manufacture of auto parts	Morocco	-	100.00%
CIE Praga Louny, a.s.	CIE Berriz, S.L.	Manufacture of auto parts	Czechia	-	100.00%
CIE Deutschland, GmbH	CIE Berriz, S.L.	Facilities	Germany	-	100.00%
Leaz Valorización, S.L.U. (dormant)	CIE Berriz, S.L.	Waste management and recovery	Biscay	-	100.00%
CIE Compiègne, S.A.S.	CIE Berriz, S.L.	Manufacture of auto parts	France	-	100.00%
Biosur Transformación, S.L.U.	CIE Berriz, S.L.	Biofuels	Huelva	-	100.00%
Gestión de Aceites Vegetales, S.L. (1)(2)	CIE Berriz, S.L.	Biofuels	Madrid	-	88.73%
Reciclado de Residuos Grasos, S.L.U. (2)	Gestión de Aceites Vegetales, S.L.	Biofuels	Madrid	-	88.73%
Recogida de Aceites y Grasas Maresme, S.L.U. (2)	CIE Berriz, S.L.	Biofuels	Barcelona	-	100.00%
Denat 2007, S.L.U.	CIE Berriz, S.L.	Manufacture of auto parts	Pontevedra	-	100.00%
Industrias Amaya Tellería, S.A.U.	CIE Berriz, S.L.	Manufacture of auto parts	Biscay	-	100.00%
MAR SK, s.r.o.	CIE Berriz, S.L.	Manufacture of auto parts	Slovakia	-	100.00%
Autocom Componentes Automotivos do Brasil Ltda.	CIE Berriz, S.L.	Manufacture of auto parts	Brazil	-	100.00%
GAT México, S.A. de C.V.	CIE Berriz, S.L.	Manufacture of auto parts	Mexico	-	100.00%
SC CIE Matricon, S.A.	CIE Berriz, S.L.	Manufacture of auto parts	Romania	-	100.00%
CIE Automotive Parts (Shanghai) Co., Ltd.	CIE Berriz, S.L.	Manufacture of auto parts	People's Republic of China	-	100.00%
CIE Automotive Rus, LLC	CIE Berriz, S.L.	Manufacture of auto parts	Russia	-	100.00%
CIE Automotive Goiaín, S.L.U.	CIE Berriz, S.L.	Manufacture of auto parts	Álava/Araba	-	100.00%
CIE Porriño, S.L.U. (1)	CIE Berriz, S.L.	Manufacture of auto parts	Pontevedra	-	100.00%
Basquevolt, S.A. (3)	CIE Berriz, S.L.	Sustainable batteries	Álava/Araba	-	16.67%

APPENDIX I: LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Company	Parent company	Activity	Location	% effective Shareholding of CIE Automotive	
				Direct	Indirect
Somaschini, S.P.A. ^(*)	CIE Berriz, SL	Manufacture of auto parts	Italy	-	100.00%
Somaschini Automotive, SRL ^(*)	Somaschini, SPA	Manufacture of auto parts	Italy	-	100.00%
Somaschini International, Inc ^(*)	Somaschini Automotive, SRL	Holding company	USA	-	100.00%
Somaschini North America, LLC	Somaschini International, Inc	Manufacture of auto parts	USA	-	100.00%
Somaschini Realty, LLC	Somaschini International, Inc	Real state	USA	-	100.00%
Autometal, Ltda. ^(*)	CIE Berriz, SL	Manufacture of auto parts	Brazil	-	100.00%
Durametal, Ltda.	Autometal, Ltda.	Manufacture of auto parts	Brazil	-	84.88%
Autometal SBC Injeção e Pintura de Plásticos Ltda.	Autometal, Ltda.	Manufacture of auto parts	Brazil	-	100.00%
Autometal Investimentos e Imóveis, Ltda. ^(*)	Autometal, Ltda.	Facilities	Brazil	-	100.00%
Gescrap- Autometal Comércio de Sucatas Ltda	Autometal Investimentos e Imóveis, Ltda.	Scrap	Brazil	-	30.00%
Jardim Sistemas Automotivos e Industriais, Ltda.	Autometal, Ltda.	Manufacture of auto parts	Brazil	-	100.00%
Metalúrgica Nakayone, Ltda.	Autometal, Ltda.	Manufacture of auto parts	Brazil	-	100.00%
Autometal Minas Cromação, Pintura e Injeção de Plásticos Ltda	Autometal, Ltda.	Manufacture of auto parts	Brazil	-	100.00%
CIE Autometal Salto Indústria e Comércio, Ltda. ^(*)	Autometal, Ltda.	Manufacture of auto parts	Brazil	-	100.00%
CIE Automotivo de México S.A.P.I. de C.V. ^(*)	CIE Berriz, SL	Holding company	Mexico	-	100.00%
Pintura y Ensamblajes de México, S.A. de C.V.	CIE Automotivo de México SAPI de C.V.	Manufacture of auto parts	Mexico	-	100.00%
CIE Celaya, S.A.P.I. de C.V.	CIE Automotivo de México SAPI de C.V.	Manufacture of auto parts	Mexico	-	100.00%
Gescrap Autometal de Mexico, S.A. de C.V. ^(*)	CIE Automotivo de México SAPI de C.V.	Scrap	Mexico	-	30.00%
Soluciones de Gestión de Residuos Mexicana, S.A. de C.V.	Gescrap Autometal México, S.A. de C.V.	Facilities	Mexico	-	29.70%
Ges Trading Nar, S.A. de C.V.	CIE Automotivo de México SAPI de C.V.	Facilities	Mexico	-	30.00%
Pintura, Estampado y Montaje, S.A.P.I. de C.V.	CIE Automotivo de México SAPI de C.V.	Manufacture of auto parts	Mexico	-	100.00%
Maquinados Automotrices y Talleres Industriales de Celaya, S.A. de C.V.	CIE Automotivo de México SAPI de C.V.	Manufacture of auto parts	Mexico	-	100.00%
CIE Berriz México Servicios Administrativos, S.A. de C.V.	CIE Automotivo de México SAPI de C.V.	Facilities	Mexico	-	100.00%
Nugar, S.A. de C.V.	CIE Automotivo de México SAPI de C.V.	Manufacture of auto parts	Mexico	-	100.00%
Maquinados de Precisión de México S. de RL. de C.V.	CIE Automotivo de México SAPI de C.V.	Manufacture of auto parts	Mexico	-	100.00%
CIE Plásticos México, S.A. de C.V.	CIE Automotivo de México SAPI de C.V.	Manufacture of auto parts	Mexico	-	100.00%
CIE Metal Norte, S.A.P.I. de C.V. ^(*)	CIE Automotivo de México, S.A.P.I. de C.V.	Manufacture of auto parts	Mexico	-	100.00%
CIE Automotive USA, Inc ^(*)	CIE Automotivo de México SAPI de C.V.	Facilities	USA	-	100.00%
CIE Investments USA, Inc	CIE Automotive USA, Inc	Holding Company	USA	-	100.00%
Century Plastics, LLC ^(*)	CIE Automotive USA, Inc	Manufacture of auto parts	USA	-	100.00%
Century Plastics Real State Holdings, LLC	Century Plastics, LLC	Real state	USA	-	100.00%
Newcor, Inc ^(*)	CIE Automotive USA, Inc	Holding company	USA	-	100.00%
Owosso Realty, LLC	Newcor, Inc	Real state	USA	-	100.00%
Corunna Realty, Corp.	Newcor, Inc	Real state	USA	-	100.00%
Clifford Realty, Corp.	Newcor, Inc	Real state	USA	-	100.00%
Machine, Tools and Gear, Inc	Newcor, Inc	Manufacture of auto parts	USA	-	100.00%
Rochester Gear, Inc	Newcor, Inc	Manufacture of auto parts	USA	-	100.00%
Golde South Africa, LLC	CIE Automotive USA, Inc	Distributor company	USA	-	100.00%
Golde Auburn Hills, LLC	CIE Automotive USA, Inc	Manufacture of auto parts	USA	-	100.00%
Participaciones Internacionales Autometal Dos, S.L.U. ^(*)	CIE Berriz, SL	Holding company	Biscay	-	100.00%

APPENDIX I: LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Company	Parent company	Activity	Location	% effective Shareholding of CIE Automotive	
				Direct	Indirect
CIE Automotive India, Ltd. ^{(*) (6)}	Participaciones Internacionales Autometal Dos SLU.	Manufacture of auto parts	India	-	65.71%
CIE Galfor, S.A.U. ^(*)	CIE Automotive India, Ltd.	Manufacture of auto parts	Orense	-	65.71%
CIE Forging Germany, GmbH	CIE Galfor, S.A.U.	Holding company	Germany	-	65.71%
CIE Legazpi, S.A.U.	CIE Galfor, S.A.U.	Manufacture of auto parts	Gipuzkoa	-	65.71%
UAB CIE LT Forge	CIE Galfor, S.A.U.	Manufacture of auto parts	Lithuania	-	65.71%
Galfor Eólica, S.L.	CIE Galfor, S.A.U.	Power generation and trade	Orense	-	16.43%
Metalcastello S.p.A.	CIE Galfor, S.A.U.	Manufacture of auto parts	Italy	-	65.68%
BillForge de Mexico S de RL de CV	CIE Automotive India, Ltd.	Manufacture of auto parts	Mexico	-	65.71%
BF Precision Pvt. Ltd.	CIE Automotive India, Ltd.	Manufacture of auto parts	India	-	65.71%
CIE Aluminium Casting India, Ltd. ⁽⁶⁾	CIE Automotive India, Ltd.	Manufacture of auto parts	India	-	65.71%
Sunseed Solar Pvt, Ltd ⁽¹⁾	CIE Aluminium Casting India, Ltd.	Power generation and trade	India	-	17.40%
CIE Hosur, Ltd.	CIE Automotive India, Ltd.	Manufacture of auto parts	India	-	65.71%
Gescrap India Pvt. Ltd.	CIE Automotive India, Ltd.	Manufacture of auto parts	India	-	19.71%
Clean Max Deneb Power, LLP	CIE Automotive India, Ltd.	Power generation and trade	India	-	17.08%
Sunbarn Renewables Pvt, Ltd.	CIE Automotive India, Ltd.	Power generation and trade	India	-	17.16%
Renew Surya Alok Pvt, Ltd ⁽¹⁾	CIE Automotive India, Ltd.	Power generation and trade	India	-	20.50%
Strongsun Solar Pvt, Ltd ⁽¹⁾	CIE Automotive India, Ltd.	Power generation and trade	India	-	17.97%
Advanced Comfort Systems Ibérica, S.L.U.	CIE Automotive, S.A.	Manufacture of auto parts	Orense	100.00%	-
Advanced Comfort Systems France, S.A.S. ^(*)	CIE Automotive, S.A.	Manufacture of auto parts	France	100.00%	-
Advanced Comfort Systems Romania, S.R.L.	Advanced Comfort Systems France, S.A.S.	Manufacture of auto parts	Romania	-	100.00%
Advanced Comfort Systems México, S.A. de C.V.	Advanced Comfort Systems France, S.A.S.	Manufacture of auto parts	Mexico	-	100.00%
Advanced Comfort Systems Shanghai Co. Ltd. ^(*)	Advanced Comfort Systems France, S.A.S.	Manufacture of auto parts	People's Republic of China	-	100.00%
Wuhan Advanced Comfort Systems Co. Ltd.	Advanced Comfort Systems Shanghai Co. Ltd.	Manufacture of auto parts	People's Republic of China	-	100.00%
Autokomp Ingeniería, S.A.U. ^(*)	CIE Automotive, S.A.	Facilities	Biscay	100.00%	-
Forjas de Celaya, S.A. de C.V.	Autokomp Ingeniería, S.A.U.	Manufacture of auto parts	México	-	100.00%
Nanjing Automotive Forging Co, Ltd.	Autokomp Ingeniería, S.A.U.	Manufacture of auto parts	People's Republic of China	-	50.00%
CIE Forjas Minas, Ltda. ^{(*) (4)}	Autokomp Ingeniería, S.A.U.	Holding company	Brazil	-	100.00%
CIE Automotive Boroa, S.L.U.	CIE Automotive, S.A.	Financing	Biscay	100.00%	-
CIE Automotive Roof Systems Korea, Ltd.	CIE Automotive, S.A.	Manufacture of auto parts	Korea	100.00%	-
CIE Roof Systems, S.L.U. ^{(*) (6)}	CIE Automotive, S.A.	Holding company	Biscay	100.00%	-
Golde Tianjin Co., Ltd.	CIE Roof Systems, S.L.U.	Manufacture of auto parts	People's Republic of China	-	100.00%
Golde Wuhan Co., Ltd.	CIE Roof Systems, S.L.U.	Manufacture of auto parts	People's Republic of China	-	100.00%
Golde Shandong Co., Ltd.	CIE Roof Systems, S.L.U.	Manufacture of auto parts	People's Republic of China	-	100.00%
CIE Golde Holding, S.L.U. ^(*)	CIE Roof Systems, S.L.U.	Holding company	Biscay	-	100.00%
Inteva Products (Barbados), Ltd. (in liquidation)	CIE Golde Holding, S.L.U.	Holding company	Barbados	-	100.00%

APPENDIX I: LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Company	Parent company	Activity	Location	% effective	
				Shareholding of CIE Automotive	
				Direct	Indirect
Golde Shanghai Co, Ltd.	CIE Golde Holding, S.L.U.	Manufacture of auto parts	People's Republic of China	-	100.00%
Golde Changchun Co, Ltd.	CIE Golde Holding, S.L.U.	Manufacture of auto parts	People's Republic of China	-	100.00%
CIE Golde Shanghai Innovation Co, Ltd.	CIE Golde Holding, S.L.U.	Technology center	People's Republic of China	-	100.00%
Golde Netherlands, BV ⁽¹⁾	CIE Roof Systems, S.L.U.	Holding company	The Netherlands	-	100.00%
Golde Mexico Holdings, LLC ⁽²⁾	Golde Netherlands, BV	Holding company	USA	-	100.00%
Automotive Mexico Body Systems, S. de R.L. de C.V.	Golde Mexico Holdings, LLC	Manufacture of auto parts	Mexico	-	100.00%
Golde Bengaluru India Pvt Ltd.	CIE Roof Systems, S.L.U.	Technology center	India	-	100.00%
Roof Systems Germany, GmbH	CIE Roof Systems, S.L.U.	Technology center	Germany	-	100.00%
Golde Oradea, SRL	CIE Roof Systems, S.L.U.	Manufacture of auto parts	Romania	-	100.00%
Golde Lozorno, Spol, s.r.o.	CIE Roof Systems, S.L.U.	Manufacture of auto parts	Slovakia	-	100.00%
SIR S.A.S.	CIE Roof Systems, S.L.U.	Holding company	France	-	100.00%
Shanghai Golde Automotive Parts Co, Ltd. ⁽³⁾	CIE Roof Systems, S.L.U.	Manufacture of auto parts	People's Republic of China	-	50.00%
Salgglas Üvegipari, Zrt. ⁽⁴⁾	CIE Roof Systems, S.L.U.	Manufacture of auto parts	Hungary	-	100.00%
Golde Automotive Parts (Ningde) Co., Ltd.	Shanghai Golde Automotive Parts Co, Ltd.	Manufacture of auto parts	People's Republic of China	-	50.00%
Golde Pune Automotive India Private, Ltd.	CIE Roof Systems, S.L.U.	Manufacture of auto parts	India	-	100.00%

(1) Companies added to consolidation scope in 2023.

(2) Discontinued companies as of 31st December, 2023.

(3) Merged with Alurecy, S.A.U. in 2023.

(4) Merged with Autoforjas, Ltda. in 2023.

(5) Name change in 2023 from Mahindra CIE Automotive, Ltd. to CIE Automotive India, Ltd.

(6) Name change in 2023 from Aurangabad Electricals, Ltd. to CIE Aluminium Casting India, Ltd.

(*) Parent company of all investees listed subsequently in the table.

APPENDIX II: CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS AS AT 31ST DECEMBER 2023

PREPARED UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS-EU)

Thousand euro	Note	31.12.2023	31.12.2022
Property, plant and equipment	7/8	1,664,283	1,613,447
Intangible assets		1,822,123	1,859,024
Goodwill	7/8	1,795,131	1,827,378
Other intangible assets	7/8	26,992	31,646
Non-current financial assets	9	68,022	32,428
Investments in joint ventures and associates	9	54,664	57,929
Deferred tax assets	18	231,735	198,003
Other non-current assets	-	31,176	34,194
Non-current assets		3,872,003	3,795,025
Inventories	11	460,460	494,849
Trade debtors and other accounts receivable		369,082	414,404
Trade and other receivables	10	241,897	309,457
Other current assets	-	64,071	47,636
Current tax assets	-	63,114	57,311
Other current financial assets	9	126,875	92,855
Cash and cash equivalents	12	839,921	732,053
Current assets		1,796,338	1,734,161
Disposal group assets classified as held for sale	13	658	114,201
TOTAL ASSETS		5,668,999	5,643,387

APPENDIX II: CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET AT 31ST DECEMBER 2023 PREPARED UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS-EU)

Thousand euro	Note	31.12.2023	31.12.2022
Equity attributable to the parent company's shareholders		1,276,550	1,143,340
Share capital	14	29,952	30,637
Treasury shares	14	(1,202)	(60,326)
Share premium	14	152,171	152,171
Retained earnings	14	1,449,174	1,290,885
Interim dividend	14	(53,893)	(49,049)
Translation differences	14	(299,652)	(220,978)
Non-controlling interests	14	384,694	361,309
TOTAL EQUITY		1,661,244	1,504,649
Deferred income		16,399	16,313
Non-current provisions	19	147,076	135,298
Non-current borrowings	15	1,657,805	1,669,109
Other non-current financial liabilities	9	-	5,872
Deferred tax liabilities	18	206,495	176,237
Other non-current liabilities	17	142,293	145,449
Non-current liabilities		2,153,669	2,131,965
Current borrowings	15	511,662	472,013
Trade creditors and other payables		1,036,122	1,091,827
Trade and other payables	16	961,866	1,026,609
Current tax liabilities	17	74,256	65,218
Other current financial liabilities	9	24	140
Current provisions	19	114,475	173,519
Other current liabilities	17	175,078	169,176
Current liabilities		1,837,361	1,906,675
Disposal group liabilities classified as held for sale	13	326	83,785
TOTAL LIABILITIES		3,991,356	4,122,425
TOTAL EQUITY AND LIABILITIES		5,668,999	5,643,387

APPENDIX II: CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2023 PREPARED UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS-EU)

Thousand euro	Note	2023	2022
OPERATING REVENUE		4,116,304	4,049,222
Revenue	20	3,959,479	3,838,606
Other operating income	20	170,328	183,779
Change in inventories of finished goods and work in progress	11/20	(13,503)	26,837
OPERATING EXPENSES		(3,588,632)	(3,602,483)
Consumption of raw materials and secondary materials	11	(2,332,255)	(2,370,392)
Employee benefit expense	22	(651,953)	(605,147)
Depreciation, amortisation and impairment	6/7/8	(185,527)	(186,633)
Other operating expenses	21	(418,897)	(440,311)
OPERATING PROFIT		527,672	446,739
Finance income	23	34,884	29,575
Finance costs	23	(126,334)	(59,972)
Net exchange differences	23	(1,539)	6,273
Result of financial instruments at fair value	9	6,576	(12,778)
Share in profit/(loss) of joint ventures and associates	9	8,383	11,432
PROFIT BEFORE TAX		449,642	421,269
Income tax	24	(101,824)	(88,603)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		347,818	332,666
PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS AFTER TAX	13	13,371	9,554
PROFIT FOR THE YEAR		361,189	342,220
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	14	(41,014)	(42,100)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		320,175	300,120
Earnings per share from continuing operations (euro)	14		
- Basic		2.60	2.43
- Diluted		2.60	2.43
Earnings per share from discontinued operations (euro)	14		
- Basic		0.07	0.06
- Diluted		0.07	0.06

MANAGEMENT REPORT FOR THE YEAR 2023

CIE AUTOMOTIVE, S.A.

CIE Automotive, S.A., parent company of CIE Automotive Group, came into existence in 2002 as a result of the merger of two business groups, Egaña and Aforasa. Following the merger between Acerías y Forjas de Azcoitia, S.A. (transferee) and Egaña, S.A. (transferor), the former took CIE Automotive, S.A. as its registered name. Since then, CIE Automotive, S.A. has become a financially solid Group with global presence.

The shares of CIE Automotive, S.A. are traded on the continuous market of Madrid and Bilbao Stock Exchanges.

This management report has been prepared following the guidelines of the "Guide to recommendations for the preparation of management reports for listed entities", published by the CNMV in July 2013.

1. CIE AUTOMOTIVE GROUP

1.1 Profile of the Group

CIE Automotive (from now on, "CIE" or "The Group", interchangeably) is an industrial group specialist in high value-added processes, which develops its activity in the Automotive components business.

The business of Automotive components, which encompasses the design, production and distribution of integral services, components and sub-assemblies for the global automotive market, is CIE Automotive's main activity since its foundation.

CIE Automotive is an international industrial group that manages high added value processes. This concept of high value is applied in management, with a comprehensive vision in all phases of the value chain of sectors with good long-term projection.

CIE Automotive designs and manufactures components and subassemblies globally in 108 production centres. It owns plants in 109 different locations, which are spread over 17 countries on 4 continents, multi-location being the option chosen for the internationalization process, based on decentralized management and led by local teams.

1.2 Business units – auto parts

CIE is a comprehensive services supplier, components and sub-assemblies for the Automotive market.

It develops its entire line of products through seven basic processes or technologies: machining, stamping and tube forming, forging, plastic, aluminium injection, steel casting and ceiling systems. With them, components and subassemblies are manufactured for all parts of a vehicle, such as: engine and transmission, chassis and steering assemblies, and exterior and interior of the vehicle.

For 25 years, after its creation in 1996 and integrating more than a hundred companies, CIE Automotive's progress as a components and sub-assemblies supplier for the Automotive industry has been driven by cycles of economic prosperity and hampered by others of crisis, which the Group has overcome and avoided as a result of the features that define its business model: geographical balance, commercial diversification, multi-technology, investment discipline and decentralized management and integration of ESG standards.

1.3 Mission, Vision, and Values

Mission

CIE Automotive is a supplier of components, assemblies and sub-assemblies to the global Automotive market, global supplier with presence in 4 continents and multi-technological for its action based on the use of 7 technologies, complementary and various associated processes as well as with an integrated vision of the entire value chain.

We are a team committed to the development of a profitable automotive project that has been growing steadily for more than 25 years, positioning it as a reference partner through customer satisfaction with comprehensive, innovative and competitive with high added value solutions.

We seek excellence by providing value to all our stakeholders based on the following commitments:

- We guarantee quality and service.
- We are an innovating and participative team where each individual is proactive and feels proud to its belonging.
- We take care of the Earth by contributing to improve our environment and minimizing our environmental impact.

MANAGEMENT REPORT FOR THE YEAR 2023

Vision

We aspire to being a benchmark industrial group specialised in managing highly value-added processes supplying the best solutions for the mobility of the future. Moreover, we strive to be the paradigm of a socially-responsible company through our permanent commitment and our responsibility with the consequences and impacts derived from our actions being the following:

- To be climate neutral.
- To become value chain tractors.
- To be a social reference by warranting integrity, safety and health of the people.
- Management excellence by being transparent and integrity, as well as value generation.

Values

Honesty, fairness and integrity are the basis of all our values:

- We commit with good practices.
- We innovate as a response to any challenge.
- We focus on people, their families and their environment.
- We protect diversity, we defend equality and we promote inclusion.
- We are self-critic and we take ownership.
- We protected the climate and local entities where we are based, acting locally.
- Last but not least, we respect legality.

Corporate policies

The company promotes the creation of working teams to develop specific aspects of its Corporate Governance System in where authorised representatives of the interest group affected in each case, professionals of the Company and experts external in the matter of the highest level participate.

To develop its mission and advance on its vision, CIE Automotive guides its actions in accordance with its corporate values, based on which it has created a series of Corporate Policies, mandatory for all members of the organisation, approved for the first time by the Board of Directors in December 2015 and which have since been reviewed, updated and approved again, mostly between 2019 and February 2021.

The ethical framework is developed in this series of corporate policies prepared by each of the responsible departments, being mandatory for all members of the company and which are structured into:

Environmental, Social and Governance Policies (ESG)

- Environmental, Social and Good Governance (ESG)
- Purchasing
- Supplier ESG commitment
- Human rights
- Anti-corruption and anti-fraud
- Community work

Governance policies

- Internal control over financial reporting (ICFR)
- Risk control and management
- Corporate governance
- Director remuneration

MANAGEMENT REPORT FOR THE YEAR 2023

- Tax policy
- Reporting to and communicating with shareholders and the market
- Shareholder remuneration policy
- Director selection and board diversity policy
- Recruitment and account auditor's relations policy
- Compliance and prevention of criminal risk policy
- Board members' compensation policy

2. EVOLUTION OF THE BUSINESS OF CIE AUTOMOTIVE, S.A.

The Company CIE Automotive, S.A., as the parent company of the CIE Group, has as main income the render of services to the different subsidiaries of the Group, the interests received from the financing provided to the Group's subsidiaries and the income from dividends received from these subsidiaries.

The main variation in the turnover of CIE Automotive, S.A. is due to the increase on the interest rates of the credit receivables with the group companies whose compensation is updated based on the evolution of the market prices. Likewise, revenue also increases as a consequence of the services rendered to Group's subsidiaries, in a year in which the Group has achieved record sales once again.

Consequently, the operating profit of the Company has increased by €25.1 million.

The Company's financial performance has been significantly affected by the increase on the interest rates of its financing to variable prices. In this sense, the financial expenses in year 2023 have amounted to €77.2 million, whereas the expense in the year 2022 amounted to €34.8 million. However, the valuation of certain financial instruments at fair value has meant an income amounting to €6.6 million (2022: expense amounting to €12.6 million), which mainly corresponds to the valuation of the hedging derivatives.

The net result for the period, after taxes, has amounted to €112.0 million (2022: €106.9 million).

2.1 Summary of the year

Economic context

The automotive industry is undergoing a profound transformation of its production model to achieve the decarbonization of vehicles and increase their connectivity and comfort with contained prices. Once the supply chain tensions that made this transition difficult have been overcome, experts foresee the beginning of a new cycle based on the replacement of vehicles in developed markets and the low motorization of emerging areas. In 2023, production stood at 92.4 million vehicles (9.4% growth compared to 2022), which has resulted in exceeding pre-covid levels.

Although the geopolitical framework derived from the Russian invasion of Ukraine and the conflict in the Middle East, as well as the measures to increase interest rates by central banks as a key policy to combat inflation, have continued to sow uncertainty in the market; in 2023 all the geographies where the Group operates will have seen their automobile production volumes increase.

The automobile market in particular is experiencing a change of era where variables such as the price war in the electric car market, the aging of the global vehicle fleet and low motorization in some developing countries are marking a change in trend. All this together with the global challenges that have led to the increase in financial costs and the economic slowdown. However, experts are already talking about changes in trends regarding the price war on the electric car as well as the interest it generates among the population, together with government grants from certain countries for its use.

Europe has shown the most favourable evolution of the automotive industry with production increases of 12.6% to 17.3 million vehicles produced. This increase has been driven by the need to renew an old fleet of vehicles as well as the existing aid on the continent for the purchase of electric cars.

Vehicle production grew in the North America by 9.7%, to 15.7 million vehicles produced. This is considered significant growth in an already mature market, which has seen increased sales impacted by the Inflation Reduction Act (IRA), which offers, as in Europe, aid for the acquisition of certain electric cars that are regionally produced.

MANAGEMENT REPORT FOR THE YEAR 2023

In the case of Brazil, the market has presented a behaviour in line with the previous year, increasing the volume of automobiles produced in 2022 by 1.2%, in a year marked by increases in interest rates in the geography, whose impact has been partially mitigated by tax discounts.

On the other side of the planet, India has increased its manufacturing of vehicles and motorcycles by 4.4% in 2023, to 27.1 million. These data are especially notable given the very positive evolution that occurred in fiscal years 2022 and 2021. The keys to this rise are the combination of a very low level of motorization, as well as the growth of other segments that represent an even greater potential for expansion such as the commercial vehicle, motorcycles and three-wheeled vehicles sector.

China has experienced 10.0% growth despite the apparent slowdown in domestic demand. In any case, production has been helped by the extension of tax reductions for electric vehicles until 2027, along with an expansion of local manufacturers into more competitive markets.

Performance of the Group

The year 2023 has been another record year for CIE Automotive. Although demand has continued, CIE Automotive has been able to overcome the effects of the increase in financial costs, with CIE Automotive breaking its historical record for turnover and profits in 2023.

In this complex context, sales have reached €3,959.5 million, a net 3.1% increase from those of 2022 and the net result has increased by 6.7% compared to the previous year, reaching €320 million, all with the achievement of strong operating margins even in the scenario of rising input costs and energy crisis, demonstrating the solidity of the business model and the success of the operating strategy in place.

All financial parameters of the income statement reveal the good progress of the business, except for the financial result, which has been directly affected by the evolution of interest rates in Europe and North America. Thus, the gross operating result (EBITDA) rose by 12.6%, reaching €713.2 million, while the net operating result (EBIT) rose by 18.1%, reaching 527.7 million euros.

In December 2022, CIE Automotive's Board of Directors approved the strategic decision to discontinue forging activities in Germany with an eye toward the future. In fiscal year 2023, an agreement has been reached with a buyer by which CIE has disposed the German forging business, whose consolidated result of until the loss of control has amounted to €12.7 million. This business was integrated in 2013, within the framework of the alliance with Mahindra&Mahindra; and has been achieving satisfactory results in this period and in continuous improvement of its performance. Its focus on the European truck market and the current energy situation, especially gas in Germany, and given that said business is not CIE Automotive's core-business for these reasons; they have motivated the divestment decision with the objective of redirecting financial and management resources to businesses with a higher return; including other geographies with greater growth potential and other technologies with greater demand from our customers in the context of the industry's mega-trends (decarbonization, lightening the car, comfort...).

Thus, it should be noted that, in accordance with accounting standards, and after the decision to holding the German forging business up for sale, the net profit for the 2023 and 2022 financial years of CIE Forging Germany GmbH and its subsidiaries, which have been sold, are disclosed as discontinued activities.

On the contrary, CIE has increased its presence in Brazil with the acquisition of Iber-Oleff, whose acquisition cost, once adjusted for debt, has risen to €17.3 million.

The strong dynamism of sales, and an improvement in margins by 1.5%, has largely been motivated by the absorption of market share by smaller competitors, which have not been able to survive the difficulties of the environment, as well as the decrease in the cost of raw materials and energy after 2022 that was especially marked by significant increases derived from the conflict in Ukraine. In addition to the market consolidation, several factors would explain these good results: the impact on clients of a good part of the increase in inputs, thanks to the incorporation of pass-through clauses in the agreements; the commitment to local supply to avoid transportation costs and logistical problems; the increase in efficiency in processes, with very reduced consumption in manufacturing; strict control of investments in maintenance and capacity, and decentralized management.

This year 2023, all geographic areas and divisions have contributed to the group's good results, with double-digit margins. By geography, the summary of the year is as follows:

MANAGEMENT REPORT FOR THE YEAR 2023

Europe:

It is CIE Automotive's main market with presence in Spain, France, Germany, Italy, Portugal and Portugal in Western Europe and the Czech Republic, Lithuania, Romania, Hungary and Slovakia in Central and Eastern Europe. It also has a plant in Morocco. This market includes the forging production plants of the CIE Automotive India group, with a strong link to the commercial vehicle, and discontinued in this fiscal year 2023, and the historical CIE plants, linked to the passenger vehicle.

CIE Automotive's sales in Europe stand at €1,426.5 million euros. After a 2022 year marked by the rise in inflation and the increase in energy costs and raw materials, CIE has significantly improved the margin for this market in the current year, which has increased by almost 4 percentage points, from 13.5% in 2022 to 17.2% in 2023. This improvement This is due to the measures taken the previous year in relation to the inclusion in the contracts of pass-through clauses for raw materials and the negotiation to pass on the increase in energy costs to customers.

The traditional market plants achieve an EBITDA of 17.2% and an EBIT of 10.8%, while those of CIE Automotive India without considering the German forges present an EBITDA margin of 17.0% and an EBIT margin of 13.6 %.

North America:

CIE Automotive has production centres in both Mexico and the US, which serve the North American light vehicle market and, to a lesser extent, Brazil, Europe and Asia.

In 2023, the North American plants reached a turnover of €1,233.0 million. The good performance needs to be put into value, given the increase in labour costs and the lack of personnel qualified personnel available, which has led CIE Automotive to increase the automation of its plants. In addition, sales in the last quarter of the year have been affected by the OEM worker strikes that have taken place in the United States. Despite these specific events in the American market, CIE has managed to increase its sales while maintaining competitive margins in that market (EBITDA margin 18.5% and EBIT 14.1%).

Brazil:

CIE Automotive's Brazilian plants focus on the manufacturing of plastic components, stamping, forging, iron casting, aluminium injection and machining, being especially competitive in plastic technology, body-colour painting and chrome plating.

In 2023 CIE Automotive records sales of €360.3 million in Brazil, with an EBITDA margin of 19.5% and EBIT of 15.9%, facing a complex situation (growth in interest rates, stagnation of the heavy vehicle market...). Together with the growth of CIE's historical plants, the Group's expansion in said geography through the acquisition of CIE Automotive Salto (formerly Iber-Oleff) stands out.

Asia:

The Group has several plants in Asia, a joint-venture and a technology center. Its presence in India comes from the alliance with the Indian group Mahindra & Mahindra Ltd., while the presence in China was reinforced with the incorporation of companies from Golde's solar roof business. India is one of the development engines of the region and China, the main car producer in the world.

In India, CIE Automotive has invoiced €617.5 million in 2023, maintaining high operating margins (EBITDA 17.7% and EBIT 14.0%). The ramp-up of the new Pune roofing plant stands out in 2023. The excellent margins would also be related to the measures adopted to improve efficiency.

In China, CIE Automotive's sales have amounted to €322.3 million, with high EBITDA (18.8%) and EBIT (14.1%) margins, in a market with solid but very dynamic growth where Electric car production by local producers is setting an important trend in this market. Despite the company's good results, its behaviour has been less dynamic than that of the market, due to lower exposure to Chinese OEMs, which are driving the market.

Financial indicators of the consolidated group

(Thousand euro)	2023	2022
Consolidated revenue	3,959,479	3,838,606
Gross operating profit/(loss)-EBITDA	713,199	633,372
Profit/(loss) attributable to parent company	320,175	300,120
Total Equity	1,661,244	1,504,649
Net financial debt	1,134,673	1,289,798

MANAGEMENT REPORT FOR THE YEAR 2023

The disclosure of this performance by operating segments is as follows:

31 st December 2023						
Thousand euro	NORTH AMERICA	BRAZIL	ASIA	CIE FORGING EUROPE	REST OF EUROPE	TOTAL
Revenue	1,232,990	360,292	939,739	364,102	1,062,356	3,959,479
EBITDA (*)	227,962	70,168	170,053	62,060	182,956	713,199

31 st December 2022						
Thousand euro	NORTH AMERICA	BRAZIL	ASIA	CIE FORGING EUROPE	REST OF EUROPE	TOTAL
Revenue	1,139,615	311,155	1,079,150	353,203	955,483	3,838,606
EBITDA (*)	212,342	58,079	186,151	51,522	125,278	633,372

(*) EBITDA (gross operating income) results from summing depreciation, amortisation and impairment to the net operating profit.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE YEAR

At the date of preparation of these Annual Accounts, no significant subsequent event to the fiscal year 2023 has occurred which could arise on significant impacts to the financial statements of the period ended as of 31st December 2023.

2.2 Predictable evolution of the Group

Market environment

According to estimates by the International Monetary Fund, global growth would have moderated to 3% in 2023, with expectations remaining in line for 2024 (2.9% growth). However, the perspectives are very different between geographies with more mature economies (with slower development) and growing economies.

In the automotive sector, 2023 has been a year of recovery, exceeding experts' estimates where a production of 85.1 million vehicles was expected (3.3% growth compared to 2022), having produced more than 90.1 million vehicles, which has represented an increase of 9.4% over 2022 production volumes.

Trends in the Automotive industry

In a context of transformation of the sector, which affects both demand and supply, in a dynamic scenario, component manufacturers are playing a crucial role in the transformation of the automotive sector by helping OEMs face various emerging trends, of the demands of society, and which are summarized in the following sections:

- 1- Climate change: Is the main threat to the planet and has led to the development of regulations that are accelerating and becoming increasingly ambitious and global, translating into the automotive sector in electrification as alternative energy and the reduction of the corporate environmental footprint.
- 2- Demographic developments: The distribution of the world population with greater weight in Asia (60%) and greater growth in Africa defines where the Automotive market should be driven in the coming years. In addition, other demographic factors converge that will promote changes in the automotive sector and its demand, such as the increase in life expectancy and the aging of the population or its growing urbanization, with various mobility options coexisting in large cities, with car sharing as an alternative. Although the number of vehicles could decrease, there would be a shorter useful life, with higher vehicle turnover. Therefore, it is expected that the total number of vehicles produced will maintain a trend similar to the current one.
- 3- Technology developments: We are moving towards a third industrial revolution where the best and most efficient vehicle architectures will prevail, where the use of the correct material will be decisive. The application of various technologies in the automotive sector will be decisive in this new generation.
- 4- Geopolitical developments: Strong growth is expected in the coming years in emerging markets without protectionist strategies having a significant impact on the automotive sector.
- 5- Sector changes: In addition to the challenge of advancing towards the electrification of the automobile for the decarbonization of the mobility system and curb climate change, the user experience with a commitment to comfort continues to be critical in the mega trends of the sector, mainly represented by the incorporation of roof systems, the safety and protection of passengers and the autonomy and connectivity of automobiles.

MANAGEMENT REPORT FOR THE YEAR 2023

- 6- Changes in the supply chain: The car manufactures are concentrating on their core competencies and expanding production outsourcing to their suppliers. In addition, it is expected that in the coming years the digital company will be increasingly implanted in the automotive industry.

2.3 Business Strategy

In 2021, CIE began rolling out its 2025 Strategic Plan, a new comprehensive strategy to respond to automotive market trends and stakeholder concerns, and which sets the objectives to be followed in all aspects of its activity.

This 2025 Strategic Plan establishes for the first time a series of global commitments in Environmental, Social and Good Governance matters, to which all the Group's plants must contribute under the encouragement and supervision of the corporate cross-sectional areas.

For the coming years, and supported by this 2025 Strategic Plan, CIE has a project underway to advance sustainable profitability. The objectives set and financial commitments of this strategic plan are described below and take into account the evolution of the main trends in the automotive market.

The main lines of this plan are:

- Strategic operational plan. The commitments of the new strategic plan seek to turn CIE into a group with €1,000 million in EBITDA and €500 million in net income, with an investment of €1,500 million in inorganic growth without exceeding twice its net financial debt/EBITDA ratio.

The operational strategy will revolve around the following lines of work:

- o Electrification: The obvious trend towards electric cars has led CIE Automotive to increase its presence in electrified powertrains in order to position itself in the market with new components with high added value, mainly related to the engine and power electronics, gearboxes and batteries. Likewise, this objective that the Group sets is directly related to the mitigation of environmental impact and is part of the path to follow to help minimize its impact on climate change.
 - o Industry 4.0: CIE Automotive, in its search for intelligent manufacturing, develops and implements different industry 4.0 tools, which interact and provide feedback to each other, as well as sensitization capabilities, which allow it to capture data and analyse it through algorithms. This will result in an increase in the efficiency of the processes, reducing the use of resources and their environmental impact, achieving everything from a reduction in the number of prototypes to be made, energy consumption and raw materials, to the rejection and generation of scrap.
 - o Comfort: CIE Automotive's roof division works in a growing market, supported by the development of electric and autonomous driving.
 - o Internationalization: Throughout its history, CIE Automotive has expanded its geographical locations to become a leading global supplier in all the regions in which it operates and each of the automotive markets. This geographical positioning is a guarantee for success and will continue to strengthen day by day, with an increasingly balanced presence between the different regions, gaining weight in areas with the greatest growth potential such as China, India, Mexico or Brazil. The company has a global technological vision, but adapts the specific strategy of each of its divisions to the different geographical areas, depending on the reality of the different markets.
- The ESG 2025 Strategic Plan, published in November 2021, represents the successful integration of Environmental, Social and Good Governance aspects into CIE's strategy. Four lines of work are defined across the organization:
 - o CIE Culture: Identify, promote, retain and attract talent through collaboration with universities and training centres in the area in new technologies. Actively participating in the planning and supervision of DUAL training challenges.
 - o Ethical commitment: Respect, compliance and development of the ethical framework. Alignment of their actions with the CIE Automotive Code of Conduct and application of equivalent ethical standards, including Anti-Corruption, Bribery and Conflicts of Interest.
 - o Eco-efficiency: Efficiency in production and improvement of environmental impact. The efficient use of materials has been the basis of CIE Automotive's sustainability and competitiveness for years. For this reason, the initiatives to improve the ratios of raw material use compared to the final weight of the product and the weight reduction of the components are core projects year after year of the technological road map.

MANAGEMENT REPORT FOR THE YEAR 2023

- Active listening: Proactivity and continuous communication with our stakeholders in order to meet their expectations.

Based on the foregoing, CIE Automotive expects to continue in 2023 with the growth path of its results, as it has done year after year since its creation.

3. RISK MANAGEMENT

CIE Automotive has a Risk Management System, which allows them to identify, evaluate and give response to eventual contingencies in the development of its activity, which, in case of materializing, might hinder the attainment of the corporate objectives.

This policy, whose supervision relapses into the Commission of Audit and Compliance, identifies the different types of risks that the company faces –between them, the financials or economics, the contingent liabilities and other risks out of the balance sheet–, fixes the level of risks that are considered acceptable and establishes the opportune measures to mitigate its impact in case it was materialized. To put it into practice, the company possesses informational systems and internal control.

The procedure of global management of CIE Automotive's risks is based on the methodology ISO 31000, a process of constant cycle in nine phases: communication, setting the context, risks identification, risk analysis, risk evaluation, risk treatment, risk supervision, updating and acting against non-compliance.

Annually, a Corporate Map of Risks is drawn, which contemplates and values not only the risks inherent to the countries, markets and businesses where it operates, also internal operation of the company.

Risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk, liquidity risk and raw material price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

In the broadest sense, the goal of the management of financial risk is to control the incidents generated by fluctuations in exchange and interest rates and the price of raw materials. Management of these risk factors, which is the responsibility of the Group's Finance Management, focuses on the arrangement of financial instruments in order to build, as far as possible, exposure to favourable trends in exchange and interest rates, subject to compatibility with the mitigation, in part or in whole, of the adverse effects of an unfavourable environment.

a) Market risk

a) (i) Foreign exchange risk

CIE Automotive Group's presence in international markets obliges it to arrange an exchange rate risk management policy. The overriding objective is to reduce the adverse impact on its activities in general and on the income statement in particular of the variation in exchange rates so that it is possible to hedge against adverse movements and, if appropriate, leverage favourable trends.

In order to arrange such a policy, CIE Automotive Group uses the Management Scope concept. This concept encompasses all collection/payment flows in a currency other than the euro expected to materialise over a specific time period. The Management Scope includes assets and liabilities denominated in foreign currency and firm or highly probable commitments for purchases or sales in a currency other than the euro. Assets and liabilities denominated in foreign currency are subject to management, irrespective of timing, while firm commitments for purchases or sales that form part of the Management Scope would also apply to management if are expected to be recognised on the balance sheet within a period of no more than 18 months.

Once defined the Management Scope, CIE Automotive Group uses a series of financial instruments for risk management purposes that in some instances permit a certain degree of flexibility. These instruments are essentially the following:

- Current forwards: These contracts lock in an exchange rate for a specific date; the timing can be adjusted to match expected cash flows.
- Other instruments: Other hedging derivatives may also be used, the arrangement of which requires specific approval by the relevant management body. This body must be informed beforehand as to whether or not it complies with requirements for consideration as a hedging instrument, therefore qualifying for hedge accounting.

MANAGEMENT REPORT FOR THE YEAR 2023

The protection against loss of value as a result of movements in the exchange rates other than the euro in which its investments in foreign operations are denominated by similarly denominating, to the extent possible, its borrowings in the currency of the countries of these operations if the market is sufficiently deep or in a strong currency such as the dollar, insofar as dollar correlation to the local currency is significantly higher than that of the euro. Correlation, estimated cost and depth of the debt and derivative markets determine policy in each country.

The Group has several investments in foreign operations whose net assets are denominated in US dollars, exposing it to foreign exchange translation risk. The exchange risk on the net assets of CIE Automotive Group's foreign operations is mainly managed through natural hedges achieved by borrowings (loans) denominated in the corresponding foreign currency.

The exposure on the rest of the assets denominated in other foreign currencies in respect of operations in countries outside the Eurozone is mitigated basically by borrowings denominated in these currencies.

(ii) Price risk

The Group is exposed to equity securities price risk because of investments that are classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. However, the scant weight of these securities as a percentage of total Group assets and equity means that this risk factor is not material.

(iii) Interest rate risk

Group's borrowings are largely benchmarked to floating rates, exposing it to interest rate risk, with a direct impact on the income statement. The general objective of interest rate risk management strategy is to reduce the adverse impact of increases in interest rates and to leverage as far as possible the positive impact of potential interest rate cuts.

In order to attain this objective, the risk management strategy materialises in the arrangement of financial instruments designed to provide such flexibility. The strategy expressly contemplates the possibility of arranging hedges for identifiable and measurable portions of cash flows, which enables hedge efficiency testing as required to evidence that the hedging instrument reduces the risk of the hedged item in the portion designated and is not incompatible with the established strategy and objectives.

The Management Scope encompasses the borrowings recognised in the balance sheet of the Group and any of its companies. On occasion, hedges are arranged to cover loans committed and in the final stages of arrangement the principal on which needs to be hedged against rate increases.

In order to manage this risk factor, the Group uses financial derivatives that may qualify as hedging instruments and therefore hedge accounting. The corresponding accounting standard (IFRS 9) does not specify the type of derivatives that may be considered hedging instruments except for options issued or sold. It does, however, specify the prerequisites for consideration as hedging instruments. In line with the management of foreign exchange risk, the arrangement of any financial derivative which is suspected not to comply with the prerequisites for consideration as a hedging instrument requires the express approval of the relevant management body. By way of example, the basic hedging instruments are the following:

- Interest-rate swaps: Through these derivatives, the Group converts the benchmarked floating interest rate on a loan to a fixed benchmark with respect to all or part of the loan and affecting all or part of the term of the loan.
- Other instruments: As discussed in the section on foreign exchange risk management, other hedging derivatives may also be used, the arrangement of which requires the specific approval of the relevant management body. The management body must be informed beforehand as to whether the instrument meets the prerequisites for qualifying as a hedging instrument and, by extension, hedge accounting.

b) Liquidity risk

The prudent management of liquidity risk entails maintaining enough cash and available financing through sufficient credit facilities. In this respect, the Group's strategy, articulated by its Treasury Department, is to maintain the necessary financing flexibility by maintaining sufficient headroom on its undrawn committed borrowing facilities. Additionally, and on the basis of its liquidity needs, the Group uses liquidity facilities (non-recourse factoring and the sale of receivables, transferring the related risks and rewards).

Management monitors the Group's forecast liquidity requirements together with the trend in net debt. The Group's treasury department estimates that actions in progress will allow avoiding lack of liquidity situations. In that sense, is considered that cash generation in 2022 will allow facing recurrent payments without increasing net financial debt.

MANAGEMENT REPORT FOR THE YEAR 2023

The Group's treasury department monitors Group's liquidity needs forecasts in order to ensure that there is enough cash to meet operative needs at the same time that maintains undrawn credit facilities at any time to ensure Group that doesn't fail limits and rates ("covenants") established by financial entities.

The Group is strategically diversifying the financial markets and financing sources, it taps as a tool for eliminating liquidity risk and retaining financing flexibility in light of the situation prevailing in the European financial markets; this strategy has opened up access to internationalize the banking pool.

Although the standalone figure for working capital is not a key parameter for the understanding of the financial statements, the Group actively manages working capital through net operating working capital and short- and long-term net borrowings, on the basis of the solidity, quality and stability of relations with customers and suppliers, and comprehensive monitoring of the situation with respect to financial institutions with whom in many cases automatically renews its credit lines.

One of the Group's strategies is to ensure the optimisation and maximum saturation of the resources assigned to the business. The Group therefore pays special attention to the net operating working capital invested in the business. In this regard, as in previous years, considerable work is being performed to control and reduce collection periods for trade and other receivables, as well as to optimise accounts payable with the support of banking arrangements to mobilise funds and minimise inventories through excellent logistic and industrial management, allowing JIT (just in time) supplies to our customers.

Meanwhile, the Group's Management efficiently controls the payments for expenses and realization of current assets, carrying out an exhaustive follow-up of the treasury forecasts, in order to ensure that it has sufficient cash to meet the needs. operations while maintaining the availability of sufficient unused credit facilities at all times so that the Group does not breach the limits or indices ("covenants") established by the financing. Therefore, it is estimated that the generation of cash in 2023 will sufficiently cover the needs to meet the commitments in the short term, preventing any situation of tension in the cash position with the actions underway.

c) Credit risk

Credit risk is managed by customer groups. Credit risk arising from cash and cash equivalents, derivative financial instruments and bank deposits is considered immaterial in view of the creditworthiness of the banks the Group works with. If management detects liquidity risk in respect of its banks under certain specific circumstances, it recognises the corresponding impairment provisions if necessary.

In addition, each management unit has specific policies for managing customer credit risk; these policies factor in the customers' financial position, past experience and other customer specific factors.

With respect to customer credit limits, it should be noted that Group policy is not to concentrate more than 10% of business volumes with individual customers or manufacturing platforms.

Given the characteristics of the Group's customers, management historically deemed that receivables due within 60 days presented no credit risk. The Group continues to consider the credit quality of these outstanding balances to be strong, although it is determined the expected loss in accordance with what is described in Note 3.3.8.

d) Raw material price risk

The Group has not a significant risk in raw price variations. In these companies where the risk could exist in market specific situations (plants which use raw materials with market price), the risk is controlled thanks to price financing repercussion agreements to customers.

e) Climate risk factors

The Corporate Department of Environment is responsible for establishing the guidelines and coordinating the actions of the Environmental Plan for plants, gradually integrating environmental criteria in the management of all processes, in its attempt to reduce their impacts on the environment.

In this sense, the Group had updated its Environment Policy in 2021, where it was recognized as aligned with the Sustainable Development Goals. Thus, the Group develops products and processes under eco-design concepts, oriented to efficiency, providing necessary resources in continuous improvement through prevention and preservation, the minimization of risks, the reduction of the environmental footprint, the efficient use of natural resources, the minimization of waste, the circularity of materials and the collaboration of the people involved in the processes. Moreover, the Group is aligned with the United Nations 2030 Agenda by establishing environmental objectives to be met by each of the plants and regions where it operates, based on the *Global Reporting Initiative* standards.

MANAGEMENT REPORT FOR THE YEAR 2023

Additionally, in December 2022, the Board of Directors of the Company took another step in its environmental strategy by approving a new roadmap that establishes new medium- and long-term objectives, consistent with what scientific experts and the Paris agreements dictate, and limiting global warming to 1.5°C above pre-industrial levels. Thus, the climate emergency has led the Group to continue strengthening its commitment to climate neutrality by joining the SBTi initiative and setting the clear objective of achieving emissions neutrality no later than 2050.

Below are the action plans established to address each of the climate-related risks that have an impact on the Group's Consolidated Annual Accounts.

The risks arising from the transition to low-carbon economies

The authorities and governments of different countries have implemented policies to fight against climate change that have affected differently in the different countries where the Group operates. Some of these policies have consisted of promoting sustainable energy consumption in industrial production through fiscal and operational incentives, while in other cases, the use of energies that have a direct impact on the climate has been penalized or stopped.

Regarding the automotive industry, it has been possible to reduce polluting emissions from vehicles, although the latest regulations to fight climate change – the most restrictive in Europe and China – are forcing manufacturers and their suppliers to implement additional solutions to reduce their environmental footprint. In recent years, the Group has been adapting its production process as well as the goods produced to a changing environment, demonstrating its ability to be prepared for the challenges offered by climate change risk.

The Group aims to anticipate the aforementioned measures, having launched certain action plans that allow mitigating in advance the impact of new policies, regulations and trends that climate change has entailed. The lines of work established for this have been the following, and have as main axes the actions on the goods produced and actions on their productive process.

- Actions on produced goods

In the context of a changing environment and increasingly aware of the effects of global climate change, the Group has been adapting the sale of its assets to new challenges in the climate and environmental field, and they are directly related to the latest trends in the automotive sector. In this sense, the Group is immersed in a technological transformation, aimed at reducing its corporate footprint, as well as the goods it produces. To achieve these objectives, the Group develops different technologies that provide the efficiency and flexibility necessary to face all challenges with changing volumes and scenarios.

Technological diversity also allows to focus investments on those technologies most demanded by the market in each circumstance. Currently, the market is betting on the electrification of vehicles and more than 80% of the components and subassemblies produced by the Group can be used in any type of vehicle (combustion, electric, hybrid). Despite this considerable percentage of versatility in the goods it produces, the Group has proposed to take advantage of the opportunity offered by the decarbonization of transport to position itself in new products of high added value. These products are related to the engine and power electronics, gearboxes and batteries.

Additionally, the Group's technological commitment to meet these environmental objectives focuses on the Eco-efficiency and circularity, the light weighting of vehicles, the improvement of the user experience (noise reduction, light integration, ...), electric and autonomous vehicles and Industry 4.0 as a key to competitiveness and eco-efficiency, always aiming at the path towards the decarbonization of transport.

These actions are naturally linked to the reduction of environmental impact and mitigation of climate change. For those products that do not yet have a clear substitute in zero-emission vehicles, the Group has defined a strategy with different action plans.

Thus, the Group's spirit of adaptation and flexibility in the products it markets, together with the ability to always be aligned with new market trends, are the Group's main measure to address any market risks to its goods, as well as those that may arise from the transition to low-carbon economies.

- Actions on the productive process

The environmental actions on the production process for the realization of the goods sold to the market have been the following:

- a) *Environmental Investments*: the Group adapts its production facilities to the conditions required by the environmental legislation of the countries where it is located. Consequently, the Group makes investments aimed at minimizing environmental impact, protecting and improving the environment; and incurs expenses derived from environmental actions, which basically correspond to the ordinary expenses for the removal of waste, consulting, measurements and environmental certifications.

MANAGEMENT REPORT FOR THE YEAR 2023

The adaptation and incorporation of investments that meet the most current environmental requirements implies a direct mitigation of the risk derived from the transition to low-carbon economies in the recovery of the value of their productive assets.

- b) *Energetic efficiency*: the improvement of energy efficiency is a priority objective for the Group, since it contributes to reducing its environmental impact, in addition to implying a direct improvement in competitiveness. The main lines of action consist of energy saving, and emission control. In this line, the Group contracts clean energy for the operation of its facilities wherever this option is available; and with the same philosophy of reducing their emissions and their energy bill, photovoltaic panels have been installed in different facilities in Europe, where, in addition, in 2022 new contracts have been signed for the supply of green energy for own consumption starting 2023; and India, where investment in new solar power plants has continued.

In this sense, it is expected that the action plans carried out by the Group in terms of efficiency will mean, in the medium and long term, an improvement in the margin on the goods it produces.

- c) *Water and material consumption*: in the Group's production process, an intensive use of water is carried out. In order to reduce discharges as much as possible, it has its own systems and facilities for water treatment, recirculation and recovery. With regard to raw materials, the Group constantly reviews all processes to make responsible use of raw materials. An example of these practices is the reduction of the gross weight of the products it manufactures, and that implies the reduction of the consumption of energy and other products necessary for the production process.

As in the case of energy efficiency action plans, it is estimated that these actions will also improve the margins of the goods produced.

- d) *Pollution control and waste management*: the Group's environmental management systems are based on the ISO14001 standard, and ensure that pollution does not exceed the levels established by current regulations. On the other hand, the Group's recycling system allows the reincorporation of recycled raw materials into its production process. Those materials that cannot be recycled are collected by specialized managers who prioritize their recycling over their landfill.

All of these action plans and expected results have been included for each plant in the projections used for the asset impairment analysis described in Note 8 of the Consolidated Annual Accounts.

The risk of the impact on the margins of adaptation to low-carbon economies

Cost pressure can occur on car producers. During the deployment phase of more sustainable vehicles, the final cost will be higher and, to maintain sales volumes, there is a risk of increased cost pressure on component suppliers.

Faced with this type of scenarios and risks, the Group's model is very effective. Commercial diversification makes dependence on a project or its renovation low, so the freedom to invest in projects is key. To this is added another of the axes of the group, the investment discipline, which leads to a detailed analysis of the projects with volume sensitivity analysis, avoiding those projects with volumes lower than those initially announced have a definitive impact on the returns of the projects.

The Group not only adapts to the low-carbon economy through the final product it offers to the market, but also by adapting its production process, which is reflected in the contracting of clean energy for the operation of its facilities. Thus, in Spain 100% of the energy consumed is green energy, which has resulted in emissions savings.

The direct physical risk posed by climate change in the production process and operations of a business

As of 31st December 2023 and 2022, the Group's production facilities, as well as the customers to which it provides, were not located in areas or geographical areas where an imminent climate risk is foreseen.

However, the Group is aware of the unpredictability of the effects of climate change and monitors the impacts that any adverse circumstance may generate in the valuation of the Group's assets, and therefore, in its Consolidated Financial Statements. In this sense, the Group is exposed to physical risks whose possible impacts it manages depending on the typology of each of them:

- a) *Water stress risks*: are the risks that can result in the lack of water supply.
- b) *Acute physical risks*: are the risks arising from the occurrence of acute climatic phenomena. These accidental risks are covered by the global Civil Liability policy. To strengthen the management of environmental and safety risks, the Group has initiated a collaboration project with the technical departments of its insurance companies, where risks are evaluated and monetized and an elimination plan is established, or where appropriate, mitigation.

MANAGEMENT REPORT FOR THE YEAR 2023

- c) *Chronic physical risks*: they are risks that cause gradual changes with more lasting impact, such as rising average temperatures, rising sea levels or prolonged periods of heat.

Although the Group's production facilities are not directly threatened by the effect of these chronic physical risks, there are environmental objectives established to be met in all the plants and regions where it operates.

- d) *Protection of biodiversity*: due to the location of its production facilities, mostly in industrial estates, the impact of its activities on biodiversity is not considered significant.

Likewise, based on the foregoing, it is not expected that there will be substantial changes in the Group's future estimates (provisions, changes in useful lives, etc.) nor significant impacts on the recovery analysis of non-financial assets taking into account that they have already been incorporated into the Group's business plans.

4. ENVIRONMENT

CIE Automotive is strongly committed to environmental sustainability, this being a priority in the development of its activities and its business strategy. Climate change is a challenge on which CIE has been working proactively for years on its path towards climate neutrality through various initiatives that have a positive impact on reducing its environmental footprint.

The Environment Chapter of the Non-Financial Information of this Report sets out the objectives, strategies and lines of work carried out in the area of environmental management of the Group.

5. HUMAN RESOURCES

People contribute one of the main assets of CIE Automotive, which bases its culture on values such as equality, diversity, equity, inclusion, teamwork, and talent development.

At year-end, the Group's workforce has increased by 327 members up to 25,295 employees.

The distribution of the staff and members of the Board of Directors as of 31st December 2023 and 2022 between women and men is as follows:

	2023			2022		
	Women	Men	Total	Women	Men	Total
Directors	5	9	14	5	9	14
Executives	4	4	8	4	4	8
University graduates and specialists	28	25	53	29	27	56
TOTAL	37	38	75	38	40	78

(*) As of 31st December 2023 and 2022, two members of the Board of Directors are, equally, executives of the Group.

In the specific section of the Annual Report that forms part of this Report details all the information relating to the Group's workforce.

6. R&D ACTIVITIES

CIE Automotive is proactive in technological transformation and decarbonization to reduce its product and corporate footprint, in accordance with market trends. With this purpose, it works in different lines to materialize the opportunities generated by the current scenario and mitigate or eliminate the risks that arise.

Especially relevant are the new technologies in the plants that provide the flexibility, agility and reaction capacity necessary to face all the challenges with changing volumes and scenarios.

CIE Automotive is immersed in a technological transformation, which will allow it to reduce its corporate footprint and that of its products and improve its efficiency to compete in a competitive and changing market. In 2023 it continued to innovate and invest approximately 2% of its net profit to meet the objectives set in its 2025 Strategic Plan. Its 10 research and development centers and the Engineering and R&D Areas work on improvement projects, following a sheet route based on 4 strategic lines: eco-efficiency, industry 4.0, new concepts of mobility and health and safety. Innovation also plays a crucial role in achieving the goal of climate neutrality.

The Group has continued to develop initiatives in the short, medium and long term, so that some of them are already reaching the market and others will gradually leave. Work in the technology area is entrusted to the 2025 Strategic Plan and develops five of the eight lines of action set:

- Vehicle lightness: reduction of the auto parts weight has a direct impact in its consumption and therefore, both in the emissions of combustion vehicles and autonomy of electric vehicles. CIE develops R&D and engineering projects in search of their maximum optimization.

MANAGEMENT REPORT FOR THE YEAR 2023

- Electrification: technological progress in this area positions CIE Automotive as a key agent in mitigating environmental impact and is part of the way forward to help minimize climate change.
- Comfort: the line of innovation for the incorporation of circularity criteria through the use of new materials based on natural fibres and with a higher percentage of recycled material has an important market in the area of comfort and is linked, in turn, to the eco-efficiency.
- Industry 4.0: Sensorisation, capture, analysis and visualization of the parameters of the critical process variables.
- Eco-efficiency: the efficient use of materials, which has been the basis of the Group's sustainability and competitiveness for years.

As a prominent member of the automotive components industry, CIE Automotive works for a fair and responsible management of its activity for the benefit of the sector, its stakeholders and society.

In addition, the Group maintains its presence in regional, national and international forums (Presidency of the Automotive cluster of the Basque Country ACICAE, members of the board of directors of the National Association of component manufacturers SERNAUTO, members of the executive committee of the TECNALIA technology center, we continue to participate in EGVA and other. R&D&i Industrial forums).

7. TRADING WITH TREASURY SHARES

The share capital of CIE Automotive, S.A. at 31st December 2022 was represented by 122,550,000 fully paid ordinary bearer shares, represented through accounting entries, with a par value of €0.25 each, listed on the Madrid stock market. On 30th March 2023, a reduction of the share capital amounting €685 thousand was carried out through the redemption of 2,742,516 treasury shares, acquired during 2022. After that operation, the share capital of the Company as of 31st December 2023 is represented by 119,807,484 fully paid ordinary bearer shares, represented through accounting entries, with a par value of €0.25 each, listed on the Madrid stock market.

The movement of treasury shares in 2023 was as follows:

31 st December 2023		
	Number of shares	Amount (Thousands of euros)
Initial balance	2,919,127	60,326
Share capital reduction	(2,742,516)	(57,117)
Acquisitions of the year	337,952	8,856
(Sales) for the year	(467,046)	(10,863)
Ending Balance	47,517	1,202

During 2023, the Company has sold a net amount of 129,094 treasury shares directly. Likewise, a share capital reduction has been carried out through the redemption of 2,742,516 treasury shares, being the ending balance 47,517 shares as of 31st December 2023 (reaching 0.04% of the total voting rights issued by the Company), which are added to the indirect participation resulting from the equity swap agreement signed in the year 2018 with Banco Santander, S.A. for the acquisition of 2,000,000 shares (equivalent to 1.67% of the total voting rights). During 2022, the Company acquired a final amount of 59,925 treasury shares directly, with an ending balance of 2,919,127 shares (reaching 2.38% of the total voting rights issued by the Company), which are in addition the indirect participation resulting from the equity swap agreement signed in the year 2018 with Banco Santander, S.A. for the acquisition of 2,000,000 shares (equivalent to 1.63% of the total voting rights).

Also, rescinding the resolution adopted by the General Meeting of Shareholders on 28th April 2022 for the unexecuted part, the General Meeting of Shareholders on 4th May 2023 agreed to authorize the Company, directly or through any of its subsidiaries, for a maximum of five years from the date of the General Meeting of Shareholders, to acquire, at any time and as many times as it deems appropriate, shares of CIE Automotive, S.A., by any means permitted by Law, including against profits for the year and/or unrestricted reserves, and to subsequently dispose of or redeem such shares, all accordance with article 146 and related provisions of the Corporate Enterprises Act.

Under this authorization framework, on 4th May 2023, the Company's General Shareholders' Meeting approved a program to repurchase the Company's treasury shares in order to reduce up to a maximum of 10% of the Company's share capital through the redemption of treasury shares, reserving the right to terminate this program prior to the expiration date in accordance with the agreed terms.

MANAGEMENT REPORT FOR THE YEAR 2023

8. AVERAGE PAYMENT PERIOD TO SUPPLIERS

The breakdown of trade payables settled during 2023 and 2022 those pending of payment at the year-end in relation to the legally-permitted payment terms stipulated in Spanish Law 15/2010 of 5th July, is as follows:

	Days	
	2023	2022
Average payment period to suppliers	52	54
Paid operations ratio	62	66
Outstanding operations ratio	46	47

	Thousand euros	
	2023	2022
Payments made	11,898	8,354
Outstanding payments	17,552	13,403

Additionally, and in accordance with the obligations required in the Spanish Law 18/2022 on creation and growth of companies, it is reported that the total amount of payments made in before than the maximum established by Law 5/2010 has amounted to €8,182 thousand (2022: €5,435 thousand) and 1,225 invoices (2022: 1,124 invoices), which represent 69% of the total payments made and 69% of the total invoices (2022: 65% and 65% respectively).

9. STOCK EXCHANGE INFORMATION

Listing price

The CIE Automotive share appreciated by 7% to reach €25.72 euros in 2023. This moderate rise contrasts with the more favourable performance of the Stoxx Europe 600 Automobiles & Parts index (+19%) and the Ibex 35 (+23%), due, among other reasons, to the more demanding base from which the company's titles are based. In the last five years, CIE Automotive has accumulated an increase of 20%, significantly surpassing the modest increase of 2% for the European Stoxx Auto and 1% for the Spanish selective. If its behaviour is compared with the falls recorded by the majority of component companies included in the sector index, the difference is even more notable.

Over the course of the year, however, the gap between CIE Automotive's fundamentals and its price persisted. The share price remained significantly below its potential, set at €31.22 by the consensus of analysts who follow the company. Unlike other component companies, the company has maintained its strategic objectives unchanged for years despite the complex context and remains on the podium of the most profitable companies with the best future in its sector.

Shareholder remuneration

CIE Automotive once again fulfilled its commitment to allocate a third of its profits to shareholders in 2023. The company distributed €99.2 million euros in dividends corresponding to the previous year, making two payments of €0.419 gross per share, the first on 5th January 2023 and the second on 7th July 2023.

This distribution meant reaching and exceeding pre-pandemic levels, exceeding €0.74 euros per share charged to 2019.

In line with its remuneration policy, the Board of Directors, at the meeting held on December 14, agreed to pay an interim dividend charged to the results of the 2023 financial year of €0.45 per share, 10% more than the previous year. The disbursement occurred on 5th January 5, 2024.

10. ANNUAL REPORT ON CORPORATE GOVERNANCE AND REPORT ON REMUNERATION TO DIRECTORS

In order to guarantee transparency, both the legal framework defined by the Group as well as the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration are available on the corporate website www.cieautomotive.com, in line with the technical specifications and legal regulations established by the National Securities Market Commission in its Circular 3/2015, of June 23.

Additionally, considered as part of this Management Report, both the Annual Corporate Governance Report and the Annual Directors' Remuneration Report are incorporated by reference and may be consulted on the website of the National Securities Market Commission after being published by the Group:

<https://www.cnmv.es/portal/Consultas/EE/InformacionGobCorp.aspx?TipoInforme=1&nif=A-20014452>

<https://www.cnmv.es/portal/Consultas/EE/InformacionGobCorp.aspx?TipoInforme=6&nif=A-20014452>



Auditor's Report on CIE Automotive, S.A. and Subsidiaries

**(Together with the consolidated annual accounts
and consolidated directors' report of CIE
Automotive, S.A. and subsidiaries for the year
ended 31 December 2023)**

*(Translation from the original in Spanish. In the event
of discrepancy, the Spanish-language version prevails.)*



KPMG Auditores, S.L.
Torre Iberdrola
Plaza Euskadi, 5
Planta 17
48009 Bilbao

Independent Auditor's Report on the Consolidated Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of CIE Automotive, S.A.

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of CIE Automotive, S.A. (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated balance sheet at 31 December 2023, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of goodwill (Euros 1,795,131 thousand)

See notes 3.3.5, 7.2 and 8 to the consolidated annual accounts

Key audit matter	How the matter was addressed in our audit
The Group has a relevant amount of goodwill arising from multiple acquisitions made in prior years. Irrespective of the existence of indications of impairment, IFRS-EU require that the Group identify the Cash Generating Units (CGUs) to which the goodwill should be assigned and calculate the recoverable amount thereof at least annually, in order to assess by comparison with the carrying amount if it is necessary to recognise impairment. The Group determines the recoverable amount of each Cash Generating Unit based on its value in use and, therefore, its calculation is based on projected future discounted cash flows and the use of certain key assumptions, which requires the application of value judgements and estimates by management and the Directors. Due to the significance of the balance of goodwill, the high level of judgement applied and the uncertainty associated with the estimates made by management and the Directors, this has been considered a key audit matter.	Our audit procedures included the following: - Assessing the design and implementation of controls related to the valuation process; - Evaluating the reasonableness of the methodology used to calculate value in use and the main assumptions considered, with the involvement of our valuation specialists; - Contrasting the consistency of the estimated growth in future cash flows for each CGU, as forecast in calculating the value in use, with the business plans approved by the governing bodies of the entities comprising the CGUs. We also contrasted the cash flow forecasts of the CGUs estimated in prior years with the actual cash flows obtained; - Assessing the sensitivity of certain assumptions to changes that are considered reasonable. We also assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group



(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Other Information: Consolidated Directors' Report

Other information solely comprises the 2023 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility regarding the information contained in the consolidated directors' report is defined in the legislation regulating the audit of accounts, as follows:

- a) Determine, solely, whether the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as specified in the Spanish Audit Law, have been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.
- b) Assess and report on the consistency of the rest of the information included in the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned consolidated annual accounts. Also, assess and report on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2023, and that the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit and Compliance Committee's Responsibilities for the Consolidated Annual Accounts

The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent's Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's Audit and Compliance Committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.



(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts_

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.
- Conclude on the appropriateness of the Parent's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

We communicate with the Audit and Compliance Committee of the Parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent's Audit and Compliance Committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Audit and Compliance Committee of the Parent, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format

We have examined the digital files of CIE Automotive, S.A. and its subsidiaries for 2023 in European Single Electronic Format (ESEF), which comprise the XHTML file that includes the consolidated annual accounts for the aforementioned year and the XBRL files tagged by the Company, which will form part of the annual financial report.

The Directors of CIE Automotive, S.A. are responsible for the presentation of the 2023 annual financial report in accordance with the format and mark-up requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the "ESEF Regulation"). In this regard, they have incorporated the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration by means of a reference thereto in the consolidated directors' report.

Our responsibility consists of examining the digital files prepared by the Directors of the Parent, in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we plan and perform our audit procedures to determine whether the content of the consolidated annual accounts included in the aforementioned digital files fully corresponds to the consolidated annual accounts we have audited, and whether the consolidated annual accounts and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital files examined fully correspond to the audited consolidated annual accounts, and these are presented and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

Additional Report to the Audit and Compliance Committee of the Parent

The opinion expressed in this report is consistent with our additional report to the Parent's Audit and Compliance Committee dated 23 February 2024.



(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Contract Period

We were appointed as auditor of the Group by the shareholders at the ordinary general meeting on 28 April 2022 for a period of three years, from the year ended 31 December 2023.

KPMG Auditores, S.L.

On the Spanish Official Register of Auditors ("ROAC") with No. S0702

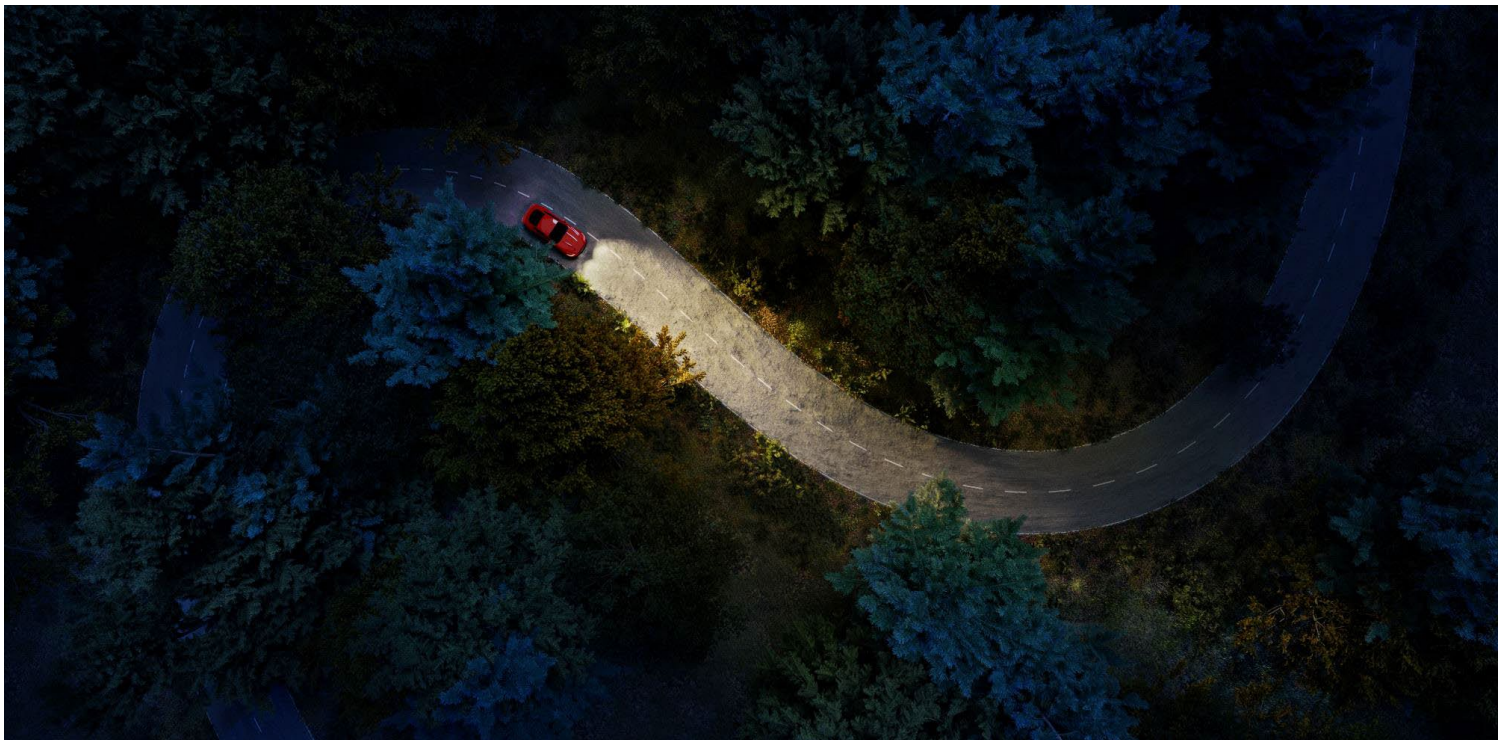
(Signed on original in Spanish)

*This report
corresponds to seal
no. 03/24/00020
issued by the Spanish
Institute of Registered
Auditors (ICJCE)*

On the Spanish Official Register of Auditors ("ROAC") with No. 18,961



CIE Automotive



***MANAGING HIGH VALUE
ADDED PROCESSES***

**Consolidated Annual Accounts and
Management Report
for the year ended 2023**

This 2023 Annual Report is a translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish language version prevails.

INDEX**Note**

	Consolidated balance sheet
	Consolidated income statement
	Consolidated statement of comprehensive income
	Consolidated statement of changes in equity
	Consolidated cash flow statement
	Notes to Consolidated Annual Accounts
1	General information
2	Business combinations
3	Basis of presentation and summary of significant accounting policies
4	Accounting estimates and judgements
5	Financial risk management
6	Operating segments information
7	Property, plant and equipment and intangible assets
8	Goodwill and fixed assets impairment
9	Financial assets and derivatives
10	Trade and other receivables
11	Inventories
12	Cash and cash equivalents
13	Disposal groups classified as held for sale and discontinued operations
14	Equity
15	Borrowings
16	Trade and other payables
17	Other liabilities
18	Deferred taxes
19	Provisions
20	Operating income
21	Other operating expenses
22	Employee benefit expense
23	Finance income and expenses
24	Income tax
25	Related-parties transactions
26	Fees of account auditors and companies in their group or related companies
27	Environmental matters
28	Events after the balance sheet date

Appendix I: Detail of subsidiaries, joint ventures and associates

CONSOLIDATED BALANCE SHEET AT 31st DECEMBER 2023

Thousand euro	Note	31.12.2023	31.12.2022
Property, plant and equipment	7/8	1,664,283	1,613,447
Intangible assets		1,822,123	1,859,024
Goodwill	7/8	1,795,131	1,827,378
Other intangible assets	7/8	26,992	31,646
Non-current financial assets	9	68,022	32,428
Investments accounted applying the equity method	9	54,664	57,929
Deferred tax assets	18	231,735	198,003
Other non-current assets	-	31,176	34,194
Non-current assets		3,872,003	3,795,025
Inventories	11	460,460	494,849
Trade debtors and other accounts receivable		369,082	414,404
Trade and other receivables	10	241,897	309,457
Other current assets	-	64,071	47,636
Current tax assets	-	63,114	57,311
Other current financial assets	9	126,875	92,855
Cash and cash equivalents	12	839,921	732,053
Current assets		1,796,338	1,734,161
Disposal group assets classified as held for sale	13	658	114,201
TOTAL ASSETS		5,668,999	5,643,387

CONSOLIDATED BALANCE SHEET AT 31st DECEMBER 2023

Thousand euro	Note	31.12.2023	31.12.2022
Equity attributable to the parent company's shareholders		1,276,550	1,143,340
Share capital	14	29,952	30,637
Treasury shares	14	(1,202)	(60,326)
Share premium	14	152,171	152,171
Retained earnings	14	1,449,174	1,290,885
Interim dividend	14	(53,893)	(49,049)
Translation differences	14	(299,652)	(220,978)
Non-controlling interests	14	384,694	361,309
TOTAL EQUITY		1,661,244	1,504,649
Deferred income		16,399	16,313
Non-current provisions	19	147,076	135,298
Non-current borrowings	15	1,657,805	1,669,109
Other non-current financial liabilities	9	-	5,872
Deferred tax liabilities	18	206,495	176,237
Other non-current liabilities	17	142,293	145,449
Non-current liabilities		2,153,669	2,131,965
Current borrowings	15	511,662	472,013
Trade creditors and other payables		1,036,122	1,091,827
Trade and other payables	16	961,866	1,026,609
Current tax liabilities	17	74,256	65,218
Other current financial liabilities	9	24	140
Current provisions	19	114,475	173,519
Other current liabilities	17	175,078	169,176
Current liabilities		1,837,361	1,906,675
Disposal group liabilities classified as held for sale	13	326	83,785
TOTAL LIABILITIES		3,991,356	4,122,425
TOTAL EQUITY AND LIABILITIES		5,668,999	5,643,387

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31st DECEMBER 2023

Thousand euro	Note	2023	2022
OPERATING REVENUE		4,116,304	4,049,222
Revenue	20	3,959,479	3,838,606
Other operating income	20	170,328	183,779
Change in inventories of finished goods and work in progress	11/20	(13,503)	26,837
OPERATING EXPENSES		(3,588,632)	(3,602,483)
Consumption of raw materials and secondary materials	11	(2,332,255)	(2,370,392)
Employee benefit expense	22	(651,953)	(605,147)
Depreciation, amortisation and impairment	6/7/8	(185,527)	(186,633)
Other operating expenses	21	(418,897)	(440,311)
OPERATING PROFIT		527,672	446,739
Finance income	23	34,884	29,575
Finance costs	23	(126,334)	(59,972)
Net exchange differences	23	(1,539)	6,273
Result of financial instruments at fair value	9/23	6,576	(12,778)
Result of investments accounted applying the equity method	9	8,383	11,432
PROFIT BEFORE TAX		449,642	421,269
Income tax	24	(101,824)	(88,603)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		347,818	332,666
PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS AFTER TAX	13	13,371	9,554
PROFIT FOR THE YEAR		361,189	342,220
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	14	(41,014)	(42,100)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		320,175	300,120
Earnings per share from continuing operations (euro)	14		
- Basic		2.60	2.43
- Diluted		2.60	2.43
Earnings per share from discontinued operations (euro)	14		
- Basic		0.07	0.06
- Diluted		0.07	0.06

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st DECEMBER 2023

Thousand euro	Note	2023	2022
PROFIT FOR THE YEAR		361,189	342,220
OTHER COMPREHENSIVE INCOME			
Foreign currency translation differences	14	(89,914)	15,042
Net investment coverage	3.3.9.a)	2,830	(7,353)
Cash flow hedges	9	-	1,347
Other comprehensive income for the year		63	(6,662)
Tax impact	18	-	1,380
Total entries that may be reclassified to profit or loss		(87,021)	3,754
Cash flow hedges	9	(1,347)	-
Tax impact	18	323	-
Total items reclassified to profit or loss in the year		(1,024)	-
Actuarial gains and losses	19	(3,192)	22,692
Tax impact	18	33	(2,248)
Total items that may not be reclassified to profit or loss		(3,159)	20,444
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		269,985	366,418
Attributable to parent company owners	14	237,365	331,559
Continuing operations		227,094	321,685
Discontinued operations		10,271	9,874
Attributable to non-controlling interests	14	32,620	34,859

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st DECEMBER 2023

Thousand euro	Share Capital (Note 14)	Treasury shares (Note 14)	Share premium (Note 14)	First time conversion reserve and other revaluation reserves (Note 14)	Translation differences (Note 14)	Retained earnings (Note 14)	Interim dividend (Note 14)	Non-controlling interests (Note 14)	Total Equity
Balance at 1st January 2023	30,637	(60,326)	152,171	(37,582)	(220,978)	1,328,467	(49,049)	361,309	1,504,649
Total comprehensive income for 2023	-	-	-	(4,135)	(78,675)	320,175	-	32,620	269,985
Distribution of 2022 profit (Note 14)	-	-	-	-	-	(99,238)	49,049	-	(50,189)
Interim dividend 2022 (Note 14)	-	-	-	-	-	-	(53,893)	-	(53,893)
Share capital reduction (Note 14)	(685)	57,117	-	-	-	(56,432)	-	-	-
Acquisition of treasury shares (Note 14)	-	(8,856)	-	-	-	-	-	-	(8,856)
Sale of own shares (Note 14)	-	10,863	-	-	-	797	-	-	11,660
Other movements ⁽¹⁾	-	-	-	-	1	(2,878)	-	(9,235)	(12,112)
Balance at 31st December 2023	29,952	(1,202)	152,171	(41,717)	(299,652)	1,490,891	(53,893)	384,694	1,661,244

⁽¹⁾ It mainly refers to dividends distributed to non-controlling interests.

Thousand euro	Share Capital (Note 14)	Treasury shares (Note 14)	Share premium (Note 14)	First time conversion reserve and other revaluation reserves (Note 14)	Translation differences (Note 14)	Retained earnings (Note 14)	Interim dividend (Note 14)	Non-controlling interests (Note 14)	Total Equity
Balance at 1st January 2022	30,637	(401)	152,171	(52,444)	(236,658)	1,138,061	(44,113)	380,369	1,367,622
Total comprehensive income for 2022	-	-	-	14,862	16,577	300,120	-	34,859	366,418
Distribution of 2021 profit (Note 14)	-	-	-	-	-	(87,207)	44,113	-	(43,094)
Interim dividend 2021 (Note 14)	-	-	-	-	-	-	(49,049)	-	(49,049)
Acquisition of treasury shares (Note 14)	-	(71,391)	-	-	-	-	-	-	(71,391)
Sale of own shares (Note 14)	-	11,466	-	-	-	(550)	-	-	10,916
Acquisition of non-controlling interests (Note 1)	-	-	-	-	(1,306)	(10,798)	-	(45,053)	(57,157)
Other movements ⁽¹⁾	-	-	-	-	409	(11,159)	-	(8,866)	(19,616)
Balance at 31st December 2022	30,637	(60,326)	152,171	(37,582)	(220,978)	1,328,467	(49,049)	361,309	1,504,649

⁽¹⁾ It mainly refers to dividends distributed to non-controlling interests.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st DECEMBER 2023

Thousand euro	Note	Year ended 31 st December	
		2023	2022
PROFIT BEFORE TAX FROM CONTINUING AND DISCONTINUED OPERATIONS		469,361	432,166
Adjustments to year's profit		239,958	197,285
Depreciation, amortization and impairment charges	6/7/8	185,527	186,633
Finance profit/(loss) and exchange rate differences	6/23	86,413	36,902
Profit/(loss) from joint ventures and associates	9	(8,383)	(11,432)
Other adjustments to year's profit		(23,599)	(14,818)
Changes in working capital		(53,448)	40,172
Net variation of provisions	19	(71,531)	14,893
Other changes in net working capital		18,083	25,279
Other cash flows from operating activities		(140,222)	(90,971)
Interest paid and collected		(79,547)	(23,087)
Income tax payments		(84,188)	(83,385)
Cash generated from operating activities from discontinued operations	13	23,513	15,501
CASH FLOWS FROM OPERATING ACTIVITIES		515,649	578,652
Payments for the acquisition of subsidiaries, net of cash acquired	5.3	(17,942)	(221)
Payments for the acquisition of property, plant and equipment	7	(220,414)	(216,676)
Payments for the acquisition of intangible assets	7	(2,445)	(4,068)
Acquisitions to non-controlling interests	1	-	(57,157)
Collections from the sale of property, plant and equipment and intangible assets		8,772	15,099
Collections from dividends distributed by joint ventures and associates	9	7,474	6,918
Disbursements for investment in joint and associated businesses	9	(835)	(2,233)
Payments for financial assets	9	(53,834)	(7,493)
Disposal of the German forging business	13	7,619	-
Cash generated from investing activities from discontinued operations	13	(1,496)	(4,413)
CASH FLOWS FROM INVESTING ACTIVITIES		(273,101)	(270,244)
Collections/(payments) from transactions with treasury shares	14	2,804	(60,475)
Proceeds from borrowings	15	329,290	298,964
Loan repayments	15	(335,881)	(237,419)
Collections/(payments) from high-rotation borrowings	15	(62,134)	52,588
Collections/(payments) from commercial paper program	15	77,520	(163,850)
Cancellation of hedging instruments	9	729	-
Grants received (net)		4,245	4,708
Variation of other debts (net)	17	(4,331)	(4,697)
Payments for lease liabilities	7	(25,283)	(24,027)
Dividends paid to shareholders of the parent company	14	(99,238)	(87,207)
Other payments/proceeds to/from non-controlling interests	14	(8,899)	(7,140)
Cash generated from financing activities from discontinued operations	13	141	(7,598)
CASH FLOWS FROM FINANCING ACTIVITIES		(121,037)	(236,153)
Exchange gains/(losses) on cash and cash equivalents		(23,693)	10,415
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		97,818	82,670
Cash and equivalents at beginning of the period		742,253	659,583
Cash and equivalents at end of the period	12	839,921	732,053
Cash and equivalents at end of the period classified as discontinued operations	13	150	10,200

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

1. General information

1.1 CIE Automotive Group and activity

The CIE Automotive Group carries out its activities in the Automotive business. This business is carried out through an industrial group formed by several companies that are mainly engaged in the design, manufacture and sale of automotive components and sub-assemblies, on the global automotive market, using complementary technologies – aluminium, forging, metals and plastics – and several associated processes: machining, welding, painting and assembly, as well as the design and production of roof systems.

Its main facilities are in the following territories: Spain (Biscay, Araba/Álava, Gipuzkoa, Navarre, Barcelona, Cádiz, Orense and Pontevedra), Germany, France, Portugal, Czechia, Romania, Italy, Morocco, Lithuania, Slovakia, Hungary, North America (Mexico and the United States of America), South America (Brazil), India, the People's Republic of China and Russia.

CIE Automotive, S.A.'s (the parent Company) registered office is located in Spain at "Alameda Mazarredo 69, 8º piso, Bilbao".

Group structure

At present, CIE Automotive, S.A. (publicly listed company) has a 100% direct share in the following companies: CIE Berriz, S.L., Advanced Comfort Systems Ibérica, S.L.U., Advanced Comfort Systems France, S.A.S., Autokomp Ingeniería, S.A.U., CIE Automotive Boroa, S.L.U., CIE Roof Systems, S.L.U. and CIE Automotive Roof Systems Korea, Ltd.; mainly, holding companies to which the CIE Automotive Group's productive companies report to.

The list of subsidiaries, joint arrangements and associates at 31st December 2023, together with the information concerning them, is disclosed in the Appendix I to these Consolidated Annual Accounts.

All subsidiaries under the control of the CIE Automotive Group have been consolidated using the full consolidation method.

The subsidiaries consolidated under the equity method are disclosed in Note 9.

Business evolution

After the atypical 2020 and 2021 financial years, that were greatly marked by the Covid-19 pandemic, tensions in the supply chain and lack of semiconductors, the 2022 financial year was also marked by challenges for the global economy in general, and the automotive industry in particular. The Russian invasion of Ukraine negatively affected an already weakened macroeconomic environment, generating an increase of energy prices, and the scarcity and increase in the price of essential materials for the production of vehicles. Thus, the global production reached 84.5 million vehicles in 2022.

During the 2023 financial year, the exogenous elements that conditioned the evolution of the global automotive market, such as the tensions in the supply chain, geopolitics or the inflationary background, have gradually subsided. Global production in 2023 reached 92.4 million vehicles, 9.4% higher than during the previous year. In this market context, the Group has once again shown its operational strength and flexibility, achieving sale records.

As of 31st December 2023, the Group has a liquidity reserve amounting to €1,724.8 million (Note 5.1b)), which will allow it to fulfil with the necessary payments for the continuity of its business during 2024. In the same way, the Group has complied with the "covenants" of all its structural financing (Note 15).

At the date of preparation of these Consolidated Annual Accounts, the Directors of CIE Automotive, S.A., with the available information, estimate that the continuity of the business is not at risk given the solvency and liquidity position of the Group.

Investments in Russia

As of 31st December 2023 and 31st December 2022, the Russian company CIE Automotive RUS, LLC is invested by the Group, dedicated to the production and sale of automotive components.

The Directors have evaluated the control over this investment both in 2023 and 2022 and it has been determined that the Group has effective control over the mentioned company, resulting in the application of the full consolidation method for its related net assets.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

The events of the conflict between Russia and Ukraine, and its impact on the Russian plant's activities, resulted the Group registering value correction adjustments during the year 2022 over its net assets in Russia amounting to €17.6 million, of which €6.5 million were registered as "depreciation, amortisation and impairment", mainly related to the impairment of productive assets and €11.1 million as other gross operating result, for the rest of the assets associated with the plant, whose recoverable value was necessary to update. As a consequence of the lack of progress and the general blockade in which this conflict finds itself, at 2023 year-end the Group has maintained the value adjustment registered as of 31st December 2022. The net book value of CIE Automotive Rus, LLC's net assets is not significant.

Changes in the scope of consolidation

2023

On 2nd May 2023, the Group, through its subsidiary Autometal, Ltda., and once the usual conditions precedent were met, proceeded to acquire the entire capital stock of the Brazilian company Iber-Oleff Brasil, Ltda. amounting an approximate value (Enterprise Value) of €20 million. The acquisition cost, once adjusted the debt, amounted to €17.3 million (Note 2). After the acquisition of this company, the company name has been modified to CIE Autometal Salto Indústria e Comércio, Ltda.

On 9th August 2023, the Group entered into a share purchase agreement whereby the Group sold 100% of its stake in the operating companies of the German forging business Schöneweiss & Co. GmbH, Gesekschmiede Schneider GmbH, Falkenroth Umformtechnik GmbH and Jeco Jellinghaus GmbH for a total amount of approximately €25 million (Note 13).

On 11th October 2023, the Group, through its subsidiary CIE Roof Systems, S.L., has acquired the entire capital stock of the Hungarian company Salgglass Üvegipari, Z.r.t., whose acquisition cost, including the financial debt assumed, amounted to €5 million (Note 2).

Additionally, during the year 2023, the following corporate transactions have been carried out without any of them having significant impact on the consolidated financial statements:

- On 1st March 2023, the merger by absorption between the Brazilian companies CIE Forjas Minas, Ltda. (absorbing company) and Autoforjas, Ltda. (absorbed company) was carried out.
- On 17th April 2023, the British company Stokes Group Limited was liquidated.
- On 15th May 2023, the company name of Mahindra CIE Automotive, Ltd. was changed to CIE Automotive India, Ltd.
- On 30th May 2023, the merger by absorption between the companies Componentes de Automoción Recytec, S.L.U. (absorbing company) and Alurecy, S.A.U. (absorbed company) was carried out.
- On 28th June 2023, the Mexican company CIE Metal Norte, S.A.P.I. de C.V. was set up.
- On 5th July 2023, the CIE Porriño, S.L.U. was set up.
- On 30th August 2023, the company name of Aurangabad Electricals, Ltd. was changed to CIE Aluminium Casting India, Ltd.
- On 13th September 2023, the Guatemalan company Biocombustibles de Guatemala, S.A. was liquidated.

2022

During the year 2022, the Group has acquired 18,956,240 shares of its subsidiary CIE Automotive India, Ltd. (previously named Mahindra CIE Automotive, Ltd.) for a total amount of €57,157 thousand, resulting in a decrease of the consolidated equity schedule by the amount paid. The Group's interest increased from 60.75% to 65.71% as of 31st December 2022.

On 15th March 2022, the Mexican subsidiary CIE Automotive de México, SAPI de C.V. acquired the 30% share it held indirectly in Ges Trading Nar, S.A. of C.V. (previously named Gescrap Autometal Mexico Servicios, S.A. de C.V.), and which until then depended directly on the associated company Gescrap Autometal de México, S.A. of C.V. This transaction had no impact on the Group's consolidated financial statements.

On 10th June 2022, together with other shareholders, an investment of €1,500 thousand was made in the company Basquevolt, S.A. by the Group, a project focused on the production of solid-state cells that aspires to be a leading battery producer in Europe, and over which the Group holds 16.67%.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

On 13rd October 2022, the company Belgium Forge, NV was liquidated. The liquidation of the company had no significant impact on the Group's consolidated financial statements.

During the second half of the year, a corporate restructuring was carried out in the "Golde" roof system division, acquired to Inteva Products in 2019. The objective of this restructuring was to adapt the structure inherited from Inteva to the operational structure of CIE. The summary of the transactions, which had no impact on the consolidated financial statements, is as follows:

- On 4th August 2022, CIE Roof Systems, S.L.U. has acquired 100% and 99.99%, respectively, of the companies Golde Oradea, SRL (Romanian nationality) and Golde Bengaluru Pvt. Ltd. (Indian nationality) from its direct subsidiary Golde Netherlands, BV.
- On 23rd August, 2022, CIE Roof Systems, S.L.U. has acquired the interest held by Golde Netherlands, BV in Roof Systems Germany, GmbH until reaching 100% of its share.
- On 31st August 2022, CIE Roof Systems, S.L.U. has also acquired practically the entire share held by Golde Lozorno spol s.r.o. from Golde Netherlands, BV. until reaching 99.77% of its share.
- On 2nd November 2022, the liquidation process of Inteva Products (Barbados), Ltd. began. Within the liquidation procedures, a legal document has been signed by which all the assets and liabilities of the Barbadian company are transferred to its direct parent company, Golde USA, LLC, a US national. The assets and liabilities transferred include the interests that Inteva Products (Barbados), Ltd. held in the Chinese companies Golde Shanghai, Co. Ltd., Golde Changchun, Co. Ltd. and CIE Golde Shanghai Innovation, Co. Ltd.; all owned by 100%.
- On 7th November 2022, CIE Roof Systems, S.L.U. has acquired from SIR SAS 50% of shares that the latter had in the joint venture Golde Shanghai Automotive Parts, Co. Ltd.
- On 8th November 2022, the cross-border merger was formalized in which CIE Roof Systems, S.L.U., absorbing company of Spanish nationality, has absorbed Golde Holdings, BV of Dutch nationality. With this merger, CIE Roof Systems, S.L.U. has come to hold 100% of the share in the Chinese companies Golde Tianjin, Co. Ltd., Golde Shandong, Co. Ltd. and Golde Wuhan, Co. Ltd. The merger date for accounting purposes was 1st January 2022.
- On 28th November 2022, CIE Roof Systems, S.L.U. has acquired 100% of the French company SIR SAS, of French nationality, from its direct subsidiary Golde Netherlands, BV.
- During the months of November and December, the necessary procedures were carried out to migrate the US company Golde USA, LLC (subsidiary of CIE Roof Systems, S.L.U. and 100% owned) to Biscay (Spain). This process was completed on 23th December 2022, the day on which the company was domiciled and nationalized for legal and tax purposes in Spain, without having lost its legal personality. Within this migration process, the corporate name of the company has also been modified, becoming CIE Golde Holding, S.L.U.

Preparation of the Consolidated Annual Accounts

These Consolidated Annual Accounts had been authorised for issue by the Board of Directors on 23rd February 2024 and are pending to be ratified on the Group parent company's general meeting of shareholders. However, management expects them to be approved without modification.

The Consolidated Annual Accounts have been prepared and formulated under the going concern principle as there are no causes that call into question the continuity of the Group's operations.

2. Business combinations

a) Iber-Oleff Brasil, Ltda

On 2nd May 2023, the Group, through its subsidiary Autometal, Ltda., has acquired 100% of the capital share of the Brazilian company Iber-Oleff Brasil, Ltda. (currently named CIE Autometal Salto Indústria e Comércio, Ltda.) (henceforth "CIE Salto") amounting to an acquisition cost of €17.3 million, €13.6 million paid on the acquisition date and an agreed deferred payment of €3.6 million (Note 2).

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

The business combination for taking control of the company, referring to 100% of the corresponding equity stake, as well as the detail of assets and liabilities arising from the acquisition; and the movement of cash funds from the operation is summarized below:

Thousand euro	Note	Net assets at fair value
Fixed assets	7	15,343
Deferred tax assets	18	7,183
Financial assets	9	8,642
Inventories	11	4,300
Accounts receivables		2,174
Other current assets		598
Cash and cash equivalents		144
Assets acquired		38,384
Provisions	19	16,734
Bank borrowings		5,916
Deferred tax liabilities	18	6,998
Accounts payables		3,385
Other liabilities		1,035
Liabilities acquired		34,068
Net assets acquired		4,316
Purchase Price		17,260
Fair value of the net assets acquired		(4,316)
Goodwill	7	12,944

The cash flow of the transactions was:

Purchase Price	17,260
Outstanding amount at the time of the acquisition	(3,622)
Amount paid	13,638
Cash and cash equivalents at the entity acquired	(144)
Outflow of cash on the acquisition	13,494

This goodwill resulting from the acquisition has been attributed to the future profitability of the acquired business and the synergies expected to be obtained after the acquisition and its integration by the Group.

The fair value of the acquired assets and liabilities has been assessed in accordance with the report of an independent expert. The main adjustments recognized correspond to the valuation of fixed assets at fair value, as well as the registration of pre-existing contingent liabilities based on the valuation of potential risks of the acquired business.

The provisions have been recorded at fair value as the future outflow of resources to settle the obligation is possible and correspond, mainly, to operating risks of the business, liabilities due to labor obligations, local tax risks and environmental risks. The amount of provisions recognised within the business combination amount to €16.7 million.

The analysis of the business combination, as well as the process of assigning the purchase price to the fair value of the acquired assets and liabilities has finalized.

The total revenue, the operating profit and the profit for the year contributed by this business combination as of 31st December 2023 amounted to €17.5 million, €4.5 million positive and €3.0 million positive, respectively. In case the takeover had occurred on 1st January 2023, the total revenue, the operating profit and the profit for the year contributed by this business combination as of 31st December 2023 would have amounted to €24.9 million, €5.5 million positive and €3.5 million positive, respectively.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

b) Salgglass Üvegipari, Z.r.t.

In the third quarter of year 2023, through its subsidiary CIE Roof Systems, S.L.U., the Group has acquired the entire capital stock of the Hungarian company Salgglass Üvegipari, Z.r.t. (henceforth "Salgglass"), whose acquisition cost, that includes both the amount paid for the company's shares and the financial debt assumed, amounted to €5 million. The takeover of this company by the Group was conditional on certain agreements and conditions that were finalized during September 2023, so the closing of the transaction was signed on October 11, 2023 once the conditions precedent had been concluded.

The business combination for taking control of the company, referring to 100% of the corresponding equity stake, as well as the detail of assets and liabilities arising from the acquisition; and the movement of cash funds from the operation is summarized as follows:

Thousand euro	Note	Net assets at fair value
Fixed assets	7	11,967
Inventories	11	3,328
Accounts receivables		1,335
Financial assets	9	25
Other current assets		627
Cash and cash equivalents		552
Assets acquired		17,834
Deferred income		1,638
Provisions	19	186
Bank borrowings		851
Deferred tax liabilities	18	612
Accounts payables		6,975
Other liabilities		2,118
Liabilities acquired		12,380
Net assets acquired		5,454
Net assets acquired		5,454
Purchase price and financial debt assumed		(5,000)
Negative consolidation difference		454

The cash flow of the transactions was:

Purchase Price	-
Financial debt assumed	5,000
Amount paid	5,000
Cash and cash equivalents at the entity acquired	(552)
Outflow of cash on the acquisition	4,448

The fair value of the acquired assets and liabilities has been assessed in accordance with the report of an independent expert. The main adjustments recognized correspond to the valuation of fixed assets at fair value. The land and buildings have been registered accordingly to the report by independent third-party experts, while the machinery and the rest of operating fixed assets have been assessed on the basis of internal reviews.

The analysis of the business combination, as well as the process of assigning the purchase price to the fair value of the acquired assets and liabilities has not been finalized; however, there is no expectation that any subsequent adjustment could have a material impact on the Group's financial statements.

The total revenue, the operating profit and the profit for the year contributed by this business combination as of 31st December 2023 amounted to 11.3 million, €2.1 million positive and €1.7 million positive, respectively. In case the takeover had occurred on 1st January 2023, the total revenue, the operating profit and the profit for the year contributed by this business combination as of 31st December 2023 would have amounted to €28.9 million, €1.0 million negative and €0.4 million negative, respectively.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

3. Basis of presentation and summary of significant accounting policies

The principal accounting policies applied in the preparation of these Consolidated Annual Accounts are set out below, which have been consistently applied to all the years presented.

3.1 Basis of presentation

These Consolidated Annual Accounts for the year ended 31st December 2023 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the recommendations issued by the Interpretation Committee for IFRS (IFRIC) adopted for utilisation in the European Union (IFRS-EU) and approved under European Commission Regulations in force at 31st December 2023.

The Consolidated Annual Accounts have been prepared under the historical cost approach, except for financial assets at fair value with changes in other comprehensive income, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, assets held for sale (fair value less disposal costs) and retirement benefit plans - pensions (assets of the plans).

The preparation of Consolidated Annual Accounts in conformity with IFRS-EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Annual Accounts are disclosed in Note 4.

The consolidated income statement for the years 2023 and 2022 does not include unusual items that require a detail or a conciliation of balances.

Certain International Financial Reporting Standards are effective from 1st January 2023, prompting the Group to adapt its Consolidated Annual Accounts. The standards which have entered into force are disclosed in Note 3.2.

The Consolidated Annual Accounts are not affected by any aspect that may contravene applicable presentation basis.

The figures contained in these Consolidated Annual Accounts are shown in thousands of euros, except as expressly indicated in another unit.

The information contained in these Consolidated Annual Accounts referring to the 2023 financial year includes, for comparative purposes, information relating to 2022. In the 2023 financial year there have been no events that affect the comparability of the information.

3.2 Summary of standards, amendments to standards and interpretations published to date

a) Standards, amendments, and mandatory interpretations for all year beginning 1st January 2023

Adopted Standard		Group Impact
IFRS 17 "Insurance contracts"	IFRS 17 replaces IFRS 4 "Insurance Contracts", which allowed for a wide variety of accounting practices. The new standard fundamentally changes the accounting for all entities that issue insurance contracts and investment contracts with discretionary participation components being its aim to increase transparency and reduce divergences when it comes to insurance contracts accountancy. In June 2020, the IASB modified the standard, developing specific amendments and clarifications aimed at facilitating the implementation of the new standard, although they did not change its fundamental principles. This standard applies for fiscal years beginning on or after 1 st January 2023.	Due to the activity of the Group, there are no contract which could be impacted by the application of this standard.
IAS 1 (Amendment) "Accounting policies"	IAS 1 has been amended to improve the disclosures of accounting policies to provide more useful information to investors and other primary users of the financial statements.	The application of this amendment had no significant effect on the Group's Consolidated

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023
(Denominated in thousand euro)

	In this sense, the IASB has also amended IFRS Practice Statement 2 to help entities apply of the “four -step materiality process” when preparing the financial statements. The issuance of this practice statement aims to clarify the materiality concept when disclosing accounting policies. These amendments apply for fiscal years beginning on or after 1st January 2023.	Annual Accounts.
IAS 8 (Amendment) “Definition of accounting estimates”	IAS 8 has been amended to help distinguish changes in accounting estimates from changes in accounting policies. Generally, changes in accounting policies are applied following a retrospective approach whereas the modifications related to accounting policies are applied in a prospective manner. Therefore, the results presented as well as the tendencies between periods can be affected by the amendment application approach. This modification aims to clarify changes in accounting estimates from changes in accounting policies emphasizing the definition and explanations related to accounting estimates. This amendment applies for fiscal years beginning on or after 1st January 2023.	The application of this amendment had no significant effect on the Group’s Consolidated Annual Accounts.
IAS 12 (Amendment) “Deferred tax related to assets and liabilities arising from a single transaction”	IAS 12 has been amended to help companies on the recognition of deferred taxes arising from a single transaction such as leases for the lessee and decommissioning obligations to avoid the different approaches adopted in practice by the companies. The modification restricts the scope of exemption on initial recognition so that exemptions are not applied to transactions that give rise to equal amount of taxable and deductible temporary differences. Therefore, companies are required to recognize a deferred tax asset and a deferred tax liability. This amendment applies for fiscal years beginning on or after 1st January 2023.	In application of this amendment, deferred tax assets and liabilities have been recognized amounting €18 million respectively.
IFRS 17 (Amendment) “Initial application of IFRS 17 and IFRS 9 – Comparative information”	IASB has published an amendment to IFRS 17 that introduces limited scope amendments to the transition requirements of IFRS 17, “Insurance Contracts”, and does not affect any other requirements of IFRS 17 and IFRS 9 “Financial instruments” have different transition requirements. For some insurers, these differences may cause specific accounting asymmetries between the financial assets and the liabilities for insurance contracts in the comparative information that they present in their financial statements when they apply IFRS 17 and IFRS 9 for the first time. The amendment will help insurers avoid these asymmetries and thus improve the usefulness of comparative information for investors. This amendment applies for fiscal years beginning on or after 1st January 2023.	The application of this amendment had no significant effect on the Group’s Consolidated Annual Accounts.
IAS 12 “International	OECD released Pillar Two Model Rules on December 2021 to	The Group is awaiting the local

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023
(Denominated in thousand euro)

Tax Reform–Pillar Two Model Rules”	ensure that Multinational Enterprises (MNEs) are subject to a 15% minimum effective tax rate. IASB made urgent decisions in order to respond to the concern of stakeholder with reference to the uncertainty of deferred tax recognition stemmed from the application of the standards. The amendment to IAS 12 introduces a temporary exemption to the recognition of deferred tax assets for those territories that endorse the international tax reform. It will contribute to ensure that the consistency of the financial statements prevails and, likewise, it will enable an easier application of the standards and the disclosures required to help investors understand the exposure of a company to corporate taxes derived from the tax reform. Companies can benefit from the temporary exemption immediately, but disclosures requirements for investors exist for fiscal years beginning on or after 1st January 2023. The European Union published Directive (EU) 2022/2523 in December 2022 and it is expected to entry into force in the tax territory where the parent company is based in year 2024.	transposition of PILLAR 2 in order to estimate the impact that this regulation will have on its Consolidated Annual Accounts. However, it is not estimated, with the current available information, that the impacts will be relevant in most of the territories where the Group does business.

b) Standards, modifications and interpretations to existing standards that cannot be adopted in advance or that have not been adopted by the European Union

Adopted Standard		Group Impact
IAS 1 (Amendment) "Classification of liabilities as current or non-current"	These amendments clarify that liabilities are classified as current or non-current, depending on the rights that exist at the end of the reporting period. The classification is not affected by the entity's expectations or events subsequent to the year-end date (for example, receipt of a waiver or breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the "settlement" of a liability. The effective date of these amendments is 1st January, 2022, although early adoption is permitted. This amendment applies for fiscal years beginning on or after 1st January 2024. Early application is permitted.	This amendment is not expected to have a significant effect on the Group's Consolidated Annual Accounts in the future.
IAS 1 (Amendment) "Non-current liabilities subject to conditions ("covenants")"	IASB has issued an amendment to IAS 1 "Presentation of financial statements", in response to concerns raised about the application of previous amendments to it (in January and July 2020) in relation to the classification of liabilities as current or non-current, which would have entered into force for years beginning on or after 1st January 2023. The new amendment aims to improve the information provided when the right to defer payment of a liability is subject to compliance with conditions ("covenants") within twelve months after the reporting period. The new modification applies for fiscal years beginning on or after 1st January 2024 and cancels the previous modifications. The early application of the modification is permitted.	This amendment is not expected to have a significant effect on the Group's Consolidated Annual Accounts in the future.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023
(Denominated in thousand euro)

c) Standards, modifications and interpretations to existing standards that cannot be adopted in advance or that have not been adopted by the European Union

At the date of preparation of these Consolidated Annual Accounts, the IASB and the IFRS Interpretations Committee had published the standards, amendments and interpretations detailed below, which are pending adoption by the European Union.

Adopted Standard		Group Impact
IFRS 16 (Modification) "Lease liabilities in a sale with a forward lease"	IFRS 16 includes requirements on how to account for a sale and leaseback on the date the transaction takes place. However, it did not specify how to record the transaction after that date. This amendment explains how a company must account for a sale and leaseback after the date of the transaction. This amendment applies for fiscal years beginning on or after 1st January 2024. Said modification is pending approval by the European Union.	This amendment is not expected to have a significant effect on the Group's Consolidated Annual Accounts in the future.
IAS 7 and IFRS 7 (Amendment) "Supplier financing agreements"	The amendment to IAS 7 and IFRS 7 entails an additional requirement for disclosure of information for companies issuing financial statements in order to increase transparency on the impact of supplier financing agreements. The IASB has developed these new requirements to provide users of financial statements with information that enables them to: 1) assess how to improve supplier financing arrangements on the liabilities and cash flows of enterprises and 2) understand the effect of supplier financing agreements in the exposure to liquidity risk and know the effect on the financial statements in the hypothetical case that said agreements are cancelled. This modification is applicable to the annual exercises that will begin on or after 1st January 2024. Its early adoption is allowed, although it is pending approval by the European Union. Likewise, there is an exemption to the presentation of certain information in the exercise of the initial application.	This amendment is not expected to have a significant effect on the Group's Consolidated Annual Accounts in the future.
IFRS 21 (Amendment) The Effects of Changes in Foreign Exchange Rates	The amendment to IAS 21 clarifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking; as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. Under the amendment, a currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create "enforceable rights and obligations."	This amendment is not expected to have a significant effect on the Group's Consolidated Annual Accounts in the future.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

	This amendment applies for fiscal years beginning on or after 1 st January 2025. Its early adoption is permitted, although it is pending approval by the European Union.	

3.3 Accounting policies

The main accounting policies used to prepare these Consolidated Annual Accounts have been the followings.

3.3.1 Consolidation principles

The consolidation methods used are described in Note 1. A breakdown of the identification data of the subsidiaries included in the scope of consolidation is provided in the Appendix I to these Notes.

a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed, or has right, to obtain a few variable performances for his implication in the informed one and has aptitude to use his power on her to influence these performances.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The amount paid for the acquisition of a subsidiary consists of the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group, also including the fair value of any asset or liability that originates from a contingent consideration agreement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis at fair value.

If the business combination is performed in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Any contingent compensation to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that termed as financial liability are recognised in profit. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share in the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, in case of an investment in favourable conditions, the difference is recognised directly in profit and loss account.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. The accounting policies followed by subsidiaries have been modified where necessary to ensure consistency with policies adopted by the Group.

The non-controlling interests in the results and equity of the subsidiaries are shown separately in the consolidated balance statement, the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of changes in equity.

Annual accounts/financial statements used in the consolidation accounts are, in all cases, dates of 31st December of each year.

The accompanying Appendix I sets out the identification particulars of subsidiaries.

b) Changes in ownership interests in subsidiaries without change of control

The Group recognises transactions involving non-controlling interests that do not result in loss of control as transactions with the owners of the Group's equity in their capacity as owners. In acquisitions of non-controlling interests, the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recognised in equity.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

d) Joint agreements

The Group applies IFRS 11 to all the joint agreements. The investments in joint agreements under IFRS 11 qualify as joint operations or as joint business, depending on the rights and commitments of every investor. The Group has evaluated the nature of his joint agreements and has determined that are joint business. The joint business is assessed using the participation method.

Under the participation method, the investments in joint business are recognised initially to its cost and it adjusts from then to recognize the participation of the Group in the benefits and losses later to the acquisition and movements in another global result. When the participation of the Group in the losses in a joint business equalizes or overcomes its investment in the joint business (what includes any long-term loan that, in substance, forms a part of the clear investment of the Group in the joint business), the Group does not recognize additional losses, as long as it has not incurred in any obligation or done payments on behalf of the joint business.

The earnings not realized in transactions between the Group and its joint business is eliminated in the measure of the participation of the Group in the joint business. The losses not realized also are eliminated until the transaction provides evidence of a loss for deterioration of the value of the transferred assets. The countable policies of the joint business have been modified when it is necessary to assure the uniformity with the policies adopted as the Group.

e) Associates

Associates (Note 9.c)) are all entities over which the Group has significant influence but not control, generally accompanying a shareholding lower than 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share in the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes any goodwill (net of impairment) identified on acquisition (Note 3.6.a)). Note 3.3.6 outlines the impairment policy in respect of non-financial assets, including goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share in the amounts previously recognised in other comprehensive income are reclassified to profit or loss.

The Group's share of its associates post-acquisition profits or losses is recognised in the income statement and its share in post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share in losses in an associate company equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred in implicit or legal obligations or made payments on behalf of the associate.

At each reporting date, the Group determines if there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of the impairment loss as the difference between the recoverable amount of the associate and its carrying amount and recognises the amount adjacent to "share in profit/(loss) of associates" in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of associates have been changed where necessary to ensure consistency with policies adopted by the Group.

Dilution gains or losses arising in associates are recognised in the income statement.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

3.3.2 Operating segments' financial information

The Board of Directors has been identified as the maximum decision-making body. Operating segments are reported consistently with the internal reporting provided to the chief operating decision-maker. The highest decision-making body is responsible for allocating resources to and assessing the performance of the operating segments.

Financial information related to operating segments is disclosed in Note 6.

3.3.3 Foreign currency translation

a) Functional and presentation currency

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). All Group companies use the currency of their country of origin as their functional currency, except, mainly, for the Mexican companies (Appendix), whose functional currency was defined on 1st January 2009 as the US dollar.

The Consolidated Annual Accounts are presented in euro, which is the Group's functional currency and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Exchange gains and losses are presented in the income statement under "Net exchange differences".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates on the dates the fair value was determined. Translation differences in assets and liabilities recorded at fair value are presented as part of the gain or loss in fair value. For example, translation differences in non-monetary assets and liabilities such as equity interests held at fair value through profit or loss are recognized in profit or loss as part of the gain or loss in fair value and differences in equity. Translation into non-monetary assets such as equity investments classified as at fair value with changes in other comprehensive income are recognized in other comprehensive income.

c) Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- (ii) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) All resulting exchange differences are recognised in the other comprehensive income.

On consolidation, any exchange differences arising from the translation of net investments in foreign operations and loans and other instruments in foreign currency and designated as hedges of such investments are taken to equity. When realised, or when the investment ceases to be classified as a net investment in a foreign operation, these differences are recognised in the income statement as part of the gain or loss on the sale. As of 31st December 2023 and 2022, the Group maintains loans denominated in US dollars that it uses to perform net investment coverage on its investments with this same functional currency.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate.

3.3.4 Property, plant and equipment

Items of property, plant and equipment are recognised at cost less accumulated depreciation and any accumulated impairment losses, except for land, which is presented net of impairment losses.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023

(Denominated in thousand euro)

Historic cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment transferred from equity.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	Estimated useful lives
Buildings	10 – 50
Vehicles	3 – 15
Furniture, fittings and equipment	3 – 15

The depreciation policy historically applied by the Group to productive assets (plant, machinery and tools) is to systematically apply depreciation based on the useful lives of the assets concerned. These useful lives are estimated in accordance with the actual production levels attained by the assets (i.e. in accordance with the units of production method based on the understanding that this best reflects the expected pattern of consumption of the future economic benefits embodied by the assets) and their residual value, as well as a maximum useful life for each asset.

By using the units of production method, annual depreciation charges adapt to significant changes in production levels. Production levels are considered lower than normal when the components produced are lower than a number set by the Technical Management at each Group company. In cases where production levels vary significantly, the Group companies depreciate each asset based on the number of components produced. Regardless of the number of years of useful life of each asset based on normal production circumstances, in the event of significant declines in production levels there is a maximum useful life that each of the assets cannot exceed, due to both physical wear and tear and the passage of time.

The useful lives and annual depreciation rates for assets under normal production circumstances are as follows:

	Useful life (*)	Annual rate %
Machinery	10 – 20 years	5 – 10%
Plant	10 – 20 years	5 – 10%
Tooling	3 – 6.7 years	15% – 33.33%

(*) Years of useful life in accordance with estimated normalised units of production.

The residual value and useful lives of the assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.3.6).

Rights of use assets are valued at cost including the following:

- The impact of the initial valuation of the lease liability,
- any lease payment made on or before the beginning date, less any lease incentive received,
- any initial direct costs, and
- any restoration costs.

Rights of use assets are generally amortized on a straight-line basis during the lower period between the useful life of the asset and the lease term.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023

(Denominated in thousand euro)

3.3.5 Intangible assets

a) Goodwill

Goodwill represents the excess of acquisition cost over the Group's interest in the acquisition-date fair value of the net identifiable assets, liabilities and contingent liabilities of the subsidiary acquired. Goodwill arising on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and is carried at cost less cumulative impairment losses; goodwill impairment cannot be reversed in the future. Gains and losses on the sale of an entity include the carrying amount of goodwill allocated to the entity sold.

For impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units or groups of cash-generating units, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying amount of each CGU group containing goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense.

b) Research and development expenses

Research expenditure is recognised as an expense as incurred. The costs incurred in development projects (associated with the design and testing of new products or product upgrades) are recognised as an intangible asset when the success of the development is deemed probable taking into account its technical and commercial feasibility, Group Management intends to complete the project and has the technical and financial resources to do so, has the ability to use or sell the asset and generate potential economic benefits and the costs involved may be reliably estimated. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have been capitalised are amortised from the start of commercial production of the product on a straight-line basis over the period in which it is expected to generate economic benefits, which does not exceed five years.

Any intangible assets so recognised are subject to impairment testing under IAS 36.

c) Licences

The licenses acquired from third parties are presented at historical cost. Those acquired through business combinations are recognized at their fair value at the acquisition date. Amortization is calculated using the straight-line method to allocate the cost of the licenses during their estimated useful life.

After the acquisition of CIE Golde in 2019, the Group recorded an intangible asset related to licenses that said business had in force at the acquisition date for its fair value, which amounted to €11,784 thousand. Its useful life was estimated according to the period in which said licenses/patents will report economic benefits to the Group, which was estimated in 13 years.

d) Computer software

Acquired computer software licenses are capitalised based on the costs incurred to acquire and bring to use the specific software. Costs associated with developing or maintaining computer software programs are recognised as an expense when incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that are deemed likely to generate economic benefits more than costs beyond one year, are recognised as intangible assets. Directly attributable costs include software developer costs and an appropriate portion of relevant overheads.

Computer programs acquired from third parties or developed in-house that are capitalised are amortised over their estimated useful lives, which do not exceed 5 years and the period after which begin to be amortized once activated, is not greater than one year.

e) Client contracts

The Group records the value associated with customers contracts acquired in the context of 2019 business combinations related to CIE Golde and CIE Aluminium Casting India, Ltd. (previously named Aurangabad Electricals, Ltd) for an amount of €6.6 million.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

Customer contracts are initially valued at fair value in accordance with the valuation methodology “EMMI- Excess Method of Multi-period Income”, which is based on the current value of the cash flows of the business, deducted the amount for contributed assets. Upon recognition, the Group amortizes these assets linearly in the estimated period in which the cash flows will occur, which is generally between 5 and 10 years.

3.3.6 Impairment of non-financial asset

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets other than goodwill that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3.3.7 Non-current assets (disposal groups) held for sale and discontinued operations

The Group classifies a non-current asset (or disposal group) as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

A discontinued operation is a component of the Group that is disposed of or classified as for sale and represents a line of business or geographical area separated from the rest. The results of discontinued operations are presented separately in the income statement.

3.3.8 Financial assets

Investments and financial assets

The Group classifies its financial assets in the following valuation categories:

- a) those that are valued subsequently at fair value (whether with changes in other comprehensive income or results), and
- b) those that are valued at amortized cost.

The classification depends on the business model of the entity to manage the financial assets and the contractual terms of the cash flows.

For assets valued at fair value, losses and gains will be recognized in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, it will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for investments in equity at fair value with changes in other comprehensive income (FVOCI).

The Group reclassifies investments in financial assets when and only when its business model to manage those assets changes.

Conventional purchases or sales of financial assets will be recognized and written off, as appropriate, using the accounting for the trading date or the settlement date. Financial assets are derecognised when contractual rights over cash flows have expired or been transferred and the Group has transferred substantially all of its risks and rewards of ownership of the asset.

At the time of initial recognition, the Group values a financial asset at its fair value plus, in the case of a financial asset other than at fair value through profit or loss, the costs of the transaction that are directly attributable to the acquisition of the financial asset. The transaction costs of financial assets at fair value through profit or loss are recorded with a charge to the income statement.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

Debt instruments

The subsequent valuation of the debt instruments depends on the Group's business model to manage the asset and the characteristics of the cash flows of the asset. There are three valuation categories in which the Group classifies its debt instruments:

- **Amortized cost:** The assets held for the collection of contractual cash flows, when applicable, when these cash flows represent only payments of principal and interest are valued at amortized cost. Interest income from these financial assets is included in financial income according to the effective interest rate method. A gain or loss arising from the de-recognition of accounts is recognized directly in income and is presented in other gains/(losses), together with gains and losses from exchange differences, when applicable. Impairment losses are presented in a separate line in the income statement.
- **Fair value with changes in other comprehensive income (FVOCI):** The assets held for the collection of contractual cash flows and for selling the financial assets, when the cash flows of the assets represent only payments of principal and interest, they value at fair value with changes in other comprehensive income. Movements in the carrying amount are carried to other comprehensive income, except for the recognition of gains or losses from impairment of value, ordinary income from interest and gains or losses from exchange differences that are recognized in profit or loss. When the financial asset is written off, the accumulated gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in financial income according to the effective interest rate method. Gains and losses from exchange differences are presented in other gains/(losses) and the impairment expense is presented in a separate line item in the income statement.
- **Fair value with changes in results (FVPL):** Assets that do not meet the criteria for amortized cost or for fair value with changes in other comprehensive income are recognized at fair value through profit or loss. A gain or loss on an investment in debt that is recognized subsequent to fair value through profit or loss is recognized in income and is presented net within other gains/(losses) in the year in which it arises.

Impairment

The Group evaluates on a prospective basis the expected credit losses associated with its debt instruments recorded at amortized cost and at fair value with changes in other comprehensive income. The methodology applied to impairment of value depends on whether there has been a significant increase in credit risk.

The value correction for losses of financial assets is based on the hypothesis of compliance risk and expected loss rates. The Group uses the judgment in making these assumptions and selecting the variables for the calculation of the impairment of value based on historical impairment losses, the existing market conditions as well as the forward-looking estimates at the end of each year on which it is informed.

For trade accounts receivable, the Group applies the simplified approach permitted by IFRS 9, which requires that the expected losses be recognized from the initial recognition of accounts receivable. The impairment provision to be recorded for the expected losses is carried out considering a single market, since most of the customers the Group provides are represented in the different geographies where it operates. For its calculation, a coefficient based on the historical defaults of the last years is applied, referenced to a multiplier in function of the macroeconomic conditions that affect the global automobile market, being its impact not material as a consequence of the credit worthiness of the Group's customers.

3.3.9 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- a) Hedges of the fair value of recognised liabilities (fair value hedge);
- b) Hedges of a particular risk associated with a recognised asset/liability or a highly probable forecast transaction (cash flow hedge); or
- c) Hedges of a net investment in a foreign operation (net investment hedge).

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions.

The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 8. Movements on the hedging reserve in equity are shown in Note 14. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the residual maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Derivatives and hedging activities

The effective part of the changes in the fair value of the derivatives that are designated and qualified as cash flow hedges is recognized in the cash flow hedge reserve in equity. The gain or loss related to the ineffective part is recognized immediately in results, within other income/(expenses).

The gain or loss corresponding to the effective part of the interest rate swaps generated by the floating rate loans is recognized in profit or loss under the heading "Financial expenses" at the same time that the interest expense is accrued by the covered loans.

When the option contracts are used to hedge forecasted transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

When forward contracts are used to hedge forecasted transactions, the Group generally designates only the change in the fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses related to the effective portion of the change in the spot component of forward contracts are recognized in the cash flow hedge reserve in equity. The change in the forward element of the contract related to the hedged item ("matured term element") is recognized in other comprehensive income in the costs of the hedge reserve within equity. In some cases, the entity may designate the total change in the fair value of the forward contract (including forward points) as a hedging instrument. In these cases, the gains or losses corresponding to the effective portion of the change in the fair value of the full-term contract are recognized in the cash flow hedge reserve in equity.

When a hedging instrument expires, is sold or terminated, or when a hedge fails to meet the criteria for hedge accounting, any cumulative deferred gain or loss and the deferred costs of the hedge at that time remain in equity until that the anticipated transaction occurs, resulting in the recognition of a non-financial asset such as inventories. When the anticipated transaction is no longer expected, the cumulative gain or loss and deferred hedging costs that were presented in equity are immediately reclassified to profit or loss for the year.

a) Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement in the heading corresponding to the hedged underlying.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is sold.

As of 31st December 2023 and 2022, the Group holds investments which net assets are exposed to the risk of conversion into foreign currency, as well as, financing loans denominated in US dollars formalized through the company CIE Berriz, S.L. The main purpose of this financing agreement, denominated in US dollars, is to support the Group's sustainable growth in North America. In fiscal year 2023, the positive exchange difference generated by this financing, which amounted to €2,830 thousand, has been recognized under the heading "Net investment coverage" in the Consolidated Statement of Comprehensive Income; heading under "foreign currency conversion differences" (negative exchange difference amounting to €7,353 thousand in fiscal year 2022).

b) Derivatives that do not qualify for hedge accounting

Certain derivatives do not qualify for hedge accounting and are recognised at fair value through profit or loss. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023

(Denominated in thousand euro)

3.3.10 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is basically determined as follows:

- Commercial: at acquisition cost, including certain direct costs incurred on the purchase.
- Raw materials and other supplies: at the acquisition price calculated by the methods of average price/FIFO. This acquisition price includes the purchase invoices as well as additional costs until their availability in the storehouse.
- Finished products and in process of manufacture: to pre-established costs, which do not present significant diversions with regard to the royal incurred costs. These costs include the raw materials, labour cost of direct work and direct and indirect expenses of manufacture (based on an operative normal capacity).

Obsolete or slow-moving items are written down to their realisable value.

The net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

3.3.11 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Given that this collection is expected in one year or less, they are classified as current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the original effective interest method, less valuation adjustments for impairment. For commercial accounts receivable, the Group applies the simplified approach permitted by IFRS 9, which requires that the expected losses during its life be recognized from the initial recognition of accounts receivable. For the calculation, the Group considers the historical experience of the percentage of defaults in relation to its volumes of accounts receivable and another series of variables.

Financing through the discounting of bills of exchange is not written off from trade receivables until they are collected and is reflected as bank financing.

Financing through non-recourse factoring, or the sale of customer accounts, allows the account receivable to be cancelled for having transferred the risks associated with it to the financial institution.

3.3.12 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

3.3.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

When a Group company acquires shares of the parent company (treasury shares), the amount paid, including any directly attributable incremental cost (net of income tax) is deducted from equity attributable to the parent's equity owners until the shares are cancelled, reissued or sold. When these shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the parent's equity owners.

3.3.14 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023

(Denominated in thousand euro)

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in deferred income as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets. Tax credits in respect of investments and R&D investment, deemed equivalent to grants under IAS 20, are recognised as operating grants in the income statement to the extent they relate to R&D expenditure that has not been capitalised (Note 3.3.17.b)).

The gain on a loan granted by a Government Body at below market interest rates is measured as the difference between the instrument's carrying amount and the amount received; a grant is recognised in the amount of this difference and is recorded in the income statement or in liabilities as a deferred government grant depending on whether the loan finances current expenses or investments in property, plant and equipment.

3.3.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

The Group registers its obligations with suppliers until their maturity, with the liabilities being derecognised at the time of settlement under the terms in which it has been contractually established.

On the other hand, in those situations where the Group applies to credit institutions to finance the payment of supplier's invoices, trade payables are derecognised following a recognition of a debt with credit institutions with whom the financing of the payment has been agreed, considering that the original liabilities have been substantially modified, and that there is a new obligation with a third party other than the supplier. Thus, these liabilities are recorded according to their financial nature under the heading "current borrowings".

3.3.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer their settlement for at least 12 months after the end of the reporting period.

3.3.17 Current and deferred income taxes

a) Corporate Income tax

Corporate income tax expense for the year comprises current and deferred tax and is calculated on the basis of profit before tax, adjusted for any permanent and/or temporary differences envisaged in the tax laws enacted or substantively enacted at the balance sheet date regarding the calculation of taxable income in the countries where the company and its subsidiaries operate. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Tax credits and deductions and the tax effect of applying unused tax losses that have not been capitalised are treated as a reduction in income tax expense for the year in which they are applied or offset.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

The parent company is taxed under the tax consolidation system in the regional territory of Bizkaia together with the subsidiaries listed below:

- CIE Berriz, S.L.
- Autokomp Ingeniería, S.A.U.
- CIE Mecauto, S.A.U.
- CIE Udalbide, S.A.U.
- Egaña 2, S.L.
- Gameko Fabricación de Componentes, S.A.
- Inyectametal, S.A.
- Leaz Valorización, S.L.U.
- Orbelan Plásticos, S.A.
- Transformaciones Metalúrgicas Norma, S.A.
- Alurecy, S.A.U. (absorbed company by Componentes de Automoción Recytec, S.L.U. on the merger carried out as of 30th May 2023)
- Componentes de Automoción Recytec, S.L.U.
- Nova Recyd, S.A.U.
- Recyde, S.A.U.
- Alcasting Legutiano, S.L.U.
- Gestión de Aceites Vegetales, S.L.
- Reciclado de Residuos Grasos, S.L.U.
- Participaciones Internacionales Autometal Dos, S.L.U.
- Industrias Amaya Tellería, S.A.U.
- Mecanizaciones del Sur – Mecasur, S.A.
- CIE Automotive Goian, S.L.U.
- CIE Automotive Boroa, S.L.U.
- CIE Roof Systems, S.L.U.
- Recogida de Aceites y Grasas Maresme, S.L.U.
- CIE Golde Holding, S.L.U. (incorporated in the year 2022)

In addition, the following companies tax under the regulation of Spanish Territory Regime:

- Grupo Componentes Vilanova, S.L. (representative of the Tax Group)
- Biosur Transformación, S.L.U.
- Advanced Comfort Systems Ibérica, S.L.U.
- Denat 2007, S.L.U.
- CIE Porriño, S.L.U. (incorporated in the year 2023)

Outside Spain it exists the following tax groups:

- In Germany: led by the company CIE Forging Germany, GmbH and in which also participate the followings: Gesenkschmiede Schneider GmbH, Jeco Jellinghaus GmbH and Falkenroth Umformtechnik GmbH. As of 1st July 2023, the subsidiaries are no longer part of this tax group.
- In the United States:
 - o led by the company CIE Automotive USA Inc and in which also participate Century Plastics LLC, Newcor, Inc, Owosso Realty, LLC, Corunna Realty, Corp, Clifford Realty Corp, Machine, Tool and Gears, Inc, Rochester Gears, Inc, CIE Investments USA, Inc, Golde Auburn Hills, LLC and Golde South Africa, LLC.
 - o led by the company Somaschini International Inc. and in which also participate Somaschini North America, LLC and Somaschini Realty, LLC.
- In Italy: led by the company Somaschini, S.p.A. and in which also participates Somaschini Automotive SRL.

The other CIE Automotive Group companies file individual returns.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023

(Denominated in thousand euro)

b) Deferred tax

Deferred income taxes are calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Annual Accounts. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except when the Group can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets deriving from the carryforward of unused tax credits and unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the tax assets can be utilised. In the case of tax allowances in respect of investments, the tax credit is accrued as a decrease in expense over the period during which the items of property, plant and equipment that generated the tax credit are depreciated (Note 3.6); this right is recognised with a credit to deferred income. Tax deductions in respect of R&D investment are classified as operating subsidies provided that the R&D expenses that entitle those deductions are taken to expense, that is, they have not been activated (Note 3.3.14).

Moreover, deferred tax assets corresponding to utilised or recognised tax credits relating to R&D activities are recognised in profit or loss on a systematic basis over the periods during which the Group companies expense the costs associated with these activities, based on management's assessment that treatment as a grant best reflects the economic substance of the tax credit. Accordingly, in keeping with IAS 20, the Group treats the tax credit recognised or used as "Other operating income".

Deferred tax assets and liabilities are not recognized for temporary differences between the carrying amount and the tax base of subsidiary companies, associates and joint ventures, when the Group is able to control the date on which the temporary differences will be reversed or it is probable that these will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset the amounts recognised under these headings and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.3.18 Employee benefits

a) Pension obligations

The Group's plans are funded through payments to insurance companies or externally managed funds, determined by periodic actuarial calculations. The Group has defined benefit plans and defined contribution of non-significant amounts. A defined benefit plan defines the amount of benefits that an employee will receive, normally on the basis of one or more factors such as age, years of service and compensation.

A defined benefit plan is a plan under which the Group pays fixed contributions to a fund and is required to pay additional contributions if the fund does not have sufficient assets to pay all employees the benefits related to the services provided in the current year and prior years.

The liability recognised in the balance sheet in connection with defined benefit plans is the present value of defined benefit commitments at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the obligation is calculated by discounting the estimated future cash outflows using the interest rates of high quality corporate bonds denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity (in other comprehensive income) in the period in which they arise in the case of post-employment benefits and in the income statement in the case of long-term employee benefits.

Past-service costs are recognised immediately in the income statement.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

b) Termination benefits

Termination benefits are paid to employees as a result of the Company's decision to terminate employment contracts before the retirement age or when employees voluntarily agree to resign in return for benefits offered by the Company. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or as a result of an offer of termination benefits made to encourage voluntary redundancy. Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value.

c) Profit-sharing and bonus plans

The Group, for those companies where contractual obligations exist or as a consequence of past practices, an implicit obligation has been generated, recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to each subsidiaries' shareholders after certain adjustments.

3.3.19 Share-based payments

At 31st December 2023 CIE Automotive Group maintains several share-based payment plans settled in equity instruments in its subsidiary CIE Automotive India, Ltd (previously named Mahindra CIE Automotive, Ltd.), listed on the Indian stock market (Appendix I), whose fair value amounts to €1,318 thousand at 31st December 2023 (€1,373 thousand at 31st December 2022).

Under these plans, the CIE Automotive Group receives services from the plan beneficiaries in exchange for equity instruments (options) in the aforementioned subsidiary.

The fair value of the employee services received in exchange for the grant of such shares/options is recognised as employee benefit expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions.
- Excluding the impact of any service vesting conditions (for example, remaining an employee of the entity over a specified time period).

Non-market performance and service conditions are included in the assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period during which all the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The total cost of the services rendered by the beneficiaries is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied (continued service at the company).

The balancing entry for the staff cost recognised is dividend income from the subsidiaries whose shares underlie the options granted and are deliverable at the end of the term of the plan. Delivery of the aforementioned equity instrument gives rise to the corresponding change against the Group's equity.

Likewise, at the General Meeting of shareholders held on 24th April 2018, a long-term incentive for the CEO was approved based on the evolution of the share price of CIE Automotive, S.A. This agreement was modified at the General Shareholders' Meeting on 5th May 2021 and was executed in fiscal years 2022 and 2021 (Note 25). At the last General Shareholders' Meeting held on 4th May 2023, amendments to the terms of this long-term variable compensation have been approved, due to the need to adjust the reality of the CEO's long-term incentive to the radical change in the socio-political, socio-economic and geostrategic premises that were taken into account when the compensation package was configured.

The total estimated cost of this incentive is recognised as personnel expenses in the period when the conditions must be fulfilled.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 **(Denominated in thousand euro)**

3.3.20 Provisions

Provisions for specific liabilities and charges are recognised when:

- (i) The Group has a present legal or constructive obligation as a result of past events;
- (ii) It is probable that an outflow of resources will be required to settle the obligation; and
- (iii) The amount has been reliably estimated.

Restructuring provisions include employee termination payments. Provisions are not recognised for future operating losses.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the probability of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

3.3.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable on the sale of goods in the ordinary course of the Group's business activities, stated net of discounts, returns and value added taxes and after the elimination of intragroup sales. Revenue from contracts with customers are recognised based on the fulfilment of performance obligations. Revenue depicts the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services.

To recognise revenue, the Group applies the following five steps:

- Identify the contract(s) with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to each performance obligation.
- Recognise revenue when a performance obligation is satisfied.

Based on this revenue recognition model, sales of goods are recognised when the products have been delivered to the customer and the customer has accepted them, even though they have not been invoiced, or, if applicable, the services have been rendered and the collectability of the corresponding receivables is reasonably assured.

Revenue is recognised as follows:

a) Sales of goods

Revenue from sales of goods is recorded when control of the goods is transferred, which generally occurs when the goods are delivered (shipped to the customer's specific location).

The Group is engaged in the manufacture and sale of parts for the automotive sector. Although the parts are designed and manufactured exclusively for customers and have no alternative uses for the Group, revenue is recognised when control of such parts is transferred and not over time, as the Group does not have an unconditional right to collect for the execution carried out at the end of each financial year.

When the control over the products is transferred, the income is recorded for the amount of the consideration that is expected to be entitled in exchange for the transfer of promised goods and services derived from contracts with customers, as well as other income not derived from contracts with customers that constitute ordinary activity of the group. Accumulated experience is used to estimate and provide for returns at the time of sale.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023

(Denominated in thousand euro)

In relation to the estimation and provision of discounts, the expected value method is used, and ordinary income is only recognized to the extent that it is highly probable that a significant reversal will not occur. If necessary, a reimbursement liability is recognized for volume discounts expected to be paid to customers in relation to sales made up to the end of the reporting period.

b) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues updating the receivable as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrant.

3.3.22 Leases

Contracts may contain lease and non-lease components. The Group assigns the consideration in the contract to the lease and non-lease components based on their independent prices. However, for real estate leases in which the Group is a lessee, it has decided not to separate the lease and non-lease components, counting them as a single lease component.

The terms of the lease are negotiated on an individual basis and contain a wide variety of terms and conditions. The lease agreements do not impose any other "covenant" other than the real guarantees on the leased assets that are maintained by the lessor. Leased assets cannot be used as collateral for the purpose of financial debt.

Leases are recognized as a right-of-use asset and the corresponding liability on the date the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially valued on a current value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including fixed payments in essence), less any lease incentive to collect,
- Variable lease payments that depend on an index or rate, initially valued according to the index or rate on the start date,
- Amounts that the Group is expected to pay for residual value guarantees,
- The price of a purchase option if the Group is reasonably certain that it will exercise that option, and
- Penalty payments for termination of the lease, if the term of the lease reflects the exercise by the Group of that option.

Lease payments to be made under reasonably certain extension options are also included in the valuation of the liability.

Lease payments are discounted using the implicit interest rate in the lease. If that rate cannot be easily determined, which is generally the case for leases in the Group, the lessee's incremental rate of indebtedness is used, being the rate that the lessee would have to pay to borrow the funds needed to obtain an asset of similar value to the asset for right of use in a similar economic environment with similar terms, guarantees and conditions.

To determine the incremental rate of indebtedness, the Group:

- When possible, uses recent third-party financing received by the individual tenant as a starting point, adjusted by the changes in financing conditions since third party financing was received,
- Uses an approach that begins with a risk-free interest rate adjusted by the credit risk for leases held by the Group, which do not have recent third-party financing, and
- Makes specific adjustments for the lease, such as term, country, currency and guarantee.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and financial cost. The financial cost is charged to income during the lease period so that they produce a constant periodic interest rate on the remaining balance of the liability for each period.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

Rights of use assets are valued at cost including the following:

- The impact of the initial valuation of the lease liability,
- any lease payment made on or before the beginning date, less any lease incentive received,
- any initial direct costs, and
- any restoration costs.

Rights of use assets are generally amortized on a straight-line basis during the lower period between the useful life of the asset and the lease term. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is amortized over the useful life of the underlying asset. Although the Group revalued its land and buildings that are presented in fixed assets, the Group has decided not to do so for the buildings.

Payments associated with short-term leases of machinery and vehicles and all leases of low-value assets are recognized on a linear basis as an expense in results. Short-term leases are leases with a lease term of 12 months or less. Reduced value assets include computer equipment and small items of office furniture.

3.3.23 Dividend distribution

Dividend distribution to the parent company's shareholders is recognised as a liability in the Group's Consolidated Annual Accounts in the period in which the dividends are approved by the parent company's shareholders.

3.3.24 Environment

Costs incurred by the Group as part of its business activities that are intended to protect the environment and/or improve its environmental record are expensed currently. These costs are capitalised when the expenses represent additions to items of property, plant and equipment intended to make them more environmentally-friendly and minimise their impact on the environment.

3.3.25 Current and non-current balances

Those amounts with longer maturity to 12 months from the closing date of the period are considered as non-current balances, assets and liabilities.

4. Accounting estimates and judgements

The preparation of these Consolidated Annual Accounts in accordance with IFRS-UE requires the application of relevant accounting estimates and making judgements, estimates and assumptions in the process of applying the Group's accounting policies. In this sense, the following is a summary in respect of the elements that have involved a greater degree of judgement and complexity or in which the assumptions and estimates are significant for the preparation of the consolidated financial statements.

4.1 Relevant accounting estimates and hypothesis

a) Goodwill impairment

The Group assesses annually goodwill for impairment, in accordance with the accounting policy stated in Note 3.3.5.a). The recoverable amounts of cash-generating units, or where appropriate, cash-generating unit groups, have been determined based on value-in-use calculations. These calculations require the use of estimates. The results of this analysis and quantification of the resulting sensitivities are detailed in the Note 8.

As of 31st December 2023, within the current macroeconomic and sectoral context, updated market projections have been taken into consideration and that they have not modified the conclusions regarding the recovery of goodwill and that include the possible effects derived from climate change, as well as the impact of different energy pricing scenarios and possible shortages, which are not expected likely (Note 5.5). In this sense, the projections made by the Management already include different considerations about potential future events that may affect the projected cash flows of each of its businesses.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

b) Estimated fair value of assets, liabilities and contingent liabilities associated with a business combination

In business combinations, the Group classifies or designates, at the acquisition date, the identifiable assets acquired and liabilities assumed as necessary, based on contractual agreements, financial conditions, accounting policies and operating conditions or other pertinent circumstances that exist at the acquisition date in order to subsequently measure the identifiable assets acquired and liabilities assumed, including contingent liabilities, at their acquisition date fair value.

The measurement of the assets acquired and liabilities assumed at fair value requires the use of estimates that depend on the nature of those assets and liabilities in accordance with their prior classification and which, in general, are based on generally accepted measurement methods that take into consideration discounted cash flows associated with those assets and liabilities, comparable quoted prices on active markets and other procedures, as disclosed in the relevant notes to the annual financial statements, broken down by nature. In the case of the fair value of property, plant and equipment, fundamentally consisting of buildings used in operations, the Group uses appraisals prepared by independent experts.

c) Income tax

The Group is subject to income taxes in numerous tax territories. Significant judgement is required in determining the worldwide provision for income taxes. The Group recognises deferred taxes which, in accordance with prevailing legislation in different tax jurisdictions, result from multiple temporary differences in respect of assets and liabilities. Nonetheless, there are certain transactions and calculations with respect to which the ultimate calculation of the tax is uncertain in the ordinary course of business. In prior years, the Group has and had recognised liabilities for possible tax contingencies based on estimates of potential additional taxes that, if subject to substantial uncertainties, are supported by estimates of the probability of outcome and under review and analysis by third-party advisors

The calculation of income tax expense did not demand significant estimates except with respect to the amount of tax credits recognised in the year.

If the final outcome (on judgment areas) differs unfavourably by 10% from Management estimates, deferred assets would decrease and income tax expense would increase by approximately €24.0 million (2022: €21.9 million) and if these changes evolved favourably, these deferred tax assets would increase and the income tax expense would decrease by approximately €18.9 million (2022: €22.4 million). These estimates include, mainly, possible changes to the consolidated taxable income of the Basque tax group, as well as the remaining significant tax credits and losses carried forward, which are deemed recoverable within these assumptions.

As of 31st December 2023, within the current macroeconomic and sectoral context, updated market projections have been taken into account, as well as the latest internal information available on the near future of each of the businesses owned by the Group. In this sense, the projections made by the Management already include different considerations about potential future events that may affect the projected tax results in each of its jurisdictions in accordance with the latest tax regulations and legislation approved by each of them as of 31st December 2023.

d) Pension benefits

The present value of the Group's pension obligations depends on a series of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The determination of the current value of the pension obligations is determined annually through actuarial valuations that imply the realization of several hypotheses that may differ from actual future events: discount rate, future salary increases, mortality rates, etc. Due to the complexity of the valuation and its long-term nature, the calculation of the obligation is very sensitive to changes in these assumptions, which are reviewed at each annual closing. Note 19 includes more information on the Group's pension obligations and assumptions adopted for the corresponding update.

Other key assumptions for employee benefits are based in part on current market conditions.

e) Product warranties

Product warranty risks are recognized when it is probable an outflow of resources not covered by the relevant insurance policy. In some specific technologies, such as the roof systems business, the Group records warranty reserves based on expected claims based related to the sale of goods.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

5. Financial risk management

5.1 Financial risk factors

The Group's activities are exposed to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk, liquidity risk and raw material price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

In the broadest sense, the goal of the management of financial risk is to control the incidents generated by fluctuations in exchange and interest rates and the price of raw materials. Management of these risk factors, which is the responsibility of the Group's Finance Department, focuses on the arrangement of financial instruments in order to build, as far as possible, exposure to favourable trends in exchange and interest rates, subject to compatibility with the mitigation, in part or in whole, of the adverse effects of an unfavourable environment.

a) Market risk

(i) Foreign exchange risk

CIE Automotive Group's presence in international markets obliges it to arrange an exchange rate risk management policy. The overriding objective is to reduce the adverse impact on its activities in general and on the income statement in particular of the variation in exchange rates so that it is possible to hedge against adverse movements and, if appropriate, leverage favourable trends.

In order to arrange such a policy, CIE Automotive Group uses the Management Scope concept. This concept encompasses all collection / payment flows in a currency other than the euro expected to materialise over a specific time period. The Management Scope includes assets and liabilities denominated in foreign currency and firm or highly probable commitments for purchases or sales in a currency other than the euro. Assets and liabilities denominated in foreign currency are subject to management, irrespective of timing, while firm commitments for purchases or sales that form part of the Management Scope would also apply to management if are expected to be recognised on the balance sheet within a period of no more than 18 months.

Once defined the Management Scope, CIE Automotive Group uses a series of financial instruments for risk management purposes that in some instances permit a certain degree of flexibility. These instruments are essentially the following:

- Current forwards: These contracts lock in an exchange rate for a specific date; the timing can be adjusted to match expected cash flows.
- Other instruments: Other hedging derivatives may also be used, the arrangement of which requires specific approval by the relevant management body. This body must be informed beforehand as to whether or not it complies with requirements for consideration as a hedging instrument, therefore qualifying for hedge accounting.

The protection against loss of value as a result of movements in the exchange rates other than the euro in which its investments in foreign operations are denominated by similarly denominating, to the extent possible, its borrowings in the currency of the countries of these operations if the market is sufficiently deep or in a strong currency such as the dollar, insofar as dollar correlation to the local currency is significantly higher than that of the euro. Correlation, estimated cost and depth of the debt and derivative markets determine policy in each country.

The Group has several investments in foreign operations whose net assets are denominated in US dollars, exposing it to foreign exchange translation risk. The exchange risk on the net assets of CIE Automotive Group's foreign operations is mainly managed through natural hedges achieved by borrowings (loans) denominated in the corresponding foreign currency.

The exposure on the rest of the assets denominated in other foreign currencies in respect of operations in countries outside the Eurozone is mitigated basically by borrowings denominated in these currencies.

If at 31st December 2023, the euro had been devalued/revalued by 10% with respect to all other functional currencies other than euro, all other variables remaining constant, equity would have increased/decreased by €303/€248 million (2022: increased/decreased by €287/€235 million), due to the impact of the net assets contributed by the subsidiaries operating in a functional currency different from the euro.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

If the average exchange rate of the euro had devalued/revalued by 10% in 2023 with respect to all functional currencies other than the euro, all other variables remaining constant, profit after tax for the year attributable to the parent company would have been €26.6/€21.7 million higher/lower, respectively (2022: €24.2/€19.8 million higher/lower, mainly as a result of the exchange gains/losses on the translation of accounts receivable denominated in currencies other than the euro).

If as of 31st December 2023, the euro had been devalued/revalued by 10% with respect to the following currencies, keeping the rest of the currencies and variables constant, the net worth and the profit after tax attributable to the parent company would have varied according to the following table:

	Equity (million euros)		Profit after tax (million euros)	
	Devalued euro 10%	Revalued euro 10%	Devalued euro 10%	Revalued euro 10%
Chinese yuan	87	(71)	4,2	(3.4)
US dollar	86	(70)	10,2	(8.3)
Indian rupee	65	(53)	4,9	(4.0)
Brazilian real	45	(37)	5,9	(4.8)

(ii) Price risk

The Group is exposed to equity securities price risk because of investments that are classified on the consolidated balance sheet either at fair value through profit or loss or with changes in other comprehensive income. However, the scant weight of these securities as a percentage of total Group assets and equity means that this risk factor is not material.

(iii) Interest rate risk

Group's borrowings are largely benchmarked to floating rates, exposing it to interest rate risk, with a direct impact on the income statement. The general objective of interest rate risk management strategy is to reduce the adverse impact of increases in interest rates and to leverage as far as possible the positive impact of potential interest rate cuts.

In order to attain this objective, the risk management strategy materialises in the arrangement of financial instruments designed to provide such flexibility. The strategy expressly contemplates the possibility of arranging hedges for identifiable and measurable portions of cash flows, which enables hedge efficiency testing as required to evidence that the hedging instrument reduces the risk of the hedged item in the portion designated and is not incompatible with the established strategy and objectives.

The Management Scope encompasses the borrowings recognised in the balance sheet of the Group and any of its companies. On occasion, hedges are arranged to cover loans committed and in the final stages of arrangement the principal on which needs to be hedged against rate increases.

In order to manage this risk factor, the Group uses financial derivatives that may qualify as hedging instruments and therefore hedge accounting. The corresponding accounting standard (IFRS 9) does not specify the type of derivatives that may be considered hedging instruments except for options issued or sold. It does, however, specify the prerequisites for consideration as hedging instruments. In line with the management of foreign exchange risk, the arrangement of any financial derivative which is suspected not to comply with the prerequisites for consideration as a hedging instrument requires the express approval of the relevant management body. By way of example, the basic hedging instruments are the following:

- Interest-rate swaps: Through these derivatives, the Group converts the benchmarked floating interest rate on a loan to a fixed benchmark with respect to all or part of the loan and affecting all or part of the term of the loan.
- Other instruments: As discussed in the section on foreign exchange risk management, other hedging derivatives may also be used, the arrangement of which requires the specific approval of the relevant management body. The management body must be informed beforehand as to whether the instrument meets the prerequisites for qualifying as a hedging instrument and, by extension, hedge accounting.

If during 2023 the average interest rate on borrowings denominated in euro had been 100 basis points higher/lower, all other variables remaining constant, profit after tax for the year would have been €10,089 thousand lower/higher (2022: €12,100 thousand), largely as a result of an increase/decrease in the interest expense on floating-rate loans.

As of 31st December 2023 and 2022, the Group had no agreements for interest rate hedging derivatives. As of 31st December 2022, in relation to the valuation of the derivatives, a 10 basis point increase/decrease throughout the interest rate curve taken into consideration when measuring the hedging derivatives would have decreased equity by €23/€86 thousand.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

b) Liquidity risk

The prudent management of liquidity risk entails maintaining enough cash and available financing through sufficient credit facilities. In this respect, the Group's strategy, articulated by its Treasury Department, is to maintain the necessary financing flexibility by maintaining sufficient headroom on its undrawn committed borrowing facilities. Additionally, and on the basis of its liquidity needs, the Group uses liquidity facilities (non-recourse factoring and the sale of receivables, transferring the related risks and rewards).

Management monitors the Group's forecast liquidity requirements together with the trend in net debt. The calculation of liquidity and net debt at 31st December 2023 and 2022 is calculated as follows:

Thousand euro	Note	31.12.2023	31.12.2022
Cash and cash equivalents	12	839,921	732,053
Other financial assets	9	194,897	125,283
Undrawn lines of credit	15	690,004	676,908
Liquidity buffer		1,724,822	1,534,244
Bank borrowings	15	2,169,467	2,141,122
Other financial liabilities	9	24	6,012
Cash and cash equivalents	12	(839,921)	(732,053)
Other financial assets	9	(194,897)	(125,283)
Net financial debt		1,134,673	1,289,798

Additionally, as of 31st December 2023, Shanghai Golde Auto Parts, Co. Ltd., a joint venture in which the Group has a 50% and consolidates using the equity method (Note 9), has a net treasury of €16 million (€40 million as of 31st December 2022).

The evolution of the Net Financial Debt in 2023 and 2022 is shown in the following table:

Thousand euro	Cash and cash equivalents (Note 12)	Other financial assets (Note 9)	Bank borrowings (Note 15)	Other financial liabilities (Note 9)	TOTAL
Net Financial debt 1st January 2022	658,788	126,135	(2,179,853)	-	(1,394,930)
Cash flow	68,765	7,493	49,717	-	125,975
Exchange rate adjustments	10,415	(3,122)	(14,796)	-	(7,503)
Other non-monetary movements	-	(5,179)	(12,264)	(6,012)	(23,455)
Flows from discontinued operations	3,391	174	5,752	-	9,317
Discontinued operations (Note 13)	(9,306)	(218)	10,322	-	798
Net Financial debt 31st December 2022	732,053	125,283	(2,141,122)	(6,012)	(1,289,798)
Cash flow	109,676	53,834	(8,795)	-	154,715
Exchange rate adjustments	(23,693)	(4,485)	5,546	-	(22,632)
Other non-monetary movements	-	(188)	(8,329)	5,988	(2,529)
Additions in consolidation scope (Note 2)	(17,942)	8,667	(6,767)	-	(16,042)
Disposal of the German forging business (Note 13)	39,267	11,786	(10,000)	-	41,053
Other transfers from discontinued activities	560	-	-	-	560
Net Financial debt 31st December 2023	839,921	194,897	(2,169,467)	(24)	(1,134,673)

The Group's treasury department estimates that actions in progress will allow avoiding lack of liquidity situations. In that sense, is considered that cash generation in 2024 will allow facing recurrent payments without increasing net financial debt.

The Group's treasury department monitors Group's liquidity needs forecasts in order to ensure that there is enough cash to meet operative needs at the same time that maintains undrawn credit facilities at any time to ensure Group doesn't fail limits and rates ("covenants") established by financial entities (Note 15).

The Group is strategically diversifying the financial markets and financing sources, it taps as a tool for eliminating liquidity risk and retaining financing flexibility in light of the situation prevailing in the European financial markets; this strategy has opened up access to internationalize the banking pool.

Amounts payable to credit institutions in the short term include recurring loans over time amounting to €12 million with financial institutions used for the management of operating working capital (€36 million as of 31st December 2022) (Note 15). Although this component of the bank debt is presented as a current liability for accounting purposes, it is stable as evidenced by the usual operation of the business, and therefore provides financing that is equivalent to long-term debt.

Noteworthy is the existence at 31st December 2023 of €690 million of undrawn credit lines and loans (31st December 2022: €677 million) (Note 15).

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

The following table shows a breakdown of working capital in the Group's consolidated balance sheet as of 31st December 2023 and 2022:

Thousand euro	Note	31.12.2023	31.12.2022
Inventories	11	460,460	494,849
Trade and other receivables	10	241,897	309,457
Other current assets		64,071	47,636
Current tax assets		63,114	57,311
Current operating assets		829,542	909,253
Other current financial assets	9	126,875	92,855
Cash and other cash equivalents	12	839,921	732,053
Current assets		1,796,338	1,734,161
Trade and other payables	16	961,866	1,026,609
Current tax liabilities	17	74,256	65,218
Current provisions	19	114,475	173,519
Other current liabilities	17	175,078	169,176
Current operating liabilities		1,325,675	1,434,522
Current financial borrowings	15	511,662	472,013
Other current financial liabilities	9	24	140
Current liabilities		1,837,361	1,906,675
TOTAL WORKING CAPITAL		(41,023)	(172,514)

Although the standalone figure for working capital is not a key parameter for the understanding of the financial statements, the Group actively manages working capital through net operating working capital and short- and long-term net borrowings, on the basis of the solidity, quality and stability of relations with customers and suppliers, and comprehensive monitoring of the situation with respect to financial institutions with whom in many cases automatically renews its credit lines.

One of the Group's strategies is to ensure the optimisation and maximum saturation of the resources assigned to the business. The Group therefore pays special attention to the net operating working capital invested in the business. In this regard, as in previous years, considerable work is being performed to control and reduce collection periods for trade and other receivables, as well as to optimise accounts payable with the support of banking arrangements to mobilise funds and minimise inventories through excellent logistic and industrial management, allowing JIT (Just In Time) supplies to the Group's customers.

In parallel, the Group's Management efficiently controls the exercise of payment of expenses and the exercise of realization of current assets, carrying out an exhaustive monitoring of the treasury forecasts, in order to ensure that it has enough cash to meet the operation needs while maintaining sufficient availability of undrawn credit facilities at all times so that the Group does not breach the limits or the indices ("covenants") established by the financing entities. As of 31st December 2023 and 2022, the Group complies with all the ratios required in its financing. Therefore, it is estimated that cash generation in 2024 will sufficiently cover the needs to meet short-term commitments, avoiding any situation of tension in the liquidity position with the actions in progress.

As a result of the above, it may be confirmed that there is no liquidity risk at the Group.

In Notes 15 and 17 borrowings and other non-current liabilities are disclosed by maturity.

Likewise, there are no significant restrictions to the use of cash/other cash equivalents (Note 12).

c) Credit risk

Credit risk is managed by customer groups. Credit risk arising from cash and cash equivalents, derivative financial instruments and bank deposits is considered immaterial in view of the creditworthiness of the banks the Group works with. If management detects liquidity risk in respect of its banks under certain specific circumstances, it recognises the corresponding value adjustment for impairment if necessary (Note 9).

In addition, each management unit has specific policies for managing customer credit risk; these policies factor in the customers' financial position, past experience and other customer specific factors.

With respect to customer credit limits, it should be noted that Group policy is not to concentrate more than 10% of business volumes with individual customers or manufacturing platforms.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

Given the characteristics of the Group's customers, management historically deemed that receivables due within 60 days presented no credit risk. The Group continues to consider the credit quality of these outstanding balances to be strong, although it is determined the expected loss in accordance with what is described in Note 3.3.8.

An analysis of the maturity of receivables that are overdue by 60 days which are not impaired is provided in Note 10.

According to the entry into force of IFRS 9 of Financial Instruments, the Group has proceeded to estimate the expected loss in its commercial accounts receivable (Note 3.3.8).

d) Raw material price risk

The Group has not a significant risk in raw price variations. In these companies where the risk could exist in market specific situations (plants which use raw materials with market price), the risk is controlled thanks to price financing repercussion agreements to customers.

5.2 Hedge accounting

According to IFRS 9, the effectiveness of the hedge is determined at the beginning of the same and periodically through prospective reviews of its effectiveness to ensure that there is adequate hedge between the hedged risk and the hedging instrument.

The treatment and classification of the Group's hedging transactions are described below:

a) Fair value hedges of a recognised asset or liability or a firm commitment

Changes in the fair value of these derivatives are recognised in the income statement together with any change in the fair values of the assets or liabilities hedged which is attributable to the hedged risk.

b) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are reclassified to the income statement in the period in which the hedged item affects profit or loss (for instance, when the forecast sale that is hedged takes place). However, when a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or liability, the gains or losses previously deferred in equity are removed from equity and included in the initial cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the requirements for hedge accounting, any cumulative gain or loss that remains recognised in equity remains in equity and is reclassified to profit or loss when the forecast transaction occurs.

Occasionally, despite the goal of achieving a perfect hedge of flows, mismatches may arise between the characteristics of the hedges and the debts hedged. Once a mismatch is detected, and provided that this does not entail disproportionate costs, the derivative is fine-tuned in order to adapt it to the new characteristics of the underlying.

This circumstance may arise in the case of a hedge arranged in anticipation of a highly probable underlying which, when confirmed, requires the readjustment of the derivative to adapt it to the underlying to which it is designated. This situation may arise whether or not the derivative is designated as a hedge at inception i.e., if the underlying has been defined as a highly probable transaction.

c) Net investment hedges

As of 31st December 2023, the Group maintained investments whose net assets were exposed to the risk of conversion into foreign currency and foreign resources denominated in dollars formalized through the company CIE Berriz, S.L., which are denominated in dollars, and which main purpose is to support the group's sustainable growth in North America. In 2023, the positive exchange difference generated by this financing, which amounted to €2,830 thousand, was recognized under the heading "Net Investment Coverage" of the Consolidated Global Income Statement; heading under "foreign currency conversion differences"(2022: negative exchange difference amounting to €7,363 thousand).

d) Derivatives that do not qualify for hedge accounting

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

5.3 Fair value estimation

IFRS 13, 'Fair value measurements' explains how to estimate fair value when other international accounting standards so require. This standard stipulates the fair value disclosure requirements applicable to non-financial assets and liabilities.

IFRS 13 defines fair value as the value that would be received or paid, in an orderly transaction on the measurement date, for an asset or liability, regardless of whether this value is directly observable or has been estimated using valuation techniques. To this end the data used must be consistent with the assumptions that market participants would use in considering such a transaction.

Although IFRS 13 leaves the principles set down in other standards intact, it does establish the overall framework for measuring assets and liabilities at fair value when doing so is mandatory under other standards and stipulates additional fair value disclosure requirements.

The Group complies with IFRS 13 requirements in measuring its assets and liabilities at fair value when such fair value measurement is required under other IFRS.

On the basis of the contents of IFRS 13 and in accordance with IFRS 7 on financial instruments measured at fair value, the Group reports on how it estimates fair value by level using the following fair value hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1).
- Inputs other than Level 1 quoted prices that are observable for the asset or liability, either directly (for example, as prices) or indirectly (for example, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31st December 2023 and 31st December 2022:

2023 – thousand euro	Note	Level 2	Level 3	TOTAL
Credits at fair value	9/22	-	15,415	15,415
Derivatives	9	11	-	11
Total assets at fair value		11	15,415	15,426
Derivatives	9	(24)	-	(24)
Debts from company acquisitions	17	-	(3,883)	(3,883)
Total liabilities at fair value		(24)	(3,883)	(3,907)
2022 – thousand euro	Note	Level 2	Level 3	TOTAL
Credits at fair value	9/22	-	14,588	14,588
Derivatives	9	1,347	-	1,347
Total assets at fair value		1,347	14,588	15,935
Derivatives	9	(6,012)	-	(6,012)
Total liabilities at fair value		(6,012)	-	(6,012)

There were no transfers between levels during 2023 and 2022.

a) Level 2 financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods such as estimated discounted cash flows and makes assumptions that are based on market conditions existing at each balance sheet date. If all the significant inputs required to calculate an instrument's fair value are observable, the instrument is included in Level 2.

Specific financial instrument valuation techniques include:

- i) Fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.
- ii) Fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.
- iii) It is assumed that the carrying amount of trade receivables and payables is similar to their fair value.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

- iv) The fair value of financial liabilities for financial reporting purposes is estimated by discounting future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The instruments included in Level 2 relate to financial derivative instruments (Note 9).

b) Level 3 financial instruments

If one or more of the significant inputs are not based on data observable in the market, the financial instrument is included in Level 3.

As of 31st December 2023 there are loans granted to Group employees valued at fair value and amounting to €15,415 thousand, after the incorporation of new employees to the long-term incentive plan, as well as the increase of certain loan amounts (2022: €14,588 thousand) (Notes 9 and 22).

In the business combination of CIE Autometal Salto Indústria e Comércio, Ltda., the Group has incorporated a contingent liability payable to the prior owner amounting to BRL 20,000 thousand (Note 2), being its fair value €3,883 thousand as of 31st December 2023. Moreover, in the fiscal year 2022 the contingent liability at fair value resulting from the acquisition of CIE Aluminium Casting India, Ltd. (previously named Aurangabad Electricals, Ltd) was settled for a total amount of INR 20 million (€238 thousand).

The Group has not agreements for the offset of financial assets and liabilities.

5.4 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group can adjust the number of dividends payable to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the leverage ratio. This ratio is calculated as net debt divided by total capital used. Net debt is calculated as total borrowings plus financial liabilities less cash, cash equivalents and financial assets, all of which are shown in the Consolidated Annual Accounts. Total capital employed is calculated as 'equity', as shown in the Consolidated Annual Accounts, plus net debt.

The Group's strategy, as in previous years, has been to maintain a leverage rate close to 0.50.

The gearing ratios at 31st December 2023 and 2022 are as follows:

Thousand euro	Note	2023	2022
Borrowings	15	2,169,467	2,141,122
Financial liabilities	9	24	6,012
Less: Cash and cash equivalents and financial assets	9/12	(1,034,818)	(857,336)
Net financial debt	5.1.b)	1,134,673	1,289,798
Equity		1,661,244	1,504,649
Total capital used		2,795,917	2,794,447
Gearing ratio		0.41	0.46

At 31st December 2023 and 2022, the Group has agreements formalised related with credit and bank loans that oblige it to comply with certain covenants (Note 15). As of 31st December 2023 and 2022, the Group complies with all the ratios required in its financing.

5.5 Climate risk factors

The Corporate Department of Environment is responsible for establishing the guidelines and coordinating the actions of the Environmental Plan for plants, gradually integrating environmental criteria in the management of all processes, in its attempt to reduce the impacts of the Group's operations on the environment.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

In this sense, the Group keeps updated its Environment Policy, where it was recognized as aligned with the Sustainable Development Goals. Thus, the Group develops products and processes under eco-design concepts, oriented to efficiency, providing necessary resources in continuous improvement through prevention and preservation, the minimization of risks, the reduction of the environmental footprint, the efficient use of natural resources, the minimization of waste, the circularity of materials and the collaboration of the people involved in the processes. Moreover, the Group is aligned with the United Nations 2030 Agenda by establishing environmental objectives to be met by each of the plants and regions where it operates, based on the *Global Reporting Initiative* standards.

Additionally, in December 2022, the Board of Directors of the parent company took another step in its environmental strategy by approving a new roadmap that establishes new medium- and long-term objectives, consistent with what scientific experts and the Paris agreements dictate, for limiting global warming to 1.5°C above pre-industrial levels. Thus, the climate emergency has led the Group to continue strengthening its commitment to climate neutrality by joining the SBTi initiative and setting the clear objective of achieving emissions neutrality no later than 2050.

Below are the action plans established to address each of the climate-related risks that have an impact on the Group's Consolidated Annual Accounts.

The risks arising from the transition to low-carbon economies

The authorities and governments of different countries have implemented policies to fight against climate change that have affected differently in the different countries where the Group operates. Some of these policies have consisted of promoting sustainable energy consumption in industrial production through fiscal and operational incentives, while in other cases, the use of energies that have a direct impact on the climate has been penalized or stopped.

Regarding the automotive industry, it has been possible to reduce polluting emissions from vehicles, although the latest regulations to fight climate change – the most restrictive in Europe and China – are forcing manufacturers and their suppliers to implement additional solutions to reduce their environmental footprint. In recent years, the Group has been adapting its production process as well as the goods produced to a changing environment, demonstrating its ability to be prepared for the challenges offered by climate change risk.

The Group aims to anticipate the aforementioned measures, having launched certain action plans that allow mitigating in advance the impact of new policies, regulations and trends that climate change has entailed. The lines of work established for this have been the following, and have as main axes the actions on the goods produced and actions on their productive process.

- Actions on goods produced

In the context of a changing environment and increasingly aware of the effects of global climate change, the Group has been adapting the sale of its assets to new challenges in the climate and environmental field, and they are directly related to the latest trends in the automotive sector. In this sense, the Group is immersed in a technological transformation, aimed at reducing its corporate footprint, as well as the goods it produces. To achieve these objectives, the Group develops different technologies that provide the efficiency and flexibility necessary to face all challenges with changing volumes and scenarios.

Technological diversity also allows to focus investments on those technologies most demanded by the market in each circumstance. Currently, the market is betting on the electrification of vehicles and more than 80% of the components and subassemblies produced by the Group can be used in any type of vehicle (combustion, electric, hybrid). Despite this considerable percentage of versatility in the goods it produces, the Group has proposed to take advantage of the opportunity offered by the decarbonization of transport to position itself in new products of high added value. These products are related to the engine and power electronics, gearboxes and batteries.

This commitment to batteries was materialized in the investment made by the Group in 2022 in the company Basquevolt, S.A. (Note 9) with an initial investment of €1.5 million.

Additionally, the Group's technological commitment to meet these environmental objectives focuses on the eco-efficiency and circularity, the light-weighting of vehicles, the improvement of the user experience (noise reduction, light integration, ...), the bet for electric and autonomous vehicles and Industry 4.0 as a key to competitiveness and eco-efficiency, always aiming at the path towards the decarbonization of transport.

These actions are naturally linked to the reduction of environmental impact and mitigation of climate change. For those products that do not yet have a clear substitute in zero-emission vehicles, the Group has defined a strategy with different action plans.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

Thus, the Group's spirit of adaptation and flexibility in the products it markets, together with the ability to always be aligned with new market trends, are the Group's main measure to address any market risks to its goods, as well as those that may arise from the transition to low-carbon economies.

- Actions on the productive process

The environmental actions on the production process for the realization of the goods sold to the market have been the following:

- a) *Environmental Investments*: the Group adapts its production facilities to the conditions required by the environmental legislation of the countries where it is located. Consequently, the Group makes investments aimed at minimizing environmental impact, protecting and improving the environment; and incurs expenses derived from environmental actions, which basically correspond to the ordinary expenses for the removal of waste, consulting, measurements and environmental certifications (Note 27).

The adaptation and incorporation of investments that meet the most current environmental requirements implies a direct mitigation of the risk derived from the transition to low-carbon economies in the recovery of the value of their productive assets.

- b) *Energetic efficiency*: the improvement of energy efficiency is a priority objective for the Group, since it contributes to reducing its environmental impact, in addition to implying a direct improvement in competitiveness. The main lines of action consist of energy saving, and emission control. In this line, the Group contracts clean energy for the operation of its facilities wherever this option is available; and with the same philosophy of reducing their emissions and their energy bill, photovoltaic panels have been installed in different facilities in Europe, where, in addition, in 2022 new contracts have been signed for the supply of green energy for own consumption starting 2023; and India, where investment in new solar power plants has continued (Note 9).

In this sense, it is expected that the action plans carried out by the Group in terms of efficiency will mean, in the medium and long term, an improvement in the margin on the goods it produces.

- c) *Water and material consumption*: in the Group's production process, an intensive use of water is carried out. In order to reduce discharges as much as possible, it has its own systems and facilities for water treatment, recirculation and recovery. With regard to raw materials, the Group constantly reviews all processes to make responsible use of raw materials. An example of these practices is the reduction of the gross weight of the products it manufactures, and that implies the reduction of the consumption of energy and other products necessary for the production process.

As in the case of energy efficiency action plans, it is estimated that these actions will also improve the margins of the goods produced.

- d) *Pollution control and waste management*: the Group's environmental management systems are based on the ISO14001 standard, and ensure that pollution does not exceed the levels established by current regulations. On the other hand, the Group's recycling system allows the reincorporation of recycled raw materials into its production process. Those materials that cannot be recycled are collected by specialized managers who prioritize their recycling over their landfill.

All of these action plans and expected results have been included for each plant in the projections used for the asset impairment analysis described in Note 8.

The risk of the impact on the margins of adaptation to low-carbon economies

Cost pressure can occur on car producers. During the deployment phase of more sustainable vehicles, the final cost will be higher and, to maintain sales volumes, there is a risk of increased cost pressure on component suppliers.

Faced with this type of scenarios and risks, the Group's model is very effective. Commercial diversification makes dependence on a project or its renovation low, so the freedom to invest in projects is key. To this is added another of the axes of the group, the investment discipline, which leads to a detailed analysis of the projects with volume sensitivity analysis, avoiding those projects with volumes lower than those initially announced have a definitive impact on the returns.

The Group not only adapts to the low-carbon economy through the final product it offers to the market, but also by modifies its production process, which is highlighted by signing of clean energy purchase agreements for the use of its operating plants. As a consequence, in Spain 100% of the energy consumed is green energy, which has resulted in emissions savings.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

The direct physical risk posed by climate change in the production process and operations of a business

As of 31st December 2023 and 2022, the Group's production facilities, as well as the customers to which it provides, were not located in areas or geographical areas where an imminent climate risk is foreseen.

However, the Group is aware of the unpredictability of the effects of climate change and monitors the impacts that any adverse circumstance may generate in the valuation of the Group's assets, and therefore, in its Consolidated Financial Statements. In this sense, the Group is exposed to physical risks whose possible impacts it manages depending on the typology of each of them:

- a) *Water stress risks: are the risks that can result in the lack of water supply.*
- b) *Acute physical risks: are the risks arising from the occurrence of acute climatic phenomena. These accidental risks are covered by the global Civil Liability policy. To strengthen the management of environmental and safety risks, the Group has initiated a collaboration project with the technical departments of its insurance companies, where risks are evaluated and monetized and an elimination plan is established, or where appropriate, mitigation.*
- c) *Chronic physical risks: they are risks that cause gradual changes with more lasting impact, such as rising average temperatures, rising sea levels or prolonged periods of heat.*

Although the Group's production facilities are not directly threatened by the effect of these chronic physical risks, there are environmental objectives established to be met in all the plants and regions where it operates.

- d) *Protection of biodiversity: due to the location of its production facilities, mostly in industrial estates, the impact of its activities on biodiversity is not considered significant.*

In this sense, for the assumptions used in the analysis of impairment of assets described in Note 8, the Group has considered macroeconomic variables that already take into account, implicitly, the impacts that climate change may have in each of the geographies where it operates. The growth rates, discount rates and risk rates used are market ratios that implicitly also reflect the valuation of climate risk. These rates do not show significant differences with those used in previous years. Due to the very nature of the activity, it is considered that there is no material impact of the risk of climate change that implies an indication of deterioration, for any of the Group's cash generating units.

As a consequence, based on the foregoing, it is not expected that there will be substantial changes in the Group's future estimates (provisions, changes in useful lives, etc.) nor significant impacts on the recovery analysis of non-financial assets taking into account that these impacts have already been incorporated into the Group's business plans.

6. Operating segment information

The Group produces parts and components for the automotive industry, operating as a TIER 2 supplier in most cases. Although the Group supplies certain automobile manufacturers (OEMs) directly, on these occasions the Group usually acts as a TIER 2 supplier, with the OEMs assuming the role of the TIER 1 supplier.

The Group's business model is based on two strategic focal points: multi-technology and the global market, implying the ability to supply technology worldwide.

- **Multi-technology:** command of different technologies and processes enables the Group to offer complex high value-added products. The Group has the capacity to design and manufacture products using alternative or complementary technologies.
- **Global market:** worldwide industrialisation and supply capacity. The Group's customers are global and it has the ability to supply them from different geographic areas.

The Board of Directors is the Group's chief operating decision-making body, who reviews the Group's internal financial information for the purposes of evaluating performance and assigning resources to operating segments.

Management has determined the operating segments based on the structure of the reports reviewed by the Board of Directors, which analyses the business of the CIE Automotive Group from a geographical markets perspective in which it operates.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023

(Denominated in thousand euro)

In this sense, the Group divides its area of activity into three geographic markets: America, Asia and Europe. In turn, the geographic markets of America and Europe are divided, respectively, into two different segments each, being North America and Brazil for the American market, and CIE Forging Europe (previously named Mahindra CIE Europe) and the rest of Europe for the European market. Thus, the Group's financial information is presented according to the following segments:

- North America: it includes, basically Group companies located in Mexico and United States.
- Brazil: it includes basically Group companies located in Brazil.
- Asia: it includes the Indian companies as well as the companies located in the People's Republic of China.
- CIE Forging Europe (previously named Mahindra CIE Europe): it includes the business for the manufacture of European forges, dependent on the CIE India group (previously named Mahindra CIE Europe).
- Rest of Europe: it includes all non-dependent of CIE India subgroup (previously named Mahindra CIE) manufacturing businesses basically located in Europe.

The Group manages the operating segments corresponding to continuing activities based, mainly, on the evolution of the main financial figures of each segment, such as the revenue, EBITDA (gross operating profit), EBIT (net operating profit) and investments in fixed assets. Meanwhile, financial income and expenses, as well as income tax expense and the allocation of results to minority shareholders are jointly analysed at the Group level, since they are managed centrally.

On 24th May 2023, Mahindra & Mahindra announced the sale of its entire share in CIE Automotive India, Ltd. (previously named Mahindra CIE Automotive, Ltd.). Therefore, the Group has decided to modify the name of the operating segment Mahindra CIE Europe, corresponding to the European forging business, whose currently name is CIE Forging Europe.

a) Operating segments information for continuing operations

Results per operating segments are as follows:

31 st December 2023						
Thousand euro	NORTH AMERICA	BRAZIL	ASIA	CIE FORGING EUROPE	REST OF EUROPE	TOTAL
Revenue	1,232,990	360,292	939,739	364,102	1,062,356	3,959,479
Other operating expenses and income (excluding depreciation and amortisation)	(1,005,028)	(290,124)	(769,686)	(302,042)	(879,400)	(3,246,280)
Depreciation, amortisation and impairment	(53,903)	(12,939)	(38,124)	(12,498)	(68,063)	(185,527)
Operating profit	174,059	57,229	131,929	49,562	114,893	527,672
EBITDA (*)	227,962	70,168	170,053	62,060	182,956	713,199

31 st December 2022						
Thousand euro	NORTH AMERICA	BRAZIL	ASIA	CIE FORGING EUROPE	REST OF EUROPE	TOTAL
Revenue	1,139,615	311,155	1,079,150	353,203	955,483	3,838,606
Other operating expenses and income (excluding depreciation and amortisation)	(927,273)	(253,076)	(892,999)	(301,681)	(830,205)	(3,205,234)
Depreciation, amortisation and impairment	(52,078)	(11,640)	(40,528)	(11,575)	(70,812)	(186,633)
Operating profit	160,264	46,439	145,623	39,947	54,466	446,739
EBITDA (*)	212,342	58,079	186,151	51,522	125,278	633,372

(*) EBITDA (gross operating income) results from summing depreciation, amortisation and impairment to the net operating profit.

Transactions between Group companies are performed under market conditions.

The reconciliation of the Operating profit and the Profit attributable to owners of the parent company is as follows:

Thousand euro	Note	2023	2022
Operating profit		527,672	446,739
Financial income (expense)	23	(92,989)	(24,124)
Share in profits of joint ventures and associates	9	8,383	11,432
Gains / (losses) on the fair value of derivative financial instruments	9/23	6,576	(12,778)
Corporate income tax	24	(101,824)	(88,603)
Discontinued operations	13	13,371	9,554
Attributed to non-controlling interests	14	(41,014)	(42,100)
Profit attributable to the parent company		320,175	300,120

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

Segments' assets, liabilities and capital expenditure of the year are as follows:

31 st December 2023						
Thousand euro	NORTH AMERICA	BRAZIL	ASIA	CIE FORGING EUROPE	REST OF EUROPE	TOTAL
Investments in joint ventures and associates	9,881	6,095	37,255	–	1,433	54,664
Rest of assets	1,352,664	575,495	1,774,903	575,763	1,335,510	5,614,335
Total assets	1,362,545	581,590	1,812,158	575,763	1,336,943	5,668,999
Total liabilities	608,825	162,284	443,985	174,310	2,601,952	3,991,356
Fixed asset additions ^(*)	69,844	13,446	53,912	16,602	69,055	222,859
Disposal of assets net of depreciation and amortisation ^(*)	(127)	(2,657)	(1,955)	(386)	(3,014)	(8,139)
Net investments for the year	69,717	10,789	51,957	16,216	66,041	214,720

31 st December 2022 ^(**)						
Thousand euro	NORTH AMERICA	BRAZIL	ASIA	CIE FORGING EUROPE	REST OF EUROPE	TOTAL
Investments in joint ventures and associates	8,185	5,546	42,625	–	1,573	57,929
Rest of assets	1,286,191	458,589	1,850,787	635,437	1,354,454	5,585,458
Total assets	1,294,376	464,135	1,893,412	635,437	1,356,027	5,643,387
Total liabilities	599,265	111,317	477,562	294,546	2,639,735	4,122,425
Fixed asset additions ^(*)	61,748	22,414	67,740	17,709	55,283	224,894
Disposal of assets net of depreciation and amortisation ^(*)	(402)	(2,510)	(2,273)	(406)	(3,960)	(9,551)
Net investments for the year	61,346	19,904	65,467	17,303	51,323	215,343

(*) Fixed assets additions and disposals do not include IFRS 16 effects

(**) Information on assets and liabilities by segment is broken down eliminating all intercompany balances. Until 2022, intercompany balances between segments were presented on an aggregate basis and were eliminated in Europe as they were, mainly, loans and balances receivable/payable by the Group's holding companies. The data corresponding to year 2022 has been modified for comparative purposes.

Assets mainly include property, plant and equipment, intangible assets (including goodwill), deferred tax assets, inventories, accounts receivable and cash. Investments in subsidiaries included in the consolidation scope are shown separately.

Liabilities include, mainly, operating liabilities and long and short-term financing, excluding intragroup liabilities eliminated on consolidation.

Investments in non-current assets include additions to property, plant and equipment (Note 7.1) and intangible assets (Note 7.2).

The figures corresponding to the net amount of the revenue and non-current assets, excluding deferred tax assets and non-current financial assets and investments in joint ventures and associates, by geographical areas are the following:

Thousand euro	Revenue		Non-current assets	
	2023	2022	31.12.2023	31.12.2022
Europe ^(*)	1,426,458	1,308,686	1,360,220	1,349,041
Brazil	360,292	311,155	246,878	215,441
North America	1,232,990	1,139,615	866,958	846,964
China	322,286	444,836	554,126	586,904
India	617,453	634,314	489,400	508,315
TOTAL	3,959,479	3,838,606	3,517,582	3,506,665

(*) Sales to Spain for the year 2023 have amounted to €198,772 thousand (2022: €150,538 thousand).

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

7. Property, plant and equipment and intangible assets

7.1 Property, plant and equipment

Set out below is a breakdown of property, plant and equipment showing movements:

Thousand euro	01.01.2023		ADDITIONS IN CONSOLIDATION SCOPE (Note 2)	ADDITIONS	DISPOSALS	TRANSFERS AND OTHER MOVEMENTS ^(*)	31.12.2023
Land and buildings	640,951	18,076	3,392	(1,344)	(2,375)	658,700	640,951
Plant and machinery	2,298,338	8,386	46,498	(40,810)	70,457	2,382,869	2,298,338
Other fixed assets	373,016	416	32,133	(7,223)	(12,294)	386,048	373,016
Down-payments and assets under construction	141,641	31	138,391	(4,284)	(123,640)	152,139	141,641
Right of use of Assets - IFRS 16 (Note 7.1e)	128,757	218	22,775	(11,188)	(4,024)	136,538	128,757
TOTAL COST	3,582,703	27,127	243,189	(64,849)	(71,876)	3,716,294	3,582,703
Land and buildings	(238,345)	-	(14,007)	421	1,762	(250,169)	(238,345)
Plant and machinery	(1,401,580)	-	(120,744)	36,866	30,092	(1,455,366)	(1,401,580)
Other fixed assets	(256,668)	-	(17,600)	6,184	3,345	(264,739)	(256,668)
Right of use of Assets - IFRS 16 (Note 7.1e)	(48,954)	-	(23,463)	10,655	2,434	(59,328)	(48,954)
TOTAL DEPRECIATION	(1,945,547)	-	(175,814)	54,126	37,633	(2,029,602)	(1,945,547)
Plant and machinery	(23,709)	-	(2,624)	2,329	1,595	(22,409)	(23,709)
TOTAL IMPAIRMENT	(23,709)	-	(2,624)	2,329	1,595	(22,409)	(23,709)
CARRYING AMOUNT	1,613,447					1,664,283	1,613,447

Thousand euro	01.01.2022	ADDITIONS ^(*)	DISPOSALS	TRANSFERS AND OTHER MOVEMENTS ^(**)	DISCONTINUED ACTIVITIES	31.12.2022
Land and buildings	653,777	12,530	(15,888)	20,356	(29,824)	640,951
Plant and machinery	2,292,125	64,729	(22,460)	124,632	(160,688)	2,298,338
Other fixed assets	393,960	25,785	(10,690)	637	(36,676)	373,016
Down-payments and assets under construction	113,325	117,718	(1,068)	(88,172)	(162)	141,641
Right of use of Assets - IFRS 16 (Note 7.1e)	120,833	44,916	(17,103)	(2,027)	(17,862)	128,757
TOTAL COST	3,574,020	265,678	(67,209)	55,426	(245,212)	3,582,703
Land and buildings	(240,998)	(16,767)	10,808	(11,150)	19,762	(238,345)
Plant and machinery	(1,411,740)	(114,537)	18,637	(32,315)	138,375	(1,401,580)
Other fixed assets	(281,395)	(21,401)	7,886	7,210	31,032	(256,668)
Right of use of Assets - IFRS 16 (Note 7.1e)	(46,406)	(23,505)	12,926	2,440	5,591	(48,954)
TOTAL DEPRECIATION	(1,980,539)	(176,210)	50,257	(33,815)	194,760	(1,945,547)
Plant and machinery	(18,156)	(9,398)	3,357	(533)	1,021	(23,709)
TOTAL IMPAIRMENT	(18,156)	(9,398)	3,357	(533)	1,021	(23,709)
CARRYING AMOUNT	1,575,325					1,613,447

(*) Includes €4,086 thousand of capital expenditure of discontinued activities as of 31st December 2022. In addition, depreciation expense classified as discontinued activities as of 31st December 2022 amounted to €6,994 thousand.

(**) It basically includes the effect of exchange rate fluctuations of PP&E currency of foreign subsidiaries and transfers from assets under construction to finished assets.

a) Property, plant and equipment by geographical area

Set out below is a breakdown of property, plant and equipment by geographical location at 31st December 2023 and 2022:

	31 st December 2023			31 st December 2022		
Million euros	COST	ACCUMULATED DEPRECIATION/ IMPAIRMENT	CARRYING AMOUNT	COST	ACCUMULATED DEPRECIATION/ IMPAIRMENT	CARRYING AMOUNT
AMERICA	1,372	(652)	720	1,302	(605)	697
EUROPE	1,711	(1,095)	616	1,660	(1,067)	593
ASIA	633	(305)	328	621	(298)	323
TOTAL	3,716	(2,052)	1,664	3,583	(1,970)	1,613

b) Assets not used in operations

At 31st December 2023 and 2022 no significant items of property, plant and equipment are not used in operations.

c) Property, plant and equipment subject to guarantees

As of 31st December 2023 and 2022, net book value of property, plant and equipment subject to guarantees related to debts with financial institutions was not significant (€0.1 million).

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

d) Insurance

The Group has taken out a number of insurance policies to cover risks relating to property, plant and equipment. The scope coverage of these policies is considered to be sufficient.

e) Right of use of assets and lease liabilities

Plant and equipment include the following amounts in respect of finance leases under which the Group is the lessee:

Thousand euro	RIGHT OF USE OF ASSETS				LEASE LIABILITIES (Note 17)		
	LAND AND BUILDINGS	OTHER FIXED ASSETS	ACCUMULATED AMORTIZATION	TOTAL ASSETS	LONG TERM	SHORT TERM	TOTAL LIABILITIES
1st January 2023	108,170	20,587	(48,954)	79,803	62,799	20,292	83,091
Additions in the consolidation scope	87	131	-	218	75	143	218
Additions	11,376	11,399	-	22,775	16,222	6,553	22,775
Disposals	(4,815)	(6,373)	10,655	(533)	(119)	(414)	(533)
Depreciation expense / Payments made	-	-	(23,463)	(23,463)	-	(25,283)	(25,283)
Debt update expenses	-	-	-	-	3,131	-	3,131
Long term/Short term transfers	-	-	-	-	(21,694)	21,694	-
Transfers and other (*)	(2,720)	(1,304)	2,434	(1,590)	(1,701)	(134)	(1,835)
31st December 2023	112,098	24,440	(59,328)	77,210	58,713	22,851	81,564

Thousand euro	RIGHT OF USE OF ASSETS				LEASE LIABILITIES (Note 17)		
	LAND AND BUILDINGS	OTHER FIXED ASSETS	ACCUMULATED AMORTIZATION	TOTAL ASSETS	LONG TERM	SHORT TERM	TOTAL LIABILITIES
1st January 2022	100,500	20,333	(46,406)	74,427	57,813	19,606	77,419
Additions	38,590	6,326	-	44,916	38,954	5,962	44,916
Disposals	(12,392)	(4,711)	12,926	(4,177)	(92)	(4,085)	(4,177)
Depreciation expense(*) / Payments made	-	-	(23,505)	(23,505)	-	(25,790)	(25,790)
Debt update expenses	-	-	-	-	3,224	-	3,224
Long term/Short term transfers	-	-	-	-	(25,396)	25,396	-
Discontinued operations (Note 13)	(16,801)	(1,061)	5,591	(12,271)	(11,358)	(1,459)	(12,817)
Transfers and other (**)	(1,727)	(300)	2,440	413	(346)	662	316
31st December 2022	108,170	20,587	(48,954)	79,803	62,799	20,292	83,091

(*) Includes depreciation expense amounting to €1,593 thousand classified as discontinued operations as of 31st December 2022, as well as payments amounting to €1,763 thousand.

(**) It mainly includes the effect of the exchange rate fluctuations derived from foreign subsidiaries' property, plant and equipment.

The discount rates, estimated based on the cost of financing each of the Cash Generating Unit (CGU) groups operated by the Group, have been as follows:

	2023	2022
Brazil	12.00%	12.00%
North America	6.75%	6.00%
Asia	4.50% - 7.50%	4.50% - 7.50%
CIE Forging Europe	4.25%	3.25%
Rest of Europe	4.25%	3.25%

f) Capitalisation of borrowing costs

The Group did not capitalise any borrowing cost in 2023 or 2022 involving significant amounts.

g) Commitments

Capital expenditure agreements committed for at the period end, but not yet incurred is as follows:

Thousand euro	31.12.2023	31.12.2022
Property, plant and equipment	101,875	82,054

These investments are financed mainly through the cash generated by the Group's activities and structured via payment agreements with suppliers and equipment vendors and if necessary, bank borrowings.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

7.2 Goodwill and other intangible assets of defined useful life

Set out below is an analysis of the main intangible asset classes showing movements in assets:

Thousand euro	01.01.2023	ADDITIONS IN CONSOLIDATION SCOPE (Note 2)	ADDITIONS	DISPOSALS	TRANSFERS AND OTHER ^(*)	31.12.2023
Goodwill on consolidation	1,827,378	12,944	-	-	(45,191)	1,795,131
R&D (development)	39,203	1	841	(762)	(1,104)	38,179
Computer applications	44,407	21	901	(920)	675	45,084
Patents, licenses, trademarks and similar	12,784	-	-	-	-	12,784
Prepayments and other	12,468	161	703	-	(1,076)	12,256
TOTAL COST	1,936,240	13,127	2,445	(1,682)	(46,696)	1,903,434
TOTAL ACCUMULATED AMORTISATION	(77,032)	-	(7,066)	1,373	1,435	(81,290)
TOTAL IMPAIRMENT	(184)	-	(23)	31	155	(21)
CARRYING AMOUNT	1,859,024					1,822,123

Thousand euro	01.01.2022	ADDITIONS ^(*)	DISPOSALS	TRANSFERS AND OTHER ^(**)	DISCONTINUED ACTIVITIES (Note 13)	31.12.2022
Goodwill on consolidation	1,830,247	-	-	(2,869)	-	1,827,378
R&D (development)	40,138	1,758	(3,320)	627	-	39,203
Computer applications	46,230	1,426	(1,737)	965	(2,477)	44,407
Patents, licenses, trademarks and similar	12,784	-	-	-	-	12,784
Prepayments and other	12,670	948	(216)	(934)	-	12,468
TOTAL COST	1,942,069	4,132	(5,273)	(2,211)	(2,477)	1,936,240
TOTAL ACCUMULATED AMORTISATION	(76,190)	(8,037)	5,140	(352)	(2,407)	(77,032)
TOTAL IMPAIRMENT	(48)	-	-	(136)	-	(184)
CARRYING AMOUNT	1,865,831					1,859,024

(*) Includes €64 thousand of capital expenditure of discontinued as of 31st December 2022. In addition, depreciation expense classified as discontinued activities as of 31st December 2022 amounted to €18 thousand.

(**) Basically includes the effect of exchange rate fluctuations of intangible assets and goodwill currency of foreign subsidiaries.

Goodwill is assigned to the Group's cash-generating units (CGUs) groups on the basis of the criterion of grouping together under each CGU group all the Group's assets and liabilities that jointly and indivisibly generate cash flows in an area of the business from a technology and/or geographical and/or customer viewpoint, on the basis of the synergies and risks shared.

The breakdown of goodwill as of 31st December 2023 and 2022, assigned to each CGU group level, detailed by operating segment is set out below:

Thousand euro	31.12.2023	31.12.2022
North America	280,630	290,010
Brazil	85,719	69,960
Asia	703,961	741,876
CIE Forging Europe	332,106	332,106
Rest of Europe	392,715	393,426
TOTAL	1,795,131	1,827,378

8. Goodwill and fixed assets impairment

a) Methodology in the analysis of signs of impairment of fixed assets

The Group carries out, at least once each year, a recovery analysis on its tangible and intangible assets, including goodwill. This analysis is carried out on two levels:

- Productive and intangibles assets with a defined useful life
- Goodwill

Productive and intangibles assets of defined use of life

The property, plant and equipment is subject to continuous assessments by the technicians of each production plant together with the management control team of each of them, keeping a control on the profitability of the projects according to the projections available continuously, and considering evidences of impairment of assets associated with projects with deficient returns.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023

(Denominated in thousand euro)

Regardless of the continuous evaluation of these projects, the Group annually carries out an assessment to update the financial projections for each cash-generating unit which consists of a period of five years and which is used to formalize an analysis of the recovery of the net value accounted for all fixed and intangible assets of each production plant. Based on this annual assessment, as well as through the continuous evolution of each project, all possible impairment of the assets is recorded by the Group.

In the case of intangible assets with a defined useful life recognized by the Group in a business combination, which basically correspond to licenses and contracts related to customers, the Group verifies the evolution of cash flows considered for their initial calculation have not changed significantly, evidencing an impairment loss.

In 2023, no significant amount of assets has been impaired. In 2022, the registered impairments of fixed assets mainly referred to productive assets (machinery and technical facilities) in Russia (Note 1).

Goodwill

The recoverable amount of the goodwill assigned to each CGUs or group of CGUs is determined based on value in use calculations. These calculations use cash flow projections based on the financial budget approved by Management, which generally covers a period of five years. Cash flows beyond the five-year period are forecasted assuming a market hypothesis regarding growth rates, in any case lower than the long-term average growth rate for the country in which each CGU or group of CGUs has its businesses.

To calculate the value in use, assumptions of future cash flows are used in accordance with the global situation of the markets in which the Group operates, as well as with their expected future evolution.

b) Assumptions used in the calculation of value in use of the Group's businesses

The assumptions used by the Group are the sales and margins generated by each cash-generating unit for the period for which the projections are forecasted, in addition to the annual growth rate and discount rate applied to calculate the value in use of each one of the CGUs or group of CGUs, and detailed by segment.

Sales and margins projection

Sales estimates are made at the level of each CGU and below it, at the level of each project, taking into account the confirmed purchase orders at the time of the budget, the portfolio of the different customers for each project, the estimated production units for ongoing projects in the forecasted period and future projects for which the Group has already been nominated.

The gross operating margin (EBITDA) applied to forecasted sales are estimated based on the current profitability of the contracts in production corrected, if applicable, for adjustments, positive or negative, in future profitability already known at the time of preparation of the forecast; as well as expected future returns from each of the projects which production has not started.

The average ^(*) of the margins projected by segment for the period of the projections has been as follows:

Segments	2023	2022
North America	20.66%	21.58%
Brazil	21.25%	20.04%
Asia	18.45%	17.44%
CIE Forging Europe	15.81%	15.57%
Rest of Europe	19.15%	18.14%

^(*) The average of the detailed margins is the result of dividing the sum of the gross operating profits (EBITDA) by the sum of the sales of the years that make up the projection period for each CGU or CGU grouping detailed by segment.

Calculation of residual value

The residual value is calculated by applying the "normalized annual cash flow", which is made up of the EBITDA of the last year of the budget, minus the maintenance investments necessary to keep the activity at each plant (in the case of the Group it amounts between 2% and 4% of revenue depending on the region and technology); discounted by the normalized payment of taxes in the face of a future recurrence according to the tax situation of each of the tax territories.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

Annual growth rate

The growth rates (g) used for the period beyond the projections used in 2023 and 2022 in the CGUs and groups of CGUs, which are reported by segment, have been as follows.

Segments	2023	2022
North America	2.5%	2.5%
Brazil	5.0%	5.0%
Asia	4.5%-7.5%	4.5%-7.5%
CIE Forging Europe	2.25%	2.25%
Rest of Europe	2.25%	2.25%

The Group estimates the growth rate for each of the cash-generating units based on macroeconomic data related to inflation and growth in the economies of each of the countries where it operates, considering these as the main measurement factors for estimating the growth rate in current valuation models, due to the direct relationship between macroeconomic growth and the sale of vehicles.

Discount rate

The pre-tax discount rate was determined on the basis of the weighted average cost of capital (WACC) plus a premium to reflect the tax effect. The WACC was determined using the Capital Asset Pricing Model (CAPM), which is widely used for discount rate calculation purposes.

The methodology for calculating the discount rate used by the Group consists of adding to the risk-free rate of each market the specific risks of the assets assigned to each of the cash generating units.

The risk-free rate corresponds to the 10-year Treasury in the market in question. In the case of countries with economies or currencies with doubtful solvency levels, the Group carries out an estimate of its own risk applicable to each country.

The specific risk premium assigned to the Group's assets corresponds to the specific risks of the Automotive business itself, for which an estimated beta is used, based on the betas assigned to comparable companies or groups of companies.

The discount rates applied to cash flow projections in 2023 and 2022 were as follows:

Segments	2023	2022
North America	8,27%-11,64%	6.93%-11.65%
Brazil	14,03%	14.58%
Asia	6,60%-10,17%	6.74%-10.38%
CIE Forging Europe	6,69%-7,62%	6.11%-7.47%
Rest of Europe	6,59%-7,62%	6.03%-7.47%

c) Results of the impairment test

The value in use resulting from the impairment assessment are, to their lowest recoverable level, higher than the net book value of the total non-financial assets recognized by the Group, thus no impairment has been recorded in 2023 and 2022.

d) Impairment test sensitivity

The Group has carried out the following sensitiveness simulations, without detecting evidences of impairment of goodwill:

- Penalty of the discount rate by 10%.
- Consideration of the perpetual cash flow equal to the last year of budgeted cash flow, that is, applying a growth rate (g) between 0% and 2%.

Additionally, a joint penalty of assumptions has been carried out considering:

- Decrease of the forecasted EBITDA by 10 percentage points,
- Reduction of the growth rate (g) to 50% for each CGU (between 0% and 2%, depending on the geography).

The outcome of the sensitivity assessment has determined that there is sufficient margin in the recovery of the goodwill recognized by the Group.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023
(Denominated in thousand euro)

The growth and discount rates are assumptions based on external factors on which the Group does not have the capacity to act; in this sense, a more conservative assessment of such factors is carried out to verify that any significant variation would not result at risk the recoverability of assets subject to evaluation. The assumptions used to estimate the discount rate and the perpetual growth rate have not historically shown significant deviations, which is why it is considered that 10% of the discount rate and the reductions made to the growth rate are sufficiently conservative considerations for the purpose of sufficiently stressing the impairment assessment performed.

The Group's track record in the Automotive business has shown that its annual budgets and strategic plans (from which projections for impairment analyses are taken) are modest and have been comfortably met, and even improved always. Therefore, the Group considers that a 10 percentage points cut in its gross operating margins is more than sufficient for sensitivity analyses.

With the external and internal information currently available, and with enough margin existing in the recovery of goodwill, it is not considered that possible future macroeconomic and political developments, in addition to those already contemplated in the projections, could substantially modify the conclusion of the impairment assessment carried out. Additionally, the projections made by each business unit include the effects that the measures adopted by the Group on energy transition, the actions carried out related to eco-efficiency and the impacts derived from the policies will have on their generation of cash flows, of public administrations to combat climate change.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023

(Denominated in thousand euro)

9. Financial assets and derivatives

Movements in the Group's financial assets as of 31st December 2023 and 2022 are as follows:

31 st December 2023										
	01.01.2023	ADDITIONS IN CONSOLIDATION SCOPE (Note 2)	ADDITIONS	DISPOSALS	DISCONTINUED ACTIVITIES (Note 13)	TRANSFERS AND OTHER ^(*)	FAIR VALUE ADJUSTMENT		RESULTS OF INVESTMENTS ACCOUNTED APPLYING THE EQUITY METHOD	31.12.2023
							PROFIT OR LOSS	EQUITY		
Valued at their amortized cost										
Deposits	85,410	268	55,935	(1,918)	-	(3,059)	-	-	-	136,636
Current credits	17,423	1,811	204	(47)	-	40	(162)	-	-	19,269
Non-Current credits	15	6,588	-	(15)	-	87	(95)	-	-	6,580
Credit originated in the German business disposal (Note 13)	-	-	-	-	11,786	-	-	-	-	11,786
Down-payments (Note 25.c)	6,500	-	-	(1,300)	-	-	-	-	-	5,200
Total loans and receivables at amortized cost	109,348	8,667	56,139	(3,280)	11,786	(2,932)	(257)	-	-	179,471
Valued at fair value										
Non-Current credits (Note 22)	14,588	-	5,518	(4,543)	-	-	(148)	-	-	15,415
Liability derivatives – Exchange rates	(140)	-	-	-	-	4	112	-	-	(24)
Asset derivatives – Equity Swap	-	-	-	-	-	-	11	-	-	11
Liability derivatives – Equity Swap	(5,872)	-	-	-	-	-	5,872	-	-	-
Liability derivatives – interest rate swaps	1,347	-	-	(729)	-	-	729	(1,347)	-	-
Non-Current credits and derivatives	9,923	-	5,518	(5,272)	-	4	6,576	(1,347)	-	15,402
Investments accounted applying the equity method	57,929	-	835	-	-	(12,064)	-	(419)	8,383	54,664
TOTAL	177,200	8,667	62,492	(8,552)	11,786	(14,992)	6,319	(1,766)	8,383	249,537

(*) It mostly includes the effect of currency exchange change on the financial assets of foreign affiliates and transfers as well as the distribution on dividends from associates.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023
(Denominated in thousand euro)

31 st December 2022									
	01.01.2022	ADDITIONS	DISPOSALS	TRANSFERS AND OTHER ^(*)	DISCONTINUED ACTIVITIES	FAIR VALUE ADJUSTMENT		RESULTS OF INVESTMENTS ACCOUNTED APPLYING THE EQUITY METHOD	31.12.2022
						PROFIT OR LOSS	EQUITY		
Valued at their amortized cost									
Deposits	73,674	16,497	(1,738)	(2,805)	(218)	-	-	-	85,410
Current credits	19,618	46	(2,360)	119	-	-	-	-	17,423
Non-Current credits	15	-	-	-	-	-	-	-	15
Down-payments (Note 25.c)	7,800	-	(1,300)	-	-	-	-	-	6,500
Total loans and receivables at amortized cost	101,107	16,543	(5,398)	(2,686)	(218)	-	-	-	109,348
Valued at fair value									
Non-Current credits (Note 22)	-	-	-	16,813	-	(2,225)	-	-	14,588
Current credits (Note 22)	20,465	-	(3,652)	(16,813)	-	-	-	-	-
Asset derivatives – Exchange rates	22	-	-	(22)	-	-	-	-	-
Liability derivatives – Exchange rates	-	-	-	31	-	(171)	-	-	(140)
Asset derivatives – Equity Swap	4,541	-	-	(4,541)	-	-	-	-	-
Liability derivatives – Equity Swap	-	-	-	4,541	-	(10,413)	-	-	(5,872)
Liability derivatives – interest rate swaps	-	-	-	(31)	-	31	1,347	-	1,347
Non-Current credits and derivatives	25,028	-	(3,652)	(22)	-	(12,778)	1,347	-	9,923
Investments accounted applying the equity method	48,399	2,233	-	(4,135)	-	-	-	11,432	57,929
TOTAL	174,534	18,776	(9,050)	(6,843)	(218)	(12,778)	1,347	11,432	177,200

(*) It mostly includes the effect of currency exchange change on the financial assets of foreign affiliates and transfers.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

a) Debt instruments

Term deposits and loans accrue interests at a market interest rate of the country where the financial asset is held.

Current credits mainly correspond to an account receivable the Group holds with possibility of immediate availability with INSSEC DOS which balance at 31st December 2023 and 2022 stood at €16,800 thousand (Note 25).

The maximum exposure to credit risk at the date of presentation of consolidated information is the carrying amount of the assets.

Debt instruments valued at amortized cost do not differ from their fair value.

b) Financial derivatives instruments

• Swaps (interest rate and other)

During the year 2022, the Group contracted new interest rate swaps which have been liquidated during 2023 for a positive amount of €729 thousand. The amounts of the principal of the interest rate swap agreements (from variable to fixed) outstanding as of 31st December 2022 amounted to €50,000 thousand, with a value of €1,347 thousand positive and were classified as hedging instruments.

• Equity swap

On 6th August 2018 the parent company arranged a new swap associated with the listed share price of CIE Automotive, S.A., which was novated on 28th December 2022. The underlying asset of the operation amounts to 2 million shares with an initial value of €25.09 per share. This underlying's valuation amounts to €11 thousand positive at 31st December 2023 (€5,872 thousand negative at 31st December 2022), and is due in 2028.

c) Investments accounted applying the equity method

The companies of the Group, both associates and joint ventures, consolidated under the equity method, are as follows:

	% effective share	
	31.12.2023	31.12.2022
Galfor Eólica, S.L.	16%	16%
Gescrap - Autometal Comercio de Sucatas, Ltda.	30%	30%
Gescrap Autometal México, S.A. de C.V.	30%	30%
Soluciones de Gestión de Residuos Mexicana, S.A. de C.V. ⁽¹⁾	30%	30%
Ges Trading Nar, S.A. de C.V.	30%	30%
Gescrap India Pvt, Ltd.	20%	20%
Clean Max Deneb Power, LLP	17%	17%
Sunbarn Renewables Pvt, Ltd.	17%	17%
ReNew Surya Alok Pvt, ,Ltd.	20%	21%
Strongsun Solar Pvt, Ltd.	18%	18%
Sunseed Solar Pvt, Ltd.	17%	-
Shanghai Golde Automotive Parts Co., Ltd.	50%	50%
Golde Automotive Parts (Ningde) Co., Ltd.	50%	50%
Basquevolt, S.A.	14%	17%

(1) Associated company of Gescrap Autometal México, S.A. de C.V., currently without activity.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

The detail of the main investments accounted applying the equity method, and their contribution to the results of the Group is as follows:

	2023			2022		
	Investment cost	Share in profit/(loss)	Dividends received	Investment cost	Share in profit/(loss)	Dividends received
Shanghai Golde Automotive Parts Co., Ltd. ^(*)	33,174	4,257	5,493	39,161	4,312	3,138
Gescrap de México associates	9,881	2,729	705	8,185	3,764	1,650
Gescrap – Autometal Comercio de Sucatas, Ltda.	6,095	1,615	1,276	5,546	3,089	2,130
Other	5,514	(218)	-	5,037	267	-
Total	54,664	8,383	7,474	57,929	11,432	6,918

There are no significant restrictions on the ability to access to those assets. There are no contingent liabilities related to these investments in associates. None of these companies is listed on a stock exchange.

The investment in Shanghai Golde Automotive Parts Co., Ltd. includes, in addition to the equity attributable to the Group based on its shareholding, an implied goodwill amounting to €28.9 million as of 31st December 2023 (€30.8 million at 31st December 2022) arising from the acquisition of the Golde roof systems business in the year 2019.

The complete detail, at 100%, of the assets and liabilities of the joint business Shanghai Golde Automotive Parts, Co. Ltd. as of 31st December 2023 and 2022, as well as the results generated in the year 2023 and 2022, is as follows:

Thousand euro	31.12.2023	31.12.2022	Thousand euros	31.12.2023	31.12.2022
Non-current assets	25,450	20,080	Equity	8,571	16,673
Current assets	58,252	74,325	Non-current liabilities	13,322	6,207
			Current liabilities	61,809	71,525
TOTAL ASSETS	83,702	94,405	TOTAL LIABILITIES	83,702	94,405

INCOME STATEMENT (Thousand euro)	2023	2022
Revenue	106,384	134,627
Operating profit	10,010	10,463
Profit before tax	10,167	10,658
Profit from continuing operations	8,513	8,623
Other comprehensive income	6,465	7,664

10. Trade and other receivables

The breakdown of trade and other receivables at 31st December 2023 and 2022 is as follows:

Thousand euro	31.12.2023	31.12.2022
Trade receivables	250,119	299,724
Other receivables	7,388	24,963
Less: Value adjustment for impairment of receivables	(15,610)	(15,230)
Total	241,897	309,457

The fair values of trade and other receivables arrived at by discounting the related cash flows at market rates do not differ from their carrying amounts.

The amounts covered by factoring or accounts receivable sales agreements at year-end have been derecognised from Customers because they meet the conditions to be considered non-recourse factoring as the risks and benefits associated to the accounts receivable have been transferred to the financial institutions and the Group has no continuing involvement. At 31st December 2023 this balance amounts to €342.1 million (2022: €324.5 million).

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of internationally dispersed customers (Note 3.3.11).

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

Given the characteristics of the Group's customers, balances receivable due in less than 60 days have historically entailed no expected loss as they fall within the normal collection period in the sector. The Group considers that the credit quality of these outstanding balances, which it deems neither impaired nor non-performing, is high. They mostly relate to payments associated with business disagreements that are set to be resolved in the short term.

The breakdown by ageing of accounts receivable due more than 60 days is as follows:

Thousand euro	2023	2022
Between 2 and 4 months	8,261	3,986
Between 4 and 12 months	3,900	3,425
More than 12 months	4,075	4,280
Total	16,236	11,691

Since the entry into force of IFRS 9 for Financial Instruments, the Group has estimated the expected loss in its trading accounts receivable (Note 3.3.8).

The credit quality of trade receivables not due or impaired is considered high and free of credit risk.

Movements on the Group's value adjustments for impairment of trade receivables in 2023 and 2022 are as follows:

Thousand euro	Note	2023	2022
Opening balance		15,230	15,923
Additions in consolidation scope		89	-
Additions ^(*)	21	1,933	652
Recoveries ^(*)	21	(316)	(759)
Receivables written-off		(1,326)	(207)
Discontinued activities		-	(379)
Closing balance		15,610	15,230

(*) Includes €114 thousand of additions and €316 thousand of recoveries classified as discontinued operation in the consolidated income statement as of 31st December 2022.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

Thousand euro	31.12.2023	31.12.2022
Euro	50,960	73,373
US dollar	42,540	57,534
Brazilian real	35,716	25,436
Indian rupee	58,613	68,026
Chinese yuan	43,457	65,925
Other	18,833	9,430
TOTAL	250,119	299,724

11. Inventories

The disclosure of the inventories heading at 31st December 2023 and 2022 is as follows:

Thousand euro	31.12.2023	31.12.2022
Goods held for resale	2,991	2,700
Raw materials and supplies	242,780	253,354
Work in progress and semi-finished goods	95,285	102,674
Finished goods	106,435	124,111
Prepayments to suppliers	12,969	12,010
TOTAL	460,460	494,849

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

The Group's policy is to formalize insurance policies to cover possible risks to which its inventories are exposed. In the opinion of the Directors of the parent company, the coverage of the policies contracted as of 31st December 2023 is adequate. The cost of inventories recognised as an expense and included in the cost of goods sold breaks down as follows:

2023

Thousand euro	Goods held for resale, raw materials and supplies	Work in progress and finished goods	Total
Opening balance 1 st January 2023	256,054	226,785	482,839
Additions in consolidation scope (Note 2)	4,212	2,524	6,736
Purchases / Reserve movement – continuing activities	2,321,382	(9,787)	2,311,595
Other movements ^(*)	(3,622)	(4,299)	(7,921)
Closing balance 31 st December 2023	(245,771)	(201,720)	(447,491)
COST OF SALES	2,332,255	13,503	2,345,758

2022

Thousand euro	Goods held for resale, raw materials and supplies	Work in progress and finished goods	Total
Opening balance 1 st January 2022	244,569	225,974	470,543
Purchases / Reserve movement – continuing activities	2,389,555	(4,114)	2,385,441
Purchases / Reserve movement – discontinued activities	131,052	(2)	131,050
Other movements ^(*)	6,027	559	6,586
Discontinued operations ^(**)	(144,757)	(22,469)	(167,226)
Closing balance 31 st December 2022	(256,054)	(226,785)	(482,839)
COST OF SALES	2,370,392	(26,837)	2,343,555

(*) It mainly corresponds to the effect of exchange rate fluctuations on the companies located abroad.

(**) It includes the amount classified as assets held for sale when discontinuing operations (Note 13).

The carrying amount of work in progress and finished goods includes the following value adjustments for obsolescence as presented below:

Thousand euro	Note	2023	2022
Opening balance		33,986	40,544
Additions in consolidation scope		643	-
Additions ^(*)	21	8,521	9,688
Cancellation of balances/Transfers		(5,442)	(3,215)
Discontinued activities		-	(13,031)
Closing balance		37,708	33,986

(*) Includes €275 thousand of additions classified as discontinued operation in the consolidated income statement as of 31st December 2022.

12. Cash and cash equivalents

Cash and other cash equivalents at 31st December 2023 and 2022 break down as follows:

Thousand euro	31.12.2023	31.12.2022
Cash and banks	503,446	473,390
Current bank deposits	336,475	258,663
TOTAL	839,921	732,053

Current bank deposits relate to investments of cash surpluses maturing in less than three months or available immediately. These deposits earn interest at a market rate depending on the currency.

The Group does not have significant bank accounts of cash and equivalents restricted as of 31st December 2023 and 2022.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

The carrying amount of cash and cash equivalents at Group companies is denominated in the following currencies:

Thousand euro	31.12.2023	31.12.2022
Euro	103,134	73,081
US dollar	199,304	142,328
Chinese yuan	301,584	352,079
Brazilian real	184,323	132,336
Indian rupee	27,335	8,581
Mexican peso	5,315	4,567
South African rand	11,874	12,392
Other	7,052	6,689
TOTAL	839,921	732,053

13. Disposal groups classified as held for sale and discontinued operations

a) German Forging business

On 14th December 2022, the Board of Directors of CIE Automotive India, Ltd. (previously named Mahindra CIE Automotive, Ltd.) made the decision to put the German forging business up for sale, corresponding to the company CIE Forging Germany GmbH and its subsidiaries after receiving offers from potential buyers of this business.

On 9th August 2023, the Group signed, through its subsidiary CIE Forging Germany GmbH, a share purchase agreement whereby 100% of its stake in the operating companies of the German forging business Schöneweiss & Co. GmbH, Gesekschmiede Schneider GmbH, Falkenroth Umformtechnik GmbH and Jeco Jellinghaus GmbH was sold for a total amount of approximately €25 million. This compensation consists of €22.5 million of fixed price and €2.5 million of contingent price subject to the collection of certain assets in the disposed companies. Out of the total agreed sale price, €11.7 million have been paid collected before the 31st December 2023, being the remaining amount pending collection. According to the maturities agreed in the agreement as well as the estimated materialization of contingent assets, a net receivable amounting to €11.8 million has been registered (discounted amount), due in 2024 and 2025.

The income statement of all the companies comprising the disposed business is classified as discontinued operations up to the date of the loss of control, that has been determined to be 1st July 2023 according to certain clauses set out in the contract regarding the transfer of economic benefits. In accordance with the accounting standard, as of 31st December 2023, the Group has reclassified the assets and liabilities of CIE Forging Germany GmbH, the holding company of the disposed companies, according to their nature in the consolidated balance sheet, remaining its income statement classified as discontinued operations.

The net profit contributed by this business, after the relevant valuation adjustments, amounted to €12.7 million, including both the consolidated profit contributed by the disposed companies, as well as the transaction outcome and the discount effect over the accounts receivable with the seller.

The detailed summary of assets and liabilities classified as held for sale on the transaction date was as follows:

ASSETS (Thousand euro)	30.06.2023	LIABILITIES (Thousand euro)	30.06.2023
Non-current assets	34,785	Non-current liabilities	30,267
Property, plant and equipment	29,115	Non-current provisions	16,025
Other intangible assets	54	Deferred tax liabilities	3,418
Non-current financial assets	41	Other non-current liabilities	10,824
Deferred tax assets	5,575		
Current assets	58,468	Current liabilities	37,810
Inventory	40,191	Current borrowings	1,167
Trade and other receivables	11,726	Trade and other payables	23,974
Other current assets	1,380	Current tax liabilities	3,219
Current tax assets	1,212	Current provisions	1,809
Cash and cash equivalents	3,959	Other current liabilities	7,641
TOTAL ASSETS	93,253	TOTAL LIABILITIES	68,077

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

As of 31st December 2023, the assets and liabilities of the holding company CIE Forging Germany, GmbH have been classified in the consolidated balance sheet according to their nature, as the book value of the company is not expected to be recovered through its sale.

b) Business of biofuels

In September 2018, the Board of Directors of CIE Automotive, S.A. after receiving various offers to buy the companies of the biofuels business, made the decision to discontinue this entire business. On 28th March 2019, it was formalized the sale of the company Bionor Berantevilla, S.L.U. and the assets of Biosur Transformación, S.L.U. After that sale, the consolidated net assets allocated to the biofuel business are not significant. Additionally, on the 1st December 2021, the companies Biodiesel del Mediterráneo, S.L.U. and Reciclados Ecológicos de Residuos, S.L.U. were liquidated. On 13th September 2023, after the sale of its assets, the company Biocombustibles de Guatemala, S.A. has been liquidated. The sale of assets and the subsequent liquidation did not have significant impact on the income statement from discontinued operations (Note 1).

As of 31st December 2023 and 2022, the Group keeps the assets and liabilities associated with this business classified as a group of assets and liabilities held for sale, the value of which has not changed significantly.

c) British Forging business – Stokes

In September 2018, the Board of Directors of CIE Automotive India, Ltd. (previously named Mahindra CIE Automotive, Ltd.) made the decision to sell its British forging business, corresponding to the company Stokes Group Limited. After this decision, the Group carried out the discontinuation of the assets and liabilities of said company, classifying them as a group of assets and liabilities available for sale, reclassifying the income statement of said company within discontinued operations.

As of 31st December 2022, the company had already disposed most of its assets which were classified as held for sale. On 17th April 2023, the company Stokes Group Limited has been liquidated, after the disposal of all the assets related to the business.

The following is the discontinued income statement for the years ended 31st December 2023 and 2022:

Thousand euro	2023	2022
OPERATING REVENUE	145,449	248,045
Revenue	121,029	236,951
Other operating income	16,775	13,499
Change in inventories of finished goods and work in progress	7,645	(2,405)
OPERATING EXPENSES	(124,045)	(234,419)
Consumption of raw materials and secondary materials	(66,050)	(130,662)
Employee benefit expenses	(26,001)	(50,983)
Depreciation, amortisation and impairment	(21,045)	(9,297)
Other operating income/(expenses)	(10,949)	(43,477)
OPERATING PROFIT	21,404	13,626
Financial costs	(1,737)	(2,777)
	681	
Net exchange differences	(629)	48
PROFIT BEFORE TAX	19,719	10,897
Corporate income tax (Note 24)	(6,348)	(1,343)
PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS AFTER TAX	13,371	9,554

As of 31st December 2023 and 2022, the disclosure of revenue from discontinued activities per geographic area is as follows:

Thousand euro	2023	2022
Rest of Europe	116,284	230,081
Spain	4,745	6,870
IMPORTE NETO DE LA CIFRA DE NEGOCIOS	121,029	236,951

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

The information of the assets and liabilities of the disposable group classified as held for sale related to discontinued operations described above are summarized in the following table on 31st December 2023 and 2022:

ASSETS (Thousand euro)	31.12.2023	31.12.2022	LIABILITIES (Thousand euro)	31.12.2023	31.12.2022
Non-current assets	313	54,665	Deferred income	-	1,486
Property, plant and equipment	255	48,619	Non-current liabilities	-	37,835
Other intangible assets	3	73	Non-current provisions	-	16,126
Non-current financial assets	-	68	Non-current borrowings	-	10,000
Deferred tax assets	29	5,553	Deferred tax liabilities	-	352
Other non-current assets	26	352	Non-current other liabilities	-	11,357
Current assets	345	59,536	Current liabilities	326	44,464
Inventory	117	35,948	Current borrowings	-	322
Trade and other receivables	67	10,605	Trade and other payables	227	26,598
Other current assets	8	1,131	Current tax liabilities	61	1,605
Current tax assets	3	1,478	Current provisions	-	4,892
Current financial assets	-	174	Other current liabilities	38	11,047
Cash and cash equivalents	150	10,200			
TOTAL ASSETS	658	114,201	TOTAL LIABILITIES	326	83,785

The consolidated cash flow statement from discontinued operations as of 31st December 2023 and 2022 is as follows:

Thousand euro	2023	2022
PROFIT BEFORE TAXES	19,719	10,897
Adjustments to year's profit	22,319	12,026
Depreciation, amortisation and impairment	21,045	9,297
Finance profit/(loss) and exchange rate differences	1,685	2,729
Other adjustments to year's profit	(411)	-
Changes in working capital	(17,910)	(5,120)
Net variation of provisions	(2,771)	(579)
Other changes in net working capital	(15,139)	(4,541)
Other cash flows from operating activities	(615)	(2,302)
Interests paid and collected	(733)	(2,355)
Corporate tax collection	118	53
CASH FLOWS FROM OPERATING ACTIVITIES	23,513	15,501
Acquisition of property, plant and equipment	(2,082)	(4,248)
Financial assets movement	175	(165)
Proceeds from the sale of property, plant and equipment, and intangible assets	411	-
CASH FLOWS FROM INVESTING ACTIVITIES	(1,496)	(4,413)
Income (net of reimbursements) from high-rotation borrowings	845	(5,835)
Lease payments	(704)	(1,763)
CASH FLOWS FROM FINANCING ACTIVITIES	141	(7,598)
Disposal of the German forging business, net of cash transferred	7,619	-
Cash distribution to discontinued activities	(39,267)	-
CASH GENERATED ON THE DISPOSAL OF THE GERMAN FORGING BUSINESS	(31,648)	-
OTHER CASH TRANSFERRED TO DISCONTINUED ACTIVITIES	(560)	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(10,050)	3,490
Cash and equivalents at beginning of the period	10,200	6,710
Cash and equivalents at end of the period	150	10,200

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

14. Share capital and share premium

The main components of Shareholders' Equity are detailed below:

14.1 Capital, share premium and treasury shares

The variations during the years 2023 and 2022 of the number of shares, the share capital, the treasury shares and the share premium have been as follows:

31 st December 2023					
Movements in thousand euro	No. shares (thousands)	Share capital	Treasury shares	Share premium	Total
At 1 st January 2023	122,550	30,637	(60,326)	152,171	122,482
Share capital reduction	(2,743)	(685)	57,117	-	56,432
Acquisition of treasury shares	-	-	(8,856)	-	(8,856)
Sale of treasury shares	-	-	10,863	-	10,863
At 31st December 2023	119,807	29,952	(1,202)	152,171	180,921

31 st December 2022					
Movements in thousand euro	No. shares (thousands)	Share capital	Treasury shares	Share premium	Total
At 1 st January 2022	122,550	30,637	(401)	152,171	182,407
Acquisition of treasury shares	-	-	(71,391)	-	(71,391)
Sale of treasury shares	-	-	11,466	-	11,466
At 31st December 2022	122,550	30,637	(60,326)	152,171	122,482

a) Share capital

The share capital of CIE Automotive, S.A. at 31st December 2022 was represented by 122,550,000 fully paid ordinary bearer shares, represented through accounting entries, with a par value of €0.25 each, listed on the Madrid stock market. On 30th March 2023, a reduction of the share capital amounting €685 thousand was carried out through the redemption of 2,742,516 treasury shares, acquired during 2022. After that operation, the share capital of the parent company as of 31st December 2023 is represented by 119,807,484 fully paid ordinary bearer shares, represented through accounting entries, with a par value of €0.25 each, listed on the Madrid stock market.

As of 31st December 2023 and 2022, the most relevant participations in the share capital of CIE Automotive S.A., that is, the companies that, directly or indirectly, participate in the share capital in a percentage equal to or greater than 10%, are the following:

Shareholding %	31.12.2023	31.12.2022
Acek Desarrollo y Gestión Industrial, S.L. (*)	16.05%	15.69%
Corporación Financiera Alba, S.A.	13.66%	13.35%
Elidoza Promoción de Empresas, S.L.	10.58%	10.34%

(*) 5.93% and 5.79% directly; 10.12% and 9.90% indirectly, through Risteel Corporation, B.V. as of 31st December 2023 and 2022 respectively.

The stock price of the parent company CIE Automotive, S.A. listed in the Madrid Stock Exchange was €25.72 at 29th December 2023 (last listed session of the period).

b) Share premium

This reserve is freely available for distribution.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

c) Treasury shares

The movement of treasury shares during the periods ended 31st December 2023 and 31st December 2022 is broken down in the following table:

	31 st December 2023		31 st December 2022	
	Number of shares	Amount (Thousand euro)	Number of shares	Amount (Thousand euro)
Opening balance	2,919,127	60,326	15,244	401
Share capital reduction	(2,742,516)	(57,117)	-	-
Acquisitions	337,952	8,856	3,346,121	71,391
(Sales) for the year	(467,046)	(10,863)	(442,238)	(11,466)
Ending balance	47,517	1,202	2,919,127	60,326

During 2023, the parent company has sold a net amount of 129,094 treasury shares directly. Likewise, a share capital reduction has been carried out through the redemption of 2,742,516 treasury shares, being the ending balance 47,517 shares as of 31st December 2023 (reaching 0.04% of the total voting rights issued by the Company), which are added to the indirect participation resulting from the equity swap agreement signed in the year 2018 with Banco Santander, S.A. for the acquisition of 2,000,000 shares (equivalent to 1.67% of the total voting rights). During 2022, the Company acquired a final amount of 59,925 treasury shares directly, with an ending balance of 2,919,127 shares (reaching 2.38% of the total voting rights issued by the Company), which are in addition the indirect participation resulting from the equity swap agreement signed in the year 2018 with Banco Santander, S.A. for the acquisition of 2,000,000 shares (equivalent to 1.63% of the total voting rights).

Also, rescinding the resolution adopted by the General Meeting of Shareholders on 28th April 2022 for the unexecuted part, the General Meeting of Shareholders on 4th May 2023 agreed to authorize the Company, directly or through any of its subsidiaries, for a maximum of five years from the date of the General Meeting of Shareholders, to acquire, at any time and as many times as it deems appropriate, shares of CIE Automotive, S.A., by any means permitted by Law, including against profits for the year and/or unrestricted reserves, and to subsequently dispose of or redeem such shares, all accordance with article 146 and related provisions of the Corporate Enterprises Act.

Under this authorization framework, on 4th May 2023, the Company's General Shareholders' Meeting approved a program to repurchase the Company's treasury shares in order to reduce up to a maximum of 10% of the parent company's share capital through the redemption of treasury shares, reserving the right to terminate this program prior to the expiration date in accordance with the agreed terms.

d) Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to the parent company's shareholders by the weighted average number of ordinary shares outstanding in the year, excluding treasury shares acquired by the parent company (Note 14.1.c).

	2023	2022
Profit attributable to the parent company's shareholders (thousand euro)	320,175	300,120
Profit / (loss) from discontinued operations attributable to the parent company's shareholders (thousand euro) (*)	9,035	6,936
Weighted average number of ordinary shares outstanding (thousand)	119,711	120,469
BASIC EARNINGS	2.67	2.49
Basic earnings per share from continuing operations (euro per share)	2.60	2.43
Basic earnings per share from discontinued operations (euro per share)	0.07	0.06

(*) The profit/(loss) from discontinued operations of the Group (2023: €13,371 thousand, 2022: €9,554 thousand) which corresponds to the shareholders of the parent company is €9,035 thousand in 2023 and €6,936 thousand in 2022 (Note 13).

The basic earnings per share matches with the diluted ones, since there are no instruments that could be converted into ordinary shares during the years 2023 and 2022.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

14.2 Retained earnings

Movements in retained earnings are as follows:

Thousand euro	Legal reserve	Reserve in consolidated companies and effect of first time conversion (Note 14.2.d)	Profit and loss	SUBTOTAL	Translation differences (Note 14.3)	TOTAL
At 1st January 2022	6,450	811,623	267,544	1,085,617	(236,658)	848,959
Distribution of 2021 profit	-	180,337	(267,544)	(87,207)	-	(87,207)
Income/(expense) recognised directly in equity, net	-	14,862	300,120	314,982	16,577	331,559
Acquisition of non-controlling interests (Note 1)	-	(10,798)	-	(10,798)	(1,306)	(12,104)
Sale of own shares (Note 14.1)	-	(550)	-	(550)	-	(550)
Other changes	-	(11,159)	-	(11,159)	409	(10,750)
At 31st December 2022	6,450	984,315	300,120	1,290,885	(220,978)	1,069,907
Distribution of 2022 profit	-	200,882	(300,120)	(99,238)	-	(99,238)
Income/(expense) recognised directly in equity, net	-	(4,135)	320,175	316,040	(78,675)	237,365
Share capital reduction (Note 14.1)	-	(56,432)	-	(56,432)	-	(56,432)
Sale of own shares (Note 14.1)	-	797	-	797	-	797
Other changes	-	(2,878)	-	(2,878)	1	(2,877)
At 31st December 2023	6,450	1,122,549	320,175	1,449,174	(299,652)	1,149,522

a) Legal reserve

In accordance with Article 274 of the Consolidated Text of the Spanish Companies Act, 10% of profits must be transferred to the legal reserve each year until it represents at least 20% of share capital. Both in the fiscal years ended 31st December 2023 and 2022, the legal reserve is fully allocated.

The legal reserve may be used to increase capital in an amount equal to the portion of the balance that exceeds 10% of capital after the increase.

Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

b) Dividends and shareholder remuneration

On 14th December 2023, the Board of Directors of CIE Automotive, S.A. approved the payment of an interim dividend charged to the profit of the year 2023 for an amount of €0.45 per share, which has meant a total of €53,893 thousand (Note 25.c)). Payment has been effective on 5th January 2024.

The amount to distribute did not exceed the profit of the parent company obtained since the last financial year, deducting the tax estimation, according to Article 277 of Spain Corporate Enterprise Act.

The provisional accounting statement of the parent company at 30th November 2023, which has been formulated according to legal requirements and shows the existence of enough cash-flow to distribute the dividend mentioned above, is as follows (thousand euro):

Provisional cash-flow statement	Thousand euros
Profit forecast:	
- Available net profit for 2023	114,948
To deduct:	
- Legal reserve	-
Maximum amount to distribute	114,948
Amount distribution proposal	107,826
Treasury forecast for one year	187,930
Interim dividend	(53,913)

On 4th May 2023, the General Meeting of Shareholders of CIE Automotive, S.A. has agreed to distribute the individual result for the 2022 year, approving the distribution of a complementary dividend of €0.42 gross per share entitled to a dividend, which has meant a total of €50,189 thousand. The disbursement has been made effective on 7th July 2023.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

On 15th December 2022, the Board of Directors of CIE Automotive, S.A. approved the payment of an interim dividend charged to the profit of the year 2022 for an amount of €0.41 per share, which meant a total of €49,049 thousand. The payment has been made effective on 5th January 2023.

On 28th April 2022, the General Meeting of Shareholders of CIE Automotive, S.A. has agreed to distribute the individual result for the 2021 year, approving the distribution of a complementary dividend of €0.36 gross per share entitled to a dividend, which has meant a total of €43,094 thousand. The disbursement was made effective on 6th July 2022.

On 15th December 2021, the Board of Directors of CIE Automotive, S.A. agreed to distribute the result for the 2021 year of the parent Company, approving the distribution of an interim dividend of €0.36 gross per share entitled to a dividend, which meant a total of €44,113 thousand. The disbursement was made effective on 5th January 2022.

c) Proposal for the distribution of results

The proposal of the Board of Directors on the distribution of the 2023 result of the parent company, determined in accordance with accounting principles generally accepted in Spain (legislation applicable to the parent company), that will be presented to the shareholders at the General Meeting, alongside the shareholder-approved distribution for 2022, is as follows:

Thousand euro under Spanish GAAP	2023	2022
Available for distribution		
Profit/(loss) for the year	111,972	106,899
Distribution		
To Voluntary reserves	4,146	6,407
To Interim dividend	53,913	50,246
To Final dividend	53,913	50,246
PROFIT AND LOSSES	111,972	106,899

d) Reserves in consolidated companies and effect of first conversion

The amount of the reserve in consolidated companies and the effect of first conversion amounts at €1,122,549 thousand and €984,315 thousand as of 31st December 2023 and 2022, respectively.

This heading records, in addition to the reserves in consolidated companies, the effects of the adjustments made in conjunction with transition to IFRS on the date of first-time application, 1st January 2005, and the effect of valuing certain financial assets/liabilities at market prices (Note 9).

14.3 Translation differences

Translation differences collect the exchange rate differences generated as a result of the variation of the euro exchange rate with respect to the main currencies of the group's foreign societies.

The translation differences at year-end 2023 are negative for an amount of €299,652 thousand (2022: €220,978 thousand negative). The variations of the conversion differences corresponding to the exercises ended as of 31st December 2023 and 2022 are included in the consolidated state of changes in the net worth.

The detail by currency is as follows:

Currency	2023	2022	Variation
US dollar	4,757	30,063	(25,306)
Brazilian real	(198,680)	(212,809)	14,129
Chinese yuan	(24,668)	26,235	(50,903)
Indian rupee	(59,589)	(46,933)	(12,656)
Other	(21,472)	(17,534)	(3,938)
Translation differences	(299,652)	(220,978)	(78,674)

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

14.4 Non-controlling interests

Movements in non-controlling interests are as follows:

Thousand euro	2023	2022
Balance at 1st January of current period	361,309	380,369
Profit of the year	41,014	42,100
Difference in foreign currency conversion	(8,409)	(8,888)
Other (gross hedges of cash flows, tax effect, etc.)	15	1,647
Net income/(expense) recognized directly in equity	32,620	34,859
Dividends to non-dominant shares	(9,912)	(9,178)
Variations in the perimeter and business combinations (Note 1)	-	(45,053)
Other movements	677	312
Balance at 31st December of current period	384,694	361,309

The breakdown of non-controlling interests by Company/Subgroup is as follows (in thousand euro):

31 st December 2023			
Thousand euro	% Non-controlling	Non-controlling interests	Income attributable to non-controlling interest
CIE India subgroup (previously named Mahindra CIE)	34.30%	332,221	34,699
Other minor		52,473	6,315
Non-controlling interests		384,694	41,014

31 st December 2022			
Thousand euro	% Non-controlling	Non-controlling interests	Income attributable to non-controlling interest
CIE India subgroup (previously named Mahindra CIE)	34.29%	306,351	33,945
Other minor	-	54,958	8,155
Non-controlling interests		361,309	42,100

The assets, liabilities and the profit for the year 2023 assigned to the CIE India subgroup (previously named Mahindra CIE) incorporated to the Consolidated Annual Accounts amount to €1,461.1 million, €440.8 million and €101.4 million respectively (2021: €1,523.7 million, €575.7 million and €94.7 million respectively).

As of 31st December 2023, the equity value assignable to the Group amounts to €689.1 million (€642.4 million at 31st December 2022).

As of 29th December 2023, the share price amounted to Rs 470.7 (last trading day), the quoted value of the Group's investment in the CIE India subgroup (previously named Mahindra CIE) is higher than the carrying value of consolidated net assets. In addition, on the same date, the Group has assessed the possible existence of indications of impairment with respect to the net assets allocated to this subgroup, with no evidence of impairment detected (Note 8).

15. Borrowings

The detail of the resources of the Group as of 31st December 2023 and 31st December 2022 classified by concept is as follows:

Thousand euro	31.12.2023	31.12.2022
Bank borrowings (a)	1,657,805	1,669,109
Non-current borrowings	1,657,805	1,669,109
Bank borrowings (a)	225,223	239,156
Commercial paper programme (b)	274,420	196,900
Discounted bills pending maturity and prepayments on export bills	12,019	35,957
Current borrowings	511,662	472,013
TOTAL BORROWINGS	2,169,467	2,141,122

The Group's policy is to diversify its financing sources. There is no concentration of loan/credit risk in respect of its bank borrowings as the Group works with multiple entities.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

The exposure of the Group's bank borrowings to interest rate changes is as follows:

Thousand euro	Note	Balance at 31 st December	At more than 1 year	At more than 5 years
Total borrowings		2,169,467	1,657,805	75,877
Total borrowings at initial fixed interest rate		(1,182,288)	(757,097)	(22,580)
Risk at 31st December 2023		987,179	900,708	53,297
Total borrowings		2,141,122	1,669,109	147,105
Total borrowings at initial fixed interest rate		(1,052,689)	(748,050)	(103,103)
Interest rate swaps impact	9	(50,000)	-	-
Risk at 31st December 2022		1,038,433	921,059	44,002

a) Bank borrowings

Non-current borrowings have the following maturities:

Thousand euro	31.12.2023	31.12.2022
Between 1 and 2 years	315,667	701,348
Between 3 and 5 years	1,266,262	820,658
Over 5 years	75,876	147,103
TOTAL NON-CURRENT BORROWINGS	1,657,805	1,669,109

The effective interest rates at the balance sheet dates are the usual market rates (benchmark rate plus a market spread) and there are no significant differences with respect to other companies of a similar size and with similar risk and borrowing levels.

Bank borrowings carry interest at market rates, by currency, plus a spread that ranges between 95 and 720 basis points as of 31st December 2023 (40 and 600 basis points as of 31st December 2022).

The carrying amounts and fair values of current and non-current borrowings do not differ significantly since an important portion thereof has been arranged recently and, in all cases, they accrue interest at market rates; note additionally the effect of the interest-rate hedges described in Notes 5.1 and 9.b).

The carrying amount of the Group's borrowings is denominated in the following currencies:

Thousand euro	31.12.2023	31.12.2022
Euro	1,989,122	1,901,529
US dollar	164,925	220,327
Other	15,420	19,266
TOTAL BORROWINGS	2,169,467	2,141,122

At 31st December 2023 the Group had drawn credit lines with financial institutions for an amount of €78 million (31st December 2022: €117 million). The total limit of the aforementioned lines of credit amounts to €768 million (31st December 2022, €794 million), so it has €690 million (31st December 2022: €677 million) of loans and credit lines undrawn at a fixed and floating interest rate.

Thousand euro	31.12.2023	31.12.2022
Expiring within one year	254,309	154,918
Expiring beyond one year	435,695	521,990
TOTAL AVAILABLE LINES OF CREDIT	690,004	676,908

Syndicated loan 2014

On 28th July 2014 CIE Automotive, S.A. entered into a new financing arrangement with a syndicate of six financial institutions for €450 million. The amortisation period stood at 5 years, with an average term of 4.7 years. This improved the average term of the Group's financing and also the economic terms and conditions of the former syndicated financing agreement. The subsequent amendments related to this financing were the following:

- On 13th April 2015 the syndicated loan was novated and a decrease in the initially negotiated spread was agreed. Similarly, it was agreed to extend the maturity periods, establishing the new final maturity date in April 2020.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

- On 14th July 2016, the parent company signed a second novation with respect to the syndicated financing agreement. According to this novation, the total amount was increased by €150 million, to €600 million, the maturity period was extended for another year, the last payment therefore being due in April 2021 and a change was agreed in the margin initially negotiated and novated in 2015.
- On 6th June 2017, the parent company signed a third novation with respect to the syndicated financing agreement. According to this novation, the maturity period was extended by one year for most of finance institutions, being the last payment due in April 2022.
- On 27th April 2018, the parent company signed a fourth novation of this syndicated financing agreement. According to this novation, the maturity period was extended by one year, being the last payment due in April 2023.
- On 12th April 2019, the parent company signed a fifth novation with respect to the syndicated agreement. According to this novation, the limit was increased by €90 million, reaching a total of €690 million; and the maturity was extended until April 2024.
- On 27th February 2020, the parent company requested the extension of the maturity date until 13th April 2025, being approved by most of the financing entities.
- In June 2020, this finance agreement became a sustainable loan valued by an external agent annually with its subsequent adjustment to the margin based on the improvement of the annual ratios of the Group's Environmental, Social and Governance criteria.
- On 16th June 2021, a longer maturity agreement was signed due on April 2026, being approved by all financial entities involved.
- On 6th June 2022, the extension of this financing until April 2027 was signed, a new extension was unanimously approved by the financing entities.
- On 7th June 2023, the extension of this financing due on April 2028 has been signed. This renewal prioritises sustainable financing as long as it continues to be tied to criteria for the improvement of the evolution of the activity in Environmental, Social and Governance (ESG) terms. The extension has been unanimously approved by the financing entities.

The drawn amount of this syndicated financing agreement on 31st December 2023 amounted to €310 million (31st December 2022: €340 million), and its interest rate is indexed to Euribor plus a variable margin based on the Net Finance Debt/EBITDA ratio.

Other financing

On 14th July 2016, the parent company arranged a new loan with several financial and insurance institutions amounting to €85 million and with final maturity in 10 years. Part of this finance agreement was contracted to a fixed interest rate, and the other part to a floating interest rate indexed to Euribor. In July 2021, a 2-year extension was signed for this financing, bringing the final maturity to 2028 and becoming the same at a fixed market interest. The balance disposed as of 31st December 2023 and 2022 amounts to €68 million.

In 2014 and 2018, the Group signed financing agreements with the European Investment Bank (EIB) to finance various research and development projects in the automotive components sector. During the first half year of 2021 the Group paid-out the finance agreement signed in 2014. In addition, in September 2020 the Group signed a finance agreement with this institution amounting to €40 million, due in 2030. The final maturity of these financings is in 2031 and the outstanding balance as of 31st December 2023 amounts to €95 million (€108 million as of 31st December 2022).

On 5th July 2018 the Group signed a financing contract amounting to USD150 million with International Finance Corporation (World Bank Group) and EDC (Export Development of Canada). This funding has a maturity of 10 years and aims to support sustainable growth of the CIE Automotive Group in Mexico in the coming years. On 31st December 2023 the drawn amount of such funding is €82 million approximately (31st December 2022: €106 million approximately).

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

All these financing facilities are subject to compliance with different financial ratios usual for these contracts in the market. As of 31st December 2023 and 31st December 2022, the Group complies with all the obligations that, in accordance with the financing contracts, were in force and were payable by the different lenders as of that date.

The rest of the Group's financing relates mainly to non-structural financing contracted by the parent company under market conditions. In addition to these, other significant financing agreements are as follows:

- On 11th May 2016, the Group, through its US subsidiary CIE Investments USA, Inc., arranged two loans of USD35 million each, with maturity of 3 and 5 years, respectively, at a floating interest rate, linked to a market interest rate. In 2020 and 2021, renovations were carried out, renewing one of the loans amounting to USD35 million due in 2024. The balance as of 31st December 2023 amounts to €45 million euros (31st December 2022: €33 million).
- In June 2018, the Group contracted a new loan of USD50 million from a financial institution, through the Mexican subsidiary CIE Automotive de México, S.A.P.I. de C.V., for a five years term and an eleven month grace period, at a floating interest rate linked to a market interest rate, on conditions in line with current market price parameters. The loan has been paid-back in 2023 (Outstanding balance as of 31st December 2022: €6 million).

In its commitment to sustainability and in accordance with its strategic plan, the Group has been incorporating sustainable financing criteria into its financing in its objective for 2025 of obtaining more than half of the Group's gross debt classified as sustainable debt.

In 2023, the Group has repaid €336 million (2022: €237 million) and has arranged €329 million of financing agreements, included those disclosed above (2022: €299 million).

b) Commercial paper program

On 19th July 2018, the parent company of the Group made public the formalization of a program of issuance of commercial paper program with a maximum amount of €200 million, which was registered in the Ireland Stock Market and which will serve as diversification of financing of working capital needs of the Group and as an alternative to bank financing for this purpose. On 18th July 2019, the program was renewed increasing the maximum amount to €300 million. On 18th March 2020, the maximum amount was increased to €400 million and on 21st July 2020 the program was renewed. As of 31st December 2023, the drawn balance amounts to €274 million (€197 million as of 31st December 2022).

16. Trade and other payables

The breakdown of trade and other payables as of 31st December 2023 and 2022 is as follows:

Thousand euro	31.12.2023	31.12.2022
Trade payables	855,090	924,172
Interim dividend (Note 25.c))	53,893	49,049
Other account payables	52,883	53,388
TOTAL	961,866	1,026,609

The fair values of these payables do not differ from their carrying amounts.

The breakdown of trade payables settled during 2023 and 2022 and those pending of payment at the year-end in relation to the legally-permitted payment terms stipulated in Spanish Law 15/2010 of 5th of July, is as follows:

Days	2023	2022
Paid operations ratio	77	73
Outstanding operations ratio	78	77
Average payment period to suppliers	75	68

Payments in thousand euro	2023	2022
Payments made	486,401	402,642
Outstanding payments	232,024	259,811

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

Additionally, and in accordance with the obligations required in the Spanish Law 18/2022 on creation and growth of companies, it is reported that the total amount of payments made in before than the maximum established by Law 5/2010 has amounted to €233,928 thousand (2022: €96,933 thousand) and 18,728 invoices (2022: 16,049 invoices), which represent 48% (2022: 24%) of the total payments made and 30% (2022: 27%) of the total invoices.

While some companies have exceeded the time limit to domestic suppliers established in Law 15/2010, the Group has launched a series of measures have been launched essentially intended to the identification of the deviations through the monitoring and periodic analysis of the accounts payable to suppliers, of the review and improvement of internal management procedures of suppliers as well as the compliance and, in its case update, of the conditions laid down in the commercial operations subject to the applicable regulations.

17. Other liabilities

The breakdown of “other non-current liabilities”, “current tax liabilities” and “other current liabilities” balance sheet’s headings as of 31st December 2023 and 2022 is as follows:

Thousand euro	31.12.2023	31.12.2022
Capital creditors	4,082	1,802
Long-term payables to tax authorities	11,882	12,882
Other non-current debts	66,681	67,966
Debts from business combinations (Note 2)	935	-
Lease liabilities (Note 7.1.e)	58,713	62,799
Non-Current	142,293	145,449
Current tax liabilities	72,537	63,672
Short-term payables to tax authorities	1,719	1,546
Capital creditors	33,124	37,930
Accrued wages and salaries	82,420	85,870
Other current liabilities	4,680	5,812
Debts from business combinations (Note 2)	2,948	-
Accruals and deferred income	29,055	19,272
Lease liabilities (Note 7.1.e)	22,851	20,292
Current	249,334	234,394
TOTAL OTHER LIABILITIES	391,627	379,843

The fair value of these liabilities does not differ significantly from their carrying amounts.

The balances included under Payables to tax authorities within long and short term include liabilities generated by the deferral of VAT, personal income tax and social security payments as well as several other items (repayment of grants, court bonds and other).

Other current and non-current liabilities

At 31st December 2023 this heading includes loans to finance investment projects received from public financing institutions amounting to €8,968 thousand (2022: €12,809 thousand), being €5,223 thousand (2022: €7,933 thousand) classified as other long-term liabilities. Moreover, this heading also includes the granted loan in March 2019 by COFIDES, which at 31st December 2023 amounts to €49,901 thousand, being fully classified in the long term (2022: €49,869 thousand, fully classified in the long term), and accrues an interest at a rate benchmarked to Euribor plus a market spread.

Other non-current liabilities have the following maturities:

Thousand euro	31.12.2023	31.12.2022
Between 1 and 2 years	23,702	21,519
Between 2 and 5 years	89,334	61,189
Over 5 years	29,257	62,741
TOTAL NON-CURRENT OTHER LIABILITIES	142,293	145,449

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

18. Deferred taxes

The breakdown of deferred tax assets and deferred tax liabilities is as follows:

Thousand euros	31.12.2023	31.12.2022
Deferred tax assets	231,735	198,003
Deferred tax liabilities	(206,495)	(176,237)
NET	25,240	21,766

The overall movement in the deferred tax account is as follows:

Thousand euro	Note	2023	2022
Opening balance		21,766	31,032
Additions in consolidation scope	2	(427)	-
(Charged)/credited to the income tax expense ^(*)	24	(6,547)	(1,597)
(Charged)/credited to other results ^(**)	24	-	734
(Charged)/credited to equity		356	(868)
Discontinued activities	13	-	(5,170)
Transfers and others ^(***)		10,092	(2,365)
Closing balance		25,240	21,766

(*) The amount related to discontinued activities as of 31st December 2022 amounts to €241 thousand.

(**) The item (charged) / credited to other results corresponds to the record of research and development deductions that are collected, in accordance with IAS 20, under the heading of "operating grants".

(***) Includes mainly movements on deferred items due to foreign currency exchange fluctuations.

The movement in deferred income tax assets and liabilities during 2023 and 2022 is as follows:

Deferred tax assets (thousand euros)	2023	2022
Non-deductible provisions and other temporary differences	146,909	137,113
Deferred tax assets – IFRS 16	19,082	666
Losses carried forward (tax losses)	33,388	26,032
Other tax credits	32,356	34,192
TOTAL	231,735	198,003

Deferred tax liabilities (thousand euros)	2023	2022
Goodwill	78,700	72,089
Fair value gains ^(*)	31,275	26,944
Deferred tax liabilities – IFRS 16	18,304	-
Hedge instruments	-	323
Accelerated depreciation and others	78,216	76,881
TOTAL	206,495	176,237

(*) It includes the effects of the fair value of first conversion assets and the allocation of capital gains in the acquisition of subsidiaries and the revaluation of credits.

As of 31st December 2023 and 2022, the detail of non-deductible provisions and other temporary differences corresponds, mainly, to the temporary limitation to the deduction of certain provisions and expenses of sundry nature.

In 2023, losses carried forward have been capitalised in the USA and Spain (Central tax territory) amounting to €7 million approximately, as the tax assessment for such territories concluded that the losses carried forward were recoverable in a period no longer than 10 years.

The changes in deferred tax liabilities correspond to the deductibility of financial goodwill in several geographies for an amount of approximately €8 million in the financial year 2023 (€9 million in 2022), business combinations amounting to €8 million as disclosed in Note 2 and the fluctuation of the exchange rate by €5 million negative (2022: €7 million positive), as well as the accelerated depreciation of certain assets and the tax impact of certain capital gains resulting in the different business combinations conducted by the Group.

As of 1st January 2023, and according to accounting standard updates (IAS 12), deferred tax assets and liabilities related to the different tax and book value of Right of Use of Assets and lease liabilities have been registered. This initial recognition caused a classification amounting to €18.4 million impacting deferred tax assets and liabilities.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

The detail of recognised tax losses and credits by tax territories is as follows:

Thousand euro	Segment	2023		2022	
		NOLs	Tax credits	NOLs	Tax credits
Basque tax group	Rest of Europe	8,245	28,390	8,191	30,524
Spanish tax group	Rest of Europe	5,667	1,024	2,534	774
	Rest of Europe / MCIE	-	918	259	1,499
Rest of Europe	Europe	-	-	-	-
Brazil	Brazil	7,860	1,000	4,638	961
United States	North America	9,466	1,024	8,682	434
Other territories	-	2,150	-	1,728	-
TOTAL		33,388	32,356	26,032	34,192

Assessment for NOLs and tax credits

The Group performs, at least at the end of each fiscal year, an impairment assessment for its deferred tax assets based on the projections included in its budget (Note 8) and an estimate of adjustments to the taxable income for each year, based on the applicable tax regulations of each tax territory in force at the end of the evaluation exercise. In the context of this assessment, deferred tax assets evolve based on the results and estimates projected by each plant, together with the existing knowledge about the behaviour of the market in which they operate and the tax particularity of each tax territory.

Deferred tax assets are recognized when there is sufficient evidence of their recovery within a reasonable time horizon, and which the Group defines, in general, in a maximum period of 10 years. At 31st December 2023 and 2022, the Group has recognized recoverable tax credits and losses within the estimation period, except from very specific situations where other qualitative factors may challenge their recoverability.

As of 31st December 2023 and 2022, the Group had not recognized tax losses carried forward for €241 million and €303 million (base amount), respectively, in different jurisdictions since the necessary conditions for their recognition were not met. These losses carried forward mainly correspond to the Spanish Central Tax Territory (€92 million), Brazil (€62 million), Germany (€42 million), Mexico (€27 million), the United States of America (€6 million) and the Basque Country (€7 million).

Accordingly, the Group has not recognized tax credits (tax amount) amounting to €78 million (€74 million as of 31st December 2022), which mainly correspond to €74 million in the Basque Country and €2 million in the United States of America, and which have not been recognized since their recovery is not estimated in the defined reasonable timeline.

19. Provisions

The detail of the provisions as of 31st December 2023 and 2022 is as follows:

Thousand euro	2023	2022
Provisions for commitments with employees	43,959	40,368
Other provisions	217,592	268,449
TOTAL	261,551	308,817

19.1 Provisions for commitments with employees

Set out below is a breakdown of employee benefit provisions classified by country:

Thousand euro	31.12.2023	31.12.2022
Germany ^(*)	34,378	30,629
India	6,838	6,915
Italy	2,505	2,652
Mexico	238	172
TOTAL PENSIONS	43,959	40,368

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

The main commitments of post-employment plans and other long-term benefits to the personnel that several companies in the Group guarantee to certain groups disclosed by country are the following ones:

- 1) Post-employment benefit plans and other long-term employee benefits in Germany fully covered through in-house provisions, such as, length-of-service awards and supplements under phased retirement arrangements.
- 2) Post-employment benefit plans in India which are mostly under in-house provisions: lifetime retirement pensions, retirement awards financed externally under insurance contracts and retirement awards in the event of the termination of the employment contracts.
- 3) Post-employment benefit plans in Italy. The pension model is currently TFR. This was a defined benefit plan that was converted into a defined contribution plan as a result of the Pension Reform which took place in December 2005.

The Group estimates annually through actuarial studies carried out by independent experts the amount of the obligation and payments for pension and benefits similar to those that will have to be made in the following year, which are recorded as current liabilities in the Consolidated Balance Sheet.

The movement of the defined benefit obligation and the long-term benefits to personnel during 2023 and 2022 has been as follows:

31 st December 2023								
CALCULATION OF ASSESSMENTS								
Thousand euro	01.01.2023	CURRENT SERVICES COST	EXPENSES/ (INCOME) BY INTEREST	(PROFIT) / LOSSES FROM CHANGES IN FINANCIAL ASSETS	(PROFIT) / LOSSES FROM EXPERIENCE	PAYMENTS	TRANSLATION DIFFERENCES	31.12.2023
Post-employment benefits ⁽¹⁾	40,196	920	1,404	2,327	816	(1,862)	(80)	43,721
Long-term benefits with staff	172	158	-	(85)	-	-	(7)	238
TOTAL PENSIONS	40,368	1,078	1,404	2,242	816	(1,862)	(87)	43,959

31 st December 2022									
CALCULATION OF ASSESSMENTS									
(PROFIT) / LOSSES FROM CHANGES IN FINANCIAL ASSETS									
(PROFIT) / LOSSES FROM EXPERIENCE									
Thousand euro	01.01.2022	CURRENT SERVICES COST	EXPENSES/ (INCOME) BY INTEREST	CHANGES IN FINANCIAL ASSETS	(PROFIT) / LOSSES FROM EXPERIENCE	PAYMENTS	DISCONTINUED ACTIVITIES	TRANSLATION DIFFERENCES	31.12.2022
Post-employment benefits ⁽¹⁾	78,942	2,623	942	(22,672)	114	(4,038)	(16,118)	403	40,196
Long-term benefits with staff	1,881	479	(86)	(134)	-	(485)	(1,490)	7	172
TOTAL PENSIONS	80,823	3,102	856	(22,806)	114	(4,523)	(17,608)	410	40,368

⁽¹⁾ It corresponds to retirement pensions for life in Germany and India, as well as retirement awards in India and post-employment benefit plans in Italy and Mexico.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

The financial-actuarial assumptions used in the actuarial valuations are set out below:

2023				
	Germany	India	Italy	Mexico
Interest rate	3.16%	6.00% - 7.50%	3.00% - 3.11%	10.06%
Expected performance active plan	N/A	6.00% - 6.90%	N/A	N/A
Future growth of wages	3.00%	8.00%	0.00% - 0.50%	5.04%
Future growth of pensions	2.00%	0.00% - 8.00%	3.00%	6.00%
Table of mortality	Dr. K.Heubeck - RT 2018 G	IALM 2012 and 2012-2014	RG48	EMSSAH 2009
Retirement age	63 years	58 years for workers, 60 years for the others	62 years - 65 years	65 years
Method of valuation	PUC	PUC	PUC	PUC
2022				
	Germany	India	Italy	Mexico
Interest rate	3.69%	6.00% - 7.50%	3.00% - 3.27%	9.91%
Expected performance active plan	N/A	6.00% - 6.90%	N/A	N/A
Future growth of wages	3.00%	8.00%	0.00% - 0.50%	5.04%
Future growth of pensions	2.00%	0.00% - 8.00%	3.00% - 3.23%	6.00%
Table of mortality	Dr. K.Heubeck - RT 2018 G	IALM 2012 and 2012-2014	RG48	EMSSAH 2009
Retirement age	65 years	58 years for workers, 60 years for the others	62 years - 65 years	65 years
Method of valuation	PUC	PUC	TFR	PUC

(*) Includes only assumptions considered for continuing activities

The contributions to these plans in the next financial year 2024 would amount to approximately €2.7 million in relation to liabilities of continuing activities.

19.2 Other current and non-current provisions

The breakdown of the movements in Group provisions in 2023 and 2022 is as follows:

Thousand euro	31.12.2023	31.12.2022
Beginning balance	308,817	331,618
Additions in consolidation scope (Note 2)	16,920	-
Additions / (Reversals)	16,189	15,944
Income statement	13,131	35,351
Equity	3,058	(19,407)
Application and payments	(84,662)	(20,985)
Discontinued activities (Note 13)	-	(20,472)
Transfers and other movements ^(*)	4,287	2,712
Ending balance	261,551	308,817
NON-CURRENT PROVISIONS	147,076	135,298
CURRENT PROVISIONS	114,475	173,519

(*) Mainly relate to exchange rate effects in subsidiaries.

Non-current provisions at 31st December 2023 mainly include the following:

- A €43.4 million provision (31st December 2022: €49.3 million) to cover the operating risks of the business which is considered to be payable in the long term, corresponding in a significant part to liabilities associated with contracts with clients for a value of €4.1 million (31st December 2022: €7.1 million) and the coverage of guarantees negotiated with clients related to the manufacture of sun roofs worth €10.5 million (31st December 2022: €11.7 million).
- A €51.2 million provision (31st December 2022: €37.0 million) corresponding almost entirely to tax contingencies in Brazil, mainly related to taxes and fiscal charges other than corporate tax, of which €1.5 million are on court deposit pending court rulings as of 31st December 2023 (31st December 2022: €1.4 million).

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

The current provisions as of 31st December 2023 are mainly intended to cover operational risks of the business in various Group companies considered payable in the short term (2023: €100.8 million; 2022: €166.9 million) corresponding in a significant part to the coverage of guarantees negotiated with customers relating to the manufacture of solar roofs worth €63.1 million (31st December 2022: €53.6 million) as well as the coverage of customer claims, recognized at fair value, and which the Group Management estimates will be resolved throughout 2024.

Additionally, the heading of other provisions, both non-current and current, includes the provisions established to meet obligations derived mainly from tax claims, litigation and arbitration, compensation and other responsibilities and the coverage of risks derived from the development of the business that in the year have been evolved according to each specific case and that in no case do they represent significant isolated amounts.

20. Operating income

The composition of the balances of this heading of the income statement for the years 2023 and 2022 is as follows:

Thousand euro	Note	2023	2022
Revenue			
- Sale of products		3,959,479	3,838,606
Changes in inventories of finished goods and work in progress	11	(13,503)	26,837
Other operating income		170,328	183,779
TOTAL		4,116,304	4,049,222

Other operating income includes scrap sales of €101.7 million (€107.7 million in 2022), provision of services other than the sale of automotive products, operating subsidies and the transfer to results of capital subsidies, net profit from the sale of fixed assets and other operating income.

The breakdown by currency of revenue invoiced in foreign currency (equivalent amounts in thousand euro) is as follows:

Thousand euro	2023	2022
US dollar	1,177,718	1,152,786
Chinese yuan	291,288	431,582
Brazilian real	360,292	311,155
Indian rupee	560,416	551,698
Other	132,168	99,607
TOTAL	2,521,882	2,546,828

21. Other operating expenses

The composition of the balances of this heading of the income statement for the years 2023 and 2022 is as follows:

Thousand euro	Note	2023	2022
Utilities		153,499	175,160
Transport		55,813	56,162
Repairs		52,590	48,763
Provision for impairment of accounts receivable	10	1,617	95
Provision for inventory impairment (obsolescence)	11	8,521	9,413
Independent professional services		20,880	21,690
Travel and representation expenses		8,042	7,365
Environmental expenses		7,274	8,512
Insurance and other taxes		33,266	31,253
Subcontracted services		44,632	41,400
Other operating expenses ^(*)		32,763	40,498
TOTAL		418,897	440,311

(*) It includes, among others, the registration of warranties and other operating contingencies.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

22. Employee benefit expense

The composition of the balances of this heading of the income statement for the years 2023 and 2022 is as follows:

Thousand euro	2023	2022
Payroll expenses	497,930	469,990
Social security cost	89,731	82,171
Other welfare expenses	55,594	49,429
Severance payments and restructuring costs	8,698	3,557
TOTAL	651,953	605,147

The average Group headcount by category is as follows:

Category	2023	2022
Executives	1,012	984
University graduates, specialists and administrative employees	6,982	6,900
Semi-skilled workers	17,531	17,021
Total	25,525	24,905

Likewise, the average number of people employed in the course of the year with a functional disability greater than or equal to 33% is 242 people (2022: 274 people).

The breakdown of the Group's staff and Board of Directors at 31st December 2023 and 2022 by women and men is as follows:

Category	2023			2022		
	Women	Men	Total (*)	Women	Men	Total (*)
Members of the Board of Directors (*)	5	9	14	5	9	14
Executives	123	880	1,003	114	874	988
University graduates, specialists and administrative employees	1,254	5,769	7,023	1,173	5,783	6,956
Semi-skilled workers	3,748	13,519	17,267	3,307	13,734	17,041
TOTAL	5,130	20,177	25,307	4,599	20,400	24,999

(*) As of 31st December 2023 and 2022 two of the members of the Board of Directors are also executive officers of the Group.

Long-term incentive

The Board of Directors of CIE Automotive, S.A. agreed in 2018 to implement a plan to allow the participation of certain Group employees in the Company's share capital, granting said employees a loan due at maturity at date of 31st December 2022, with zero interest rate. On December 2022, the maturity of these loans to executives was extended for a period of 5 years, as well as the incorporation of new employees to the long-term incentive plan. During year 2023, certain loan amounts have increased, keeping the rest of the conditions of the plan unchanged. The objective of the plan is twofold: (i) to motivate, promote loyalty and encourage the most important members of the Group's management to achieve the strategic objectives for the next five years; and (ii) as a result of the commitment to the Group, to allow that the aforementioned employees benefit from any increase in the quoted price of the shares of CIE Automotive, S.A. from 1st January 2018 to 31st December 2027. These loans, which, meet the conditions to be considered as full recourse, are valued at fair value, are classified under non-current financial assets in the consolidated balance sheet and, as of 31st December 2023, amount to €15 million (2022: €15 million) (Note 9).

23. Finance income and expenses

The detail of financial income and expenses is as follows:

Thousand euro	2023	2022
Finance costs:		
- Bank borrowings interest	(126,334)	(59,972)
Interest income:		
- Other interest and finance income	34,884	29,575
Net gains/(losses) on foreign currency transactions	(1,539)	6,273
Net gains/(losses) on financial instruments at fair value (Note 9)	6,576	(12,778)
TOTAL	(86,413)	(36,902)

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

24. Income tax

The breakdown of the Group's consolidated corporate income tax expense is as follows:

Thousand euro	2023	2022
Current year tax	98,472	88,349
Net variation deferred tax (Note 18) ^(*)	9,700	1,597
Total income tax expense	108,172	89,946
Tax expense of discontinued operations (Note 13) ^(*)	(6,348)	(1,343)
Tax expense	101,824	88,603

(*) It includes €3,153 thousand of deferred income generated by the discontinued operations in 2023 (€241 thousand in 2022).

Below is the reconciliation between the income tax that would result from applying the general tax rate in force in the provincial regulations of Bizkaia to the profit before tax and the expense recorded for said tax that appears in the consolidated income statement corresponding to financial years 2023 and 2022:

Thousand euros	Note	2023	2022
PROFIT BEFORE TAX FROM CONTINUING AND DISCONTINUED ACTIVITIES		469,361	432,166
Nominal tax rate of the parent company		24%	24%
Theoretical expense resulting from applying the nominal rate of the parent company	-	112,646	103,720
Tax rates adjustments	-	7,548	7,143
Tax impact of local GAAP adjustments	-	(339)	85
Other permanent differences	-	(12,591)	(17,916)
Net impact of tax deductions	-	(3,393)	(3,464)
Other losses and tax credit movements	18	(10,013)	(2,462)
Recognition of temporary differences	18	5,987	(3,065)
Tax credits generated from other operating income	18	-	734
Movement of tax provisions	18	3,989	(436)
Withholding taxes and other taxes	-	3,873	5,750
Other impacts	-	465	(143)
Taxes from discontinued operations	13	(6,348)	(1,343)
Income tax expense		101,824	88,603

The income related to the "rest of the permanent differences" in both 2023 and 2022 corresponds to the application of tax incentives on a taxable basis in different jurisdictions, mainly in the Basque regional territory, Brazil and China.

The heading "Other losses and tax credit movements" includes activations of tax credits that are estimated to be used in the final settlement of the tax for the year 2023.

As of 31st December 2023 and 2022, the heading "Recognition of deferred taxes due to regulatory changes" fully includes the non-recurring entry of a tax liability after the modification of tax regulations in India (Note 18).

As mentioned in Note 3.3.17, some companies of the Group are authorised to file consolidated tax returns.

Generally, the Group companies have their tax returns open to inspection for the years not prescribed in accordance with the various tax laws applicable in each of the Group companies and whose period is set at 4 to 6 years from the date on which the obligation becomes due and the deadline for filing taxes expires.

The corporate income tax legislation applicable to the parent company of the Group in 2022 is the one relating to Bizkaia Regional Regulation 11/2013 (5th December), modified by the Bizkaia Regional Regulation 2/2018, 12th March.

For the preparation of the Group's Consolidated Annual Accounts, with regard to the estimation of corporation tax, the Directors of the parent company consider tax regulations of the different jurisdictions / tax groups in which the Group operates. Likewise, this assessment includes the possible risks associated with the divergence between the interpretation of certain tax regulations by the tax authorities and the Group; as well as, where appropriate, the resolutions of completed inspections and communications with tax authorities in tax audits that may be in progress in the different countries. As of 31st December 2023 and 2022, no additional significant impact is expected for the periods opened to tax audits.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

Minimum tax – Pillar 2

In December 2021, the OECD published the PILLAR 2 Model Rules with the objective of setting minimum taxation in each of the jurisdictions where large multinational corporations operate, setting a turnover threshold of more than 750 million for their application. Consequently, in December 2022, the European Union published Directive (EU) 2022/2523 on ensuring an overall minimum level of taxation for multinational business groups and large groups in the Union. This directive is expected to be transposed in Spain during fiscal year 2024 (it has already been approved in other member countries has already been approved), and its purpose is to ensure that the results of each constituent entity (legal companies) aggregated by country are subject to a minimum taxation of 15%. All this tax law updates both in Spain and in other countries are been monitored by the Group.

At the date of preparation of these Consolidated Annual Accounts, the Directors do not estimate that the entry into force of these regulations in the tax territory where the Parent Company is based will have a significant impact on the Group's results or future cash flows. This is a consequence of the Group carrying out its activities in geographies where tax rates are mostly higher than 15%, and therefore, its recurring taxation, once capitalisations/deregistration as well as the movement of tax provisions are isolated, exceeds the set threshold.

25. Related-parties transactions

The direct shareholders of the Group (including non-controlling interests), the Directors of the Board and the companies over which the former have significant influence or control, Senior Management and their close relatives as well as those companies consolidated using the equity method are considered as related parties.

The following transactions were carried out with related parties:

a) Compensation and loans to key management personnel

As of 31st December 2023 and 2022, the Group's Senior Management was made up of 4 women and 5 men. The total compensation accrued by key management personnel in 2023 amounted to €7,096 thousand (2022: €9,956 thousand). These amounts exclude the compensation related to the members of the Board of Directors, who have been disclosed in Note 25 b).

As explained in Note 22, the Board of Directors of CIE Automotive agreed in 2018 to implement a plan to allow the participation of certain employees in the company's share capital. The total nominal amount of loans to members of the key management, pending collection as of 31st December 2023 is €7,161 thousand, after the increase of the face value of certain loans (€5,967 thousand as of 31st December 2022). Likewise, Senior Management personnel do not have life or civil liability insurance at the Group's expense.

The Group has entered into no commitments related to pensions or other types of complementary post-employment benefits with key management personnel.

b) Parent company Directors' compensation

Total compensation paid to the members of the Board of Directors has amounted to €25,785 thousand (2022: €8,556 thousand). The members of the Board of Directors received no compensation in respect of bonuses or profit-sharing arrangements. Nor did they receive shares or sell or exercise stock options or other rights related to pension plans or insurance policies of which they are beneficiaries.

As of 31st December 2023 and 2022, there is no outstanding amount arising from other transactions with these related parties.

The Group has entered into no commitments relating to pensions or other types of complementary retirement remuneration with the Directors of the parent company.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

c) Balances and transactions during the year with Group companies and related parties

Balances in thousand euro	31.12.2023		
	Shareholders	Directors/ Key management	Other related parties
Receivables from related parties: Customers	12,561	-	4,987
Receivables from related parties: Loans	-	15,415	4,022
Payables to related parties: Suppliers	(10,837)	-	(1,306)
Payables to related parties: Loans	-	-	(34,428)
Receivable balances with entities with significant influence	-	-	16,800
Dividend payable	-	-	(53,893)
Advances to related parties	-	5,200	-
Transactions in thousand euro			
	Shareholders	Directors/ Key management	Other related parties
Product sales ^(*) and scrap sales ^(**)	248,405	-	67,097
Purchase ^(*)	43,582	-	-
Services provided	394	-	4,765
Services received	1,851	-	8,455
Finance expenses	24	-	645

(*) Both product sales and purchases correspond, mainly, to trade transactions of parts with the Mahindra & Mahindra group for an amount of €222 million and €18 million as of 31st December 2023, respectively.

(**) Sales of scrap correspond mainly to sales to companies controlled by the Gescrap group (and CIE's associated companies with Gescrap (Note 9)) amounting to €88 million as of 31st December 2023, and are recorded under the heading "Other operating income" of the consolidated income statement. Out of these scrap sales, as of 31st December 2023, €3 million and €8 million of scrap sales classified as discontinued activities are included, respectively.

Balances in thousand euro	31.12.2022		
	Shareholders	Directors/ Key management	Other related parties
Receivables from related parties: Customers	21,056	-	8,953
Receivables from related parties: Loans	-	14,588	2,082
Payables to related parties: Suppliers	(9,186)	-	(1,627)
Payables to related parties: Loans	-	-	(34,370)
Receivable balances with entities with significant influence	-	-	16,800
Dividend payable	-	-	(49,049)
Advances to related parties	-	6,500	-
Transactions in thousand euro			
	Shareholders	Directors/ Key management	Other related parties
Product sales ^(*) and scrap sales ^(**)	256,826	-	74,171
Purchase ^(*)	44,521	-	-
Services provided	-	-	2,830
Services received	2,522	-	7,633
Finance expenses	192	-	595

(*) Both product sales and purchases correspond, mainly, to trade transactions of parts with the Mahindra & Mahindra group for an amount of €225 million and €22 million as of 31st December 2022, respectively. In addition, assets amounting to €4.7 million were sold to the Mahindra & Mahindra companies in 2022.

(**) Sales of scrap correspond mainly to sales to companies controlled by the Gescrap group (and CIE's associated companies with Gescrap (Note 9)) amounting to €98 million as of 31st December 2022, and are recorded under the heading "Other operating income" of the consolidated income statement. Out of these scrap sales, as of 31st December 2022, €3 million and €8 million of scrap sales classified as discontinued activities are included, respectively.

During 2022, Mahindra & Mahindra received a dividend from the Group company CIE Automotive India, Ltd. (previously named Mahindra CIE Automotive, Ltd.) amounting to €1,311 thousand.

During 2022, out of the total acquisitions to minority shareholders of CIE Automotive India, Ltd. (previously named Mahindra CIE Automotive, Ltd.) (Note 1), €31,846 thousand were acquired to Mahindra & Mahindra, which on the acquisition date represented 2.3% of share percentage.

The balances and transactions as of 31st December 2023 and 2022 have been broken down according to the definition of related entities applicable to listed companies included in Law 5/2021, and whose entry in force was made on 4th July 2021.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

• Article 228 of the Spanish Companies Act

In the duty to avoid situations of conflict of interest of the parent company, during the year 2022 the administrators who have occupied charges in the Board of Directors have complied with the obligations foreseen in the article 228 of the re-casted text of the Law of Capital companies. Likewise, both managing directors and their relatives have abstained from incurring in the suppositions of conflict of interest foreseen in the article 229 of the aforementioned norm. No communication about direct or indirect conflicts of interest has been notified during the current year to the Board of Directors.

• Remuneration based on the share's price

At the General Shareholders' Meeting held on 24th April 2018, the concession was approved, for the CEO, of a long-term incentive based on the evolution of the share price of CIE Automotive, S.A., and modified by an agreement which was approved by the General Shareholders' Meeting on 5th May 2021.

This incentive consisted of the payment of a total remuneration resulting from multiplying 1,450,000 rights by the increase in the value of the share price of CIE Automotive, S.A. during a maximum period of time of 9 years (reference periods), being its initial base quotation of €21.30 per share and the closing value the average of the contribution corresponding to a monthly payment within the established reference periods, in the terms approved by the General Shareholders' Meeting. In accordance with the modifications introduced at the aforementioned General Shareholders' Meeting of 5th May 2021, during the year 2021, the CEO proceeded to partially execute the incentive, so that the amount accrued for said remuneration amounted to €5,900 thousand. With this partial execution, the base price was set for possible subsequent years of the incentive at €25.37 per share.

During the year 2022, the CEO proceeded to partially execute the incentive, so that the amount accrued for said remuneration rose to €2,972 thousand. With this second partial exercise, a base price was set for possible subsequent executions of the incentive at €27.41 per share.

At the last General Shareholders' Meeting held on 4th May 2023, a new remuneration plan 2024-2026 to the Board of Directors' members has been approved (applicable starting 4th May 2023) as well as amendments to the terms of this long-term variable compensation, due to the need to adjust the reality of the CEO's long-term incentive to the radical change in the socio-political, socio-economic and geostrategic premises that were taken into account when the compensation package was configured. As a consequence of the approved new policy regarding the Board members remuneration plan 2024-2026 and these amendments, (i) on the one side, in order to compensate the remuneration deficit which has not been reachable given the evolution of the share price, a non-aggregating extraordinary remuneration has been granted amounting to €20,000 thousand (Note 25.b)), being paid said compensation as of 31st December 2023; and (ii) likewise, the granting of the extraordinary compensation implies the need to adjust the reference value of quotation of the share price from which the incentive can be executed, setting a base quotation of €34.00 per share for successive executions in the scenario of revaluation of the share from the date the General Shareholders' Meeting was held to 31st December 2027.

26. Fees of main auditors and companies in their group or related companies

The fees for auditing services and other services provided in the year to the companies of the CIE Automotive Group by KPMG Auditores, S.L and the companies in its network (KPMG), as well as those provided by other auditing firms, are presented below:

Thousand euro	2023	2022 ^(*)
Audit Services – Main auditor	1,605	1,412
Spain	580	600
Rest of the countries	1,025	812
Other services	353	519
KPMG Auditors	119	56
Other companies in the KPMG network	234	463
Total KPMG	1,958	1,931

(*) The comparative figures of the year 2022 correspond to PricewaterhouseCoopers Auditores, S.L. as main auditors and other companies in the PwC network.

Thousand euro	2023	2022
Audit services – Other firms	879	1,093
Total	879	1,093

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2023 (Denominated in thousand euro)

The section "Audit services – Main auditor" includes the fees corresponding to audit services of the individual and consolidated annual accounts of CIE Automotive and of the companies that form part of the Group.

Other services rendered by KPMG Auditores, S.L. and other firms associated to KPMG have amounted to €353 thousand (2022: €519 thousand related to serviced rendered by PricewaterhouseCoopers Auditores, S.L. and other companies in the PwC network). Other assessment services different from audit fees rendered by KPMG Auditores, S.L. have amounted to €119 thousand in 2023 (2022: €56 thousand related to serviced rendered by PricewaterhouseCoopers Auditores, S.L.), and correspond mainly to reports on agreed upon procedures on ratios linked to financing agreements and agreed upon procedures on limited reviews of financial statements, review of information related to the Internal Control System on Financial Reporting (SCIIF), as well as verification of non-financial indicators. Likewise, fees from other companies in the KPMG network entirely correspond to other verification services rendered to the Group by the auditors amounting to €234 thousand (2022: €11 thousand and €452 thousand corresponding, respectively, to other verification services and other services rendered to the Group by PricewaterhouseCoopers Auditores, S.L. and other companies in the PwC network).

27. Environmental matters

The parent company and its subsidiaries have adapted their production facilities to meet the legislative environmental requirements of the countries in which they are located.

Capital expenditure intended to make them more environmentally-friendly and to minimise their impact on the environment are capitalised in property, plant and equipment.

The expenses deriving from environmental action incurred during the year basically relate to waste removal expenses.

The Group's property, plant and equipment include facilities aimed at environmental protection and improvement. This work is carried out by in-house employees and external specialist providers, as part of the strategic environmental plan implemented to minimise the environmental risks associated with its operations and improve the Group's environmental management. The combined amounts of investments and expenses accrued in 2023 in relation to environmental protection and improvement works amounted to €9.7 million (2022: €11.6 million, without any expense from discontinued activities) and are recorded under the headings of "Property, plant and equipment" on the accompanying balance sheet and "Other operating expenses" on the accompanying consolidated income statement.

28. Events after the balance sheet date

At the date of preparation of these Annual Accounts, no significant subsequent event to the fiscal year 2023 has occurred which could arise on significant impacts to the financial statements of the period ended as of 31st December 2023.

APPENDIX I: LIST OF SUBSIDIARIES, JOINT ARRENGEMENTS AND ASSOCIATES

Company	Parent company	Activity	Location	% effective	
				Shareholding of CIE Automotive	
				Direct	Indirect
CIE Berriz, S.L. (*)	CIE Automotive, S.A.	Holding company	Biscay	100.00%	-
CIE Udalbide, S.A.U.	CIE Berriz, S.L.	Manufacture of auto parts	Biscay	-	100.00%
CIE Mecauto, S.A.U.	CIE Berriz, S.L.	Manufacture of auto parts	Araba/Álava	-	100.00%
Mecanizaciones del Sur-Mecasur, S.A.	CIE Berriz, S.L.	Manufacture of auto parts	Araba/Álava	-	100.00%
Gameko Fabricación de Componentes, S.A.	CIE Berriz, S.L.	Manufacture of auto parts	Araba/Álava	-	100.00%
Grupo Componentes Vilanova, S.L.	CIE Berriz, S.L.	Manufacture of auto parts	Barcelona	-	100.00%
Componentes de Automoción Recytec, S.L.U. ⁽³⁾	CIE Berriz, S.L.	Manufacture of auto parts	Araba/Álava	-	100.00%
Componentes de Dirección Recylan, S.L.U.	CIE Berriz, S.L.	Manufacture of auto parts	Navarre	-	100.00%
Nova Recyd, S.A.U.	CIE Berriz, S.L.	Manufacture of auto parts	Araba/Álava	-	100.00%
Recyde, S.A.U.	CIE Berriz, S.L.	Manufacture of auto parts	Gipuzkoa	-	100.00%
Recyde CZ, s.r.o.	CIE Berriz, S.L.	Manufacture of auto parts	Czechia	-	100.00%
CIE Zdánice, s.r.o.	CIE Berriz, S.L.	Manufacture of auto parts	Czechia	-	100.00%
Alcasting Legutiano, S.L.U.	CIE Berriz, S.L.	Manufacture of auto parts	Araba/Álava	-	100.00%
Egaña 2, S.L.	CIE Berriz, S.L.	Manufacture of auto parts	Biscay	-	100.00%
Inyectametal, S.A.	CIE Berriz, S.L.	Manufacture of auto parts	Biscay	-	100.00%
Orbelan Plásticos, S.A.	CIE Berriz, S.L.	Manufacture of auto parts	Gipuzkoa	-	100.00%
Transformaciones Metalúrgicas Norma, S.A.	CIE Berriz, S.L.	Manufacture of auto parts	Gipuzkoa	-	100.00%
Plasfil Plásticos da Figueira, S.A. ⁽¹⁾	CIE Berriz, S.L.	Manufacture of auto parts	Portugal	-	100.00%
CIE Stratis-Tratamentos, Ltda.	Plasfil Plásticos da Figueira, S.A.	Manufacture of auto parts	Portugal	-	100.00%
CIE Metal CZ, s.r.o.	CIE Berriz, S.L.	Manufacture of auto parts	Czechia	-	100.00%
CIE Plasty CZ, s.r.o.	CIE Berriz, S.L.	Manufacture of auto parts	Czechia	-	100.00%
CIE Unitools Press, a.s.	CIE Berriz, S.L.	Manufacture of auto parts	Czechia	-	100.00%
CIE Joamar, s.r.o. (in liquidation)	CIE Berriz, S.L.	Manufacture of auto parts	Czechia	-	100.00%
CIE Automotive Maroc, s.a.r.l. d'au	CIE Berriz, S.L.	Manufacture of auto parts	Morocco	-	100.00%
CIE Praga Louny, a.s.	CIE Berriz, S.L.	Manufacture of auto parts	Czechia	-	100.00%
CIE Deutschland, GmbH	CIE Berriz, S.L.	Facilities	Germany	-	100.00%
Leaz Valorización, S.L.U. (dormant)	CIE Berriz, S.L.	Waste management and recoveries	Biscay	-	100.00%
CIE Compiègne, S.A.S.	CIE Berriz, S.L.	Manufacture of auto parts	France	-	100.00%
Biosur Transformación, S.L.U.	CIE Berriz, S.L.	Biofuels	Huelva	-	100.00%
Gestión de Aceites Vegetales, S.L. ^{(1) (2)}	CIE Berriz, S.L.	Biofuels	Madrid	-	88.73%
Reciclado de Residuos Grasos, S.L.U. ⁽²⁾	Gestión de Aceites Vegetales, S.L.	Biofuels	Madrid	-	88.73%
Recogida de Aceites y Grasas Maresme, S.L.U. ⁽²⁾	CIE Berriz, S.L.	Biofuels	Barcelona	-	100.00%
Denat 2007, S.L.U.	CIE Berriz, S.L.	Manufacture of auto parts	Pontevedra	-	100.00%
Industrias Amaya Tellería, S.A.U.	CIE Berriz, S.L.	Manufacture of auto parts	Biscay	-	100.00%
MAR SK, s.r.o.	CIE Berriz, S.L.	Manufacture of auto parts	Slovakia	-	100.00%
Autocom Componentes Automotivos do Brasil Ltda.	CIE Berriz, S.L.	Manufacture of auto parts	Brazil	-	100.00%
GAT México, S.A. de C.V.	CIE Berriz, S.L.	Manufacture of auto parts	Mexico	-	100.00%
SC CIE Matricon, S.A.	CIE Berriz, S.L.	Manufacture of auto parts	Romania	-	100.00%
CIE Automotive Parts (Shanghai) Co., Ltd.	CIE Berriz, S.L.	Manufacture of auto parts	People's Republic of China	-	100.00%
CIE Automotive Rus, LLC	CIE Berriz, S.L.	Manufacture of auto parts	Russia	-	100.00%
CIE Automotive Goian, S.L.U.	CIE Berriz, S.L.	Manufacture of auto parts	Araba/Álava	-	100.00%
CIE Porriño, S.L.U. ⁽¹⁾	CIE Berriz, S.L.	Manufacture of auto parts	Pontevedra	-	100.00%
Basquevolt, S.A.	CIE Berriz, S.L.	Sustainable batteries	Araba/Álava	-	16.67%
Somaschini, SPA ⁽¹⁾	CIE Berriz, S.L.	Manufacture of auto parts	Italy	-	100.00%
Somaschini Automotive, SRL ⁽¹⁾	Somaschini, SPA	Manufacture of auto parts	Italy	-	100.00%
Somaschini International, Inc ⁽¹⁾	Somaschini Automotive, SRL	Holding company	USA	-	100.00%
Somaschini North America, LLC	Somaschini International, Inc	Manufacture of auto parts	USA	-	100.00%
Somaschini Realty, LLC	Somaschini International, Inc	Real state	USA	-	100.00%

APPENDIX I: LIST OF SUBSIDIARIES, JOINT ARRENGEMENTS AND ASSOCIATES

Company	Parent company	Activity	Location	% effective	
				Shareholding of CIE Automotive	
				Direct	Indirect
Autometal, Ltda. ^(*)	CIE Berriz, S.L.	Manufacture of auto parts	Brazil	-	100.00%
Durametal, Ltda.	Autometal, Ltda.	Manufacture of auto parts	Brazil	-	84.88%
Autometal SBC Injeção e Pintura de Plásticos Ltda.	Autometal, Ltda.	Manufacture of auto parts	Brazil	-	100.00%
Autometal Investimentos e Imóveis, Ltda. ^(*)	Autometal, Ltda.	Facilities	Brazil	-	100.00%
Gescrap- Autometal Comércio de Sucatas Ltda.	Autometal Investimentos e Imóveis, Ltda.	Scrap	Brazil	-	30.00%
Jardim Sistemas Automotivos e Industriais, Ltda.	Autometal, Ltda.	Manufacture of auto parts	Brazil	-	100.00%
Metalúrgica Nakayone, Ltda.	Autometal, Ltda.	Manufacture of auto parts	Brazil	-	100.00%
Autometal Minas Cromação, Pintura e Injeção de Plásticos Ltda.	Autometal, Ltda.	Manufacture of auto parts	Brazil	-	100.00%
CIE Autometal Salto Indústria e Comércio, Ltda. ⁽ⁱ⁾	Autometal, Ltda.	Manufacture of auto parts	Brazil	-	100.00%
CIE Automotive de México, S.A.P.I. de C.V. ^(*)	CIE Berriz, S.L.	Holding company	Mexico	-	100.00%
Pintura y Ensamblados de México, S.A. de C.V.	CIE Automotive de México, S.A.P.I. de C.V.	Manufacture of auto parts	Mexico	-	100.00%
CIE Celaya, S.A.P.I. de C.V.	CIE Automotive de México, S.A.P.I. de C.V.	Manufacture of auto parts	Mexico	-	100.00%
Gescrap Autometal México, S.A. de C.V. ^(*)	CIE Automotive de México, S.A.P.I. de C.V.	Scrap	Mexico	-	30.00%
Soluciones de Gestión de Residuos Mexicana, S.A. de C.V.	Gescrap Autometal México, S.A. de C.V.	Facilities	Mexico	-	29.70%
Ges Trading Nar, S.A. de C.V.	CIE Automotive de México, S.A.P.I. de C.V.	Facilities	Mexico	-	30.00%
Pintura, Estampado y Montaje, S.A.P.I. de C.V.	CIE Automotive de México, S.A.P.I. de C.V.	Manufacture of auto parts	Mexico	-	100.00%
Maquinados Automotrices y Talleres Industriales de Celaya, S.A. de C.V.	CIE Automotive de México, S.A.P.I. de C.V.	Manufacture of auto parts	Mexico	-	100.00%
CIE Berriz México Servicios Administrativos, S.A. de C.V.	CIE Automotive de México, S.A.P.I. de C.V.	Facilities	Mexico	-	100.00%
Nugar, S.A. de C.V.	CIE Automotive de México, S.A.P.I. de C.V.	Manufacture of auto parts	Mexico	-	100.00%
Maquinados de Precisión de México S. de R.L. de C.V.	CIE Automotive de México, S.A.P.I. de C.V.	Manufacture of auto parts	Mexico	-	100.00%
CIE Plásticos México, S.A. de C.V.	CIE Automotive de México, S.A.P.I. de C.V.	Manufacture of auto parts	Mexico	-	100.00%
CIE Metal Norte, S.A.P.I. de C.V. ⁽ⁱ⁾	CIE Automotive de México, S.A.P.I. de C.V.	Manufacture of auto parts	Mexico	-	100.00%
CIE Automotive USA Inc ^(*)	CIE Automotive de México, S.A.P.I. de C.V.	Facilities	USA	-	100.00%
CIE Investments USA, Inc	CIE Automotive USA Inc	Holding company	USA	-	100.00%
Century Plastics, LLC ^(*)	CIE Automotive USA Inc	Manufacture of auto parts	USA	-	100.00%
Century Plastics Real State Holdings, LLC	Century Plastics, LLC	Real state	USA	-	100.00%
Newcor, Inc ^(*)	CIE Automotive USA Inc	Holding company	USA	-	100.00%
Owosso Realty, LLC	Newcor, Inc	Real state	USA	-	100.00%
Corunna Realty, Corp.	Newcor, Inc	Real state	USA	-	100.00%
Clifford Realty, Corp.	Newcor, Inc	Real state	USA	-	100.00%
Machine, Tool and Gear, Inc	Newcor, Inc	Manufacture of auto parts	USA	-	100.00%
Rochester Gear, Inc	Newcor, Inc	Manufacture of auto parts	USA	-	100.00%
Golde South Africa, LLC	CIE Automotive USA Inc	Distributor company	USA	-	100.00%
Golde Auburn Hills, LLC	CIE Automotive USA Inc	Manufacture of auto parts	USA	-	100.00%
Participaciones Internacionales Autometal Dos, S.L.U. ^(*)	CIE Berriz, S.L.	Holding company	Biscay	-	100.00%
CIE Automotive India, Ltd. ^{(*) (s)}	Participaciones Internacionales Autometal Dos S.L.U.	Manufacture of auto parts	India	-	65.70%
CIE Galfor, S.A.U. ^(*)	CIE Automotive India, Ltd.	Manufacture of auto parts	Orense	-	65.70%
CIE Forging Germany, GmbH	CIE Galfor, S.A.U.	Holding company	Germany	-	65.70%
CIE Legazpi, S.A.U.	CIE Galfor, S.A.U.	Manufacture of auto parts	Gipuzkoa	-	65.70%
UAB CIE LT Forge	CIE Galfor, S.A.U.	Manufacture of auto parts	Lithuania	-	65.70%
Galfor Eólica, S.L.	CIE Galfor, S.A.U.	Power generation and trade	Orense	-	16.43%
Metalcastello S.p.A.	CIE Galfor, S.A.U.	Manufacture of auto parts	Italy	-	65.68%
BillForge de México, S.A. de C.V.	CIE Automotive India, Ltd.	Manufacture of auto parts	Mexico	-	65.70%
BF Precision Pvt. Ltd.	CIE Automotive India, Ltd.	Manufacture of auto parts	India	-	65.70%
CIE Aluminium Casting India, Ltd. ^{(s)(*)}	CIE Automotive India, Ltd.	Manufacture of auto parts	India	-	65.70%

APPENDIX I: LIST OF SUBSIDIARIES, JOINT ARRENGEMENTS AND ASSOCIATES

Company	Parent company	Activity	Location	% effective	
				Shareholding of CIE Automotive	
				Direct	Indirect
Sunseed Solar Pvt, Ltd ⁽¹⁾	CIE Aluminium Casting India, Ltd.	Power generation and trade	India	-	17.40%
CIE Hosur, Ltd	CIE Automotive India, Ltd.	Manufacture of auto parts	India	-	65.70%
Gescrap India Pvt. Ltd.	CIE Automotive India, Ltd.	Manufacture of auto parts	India	-	19.71%
Clean Max Deneb Power, LLP	CIE Automotive India, Ltd.	Power generation and trade	India	-	17.08%
Sunbarn Renewables Pvt., Ltd.	CIE Automotive India, Ltd.	Power generation and trade	India	-	17.16%
Renew Surya Alok Pvt, Ltd	CIE Automotive India, Ltd.	Power generation and trade	India	-	20.50%
Strongsun Solar Pvt, Ltd.	CIE Automotive India, Ltd.	Power generation and trade	India	-	17.97%
Advanced Comfort Systems Ibérica, S.L.U.	CIE Automotive, S.A.	Manufacture of auto parts	Orense	100.00%	-
Advanced Comfort Systems France, S.A.S. ⁽²⁾	CIE Automotive, S.A.	Manufacture of auto parts	France	100.00%	-
Advanced Comfort Systems Romania, S.R.L.	Advanced Comfort Systems France, S.A.S.	Manufacture of auto parts	Romania	-	100.00%
Advanced Comfort Systems México, S.A. de C.V.	Advanced Comfort Systems France, S.A.S.	Manufacture of auto parts	Mexico	-	100.00%
Advanced Comfort Systems Shanghai Co. Ltd. ⁽³⁾	Advanced Comfort Systems France, S.A.S.	Manufacture of auto parts	People's Republic of China	-	100.00%
Wuhan Advanced Comfort Systems Co, Ltd.	Advanced Comfort Systems Shanghai Co. Ltd.	Manufacture of auto parts	People's Republic of China	-	100.00%
Autokomp Ingeniería, S.A.U. ⁽⁴⁾	CIE Automotive, S.A.	Facilities	Biscay	100.00%	-
Forjas de Celaya, S.A. de C.V.	Autokomp Ingeniería, S.A.U.	Manufacture of auto parts	Mexico	-	100.00%
Nanjing Automotive Forging Co., Ltd.	Autokomp Ingeniería, S.A.U.	Manufacture of auto parts	People's Republic of China	-	50.00%
CIE Forjas Minas, Ltda. ⁽⁴⁾	Autokomp Ingeniería, S.A.U.	Manufacture of auto parts	Brazil	-	100.00%
CIE Automotive Boroa, S.L.U.	CIE Automotive, S.A.	Financing	Biscay	100.00%	-
CIE Automotive Roof systems Korea Ltd.	CIE Automotive, S.A.	Manufacture of auto parts	Korea	100.00%	-
CIE Roof Systems, S.L.U. ⁽⁵⁾	CIE Automotive, S.A.	Holding company	Biscay	100.00%	-
Golde Tianjin Co., Ltd.	CIE Roof Systems, S.L.U.	Manufacture of auto parts	People's Republic of China	-	100.00%
Golde Wuhan Co., Ltd.	CIE Roof Systems, S.L.U.	Manufacture of auto parts	People's Republic of China	-	100.00%
Golde Shandong Co., Ltd.	CIE Roof Systems, S.L.U.	Manufacture of auto parts	People's Republic of China	-	100.00%
CIE Golde Holding, S.L.U. ⁽⁶⁾	CIE Roof Systems, S.L.U.	Holding company	Biscay	-	100.00%
Inteva Products (Barbados), Ltd. (in liquidation)	CIE Golde Holding, S.L.U.	Holding company	Barbados	-	100.00%
Golde Shanghai Co., Ltd.	CIE Golde Holding, S.L.U.	Manufacture of auto parts	People's Republic of China	-	100.00%
Golde Changchun Co., Ltd.	CIE Golde Holding, S.L.U.	Manufacture of auto parts	People's Republic of China	-	100.00%
CIE Golde Shanghai Innovation Co., Ltd.	CIE Golde Holding, S.L.U.	Technology center	People's Republic of China	-	100.00%
Golde Netherlands, BV ⁽⁷⁾	CIE Roof Systems, S.L.U.	Holding company	The Netherlands	-	100.00%
Golde Mexico Holdings, LLC ⁽⁸⁾	Golde Netherlands, BV	Holding company	USA	-	100.00%
Automotive Mexico Body Systems, S. de R.L. de C.V.	Golde Mexico Holdings, LLC	Manufacture of auto parts	Mexico	-	100.00%
Golde Bengaluru India Pvt Ltd.	CIE Roof Systems, S.L.U.	Technology center	India	-	100.00%
Roof Systems Germany, GmbH	CIE Roof Systems, S.L.U.	Technology center	Germany	-	100.00%
Golde Oradea, SRL	CIE Roof Systems, S.L.U.	Manufacture of auto parts	Romania	-	100.00%
Golde Lozorno Spol, s r.o.	CIE Roof Systems, S.L.U.	Manufacture of auto parts	Slovakia	-	100.00%
SIR S.A.S.	CIE Roof Systems, S.L.U.	Holding company	France	-	100.00%
Shanghai Golde Automotive Parts Co., Ltd. ⁽⁹⁾	CIE Roof Systems, S.L.U.	Manufacture of auto parts	People's Republic of China	-	50.00%
Saigglas Üvegipari, Zrt. ⁽¹⁰⁾	CIE Roof Systems, S.L.U.	Manufacture of auto parts	Hungary	-	100.00%

APPENDIX I: LIST OF SUBSIDIARIES, JOINT ARRANGEMENTS AND ASSOCIATES

Company	Parent company	Activity	Location	% effective	
				Shareholding of CIE Automotive	
				Direct	Indirect
Golde Automotive Parts (Ningde) Co., Ltd.	Shanghai Golde Automotive Parts Co., Ltd.	Manufacture of auto parts	People's Republic of China	-	50.00%
Golde Pune Automotive India Private Ltd.	CIE Roof Systems, S.L.U.	Manufacture of auto parts	India	-	100.00%

(1) Companies added to consolidation scope in 2023.

(2) Discontinued companies as of 31st December, 2023.

(3) Merged with Alurecy, S.A.U. in 2023.

(4) Merged with Autoforjas, Ltda. in 2023.

(5) Name change in 2023 from Mahindra CIE Automotive, Ltd. to CIE Automotive India, Ltd.

(6) Name change in 2023 from Aurangabad Electricals, Ltd. to CIE Aluminium Casting India, Ltd.

(*) Parent company of all investees listed subsequently in the table.

Grupo CIE Automotive
CONSOLIDATED MANAGEMENT REPORT



***MANAGING HIGH VALUE
ADDED PROCESSES***

1. CIE AUTOMOTIVE GROUP

This management report has been prepared following the guidelines of the "Guide to recommendations for the preparation of management reports for listed entities", published by the CNMV in July 2013.

1.1 Profile of the Group

CIE Automotive (from now on, "CIE" or "The Group", interchangeably) is an industrial group specialist in high value-added processes, which develops its activity in the Automotive components business.

The business of Automotive components, which encompasses the design, production and distribution of integral services, components and sub-assemblies for the global automotive market, is CIE Automotive's main activity since its foundation.

CIE Automotive is an international industrial group that manages high added value processes. This concept of high value is applied in management, with a comprehensive vision in all phases of the value chain of sectors with good long-term projection.

CIE Automotive designs and manufactures components and subassemblies globally in 108 production centres. It owns plants in 109 different locations, which are spread over 17 countries on 4 continents, multi-location being the option chosen for the internationalization process, based on decentralized management and led by local teams.

1.2 Business units – auto parts

CIE is a comprehensive services supplier, components and sub-assemblies for the Automotive market.

It develops its entire line of products through seven basic processes or technologies: machining, stamping and tube forming, forging, plastic, aluminium injection, steel casting and ceiling systems. With them, components and subassemblies are manufactured for all parts of a vehicle, such as: engine and transmission, chassis and steering assemblies, and exterior and interior of the vehicle.

For 25 years, after its creation in 1996 and integrating more than a hundred companies, CIE Automotive's progress as a components and sub-assemblies supplier for the Automotive industry has been driven by cycles of economic prosperity and hampered by others of crisis, which the Group has overcome and avoided as a result of the features that define its business model: geographical balance, commercial diversification, multi-technology, investment discipline and decentralized management and integration of ESG standards.

1.3 Mission, Vision, and Values

Mission

CIE Automotive is a supplier of components, assemblies and sub-assemblies to the global Automotive market, global supplier with presence in 4 continents and multi-technological for its action based on the use of 7 technologies, complementary and various associated processes as well as with an integrated vision of the entire value chain.

We are a team committed to the development of a profitable automotive project that has been growing steadily for more than 25 years, positioning it as a reference partner through customer satisfaction with comprehensive, innovative and competitive with high added value solutions.

We seek excellence by providing value to all our stakeholders based on the following commitments:

- We guarantee quality and service.
- We are an innovating and participative team where each individual is proactive and feels proud to its belonging.
- We take care of the Earth by contributing to improve our environment and minimizing our environmental impact.

Vision

We aspire to being a benchmark industrial group specialised in managing highly value-added processes supplying the best solutions for the mobility of the future. Moreover, we strive to be the paradigm of a socially-responsible company through our permanent commitment and our responsibility with the consequences and impacts derived from our actions being the following:

- To be climate neutral.
- To become value chain tractors.

CONSOLIDATED MANAGEMENT REPORT FOR THE YEAR 2023

- To be a social reference by warranting integrity, safety and health of the people.
- Management excellence by being transparent and integrity, as well as value generation.

Values

Honesty, fairness and integrity are the basis of all our values

- We commit with good practices.
- We innovate as a response to any challenge.
- We focus on people, their families and their environment.
- We protect diversity, we defend equality and we promote inclusion.
- We are self-critic and we take ownership.
- We protected the climate and local entities where we are based, acting locally.
- Last but not least, we respect legality.

Corporate policies

The company promotes the creation of working teams to develop specific aspects of its Corporate Governance System in where authorised representatives of the interest group affected in each case, professionals of the Company and experts external in the matter of the highest level participate.

To develop its mission and advance on its vision, CIE Automotive guides its actions in accordance with its corporate values, based on which it has created a series of Corporate Policies, mandatory for all members of the organisation, approved for the first time by the Board of Directors in December 2015 and which have since been reviewed, updated and approved again, mostly between 2019 and February 2021.

The ethical framework is developed in this series of corporate policies prepared by each of the responsible departments, being mandatory for all members of the company and which are structured into:

Environmental, Social and Governance Policies (ESG)

- Environmental, Social and Good Governance (ESG)
- Purchasing
- Supplier ESG commitment
- Human rights
- Anti-corruption and anti-fraud
- Community work

Governance policies

- Internal control over financial reporting (ICFR)
- Risk control and management
- Corporate governance
- Director remuneration
- Tax policy
- Reporting to and communicating with shareholders and the market
- Shareholder remuneration policy
- Director selection and board diversity policy
- Recruitment and account auditor's relations policy
- Compliance and prevention of criminal risk policy
- Board members' compensation policy

2. BUSINESS AND FINANCIAL PERFORMANCE FOR THE YEAR

2.1 Summary of the year

Economic context

The automotive industry is undergoing a profound transformation of its production model to achieve the decarbonization of vehicles and increase their connectivity and comfort with contained prices. Once the supply chain tensions that made this transition difficult have been overcome, experts foresee the beginning of a new cycle based on the replacement of vehicles in developed markets and the low motorization of emerging areas. In 2023, production stood at 92.4 million vehicles (9.4% growth compared to 2022), which has resulted in exceeding pre-covid levels.

Although the geopolitical framework derived from the Russian invasion of Ukraine and the conflict in the Middle East, as well as the measures to increase interest rates by central banks as a key policy to combat inflation, have continued to sow uncertainty in the market; in 2023 all the geographies where the Group operates will have seen their automobile production volumes increase.

The automobile market in particular is experiencing a change of era where variables such as the price war in the electric car market, the aging of the global vehicle fleet and low motorization in some developing countries are marking a change in trend. All this together with the global challenges that have led to the increase in financial costs and the economic slowdown. However, experts are already talking about changes in trends regarding the price war on the electric car as well as the interest it generates among the population, together with government grants from certain countries for its use.

Europe has shown the most favourable evolution of the automotive industry with production increases of 12.6% to 17.3 million vehicles produced. This increase has been driven by the need to renew an old fleet of vehicles as well as the existing aid on the continent for the purchase of electric cars.

Vehicle production grew in the North America by 9.7%, to 15.7 million vehicles produced. This is considered significant growth in an already mature market, which has seen increased sales impacted by the Inflation Reduction Act (IRA), which offers, as in Europe, aid for the acquisition of certain electric cars that are regionally produced.

In the case of Brazil, the market has presented a behaviour in line with the previous year, increasing the volume of automobiles produced in 2022 by 1.2%, in a year marked by increases in interest rates in the geography, whose impact has been partially mitigated by tax discounts.

On the other side of the planet, India has increased its manufacturing of vehicles and motorcycles by 4.4% in 2023, to 27.1 million. These data are especially notable given the very positive evolution that occurred in fiscal years 2022 and 2021. The keys to this rise are the combination of a very low level of motorization, as well as the growth of other segments that represent an even greater potential for expansion such as the commercial vehicle, motorcycles and three-wheeled vehicles sector.

China has experienced 10.0% growth despite the apparent slowdown in domestic demand. In any case, production has been helped by the extension of tax reductions for electric vehicles until 2027, along with an expansion of local manufacturers into more competitive markets.

Performance of the Group

The year 2023 has been another record year for CIE Automotive. Although demand has continued, CIE Automotive has been able to overcome the effects of the increase in financial costs, with CIE Automotive breaking its historical record for turnover and profits in 2023.

In this complex context, sales have reached €3,959.5 million, a net 3.1% increase from those of 2022 and the net result has increased by 6.7% compared to the previous year, reaching €320 million, all with the achievement of strong operating margins even in the scenario of rising input costs and energy crisis, demonstrating the solidity of the business model and the success of the operating strategy in place.

All financial parameters of the income statement reveal the good progress of the business, except for the financial result, which has been directly affected by the evolution of interest rates in Europe and North America. Thus, the gross operating result (EBITDA) rose by 12.6%, reaching €713.2 million, while the net operating result (EBIT) rose by 18.1%, reaching 527.7 million euros.

CONSOLIDATED MANAGEMENT REPORT FOR THE YEAR 2023

In December 2022, CIE Automotive's Board of Directors approved the strategic decision to discontinue forging activities in Germany with an eye toward the future. In fiscal year 2023, an agreement has been reached with a buyer by which CIE has disposed the German forging business, whose consolidated result of until the loss of control, as well as the transaction outcome and the discount effect over the accounts receivable with the seller has amounted to €12.7 million. This business was integrated in 2013, within the framework of the alliance with Mahindra&Mahindra; and has been achieving satisfactory results in this period and in continuous improvement of its performance. Its focus on the European truck market and the current energy situation, especially gas in Germany, and given that said business is not CIE Automotive's core-business for these reasons; they have motivated the divestment decision with the objective of redirecting financial and management resources to businesses with a higher return; including other geographies with greater growth potential and other technologies with greater demand from our customers in the context of the industry's mega-trends (decarbonization, lightening the car, comfort...).

Thus, it should be noted that, in accordance with accounting standards, and after the decision to holding the German forging business up for sale, the net profit for the 2023 and 2022 financial years of CIE Forging Germany GmbH and its subsidiaries, which have been sold, are disclosed as discontinued activities.

On the contrary, CIE has increased its presence in Brazil with the acquisition of Iber-Oleff, whose acquisition cost, once adjusted for debt, has risen to €17.3 million.

The strong dynamism of sales, and an improvement in margins by 1.5%, has largely been motivated by the absorption of market share by smaller competitors, which have not been able to survive the difficulties of the environment, as well as the decrease in the cost of raw materials and energy after 2022 that was especially marked by significant increases derived from the conflict in Ukraine. In addition to the market consolidation, several factors would explain these good results: the impact on clients of a good part of the increase in inputs, thanks to the incorporation of pass-through clauses in the agreements; the commitment to local supply to avoid transportation costs and logistical problems; the increase in efficiency in processes, with very reduced consumption in manufacturing; strict control of investments in maintenance and capacity, and decentralized management.

This year 2023, all geographic areas and divisions have contributed to the group's good results, with double-digit margins. By geography, the summary of the year is as follows:

Europe:

It is CIE Automotive's main market with presence in Spain, France, Germany, Italy, Portugal and Portugal in Western Europe and the Czech Republic, Lithuania, Romania, Hungary and Slovakia in Central and Eastern Europe. It also has a plant in Morocco. This market includes the forging production plants of the CIE Automotive India group, with a strong link to the commercial vehicle, and discontinued in this fiscal year 2023, and the historical CIE plants, linked to the passenger vehicle.

CIE Automotive's sales in Europe stand at €1,426.5 million euros. After a 2022 year marked by the rise in inflation and the increase in energy costs and raw materials, CIE has significantly improved the margin for this market in the current year, which has increased by almost 4 percentage points, from 13.5% in 2022 to 17.2% in 2023. This improvement This is due to the measures taken the previous year in relation to the inclusion in the contracts of pass-through clauses for raw materials and the negotiation to pass on the increase in energy costs to customers.

The traditional market plants achieve an EBITDA of 17.2% and an EBIT of 10.8%, while those of CIE Automotive India without considering the German forges present an EBITDA margin of 17.0% and an EBIT margin of 13.6 %.

North America:

CIE Automotive has production centres in both Mexico and the US, which serve the North American light vehicle market and, to a lesser extent, Brazil, Europe and Asia.

In 2023, the North American plants reached a turnover of €1,233.0 million. The good performance needs to be put into value, given the increase in labour costs and the lack of personnel qualified personnel available, which has led CIE Automotive to increase the automation of its plants. In addition, sales in the last quarter of the year have been affected by the OEM worker strikes that have taken place in the United States. Despite these specific events in the American market, CIE has managed to increase its sales while maintaining competitive margins in that market (EBITDA margin 18.5% and EBIT 14.1%).

Brazil:

CIE Automotive's Brazilian plants focus on the manufacturing of plastic components, stamping, forging, iron casting, aluminium injection and machining, being especially competitive in plastic technology, body-colour painting and chrome plating.

CONSOLIDATED MANAGEMENT REPORT FOR THE YEAR 2023

In 2023 CIE Automotive records sales of €360.3 million in Brazil, with an EBITDA margin of 19.5% and EBIT of 15.9%, facing a complex situation (growth in interest rates, stagnation of the heavy vehicle market...). Together with the growth of CIE's historical plants, the Group's expansion in said geography through the acquisition of CIE Automotive Salto (formerly Iber-Oleff) stands out.

Asia:

The Group has several plants in Asia, a joint-venture and a technology center. Its presence in India comes from the alliance with the Indian group Mahindra & Mahindra Ltd., while the presence in China was reinforced with the incorporation of companies from Golde's solar roof business. India is one of the development engines of the region and China, the main car producer in the world.

In India, CIE Automotive has invoiced €617.5 million in 2023, maintaining high operating margins (EBITDA 17.7% and EBIT 14.0%). The ramp-up of the new Pune roofing plant stands out in 2023. The excellent margins would also be related to the measures adopted to improve efficiency.

In China, CIE Automotive's sales have amounted to €322.3 million, with high EBITDA (18.8%) and EBIT (14.1%) margins, in a market with solid but very dynamic growth where Electric car production by local producers is setting an important trend in this market. Despite the company's good results, its behaviour has been less dynamic than that of the market, due to lower exposure to Chinese OEMs, which are driving the market.

Financial indicators of the consolidated group

(Thousand euro)	2023	2022
Consolidated revenue	3,959,479	3,838,606
Gross operating profit/(loss)-EBITDA	713,199	633,372
Profit/(loss) attributable to parent company	320,175	300,120
Total Equity	1,661,244	1,504,649
Net financial debt	1,134,673	1,289,798

The disclosure of this performance by operating segments is as follows:

31 st December 2023						
Thousand euro	NORTH AMERICA	BRAZIL	ASIA	CIE FORGING EUROPE	REST OF EUROPE	TOTAL
Revenue	1,232,990	360,292	939,739	364,102	1,062,356	3,959,479
EBITDA (*)	227,962	70,168	170,053	62,060	182,956	713,199

31 st December 2022						
Thousand euro	NORTH AMERICA	BRAZIL	ASIA	CIE FORGING EUROPE	REST OF EUROPE	TOTAL
Revenue	1,139,615	311,155	1,079,150	353,203	955,483	3,838,606
EBITDA (*)	212,342	58,079	186,151	51,522	125,278	633,372

(*) EBITDA (gross operating income) results from summing depreciation, amortisation and impairment to the net operating profit.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE YEAR

At the date of preparation of these Annual Accounts, no significant subsequent event to the fiscal year 2023 has occurred which could arise on significant impacts to the financial statements of the period ended as of 31st December 2023.

2.2 Predictable evolution of the Group

Market environment

According to estimates by the International Monetary Fund, global growth would have moderated to 3% in 2023, with expectations remaining in line for 2024 (2.9% growth). However, the perspectives are very different between geographies with more mature economies (with slower development) and growing economies.

In the automotive sector, 2023 has been a year of recovery, exceeding experts' estimates where a production of 84.5 million vehicles was expected, having produced more than 92.4 million vehicles, which has represented an increase of 9.4% over 2022 production volumes.

CONSOLIDATED MANAGEMENT REPORT FOR THE YEAR 2023

Trends in the Automotive industry

In a context of transformation of the sector, which affects both demand and supply, in a dynamic scenario, component manufacturers are playing a crucial role in the transformation of the automotive sector by helping OEMs face various emerging trends, of the demands of society, and which are summarized in the following sections:

- 1- Climate change: Is the main threat to the planet and has led to the development of regulations that are accelerating and becoming increasingly ambitious and global, translating into the automotive sector in electrification as alternative energy and the reduction of the corporate environmental footprint.
- 2- Demographic developments: The distribution of the world population with greater weight in Asia (60%) and greater growth in Africa defines where the Automotive market should be driven in the coming years. In addition, other demographic factors converge that will promote changes in the automotive sector and its demand, such as the increase in life expectancy and the aging of the population or its growing urbanization, with various mobility options coexisting in large cities, with car sharing as an alternative. Although the number of vehicles could decrease, there would be a shorter useful life, with higher vehicle turnover. Therefore, it is expected that the total number of vehicles produced will maintain a trend similar to the current one.
- 3- Technology developments: We are moving towards a third industrial revolution where the best and most efficient vehicle architectures will prevail, where the use of the correct material will be decisive. The application of various technologies in the automotive sector will be decisive in this new generation.
- 4- Geopolitical developments: Strong growth is expected in the coming years in emerging markets without protectionist strategies having a significant impact on the automotive sector.
- 5- Sector changes: In addition to the challenge of advancing towards the electrification of the automobile for the decarbonization of the mobility system and curb climate change, the user experience with a commitment to comfort continues to be critical in the mega trends of the sector, mainly represented by the incorporation of roof systems, the safety and protection of passengers and the autonomy and connectivity of automobiles.
- 6- Changes in the supply chain: The car manufactures are concentrating on their core competencies and expanding production outsourcing to their suppliers. In addition, it is expected that in the coming years the digital company will be increasingly implanted in the automotive industry.

2.3 Business Strategy

In 2021, CIE began rolling out its 2025 Strategic Plan, a new comprehensive strategy to respond to automotive market trends and stakeholder concerns, and which sets the objectives to be followed in all aspects of its activity.

This 2025 Strategic Plan establishes for the first time a series of global commitments in Environmental, Social and Good Governance matters, to which all the Group's plants must contribute under the encouragement and supervision of the corporate cross-sectional areas.

For the coming years, and supported by this 2025 Strategic Plan, CIE has a project underway to advance sustainable profitability. The objectives set and financial commitments of this strategic plan are described below and take into account the evolution of the main trends in the automotive market.

The main lines of this plan are:

- Strategic operational plan. The commitments of the new strategic plan seek to turn CIE into a group with €1,000 million in EBITDA and €500 million in net income, with an investment of €1,500 million in inorganic growth without exceeding twice its net financial debt/EBITDA ratio.

The operational strategy will revolve around the following lines of work:

- o Electrification: The obvious trend towards electric cars has led CIE Automotive to increase its presence in electrified powertrains in order to position itself in the market with new components with high added value, mainly related to the engine and power electronics, gearboxes and batteries. Likewise, this objective that the Group sets is directly related to the mitigation of environmental impact and is part of the path to follow to help minimize its impact on climate change.

CONSOLIDATED MANAGEMENT REPORT FOR THE YEAR 2023

- Industry 4.0: CIE Automotive, in its search for intelligent manufacturing, develops and implements different industry 4.0 tools, which interact and provide feedback to each other, as well as sensitization capabilities, which allow it to capture data and analyse it through algorithms. This will result in an increase in the efficiency of the processes, reducing the use of resources and their environmental impact, achieving everything from a reduction in the number of prototypes to be made, energy consumption and raw materials, to the rejection and generation of scrap.
 - Comfort: CIE Automotive's roof division works in a growing market, supported by the development of electric and autonomous driving.
 - Internationalization: Throughout its history, CIE Automotive has expanded its geographical locations to become a leading global supplier in all the regions in which it operates and each of the automotive markets. This geographical positioning is a guarantee for success and will continue to strengthen day by day, with an increasingly balanced presence between the different regions, gaining weight in areas with the greatest growth potential such as China, India, Mexico or Brazil. The company has a global technological vision, but adapts the specific strategy of each of its divisions to the different geographical areas, depending on the reality of the different markets.
- The ESG 2025 Strategic Plan, published in November 2021, represents the successful integration of Environmental, Social and Good Governance aspects into CIE's strategy. Four lines of work are defined across the organization:
- CIE Culture: Identify, promote, retain and attract talent through collaboration with universities and training centres in the area in new technologies. Actively participating in the planning and supervision of DUAL training challenges.
 - Ethical commitment: Respect, compliance and development of the ethical framework. Alignment of their actions with the CIE Automotive Code of Conduct and application of equivalent ethical standards, including Anti-Corruption, Bribery and Conflicts of Interest.
 - Eco-efficiency: Efficiency in production and improvement of environmental impact. The efficient use of materials has been the basis of CIE Automotive's sustainability and competitiveness for years. For this reason, the initiatives to improve the ratios of raw material use compared to the final weight of the product and the weight reduction of the components are core projects year after year of the technological road map.
 - Active listening: Proactivity and continuous communication with our stakeholders in order to meet their expectations.

Based on the foregoing, CIE Automotive expects to continue in 2023 with the growth path of its results, as it has done year after year since its creation.

3. RISK MANAGEMENT

CIE Automotive has a Risk Management System, which allows them to identify, evaluate and give response to eventual contingencies in the development of its activity, which, in case of materializing, might hinder the attainment of the corporate objectives.

This policy, whose supervision relapses into the Commission of Audit and Compliance, identifies the different types of risks that the company faces -between them, the financials or economics, the contingent liabilities and other risks out of the balance sheet-, fixes the level of risks that are considered acceptable and establishes the opportune measures to mitigate its impact in case it was materialized. To put it into practice, the company possesses informational systems and internal control.

The procedure of global management of CIE Automotive's risks is based on the methodology ISO 31000, a process of constant cycle in nine phases: communication, setting the context, risks identification, risk analysis, risk evaluation, risk treatment, risk supervision, updating and acting against non-compliance.

Annually, a Corporate Map of Risks is drawn, which contemplates and values not only the risks inherent to the countries, markets and businesses where it operates, also internal operation of the company.

Risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk, liquidity risk and raw material price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

In the broadest sense, the goal of the management of financial risk is to control the incidents generated by fluctuations in exchange and interest rates and the price of raw materials. Management of these risk factors, which is the responsibility of the Group's Finance Management, focuses on the arrangement of financial instruments in order to build, as far as possible, exposure to favourable trends in exchange and interest rates, subject to compatibility with the mitigation, in part or in whole, of the adverse effects of an unfavourable environment.

a) Market risk**(i) Foreign exchange risk**

CIE Automotive Group's presence in international markets obliges it to arrange an exchange rate risk management policy. The overriding objective is to reduce the adverse impact on its activities in general and on the income statement in particular of the variation in exchange rates so that it is possible to hedge against adverse movements and, if appropriate, leverage favourable trends.

In order to arrange such a policy, CIE Automotive Group uses the Management Scope concept. This concept encompasses all collection/payment flows in a currency other than the euro expected to materialise over a specific time period. The Management Scope includes assets and liabilities denominated in foreign currency and firm or highly probable commitments for purchases or sales in a currency other than the euro. Assets and liabilities denominated in foreign currency are subject to management, irrespective of timing, while firm commitments for purchases or sales that form part of the Management Scope would also apply to management if are expected to be recognised on the balance sheet within a period of no more than 18 months.

Once defined the Management Scope, CIE Automotive Group uses a series of financial instruments for risk management purposes that in some instances permit a certain degree of flexibility. These instruments are essentially the following:

- Current forwards: These contracts lock in an exchange rate for a specific date; the timing can be adjusted to match expected cash flows.
- Other instruments: Other hedging derivatives may also be used, the arrangement of which requires specific approval by the relevant management body. This body must be informed beforehand as to whether or not it complies with requirements for consideration as a hedging instrument, therefore qualifying for hedge accounting.

The protection against loss of value as a result of movements in the exchange rates other than the euro in which its investments in foreign operations are denominated by similarly denominating, to the extent possible, its borrowings in the currency of the countries of these operations if the market is sufficiently deep or in a strong currency such as the dollar, insofar as dollar correlation to the local currency is significantly higher than that of the euro. Correlation, estimated cost and depth of the debt and derivative markets determine policy in each country.

The Group has several investments in foreign operations whose net assets are denominated in US dollars, exposing it to foreign exchange translation risk. The exchange risk on the net assets of CIE Automotive Group's foreign operations is mainly managed through natural hedges achieved by borrowings (loans) denominated in the corresponding foreign currency.

The exposure on the rest of the assets denominated in other foreign currencies in respect of operations in countries outside the Eurozone is mitigated basically by borrowings denominated in these currencies.

(ii) Price risk

The Group is exposed to equity securities price risk because of investments that are classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. However, the scant weight of these securities as a percentage of total Group assets and equity means that this risk factor is not material.

(iii) Interest rate risk

Group's borrowings are largely benchmarked to floating rates, exposing it to interest rate risk, with a direct impact on the income statement. The general objective of interest rate risk management strategy is to reduce the adverse impact of increases in interest rates and to leverage as far as possible the positive impact of potential interest rate cuts.

CONSOLIDATED MANAGEMENT REPORT FOR THE YEAR 2023

In order to attain this objective, the risk management strategy materialises in the arrangement of financial instruments designed to provide such flexibility. The strategy expressly contemplates the possibility of arranging hedges for identifiable and measurable portions of cash flows, which enables hedge efficiency testing as required to evidence that the hedging instrument reduces the risk of the hedged item in the portion designated and is not incompatible with the established strategy and objectives.

The Management Scope encompasses the borrowings recognised in the balance sheet of the Group and any of its companies. On occasion, hedges are arranged to cover loans committed and in the final stages of arrangement the principal on which needs to be hedged against rate increases.

In order to manage this risk factor, the Group uses financial derivatives that may qualify as hedging instruments and therefore hedge accounting. The corresponding accounting standard (IFRS 9) does not specify the type of derivatives that may be considered hedging instruments except for options issued or sold. It does, however, specify the prerequisites for consideration as hedging instruments. In line with the management of foreign exchange risk, the arrangement of any financial derivative which is suspected not to comply with the prerequisites for consideration as a hedging instrument requires the express approval of the relevant management body. By way of example, the basic hedging instruments are the following:

- Interest-rate swaps: Through these derivatives, the Group converts the benchmarked floating interest rate on a loan to a fixed benchmark with respect to all or part of the loan and affecting all or part of the term of the loan.
- Other instruments: As discussed in the section on foreign exchange risk management, other hedging derivatives may also be used, the arrangement of which requires the specific approval of the relevant management body. The management body must be informed beforehand as to whether the instrument meets the prerequisites for qualifying as a hedging instrument and, by extension, hedge accounting.

b) Liquidity risk

The prudent management of liquidity risk entails maintaining enough cash and available financing through sufficient credit facilities. In this respect, the Group's strategy, articulated by its Treasury Department, is to maintain the necessary financing flexibility by maintaining sufficient headroom on its undrawn committed borrowing facilities. Additionally, and on the basis of its liquidity needs, the Group uses liquidity facilities (non-recourse factoring and the sale of receivables, transferring the related risks and rewards).

Management monitors the Group's forecast liquidity requirements together with the trend in net debt. The Group's treasury department estimates that actions in progress will allow avoiding lack of liquidity situations. In that sense, is considered that cash generation in 2022 will allow facing recurrent payments without increasing net financial debt.

The Group's treasury department monitors Group's liquidity needs forecasts in order to ensure that there is enough cash to meet operative needs at the same time that maintains undrawn credit facilities at any time to ensure Group that doesn't fail limits and rates ("covenants") established by financial entities.

The Group is strategically diversifying the financial markets and financing sources, it taps as a tool for eliminating liquidity risk and retaining financing flexibility in light of the situation prevailing in the European financial markets; this strategy has opened up access to internationalize the banking pool.

Although the standalone figure for working capital is not a key parameter for the understanding of the financial statements, the Group actively manages working capital through net operating working capital and short- and long-term net borrowings, on the basis of the solidity, quality and stability of relations with customers and suppliers, and comprehensive monitoring of the situation with respect to financial institutions with whom in many cases automatically renews its credit lines.

One of the Group's strategies is to ensure the optimisation and maximum saturation of the resources assigned to the business. The Group therefore pays special attention to the net operating working capital invested in the business. In this regard, as in previous years, considerable work is being performed to control and reduce collection periods for trade and other receivables, as well as to optimise accounts payable with the support of banking arrangements to mobilise funds and minimise inventories through excellent logistic and industrial management, allowing JIT (just in time) supplies to our customers.

CONSOLIDATED MANAGEMENT REPORT FOR THE YEAR 2023

Meanwhile, the Group's Management efficiently controls the payments for expenses and realization of current assets, carrying out an exhaustive follow-up of the treasury forecasts, in order to ensure that it has sufficient cash to meet the needs. operations while maintaining the availability of sufficient unused credit facilities at all times so that the Group does not breach the limits or indices ("covenants") established by the financing. Therefore, it is estimated that the generation of cash in 2023 will sufficiently cover the needs to meet the commitments in the short term, preventing any situation of tension in the cash position with the actions underway.

c) Credit risk

Credit risk is managed by customer groups. Credit risk arising from cash and cash equivalents, derivative financial instruments and bank deposits is considered immaterial in view of the creditworthiness of the banks the Group works with. If management detects liquidity risk in respect of its banks under certain specific circumstances, it recognises the corresponding impairment provisions if necessary.

In addition, each management unit has specific policies for managing customer credit risk; these policies factor in the customers' financial position, past experience and other customer specific factors.

With respect to customer credit limits, it should be noted that Group policy is not to concentrate more than 10% of business volumes with individual customers or manufacturing platforms.

Given the characteristics of the Group's customers, management historically deemed that receivables due within 60 days presented no credit risk. The Group continues to consider the credit quality of these outstanding balances to be strong, although it is determined the expected loss in accordance with what is described in Note 3.3.8.

d) Raw material price risk

The Group has not a significant risk in raw price variations. In these companies where the risk could exist in market specific situations (plants which use raw materials with market price), the risk is controlled thanks to price financing repercussion agreements to customers.

e) Climate risk factors

The Corporate Department of Environment is responsible for establishing the guidelines and coordinating the actions of the Environmental Plan for plants, gradually integrating environmental criteria in the management of all processes, in its attempt to reduce their impacts on the environment.

In this sense, the Group had updated its Environment Policy in 2021, where it was recognized as aligned with the Sustainable Development Goals. Thus, the Group develops products and processes under eco-design concepts, oriented to efficiency, providing necessary resources in continuous improvement through prevention and preservation, the minimization of risks, the reduction of the environmental footprint, the efficient use of natural resources, the minimization of waste, the circularity of materials and the collaboration of the people involved in the processes. Moreover, the Group is aligned with the United Nations 2030 Agenda by establishing environmental objectives to be met by each of the plants and regions where it operates, based on the *Global Reporting Initiative* standards.

Additionally, in December 2022, the Board of Directors of the parent company took another step in its environmental strategy by approving a new roadmap that establishes new medium- and long-term objectives, consistent with what scientific experts and the Paris agreements dictate, and limiting global warming to 1.5°C above pre-industrial levels. Thus, the climate emergency has led the Group to continue strengthening its commitment to climate neutrality by joining the SBTi initiative and setting the clear objective of achieving emissions neutrality no later than 2050.

Below are the action plans established to address each of the climate-related risks that have an impact on the Group's Consolidated Annual Accounts.

The risks arising from the transition to low-carbon economies

The authorities and governments of different countries have implemented policies to fight against climate change that have affected differently in the different countries where the Group operates. Some of these policies have consisted of promoting sustainable energy consumption in industrial production through fiscal and operational incentives, while in other cases, the use of energies that have a direct impact on the climate has been penalized or stopped.

CONSOLIDATED MANAGEMENT REPORT FOR THE YEAR 2023

Regarding the automotive industry, it has been possible to reduce polluting emissions from vehicles, although the latest regulations to fight climate change – the most restrictive in Europe and China – are forcing manufacturers and their suppliers to implement additional solutions to reduce their environmental footprint. In recent years, the Group has been adapting its production process as well as the goods produced to a changing environment, demonstrating its ability to be prepared for the challenges offered by climate change risk.

The Group aims to anticipate the aforementioned measures, having launched certain action plans that allow mitigating in advance the impact of new policies, regulations and trends that climate change has entailed. The lines of work established for this have been the following, and have as main axes the actions on the goods produced and actions on their productive process.

- Actions on produced goods

In the context of a changing environment and increasingly aware of the effects of global climate change, the Group has been adapting the sale of its assets to new challenges in the climate and environmental field, and they are directly related to the latest trends in the automotive sector. In this sense, the Group is immersed in a technological transformation, aimed at reducing its corporate footprint, as well as the goods it produces. To achieve these objectives, the Group develops different technologies that provide the efficiency and flexibility necessary to face all challenges with changing volumes and scenarios.

Technological diversity also allows to focus investments on those technologies most demanded by the market in each circumstance. Currently, the market is betting on the electrification of vehicles and more than 80% of the components and subassemblies produced by the Group can be used in any type of vehicle (combustion, electric, hybrid). Despite this considerable percentage of versatility in the goods it produces, the Group has proposed to take advantage of the opportunity offered by the decarbonization of transport to position itself in new products of high added value. These products are related to the engine and power electronics, gearboxes and batteries.

Additionally, the Group's technological commitment to meet these environmental objectives focuses on the Eco-efficiency and circularity, the light weighting of vehicles, the improvement of the user experience (noise reduction, light integration, ...), electric and autonomous vehicles and Industry 4.0 as a key to competitiveness and eco-efficiency, always aiming at the path towards the decarbonization of transport.

These actions are naturally linked to the reduction of environmental impact and mitigation of climate change. For those products that do not yet have a clear substitute in zero-emission vehicles, the Group has defined a strategy with different action plans.

Thus, the Group's spirit of adaptation and flexibility in the products it markets, together with the ability to always be aligned with new market trends, are the Group's main measure to address any market risks to its goods, as well as those that may arise from the transition to low-carbon economies.

- Actions on the productive process

The environmental actions on the production process for the realization of the goods sold to the market have been the following:

- a) *Environmental Investments*: the Group adapts its production facilities to the conditions required by the environmental legislation of the countries where it is located. Consequently, the Group makes investments aimed at minimizing environmental impact, protecting and improving the environment; and incurs expenses derived from environmental actions, which basically correspond to the ordinary expenses for the removal of waste, consulting, measurements and environmental certifications.

The adaptation and incorporation of investments that meet the most current environmental requirements implies a direct mitigation of the risk derived from the transition to low-carbon economies in the recovery of the value of their productive assets.

- b) *Energetic efficiency*: the improvement of energy efficiency is a priority objective for the Group, since it contributes to reducing its environmental impact, in addition to implying a direct improvement in competitiveness. The main lines of action consist of energy saving, and emission control. In this line, the Group contracts clean energy for the operation of its facilities wherever this option is available; and with the same philosophy of reducing their emissions and their energy bill, photovoltaic panels have been installed in different facilities in Europe, where, in addition, in 2022 new contracts have been signed for the supply of green energy for own consumption starting 2023; and India, where investment in new solar power plants has continued.

In this sense, it is expected that the action plans carried out by the Group in terms of efficiency will mean, in the medium and long term, an improvement in the margin on the goods it produces.

CONSOLIDATED MANAGEMENT REPORT FOR THE YEAR 2023

- c) *Water and material consumption:* in the Group's production process, an intensive use of water is carried out. In order to reduce discharges as much as possible, it has its own systems and facilities for water treatment, recirculation and recovery. With regard to raw materials, the Group constantly reviews all processes to make responsible use of raw materials. An example of these practices is the reduction of the gross weight of the products it manufactures, and that implies the reduction of the consumption of energy and other products necessary for the production process.

As in the case of energy efficiency action plans, it is estimated that these actions will also improve the margins of the goods produced.

- d) *Pollution control and waste management:* the Group's environmental management systems are based on the ISO14001 standard, and ensure that pollution does not exceed the levels established by current regulations. On the other hand, the Group's recycling system allows the reincorporation of recycled raw materials into its production process. Those materials that cannot be recycled are collected by specialized managers who prioritize their recycling over their landfill.

All of these action plans and expected results have been included for each plant in the projections used for the asset impairment analysis described in Note 8 of the Consolidated Annual Accounts.

The risk of the impact on the margins of adaptation to low-carbon economies

Cost pressure can occur on car producers. During the deployment phase of more sustainable vehicles, the final cost will be higher and, to maintain sales volumes, there is a risk of increased cost pressure on component suppliers.

Faced with this type of scenarios and risks, the Group's model is very effective. Commercial diversification makes dependence on a project or its renovation low, so the freedom to invest in projects is key. To this is added another of the axes of the group, the investment discipline, which leads to a detailed analysis of the projects with volume sensitivity analysis, avoiding those projects with volumes lower than those initially announced have a definitive impact on the returns of the projects.

The Group not only adapts to the low-carbon economy through the final product it offers to the market, but also by adapting its production process, which is reflected in the contracting of clean energy for the operation of its facilities. Thus, in Spain 100% of the energy consumed is green energy, which has resulted in emissions savings.

The direct physical risk posed by climate change in the production process and operations of a business

As of 31st December 2023 and 2022, the Group's production facilities, as well as the customers to which it provides, were not located in areas or geographical areas where an imminent climate risk is foreseen.

However, the Group is aware of the unpredictability of the effects of climate change and monitors the impacts that any adverse circumstance may generate in the valuation of the Group's assets, and therefore, in its Consolidated Financial Statements. In this sense, the Group is exposed to physical risks whose possible impacts it manages depending on the typology of each of them:

- a) *Water stress risks:* are the risks that can result in the lack of water supply.
- b) *Acute physical risks:* are the risks arising from the occurrence of acute climatic phenomena. These accidental risks are covered by the global Civil Liability policy. To strengthen the management of environmental and safety risks, the Group has initiated a collaboration project with the technical departments of its insurance companies, where risks are evaluated and monetized and an elimination plan is established, or where appropriate, mitigation.
- c) *Chronic physical risks:* they are risks that cause gradual changes with more lasting impact, such as rising average temperatures, rising sea levels or prolonged periods of heat.

Although the Group's production facilities are not directly threatened by the effect of these chronic physical risks, there are environmental objectives established to be met in all the plants and regions where it operates.

- d) *Protection of biodiversity:* due to the location of its production facilities, mostly in industrial estates, the impact of its activities on biodiversity is not considered significant.

Likewise, based on the foregoing, it is not expected that there will be substantial changes in the Group's future estimates (provisions, changes in useful lives, etc.) nor significant impacts on the recovery analysis of non-financial assets taking into account that they have already been incorporated into the Group's business plans.

CONSOLIDATED MANAGEMENT REPORT FOR THE YEAR 2023

4. ENVIRONMENT

CIE Automotive is strongly committed to environmental sustainability, this being a priority in the development of its activities and its business strategy. Climate change is a challenge on which CIE has been working proactively for years on its path towards climate neutrality through various initiatives that have a positive impact on reducing its environmental footprint.

The Environment Chapter of the Non-Financial Information of this Report sets out the objectives, strategies and lines of work carried out in the area of environmental management of the Group.

5. HUMAN RESOURCES

People contribute one of the main assets of CIE Automotive, which bases its culture on values such as equality, diversity, equity, inclusion, teamwork, and talent development.

At year-end, the Group's workforce has increased by 308 members up to 25,294 employees.

The distribution of the staff as of 31st December 2023 and 2022 between women and men is as follows:

	2023			2022		
	WOMEN	MEN	Total (*)	WOMEN	MEN	Total (*)
TOTAL	5,125	20,169	25,294	4,594	20,392	24,986

(*) As of 31st December 2023 and 2022, two members of the Board of Directors are, equally, executives of the Group.

In the specific section of the Annual Report that forms part of this Report details all the information relating to the Group's workforce.

6. R&D ACTIVITIES

CIE Automotive is proactive in technological transformation and decarbonization to reduce its product and corporate footprint, in accordance with market trends. With this purpose, it works in different lines to materialize the opportunities generated by the current scenario and mitigate or eliminate the risks that arise.

Especially relevant are the new technologies in the plants that provide the flexibility, agility and reaction capacity necessary to face all the challenges with changing volumes and scenarios.

2023 work lines

CIE Automotive is immersed in a technological transformation, which will allow it to reduce its corporate footprint and that of its products and improve its efficiency to compete in a competitive and changing market. In 2023 it continued to innovate and invest approximately 2% of its net profit to meet the objectives set in its 2025 Strategic Plan. Its 10 research and development centers and the Engineering and R&D Areas work on improvement projects, following a sheet route based on 4 strategic lines: eco-efficiency, industry 4.0, new concepts of mobility and health and safety. Innovation also plays a crucial role in achieving the goal of climate neutrality.

The Group has continued to develop initiatives in the short, medium and long term, so that some of them are already reaching the market and others will gradually leave. Work in the technology area is entrusted to the 2025 Strategic Plan and develops five of the eight lines of action set:

- Vehicle lightness: reduction of the auto parts weight has a direct impact on its consumption and therefore, both in the emissions of combustion vehicles and autonomy of electric vehicles. CIE develops R&D and engineering projects in search of their maximum optimization.
- Electrification: technological progress in this area positions CIE Automotive as a key agent in mitigating environmental impact and is part of the way forward to help minimize climate change.
- Comfort: the line of innovation for the incorporation of circularity criteria through the use of new materials based on natural fibres and with a higher percentage of recycled material has an important market in the area of comfort and is linked, in turn, to the eco-efficiency.
- Industry 4.0: Sensorisation, capture, analysis and visualization of the parameters of the critical process variables.
- Eco-efficiency: the efficient use of materials, which has been the basis of the Group's sustainability and competitiveness for years.

CONSOLIDATED MANAGEMENT REPORT FOR THE YEAR 2023

As a prominent member of the automotive components industry, CIE Automotive works for a fair and responsible management of its activity for the benefit of the sector, its stakeholders and society.

In addition, the Group maintains its presence in regional, national and international forums (Presidency of the Automotive cluster of the Basque Country ACICAE, members of the board of directors of the National Association of component manufacturers SERNAUTO, members of the executive committee of the TECNALIA technology center, we continue to participate in EGVI and other. R&D&i Industrial forums).

7. TRADING WITH TREASURY SHARES

The share capital of CIE Automotive, S.A. at 31st December 2022 was represented by 122,550,000 fully paid ordinary bearer shares, represented through accounting entries, with a par value of €0.25 each, listed on the Madrid stock market. On 30th March 2023, a reduction of the share capital amounting €685 thousand was carried out through the redemption of 2,742,516 treasury shares, acquired during 2022. After that operation, the share capital of the parent company as of 31st December 2023 is represented by 119,807,484 fully paid ordinary bearer shares, represented through accounting entries, with a par value of €0.25 each, listed on the Madrid stock market.

The movement of treasury shares in 2023 was as follows:

31 st December 2023		
	Number of shares	Amount (Thousands of euros)
Initial balance	2,919,127	60,326
Share capital reduction	(2,742,516)	(57,117)
Acquisitions of the year	337,952	8,856
(Sales) for the year	(467,046)	(10,863)
Ending Balance	47,517	1,202

During 2023, the parent company has sold a net amount of 129,094 treasury shares directly. Likewise, a share capital reduction has been carried out through the redemption of 2,742,516 treasury shares, being the ending balance 47,517 shares as of 31st December 2023 (reaching 0.04% of the total voting rights issued by the Company), which are added to the indirect participation resulting from the equity swap agreement signed in the year 2018 with Banco Santander, S.A. for the acquisition of 2,000,000 shares (equivalent to 1.67% of the total voting rights). During 2022, the Company acquired a final amount of 59,925 treasury shares directly, with an ending balance of 2,919,127 shares (reaching 2.38% of the total voting rights issued by the Company), which are in addition the indirect participation resulting from the equity swap agreement signed in the year 2018 with Banco Santander, S.A. for the acquisition of 2,000,000 shares (equivalent to 1.63% of the total voting rights).

Also, rescinding the resolution adopted by the General Meeting of Shareholders on 28th April 2022 for the unexecuted part, the General Meeting of Shareholders on 4th May 2023 agreed to authorize the Company, directly or through any of its subsidiaries, for a maximum of five years from the date of the General Meeting of Shareholders, to acquire, at any time and as many times as it deems appropriate, shares of CIE Automotive, S.A., by any means permitted by Law, including against profits for the year and/or unrestricted reserves, and to subsequently dispose of or redeem such shares, all accordance with article 146 and related provisions of the Corporate Enterprises Act.

Under this authorization framework, on 4th May 2023, the Company's General Shareholders' Meeting approved a program to repurchase the Company's treasury shares in order to reduce up to a maximum of 10% of the parent company's share capital through the redemption of treasury shares, reserving the right to terminate this program prior to the expiration date in accordance with the agreed terms.

8. AVERAGE PAYMENT PERIOD TO SUPPLIERS

The breakdown of trade payables settled during 2023 and 2022 those pending of payment at the year-end in relation to the legally-permitted payment terms stipulated in Spanish Law 15/2010 of 5th of July, is as follows:

Days	2023	2022
Paid operations ratio	77	73
Outstanding operations ratio	78	77
Average payment period to suppliers	75	68

CONSOLIDATED MANAGEMENT REPORT FOR THE YEAR 2023

Payments in thousand euro	2023	2022
Payments made	486,401	402,642
Outstanding payments	232,024	259,811

Additionally, and in accordance with the obligations required in the Spanish Law 18/2022 on creation and growth of companies, it is reported that the total amount of payments made in before than the maximum established by Law 5/2010 has amounted to €233,928 thousand (2022: €96,933 thousand) and 18,728 invoices (2022: 16,049 invoices), which represent 48% (2022: 24%) of the total payments made and 30% (2022: 27%) of the total invoices.

While some companies have exceeded the time limit to domestic suppliers established in Law 15/2010, the Group has launched a series of measures have been launched essentially intended to the identification of the deviations through the monitoring and periodic analysis of the accounts payable to suppliers, of the review and improvement of internal management procedures of suppliers as well as the compliance and, in its case update, of the conditions laid down in the commercial operations subject to the applicable regulations.

9. STOCK EXCHANGE INFORMATION

Listing price

The CIE Automotive share appreciated by 7% to reach €25.72 euros in 2023. This moderate rise contrasts with the more favourable performance of the Stoxx Europe 600 Automobiles & Parts index (+19%) and the Ibex 35 (+23%), due, among other reasons, to the more demanding base from which the company's titles are based. In the last five years, CIE Automotive has accumulated an increase of 20%, significantly surpassing the modest increase of 2% for the European Stoxx Auto and 1% for the Spanish selective. If its behaviour is compared with the falls recorded by the majority of component companies included in the sector index, the difference is even more notable.

Over the course of the year, however, the gap between CIE Automotive's fundamentals and its price persisted. The share price remained significantly below its potential, set at €31.64 by the consensus of analysts who follow the company. Unlike other component companies, the company has maintained its strategic objectives unchanged for years despite the complex context and remains on the podium of the most profitable companies with the best future in its sector.

Shareholder remuneration

CIE Automotive once again fulfilled its commitment to allocate a third of its profits to shareholders in 2023. The company distributed €99.2 million euros in dividends corresponding to the previous year, making two payments of €0.419 gross per share, the first on 5th January 2023 and the second on 7th July 2023.

This distribution meant reaching and exceeding pre-pandemic levels, exceeding €0.74 euros per share charged to 2019.

In line with its remuneration policy, the Board of Directors, at the meeting held on December 14, agreed to pay an interim dividend charged to the results of the 2023 financial year of €0.45 per share, 10% more than the previous year. The disbursement occurred on 5th January 5, 2024.

10. NON-FINANCIAL INFORMATION STATEMENT – ANNUAL REPORT

In accordance with Law 11/2018, 28 December, in terms of non-financial information and diversity, CIE Automotive's Group has prepared "NON-FINANCIAL INFORMATION REPORT" for 2023 in the file denominated Annual Report, which is part of the Director's report, as prescribed in at.44 Code of Commerce, and is attached as a separate document.

11. ANNUAL REPORT ON CORPORATE GOVERNANCE AND REPORT ON REMUNERATION TO DIRECTORS

In order to guarantee transparency, both the legal framework defined by the Group as well as the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration are available on the corporate website www.cieautomotive.com, in line with the technical specifications and legal regulations established by the National Securities Market Commission in its Circular 3/2015, of June 23.

Additionally, considered as part of this Management Report, both the Annual Corporate Governance Report and the Annual Directors' Remuneration Report are incorporated by reference and may be consulted on the website of the National Securities Market Commission after being published by the Group:

<https://www.cnmv.es/portal/Consultas/EE/InformacionGobCorp.aspx?TipoInforme=1&nif=A-20014452>

<https://www.cnmv.es/portal/Consultas/EE/InformacionGobCorp.aspx?TipoInforme=6&nif=A-20014452>

2023 ANNUAL REPORT



Making a
difference

+ Chairman and
CEO's statement

*"We are transforming the world,
we are making a difference"*

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

+ About this report

+ Data tables



Chairman and CEO's statement



Antón Pradera
Chairman



Jesús Mª Herrera
Chief Executive Officer

We are transforming the world, we are making a difference

Dear friends of CIE Automotive:

It is our pleasure to introduce CIE Automotive's Annual Report for 2023, a year in which we feel like we made a real difference and helped transform the world through our work. The following pages explain how we took decisions and how we embarked on pathways that not only served to consolidate our financial success but also impacted the people and organisations around us and will ultimately benefit society and the planet in the long term.

We are living in challenging times: the sector is faced with making heavy investments to decarbonise vehicles and increase their connectivity and comfort; it is being drawn into a price war in the electric vehicle segment; and inflation and higher costs are putting pressure on our earnings. There are also, however, encouraging signs that we are on the cusp of a new automotive cycle. Ageing vehicle fleets around the world, low penetration in emerging economies, and growing sensitivity around more environmentally-friendly cars are some of the most promising factors.

1	2023 highlights
2	Ready for change
3	Record earnings
4	Common responsibility, shared benefits
5	Our response to the environmental challenge
6	Responsible management

In 2023 we once again marked new records in revenue, profitability and cash generation.

We posted a net profit of €320.2 million, growth of 6.7% from 2022

Despite this uncertain climate, with its highlights and lowlights, in 2023 we once again marked new records in revenue, profitability and cash generation. We posted a net profit of €320.2 million, growth of 6.7% from 2022. Our bottom line was driven by topline growth of 3.1% to €3.96 billion and a stronger performance across all our markets, lifting the group's EBITDA to €713.2 million, implying a margin of 18.0%. We converted €447.4 million of that EBITDA into cash flow and brought our net debt down to €1.13 billion. In parallel, we paid our shareholders over €100 million, so delivering our commitment to paying out one-third of our net profit in dividends.

As you can see, these are truly extraordinary numbers, especially considering the environment, which is why we want to thank and congratulate the entire CIE Automotive team for making them possible.

We are optimistic about the future. We are ready to take advantage of the opportunities thrown up by the current market trends to surmount the challenges looming and continue to generate value for our shareholders, both through dividend payments and share price gains, as we have been doing for over 25 years.

To do that, we have a unique business model, which has proven its worth in very tough times, articulated around six pillars: multiple locations, customer diversification, a multi-technology approach, disciplined investing, decentralised management and embedded sustainability standards. A model that will allow us to meet the ambitious targets set down in our 2025 Strategic Plan, which position us among the three most profitable automotive parts makers.

With that in mind, in 2023 we redirected our financial and managerial resources to the businesses and markets offering most growth potential and highest returns. We acquired Iber-Oleff Brasil in a transaction that has reinforced our position in a growth market and allowed us to diversify our local customer base, and we sold our German forging factories specialised in the European truck market.

Financial returns are not, however, our only ambition. Throughout last year we met all our compliance requirements and continued to engage all our professionals in the task of embedding ESG matters into our day-to-day operations. As signatories of the United Nations Global Compact, we aspire to contribute to delivery of the Sustainable Development Goals contemplated in the Agenda 2030 to end poverty, protect the planet and ensure that everyone can live in peace and prosperity. We are well aware that with 10 R&D centers and 108 plants in 17 countries, we are in a privileged position to do that.

Our responsible doings have a domino effect on the supply chain: In 2023, **we renewed our ISO 20400 Sustainable Procurement certification and rolled out our Supply Chain Race 2 Zero programme**

Chairman and CEO's statement



Our 25,274 employees at year-end 2023 are both architects and beneficiaries of our transformation process. It is thanks to their dedication that we were able to continue to grow in 2023, generate wealth and mobilise other people so that they too become agents of change. In exchange, we provided them with €35 million worth of support measures (health insurance, food, transportation, etc.) and offered them as safe, stimulating and fair a place to work as possible, regardless of where they carry out their work.

We lifted the percentage of women in our workforce by two points and by year-end had completed diversity and inclusion assessments at 93% of our factories, generating action plans for including people of different cultures, genders, generations and abilities. This is a particularly important milestone in countries whose populations are not sensitive to these matters and where there is no legislation around them.

Our responsible doings have a domino effect on our supply chain. In 2023, we renewed our ISO 20400 Sustainable Procurement certification and rolled out Supply Chain Race 2 Zero, our project for rallying our worldwide suppliers around our goal of being net zero by no later than 2050, offering them resources, guidance and environmental training. This initiative is part of our new environmental roadmap which echoes and expands on the targets set in our 2025 Strategic Plan and establishes new steps towards climate neutrality.

Last year we accompanied our customers with their efforts to decarbonise transport by investing in technology projects aimed at reducing the weight of our parts and improving material circularity. We also participated in a number of research programmes related with the electrification of transport, including Basquevolt, the Basque alliance for the creation of solid-state lithium batteries.

All these activities favour progress in society and development in our business communities, which we supported in 2023 by contributing €497 million of tax and participating in community projects that benefitted over 41,500 people, projects we are certain will have a multiplier effect in the long term.

In 2023 we demonstrated that the future is not preordained, that it is our actions that mark the difference. We know that much remains to be done to create the fair, prosperous and sustainable world we all long for but we are convinced that we are taking steps in the right direction and that is something we are proud of.

Thanks to all for your support,

Antón Pradera
Chairman

Jesús Mª Herrera
Chief Executive Officer

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

2023 highlights

Our achievements in figures

Key milestones

CIE Automotive at a glance

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

At CIE Automotive we aspire to be a benchmark in the transformation of the automotive parts sector. Aware that sustainability is essentially a continuous journey towards excellence, in 2023 we worked hard to continue to mark new growth and profitability records, to widen our social impact and to accelerate the decarbonisation of our activities, remaining firmly on the roadmap set in our 2025 Strategic Plan.

Our achievements in figures

1.1

Earnings achievements

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

EBITDA

713.2 M€

12.6% VS. 2022 18% MARGIN

NET
PROFIT

320.2 M€

6.7% VS. 2022 8% MARGIN

CASH FLOW FROM
OPERATIONS

447.4 M€

65% OF EBITDA

NET
DEBT

1,126.5 M€

-11% VS. 2022 1.56X ND/EBITDA

REVENUE

€3.96 billion

+3.1%* VS. 2022

(*) 9.1%, at constant exchange rate and including 3 adjustment points for the effect of raw material transfer. This growth is very similar to that of the market, 9.4%, calculated using light vehicles production S&P IHS February 2024 (12 months 2023) (growth % in units). Global market and Indian market weighted with CIE Automotive segment mix in India (PV, 2W, MHCV, tractor).

Shared achievements



SHAREHOLDERS

€100.6 MILLION
PAID OUT
IN DIVIDENDS

MEETINGS WITH
**+400 ANALISTS
AND INVESTORS**



CUSTOMERS

92 FACTORIES
WITH TRIPLE CERTIFICATION

≈2% OF REVENUE
EARMARKED TO R&D
PROJECTS

41% OF NEW ORDERS
FOR ELECTRIFIED VEHICLES
(NEV - NEW ENERGY VEHICLES)



SOCIETY

€84.2 MILLION
PAID IN TAX

OVER €1 MILLION
INVESTED IN
COMMUNITY WORK

MORE THAN **41,500**
BENEFICIARIES

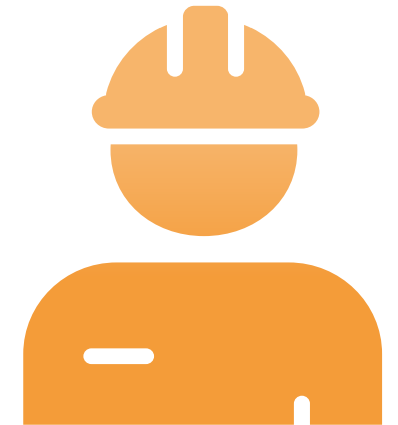


SUPPLIERS

€2.95 BILLION SPENT
ON PROCUREMENTS

92.2% OF SUPPLIERS
ARE LOCAL

**698 QUALITY
AND ESG AUDITS**



EMPLOYEES

25,294 EMPLOYEES
IN 19 COUNTRIES

807,806 HOURS
OF TRAINING

20% OF EMPLOYEES
ARE FEMALE (+2%)

9% REDUCTION
IN THE INJURY FREQUENCY
RATE AND
16% REDUCTION
IN THE INJURY SEVERITY
RATE

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

Progress on environmental commitments

ROLLOUT OF A NEW ENVIRONMENTAL ROADMAP for the medium and long term

SUPPLY CHAIN RACE 2 ZERO decarbonisation programme

ENVIRONMENTAL FOOTPRINT MEASURED in all geographies

IMPROVING INDICATORS *

EMISSIONS



-20.54%
VS 2022

337,937 T CO₂e

WATER CONSUMPTION



-1.93%
VS 2022

1,625,246.7 M³

WASTE



+11.21%
VS 2022

380,071.23 MT

(*) Data on environmental consumption and emissions includes emissions from discontinued German forging companies until June 30, 2023, and do not includes data from Salgglas, which represents less than 0.3% of the group's sales.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Progress on social commitments

CORPORATE DIVERSITY
PLAN: Assessment
complete at 93% of our
factories

ULYSSES PROGRAMME:
17 students, 4 countries
and +10 factories

CERTIFICATION: 94%
of factories are ISO
45001-certified

ESG TRAINING:
97% of our plant
Management
Committee members
are trained in ESG



Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Progress on governance

New PLATFORM for the
Whistleblowing Channel

Rollout of CRIMINAL RISK
MAP in Italy, Romania and
Slovakia

Monitoring of 79 ESG
INDICATORS within the 2025
Strategic Plan

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

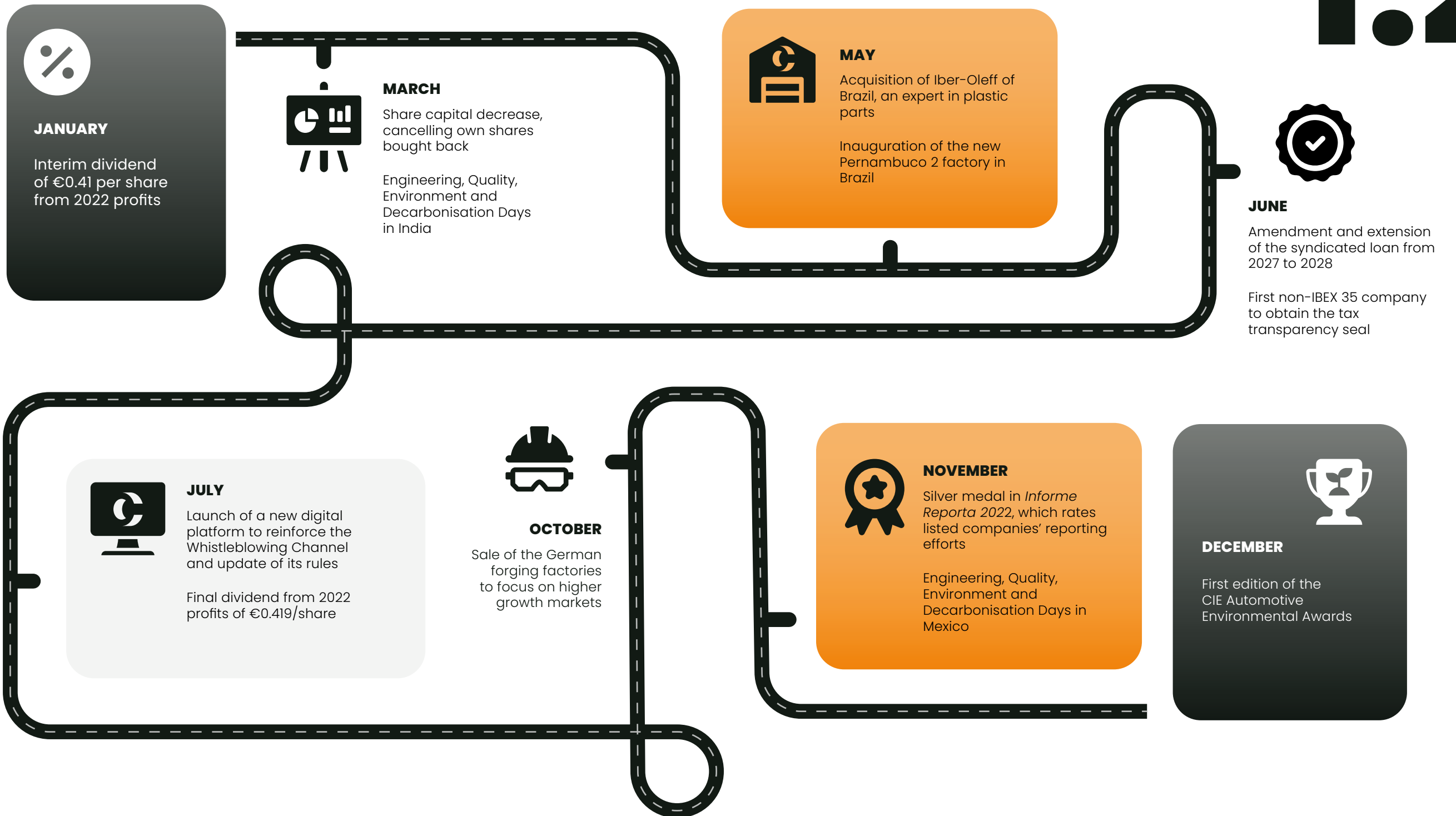
6 Responsible
management

About
this report

Data tables

Key milestones

1.2



1.3

CIE Automotive at a glance

Chairman
and
CEO's
statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About
this report

Data tables

1. UNITED STATES *R&D*

- CIE USA
- CIE Newcor RGI Clifford
- CIE Newcor MTG
- CIE Somaschini North America
- Golde Auburn Hills

2. MEXICO *R&D*

- CIE Amaya Mex
- CIE Celaya (multitech.)
- CIE Matic
- CIE Nugar
- CIE PEMSA Celaya
- CIE Plásticos México
- CIE PEMSA Saltillo
- CIE Forjas de Celaya
- Bill Forge de México
- Golde Puebla
- CIE Mapremex

3. BRAZIL *R&D*

- CIE Autoforjas
- CIE Autometal SBC
- CIE Dias D'Ávila
- CIE Autocom
- CIE Jardim Sistemas
- CIE Nakayone
- CIE Durametal
- CIE Taubaté
- CIE Autometal Diadema (multitech.)
- CIE Autometal Pernambuco
- CIE Autometal Minas
- CIE Autometal Salto
- CIE Autometal Pernambuco II

4. SPAIN *R&D*

- CIE Alcasting
- CIE Amaya
- CIE Denat
- CIE Egaña
- CIE Galfor
- CIE Gameko
- CIE Inyectametal
- CIE Legazpi
- CIE Mecasur
- CIE Mecauto
- CIE Norma
- CIE Nova Recycl
- CIE Orbelan
- CIE Recycle
- CIE Recylan
- CIE Recytec
- CIE Udalbide
- CIE Vilanova
- ACS Ibérica

5. PORTUGAL *R&D*

- CIE Stratis
- CIE Plasfil

6. FRANCE *R&D*

- CIE Compiègne
- ACS France

7. ITALY

- Metalcastello Spa
- CIE Somaschini
- CIE Somaschini Automotive

8. MAROCCO

- CIE Maroc

9. GERMANY *R&D*

10. HUNGARY

- CIE Salgglas

11. LITHUANIA

- CIE LT Forge

12. CZECH REPUBLIC

- CIE Zdanice
- CIE Metal CZ
- CIE Plasty
- CIE Unitools Press
- CIE Praga Louny

13. SLOVAKIA *R&D*

- CIE Mar SK
- Golde Lozorno

14. ROMANIA

- CIE Matricon
- ACS Romania
- Golde Oradea

15. RUSSIA

- CIE RUS

16. CHINA *R&D*

- CIE Automotive Parts Shanghai (multitech.)
- Nanjing Automotive Forging
- ACS Shanghai
- ACS Wuhan
- Golde Changchun
- Golde Shanghai
- Golde Tianjin
- Golde Wuhan
- Golde Shandong
- SAMAP Ningde
- SAMAP Shanghai

17. INDIA *R&D*

- CIE India Forgings Pune
- CIE India Gears Pune
- CIE India Gears Rajkot
- CIE India Stampings Rudrapur
- CIE India Stampings Nashik
- CIE India Stampings Kanhe
- CIE India Stampings Kanhe II
- CIE India Stampings Zaheerabad
- CIE India Stampings Pantnagar
- CIE India Stampings Nagpur
- CIE India Composites Division
- CIE India Foundry Division
- CIE India Magnetic Products Division
- Bill Forge Bommasandra
- Bill Forge Jigani (Plant 2)
- Bill Forge Attibele
- Bill Forge Coimbatore
- Bill Forge Haridwar
- Bill Forge Jigani (Plant 6)
- CIE Aluminium Casting Aurangabad HPDC
- CIE Aluminium Casting Aurangabad GDC
- CIE Aluminium Casting Pantnagar
- CIE Aluminium Casting Pune
- CIE Hosur
- Golde Pune

Global footprint

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

History

1996

INSEC investor group set up to create a Spanish business group in the automotive services sector and an agreement to make an equity investment in Egaña SA to set up Corporación Industrial Egaña.

1997

Corporación Industrial Egaña embarked on national expansion with the acquisition of Basque SMEs from the sector which brought the group know-how in a range of technologies.

1998

Start of international expansion in Europe with the acquisition of Unitools Press, in the Czech Republic.

1999

Creation of Autokomp Ingeniería, the embryo for the current technology centre, to provide the group companies with R&D support.

2000

Entry into the Brazilian market with the acquisition of 50% of Autometal.

2002

Corporación Industria Egaña merges with Grupo Aforasa to create CIE Automotive.

Inauguration of the company's first greenfield factory in Mexico, in the town of Celaya.

2006

Entry into the Chinese market, CIE Automotive's first Asian stop, with a greenfield project, CIE Automotive Parts Shanghai.

Creation of the CIE Desc joint venture in Mexico, marking a qualitative leap in the ability to service North American customers.

2009

Entry into the roof systems segment with the acquisition of Advanced Comfort Systems (ACS).

2011

Reverse merger with Dominion via Inssec.

CIE Autometal listed on the Sao Paulo stock exchange.

2012

Initial foray into the US market with the acquisition of Century Plastics.

Maiden forging factory in Asia with the creation of the Nanjing Automotive Forging joint venture (NFJ).

2013

Entry into the Indian market via the strategic alliance with India's Mahindra & Mahindra Group, giving rise to MCIE (since renamed, CIE India), a listed company.

2014

Delisting of CIE Automotive's Brazilian subsidiary, Autometal.

2015

Endorsement of the United Nations Global Compact, approval of the group's CSR & Sustainability Policy and creation of the Cross-Group CSR Committee (currently, the Cross-Group ESG Committee).

2016

CIE Automotive lists its technology subsidiary, Dominion.

2017

Publication of the Global Supply Chain Manual.

Celebration of the first CSR Day (currently called ESG Days).

2018

CIE Automotive's shares in Dominion distributed to the company's shareholders in the form of an extraordinary dividend.

Creation of the Suppliers Portal as a management tool focused on overseeing ESG risks.

2019

Acquisition of Inteva's roof systems division, positioning CIE Automotive in the global top 3 in the design and manufacture of roofs.

2020

CIE Automotive ties its €690 million syndicated loan to green finance criteria.

Membership of the SERNAUTO Responsible Business Committee.

First share buyback and cancellation programme.

2021

CIE Automotive turns 25 and unveils its 2025 Strategic Plan.

2022

Commitment to achieve climate neutrality before 2050 announced.

Second share buyback and cancellation programme.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Ready for change

The challenges facing the
automotive sector, having
revisited pre-pandemic volumes

A genuine
business model

The commitments
that inspire us

Our sustainable growth strategy

We are ready to lead change at our company and in the sector. a firm commitment to people and the planet, a resilient model set to overcome challenges, an effective strategy for delivering our targets and the technological know-how to make them happen.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

The challenges facing the automotive sector, having revisited pre-pandemic volumes

The automotive industry's productive model is in the midst of profound transformation in a bid to decarbonise vehicles and increase their connectivity and comfort, while keeping prices in check. Having surmounted the supply chain friction that was impeding this transition, the experts anticipate the start of a new cycle driven by vehicle substitution in developed markets and low vehicle penetration in emerging markets. In 2023, production amounted to 90.3 million vehicles, revisiting pre-pandemic levels.

Sector background

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

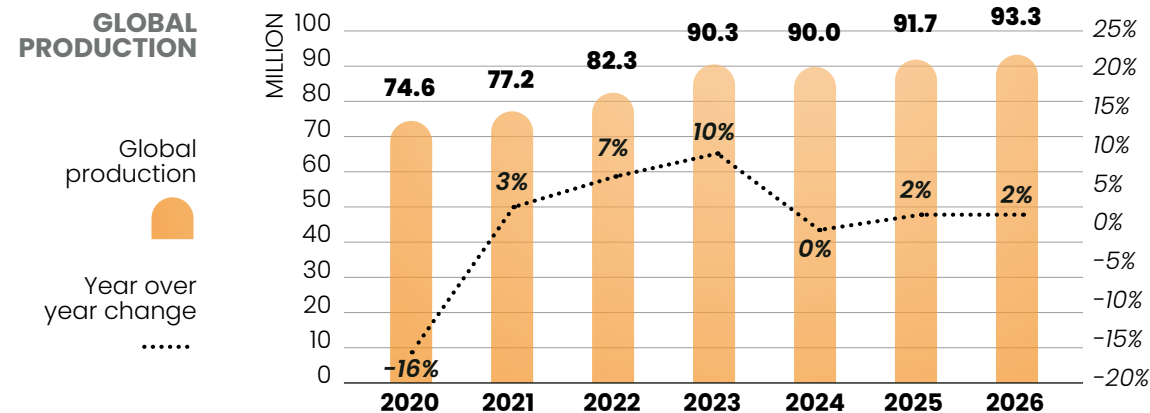
5 Our response to the environmental challenge

6 Responsible management

2023 was a year of recovery for the automotive sector. Although the concerns about the supply chain did not fade entirely, the situation improved gradually: chip delivery times came down, raw material prices remained in check and the transport logistics issues were resolved.

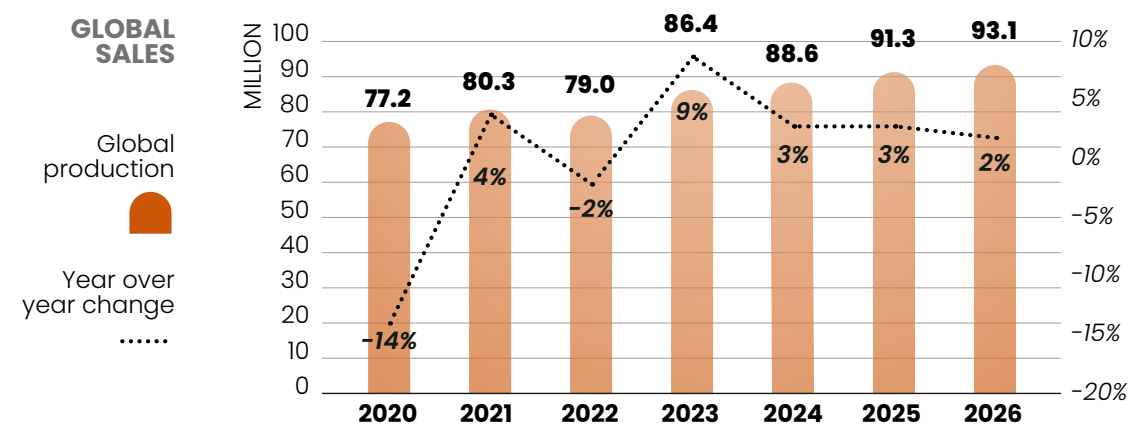
As these issues began to recede, global light vehicles production started to rise, ending the year at 90.3 million vehicles. That volume, up 9.7% from 2022 and back at pre-pandemic levels, reflects the replenishment of inventories and satisfaction of the order backlog.

As these issues began to recede, **global light vehicles production started to rise, ending the year at 90.3 million vehicles**



Source: S&P IHS

In parallel, sales increased to 86.4 million units, up 9% from 2022, helped by the recovery in production volumes.



Source: S&P IHS

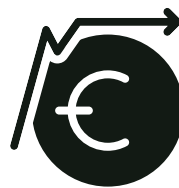
Challenges and opportunities

CIE Automotive monitors the market constantly to detect risks and opportunities that could shape its business in the future (refer to the chapter on "Risk management"). This permanent scrutiny allows it to mitigate the key market risks and leverage its competitive advantages.

Next is a description of the main challenges and opportunities, with further information provided in "Risk management - Market risks":

CHALLENGES

Despite the sector's strong performance in 2023 in the wake of global supply chain normalisation, the business faced certain challenges that could well become more pressing in the years to come:



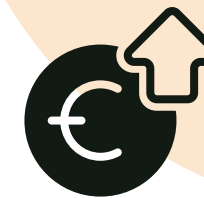
Economic slowdown

According to the International Monetary Fund's estimates, the global economy grew at a moderate rate of 3% in 2023 and will slow to 2.9% in 2024, well below the 3.5% recorded in 2022 and average growth of 3.8% between 2000 and 2019. Prospects are, however, very different between the advanced economies, where the slowdown is expected to be more pronounced, and emerging and developing economies, which are expected to register higher growth.



Heavy investment in electric vehicles

The transition to electric mobility is requiring heavy investments in new technology around batteries, vehicle autonomy and electric propulsion systems. The OEMs need to design specific vehicle platforms, requiring significant investment in engineering and design. Automotive suppliers need to improve their production lines to adapt them for electric vehicles which implies, in addition to capital expenditure, investing in skills.



Increase in borrowing costs

The automotive sector players were faced by an increase in borrowing costs as a result of the successive interest rate increases implemented to curb inflation. The increase in the cost of money left many OEMs and suppliers, which had leveraged up to deal with the fallout from the pandemic and/or invest in vehicle electrification, in a precarious position.



Price war in electric vehicle segment

Growth in electric vehicles is driving the OEMs to cut prices aggressively in order to build a position in the market. A price war broke out in January when one of the electric vehicle segment leaders cut the price of its cheaper models in a move that was quickly followed by the other OEMs, worried they would be left out of this niche; discounts went as high as 15% on some models in China. In fact, the Chinese electric vehicle makers are making major inroads, exporting very cheap models to Europe.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

OPPORTUNITIES

Despite these challenges, there is talk about a new cycle in the automotive industry, buoyed by the following factors:



Shift in demand composition

The economic slowdown, coupled with an ageing fleet in developed economies and growth in developing economies, could change the market's composition. While demand is expected to remain steady in terms of volumes, the outlook is for a higher share of sales in the mass market segment and in sales in developing economies.



Ageing global vehicle fleet

The advanced age of the stock of vehicles on the road implies potential demand via substitution. The OEMs can tap this demand by offering updated models with enhanced features, more modern technology and more efficient performance. There is pent-up demand in the US and Europe among buyers who are not shopping for second-hand cars, suggesting they are waiting to buy a new car.

AVERAGE AGE OF THE VEHICLE FLEET IN 2023

	2021	2022
Europe	11.8 years	12.1 years
US	13.1 years	13.6 years
Mexico	12.6 years	10.1 years
Brazil	10.3 years	10.7 years
India	25 years	25 years
China	5.1 years	7 years

Source: ACEA, Anfavea, JPM, ANFAC, IHS, GiPA, OICA, INEGI, NTS



Public interest in the new electric vehicles

Growing environmental awareness and emerging regulations restricting the use of less environmentally-friendly cars are whetting consumers' interest in electric vehicles. As prices come down, the number of charging stations rises and autonomy improves, the share of electric vehicles is bound to increase.



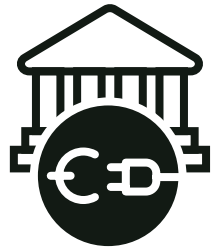
Low vehicle penetration in certain development economies

Developing economies with low vehicle penetration rates are ripe for healthy growth in vehicle sales. These countries often present transport infrastructure limitations, economic barriers and very limited access to credit. As these obstacles are surmounted, their populations will start to buy more cars, as is already happening in India and Brazil.

MOTORISATION RATE BY COUNTRY

Europe	54%	China	23%
North America:		Brazil	22%
US	71%	India	4%
Mexico	28%	Japan	55%

Source: ACEA, Anfavea, JPM, ANFAC, IHS, GiPA, OICA, INEGI, NTS

**Government
aid to boost
the transition
to electric
vehicles**

Governments are rolling out incentive schemes to encourage consumers to replace their old cars and embrace the new efficient and green models. This is creating opportunities for OEMs capable of aligning themselves with the sustainability and efficiency incentives. Note that three-quarters of the EU members states are currently offering electric vehicle purchase incentives.

ELECTRIC CAR TAX BENEFITS AND PURCHASE INCENTIVES EUROPE

		Tax benefits			Incentives	
		Acquisition	Ownership	Company car	Purchase	Infrastructure
	Austria	✓	✓	✓	✓	✓
	Belgium	✓	✓	✓	✗	✗
	Bulgaria	✗	✓	✗	✗	✗
	Croatia	✓	✓	✗	✓	✗
	Cyprus	✓	✓	✗	✓	✗
	Czech Republic	✓	✓	✓	✓	✓
	Denmark	✓	✓	✗	✗	✓
	Estonia	✗	✗	✗	✓	✗
	Finland	✓	✗	✓	✗	✗
	France	✓	✗	✓	✓	✗
	Germany	✗	✓	✓	✓	✗
	Greece	✓	✓	✓	✓	✗
	Hungary	✓	✓	✓	✓	✗
	Ireland	✓	✓	✓	✓	✗
	Italy	✗	✓	✗	✓	✗
	Latvia	✓	✓	✓	✗	✗
	Lithuania	✓	✗	✓	✓	✗
	Luxembourg	✓	✓	✓	✓	✗
	Malta	✓	✓	✗	✓	✗
	Netherlands	✓	✓	✓	✓	✗
	Poland	✓	✓	✗	✓	✓
	Portugal	✓	✓	✓	✓	✗
	Romania	✗	✓	✗	✓	✗
	Slovakia	✓	✓	✗	✗	✗
	Slovenia	✓	✗	✗	✓	✗
	Spain	✓	✓	✓	✓	✓
	Sweden	✗	✓	✓	✗	✓

Source: ACEA

Governments
around the world
are rolling out
incentive schemes
to encourage the
purchase of more
efficient cars

Chairman
and
CEO's
statement

Market performance by region

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

North America:

Vehicle production in North America totalled 15.7 million units, up 9.7% from 2022. This growth, considered high for a mature market, is attributable to the positive impact of the Inflation Reduction Act (IRA), which provides electric vehicle buyers a tax credit of up to \$7,500 if the car meets certain regional production requirements.

A flat evolution is expected in the coming years, typical of an already mature market that is losing weight in favor of other markets.

One negative development was the simultaneous strike at three OEMs - General Motors, Stellantis and Ford - in the US and Canada. Production foregone during the stoppages is estimated at 203,793 vehicles.

Unlike Europe and despite the market's maturity, vehicle production in the US is expected to increase by 1% in 2024, in large part, but not entirely, due to the recovery in volumes in the wake of the strike. Medium term, the market is expected to revisit its pre-pandemic levels by 2026, again setting it apart from the European market.

Vehicle purchase incentives

In August 2022, the US passed the Inflation Reduction Act (IRA), which includes \$369bn in clean energy investments as well as provisions that will lower the cost of prescription drugs and increase taxes on large corporations. Of particular interest for the automotive sector is the vehicle purchase incentive and the infrastructure tax credit. Overall, the bill is projected to help cut greenhouse gas emissions by about 40% from 2005 levels by the end of the decade.

The Inflation Reduction Act contains financial incentives to encourage the purchase of electric and hydrogen fuel cell powered vehicles as well as the deployment of charging stations. Provisions in the IRA provide a tax credit for the purchase of the vehicle itself and a tax credit for the purchase and installation of charging assets or charging infrastructure.

Europe:

Production in Europe totalled 17.3 million vehicles in 2023, annual growth of 12.6%, reflecting the gradual supply chain normalisation.

In 2023, purchases were boosted by the need to renew an aged vehicle fleet (especially rental car fleets) and electric and plug-in purchase incentives.

In the electric segment the European OEMs are facing a surge in Chinese electric vehicle imports. The resulting price war is putting the weaker parts suppliers in a tough situation, negotiating prices that leave their EBIT margins at under 5%. Faced by this situation, while Brussels has officially started an anti-subsidy investigation on electric cars from China, the various national governments are rolling out initiatives to protect their industries. For this and other strategic reasons, the Chinese OEMs are looking into options for setting up manufacturing in Europe down the line. For example, in December BYD formally announced plans to build a factory in Hungary in phases.

The European market is forecast to remain flat in the coming years, as is expected of a mature market that is losing share to other areas of the world.

Ready for change

Brazil:

Brazil produced 2.2 million vehicles in 2023, growth of 1.2% from 2022. Tax breaks mitigated the pronounced rise in interest rates in 2023.

The big announcement last year was BYD's acquisition of the old Ford factory in Bahía, which is now expected to produce two electric cars and one hybrid model, as well as electric trucks and buses. Production is expected to start in the second half of 2024 with initial annual capacity of 150,000 units, a figure expected to double to 300,000 from 2025.

Growth in production is expected to accelerate in 2024, to 3% and, most notably in 2025 and 2026, when production growth is forecast at 6% and 7%, respectively. Some of the anticipated growth is attributable to the fact that the Brazilian central bank has already started to cut interest rates.

China:

The world's largest vehicle maker increased production by 10.0% in 2023. Although domestic demand appears to be slowing, Chinese production was boosted by the extension of tax relief for electric vehicles until 2027. Moreover, the Chinese OEMs are growing in foreign markets thanks to a price-based growth strategy.

Annual growth to 2026 is forecast at 3%.

India:

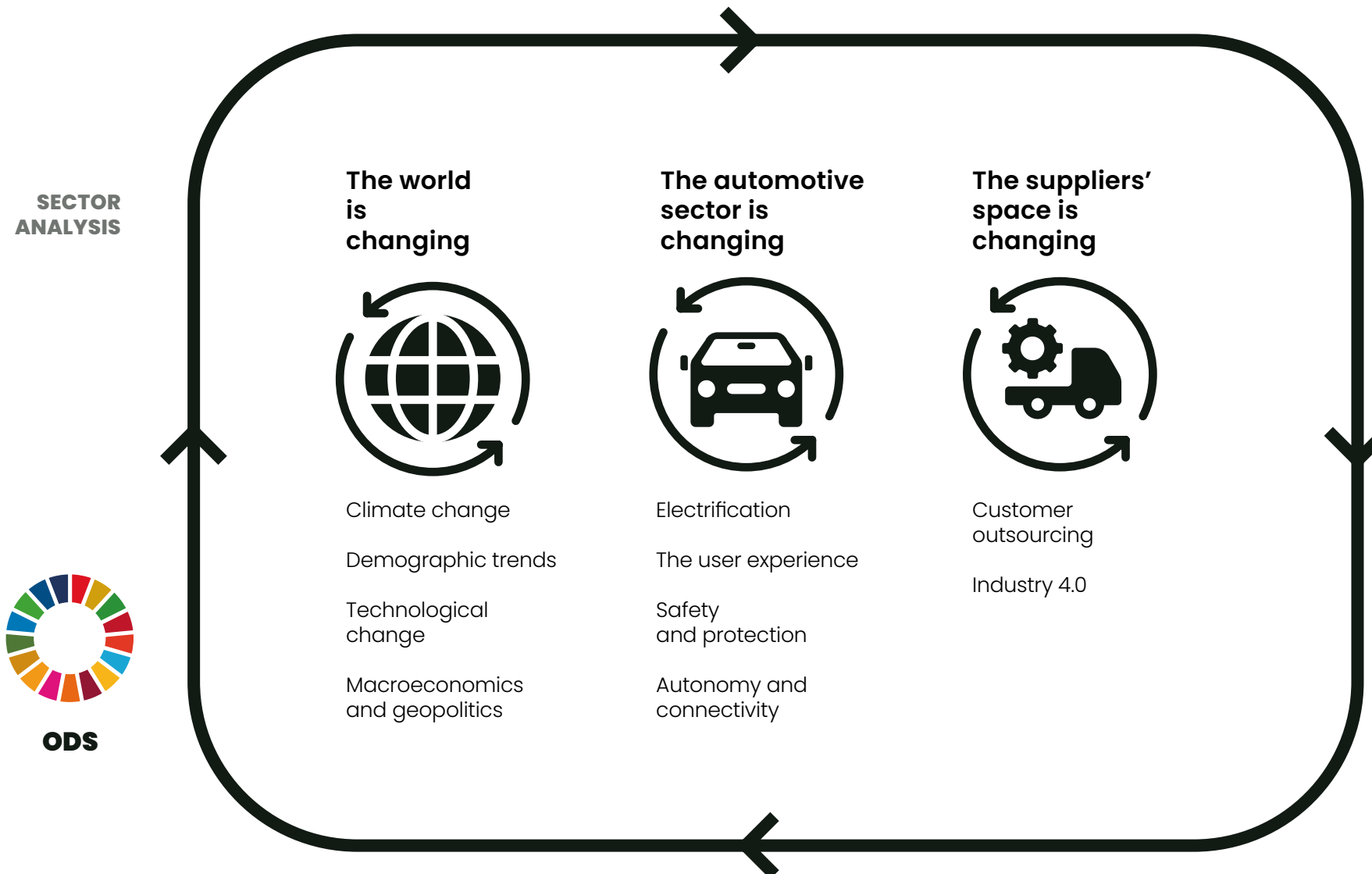
Demand for vehicles in India broke new records in 2023. Production increased by 4.4% to 5.4 million units, despite strong levels already in 2022. As well as a strong performance in the passenger vehicle segment, other segments with even greater growth potential started to recover: commercial vehicles (+0%); motorcycles (+4%) and tractors (-2%).

Notably electrification also started to make inroads in this market: in early October, Tata announced it would launch eight electric models in 2030. This growth is expected to get a further injection from public initiatives designed to draw investments related with electric vehicles. In 2023, electric car sales volumes increased by around 90% (88% as of November). However, combustion-engine vehicles are expected to continue to dominate this market.

As for the outlook for light vehicle production, growth is expected to take a breather in 2024, consolidating the sharp growth recorded last year before going on to regain traction, with growth of 4/5% forecast for both 2025 and 2026.

Key sector trends

The automotive parts makers are playing a crucial role in transforming the automotive sector by helping the OEMs to tackle many of the trends arising from society's demands. These trends are giving way to new forms of mobility and prompting changes in manufacturing models. As outlined in "Risk management", analysing these trends is a crucial aspect of CIE Automotive's market risk management effort.



Market trend analysis is a crucial aspect of **the market risk management effort**

The world is changing



Climate change

The environmental laws written to combat climate change are coming faster and are becoming more ambitious and global in reach. Climate change regulations are tackling two key fronts. Firstly, they are requiring the use of greener energy sources, focused primarily on electrification. Secondly, all sector players must mitigate their carbon footprints taking a lifecycle approach.

Demographic trends

There are many opposing demographic trends unfolding simultaneously around the world whose ultimate overall effect on the automotive sector is expected to be clearly positive.

- More than half of forecast population growth is concentrated in Africa, but the most of the world's population is located in Asia (60%), with Europe losing share (10%).
- Life expectancies are rising and birth rates dropping, driving population ageing.
- Urbanisation is a parallel trend and we are also seeing - mainly regional - migratory displacements of populations.

Technological change

The world is moving towards a Fourth Industrial Revolution, which will change our lives and make productive processes, including those of the automotive sector, more efficient.

The emerging improved and more efficient vehicle architectures are based on the use of the right materials and their correct application, which means that different technologies will have a role to play in the next-generation, multi-material vehicles.

Macroeconomics and geopolitics

- Emerging market opportunities: the Chinese, Indian and Brazilian economies, to name a few, are expected to experience sharp growth in the coming years.
- National protectionism: initially perceived as a threat, protectionism strategies are no longer expected to have a significant impact on the automotive sector.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

The automotive sector is changing



Electrification

With the aim of curbing climate change, the automotive industry is investing heavily in R&D oriented around transport decarbonisation. Despite those efforts, EV penetration rates vary significantly from one market to the next and we are likely to see vehicles fuelled by different sources of energy coexist for some time.

User experience

Car buyers' preferences have shifted. Nowadays they are looking for aspects related with comfort, such as spaciousness, driver assistance and smart infrastructure, to the detriment of other attributes such as power, aerodynamics and external aesthetics. Within the comfort thrust, the penetration of roof systems is outpacing the general automotive market.

Safety and protection

Vehicle safety prioritisation is making manufacturing more complex and increasing the number of parts and their added value. Today's cars are being fitted with sophisticated driver assistance systems that prevent accidents and other passive safety systems designed to mitigate damage and injuries in the event of a collision; those systems are being embedded in the chassis and bodywork, for example, as well as shaping seatbelt and airbag development. Growing safety and protection requirements for passengers and other road users is requiring the introduction of more complex solutions involving different materials, reinforcing the astuteness of the multi-technology approach.

Autonomous and connected car

Major progress has been made on autonomous driving in recent years, thanks to which important driver assistance features have been introduced to new cars. However, the mainstreaming of the autonomous car in the coming years continues to face obstacles. In parallel, users are demanding greater connectivity between their cars and the outside world (virtual assistants, automation, etc.), all of which requires establishing high-speed connections. The OEMs are therefore expected to partner with technology, telephony and infrastructure providers.

The suppliers' space is changing

Production outsourcing

The OEMs are increasingly outsourcing production of their vehicles to their suppliers who nowadays account for over 75% of total vehicle value, in order to concentrate on their core competencies.

Industry 4.0

The automotive supplier sector is investing heavily in R&D in order to build so-called smart factories: cloud platforms, simulation capabilities, cognitive manufacturing and online robotics. In the years to come digital transformation is expected to shake up the existing automotive sector's supply chain.

Digital transformation is expected to shake up the automotive sector's supply chain



2.2 A genuine business model

To tackle the challenges facing the automotive sector and help move it towards sustainability, CIE Automotive has a unique business model which has been proving its effectiveness for over 25 years. Its approach is underpinned by customer, technological and geographical diversification, disciplined investing and decentralised decision-making. The model has been enriched in recent years by the inclusion of environmental, social and governance (ESG) aspects.

CORNERSTONES OF THE BUSINESS MODEL

Geographical balance

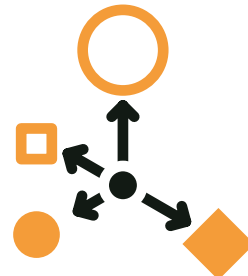


108 manufacturing facilities
(including 3
multi-technology factories)

10 research
centres

17 countries

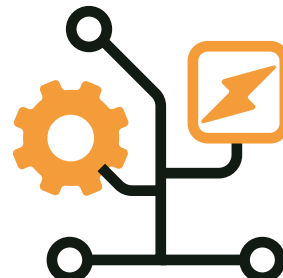
Customer diversification



70% OEMs
(automobile
manufacturer)

30% TIER-1 SUPPLIERS

Multi-technology approach



7 technologies:

- Aluminium die casting
- Forging
- Metal stamping and tube forming
- Machining
- Plastic
- Casting
- Roof systems

Disciplined investing

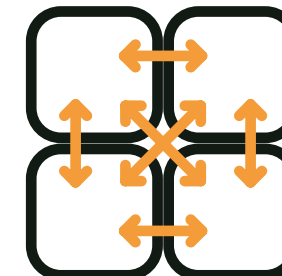


Flexible standard
machinery

High
returns
on investments

High EBITDA-to-cash
conversion ratio

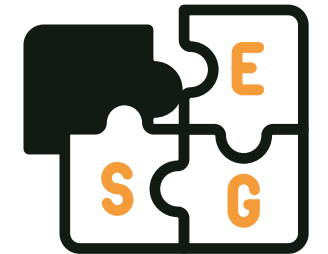
Decentralised management



4 autonomous
geographic
regions

1 corporate network
to support
the regions

Integration of ESG standards



Ethical commitment

CIE
culture

Eco-efficiency

Active listening

Geographical balance

Since its creation in 1996, CIE Automotive has been strategically expanding its geographic reach, locating its manufacturing facilities close to the vehicle assembly platforms in the main automotive markets: Europe, North America, Asia and Brazil. Thanks to the acquisition of a number of companies, the construction of greenfield facilities and strategic alliances with other companies, CIE Automotive has built itself up to include 108 manufacturing (including 3 multi-technology factories) and 10 research centres located in 17 countries.

This geographical diversification positions it a leading supplier for the platforms worldwide, enabling it to maintain a healthy sales and earnings mix across the various regions. Geographic diversification is a crucial defensive tool in moments of crisis, as slowdowns in production in some markets are often mitigated by stronger momentum in others.

Against that backdrop, specifically to direct its financial and managerial resources to markets with higher growth potential, such as India, and other technologies in greater demand and tied to its decarbonisation strategy, in 2023 the company sold Mutares its German forging business, the subsidiaries of CIE Forging Germany GmbH.

CIE AUTOMOTIVE FACTORIES AROUND THE WORLD

North America

31%

The company entered the Mexican market two decades ago and over the last 10 years expanded into the US by means of mergers and acquisitions. It currently has 13 manufacturing facilities in Mexico and five in the US.

Europe

36%

Having sold its German forging business in October 2023, CIE Automotive has 39 manufacturing facilities in western and eastern Europe and one factory in Morocco.

Brazil

9%

In Brazil, CIE Automotive has 14 manufacturing facilities following the acquisition of Iber-Oleff, which specialises in plastic parts. It commands a noteworthy position in this market in the wake of the consolidation of the automotive parts market in recent years.

Asia

24%

CIE Automotive has 25 manufacturing facilities in India and 12 in China. The company entered the Indian market, the world's fastest-growing automotive market, through its alliance with the local business group Mahindra & Mahindra, later cementing its position in the country by acquiring Bill Forge and AEL (now CIE Aluminium Casting). In China, the company's growth is the result of its acquisition of Inteva's roof systems division.

Customer diversification

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

MAIN CUSTOMERS

Jeep

MAGNA


Mercedes-Benz



 **HYUNDAI**




CITROËN






RENAULT

OPEL 




BAJAJ



 **SEAT**








FAW

NTN

 **CATERPILLAR**

 **BOSCH**

Mahindra



DAIMLER

CIE Automotive has strategic relationships with more than 80 customers worldwide, including the main multinational automotive original equipment makers (OEMs) (70%) and Tier 1 parts makers (30%).

Its sales policy is predicated on not becoming significantly reliant on any single customer: the largest customer represents just 8% of total group revenue. Not only does this strategic approach strengthen the company's price negotiation power, it has been key to the growth achieved during times of crisis.

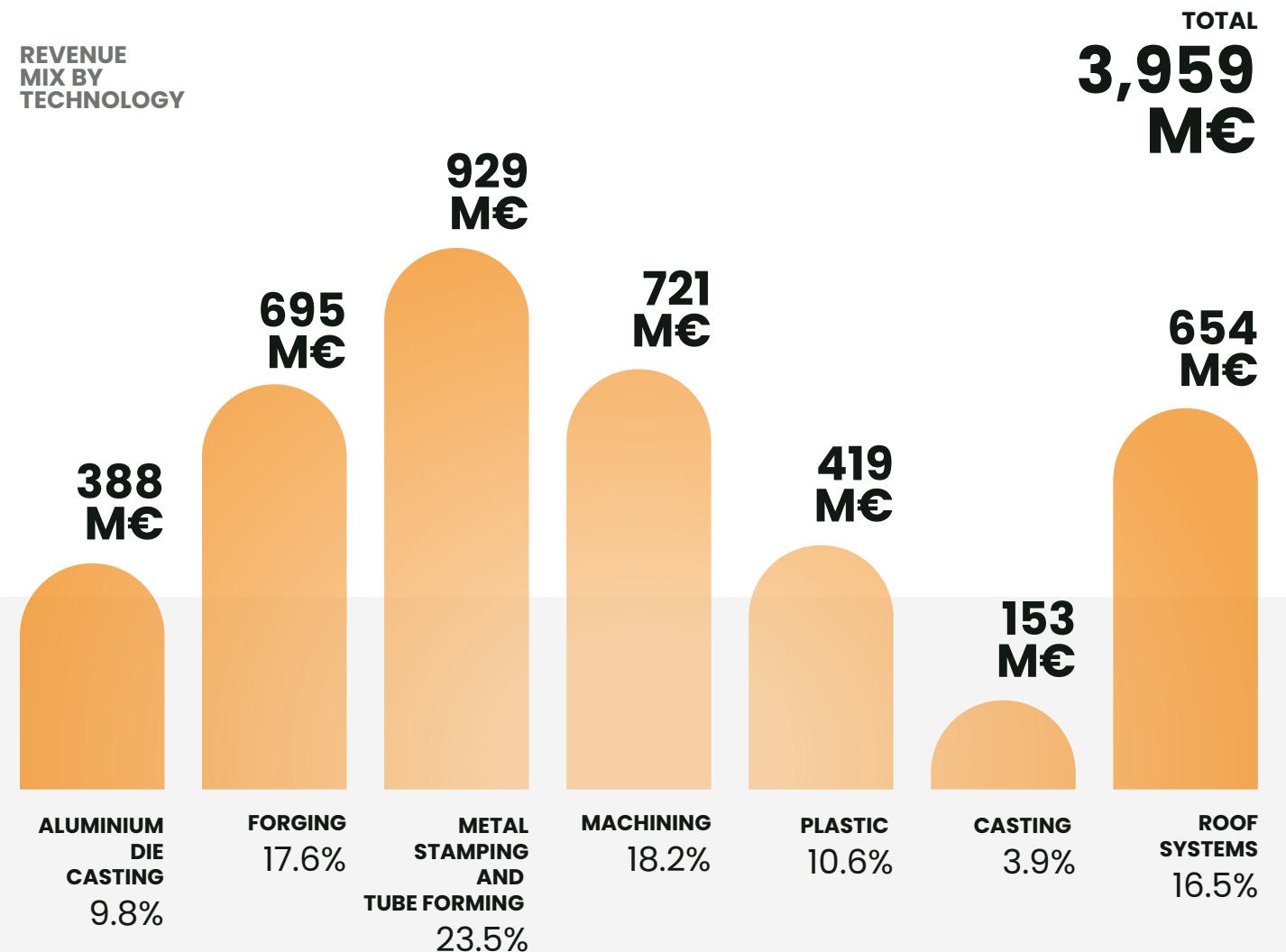
Multi-technology approach

CIE Automotive's production effort encompasses more than 7,000 parts and subassemblies made using seven different fundamental processes or technologies: aluminium die casting, forging, metal stamping and tube forming, machining, plastic, casting and roof systems.

Mastery of these different technologies positions the group as an end-to-end supplier for its customers, who can choose between different technical proposals for a given part or select a subassembly made using a wide range of technologies.

This technological versatility not only gives customers greater choice, it also allows the group to direct its investments into the technologies in highest demand in each market over time.

At present, the main market thrust is clearly vehicle electrification. Over 80% of the parts and subassemblies made by CIE Automotive can be adapted for electric and hybrid vehicles.



Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

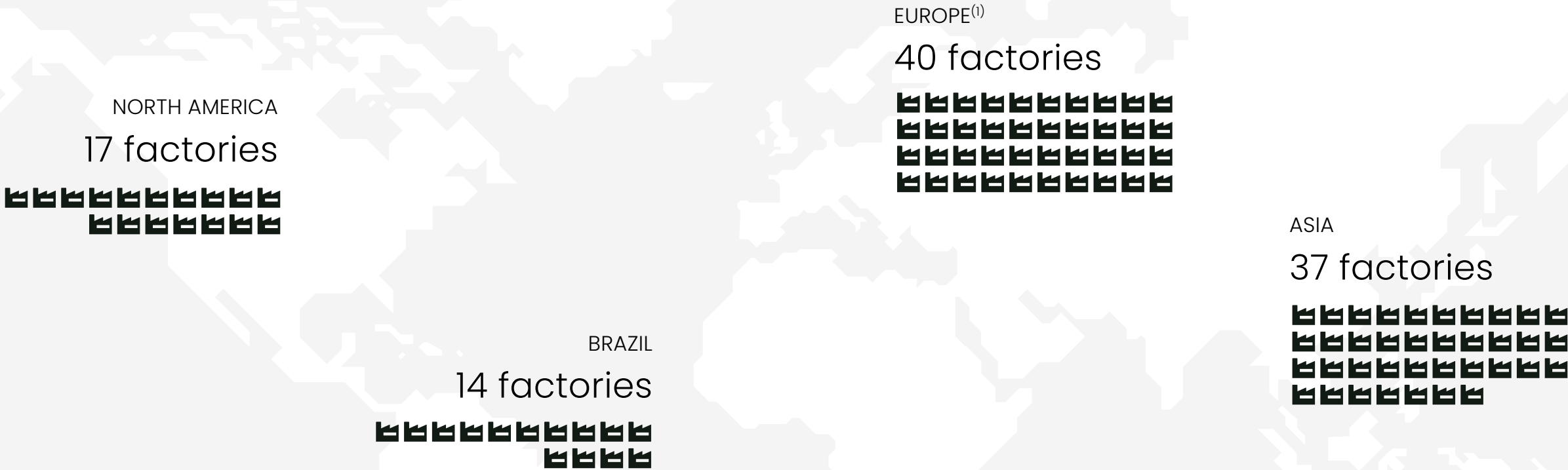
4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables



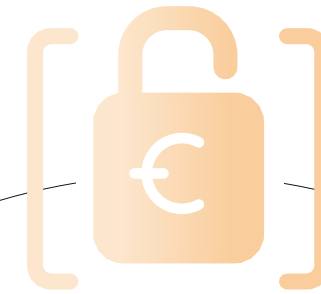
Number of factories	TOTAL	Aluminium (5)	Forging (4)	Stamping	Machining	Plastic (3)	Casting (6)	Roof systems
Europe (1)	40	5	3	5	16	5	-	6
North America	17	1	2	4	6	2	-	2
Brazil	14	1	1	4	1	6	1	-
Asia (India & China) (2)	37	4	9	8	3	1	2	10
TOTAL	108	11	15	21	26	14	3	18

(1) Includes the CIE Maroc factory in Morocco and the CIE Automotive Rus factory in Russia.
(2) Includes one multi-technology factory (CIE Automotive Parts Shanghai).
(3) Includes three multi-technology factories (CIE Celaya, CIE Automotive Parts Shanghai and CIE Autometal Diadema).
(4) Includes one multi-technology factory (CIE Autometal Diadema), as well as one facility in each of India and the US that use composites technology.
(5) Includes one multi-technology factory (CIE Celaya).
(6) Includes a Magnets plant in India.

Disciplined investing

Every year, CIE Automotive invests in expanding its capacity and optimising its facilities. Investments are framed by strict financial discipline focused on cash generation.

Investments are planned considering the three pillars of the company's financial discipline: capital expenditure, high return thresholds and the conversion of EBITDA into operating cash flow.



PILLARS OF DISCIPLINED INVESTING STRATEGY

CAPEX	Strict investment discipline High return hurdles	EBITDA-to-cash conversion threshold
Flexible, standard equipment which enables high capacity utilisation.	CAPEX $\geq$ 20% ROI.	Operational excellence coupled with control over CAPEX for an EBITDA-to-operating cash conversion ratio that is above the market average.
Recurring capex of ~2-3% of revenue, which is sufficient to enable facility maintenance and organic growth.	Net working capital $\approx$ 0.	Target ratio of >60%.

ESG criteria

Beyond its long-standing financial discipline, in 2023 CIE Automotive improved its investing procedures to include ESG criteria and analyse new risk factors. Now the investment selection process considers environmental criteria, for example, the scope for cutting power consumption, the waste generated by the asset under study and the repercussions for personal health and safety, in keeping with local regulations. In another first for the company, industrial and climate risks are now analysed before making any investment. All of the suppliers involved in an investment process have to sign the ESG Commitment for Suppliers.

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

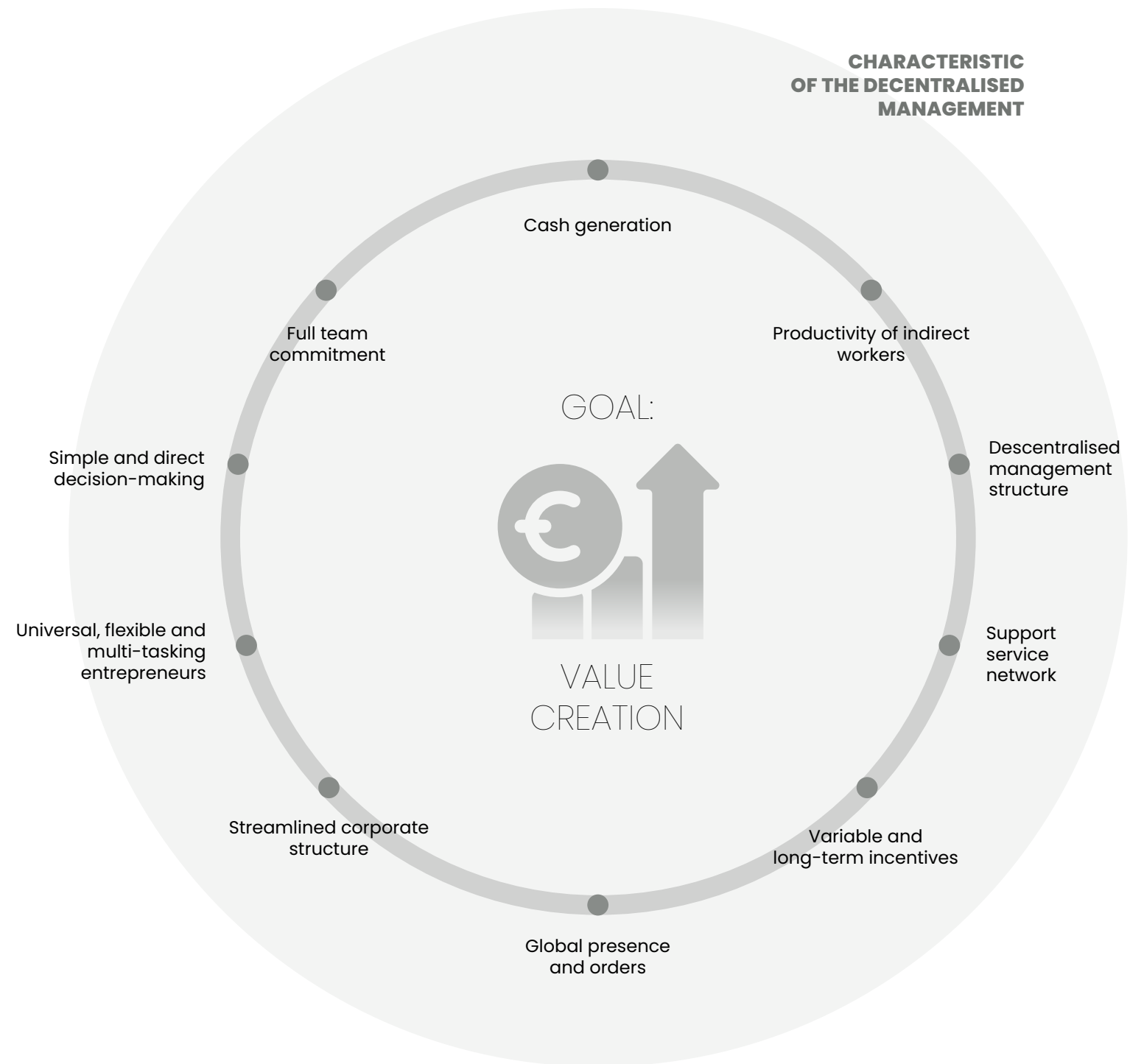
About this report

Data tables

Decentralised management

CIE Automotive follows a decentralised management model to give it the flexibility needed to outperform in a global market. Its lean structure, which is markedly simple, optimum and efficient, accelerates the decision-making process, giving the company a competitive edge, especially in challenging times such as these.

Each region and division takes decisions suited to its circumstances, albeit always with the shared goal of creating value. In this process, they are supported by the various Corporate Areas (Sales, Procurements, R&D, Human Resources, Engineering, Quality & Environment, Internal Audit, Compliance and ESG) and a series of Network Services vested with a group-wide remit.



1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About
this report

Data tables

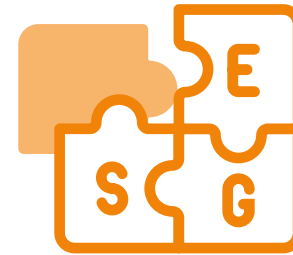
Chairman and CEO's statement

Integration of ESG standards

CIE Automotive officially integrated ESG standards into its business model in 2019, a step that reinforced its commitment to the 10 Global Compact Principles and the Sustainable Development Goals.

Integration of ESG standards goes beyond the organisation itself, extending to the supply chain, which is assessed along responsibility criteria.

The company also participates actively in a range of business associations and forums in order to have a positive influence on the broader business community.



TIMELINE OF ESG TRANSFORMATION

2015

Endorsement of the United Nations Global Compact

2016

Membership of Forética's Transparency, Integrity and Good Governance Cluster

2019

Integration of ESG criteria into the company's business model

2020

Membership of the SERNAUTO Responsible Business Committee

2021

New Strategic Plan including the ESG strategy for the first time

2022

Announcement of the commitment to reach net zero by 2050

CIE Automotive is committed to the **10 Global Compact Principles and the Sustainable Development Goals**

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

2.3 The commitments that inspire us

Guided by its mission, vision and values, CIE Automotive pursues excellence in its businesses while undertaking to minimise its impact on the environment and maximise its contribution to society. In tune with the United Nations 2030 Agenda, the company has embedded social and environmental responsibility into all its processes. Its actions are inspiring other sector players and contributing to the transition towards sustainability.

Mission, vision and values



Mission

We are a committed team with an automotive story that has been growing steadily for more than 25 years.

- **We are a global and multi-technology supplier**
 - Four continents
 - Seven technologies
- **We create value for all of our stakeholders**
- **We guarantee quality and service**
- **As a team, we join in and innovate**
 - Every person is an entrepreneur
 - We are proud to belong here
- **We care for our planet**
 - We help improve our surroundings
 - We minimise our environmental impact



Vision

To provide the best solutions for the mobility of tomorrow while being:

- **Climate neutral:**
 - Maximum resource circularity
 - Zero net emissions
- **Value chain drivers:**
 - End-to-end approach
 - Commitment to local economies
- **A benchmark for society:**
 - Guaranteeing everyone's ethical conduct, health and safety
 - Listening, communicating and acting
- **Excellent in management:**
 - Transparency and integrity
 - Value creation



Values

- **Committed to a job well done**
- **Innovation as the response to any challenge**
- **Focused on people, their families and their surroundings**
- **Diversity, equality and inclusion**
- **Sustainable and profitable growth**
- **Ethical and honest conduct**
- **Self-criticism and recognition of others**
- **Champions of climate action**
- **Compliance with the law**

Social responsibility at CIE Automotive

CIE Automotive factors ESG considerations into all its business decisions, from strategic planning to execution on the ground. This approach allows it to respond to its customers' demands and the growing body of legislation around sustainability, while also locking in profitable, long-term growth by driving efficiency and innovation so as to minimise its negative impacts.

Global Compact

CIE Automotive's public commitment to sustainable development dates back to 2015, when it signed its endorsement of the United Nations Global Compact. That endorsement implied the public assumption of responsibility in key areas including human and labour rights, environmental protection and anti-corruption. Eight years later, as a Signatory of the Spanish Chapter of the Global Compact, the group has moved beyond its respect for the Company's 10 universally recognised principles and become an agent of systematic change in the shift towards a sustainable economy.



United Nations
Global Compact

ESG Policy

At the forefront of the company's gradual transformation is the Board of Directors, which in 2017 championed the formulation of an ESG Policy, which was updated in 2021, that is binding on all members of the company. This policy defines the fundamental principles and general framework for building sustainability practices into the company's business model and strategy. Effective application of these principles and the potential risks associated with it are addressed in CIE Automotive's Risk Management and Control Policy.

Management monitoring

Supervision of ESG and sustainability management falls to the Board of Director's ESG Committee, which delegates oversight of application of the principles in the Cross-Group ESG Committee. This monitoring process takes the form of 79 ESG indicators that measure performance in different areas. The KPIs are in turn included in each factory's management plans and are used to track delivery of the sustainability aspects of the 2025 Strategic Plan.

The group's social responsibility extends to its supply chain. Indeed, CIE Automotive was the first company in its sector to create a supplier platform devoted solely to managing and evaluating ESG matters.

CROSS-GROUP ESG COMMITTEE



Lorea Aristizabal
Business Development



Iker Hernández
Risk Management & Internal Control



Iñigo Loizaga
Engineering, Quality and Environmental Management



Susana Molinuevo
Compliance & ESG



Mikel Orbegozo
Sales



Irache Pardo
Finance, Treasury & Procurements



Aitor Zazpe
Human Resources & Business Management



Javier Alvarez
Human Resources



Jose Esmoris
R&D



María Miñambres
Control & Tax

● Permanent member

● Non-permanent member

Driving sustainability

As its sector leader, what CIE Automotive does on the ESG front enhances its reputation and serves as inspiration for other companies. To that end, it shares its best practices at sustainability forums such as the Responsible Business Committee of SENAUTO, the Spanish association of automotive equipment and components manufacturers.

Outside of its sector, CIE Automotive is a member of Forética, Spain's foremost corporate sustainability and social responsibility organisation. Within Forética, it participates actively in a number of clusters, including the Transparency, Integrity and Good Governance, the Climate Change and the Social Impact Clusters.

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

Commitment to the 2030 Agenda

CIE Automotive embraces its role as an agent of change by placing delivery of the United Nations 2030 Agenda, a shared plan of action for people, the planet, prosperity and universal peace, at the heart of its policies, strategies and activities.

Shaped by its activities, presence and business model, CIE Automotive has identified 11 Sustainable Development Goals (SDGs) where it has the scope for having a bigger impact: SDG 3 (Good health and wellbeing), SDG 4 (Quality education), SDG 5 (Gender equality), SDG 7 (Affordable and clean energy), SDG 8 (Decent work and economic growth), SDG 9 (Industry, innovation and infrastructure), SDG 10 (Reduced inequalities), SDG 12 (Responsible consumption and production), SDG 13 (Climate action), SDG 16 (Peace, justice and solid institutions) and SDG 17 (Partnerships for the goals).

SDG 7 Affordable and clean energy was formally added in 2023 in response to the growing use of renewable energy at the company's manufacturing facilities and to stress its contribution to the decarbonisation of transportation.



3. GOOD HEALTH AND WELLBEING
Ensure healthy lives and promote well-being for all at all ages.



4. QUALITY EDUCATION
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.



5. GENDER EQUALITY
Achieve gender equality and empower all women and girls.



7. AFFORDABLE AND CLEAN ENERGY
Ensure access to affordable, safe, reliable and modern energy for all.



8. DECENT WORK AND ECONOMIC GROWTH
Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all.



9. INDUSTRY, INNOVATION AND INFRASTRUCTURE
Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation.



10. REDUCED INEQUALITIES
Ensure equal opportunity and reduce inequalities of outcome; maintain a presence in less developed countries.



12. RESPONSIBLE CONSUMPTION AND PRODUCTION
Ensure sustainable consumption and production patterns.



13. CLIMATE ACTION
Take urgent action to combat climate change and its impacts.



16. PEACE, JUSTICE AND STRONG INSTITUTIONS
Promote just, peaceful and inclusive societies.



17. PARTNERSHIPS FOR THE GOALS
Strengthen the means of implementation and revitalise the global partnership for sustainable development.

SDG 7 Affordable and clean energy was formally added in 2023 in response to the growing use of renewable energy

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

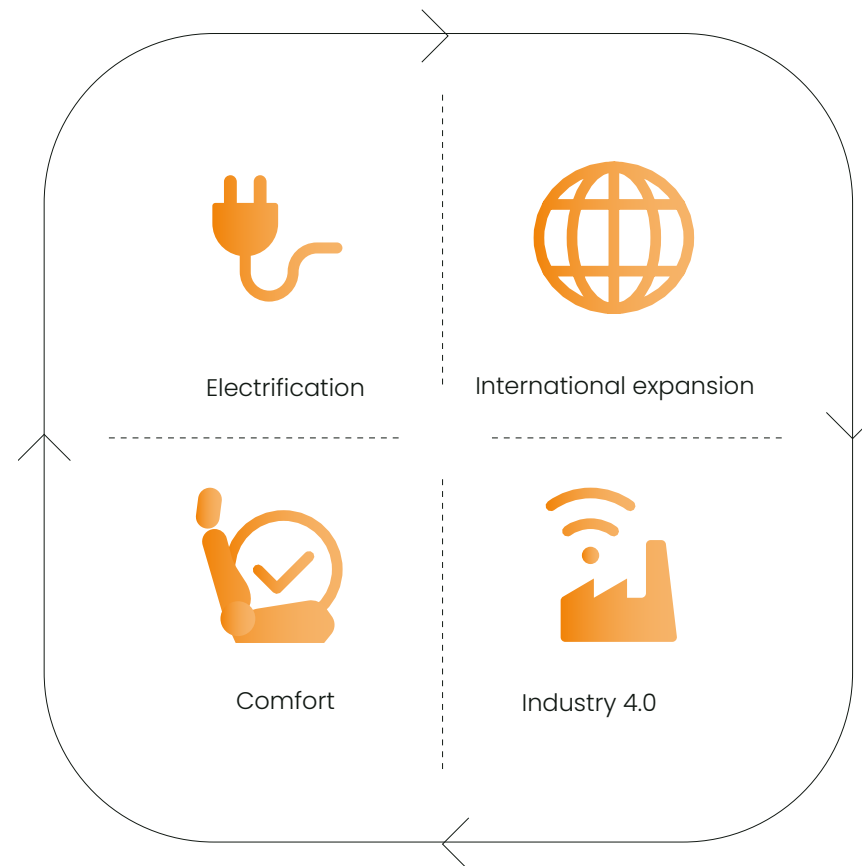
2.4

Our sustainable growth strategy

In 2021, CIE Automotive sets its 2025 Strategic Plan in motion, an all-encompassing strategy devised to deliver profitable and sustainable growth that addresses both business and ESG lines of initiative. In 2023 the company passed the plan's halfway mark, duly delivering the scheduled annual targets and evidencing its ability to achieve healthy earnings in a complex economic and sector environment while reducing its environmental footprint and meeting its stakeholders' expectations.

LINES OF THE 2025 STRATEGIC PLAN

Key
operational
lines



Key
ESG
lines



2025 Strategic Plan

The 2025 Strategic Plan constitutes an integral response to the transformation of the automotive market and new sensitivities around environmental, social and governance matters. It sets ambitious and quantifiable business and ESG targets and details the specific lines of work for achieving them. The two blocks are interdependent and necessary to attain sustainable profitability.

BUSINESS STRATEGY

CIE Automotive's business strategy is articulated around the generation of operating cash flow and so translates into significant deleveraging over its time horizon, enabling it to invest up to €1.5 billion without its leverage (net debt-to-EBITDA) rising above 2x. The momentum in operating cash flow is being driven by margin expansion, which more than offset the rise in interest rates in 2023.

The amount set aside for investments may be used for any type of transaction that maximises the company's returns, including M&A deals, share buybacks, the purchase of minority interests, etc. The criteria will always be to prioritise transactions that maximise value generation at a given point in time.

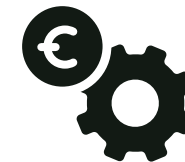
ORGANIC* COMMITMENTS EMBEDDED IN THE 2025 STRATEGIC PLAN



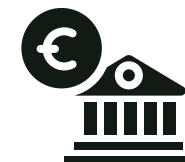
Revenue growth that is 20 percentage points above market growth.



An EBITDA margin of over 19% in 2025, reinforcing the company's position as one of the most profitable suppliers in the sector.



CAPEX of around €1 billion over the five-year period, which is around 5% of revenue per annum.



Annual income tax payments of 2% of revenue.



Sustained generation of cash from operations of 65% of EBITDA. Approximately €500 million from 2025.

(*) These commitments were established considering the group's former scope, which included MFE. Sales at constant exchange rates and without considering the positive impact of pass-through clause activation.

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

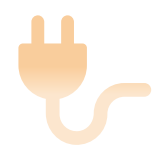
6 Responsible management

About this report

Data tables

BUSINESS LINES OF INITIATIVE

In order to deliver its commitments, CIE Automotive has defined four lines of initiative around the key automotive sector trends (refer to "Sector background"): electrification, Industry 4.0, comfort and international expansion. These lines of initiative likewise respond to the market changes identified as a risk factor, as detailed in the "Risk management" chapter.

			
Electrification	Industry 4.0	International expansion	Comfort
The company wants to take advantage of the opportunity afforded by decarbonisation of the transport sector to create new value-added products for electric vehicles, particularly in EV motors, power electronics, gearboxes and batteries. At present, 80% of the products made by CIE Automotive are compatible with both electrified and combustion-powered vehicles.	Immersed in the fourth industrial revolution, CIE Automotive is gradually adopting smart manufacturing tools and different enabling technologies. These tools interact with and learn from each other and feature sensorisation capabilities that make it possible to capture data which is later analysed using algorithms. Implementation of these technologies is not only making our processes more efficient but is also reducing our environmental impact by cutting prototype volumes, energy and raw material consumption, product rejects and scrap generation.	The company seeks geographical diversification by investing in countries where vehicle penetration is low and growth expectations are high. Broadly speaking, until 2025, the plan is for all the divisions to add capacity and develop new products that add more value and address their existing customers' emerging needs. In parallel, the sales teams are working intensely to bring in new customers.	CIE Automotive's strategy in the comfort area is concentrated at its roof systems division. More specifically, it is looking to consolidate its position in bottom-loaded roofs and fixed glass roofs with shades. It also wants to be able to incorporate panoramic roofs into both fixed and movable sunroofs, addressing all ranges. The company is also focusing on thinner roofs equipped with flat roller blind technology, which are particularly necessary in the electric vehicle segment. Lastly, it is working on ambient comfort by adding spot lighting to both its roofs and their shades.

Chairman
and
CEO's
statement

ESG STRATEGY

The 2025 Strategic Plan marked a watershed moment for CIE Automotive by setting global ESG targets for the first time and placing the bonus on each factory to contribute to their delivery, under the guidance and supervision of the cross-cutting corporate areas.

To specify and evaluate progress towards those qualitative goals, CIE Automotive is tracking 79 specific KPIs with defined targets and timelines. These indicators are part of the management plans at all of the company's factories, which report to the corporate areas quarterly, half-yearly or annually, depending on the stipulated frequency.

All of that information gets consolidated into a global ESG dashboard hosted within the group's corporate intranet. Progress on the various indicators is reported to the Board's ESG Committee and the CEO, who has tasked the Cross-Group ESG Committee with overseeing delivery of various KPIs.

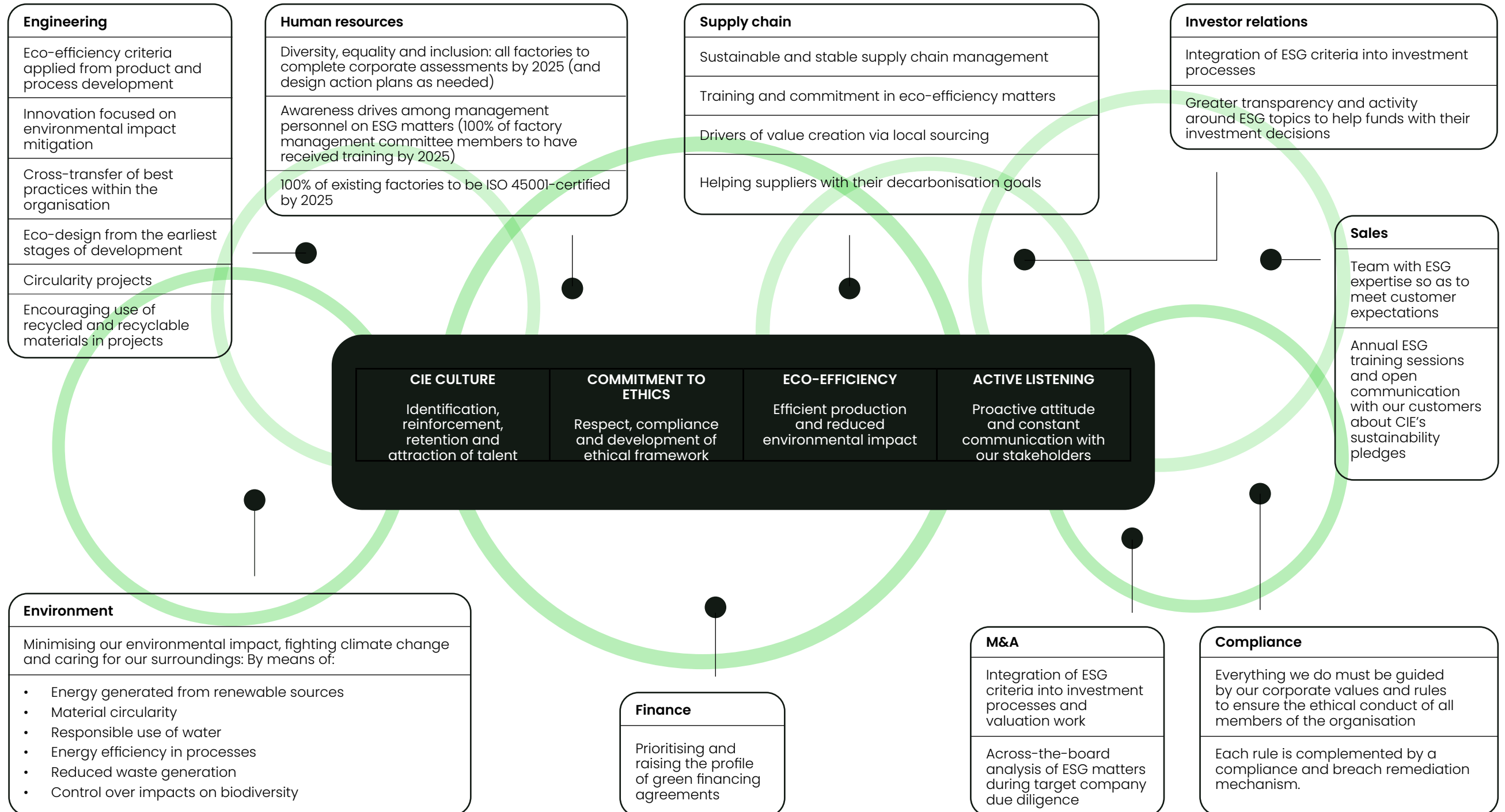
The KPIs are reviewed periodically and realigned with the most updated context assessment, which factors in the latest trends in the automotive industry, stakeholder demands and regulatory developments, among other aspects

The targets and the work being done by the corporate areas driving their attainment are articulated around four strategic lines of initiative: CIE culture, ethical commitment, eco-efficiency and active listening.

To specify and evaluate progress towards its qualitative ESG goals, **CIE Automotive is tracking 79 specific KPIs with defined targets and timelines**



COMMITMENTS BY CORPORATE DEPARTMENT



Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

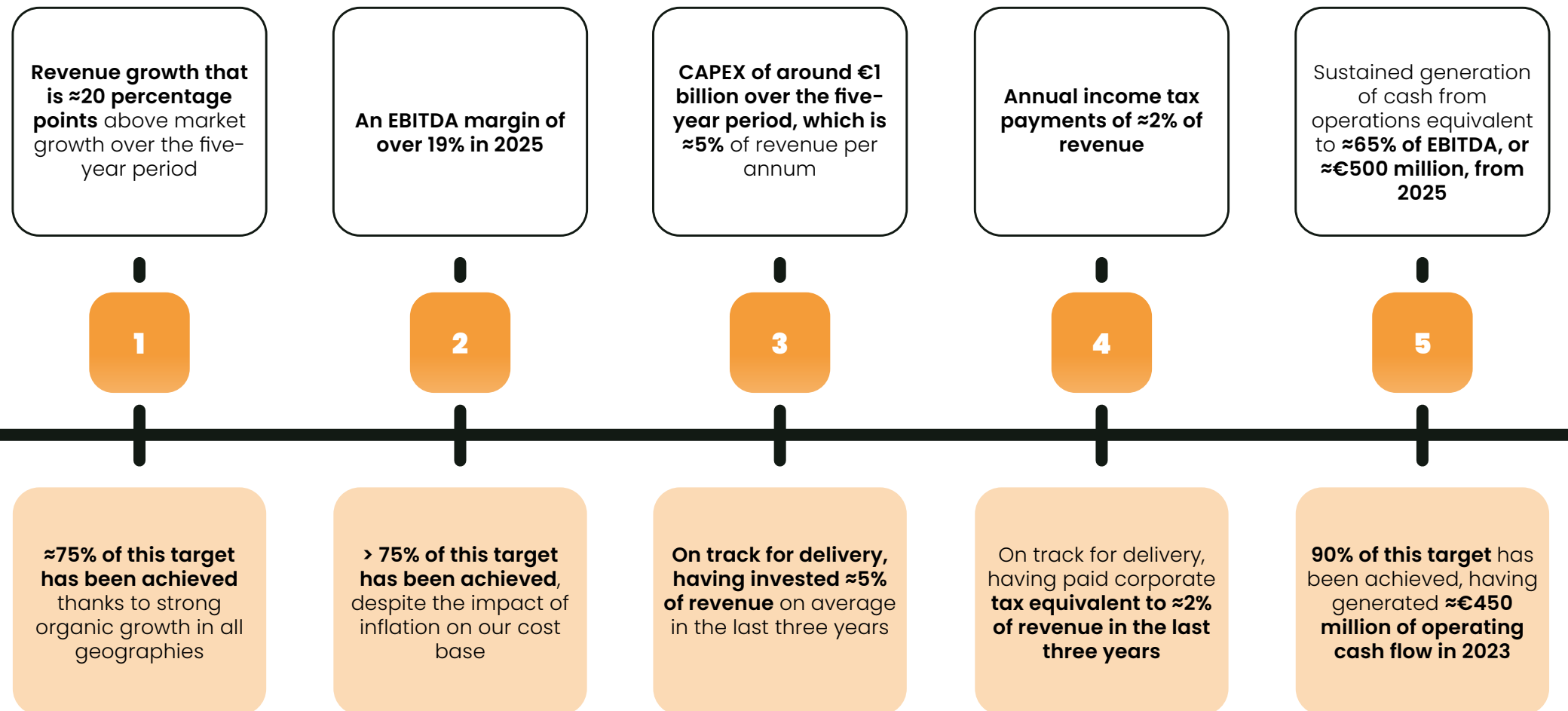
Data tables

Target delivery

In a year of transition in the automotive sector's post-pandemic normalisation, CIE Automotive delivered all of its annual targets, both its business and ESG targets.

DEGREE OF DELIVERY TOWARDS THE 2025 STRATEGIC TARGETS*

2025 strategic commitments



Progress In 2023

(*) These commitments were established considering the group's former scope, which included MFE. Sales at constant exchange rates and without considering the positive impact of pass-through clause activation.

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

COMPLIANCE WITH THE KPIS SET IN THE 2025 STRATEGIC PLAN

COMPLIANCE AREA

SDG	KPI	Target	Deadline	2023
3 8	Employees trained on Code of Conduct	>95%	2021	
3 8	Organisation of ESG workshops	100%	2025	
4 8	Global rollout of Criminal Risk Prevention Model	100%	2025	

SUPPLY CHAIN AREA

SDG	KPI	Target	Deadline	2023
8 10	No. of countries to have embedded ESG criteria into their purchasing processes / Total number of markets in which the group operates	100%	2021	
8 10 13	% Local suppliers / Total suppliers over total expenditure during the period	>70%	2023	
8 10	No. of suppliers with annual purchasing volumes of >€1m that have been audited and/or self-assessed along ESG criteria during the Plan horizon	25%	2022	

ENVIRONMENTAL AREA

SDG	KPI	Target	Deadline	2023
9 12 13	Reduction of energy consumption (kWh/value added)	2% Annual average	2025	
9 12 13	Reduction of direct GHG emissions (Scope 1) (MT CO ₂ e/value added)	2% Annual average	2025	
9 12 13	Reduction of indirect GHG emissions produced via the generation of energy (Scope 2) (MT CO ₂ e)	5% Annual average	2025	
9 12 13	Reduction of emissions intensity (MT CO ₂ e/value added)	3% Annual average	2025	

HUMAN RESOURCES AREA

SDG	KPI	Target	Deadline	2023
5 10	No. of factories to have completed diversity assessment / Total group factories	100%	2025	93%
3 8	% of plants with ISO 45001 certification considering scope at the start of the 2025 Strategic Plan	100%	2025	94%
3 8	No. of people trained / Total no. of people to be trained on ESG matters	100%	2025	97%

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

ENGINEERING AREA

SDG	KPI	Target	Deadline	2023
9 12 13	No. of production lines to have implemented Industry 4.0 technology initiatives by division or technology	Europe: 3 Asia: 1 America: 1	2024	✓ ✓ ✓
9 12 13	Introduction of circular economy projects to enhance energy consumption (#)	Development of a circular economy project in Europe for extension to another region	2024	✓
9 12 13	% improvement in the gross to net weight ratio	Europe: 3% improvement in 2 significant products across 3 technologies Rest of world : 3% improvement in 3 significant products across 3 technologies	2025	✓ ✓

SALES AREA

SDG	KPI	Target	Deadline	2023
17	No. of factories self-assessed in NQC with a score of over 80%	75%	2021 ✓	85% ✓
17	Fact-finding mission to determine which platforms each factory uses with its customers for ESG self-assessment purposes	100%	2021 ✓	100% ✓
17	No. of salespeople to have received training / Total number of salespeople	80%	2021 ✓	100% ✓

M&A AREA

SDG	KPI	Target	Deadline	2023
3 8	New acquirees to have implemented the ESG Manual / Total new acquirees	100%	2021 ✓	✓

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

FINANCE AREA

SDG	KPI	Target	Deadline	2023
8	Compliance with the requirements stipulated in the first sustainable finance issue until repayment (%)	100%	2021 ✓	✓
8	ESG financing agreements published (%)	100%	2023 ✓	✓
8	Gross sustainable borrowings / Gross group borrowings	>50%	2025	✓

INVESTOR RELATIONS AREA

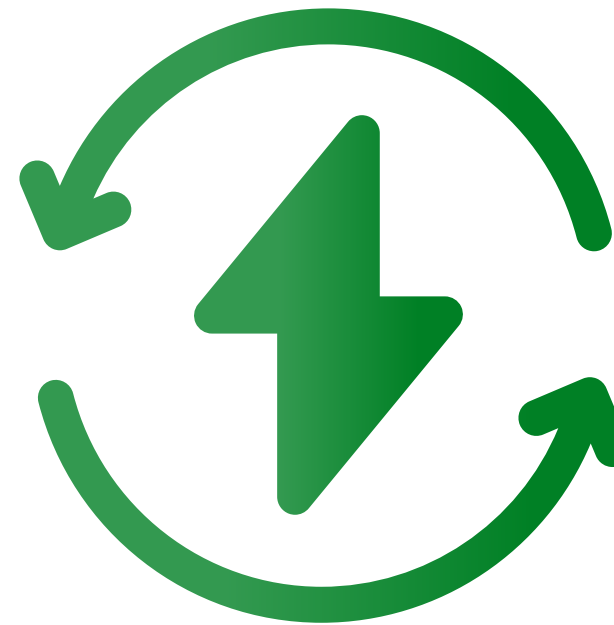
SDG	KPI	Target	Deadline	2023
8	No. of key ESG analysts answered / Total key ESG analysts to have contacted CIE Automotive	100%	2021 ✓	✓
8	Publication of the ESG Plan on the corporate website and intranet	100%	2021 ✓	✓

- 3 Health and wellbeing
- 4 Quality education
- 5 Gender equality
- 7 Affordable and clean energy
- 8 Decent work and economic growth
- 9 Industrialisation, innovation and infrastructure
- 10 Reduced inequalities
- 12 Responsible consumption and production
- 13 Climate action
- 16 Peace, justice and strong institutions
- 17 Partnerships for the goals

CIE Automotive met its ESG targets for the year

Innovation as the strategic enabler

CIE Automotive is in the midst of a technological transformation that will ultimately shrink its corporate footprint and that of its products and leave it more efficient for competing in a changing and contested market. In 2023 it continued to innovate and invest approximately 2% of its revenue, through its 10 research centres and the productive units, with a view to facilitating delivery of its 2025 Strategic Plan targets. Its 10 R&D centres and its engineering and R&D areas are working on improvement projects, following a roadmap articulated around four strategic lines of action: eco-efficiency, Industry 4.0, new mobility concepts and safety. Innovation also plays a crucial role in moving the company towards climate neutrality.



ECO-EFFICIENCY AND CIRCULARITY

With the aim of becoming net zero by 2050, the R&D area is focusing hard on reducing consumption and emissions.

In parallel, the company is working on projects in the electric motor, battery and power electronics systems in order to continue to penetrate the electrified vehicle segment and so contribute to the decarbonisation of transportation in the use phase.

CIE Automotive collaborates with a range of research programmes targeting decarbonisation at both the regional and international levels. Those programmes are looking at systems for zero-emission vehicles, whether battery-powered or fuel-cell electric vehicles.

In batteries, CIE Automotive is also participating in the Basque initiative for the production of solid-state batteries, which is planning to build 10 GWh of capacity. Basquevolt plans to commission a production line in four years' time, entailing €700 million of investment and generating more than 800 direct jobs. Solid-state batteries will deliver a substantial increase in battery autonomy, while lowering their costs and reducing dependence on certain critical materials. That will also lead to democratisation of the electric vehicle, paving the way for costs of €15,000 per vehicle, making them accessible to most citizens. This project considers the life cycle of the new batteries, including disassembly, recycling or reuse.

Helping make vehicles lighter is a key thrust of CIE Automotive's innovation strategy

Materials

Innovation is driving the transition to a circular economy by enabling more efficient use of materials and steadily reducing the amounts of raw materials needed relative to a product's end weight, all of which is making parts lighter. Here the engineering area is working on a number of different projects:

- Introduction of new product functions, so reducing the number of parts. In the roof systems division, this means including lighting, display screens and photovoltaic cells in the systems.
- Launch of eco-design tools for incorporation into new product and project processes. In 2023 this project emphasised the incorporation of disassembly and recycling criteria at the product design phase.
- Projects to increase the circularity of polymer transformation technologies.
- Introduction of recycled materials into roofing textiles that can help cut product emissions up to three-fold.
- Innovation in technologies that reduce the use of fuel and chemical products, such as ESG+ technology, in roofs and side windows, delivering a consideration reduction in waste generation and the products' environmental footprints.
- Continuation of the multi-year projects aimed at rationalising the use of raw materials, which are being rolled out across all technologies and regions, developing new process concepts with the potential to directly reduce our scope 3 emissions.

Vehicle light-weighting

Helping make vehicles lighter is a key thrust of CIE Automotive's innovation strategy due to its contribution to reducing the use of raw materials, lowering fuel consumption in an internal combustion vehicle while in use or increasing the autonomy of an electric vehicle:

- Aluminium forging for chassis and suspension parts, achieving very compelling mechanical property ratios relative to weight
- Technology shift marked by increased use of polymer materials, reducing the bill of materials by adding functions
- Development of the new thin roof concept which weighs less and takes up less space
- Reducing roof weights by using resin transfer moulding (RTM) frames

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

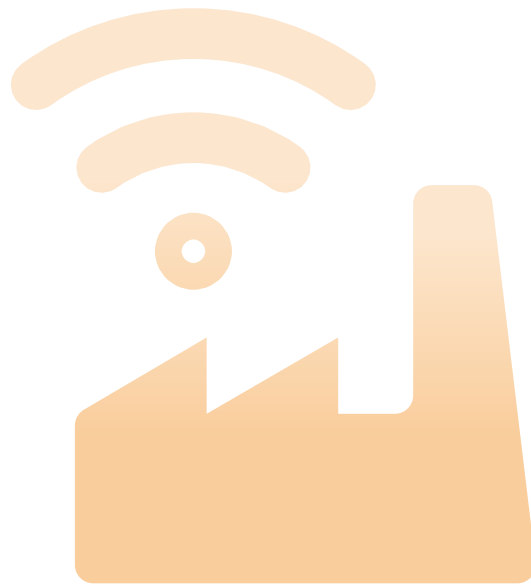
5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Ready for change



INDUSTRY 4.0

CIE Automotive is future-proofing its factories by adopting new tools and technologies. The number of data control and capture sensors embedded in its equipment and production is growing all the time. In parallel, collaborative robots (cobots) are popping up on its production lines, providing employees with real-time information over new interfaces. In addition, data analytics is being used in a growing number of technologies, underpinned by increasingly efficient deep learning algorithms available in tools requiring low-code programming.

In 2023, the company finished the demo for a new intralogistics platform for the automation of the transportation of finished products with the goal of establishing a continuous loop for the delivery and collection of finished product packaging for storage up high in the warehouse.

This solution adds flexibility, efficiency and traceability to the logistics processes by means of the smart management of different sensors and mobile devices, including automotive guided vehicles (AGVs) and autonomous mobile robots (AMRs). These devices are being integrated into the factories' existing management systems and other sensors to give users visibility and control in real time using 5G technology. The 5G standard is crucial on account of the massive volumes of data involved, the density of the devices, the broad coverage required in spaces like these and the immediacy needed for the entire intralogistics ecosystem to work optimally.

In tandem the company has added cobots in assembly and inspection operations and when using chemical products. The use of these collaborative robots enables more precise product dosing and delivers a significant reduction in their environmental impact.



NEW MOBILITY CONCEPT

Current mobility trends point to improving the user experience shaped by a keen interest in comfort and connectivity. Against this backdrop, CIE Automotive is innovating intensely in its roof systems area, specifically:

- Integrating lighting into glass or shading.
- Reducing noise by means of the use of brushless motors.
- Adding shading-glass.
- Improving user ergonomics by electrifying side windows and shades and introducing self-opening luggage covers.
- Improving aesthetics and style by means of flush door panes.
- Adding solutions featuring photochromatic glass.
- Introducing panoramic screens.
- Making roofs that take up less space.
- Improving the compartment space.

Ready for change



SAFETY

Product safety is a priority component of CIE Automotive's product development and innovation strategy. At present it is working on a number of projects designed to provide, from the development phase, more accurate predictions of how parts and systems will perform throughout their use phase in a number of possible scenarios.

More specifically, the company is working to improve product performance in terms of noise and vibrations considering frequency dependent characteristics so as to enhance prediction from the design phase.

It is also optimising the design process around crash events by improving how it models the joins and interactions between parts to make vehicles safer in the event of accidents or impacts.

Lastly, new requirements have been added throughout the entire process with the aim

of achieving zero defects and ultimately maximising product safety and customer satisfaction.

Using widely accepted sector methodologies, all the possible ways a product could become a risk are identified every step of the way, from product conception to manufacture, prioritising those sources of risk and generating action plans to reduce their likelihood of occurrence and severity, radically mitigating any potential malfunction in the products we deliver our customers.

It is working on a number of projects designed to provide, from the development phase, **more accurate predictions of how parts and systems will perform throughout their life cycles**

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Record earnings

Economic
performance

Earnings performance
by region

Sound financial
position

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

We are making history, testing and beating our own limits year after year. What is driving our profitable growth? A flexible model, an astute strategy and the coordinated efforts of a diverse team working across four continents.

Economic performance

3.1

CIE Automotive once again demonstrated its commitment to growth and profitability in 2023. It delivered a profit of €320.2 million, up 6.7% from 2022, having lifted its revenue to €3.96 billion, against the backdrop of recovering vehicle production volumes, high interest rates and persistent inflation.

Topline growth, of 3.1% from 2022, combined with efficient team management, unlocked double-digit growth in operating profit: EBITDA increased by 12.6% to €713.2 million, while EBIT was 18.1% higher at €527.7 million.

These figures highlight the solidity of the business model, articulated around geographic, customer and technological diversification, and the merits of focusing on cash generation. The company's healthy earnings performance was also helped by the disappearance of less competitive suppliers unable to withstand the supply chain friction, firstly, and the rise in borrowing costs after that.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

In 2023 the company generated €447.4 million of operating cash flow, which is equivalent to 65% of EBITDA, in line with the 2025 Strategic Plan target. Thanks to this healthy cash flow, the group was able to pay out more than €100 million of dividends to its shareholders and resume its longstanding M&A strategy, acquiring Iber-Oleff in Brazil.

CIE Automotive acquired Iber-Oleff Brasil for €20 million, a multiple of 6.7 times its EBITDA

2023 EARNINGS

€ m	2022	2023	Chg. %
Revenue	3,838.6	3,959.5	3.1%
EBITDA *	633.4	713.2	12.6%
EBITDA margin % **	16.5%	18.0%	1.5 p.p.
EBIT *	446.7	527.7	18.1%
EBIT margin % *	11.6%	13.3%	1.7 p.p.
Net profit **	300.1	320.2	6.7%

(*) EBITDA: Net operating result + Amortization, EBIT: Net operating result, Net profit: Result attributable to the shareholders of the parent company.

(**) The percentage operating margins are not comparable to those of previous years due to the inflationary environment and its derivatives.

New growth opportunities with the acquisition of Iber-Oleff

CIE Automotive acquired Iber-Oleff Brasil for €20 million, a multiple of 6.7 times its EBITDA. With close to 400 employees and 2022 revenue of €25 million, Iber-Oleff Brasil has a factory in Salto, in the state of Sao Paulo, where it specialises in the manufacture of plastic parts for vehicle interiors, offering integrated injection, welding, painting, laser and assembly processes.

The acquisition of Iber-Oleff Brasil gives the group a foothold with major Asian OEMs with bases in Brazil, as well as reinforcing its positioning with European and American OEMs. This deal provides a unique opportunity to unlock significant growth for a limited investment thanks, above all, to the synergies arising from its integration in the company's existing Brazilian plastics division.

The Iber-Oleff acquisition reflects CIE Automotive's strategy of channelling its resources into high growth markets such as Brazil and India.

Sale of the German forging factories to focus on higher performance markets and technologies

In October CIE Automotive sold Matares its German forged parts manufacturing business: the factories in Schöneeweiss, GSA, Falkenroth and Jeco, with close to 600 employees and annual revenue of around €220 million in 2022.

CIE Automotive acquired these factories in 2013 along with the rest of the parts division it bought from the Mahindra group. These factories were specialised in truck parts for the European market, a business that was less profitable for the group. After 10 years of continuous improvements to increase their profitability, CIE Automotive was able to sell the factories for €55.5 million, equivalent to 5 times their EBITDA.

The main rationale for the disposal is to redirect financial and managerial resources to more profitable markets, including regions with higher growth potential and technologies in greater demand from the group's customers, in line with the sector megatrends (decarbonisation, vehicle light-weighting, comfort, etc.).

Chairman and CEO's statement

12023 highlights

2Ready for change

3Record earnings

4Common responsibility, shared benefits

5Our response to the environmental challenge

6Responsible management

About this report

Data tables

3.2

Earnings performance by region

All of the group's markets made a positive contribution in 2023, delivering double-digit EBITDA and EBIT margins, despite very different conditions from one region to another. While the mature markets, such as North America and Europe, reported modest growth on account of extremely high vehicle penetration rates, the emerging markets, where penetration is lower, including India, China and Brazil, reported higher growth.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

North America

The North American factories generated €1.23 billion of revenue, growth of 14.2% (in constant currencies and factoring in the pass-through of raw material price increases) from 2022, compared to market growth of 9.7%. This performance was partly shaped by national incentives for the purchase of electric vehicles and pent-up demand in the fleet segment, more than offsetting the fallout from several weeks of strike action at the General Motors, Stellantis and Ford factories in the US and Canada.

Factories in North America		
Revenue	€1.23 billion + 14.2% vs 2022*	MARKET 9.7%
EBITDA margin	18.5% EBITDA: €228.0 million	
EBIT margin	14.1% EBIT: €174.1 million	

Europe

CIE Automotive generated €1.43 billion of revenue in Europe, growth of 12.0% from 2022 (in constant currencies and factoring in the pass-through of raw material price increases), despite market maturity. Revenue in this market was boosted by electric vehicle purchase incentives and the renewal of very aged rental car fleets.

Factories in Europe		
Revenue	€1.43 billion +12.0% vs 2022*	MARKET 12.6%
EBITDA margin	17.2% EBITDA: €245.0 million	
EBIT margin	11.5% EBIT: €164.4 million	

(*) Considering the effect of the pass-through of raw material price increases and in constant currencies.

Brazil

In Brazil, CIE Automotive reported revenue of €360.3 million, growth of 18.1% from 2022. The company navigated a challenging market environment shaped by unemployment, higher interest rates and political instability.

Factories in Brazil		
Revenue	€360.3 million +18.1% vs 2022*	MARKET 1.2%
EBITDA margin	19.5% EBITDA: €70.2 million	
EBIT margin	15.9% EBIT: €57.2 million	

Asia

In India, CIE Automotive posted revenue of €617.5 million, while defending its high margins. The company was able to tap the strong demand in the various market segments.

In China, CIE Automotive's revenue contracted by 19.4%, amid a fierce price war, but EBITDA and EBIT margins remained high.

Factories in India		
Revenue	€617.5 million 8.0% vs 2022*	MARKET 4.4%
EBITDA margin	17.7% EBITDA: €109.4 million	
EBIT margin	14.0% EBIT: €86.4 million	

Factories in China		
Revenue	€322.3 million -19.4% vs 2022*	MARKET 10.0%
EBITDA margin	18.8% EBITDA: €60.6 million	
EBIT margin	14.1% EBIT: €45.5 million	

(*) Considering the effect of the pass-through of raw material price increases and in constant currencies.

3.3

Sound financial position

Financial management was a key component of CIE Automotive's strong earnings in 2023. Faced with higher borrowing costs on the back of successive interest rate increases, which put the weakest suppliers in serious jeopardy, the company locked in the liquidity and term structure needed by refinancing its debt and increasing the share of its borrowings at fixed rates to 54.5%. In parallel, it continued to honour its sustainability commitments by tying its borrowing costs to delivery of those pledges.

CIE Automotive's net debt came down by approximately €143.5 million in 2023 for an adjusted year-end balance of €1.13 billion, implying a net debt-to-EBITDA ratio of 1.56x. That leaves the company in a comfortable position for undertaking new strategic investments designed to further its profitable growth and reinforce its position in high-growth markets.

The reduction in net debt was enabled by the generation of €447.4 million of operating cash flow (which is around 65% of EBITDA, in line with the 2025 Strategic Plan targets), which translated into €276.5 million of cash flow (after growth CAPEX, working capital and other items).

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

COMPARATIVE BALANCE SHEET

€ m	2022	2023
Fixed assets	3,560.8	3,541.4
Net working capital	(501.0)	(469.7)
Total net assets	3,059.8	3,071.7
Equity	1,504.6	1,661.2
Net debt	1,289.8	1,134.7
Other (net)	265.4	275.8
Total equity and liabilities	3,059.8	3,071.7

FINANCIAL RATIOS

	2022	2023
Adjusted net debt/EBITDA*	1.98	1.56
Net debt/equity	0.86	0.68
Leverage ratio	0.46	0.41

(*) Net debt and EBITDA figures adjusted for the group's 50% interest in the Chinese JV, SAMAP.

Diversification of financing sources

CIE Automotive works with a number of banks to finance its activities. As a result, its credit risk is not concentrated. At year-end 2023, CIE Automotive had undrawn credit lines totalling €78 million (total limit under these facilities: €768 million).

DEBT STRUCTURE

€ m	2019	2020	2021	2022	2023	MATURITY	Characteristics
Syndicated loan	≈ 480	≈ 345	300	340	310	April 2028	• Loan in euros • Price band based on net debt/EBITDA • 250 million in loan format and 440 million in the form of a RCF (380 million undrawn) • Unexercised option to extend by one year
EIB	113	139	121	108	95	April 2031	• Loan in euros • Partially fixed rate
IFC-EDC	134	≈122	≈121	≈103	≈82	June 2028	• Loans in dollars
Long-term loan	≈ 77	≈ 68	68	68	68	July 2026	• Loan in euros • Fixed rate
North America	≈ 212	≈ 167	≈ 128	105	77	Several	• Several • Loans in dollars • At fixed and floating rates
Other	≈ 1,105	≈ 1,407	≈ 1,442	1,417	1,538	Several	• Borrowings comprising bilateral loans (local), credit facilities, working capital lines, etc.
Gross debt	≈ 2,121	≈ 2,248	≈ 2,180	≈ 2,141	≈ 2,169		
Cash and cash equivalents	≈ 599	≈ 653	≈ 785	≈ 857	1,035		
Net debt	≈ 1,522	≈ 1,595	≈ 1,395	≈ 1,290	1,135		

Chairman and CEO's statement

12023 highlights

2Ready for change

3Record earnings

4Common responsibility, shared benefits

5Our response to the environmental challenge

6Responsible management

About this report

Data tables

DEBT MATURITY PROFILE

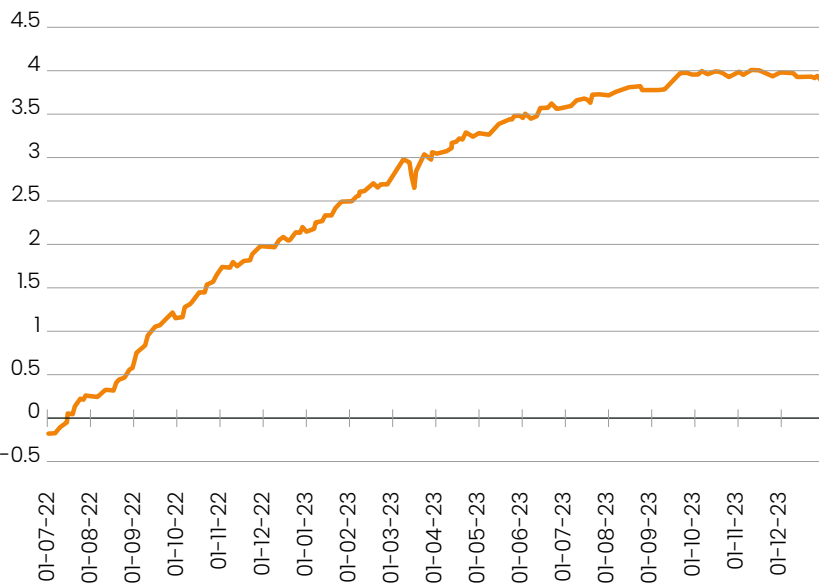
€ m	2022	2023
Within one year	472.0	511.7
Between 1 and 2 years	701.3	315.6
Between 3 and 5 years	820.7	1,266.3
More than 5 years	147.1	75.9
Total borrowings	2,141.1	2,169.5

Trend in interest rates

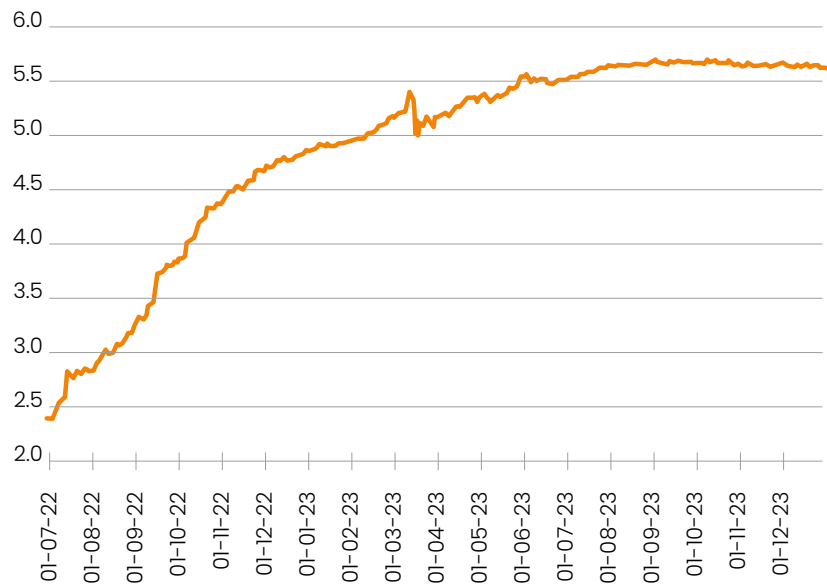
Interest rates were once again a unique force in 2023. Whereas official rates were increased further in the US and Europe, market rates took a different course. 12-month Euribor increased slightly and longer-term rates, using the 5-year IRS as proxy, ended the year lower, as did the equivalent American proxy.

Therefore, it looks as if the actions taken by the European Central Bank and Federal Reserve have effectively anchored inflation expectations, prompting the market to decouple from the increases in official rates and even start to discount rate cuts in 2024. Favourable conditions in the equity and fixed-income markets went a long way to facilitating this performance.

3-MONTH EURIBOR (July 2022 - December 2023)



SOFR + 3M SPREAD*



(*) The SOFR Overnight plus a spread of 0.2616% (the 3-month spread)

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Strategy

The central banks' staggered official interest rate increases translated into a widespread increase in borrowings costs, prompting CIE Automotive to take opportune measures to minimise the impact on its financing strategy.

The fact that its liquidity buffer stood at €1.73 billion at year-end 2023 is evidence of the merit of the financial management undertaken by the company to safeguard its solvency in the face of potential market risks.

In addition, in 2023 the company continued to increase the volume of gross borrowings arranged at fixed rates to mitigate the risk of even higher interest rates, while leaving margin for benefitting from potential rate cuts in the near term.

By way of illustration, at year-end 2021, 35% of the group's gross debt were fixed-rate borrowings, a level which increased to 50% by the end of 2022 and stood at 55% by year-end 2023.



Extension of the sustainable syndicated loan

CIE Automotive renewed and extended its syndicated loan from 2027 to 2028 with the backing of all of the banks in the pool, evidencing its lenders' confidence in the company's creditworthiness.

The syndicated loan refinancing also raises the profile of CIE Automotive's commitment to sustainability as the cost of this facility is tied to delivery of its ESG targets.

100% of net debt is sustainable

At year-end 2023, 100% of the group's net debt and 68% of its gross debt was tied to ESG criteria, surpassing already in 2022 the targets set in the 2025 Strategic Plan of tying 70% of net debt and 50% of gross debt to delivery of these criteria.

CIE Automotive set a new milestone in 2019 when it arranged its first sustainable financing facility. Since then it has been working to standardise its financing arrangements so that all new agreements include a sustainability clause whereby the rate of interest comes down if the company meets its ESG targets.

Moody's is the independent agency tasked with certifying compliance with these commitments.

CIE Automotive
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Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Common responsibility, shared benefits

Collaboration and reciprocity with our **STAKEHOLDERS**

We create value for our **SHAREHOLDERS**

Excellence with and for our **CUSTOMERS**

Our **TEAM**: the people behind the transformation

Change begins with our **SUPPLIERS**

Serving the **COMMUNITIES** that host us

We urge our stakeholders to work together towards a shared future in which success is not measured in financial terms only but also considering our positive and long-lasting impact on people and broader society.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Collaboration and reciprocity with our **STAKEHOLDERS**

CIE Automotive builds professional relations based on trust, responsibility and mutual benefits, engaging with thousands of individuals, organisations and communities that help it create its value proposition. The company classifies these stakeholders into nine main categories in order to standardise how it engages with them and encourage their involvement, creating the communication channels necessary to understand their legitimate expectations and help them see how they can contribute to the progress of all.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

WHAT CIE AUTOMOTIVE DOES FOR ITS STAKEHOLDERS

SOCIETY

SOCIETY

- The company drives development through its activities in its operating markets.
- It finances community work targeted at the least privileged.
- It helps make safer and more comfortable and environmentally-friendly cars.
- It fights climate change.

PUBLIC AUTHORITIES

- The company works with the authorities in its business communities to improve various services.
- It implements their requirements at its facilities, cooperating lawfully and transparently.

SECTOR

- The company participates actively, holding positions of prominence, in several business associations in Spain and Europe.

CIE Automotive

PROFESSIONALS

- It offers decent work and training in all countries.
- It safeguards the health and safety of its employees.
- It facilitates collective bargaining.
- It respects human rights with an emphasis on the more vulnerable markets.

BUSINESS PARTNERS

- The strategic alliances with Donghua Automotive Industrial and the SAIC Group in China bring enhanced knowledge of and adaptation to the local market.

SHAREHOLDERS

- CIE Automotive generates value for its shareholders via dividends.
- It provides transparent, accurate and timely information to the investment community.
- It earns the market's trust.

MARKET

CUSTOMERS

- The company is strategically committed to innovation to meet customers' demands.
- It guarantees the quality and safety of its products.
- It fine-tunes the supply chain continually.
- It manages its resources efficiently in order to contain prices.

SUPPLIERS

- The company guarantees its suppliers are given equal opportunities.
- It promotes transparency and optimal pricing.
- It provides fair payment terms.
- It reaches out to its suppliers as part of its effort to deliver customer satisfaction.

FINANCIERS

- The company negotiates the best possible conditions on the basis of investment requirements and prevailing market conditions.

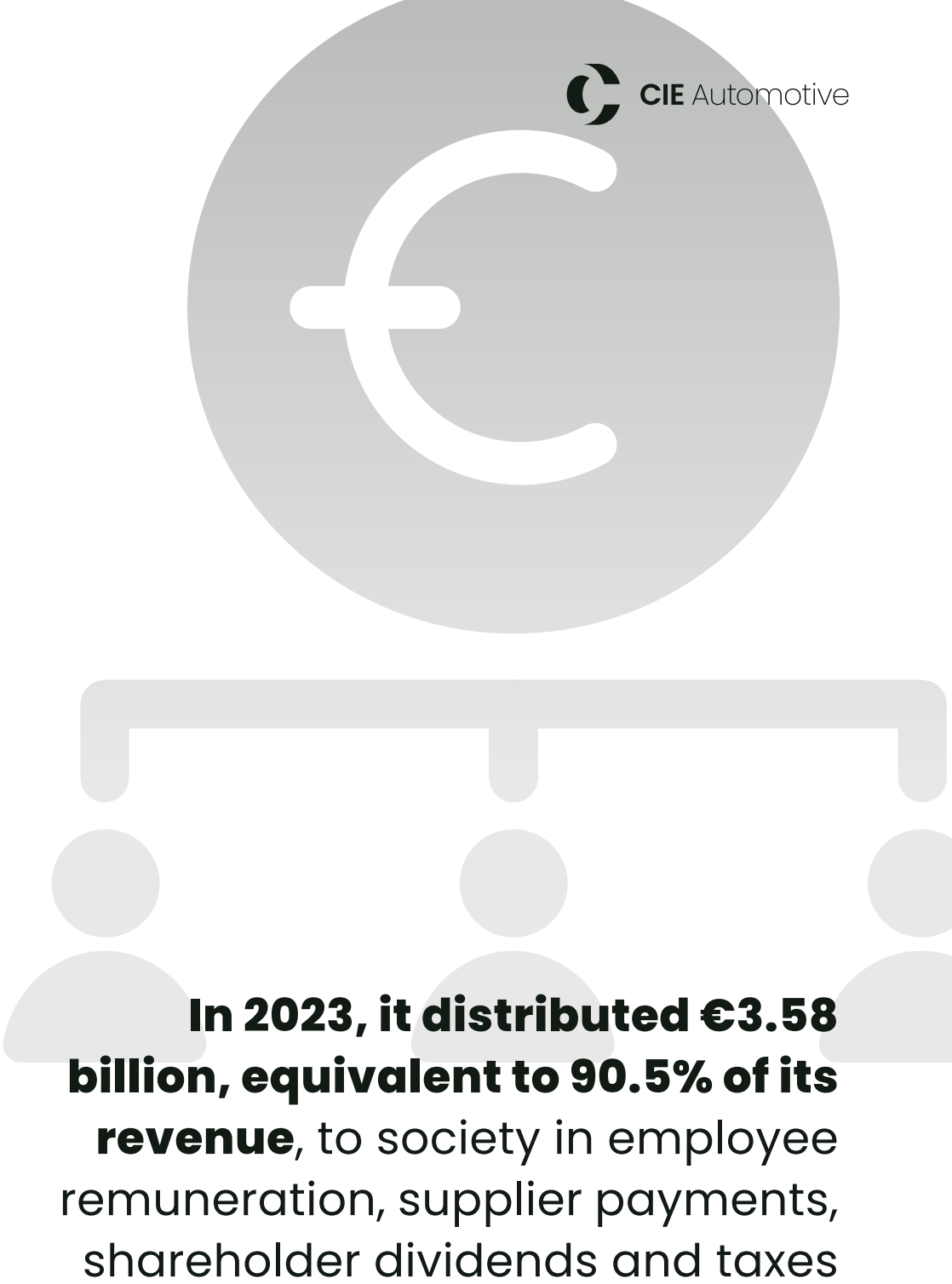
Value generated and distributed

CIE Automotive’s business is a source of wealth for its stakeholders across all its geographical markets. In 2023, it distributed €3.582,1 billion, equivalent to 90.5% of its revenue, to society in the form of employee remuneration, supplier payments, shareholder dividends and taxes.

VALUE GENERATED AND DISTRIBUTED

€ m	2022	2023
Revenue	3,838.6	3,959.5
Economic value distributed	2022	2023
To shareholders (dividends)**	88.2	100.6
To employees (employee benefits expense)	605.1	652.0
To suppliers (consumption of raw materials and auxiliary materials)	2,370.4	2,332.3
To society (income tax paid)	468.5	497.2

(*) Dividend distributed during the year.



In 2023, it distributed €3.58 billion, equivalent to 90.5% of its revenue, to society in employee remuneration, supplier payments, shareholder dividends and taxes

Stakeholder engagement

The company has a wide range of reporting and communication channels, the most important being its corporate website, where its stakeholders can consult all kinds of information about the company and reach out to it in different ways.

CORPORATE WEBSITE

The corporate website www.cieautomotive.com provides relevant information about the company: in addition to information about possible jobs in the dedicated human resources tab, the supplier tab provides access to the new Suppliers Portal. There is also a 'Press Centre' with all of the company's press releases and an extensive microsite with information for investors and shareholders containing all the documentation required under securities market regulations (CNMV Circular 3/2015).

SPECIFIC CONTACTS FOR EACH STAKEHOLDER GROUP*

ESG and Society:
Susana Molinuevo esg@cieautomotive.com

Professionals:
Aitor Zazpe hr@cieautomotive.com

Investor relations and business partners:
Lorea Aristizabal ir@cieautomotive.com

Customers and sector:
Mikel Orbegoza sales@cieautomotive.com

Supply chain:
Irache Pardo purchasing@cieautomotive.com

Financiers:
Irache Pardo financierocie@cieautomotive.com

Public relations:
compliance@cieautomotive.com

MAILING ADDRESS

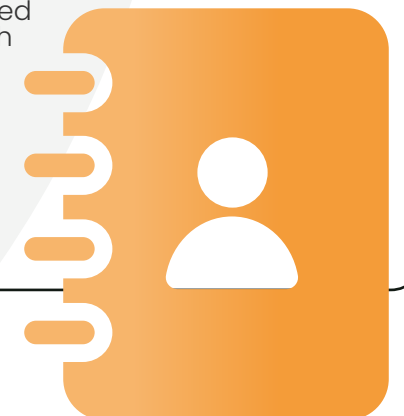
Any stakeholder so wishing may also write to the department in question at the following address:

AIC - Automotive Intelligence Center.
Parque Empresarial Boroa, Parcela 2A - 4, 48340 Amorebieta (Bizkaia), España.

WHISTLEBLOWING CHANNEL

Anyone can notify improprieties or breaches of the company's business ethics or any of the matters stipulated in CIE Automotive's Code of Professional Conduct through the new platform hosted on the corporate website.

CIE Automotive, S.A. | Inicio (integrityline.com).
<https://cieautomotive.integrityline.com/>



(*) Also included on the corporate website.

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Common responsibility, shared benefits

Transparency

As part of its commitment to transparency, CIE Automotive reports on its performance along the economic, environmental, social and governance dimensions in an integrated Annual Report which has become an essential tool for understanding CIE Automotive's performance.

The quality of the information provided in that report has been acknowledged by Informe Reporta, an assessment of the quality of the reporting efforts of the companies listed on the Madrid stock exchange by analysing 36 indicators related with the principles of importance, relevance, transparency and accessibility.

In 2023, CIE Automotive defended its second spot on the ranking in respect of its 2022 Annual Report, once again coming out ahead of all the other non-Ibex 35 companies and

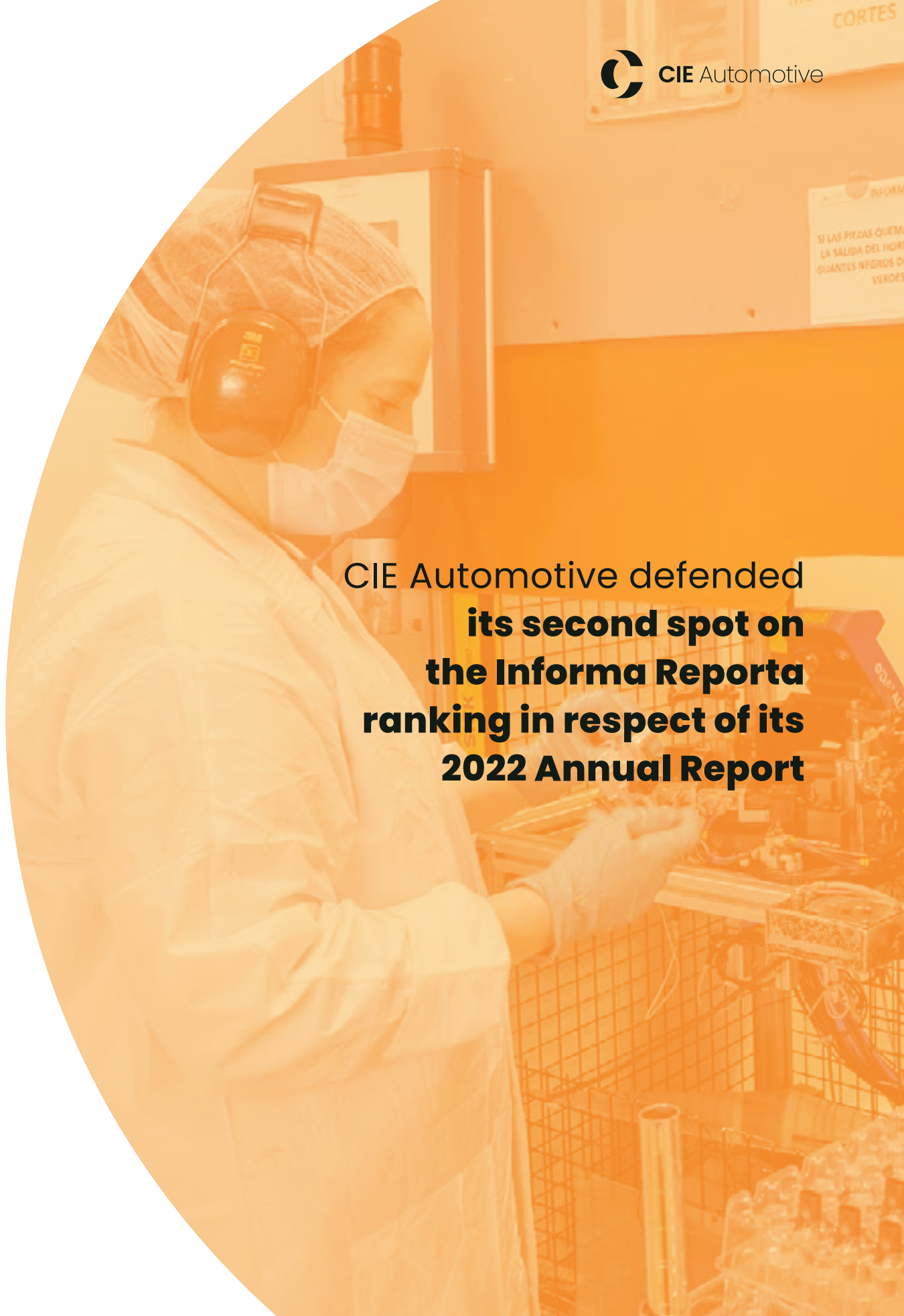
all the other constituents of the Basic Materials, Manufacturing and Construction sector.

The 2022 Annual Report, published in February 2023, once again placed second on the Informe Reporta ranking.

Notably, CIE Automotive's Annual Report has jumped from the 51st position in 2014 to second place in 2022 and 2023.

In 2021, the company also began to publish an annual Tax Contribution Report, a document written to provide vested parties with knowledge of its tax and community contributions, its community engagement strategy, its risk management policies and its approach to transfer pricing. That report helped the company earn the tax responsibility seal (T for Transparency) awarded by the Haz Foundation in 2022.

[For further information about the tax responsibility seal, refer to Society]



CIE Automotive defended
**its second spot on
the Informe Reporta
ranking in respect of its
2022 Annual Report**

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

We create value for our **SHAREHOLDERS**

In 2023, the company once again paid out one-third of its profits to its shareholders, implying cumulative growth in dividends of 26% over the last five years. Despite this compelling remuneration and the company's excellent earnings performance - CIE Automotive is one of the three most profitable companies in its sector with some of the highest growth prospects - its share price continued to lag its solid fundamentals.

PROGRESS MADE IN 2023

Distribution of over €100 million of dividends to shareholders.

Analysis of different investor segments with a view to broadening the shareholder base.

Engagement with over 400 investors and analysis.

CHALLENGES FOR 2024

Publication of an Investor Kit, a synopsis of useful information for investors and analysts looking to get an initial understanding of the company, marking a new step in the company's transparency strategy.

Targeting of key investors at roadshows and other conferences scheduled for 2024.

Reassessment of investment appetite across family offices.

Reinforcement of our ESG messaging with analysts and investors, extending the work done in 2023.

Who are our shareholders?

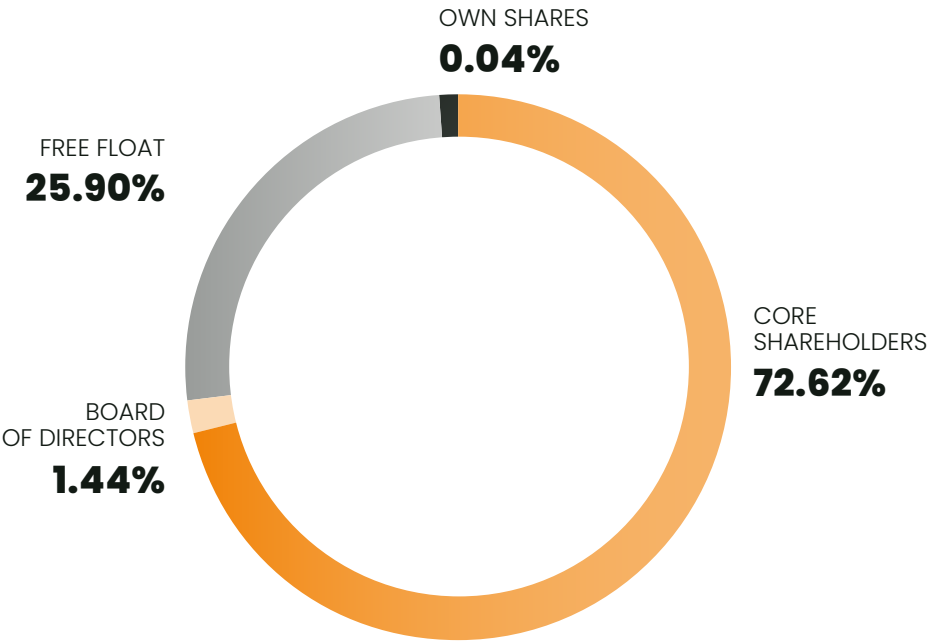
At year-end 2023, CIE Automotive's share capital amounted to €29.95 million, made up of 119,807,484 shares with a unit par value of €0.25, following the cancellation of 2,742,516 shares, 2.24% of the total at the time, acquired under the scope of the buyback programme initiated in 2022.

A significant percentage of the company's shares, 74.1%, were in the hands of a core group of benchmark shareholders and members of the Board of Directors. The free float accounted for 25.90% of the total and own shares, the remaining 0.04%.

Most of the free float shareholders are Spanish but funds from the US, UK, Norway, France, Luxembourg, Poland, Switzerland and Sweden also command a meaningful presence. This situation highlights the diversity and stability of CIE Automotive's shareholder structure.

A significant percentage
of the company's shares,
**74.1%, were in the hands of
a core group of benchmark
shareholders**

SHAREHOLDERS
In percentage



ANNUAL CHANGE IN SHAREHOLDER STRUCTURE

Percentage	2021	2022	2023
ACEK Desarrollo y Gestión Industrial, S.L.	15.69%	15.69%	16.05%
Corporación Financiera Alba, S.A.	12.73%	13.35%	13.66%
Antonio María Pradera Jáuregui	10.53%	10.53%	10.77%
Elidoza Promoción de Empresas, S.L.	10.89%	10.34%	10.58%
Mahindra&Mahindra, Ltd.	7.83%	7.83%	8.01%
Addvalia Capital, S.A.	5.26%	5.26%	5.38%
ABRDN PLC	3.99%	3.99%	-
FMR LLC	0.00%	3.02%	5.13%
Alantra Asset Management, SGIC, S.A.	3.50%	3.37%	3.05%
Total core shareholders	70.42%	69.03%	72.62%
Own shares	0.01%	2.37%	0.04%
Other Board members	1.44%	1.44%	1.44%
Free float	28.13%	27.21%	25.90%

Share price performance

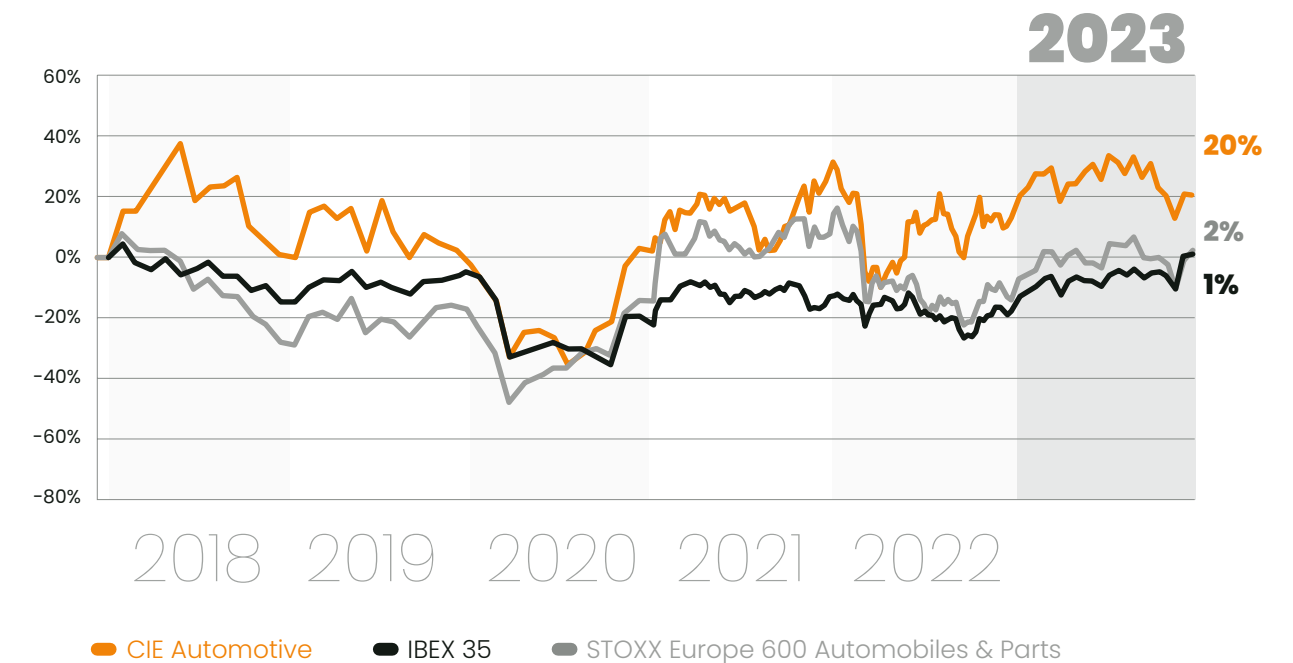
CIE Automotive's shares gained 7% in 2023 to end the year at €25.72. This moderate performance contrasts with stronger gains in the Stoxx Europe 600 Automobiles & Parts (+19%) and Ibex 35 (+23%), due, in part, to a more stringent base effect in the case of the company's shares. Over the past five years, CIE Automotive's share price has increased by 20%, significantly outperforming the Stoxx Europe 600 Automobiles & Parts (which gained 2% over that timeframe) and the Ibex 35 (just 1%). Comparing CIE Automotive's share price with the corrections sustained by most of the parts makers included in the broader sector index, the difference is even more striking.

Over the course of 2023, however, there continued to be a lag between CIE Automotive's fundamentals and its share price performance. Specifically, its share price remained well below the consensus target price of €31.38 assigned by the universe of analysts that follow the company. In contrast to other automotive parts makers, the company has not had to issue any profit warnings in the face of the recent sector complexity, remaining among the top three sector players in terms of profitability and growth prospects.

However, these achievements have not been priced in by the market. The automotive industry is not currently attractive to investors and medium-cap stocks are not managing to attract funds from the major investment funds, a combination that is not helping CIE Automotive. On top of this, liquidity fell in 2022, particularly after the company exited the Ibex 35 index.

The company's share price performance over the last year should not cloud its performance over a longer time horizon. Over the last five years, for example, CIE Automotive's share price has staged a stellar performance by comparison with its sector peers. CIE Automotive's share price has gained 20% over that period, while the Stoxx Europe 600 Automobiles & Parts has traded sideways.

SHARE PRICE PERFORMANCE, 2018-2023



CIE AUTOMOTIVE'S STOCK MARKET INDICATORS

	2021	2022	2023
Number of shares at year-end	122,550,000	122,550,000	119,807,484
Share price at year-end (€)	27.36	24.06	25.72
Market capitalisation at year-end (€ m)	3,352.9	2,948.6	3,081.4
Average trading volume	183,009	160,965	50,429
P/E multiple*	12.6	9.7	9.6

(*) PER: relationship between the share price and profit.

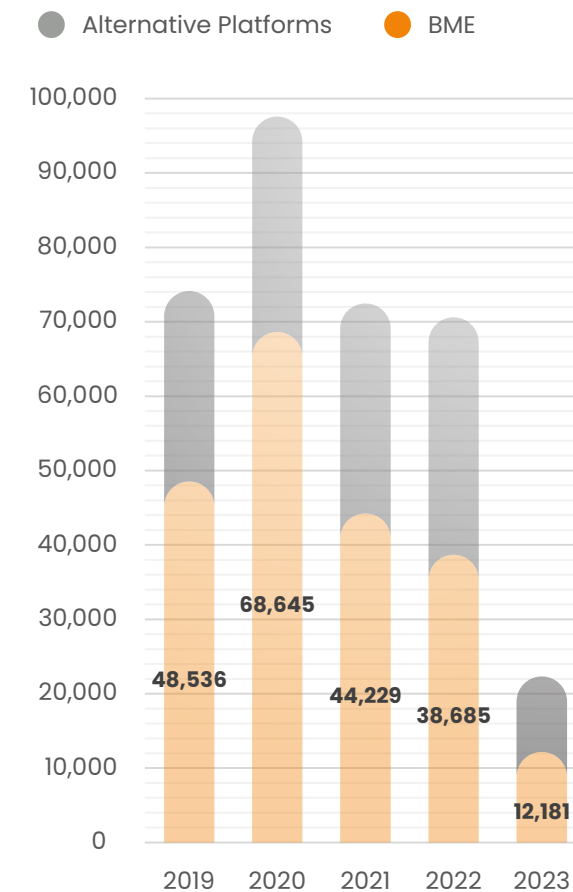
Drop in trading volumes

The downtrend in trading volumes on the exchanges managed by BME of recent years, which is affecting not only CIE Automotive but the stock market in general (see the chart below) continued in 2023. Some of the trading volume lost by BME has shifted to the so-called alternative platforms.

As a result, the drop in CIE Automotive's total trading volume is less pronounced looking at the shares traded on all platforms (BME and alternative platforms) than looking exclusively at the BME-managed exchanges.

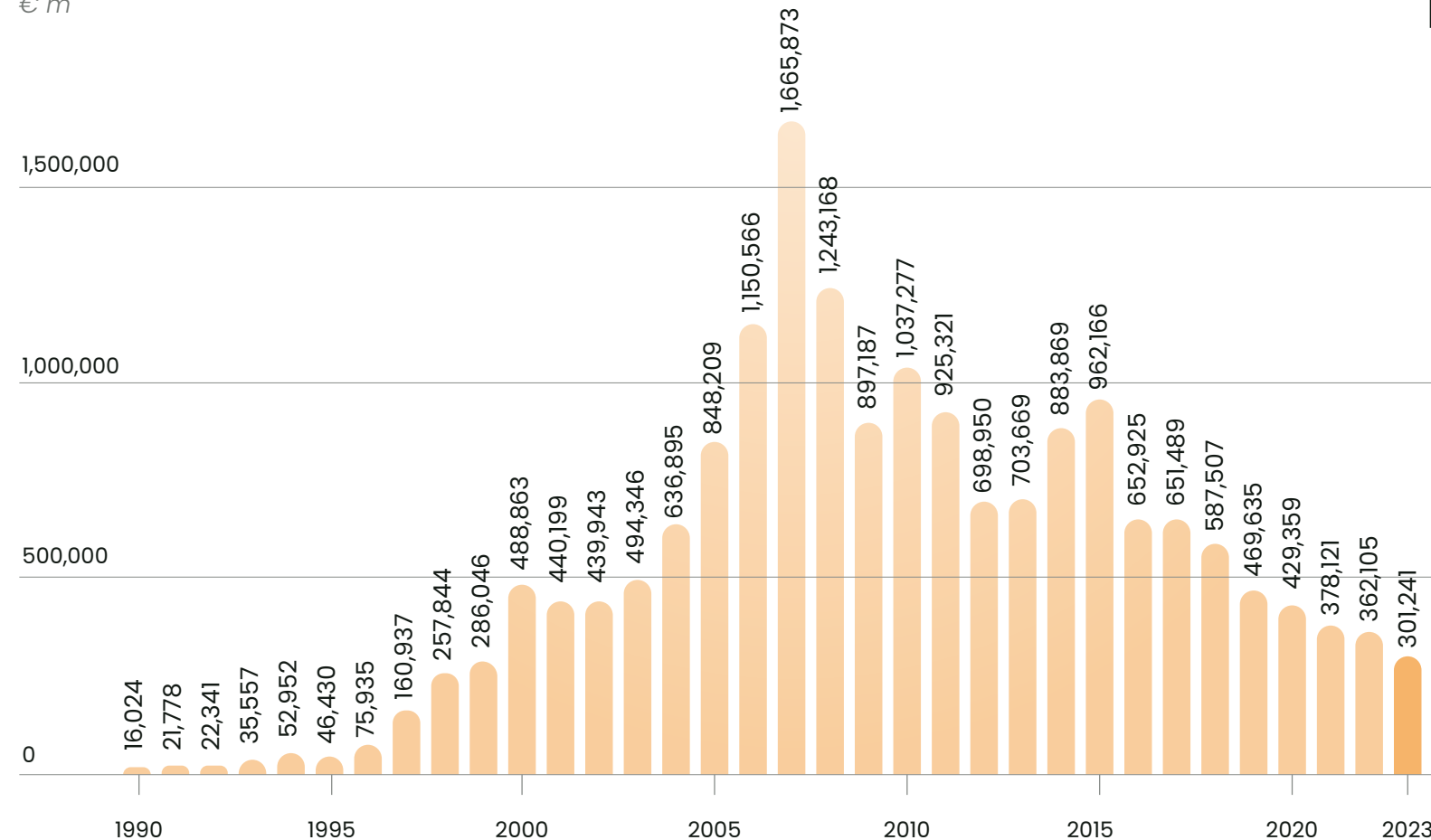
The drop in CIE Automotive's total trading volume **is less pronounced looking at the shares traded on all platforms**

BME EXCHANGED VOLUMES



VOLUME TRADED ON THE SPANISH STOCK MARKET BY BME

€ m



Fuente: BME.

Share price outlook

The company trusts that the gap between the sharp growth in the company's earnings and its share price will narrow in the coming years, helped by a positive outlook for the automotive sector, which is finding its way back to growth after several years below pre-pandemic levels.

The analysts that cover CIE Automotive agree that there is a significant mismatch between the company's fundamentals and its share price, as is evident in their average target price of €31.38 at year-end 2023, which is 22% above the closing share price. Over half of the analysts following CIE Automotive have Buy or Outperform recommendations.

CONSENSUS TARGET PRICES

COMPANY	ANALYST	RECOMMENDATION	PRICE	Last update
Alantra Equities	Álvaro Lenze	Hold	30.90€	10/2023
Bankinter	Esther Gutiérrez de la Torre Coll	Buy	32.60€	07/2023
Bestinver Securities	Enrique Yáñez	Buy	32.70€	05/2023
Caixabank BPI	Bruno Bessa	Hold	27.00€	10/2023
Exane BNP Paribas	Francisco Ruiz	Hold	26.00€	10/2023
Gaesco Valores	Iñigo Recio	Buy	35.00€	05/2023
Intermoney Valores	Virginia Pérez	Buy	30.00€	05/2023
JB Capital Markets	Alberto Espelosín	Buy	33.80€	10/2023
Kepler Cheuvreux	Alexandre Raverdy	Hold	27.00€	05/2023
Norbolsa	Nikola Egia	Hold	30.51€	06/2023
Oddo BHF	Anthony Dick	Outperform	33.00€	10/2023
Renta 4	Álvaro Aristegui	Outperform	35.5€	10/2023
Sabadell	Alfredo del Cerro	Buy	29.81€	10/2023
Santander	Robert Jackson Pina	Outperform	35.50€	07/2023
CONSENSUS	-	-	31.38€	-

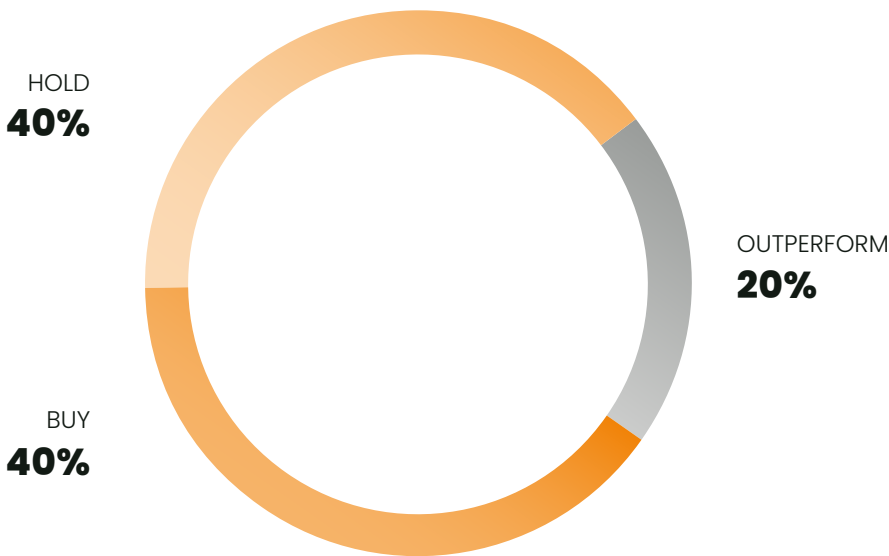
ESG-related stock indices

CIE Automotive belongs to a number of stock indices that focus on ESG aspects:

- Bloomberg ESG Data Index
- Bloomberg ESG Score Universe
- Solactive ISS ESG Screened Paris Aligned Developed Markets Small Cap Index NTR
- Solactive ISS ESG Screened Europe Small Cap Index NTR

ANALYST RECOMMENDATIONS

In percentage



The analyst
community's
consensus target
**price at year-end
was €31.38, implying
upside of 22%**

SHARE PRICE PERFORMANCE IN INDIA

The shares of CIE Automotive India Limited are traded on India's two main stock exchanges: the National Stock Exchange of India Limited (NSE) and the BSE Limited (BSE). On the BSE, the Indian company's share price rallied by 34.4% to end the year at INR 470.65, marking a high for the year of INR 549.25; on the NSE the share price gained 34.5% to end the year at INR 470.70, having peaked during the year at INR 549.45. The share price spiked on the back of the company name change to CIE Automotive India, completion of the disposal of the truck parts forging business in Germany and the company's steady earnings momentum. It cooled from annual highs due to the slowdown in some end user segments.

Demand in the Indian automotive market was mixed: growth was healthy in the light vehicle segment, while the tractor and two-wheel segments were flat. The European automotive market had a good year although the two wars along its borders left investors feeling uncertain. In general, automotive related stocks performed well in India. However, the players with exposure to Europe did not perform as well.

CIE AUTOMOTIVE'S STOCK MARKET INDICATORS IN INDIA

	2019	2020	2021	2022	2023
No. of shares at year-end (millions)	379.01	379.01	379.05	379.05	379.05
Share price at year-end on BSE (INR)	164.75	171.80	235.00	343.85	470.65
Share price at year-end on NSE (INR)	164.75	172.00	234.2	346.45	470.70
High for the year on BSE (INR)	258.30	179.10	311.65	347.20	549.25
High for the year on NSE (INR)	135.55	59.05	148.30	164.00	334.90
Market capitalisation at year-end on BSE (INR millions)	62,442	65,114	89,068	131,606	178,400
Average trading volume on BSE (shares)	47,831	16,302	76,125	153,726	153,108
Average trading volume on NSE (shares)	185,060	207,911	498,953	884,430	1,088,363
Earnings per share (INR)	9.35	2.81	10.44*	18.76*	21.03
P/E multiple	17.62	61.21	22.43*	18.47*	22.38

(*) Including continuing operations only, i.e., excluding the earnings of CIE Forgings Germany, which was classified as held for sale.

The share price spiked on the back of the name change to CIE Automotive India, **the sale of the forging business in Germany and the company's steady earnings momentum**

Shareholder remuneration

In 2023 CIE Automotive once again honoured its commitment to distributing one-third of its profits to its shareholders. Specifically, it distributed €100.6 million of dividends against the previous year's earnings in two payments, one of €0.41 per share and the other of €0.419, on 5 January 2023 and 7 July 2023, respectively.

That put the dividend back at, and even above, the pre-pandemic benchmark, having reached €0.74 against 2019 earnings.

In line with its remuneration policy, the Board of Directors, agreed on 14 November 2023 to pay an interim dividend against 2023 profits of €0.45 per share, up 10% year-on-year. That interim dividend was paid out on 5 January 2024.

In recognition of the trend in shareholder remuneration at the company in recent years, CIE Automotive received the El Economista award for value creation as part of the tenth edition of the Inversión a Fondo prizes acknowledging the best investment ideas of 2022.

SHAREHOLDER REMUNERATION

	2019	2020	2021	2022	2023
Ordinary EPS (€)*	2.23	1.48	2.18	2.49	2.67
Payout**	33%	33%	33%	33%	33%
Accrued dividend per share (€)(***)	0.74	0.50	0.72	0.83	0.90
Dividend distributed during the year (€ m)	80.0	93.9	61.3	88.2	100.6

(*) 2018 EPS calculated using normalised earnings in the automotive segment.

(**) Payout: percentage of profit paid out to shareholders.

(***) Estimate for 2023 as of the date of publication of this document.

The company distributed €100.6 million of dividends
against the previous year's earnings in two payments,
one of €0.41 per share and the other of €0.419

Engagement with shareholders and investors

Irrespective of their ownership interests, all shareholders receive equal treatment in terms of the information they get and their right to participate in and cast their votes at the company's Annual General Meeting, as contemplated in Spain's Corporate Enterprises Act.

Investor relations are framed by transparency and accessibility criteria, in keeping with the Policy for reporting to and communicating with shareholders and the market. That policy lays out the general principles of conduct that guide the Investor Relations Department, which is tasked with providing the broad financial community with accurate and timely information.

The Board of Directors supervises all of the information disclosed to the market and takes measures to safeguard its shareholders and investors' rights, all in the company's best interests.

The company distributes its information using different channels, the key channels being Spain's securities market regulator, the CNMV for its acronym in Spanish, which publishes the most significant developments pertaining to the company, and the corporate website (www.cieautomotive.com), which has a dedicated "Shareholders and Investors" microsite. There it publishes all the latest group news and developments and provides contact details.

To facilitate its work, the IR Department uses Nasdaq IR Insight, a management platform that allows it keep a detailed record of its meetings (content and labelling), bringing up information about investor profiles and contacts and generating real-time market alerts.

PRINCIPLES OF THE MARKET INFORMATION AND COMMUNICATION POLICY



Distribution of information in a transparent, clear, accurate, uniform and simultaneous manner



Active effort to keep shareholders continuously and permanently informed



Equal treatment in terms of the acknowledgement and exercise of all shareholders' rights



Development of information tools and communication channels that take advantage of the latest technology



Collaboration with shareholders so that disclosure practices are transparent, effective and in keeping with the corporate interest



Compliance with the law, the company's corporate governance rules and the principles of cooperation and transparency in dealing with the competent authorities and regulators



Protection of the rights and legitimate interests of all shareholders

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Communication with investors and analysts

In 2023, the Investor Relations Department engaged intensively, participating in conferences and roadshows at which it interacted with more than 400 investors. Most notably, it once again attended the J.P. Morgan European Automotive Conference and the Santander Autos Day, along with players of the calibre of BMW, Mercedes or Renault. For the first time it also participated in the ESN/Gaesco Conference, which took place in Paris.

Framed by its mission of helping more potential investors get to know the company, it also organised six site visits, bringing investors for the first time to the CIE Vilanova factory, the group's largest aluminium casting facility in terms of sales.

In parallel, the team stayed in constant contact with the analysts that cover the company, a total of 15 this year. The Investor Relations Department responded to their enquiries about different aspects of CIE Automotive's business and strategy, including the Indian market's potential, the company's strategy in China and its M&A activity, among other matters.

It also fielded interest in ESG aspects, most notably the independence of the Board of Directors and the use of ESG criteria to determine remuneration.

The Investor Relations Department interacted with more than 400 investors in 2023

Steps taken to catalyse the share price

In addition to its recurring communication and outreach efforts, the Investor Relations Department analysed a number of different investment segments with a view to broadening the shareholder base and boosting trading volumes. The actions taken and segments studied were the following:

- Assessment of potential investor appetite in family offices: having studied the matter with two brokers with a strong presence in Spain, the conclusion reached was that this investor universe is currently focused on other types of companies.
- Analysis of a potential dual listing with the help of the IEAF IR Club, which specialises in listed Spanish companies. Complementing that analysis, the company participated in the IR Think Tank - Europe, an international event organised in London by the prestigious IR Magazine, at which listed companies from all sectors exchanged practical tips.
- Reinforced ESG engagement: given institutional investors and fund managers' growing interest in sustainability matters, the company sought to increase its interaction with the expert ESG analysts at its major shareholders, for example, FMR.
- Liquidity agreement.

Common responsibility, shared benefits

Institutional Investor Awards

Once again in 2023, the work done by CIE Automotive's Investor Relations Department was acknowledged in the awards handed out by Institutional Investor, a leading international business to business publisher. CIE Automotive stood out again in the Small & Midcap category.

Analyst breakfast

The company held its traditional Analyst Day in November, which was attended this year by the CEO, Jesús Mari Herrera. During a breakfast event, the CEO went over all of the topics of current interest at the company, highlighting the ease with which it is delivering its ambitious strategic targets for 2025, in spite of the significant deterioration in the macroeconomic and sector environments, as well as signalling the likely intensification in M&A activity during the second half of the Strategic Plan's time horizon. The event was attended by all of the houses that cover CIE Automotive.

Analyst survey

In 2023, CIE Automotive conducted an Analyst Satisfaction Survey in which 13 analysts participated. The main goal was to evaluate the transparency and effectiveness of the Investor Relations Department's communication effort. The 29 aspects assessed, including team availability, feedback received and response times, were positively rated by all of the participants.

The idea is to use this feedback to strengthen relations with analysts and investors in 2024, ensuring clear and timely communication and greater transparency when disclosing important developments.

The recent analyst survey has yielded valuable insight, painting a very positive overall picture, while highlighting certain areas for improvement. The highest rated aspects included the availability, flexibility and sector knowledge displayed by the IR team, qualities that facilitate the analysts' work. The analysts also valued the participation by management in earnings presentations and investor meetings. The main area for improvement flagged by the analysts relates to additional disclosures in the financial information published, an aspect which the company is analysing and working on.

In 2023, CIE Automotive conducted
an analyst satisfaction survey
**to evaluate 29 aspects of the IR
Department's transparency and
communication effort**

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Excellence with and for our CUSTOMERS

CIE Automotive stands apart for its commitment to doing things well. The company aims to supply its customers with the best mobility solutions, underpinned by its zero-defects policy, which it reinforced in 2023 with product risk analysis in all geographies. This commitment to quality earned it recognition from the various OEMs and ultimately paved the way for market share gains.

PROGRESS MADE IN 2023

Consolidation of the roof systems division in India.

New orders for electrified vehicles (NEV – New Energy Vehicles).

Expansion in Brazil, making CIE Automotive a regional sector leader.

Global product risk mitigation analysis.

Multiple OEM awards in all markets.

CHALLENGES FOR 2024

Growth in North America.

Penetration of new OEMs.

Development of new capabilities.

Value-added offering

CIE Automotive is helping its 80+ customers with their mobility transformation efforts, offering them a range of more than 7,000 parts and subassemblies it designs to meet their quality, efficiency and sustainability requirements and address the key sector trends: electrification, comfort and safety.

The company works in close collaboration with OEMs and Tier 1 suppliers to enhance its designs and overcome the technological and economic challenges associated with sustainable mobility. It offers them different technological alternatives for a given part or subassembly, serving as a "one-stop shop" for the automotive platforms.

This proactive approach demonstrates CIE Automotive's commitment to innovation and its willingness to play a key role in the sustainable transportation scene.

PRODUCT FAMILIES



ROOF SYSTEMS



STRUCTURAL PARTS, CHASSIS & STEERING



TRANSMISSION AND GEARBOXES



INTERIOR AND EXTERIOR TRIM



ENGINE & MOTOR AREA



COMMERCIAL VEHICLES

1 2023 highlights

2 Ready for change

3 Record earnings

4 **Common responsibility, shared benefits**

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 **Common
responsibility,
shared benefits**

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Towards electric transportation

The company is technologically prepared to play a significant role in the process of electrifying the stock of vehicles. Indeed 80% of its extensive product portfolio is adaptable for different kinds of vehicles, including electric and hybrid vehicles.

In recent years, the company has consolidated its presence in the electrified vehicle segment, particularly in all-important areas such as batteries, motors and electronics. This strategic positioning reflects the forecast growth in market demand and is being driven by the guiding initiatives set down in the 2025 Strategic Plan.

Thanks to its technological prowess and the sales effort made, 41% of the order intake in 2023 related to new energy vehicles (NEVs).



**Over 80% of its
extensive product
portfolio is adaptable
for different kinds of
vehicles, including
electric and hybrid
vehicles**

Business milestones by region

The company gained market share in the last year, driven in part by the sales teams' efforts to enter new emerging markets and in part by the disappearance of certain suppliers, unable to survive the surge in raw material costs and increase in interest rates.

Faced by a complex macroeconomic scenario, the sales teams worked hard to pass through part of the increase in costs derived from the growth in energy prices and inflation in raw materials and labour.

North America

- Entry into the plastics division in the US thanks to one of the country's leading traditional OEMs with a maiden big project for the interior of one of its main vehicles under a contract worth over \$25 million.
- Customer diversification in the metal, roof systems and aluminium division in North America thanks to new orders for next-generation OEMs and traditional OEMs with little history in the division.
- Consolidation of the plastics factory in Mexico as a benchmark Tier 1 plastic parts supplier in the region.

Europe

- New orders and consolidation of existing aluminium casting technology projects for the main premium OEMs.
- Transformation of the forging line at the CIE Galfor factory for the above-mentioned projects using the new aluminium casting technology.
- A significant percentage of all the new orders across the various technologies offered in Europe are focused on the electric vehicle.
- Ford awarded CIE Vilanova Q1 certification. This certification rewards the factory for its performance in terms of quality and logistics and allows it to opt for new tenders as Ford is rationalising its supplier portfolio and prioritising those with Q1 certification.

Brazil

- Customer diversification in this region, with a presence in active projects and new orders for Asian, European and American automotive sector customers, is positioning CIE Automotive as a benchmark supplier of automotive parts for all the OEMs present in the region.

Asia

- Start of line production for a series of projects using different technologies focused on key parts for electric vehicles in India.

Total quality model

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

CIE Automotive stands apart in the automotive parts industry for its total quality management. Its reputation is underpinned by constant improvement of its products and processes by means of prevention, systematic revision, training and know-how sharing, framed by its Environment Policy.

Focused on excellence, the company complies with the IATF 16949 quality standard, which is specific to the automotive industry and harmonises the different assessment and certification systems in the supply chain. It is also working to obtain environmental management (ISO 14001) and occupational health and safety management (ISO 45001) certification at all its factories. To manage these three standards, the company has a global certification agreement with TÜV RHEINLAND until 2024.

Compliance with IATF 16949 implies compliance with the associated consumer health and safety measures, even though as a B2B company, CIE Automotive does not have any contact with end vehicle

QUALITY POLICY PRIORITIES



Customer protection



Proactive stance



Zero-defects mission



Service



Prevention as the best safety tool

GLOBAL CERTIFICATION SNAPSHOT IN 2023 (AS OF 31 DECEMBER 2023)

	Total certifiable factories		IATF 16949				ISO 14001				ISO 45001			
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
	N	N	N	%	N	%	N	%	N	%	N	%	N	%
Asia	37	34	33	89%	32	94%	28	76%	32	94%	29	78%	32	94%
Europe	44	40	42	95%	39	98%	42	95%	39	98%	39	89%	35	88%
North America	20	16	19	95%	16	100%	18	90%	15	94%	19	95%	15	94%
Brazil	11	13	11	100%	12	92%	11	100%	12	92%	11	100%	12	92%
Total	112	103	105	94%	99	96%	99	88%	98	95%	98	88%	94	91%

users. Nevertheless the OEMs pass on to CIE Automotive their product and project technical specifications and requirements to ensure that each part contributes to guaranteeing the safety of the vehicles ultimately put on the market.

That technical specification pass-through to suppliers such as CIE Automotive means that reparability, disassembly and recyclability criteria that improve vehicle end life are also taken into consideration.

In 2023, the company did not incur any significant fines related with consumer safety or with incidents of non-compliance with product information and labelling requirements.

Customer satisfaction and protection

Customer satisfaction is one of CIE's key success factors. To that end, the company has a satisfaction control system that measures, tracks and analyses customer feedback with the aim of proposing improvements at the various factories, where needed.

This system is used to assess each factory's performance and to quantify customer perceptions on the basis of audits, assessments and current data. That information is then used to compile an annual report and draw up corrective action plans as necessary.

Consumer claims, complaints and grievance systems

Despite its best efforts on the product quality front, both preventive during the design and industrialisation phases and corrective during manufacturing, on occasion deviations lead to customer claims.

When that happens, it is vital to react immediately to prevent the supply of non-conforming parts and conduct in-depth analysis of the root causes. The solutions provided are shared with and applied to all potentially affected facilities and technologies.

The company did not receive any significant fines or penalties as a result of legal proceedings related with incidents of non-compliance with product information or labelling in 2023.

Product risk analysis in all regions

The company took its customer satisfaction effort a step further in 2023 by analysing its products in all geographies for quality risk in order to prevent product recalls by the OEMs.

This analysis is part of a global programme in collaboration with the company's insurance broker which also encompasses industrial and environmental risk analyses, combining and leveraging the two firms' risk analysis and mitigation know-how. Under this programme, projects are being ranked by geography for close monitoring. Last year the company also organised internal communication seminars, shared best practices and developed new procedures for scaling up incidents with the goal of avoiding not only legal non-compliance but indeed any source of customer dissatisfaction.



The company focused on the prevention of possible defects, an effort that included the reinforcement of procedures and controls, enhanced traceability of all products, analysis of the causes of potential defects and constant communication with its customers.

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

Data protection and confidentiality

CIE Automotive collaborates with its customers to provide innovative solutions. Given the nature of this work, it is vital to duly guarantee the confidentiality of sensitive information at the corporate and individual division levels. To that end the company is working on an information safekeeping project guided by the following standards:

- Compliance with benchmark international standards, including ISO 27001, ISO 27005 and ISO/IEC 27002/2005. In 2021, CIE Automotive's Engineering Centre in Spain obtained the TISAX Label, which is based on ISO 27001 criteria, and in 2022 and 2023 it extended the seal to new countries.
- Process re-engineering and social engineering adapted for the organisation's specific needs.
- Real-time management of information security.

The company did not receive any significant fines for non-compliance with data protection laws or regulations in 2023.

Nor did it receive any significant fines or penalties as a result of legal proceedings related with incidents of non-compliance with product information or labelling during the reporting period.

The Systems Manager is the executive ultimate responsible for security, also carrying out information security director functions.

Eco-design

The introduction of eco-design criteria at the earliest stages of product development helps minimise the impact of CIE Automotive's products during the manufacturing process and also when the end vehicles are in use. At this stage, and in collaboration with its customers, the company builds reparability,

disassembly and final recycling criteria into its designs in order to improve the circularity of the end product; despite the fact that disassembly and recycling are the responsibility of its customers, CIE Automotive contributes its know-how in materials, processes and certain products.

Certifications and accolades

In 2023, CIE Automotive was named best supplier by a number of market-leading OEMs and organisations. Those accolades encourage it to press ahead with its continuous improvement and customer satisfaction efforts.

CERTIFICATIONS AND ACCOLADES IN 2023

ORGANISATION	FACTORY	COUNTRY	ACCOLADES
CONFEDERACIÓN DE INDUSTRIALES LITUANOS (LPK)	CIE GAMEKO	SPAIN	EXPORTER OF THE YEAR PRIZE FOR 2022
NEXTEER	CIE RECYTEC	MEXICO	PERFECT QUALITY AWARD
NISSAN	CIE PEMSA CELAYA	MEXICO	REGIONAL QUALITY AWARD
CÁMARA DE COMERCIO, INDUSTRIA Y ARTESANÍA DE KAUNAS	CIE LT FORGE	LITHUANIA	"FABRICADO EN MARIJAMPOLĖ"
BAJAJ AUTO	CIE ALUMINUM CASTING INDIA	INDIA	QUALITY PLATINUM AWARD
TATA MOTOR	CIE GOLDE PUNE	INDIA	ATMANIRBHAR EXCELLENCE
VOLKSWAGEN	CIE AUTOMETAL DIADEMA	BRAZIL	FINALIST IN THE NEW PRODUCT LAUNCH BEST NEW PRODUCT IN THE VOLKSWAGEN "THE ONE" BEST SUPPLIERS AWARDS
PLASTIC OMNIUM	CIE AUTOMETAL MINAS	BRAZIL	MELHOR FORNECEDOR
GENERAL MOTORS	CIE GOLDE SHANDONG	CHINA	SUPPLIER QUALITY EXCELLENCE AWARD
HONDA BRASIL	CIE AUTOMOTIVE SALTO	BRAZIL	HONDA SUPPLIER AWARD

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Our **TEAM**: the people behind the transformation

CIE Automotive's ability to successfully integrate ESG aspects depends largely on our employees' sense of belonging. To that end, in 2023 the company continued to make progress on programmes that prioritise their well-being and improve the workplace climate, such as D&I assessments at every factory, executive training on ESG matters and enhanced health and safety conditions.

PROGRESS MADE IN 2023

Expansion of the Ulysses programme to 17 people of four nationalities, so delivering the related strategic target for this initiative two years ahead of the deadline (2025).

Lifting the share of factories with ISO 45001 certification to 94% (95 out of 101 certifiable factories certified, only excluding facilities acquired or built after 2020, which is when the 2025 Strategic Plan was published, and those sold by CIE Automotive in recent years, including the German forging factories).

Reduction in workplace injuries despite the growth in hours worked, improving on the 2022 indicators which marked a record year for workplace safety.

Provision of ESG training to virtually all of the group's managers (97% of the members of the factory management committees, excluding the factories acquired this year, trained on ESG considerations).

Diversity & inclusion assessments carried out at 93% of the group's factories, 98 of the 105 included under the scope of the Plan, implying almost full compliance with this strategic target two years ahead of the deadline (100% of factories assessed by 2025).

Two percentage point increase in the percentage of women working at the company to over 20% for the first time, despite the difficulties facing the manufacturing sector in terms of gender diversity.

CHALLENGES FOR 2024

Completing 100% of the diversity assessments for full delivery of this target one year ahead of the related deadline (2025).

Continued growth in the percentage of women and other groups that may be under-represented at CIE Automotive.

Ongoing improvement in accident metrics, carrying over the momentum of recent years.

Detection of new training needs and increasing the scope of existing programmes, specifically providing ESG training to all managers (3% outstanding), so as to deliver this strategic target one year ahead of the deadline (2025).

Employment and diversity

Chairman and CEO's statement

At year-end 2023, CIE Automotive employed 25,294 people in nine countries on four continents.

In all of its markets the group is committed to upholding human rights and prevailing labour legislation, framed by its Human Rights Policy.

JOB MAP AT CIE AUTOMOTIVE (at year-end)

TOTAL

Number of employees	25,294	
M W	20,169	5,125
Local managers as % of all factory managers	89%	
% local members of factory management committees	92%	
Fixed/indefinite contracts as % of total	82.5%	
M W	83%	82%
Training hours	807,806	
Employees trained	20,283	80%
Training hours per person	31.9	
M W	29.7	40.6
Training hours per person trained	39.8	
M W	38.1	46.0

EUROPE

Number of employees	5,717	
M W	4,273	1,444
Local managers as % of all factory managers	80%	
% local members of factory management committees	94%	
Fixed/indefinite contracts as % of total	96%	
M W	96%	97%
Training hours	175,199	
Employees trained	4,706	83%
Training hours per person	30.8	
M W	27.5	40.8
Training hours per person trained	37.2	
M W	33.7	47.1

BRAZIL

Number of employees	3,385	
M W	2,715	670
Local managers as % of all factory managers	100%	
% local members of factory management committees	100%	
Fixed/indefinite contracts as % of total	96%	
M W	96%	95%
Training hours	125,131	
Employees trained	2,730	81%
Training hours per person	37.0	
M W	36.1	40.4
Training hours per person trained	45.8	
M W	42.8	61.6

NORTH AMERICA

Number of employees	7,320	
M W	4,735	2,585
Local managers as % of all factory managers	89%	
% local members of factory management committees	93%	
Fixed/indefinite contracts as % of total	79%	
M W	83%	73%
Training hours	289,561	
Employees trained	7,282	99%
Training hours per person	39.6	
M W	39.0	40.7
Training hours per person trained	39.8	
M W	38.4	42.3

ASIA

Number of employees	8,872	
M W	8,446	426
Local managers as % of all factory managers	97%	
% local members of factory management committees	88%	
Fixed/indefinite contracts as % of total	71%	
M W	71%	65%
Training hours	217,915	
Employees trained	5,565	63%
Training hours per person	24.6	
M W	23.8	40.6
Training hours per person trained	39.2	
M W	38.4	50.0

- 1 2023 highlights
- 2 Ready for change
- 3 Record earnings
- 4 Common responsibility, shared benefits
- 5 Our response to the environmental challenge
- 6 Responsible management

About this report

Data tables

Common responsibility, shared benefits

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Convinced that diversity is a source of value-added, CIE Automotive's workforce encompasses a rich mix of genders, ages, education levels and skillsets.

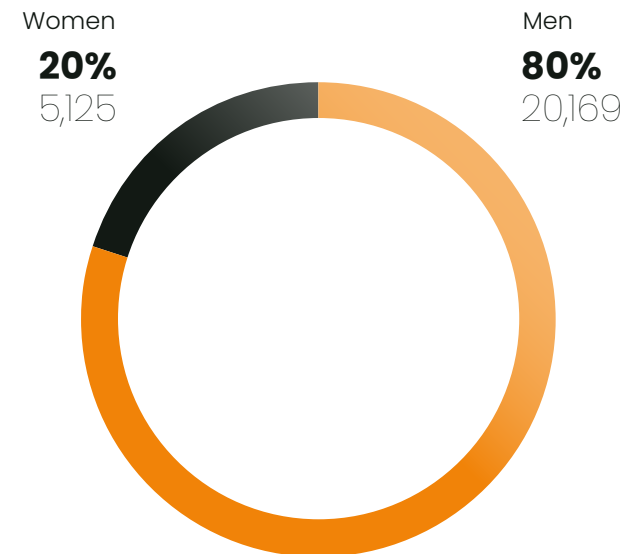
By age, 26% of its employees are under the age of 30, 57% are aged between 30 and 50, and 17% are over the age of 50. In addition, the company is tapping and nurturing young talent under internship and scholarship programmes.

As for its employees' education levels, reflecting its manufacturing profile, 68% are tradesmen and women, 28% are university graduates and 4% hold management positions.

CIE Automotive values talent no matter where it hails from. That is evident in the fact that 89% of its factory managers are nationals from the country in which the factory is located. In addition, 92% of the members of its factory management committees are local professionals.

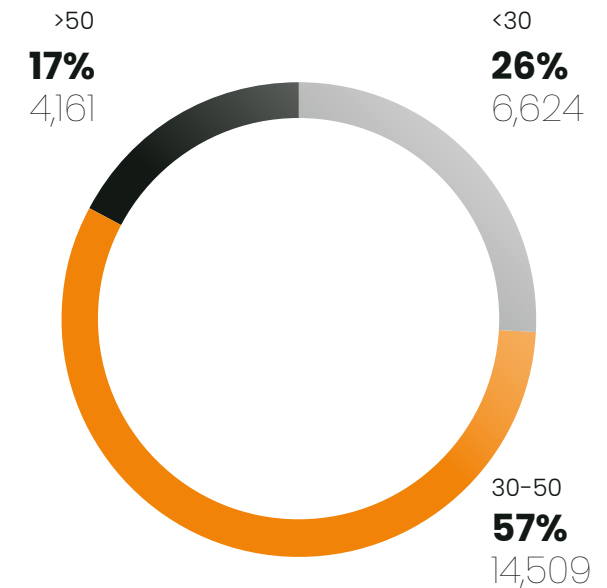
BREAKDOWN OF THE WORKFORCE BY GENDER

Percentage



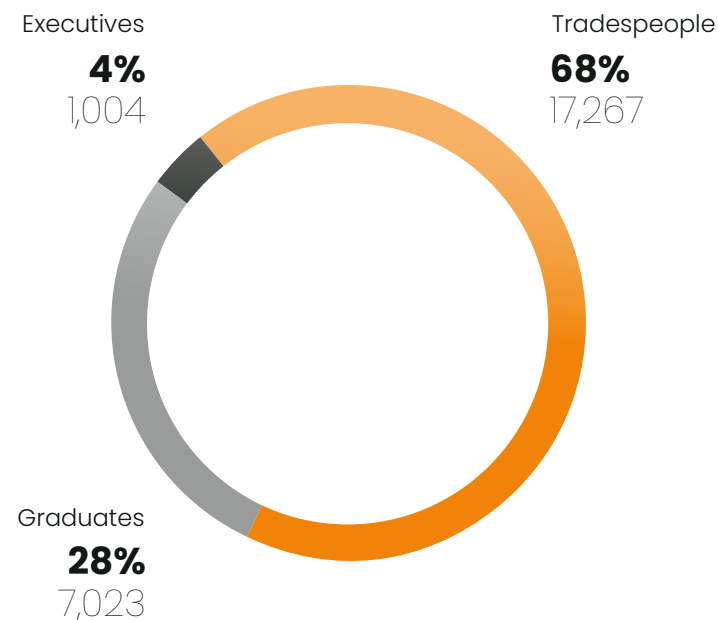
BREAKDOWN OF THE WORKFORCE BY AGE

Percentage



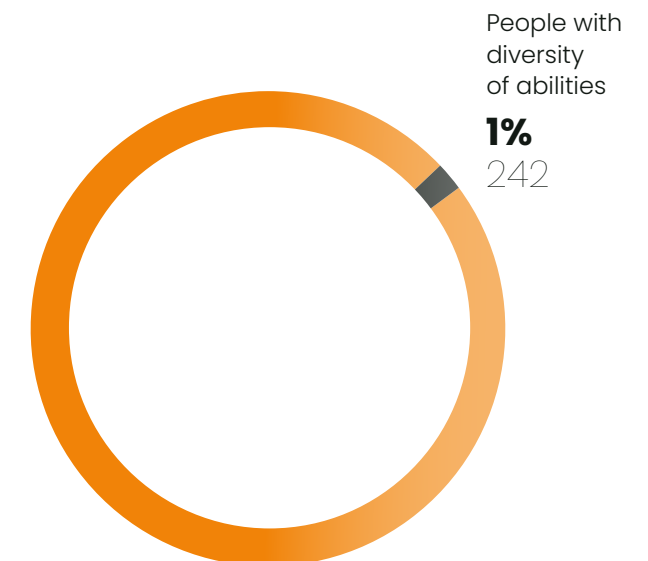
BREAKDOWN OF THE WORKFORCE BY JOB CATEGORY

Percentage



DIVERSITY OF ABILITIES

Percentage



Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

As in 2022, 1% of the workforce had differing abilities. Inclusion of these people is heavily influenced by the sensitivities and legislation of each country. Europe and Brazil stand out, reporting considerably higher percentages.

Excluding the impact of the discontinuation of the German forging businesses, which impacts this indicator notably as the number of employees with differing abilities at those factories was relatively high, the number of employees in this category would have increased by 20 year-on-year, implying growth in the number of people with differing abilities at the group of 7.5%.

Note that this analysis relates only to employees with differing abilities that are directly hired by the group. In addition to its employees, CIE Automotive purchases a range of services from special employment centres and similar entities that support the integration of people with differing abilities into the workforce.

The share of **female employees increased by two points, from 18% to 20%, in 2023**

Gender diversity

As for gender diversity, 20% of the group's employees are women. It is common for this figure to be low in the world of manufacturing; nevertheless, CIE Automotive has been managing to bring this percentage slowly higher in recent years.

In 2023, helped by the completion of diversity assessments at nearly all of the group's facilities, a number of awareness and training drives and execution of factory-level equality plans that go beyond the group's legal requirements, the share of female employees increased by two points, from 18% to 20%. Indeed, the 2023 figure is the highest in the entire series, having increased by four points in recent years.

CIE Automotive's predominantly male workforce is attributable to tradition in the automotive sector and restrictions on women accessing technical training at schools and universities. There are also cultural barriers in some countries that impede higher female representation at the factories as is evident in the differences between North America, where women hold 35% of all jobs, for example, and China, where they hold only 5%.

That being said, the two-point increase in the percentage of female employees in 2023 was felt across the entire group, albeit most pronounced in the Americas and Europe, increasing by three points in Europe, seven in Brazil and two in Mexico.

BREAKDOWN OF THE WORKFORCE BY EMPLOYEE CATEGORY AND GEOGRAPHIC AREA

	2022*				2023			
	% of women by category	% of executives	% of graduates	% of tradespeople	% of women by region	% of executives	% of graduates	% of tradespeople
ASIA		5%	7%	4%	5%	6%	8%	4%
BRAZIL		24%	15%	12%	13%	18%	17%	21%
EUROPE		21%	23%	22%	22%	23%	23%	27%
NORTH AMERICA		13%	22%	40%	34%	14%	23%	41%
TOTAL		12%	17%	19%	18%	12%	18%	22%

(*) Includes 676 employees at the German operations classified as discontinued.

Common responsibility, shared benefits

The situation also varies by job category and level of seniority. Forty per cent of the members of the Management Committee are women, while female boardroom representation stands at 36%; five of the 14 directors are women.

In order to encourage more women to look at manufacturing positions in the long term, CIE Automotive is championing the provision of technical training to women from school age through its participation in the CIE STEM Planet project and, together with Innobasque, in the STEM careers chapter of the public sector “Committed to talent” initiative.

GENDER INDICATORS

	2022	2023
% of female employees	18%	20%
% of new hires	19%	23%
% of women on the group's Management Committee	40%	40%
% of women on the Board of Directors	36%	36%
% gender pay gap*	94.9%	92.4%

(*) This ratio is calculated as the average remuneration of women divided by the average remuneration of men.

CIE Automotive champions the provision of technical training to women from school age through its **participation in the STEM Planet project and the “Committed to talent” initiative**

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

Gender pay gap

The gender pay gap increased by around two percentage points in 2023 from 2022. The average earnings of the company's female employees amounted to 92.4% of what the men earn on average, compared to 94.9% in 2022.

Specifically, female employees earned €17,510 on average, compared to the €18,960 earned by the men. It is important to note that the salaries were converted to euros at year-end exchange rates and include the salaries of all of the group's factories and offices, so that the indicator considers people from different regions, with different technical skills and from countries with markedly different levels of economic, social and labour market development.

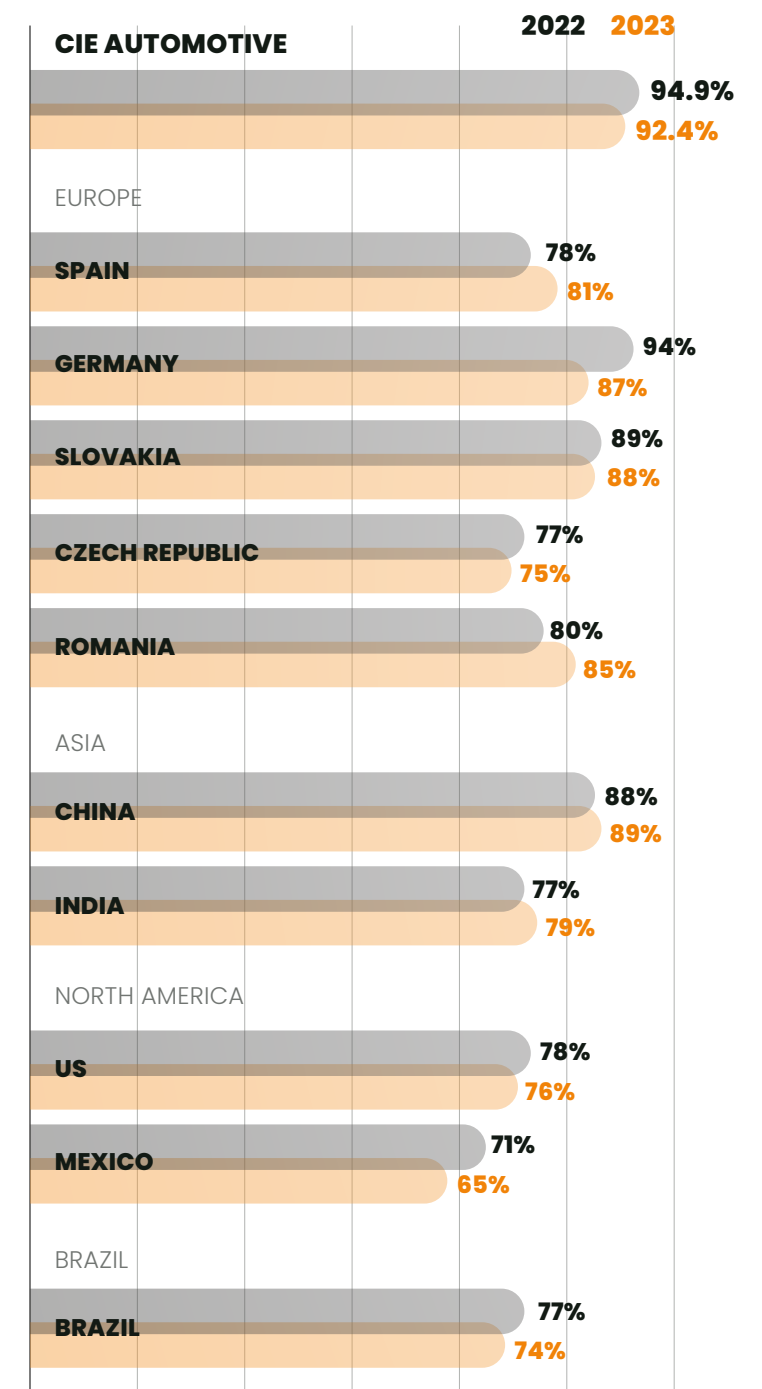
The increase in the gender pay gap in 2023 is primarily attributable to two factors:

- The first, which is not entirely within the group's control, is the situation at the factories newly acquired in Hungary and Brazil, where the pay gap before their acquisition was above the group average, so bringing the 2023 group average down.
- The second relates to a development within the group, which is working hard to bring more women to work at its factories. These new hires are concentrated in entry-level positions, where starting salaries are lower, so that comparisons between male and female pay without considering job categories increases the pay gap. It is likely, however, that as these new female employees develop their careers at the group, gaining experience and taking on new responsibilities, the pay gap in these lower categories will narrow. As shown in the table below, female wages are only lower than male wages in the lower job categories (tradespeople).

GENDER PAY GAP

2022				2023		
AGGREGATE pay gap	No. of people	Average earnings	% gap	No. of people	Average earnings	% gap
Men	20,332	18,969	94.9%	20,580	18,960	92.4%
Women	4,573	17,997		4,945	17,510	
Gender pay gap BY EMPLOYEE CATEGORY						
Executives – M	871	65,747	97%	894	64,797	103%
Executives – W	112	63,713		118	66,443	
Graduates – M	5,731	22,059	110%	5,771	22,268	113%
Graduates – W	1,169	24,214		1,210	25,108	
Tradesmen	13,730	14,711	97%	13,915	14,642	91%
Tradeswomen	3,292	14,229		3,617	13,371	

GENDER PAY GAP BY SIGNIFICANT LOCATIONS



Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

Factory level assessments and action plans

Diversity management is one the company's most important challenges as it strives to bring together people of different cultures, genders, generations and abilities. As a result, the 2025 Strategic Plan sets the target of carrying out diversity & inclusion assessments at 100% of its factories so as to get a global snapshot of diversity across the group and take the opportune measures.

At year-end 2023, those assessments had been completed at 98 factories around the world, 93% of the 105 factories under the scope of the Plan (all except those acquired after 2020). Each factory establishes an action plan on the basis of the information obtained and conclusions it yields. Note that CIE Automotive manages diversity using the same decentralised approach as it applies to the rest

of its management efforts and it is therefore up to each factory, based on the hard data, the environment in which it operates and the knowledge of the local managers to establish which areas of diversity they want to work on and set their own measures and action plans. Execution of the action plans is monitored by the factories themselves and by the corporate Human Resources Department.

EUROPE

	ACTION PLANS	SAMPLE MEASURES
37 factories assessed, over half of which are undertaking more than 30 diversity actions based on the results of their assessments and the factory equality plans drawn up.	• Gender diversity This is the diversity area of greatest concern for the European factories due to its importance in the current social context in Europe. • Generational diversity Age is being managed actively from the standpoint of factory succession. In general, the companies' workforces are older than is optimal, mainly due to limits under the factories' collective bargaining agreements and also the fact that young people in internships and similar initiatives do not compute as staff. • Diversity of abilities This area of diversity is managed actively by the European factories where regulations are stringent. The average number of people with differing abilities at these factories is considerably above the group average and the factories that do not have direct employees with differing abilities subcontract services from special employment centres. Some of the factories more than cover their legal requirements; those that do not meet them by outsourcing tasks to these centres. • Multicultural diversity This is clearly the least prioritised area of diversity due to the lack of specific regulations and the socio-economic climate in Europe.	• Gender diversity Factoring gender considerations into recruiting efforts, giving female workers priority access to training initiatives that facilitate their incorporation into more male-dominated areas of work, adapting training schedules to ensure female workers on shorter working hours can attend, and scorecards, KPIs and other control and monitoring mechanisms. • Generational diversity Identifying professionals with high potential and leadership attributes and plans for hiring people under the age of 30 at certain factories. • Diversity of abilities Meeting with representatives from local associations for people with disabilities with a view to making potential hires. Encouraging the use of suppliers that have people of differing abilities on staff to promote an inclusive and equitable climate. • Multicultural diversity Facilitating the provision of work practice to immigrants through the Red Cross' inclusion and employment arm.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

NORTH AMERICA

	ACTION PLANS	SAMPLE MEASURES
16 factories assessed, of which 13 are undertaking more than 80 diversity actions based on the results of their assessments.	• Gender diversity Female access to management positions at the factories has been a challenge until now in both Mexico and the US. • Generational diversity In general, there are no issues in this area: the workforces are relatively young by comparison with other regions. • Diversity of abilities In general this is an area of diversity of lesser importance as there are no binding regulations on this topic in North America. • Multicultural diversity This is of great importance in the US in particular.	• Gender diversity For example, the Mexican factories at the machining divisions have set specific targets for raising the number of women on staff. In 2023 the percentage of female employees already increased in the North American market. • Generational diversity Prioritising and hiring in the over-45 age category at the Mexican factories, where that age bracket is under-represented. • Diversity of abilities Evaluating and improving the facilities and resources available at the Mexican factories in order to improve accessibility for people with differing abilities. • Multicultural diversity Increased hiring of black, white or mixed-race people depending on the deficits identified at each plant, particularly in the US, by comparison with the local census.

BRAZIL

	ACTION PLANS	SAMPLE MEASURES
11 factories have completed their diversity assessments and all have launched action plans encompassing 30 different diversity initiatives.	• Gender diversity Some of the technologies used involve factory work that requires greater physical strength. Nevertheless, the action plans rolled out seek to increase the number of women in all job categories. • Generational diversity In general, the Brazilian factories feel comfortable with their current numbers and succession targets. • Diversity of abilities Brazil has powerful legislation in this area implying different binding percentages depending on the size of the factory. Our Brazilian factories are sensitive to this topic and actively manage it as integration and inclusion is culturally entrenched in this market. • Multicultural diversity Ethnic diversity is very important in a country as heterogeneous as Brazil, where there are broad anti-discrimination regulations. The factories have established action plans around regional censuses, committing to increase their hiring of any groups that are under-represented compared to the census to enrich the labour market.	• Gender diversity Action plans have been rolled out to increase the number of women in all job categories. Already in 2023 the percentage of female employees increased in the Brazilian market. • Diversity of abilities Increasing the percentage of employees with a disability • Multicultural diversity The Brazilian factories have committed to stepping up their hiring of ethnicities that are under-represented compared to the regional census.

INDIA

	ACTION PLANS	SAMPLE MEASURES
Chairman and CEO's statement 1 2023 highlights 2 Ready for change 3 Record earnings 4 Common responsibility, shared benefits 5 Our response to the environmental challenge 6 Responsible management About this report Data tables	24 factories have completed their assessments and all have established action plans. • Gender diversity The need to include women is not as consolidated in Indian society today as it is other geographys. That is evident in the make-up of the Indian workforce, where there are relatively few women at the factory level, particularly in operator positions. • Generational diversity Although the Indian factories report balanced generational representation, they have devised action plans to compete with technology firms for talent. • Diversity of abilities There are no regulations in this respect, but the factories are keen to see what other companies are doing in this area of diversity. • Multicultural diversity The authorities encourage local hiring.	• Gender diversity Management has an action plan for lifting female representation at the factories and the percentage of women on the payroll increased slightly in 2023. • Generational diversity Several factories have specific youth hiring targets. • Diversity of abilities Benchmarking in order to understand best practices and alternatives for moving the group forward in this area of diversity.

CHINA

	ACTION PLANS
	10 Chinese factories, all of them, have completed their assessments. • Gender diversity There are no plans to undertake initiatives in this area in the short term. • Generational diversity Nearly all of the Chinese factories' employees are under the age of 50, so that this area of diversity is considered reasonably under control. • Diversity of abilities There are no relevant implementing regulations • Multicultural diversity The factory employees are Chinese nationals, which is in the government's interest, except for the odd expatriate European.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

The assessments are being conducted using a shared diversity and inclusion tool which evaluates diversity in terms of gender, age, culture and abilities. Diversity is measured using specific metrics and improved using practices related with talent such as recruiting, selection, promotion, training, remuneration, performance evaluation and job mobility, among others. There is also a questionnaire to analyse each factory's specific sensitivities.

The Diversity, Equality and Inclusion Committee, set up in 2021, made up of 14 professionals representing all divisions and regions, is responsible for the performance of these assessments.

To the extent that the assessments identify common problems, the Committee is considering the possibility of launching corporate actions in the coming years for either several factories or even the entire group.

The assessments use a shared
diversity and inclusion tool which
**evaluates diversity in terms of
gender, age, culture and abilities**

MEMBERS OF THE DIVERSITY COMMITTEE

Brazil	Dermeval Sánchez
Mexico	Iván Portillo
Mexico	Isabel Sánchez Figueroa
Mexico	Patricia Barrera
India	Vikas Sinha
India	Hemant Shinde
US	Karen Rabine
Corporate	Javier Álvarez
Corporate	Inés Bergareche
China	Vera Yan
Golde Europe	Nicoleta Sotoc
Plastic Europe	Celia Delgado
MCA Europe	Sara Pancorbo
MET Europe	Iván Navajas

A good place to work

CIE Automotive offers its employees decent working conditions, remuneration in line with the work they perform and the training and safety conditions needed to do their jobs. It respects its employees' right to exercise freedom of association and to collective bargaining, regardless of the country they are working in.

These commitments are formally enshrined in the company's Human Rights Policy, which is signed by all factory and HR managers, and is worded in conformity with the International Labor Organization's fundamental conventions and the labour principles set down in the United Nations Global Compact.

To ensure those rights are upheld, the company conducts a survey every year to identify the factories at risk of breaching them, taking opportune measures as necessary. In 2023, 100% of the group's factories reported that they had identified no such risks.

Commitments

Action taken in 2023

Provision of decent work

- Remuneration aligned with the job, dedication and performance and above minimum wages in all regions.

Prevention of discriminatory practices

- Diversity assessments completed at 93% of CIE Automotive's factories.
- In 2023, CIE Automotive received and managed 17 complaints related with matters addressed in the harassment protocol, which is one more than in 2022. In the wake of these complaints, the group took significant measures, even laying off one of the people involved.

Zero-tolerance stance on compulsory or child labour

- None of the factories surveyed in 2023 identified risks of forced or child labour.

Protection of people's safe and healthy

- The group reported a significant reduction in its injury frequency and severity rates in 2023 by comparison with 2022, which was already the best year on record.
- Over 194,000 hours of health and safety training.
- Increasing the number of factories with OHS certification (ISO 45001).

Facilitation of collective bargaining and freedom of association

- Over 56% of employees under collective bargaining agreements.

Promotion of a culture of respect for human rights and employee awareness-raising in this area

- 25,506 hours of training on human rights, year-on-year growth of 30%.

Respect and promote the participation of local communities in our management

- 89% of factory managers are local.
- 92% of factory management committee members are local.

DECENT WORK:
REMUNERATION
AND STABILITY

CIE Automotive offers its employees the best possible employment terms and conditions and is committed to job stability.

Eighty-two per cent of the workforce (almost 21,000 employees) are on permanent contracts, with the remaining 18% (4,400 employees) on temporary contracts. By region, permanent contracts represent 96% of the total in Europe and Brazil, compared to 79% in North America and 71% in Asia.

The large majority of CIE Automotive employees work full-time, with just 112 employees working part-time.

EMPLOYMENT CATEGORIES
AND EMPLOYMENT TYPE*

By contract type	Year-end 2022*	Year-end 2023
Permanent	21,112	20,859
Temporary	3,874	4,435
Total	24,986	25,294
Full-time	24,843	25,182
Part-time	143	112
Total	24,986	25,294

(*) Includes 676 employees at the German operations classified as discontinued in 2022



Wages

CIE Automotive is committed to providing a living wage to all its employees, regardless of where they work. That commitment is duly enshrined in its Human Rights Policy, which, in addition to pledging to protect its people's health, prevent discrimination and reject the use of compulsory or child labour, promises to provide decent work, specifically committing to paying them in accordance with their skills and knowledge, complying with labour legislation in all its markets, guaranteeing its employees' right to rest irrespective of prevailing labour laws and, to the extent possible, providing flexible working hours.

Among the controls performed around the provision of a living wage, CIE Automotive verifies the pay situation at the companies it acquires during the first year of integration to ensure that the lowest wages paid exceed the minimum wage and obtain evidence, albeit limited, that the wages paid by the companies acquired are at least reasonable for the market in question. For example, in the case of the Brazilian

company acquired in 2023, the employee on the lowest wage earns 1.5 times the local minimum wage (this ratio is the same for the lowest-earning man as the lowest-earning women), while at the Hungarian company acquired the lowest-earning employee earns the minimum wage (again, this ratio is the same for the lowest-earning man as the lowest-earning women).

All of CIE Automotive's employees earn a fixed wage, in line with the nature of their work and on-the-job performance. Nearly 7,000 employees also received a bonus in 2023 as a result of delivery of set targets and/or excellent or improved performances.

Aside from wages, the company supports its employees with a series of company benefits which enhance their and their families' quality of living and generate a sense of belonging. These benefits entailed an investment of close to €35 million in 2023.

EMPLOYEE SUPPORT



Around €21 million in health insurance or in-house medical services

Top-level health insurance, such as United Healthcare, at the US factories.

Provision of premium medical check-ups in some places, including high-quality healthcare in Slovakia.

Rollout of private health insurance at several factories around the world, including in Spain, Brazil, China and Mexico.

CIE Automotive group travel insurance, which initially provided specific coverage for COVID-19, has been transformed into comprehensive protection against future pandemics of any kind.



Around €7 million earmarked to food services

Fully or partially subsidised company canteens to ensure all employees have access to healthy food options.

Provision of lunch vouchers in places with and without tax relief for this scheme, likewise promoting varied and healthy eating options.



Around €7 million of transport assistance

Provision of exclusive transport services for candidates for working at the Mexican factories, so improving the working experience.

Own fleet and transport service management, ensuring efficient and comfortable commutes for all employees.

Offer of company cars and transport vouchers as an essential part of the benefits package, so providing flexible options for the daily commute.



Around €0.5 million earmarked to education

Creation of a university aid fund at Brazilian factories to encourage employees' academic progress.

Prizes for outstanding performance at school by employees' children at the Mexican factories, so encouraging academic excellence.

Introduction of a specific support programme in Portugal to facilitate access to quality higher education.

Organisation of working hours

In keeping with its decentralised management approach, CIE Automotive introduces flexibility and work-life balance measures suited to the needs of each factory, division or country.

The most common measures across the group include staggered work start and end times; adjustment of working hours to protect family time; the possibility of working from home; days of maternity and paternity leave beyond the legally stipulated minimum; and specific care for pregnant employees.

Among those widespread initiatives it is worth highlighting those designed to facilitate work-life balance and encourage joint responsibility for parenting; these measures were in place at over 80% of the group's workplaces in 2023.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 **Common
responsibility,
shared benefits**

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Right to disconnect

At year-end, 12 workplaces in Europe and Brazil had specific right-to-disconnect policies to ensure the required measures are taken to guarantee disengagement from work-related electronic communications (computers, company phones, etc.) outside of working hours and during leaves of absence and holidays.

Absenteeism

In 2023 the absenteeism ratio was 5%, up one point from 2022, albeit in line with that of prior years, implying the loss of around 2.8 million hours of work. This percentage is relatively stable and is only partially manageable by the company as it is influenced by exogenous factors such as the age of specific groups of factory workers and the general economic situation in the regions where the company has operations.

Communication

The main channels used to reach out to employees are the dashboard and corporate intranet. There is also a six-monthly newsletter in which the company shares the most significant financial and business developments, as well as reporting on social and environmental aspects.

To learn what is of concern to its employees, CIE Automotive conducts a workplace climate survey at every factory every two years. It carried out 38 such surveys in 2023, obtaining an average score of 7 points out of 10.

The results of those surveys are used to draw up annual or two-year plans for improving employee satisfaction. The initiatives set in motion in 2023 to improve the workplace climate included:

Improved facility maintenance in Mexico and Morocco

Implementation of facility improvements in the lunchroom and water dispensers to ensure a comfortable and functional work climate.

Refurbishment of the bathrooms and provision of lockers to factory workers, as well as enhancement of the changing rooms and storage areas.

Improved employee listening and grievance mechanisms in Mexico and Morocco

Ongoing publicity of the channels for voicing grievances and suggestions with regular publication of their status and outcome monitoring sessions in a bid to improve internal communication.

Introduction of flexibility and work-life balance measures in Spain

Introduction of flexible working arrangements to allow employees to manage their working hours, so fostering a healthy balance between work and home life.

Team-building activities at several Mexican factories

Organisation of regular team-building activities to foster a sense of belonging and collaboration, so improving relations within the company.

Noise safety awareness drive at CIE Matic

Rollout of an awareness campaign addressing the importance of using personnel protection gear (PPE) to improve noise conditions in specific positions.

Design and implementation of recognition mechanisms at several Mexican factories

Development and execution of new mechanisms for acknowledging employees, so fostering a positive workplace climate.

Reinforcement of information about internal vacancies at several factories

Publication and publicity of vacancies on the various internal communication platforms which can be searched by specific skills and position criteria.

TRAINING AND MOBILITY: OPPORTUNITIES FOR PERSONAL GROWTH

Continuous employee training is essential for CIE Automotive, not only because it allows its employees update their skills and knowledge but also because it contributes to their productivity and efficiency, as well as increasing their ability to innovate in an environment being shaped by technological advances and competitiveness.

The company imparted 807,806 hours of training in 2023. The breakdown by employee category was more than 96,000 hours for executives, over 228,000 hours for university graduates and over 483,000 hours for factory workers.

Although the majority of employees who benefitted from training programme were men, reflecting the company's predominantly male workforce, the number of training hours received by female employees (46 hours per female employee trained) was higher compared to their male colleagues (38 hours per male employee trained). That phenomenon was common to all regions.

TRAINING HOURS BY EMPLOYEE CATEGORY

EMPLOYEE CATEGORY	Number of training hours		No. of employees receiving training	
	2022	2023	2022	2023
Executives	25,015	96,142	726	678
Graduates	223,042	228,425	5,888	5,782
Tradesmen and women	564,275	483,239	13,970	13,823
TOTAL	812,332	807,806	20,584	20,283

TRAINING IN 2023

	Men	Women	Total
Hours	599,973	207,833	807,806
Employees trained	15,763	4,520	20,283
CIE Automotive people	20,169	5,125	25,294
Hours per employee trained	38.1	46.0	39.8
Hours per employee	29.7	40.6	32.0

EMPLOYEES RECEIVING TRAINING BY GENDER, %

	2022	2023
Employees receiving training, %	82%	80%
Male employees receiving training, %	80%	78%
Female employees receiving training, %	85%	88%

The number
of training
hours received
per female
employee was
higher than that
of their male
colleagues

TRAINING BY REGION AND GENDER

	TOTAL TRAINING HOURS			TOTAL NO. OF PEOPLE TRAINED			HOURS PER EMPLOYEE TRAINED			HOURS PER EMPLOYEE		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Asia	200,623	17,292	217,915	5,219	346	5,565	38.4	50.0	39.2	23.8	40.6	24.6
Brazil	98,093	27,038	125,131	2,291	439	2,730	42.8	61.6	45.8	36.1	40.4	37.0
Europe	116,802	58,397	175,199	3,454	1,252	4,706	33.8	46.7	37.2	27.3	40.4	30.6
North America	184,455	105,106	289,561	4,799	2,483	7,282	38.4	42.3	39.8	39.0	40.7	39.6
TOTAL	599,973	207,833	807,806	15,763	4,520	20,283	38.1	46.0	39.8	29.7	40.6	31.9

TRAINING ON HUMAN RIGHTS BY REGION AND GENDER

	TOTAL TRAINING HOURS			TOTAL NO. OF PEOPLE TRAINED			HOURS PER EMPLOYEE TRAINED		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Asia	2,910	358	3,268	658	184	842	4.4	1.9	3.9
Brazil	3,659	662	4,321	762	76	838	4.8	8.7	5.2
Europe	2,785	992	3,777	740	172	912	3.8	5.8	4.1
North America	8,463	5,677	14,140	2,660	1,823	4,483	3.2	3.1	3.2
TOTAL	17,818	7,688	25,506	4,820	2,255	7,075	3.7	3.4	3.6

TRAINING ON OHS BY REGION AND GENDER

	TOTAL TRAINING HOURS			TOTAL NO. OF PEOPLE TRAINED			HOURS PER EMPLOYEE TRAINED		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Asia	45,111	2,310	47,421	2,101	184	2,285	21.5	12.6	20.8
Brazil	23,989	4,714	28,703	1,916	129	2,045	12.5	36.5	14.0
Europe	21,249	9,363	30,612	1,507	558	2,065	14.1	16.8	14.8
North America	53,019	34,754	87,773	3,803	2,483	6,286	13.9	14.0	14.0
TOTAL	143,368	51,141	194,509	9,327	3,354	12,681	15.4	15.2	15.3

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Decentralisation

Job training is aimed at facilitating acquisition of the skills needed to enable effective job performance. A good part of the company's training effort is decentralised, taking place at each factory, in keeping with the guidelines set down in the Training Plan Procedure. That plan indicates the phases each factory's training programmes need to follow: identification of training needs, planning, definition, execution, evaluation and feedback.

Every year the corporate Human Resources Department also presents a comprehensive plan for CIE Automotive factories covering centralised training initiatives targeting advanced management skills, interpersonal skills, sustainability, corporate ethics and other core aspects.

The training provided in 2023 emphasised traditional core areas of people management (health and safety, soft skills, and technical training) and other subjects that are relatively new in the world of business, such as ESG and human rights.

ESG training

ESG training is one of the group's top priorities.

HOURS OF TRAINING ON ESG MATTERS

Environmental	38,654
Social	220,015
OHS	194,509
Human rights	25,506
Governance	15,435

[For further information, refer to "Progress made on the ESG front"]

In 2023, CIE Automotive provided **global training on ESG matters**

Chairman and CEO's statement

- 1 2023 highlights
- 2 Ready for change
- 3 Record earnings
- 4 Common responsibility, shared benefits
- 5 Our response to the environmental challenge
- 6 Responsible management

About this report

Data tables

Ulysses Programme, target delivered

CIE Automotive strives to foster a shared culture across all of its markets and encourages employees to progress at the company through mobility programmes, in line with the targets set down in its 2025 ESG Plan.

Among these initiatives, the Ulysses Programme, which combines mobility and talent attraction, stands out. Thanks to this initiative, young professionals from different plants and of different nationalities attend an excellence training centre in the Basque region before going on to build their skills at the group's emblematic factories in Spain and Italy.

This programme delivers four key objectives: embedding the group's values; facilitating cross-country communication going

forward; fostering intragroup relationships; and providing the group with highly skilled professionals.

Since resuming the programme in the wake of the pandemic, it has been expanded to the point of exceeding the Strategic Plan target. Currently, 17 students from four countries (Brazil, Czech Republic, India and Mexico) are participating in the newest edition of the Ulysses Programme, which began in October 2023, so topping the figures established in the 2025 Strategic Plan, which called for 15 participants from three different markets. Moreover, the retention rate, two years after completing the programme, currently stands at 90% for the first edition and 100% for the second edition, likewise delivering the related Strategic Plan retention rate target of at least 80%.

TARGET DELIVERY

	Edición 2023-2024	Objetivo
No. of students	17	15
No. of home countries	4	3
No. of participants still at the group	First edition: 90%; second edition: 100%	80% in employment 2 years on

The Ulysses Programme combines mobility and talent attraction

Phases of the programme

The Ulysses programme is structured into two distinct phases:

Phase 1: Depending on the originating factory, the students participate in different technology modules (polymers, metal and metal injection). There are also two common modules addressing key soft skills and the company's lean management philosophy: Entrepreneurship & Innovation and Lean Manufacturing.

Phase 2: The students spend several months at a factory. A large number of CIE Automotive's legacy plants are involved in this training initiative, including CIE Orbelan, CIE Inyectametal, CIE Udalbide, CIE Egaña and CIE Galfor, among others, as well as the corporate Engineering Department, the corporate Controller Department and the Laboratory located in AIC - Amorebieta.

New this year was the incorporation of youths from Eastern Europe and the provision of training development of structural staff, unlike previous exercises that focused only on production plant personnel.

ETHICAL LABOUR RELATIONS

Labour relations at CIE Automotive are governed by moral principles and respect for people.

CIE Automotive values and respects its employees' right to exercise freedom of association and encourages collective bargaining, engaging in constant dialogue with its workers' representatives at its European factories as well as in less unionised countries. In 2023, 56% of the group's employees were covered by collective bargaining agreements.

Over the course of the year, the company entered into 39 collective bargaining agreements (regional, sectoral and some factory-specific) at a number of facilities in the following countries: Mexico, Brazil, Spain, France, Italy, the Czech Republic, Romania, India and China.

These agreements feature specific obligations on the part of the company negotiated with the workers' representatives at each factory although they all tend to emphasise essential matters such as occupational health and safety.

EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS BY COUNTRY

Country	WORKFORCE 2022	Employees covered by collective bargaining agreements 2022	%	PLANTILLA WORKFORCE	Employees covered by collective bargaining agreements 2023	%
BRAZIL	2,901	2,898	100%	3,385	3,376	100%
CHINA	1,525	367	24%	1,365	360	26%
CZECH REPUBLIC	560	278	50%	557	244	44%
FRANCE	289	289	100%	270	268	99%
GERMANY*	793	747	94%	110	82	75%
HUNGARY	0	0	0%	359	0	0%
INDIA	7,389	2,555	35%	7,501	2,647	99%
ITALY	429	426	99%	415	410	0%
KOREA	2	0	0%	6	0	0%
LITHUANIA	225	0	0%	231	0	35%
MEXICO	5,384	3,538	66%	5,700	3,683	65%
MOROCCO	74	0	0%	62	0	0%
NETHERLANDS	4	0	0%	4	0	0%
PORTUGAL	280	280	100%	270	270	100%
ROMANIA	544	541	99%	621	612	99%
RUSSIA	42	0	0%	31	0	0%
SLOVAKIA	558	145	26%	488	145	30%
SPAIN	2,315	2,215	96%	2,299	2,158	94%
US	1,672	0	0%	1,620	0	0%
TOTAL	24,986	14,279	57%	25,294	14,255	56%

(*) Includes 676 employees at the German operations classified as discontinued in 2022.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 **Common
responsibility,
shared benefits**

5 Our response to
the environmental
challenge

6 **Responsible
management**

About
this report

Data tables

Prevention of discriminatory practices

CIE Automotive introduced its Protocol for Preventing and Handling Workplace Harassment, which is binding upon all group facilities, in 2020. This protocol addresses the prevention of mobbing and of sexual or gender harassment and includes several preventive measures, such as zero-tolerance towards harassment, shared employee responsibility for monitoring workplace conduct and the implementation of communication programmes. The full text of the protocol is available for consultation on the corporate website.

In 2023, CIE Automotive received and managed 17 complaints related with matters addressed in the protocol, which is one more than in 2022. In the wake of these complaints, the group took significant disciplinary action, even laying off one of the employees involved.

It is important to note that when CIE Automotive integrates new companies, as it did in Hungary (CIE Salgglas) and Brazil (Iberoleff- CIE Autometal Salto) last year, the factory managers and HR heads are asked to sign the group's Harassment Protocol and Human Rights Policy by way of endorsement. As a result, the group's protocol and policy are binding upon all factories from the outset.

Fostering respect for human rights as a culture

CIE Automotive champions tolerance, dignity and fundamental human rights. To reinforce that, in 2023 it imparted 25,000 hours of related training. That means that roughly one in four employees received training on human rights last year.

HOURS OF TRAINING ON HUMAN RIGHTS MATTERS

	Men	Women	Total
2022			
Hours	13,193	6,438	19,631
Employees trained	3,700	2,116	5,816
2023			
Hours	17,818	7,688	25,506
Employees trained	4,820	2,255	7,075

Zero-tolerance stance on compulsory or child labour

CIE Automotive works to ensure there is no compulsory or child labour at its factories. Its hiring controls include preventive measures and minimum age controls in keeping with the ILO's standards or local legislation if more stringent. No instances of compulsory or child labour were detected in 2023.

In 2023
CIE Automotive
imparted
**25,000 hours of
human rights
training**

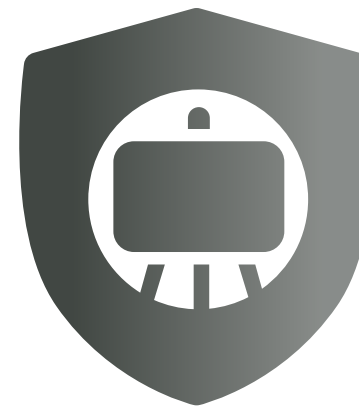
Health and safety

CIE Automotive guarantees the provision of safe and healthy working conditions for its employees, working actively to protect their health, in strict compliance with its Health and Safety Policy, which us approved at the senior management level. Expansion of this policy has yielded very encouraging results, as borne out by the fact that the group achieved record safety results in 2022, and then again in 2023.

HEALTH AND SAFETY POLICY PRINCIPLES



Consideration of safety across all activities, tasks and levels. The physical, mental and emotional health of all of the people populating the value chain, including their psychological and social well-being, are unwavering and fundamental objectives for the group.



Personal safety always prevails. As a result, the company trains and raises awareness among all members of the organisation.



Safety is intrinsic to the group's activities. To achieve it, CIE Automotive complies with prevailing legislation in all its markets, meets its stakeholders' expectations, while taking on other safety goals it seems fit.



It guarantees the health and safety of everyone working at the organisation and at any subcontractors coming to its places of work, involving them tirelessly in the continuous improvement effort by means of systematic reviews, consultation and participation, as well as defining objectives measured using our safety dashboard.

Common responsibility, shared benefits

The Health and Safety Policy is publicised at all levels of the organisation via direct delivery or email to all executives, heads, middle managers and workers' representatives. It also includes prevention plans that reach all levels of the organisation via manuals containing information about risks, preventive measures and emergency measures that are delivered to employees; they are also posted in visible places (such as notice boards or specially designated spaces) and publicised in other ways thought up by the various factory managers who are responsible for making sure the Health and Safety Policy is broadcast, understood, applied and kept updated.

The policy can be modified by management in light of contextual developments, changes in legal requirements, safety plan revisions or the results of the continuous improvement process.

The company has an **occupational health and safety framework**

Occupational health and safety framework

The company has devised an occupational health and safety (OHS) framework (process no. 12) in order to effectively manage all of the risks that could jeopardise delivery of the its targets.

The documents comprising this framework or system include:

- The reported OHS Policy and OHS Target documents.
- The documented procedures required under benchmark applicable regulations.
- The documents needed to ensure effective process planning, operation and control.
- The legally applicable requirements and other standards adopted by the group.
- The registers required under benchmark applicable regulations.

CIE Automotive has 15 corporate procedures and 'formats' related with delivery of the targets set in the OHS area.

Those specific procedures establish the occupational health and safety requirements to be upheld in all activities. The 'formats' compile relevant information about the controls, measures and, in general, data yielded by an activity or a methodology for carrying it out.

Model and structure

Each factory has its own health and safety plan, which is put together on the basis of a framework system that is subjected to continual audit as part of the group's workplace safety management systems.

This structure enables the company to adapt safety measures for each factory and evaluate the measures taken by it on this front as a whole. Individual action plans are formulated every year to deliver the targeted level of improvement defined on the basis of the prior year's performance.

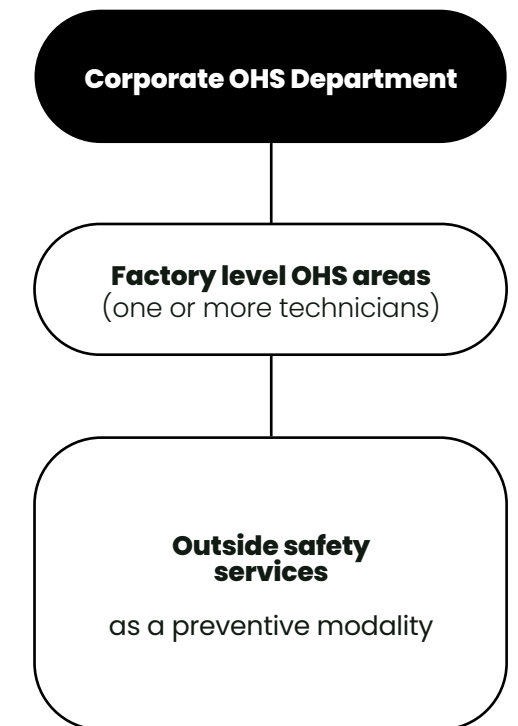
Every facility has a health and safety officer who, in addition to monitoring accidents and safety indicators, is tasked with ergonomics, avoiding exposure to harmful substances and managing psychosocial risks, as well as coordinating health monitoring.

The factories have an outside safety service that covers the four legally-stipulated areas of accident prevention expertise and a health and safety officer at each of its productive facilities.

The corporate Health And Safety Department regularly audits the factories, maintains the corporate intranet and serves as contact point for issues related with occupational health and safety.

At the factory level, the safety staff inspect the adequacy of the company's facilities, conduct emergency evacuation drills, provide training, assist with incident investigations and carry out awareness drives.

STRUCTURE



Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 **Common responsibility, shared benefits**

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

Joint management-worker health and safety committees

The factories frequently have joint management-worker health and safety committees under the scope of their collective bargaining agreements, particularly in markets with tighter health and safety regulations, as is the case in Europe.

Certification

Under its 2025 Strategic Plan, CIE Automotive is aiming to have 100% of its factories ISO 45001-certified by 2025. This is the benchmark international occupational health and safety management system standard designed to protect workers and visitors from accidents and workplace illnesses.

In 2023 the group certified four factories in Portugal, India and China, bringing the total number of factories certified to 95, which is 94% of the total.

Indicators and assessment

CIE Automotive has been using three key OHS indicators to track its safety record for over 15 years: the injury frequency rate, the injury severity rate and the number of lost-time injuries.

It also conducts an annual survey at each factory, called CIE Safety, the goal being for the facilities to score at least 85%. In 2023, all plants surpassed the target except one, which already has a corrective action plan in place.

INJURY METRICS

	2022		2023	
Lost-time injuries*	368		345	
	H: 312	M: 56	H: 302	M: 43
Cases of work-related ill health	22		27	
	H: 16	M: 6	H: 15	M: 12
Injury frequency rate**	6.82		6.19	
Injury severity rate***	0.13		0.11	
Absenteeism****	4%		5%	

(*) Injury: an accident occurring at work that causes at least one lost day.
(**) Frequency: injuries per million hours worked.
(***) Severity: days lost due to injuries per thousand hours worked, excluding absenteeism.
(****) Absenteeism: absences not substantiated by holidays or other leave.

Continuous improvement in accident metrics

In 2023, CIE Automotive recorded 345 injuries, 23 less than in 2022. Of the total, 339 were mild, six were serious and there no fatalities.

The injury frequency and severity rates continued to come down, marking record lows. In 2023 the severity rate fell to 0.11 and the frequency rate, to 6.19.

As for work-related illnesses, the group recorded 27 cases, compared to 22 in 2022. Note that there were no injuries affecting subcontracted workers.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

WORKPLACE ACCIDENTS AND
CASES OF ILL HEALTH BY GENDER

2023	Men	Women	Total
Injuries	302	43	345
Cases of work-related ill health	15	12	27
2022	Men	Women	Total
Injuries	312	56	368
Cases of work-related ill health	16	6	22

AVERAGE
ABSENTEEISM RATE
BY REGION

	%
North America	3%
Europe	7%
Brazil	2%
Asia	4%
TOTAL	5%

INJURIES BY
SEVERITY.
COMPARISON

	2022	2023
Mild injuries	356	339
Serious injuries	12	6
Fatalities	0	0
TOTAL	368	345

CASES OF WORK-RELATED
ILL HEALTH BY GENDER AND
REGION

	Men	Women	Total
North America	0	0	0
Europe	13	8	21
Brazil	2	4	6
Asia	0	0	0
TOTAL	15	12	27



Health and
safety training

Employees receive safety training tailored to the risks posed by their jobs. In 2023, CIE Automotive provided 194,509 hours of health and safety training to 12,681 employees (9,327 men and 3,354 women).

OCCUPATIONAL HEALTH AND SAFETY TRAINING BY REGION AND GENDER

	OHS TRAINING HOURS			NO. OF PEOPLE TRAINED ON OHS			HOURS PER EMPLOYEE TRAINED		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Asia	45,111	2,310	47,421	2,101	184	2,285	21.5	12.6	20.8
Brazil	23,989	4,714	28,703	1,916	129	2,045	12.5	36.5	14.0
Europe	21,249	9,363	30,612	1,507	558	2,065	14.1	16.8	14.8
North America	53,019	34,754	87,773	3,803	2,483	6,286	13.9	14.0	14.0
TOTAL	143,368	51,141	194,509	9,327	3,354	12,681	15.4	15.2	15.3



In 2023, **CIE Automotive**
provided 194,509 hours of
health and safety training

Health and safety challenges and initiatives for the years ahead

In addition to its entrenched emergency and self-protection plans, CIE Automotive has set itself the goal of advancing in the following areas:

Hot work risk controls

Companies are exposed to human harm and physical damage from fires sparked during hot work. Between 2017 and 2021, the US firefighter forces responded to an estimated annual average of 3,396 structure fires related with hot work, according to the most recent NFPA report. These fires caused average annual fatalities and civilian injuries of 19 and 120, respectively. The statistics regarding worker injuries and fatalities related with hot work paint an even darker picture.

Faced with that reality, in 2023 CIE Automotive introduced a new procedure for controlling and regulating hot work at all group factories (CIE CO PR P 16) which is expected to become fully operational over the course of 2024. Under this procedure all internal or external work requiring the use of fire or combustion will be verified.

Fire safety self-inspections

Beyond the emergency measures in place across the factories, the group is planning to introduce a systematic method for performing regular fire safety inspections.

Specifically, inspections will take place at least monthly at all group factories covered by the new hot work procedure - CIE CO PR P 16 - verifying their critical facilities and establishing action plans to address all deviations detected.

Business Activity Coordination

CIE Automotive guarantees the health and safety of the workers of all companies entering its places of work. The so-called Business Activity Coordination unit is therefore one of the most important areas of the health and safety effort.

The vast volumes of documents and large number of companies and workers involved mean that this unit needs to be digitalised to perform its coordination work more effectively.

The resulting coordination software platform is intended to reduce workplace risks, ensure compliance with applicable regulations and increase cooperation between contracting and subcontractor firms, as well as reduce the costs associated with workplace accidents.

The idea is to integrate internal and external health and safety management and, if correctly applied, guarantee compliance with applicable legal requirements.



Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Change begins with our SUPPLIERS

To tackle environmental challenges and contribute to social progress, CIE Automotive has embraced the role of leader in its supply chain, leveraging partnerships to multiply its impact on society. Framed by that approach, in 2023 it launched its global decarbonisation acceleration programme, Supply Chain Race 2 Zero, expanded the requirement to register with the ESG Supplier Portal to non-productive suppliers and added new sustainability requirements in its procurement management documents in response to market and customer demands. Thanks to this responsible and unique approach to the management of its approximately 23,000* suppliers, it renewed its ISO 20400 Sustainable procurement certification, remaining the only automotive parts maker in Spain to boast this certification.

PROGRESS MADE IN 2023

- Rollout of the **Supply Chain Race 2 Zero** programme.
- Annual renewal of **ISO 20400** Sustainable procurement certification.
- Main non-productive suppliers obliged to register with the Supplier Portal and undergo ESG assessment.
- Verification by an independent firm of the level of ESG compliance at over 50% of global purchasing volumes.
- Addition of more stringent sustainability compliance criteria to procurement management documents in response to market and customer demands.
- Performance of 698 process and ESG supplier audits.
- Provision of ongoing ESG training to group buyers.
- Participation in ESG training forums for the supply chain.
- Compliance with the ESG KPIs at the group level.

CHALLENGES FOR 2024

- Phase two of Supply Chain Race 2 Zero: **building a roadmap with the suppliers that generate the most emissions.**
- Spearheading compliance by the supply chain with **due diligence** requirements.
- Annual verification of ESG compliance by an outside firm.
- 10% increase in ESG audits.
- Increased performance of physical audits, including ESG verifications.
- Participation in ESG forums and leading provision of internal training on legal and/or company requirements.
- Compliance with the ESG KPIs at the group level.

(*) 740 suppliers were from the discontinued German forging companies.

Supply Chain Race 2 Zero programme

Measurement of CIE Automotive's carbon footprint in 2022 showed that over 80% of the GHG emissions associated with its activities originated from its supply chain. That threw up the challenge of involving its suppliers in the company's commitment to becoming climate neutral by 2050. So began the Supply Chain Race 2 Zero project.

The first step in this race to decarbonisation was to understand its suppliers' real GHG emission figures, their level of commitment to reducing them and their advances to date. The idea was also to identify suppliers that need help tackling this challenge.

The group surveyed its main suppliers in all its geographies regarding their engagement around decarbonisation. The suppliers were selected on the basis of their emissions impact and/or procurement volume. They represent 41% of the group's total purchases (57% of productive suppliers), which amounted to €2.95* billion in 2023.

The study reveals that there is still ample room for improvement: only a minority of the suppliers surveyed have become aware of the need to reduce their carbon footprint:

25% of the suppliers calculate the carbon footprint of their products

32% are aiming to reduce their net emissions

28% use renewable energy only

62% are ISO 14001-certified

With this information in hand, CIE Automotive will set deadlines for its suppliers to offer decarbonised technical solutions, so minimising its emissions and multiplying its positive impact, even in countries with lax environmental regulations.

The goal of Supply Chain Race 2 Zero is to focus on helping in the weakest areas. In general, the smaller and more local suppliers need support in the form of resources, guidance or environmental knowledge. This partnership includes information about energy efficiency, technical solutions and identification of areas for improvement, among other forms of assistance.

From 2024, the Supply Chain Race 2 Zero programme's new roadmap will involve:

1. Selecting the most critical suppliers (highest emissions) that have yet to target their emissions strategically.
2. Increasing the universe of suppliers to receive the decarbonisation commitment analysis form.
3. Monitoring the performance of the suppliers that already measure their carbon footprints:
 - Validating their measurements system
 - Detailing targets by Scope
 - Setting target delivery deadlines
 - Quantifying the changes economically

(*) 75 million euros correspond to the business of discontinued German forges.

Common responsibility, shared benefits

Sharing best practices

With Supply Chain Race 2 Zero, CIE Automotive wants to inspire other companies with fragmented supply chains to work to reduce emissions in their chains.

To that end, the Procurement Department participated in several outside events last year inspired by a leitmotif of "Moving towards decarbonisation together":

- **ESG PROCUREMENT SUMMIT:** CIE Automotive participated in the ESG Procurement Summit giving a talk about "Advanced strategies for sustainable supply chain development". El evento trata de ayudar a las empresas
- **SUPPLY CHAIN AUTOMOTIVE MANUFACTURING MEETINGS MADRID:** the only supply chain event in Spain that brings together automotive makers, tier suppliers and contract-manufacturers.
- **ECOVADIS WORLDTOUR:** the company participated in this event which tackled issues such as identifying Scope 3 emissions and defining net zero strategies, strategies for engaging suppliers around sustainability, the importance of due diligence and its application in Europe and the importance of ESG ratings in attracting investment.
- **AERCE - APPLICATION OF ESG POLICIES IN THE SUPPLY CHAIN:** CIE Automotive led this seminar, focusing its presentation on the integration of ESG criteria into its strategy and how it transmits them to its suppliers to get them to up their ESG commitments.
- **ESG IN BUSINESS STRATEGY:** One member of the company's corporate Procurement Department earned this certificate from CUNEF University.



The Procurement
Department
participated in several
outside events last year
inspired by a leitmotif
of **"Moving towards
decarbonisation
together"**

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Common responsibility,
shared benefits

Activities with suppliers in India, Mexico and Brazil

Internally, CIE Automotive India organised a Suppliers Congress on 28 July 2023 under the slogan “ESG – A multitude of opportunities”. The goal of this event was to share CIE India’s ESG targets and expectations with suppliers so as to rally them around delivery of the ESG targets that in turn form part of CIE Automotive’s overall Strategic Plan. To encourage and motivate the best-performing suppliers in terms of quality, delivery, cost and ESG aspects, the management team provided them with a distinction.

In Brazil, meanwhile, the company organised an online training session explaining how to register properly for the ESG Supplier Portal in May and a workshop for suppliers to CIE Durametal addressing ESG practices and stakeholder relations.

Lastly, in Mexico, the company awarded a prize to its Best ESG Supplier.



Collaboration with suppliers to reduce impacts at CIE Automotive

Just as its suppliers receive assistance with shrinking their carbon footprint, CIE Automotive also receives their help cutting emissions at its facilities and thereby helping to decarbonise transport.

Specifically, it entered into agreements for the purchase of renewable energy and the implementation of collaborative energy efficiency projects. In parallel it works with its suppliers on initiatives related with energy self-consumption, reducing the use of coolant and onsite waste management.

The following stand out among the projects championed and managed by the procurement area:

- Solar panels
- Switch from combustion to electric forklifts
- Chemistry driven waste reduction projects
- Carbon offset projects with airlines

CIE Automotive entered into agreements for the **purchase of renewable energy and the implementation of collaborative energy efficiency projects**



Collaboration on social issues

Beyond the scope of these environmental efforts, CIE Automotive also carried out a number of community projects involving CIE Automotive staff and supply chain employees. These initiatives include efforts designed to spur the transfer of technology and skills to developing economies and maximise its operations' positive impact on local economies.

For example, the company participated in research and training projects with local schools and universities and industry associations in developing countries, providing or supporting education, including the Lakshya and Gems projects in India, to name a few.

Renewal of ISO 20400 Sustainable procurement certification

CIE Automotive is the only Spanish automotive parts maker to boast ISO 20400 certification

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 **Common responsibility, shared benefits**

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

In 2023, CIE Automotive renewed its ISO 20400 Sustainable procurement certification, remaining the only company in Spain to boast this quality seal.

Annual renewal took place following a rigorous audit by AAERCE, the Spanish association of procurement professionals, under the sustainable procurement requirements governed by IFPSM (International Federation of Purchasing and Supply Management). The audit confirmed that the company had met the requirements formulated the previous year.

With this renewal, CIE Automotive ratified the operational excellence of its Procurement Department and the contribution being made by the latter to the company's broader sustainability and social responsibility policies.

To achieve this certification, which is based on UNE-15896 Value added purchasing management, the following parameters were appraised:

- Purchasing policy.
- Selection and monitoring of suppliers.
- Purchasing processes, ESG requirements in all group purchases.
- Buyer training.
- Risk management, purchase specifications and internal organisation.
- Alignment with new regulations and requirements in the areas of due diligence, taxonomy and diversity and inclusion.

Beyond the recognition that comes with the certification, it represents a challenge for the procurement teams as it not only requires compliance with ISO 20400 by the company but also with ESG standards by its suppliers. So, for example, the company cannot make an acquisition without a positive assessment of the target's management.

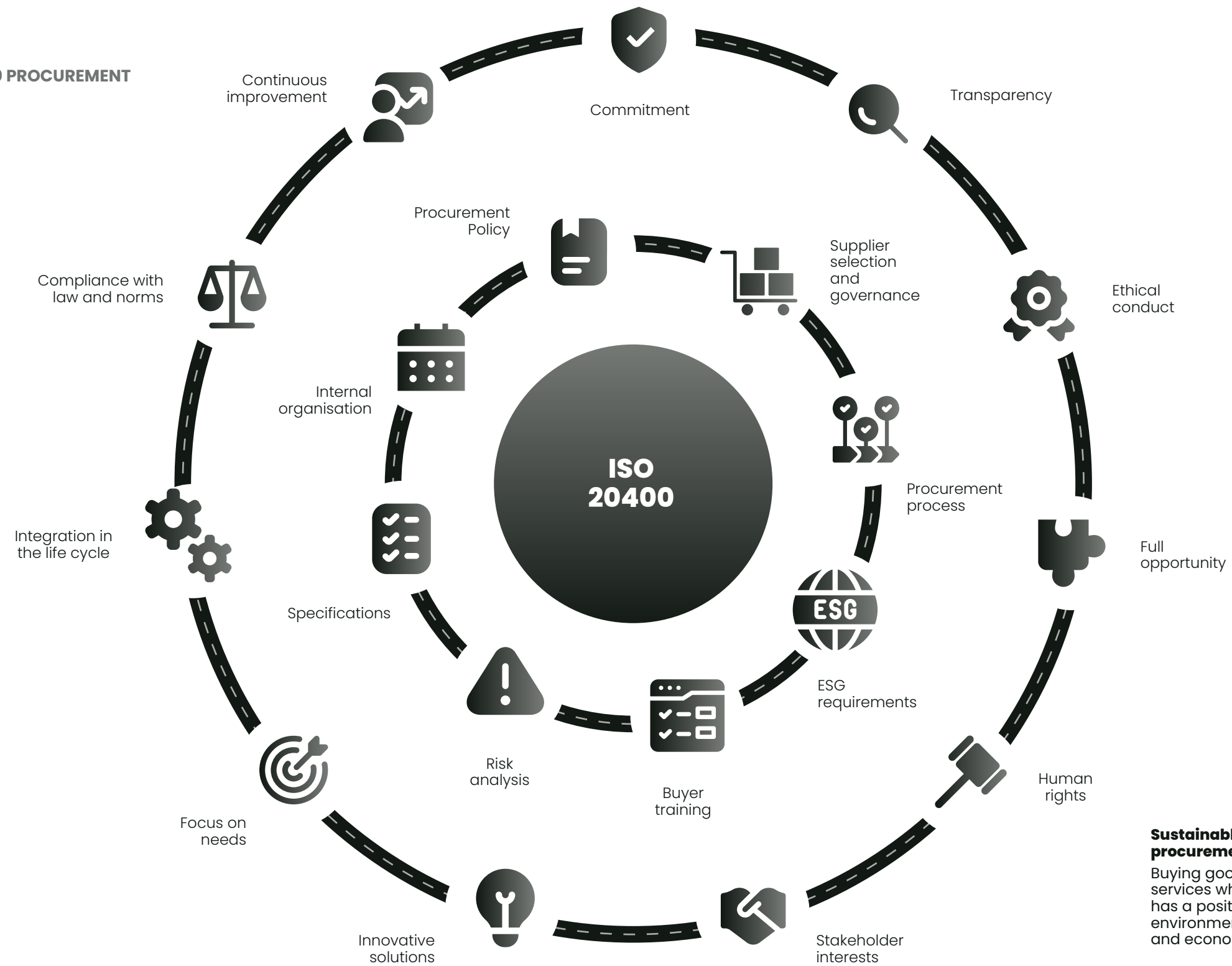
In this way, ISO 20400 certification reinforces the company's sustainability policies by extending them to the entire supply chain and lays the groundwork for making further progress in ESG as it requires:

- Ensuring supply chain security.
- Avoiding financial, environmental and reputational risks.
- Inspiring confidence among investors, consumers and other stakeholders.
- Fostering employee wellbeing and contributing to opening new markets for products and services.
- Being prepared to achieve the decarbonisation targets CIE Automotive has set for itself, its supply chain constituting its main source of emissions (Scope 3).





ISO 20400 PROCUREMENT



Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

Delivery of strategic commitments

ISO 20400 certification was a target set in the 2025 Strategic Plan in which the supply chain plays a fundamental role: of the nearly 80 ESG-related KPIs being tracked by the group, 18 relate to the procurement function.

The corporate Procurement Department is responsible for setting the ESG strategy for the supply chain along with the procedures for complying with the strategic objectives set by the Board of Directors.

The group's ESG targets are implemented at the local level, an effort that is monitored from headquarters on a quarterly basis.

The supply chain plays a fundamental role: **of the group's nearly 80 ESG-related KPIs, 18 relate to the procurement function**



2025 STRATEGIC PLAN TARGETS DELIVERED

	Target	Deadline	2023
No. of countries to have embedded ESG criteria into their purchasing processes / Total number of markets in which the group operates	100%	2021	100%
% Local suppliers / Total suppliers over total expenditure during the period	>70%	2023	78.2%
No. of suppliers with annual purchasing volumes of >€1m that have been audited and/or self-assessed along ESG criteria during the Plan horizon	25%	2022	34%

(*) Discontinued German forging companies do not have any suppliers in this section.

Common responsibility,
shared benefits

ESG Supplier Portal

In the automotive components sector CIE Automotive set itself apart in 2018 when it created, in a sector first, a Suppliers Portal devoted exclusively to managing ESG aspects in the supply chain.

Five years on, this Portal remains a crucial tool for implementing uniform ESG requirements regardless of the nationality of the company's suppliers or their place of business.

The Portal is an online platform that is free to use and accessible from the Supply Chain tab on the corporate website. Existing and prospective suppliers of products and services to CIE Automotive can register.

By year-end 2023, a total of 8,000 suppliers populated the company's supplier base. Any candidates that did not complete or

pass the assessment received a message encouraging them to complete the process and/or improve their scores with the help of CIE Automotive.

For the first time in 2023, non-productive, or indirect suppliers, with annual procurement volume of over €500,000 are now required to register with the Portal and submit to an ESG assessment, an obligation previously limited to suppliers of productive materials, or direct suppliers.

A **productive or direct purchase** is the purchase of products or services that form part of the final products received by the group's customers. The raw materials used in any of its technologies, the parts included in its end products (rubber, textiles, fasteners) and even subcontracting processes (heat treatments, machining) therefore fall into this category.

Exceptionally, the tooling used in productive processes is also included within productive purchasing. In short, productive purchases account for over 70% of the group's total procurement spend and are the biggest source of Scope 3 emissions for CIE Automotive.

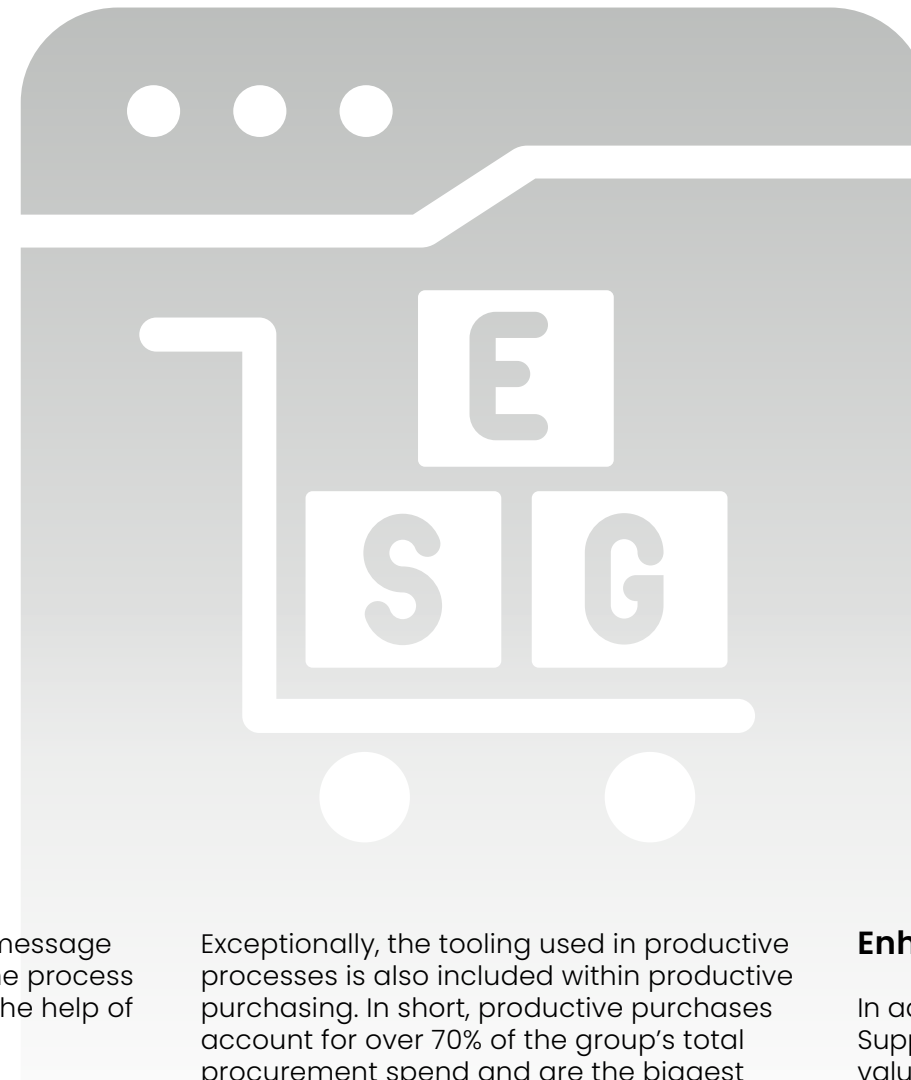
In contrast a **non-productive or indirect purchase** is one that facilitates the production process but is not an integral part of the end products delivered to its customers.

[Refer to the Procurement families]

Enhanced management

In addition to facilitating assessment, the Suppliers Portal is a source of reference and valuable information for our procurement managers.

Following its redesign in 2022, a new interface was developed in 2023 to visualise, manage and extract information related with the audits conducted by CIE Automotive on current or prospective suppliers. This new feature enhances the procurement teams' management efforts and adds exclusive ESG audits to the range of traditional audits. The company's traditional audits also include a pass/fail ESG section.



Questionnaires

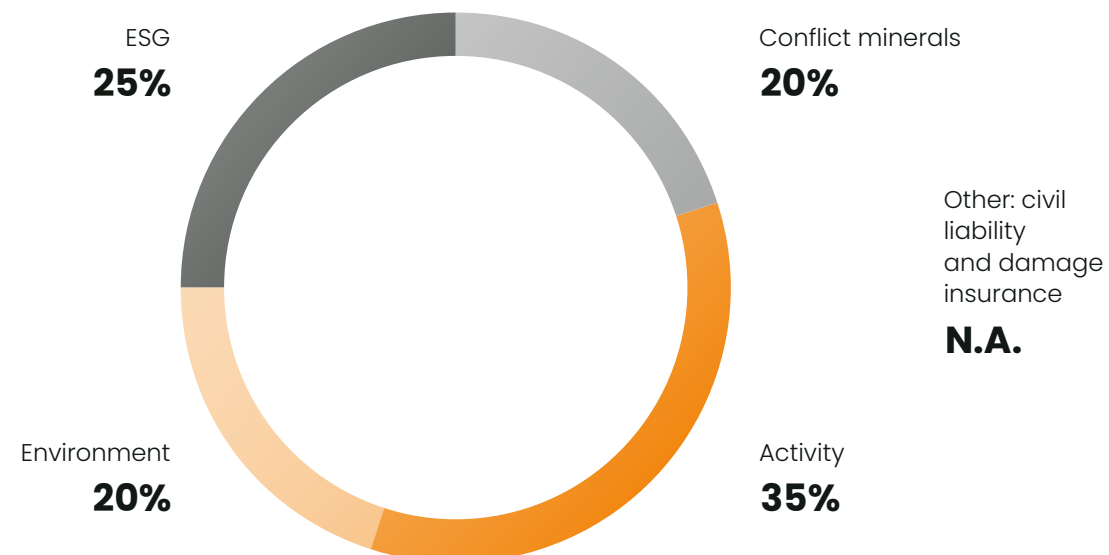
Registering suppliers need to answer five questionnaires:

- **Business management:** suppliers in possession of valid quality management certifications are prioritised.
- **Environmental management:** the Portal gives additional points to suppliers with environmental management certification and those that control their waste and emissions, among other aspects.
- **ESG management:** supplier candidates are asked to provide information about their ESG certifications and compliance with the United Nations Global Compact requirements.
- **Conflict mineral management:** suppliers are required to abstain from using the so-called conflict minerals (tin, tungsten, tantalum and gold) and if they do use them, they must guarantee that they do not come from areas of armed conflict, such as the Democratic Republic of the Congo.
- **Property risk and civil liability insurance:** CIE Automotive's risks are minimised if it can verify that its suppliers are covered against potential contingencies.

QUESTIONNAIRES



QUESTIONNAIRE CATEGORIES AND WEIGHTINGS



Direct suppliers
are **required to
register with
the ESG portal**

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Responsible supply chain

The data gleaned from the Suppliers Portal reveals the following information about the suppliers that have completed the registration process:

- 75% of suppliers have a code of conduct.
- 25% are ISO 14001-certified, so complying with environmental standards.
- 100% of the suppliers registered on the portal report to not using mineral conflicts or, in the event they use them in their productive processes, guarantee they are not sourced from conflict-affected areas.
- 100% of registered suppliers declare that they are not involved or complicit in any form of child or compulsory labour.

CIE Automotive is in a position to state that its global supply chain is free of transactions or suppliers that pose a significant risk of presenting incidents of child or forced labour, unfair treatment, discrimination or any other practices that imply putting profits ahead of social and/or environmental concerns.

Accolades

Every year, CIE Automotive acknowledges its best-performing suppliers in the ESG area, as well as along conventional criteria including supply, quality, claims and customer incidents.

In 2023, it awarded a total of eight prizes to the suppliers from different countries that stood out for their ESG scores on the Suppliers Portal. Aligned with the decentralised management model, the local procurement teams were asked to lead execution of this initiative, evidencing an increase in their commitment and awareness around these matters.



**100% of the suppliers
registered on the portal
report to not using
mineral conflicts or,
in the event they use
them in their productive
processes, guarantee
they are not sourced
from conflict-affected
areas**

Management system and inclusion of ESG aspects

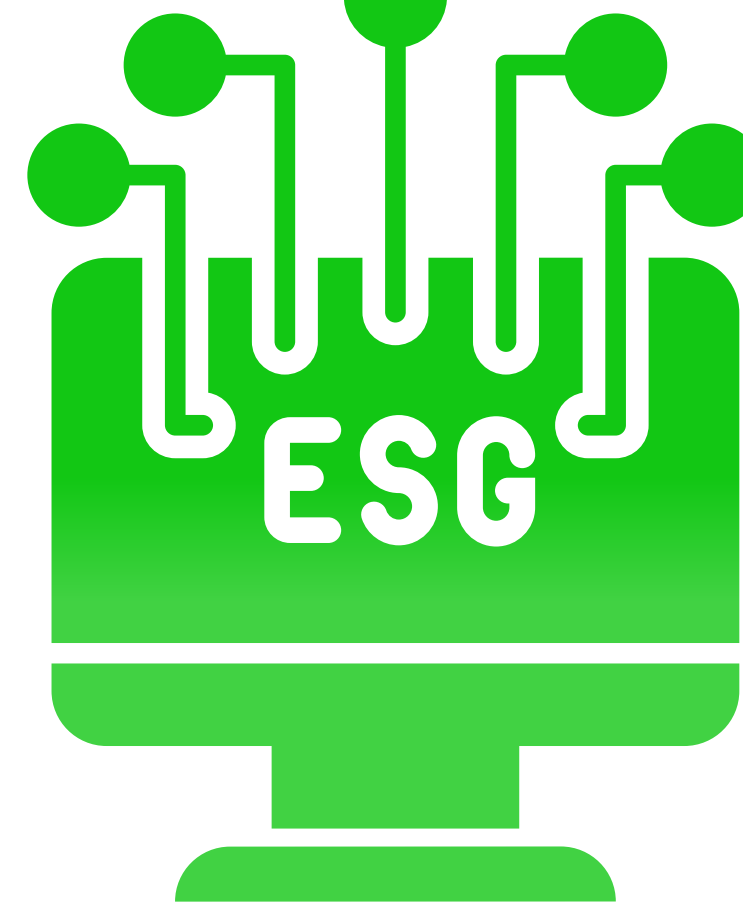
CIE Automotive extends its ESG commitments to its suppliers. This requires additional supply chain management and document updates so as to reflect its targets, in line with prevailing legislation, and multiply its impact.

Living documents in response to evolving ESG challenges

The OEMs and Tier 1 suppliers' growing sensitivity around ESG matters is forcing CIE Automotive to revise its supply chain procedures, policies and standards every year.

In 2023, it updated its Global Supply Chain Manual and General Purchasing Terms and Conditions to include its customers' chief demands. Together these two documents guide the company's suppliers.

CIE Automotive revised and updated its **supply chain ESG procedures, policies and requirements in 2023**



Global Supply Chain Manual

This manual is a true reflection of the supply chain system and procedures. It details graphically and in plain language the Mission, Purchasing Policy, the various product and service purchasing categories, the purchasing flowchart and the associated internal procedures and the ESG requirements suppliers must meet in order to work with CIE Automotive.

New commitments were added in 2023, specifically addressing:

- Due diligence
- Emissions reduction requirements
- Decarbonisation targets

General Purchasing Terms and Conditions | Supplier ESG Document

The company's General Purchasing Terms and Conditions require group suppliers to endorse the company's ESG commitments if they want to work with CIE Automotive, no matter where in the world they are located.

New conditions were added in 2023, specifically:

- Modern slavery: CIE Automotive wants to ensure that there is no place for modern slavery in its supply chain, in other words, that no person is forced to work in subhuman conditions they cannot refuse on account of coercion, threats or the abuse of power.
- Use of private or public security forces: Suppliers may not hire or use private or public security forces to protect the company if, due to a lack of training or control by the supplier, their deployment could give rise to human rights violations.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 **Common
responsibility,
shared benefits**

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

The company regularly reviews and updates other documents, such as its Procurement Policy and Conflict Minerals Policy.

Conflict Minerals Policy

The Conflict Minerals Policy was introduced in 2021 to reinforce the company's requirements around this issue, even though the Global Supply Chain Manual and General Purchasing Terms and Conditions already stipulated the ban, which it enforced via the "Mineral Conflicts" questionnaire within the Suppliers Portal.

The company revised the policy in 2023 to specify Conflict Affected and High-Risk Areas (CAHRAs).

In 2023, 100% of the suppliers CIE Automotive works with who are registered in the Suppliers Portal reported to either not using mineral conflicts or, if used in their productive processes, to being able to guarantee that they were not sourced from conflict regions.

Alignment with the due diligence directive

Aligned with the EU's new corporate sustainability due diligence directive and following the recommendations issued by the OECD, CIE Automotive has begun to learn about and develop a due diligence process in order to identify, prevent and manage the impact the company's operations could have on human rights and the environment along the supply chain, including its suppliers in a specific protocol.

To that end it has included a specific section within the Ethics Framework section of its Global Supply Chain Manual urging its suppliers to participate in this process, introducing a due diligence report and five guidelines for correct compliance: establishing robust business management systems; identifying suppliers that supply mineral conflicts; designing a strategy for mitigating the risks detected; carrying out an external audit; and reporting on due diligence efforts in the group's annual reports.

The due diligence response is currently in the process of being implemented, as follows:

- 1. Developing a control list** for identifying internal and external human rights and environmental risks.
- 2. Prioritising risks** as a function of their severity, probability and urgency.
- 3. Defining mitigating actions** as a function of the results of the monitoring effort.
- 4. Documenting the process**, defining the internal and external risks and providing training across the affected areas of the firm and to third parties.
- 5. Integrating human rights and environmental risks** into the overall supply chain risk map with a view to subsequently controlling them.

The company will prioritise development of its response to this directive in 2024.

**Due diligence will be a
cornerstone of supplier
management in 2024**

GLOCAL procurement model

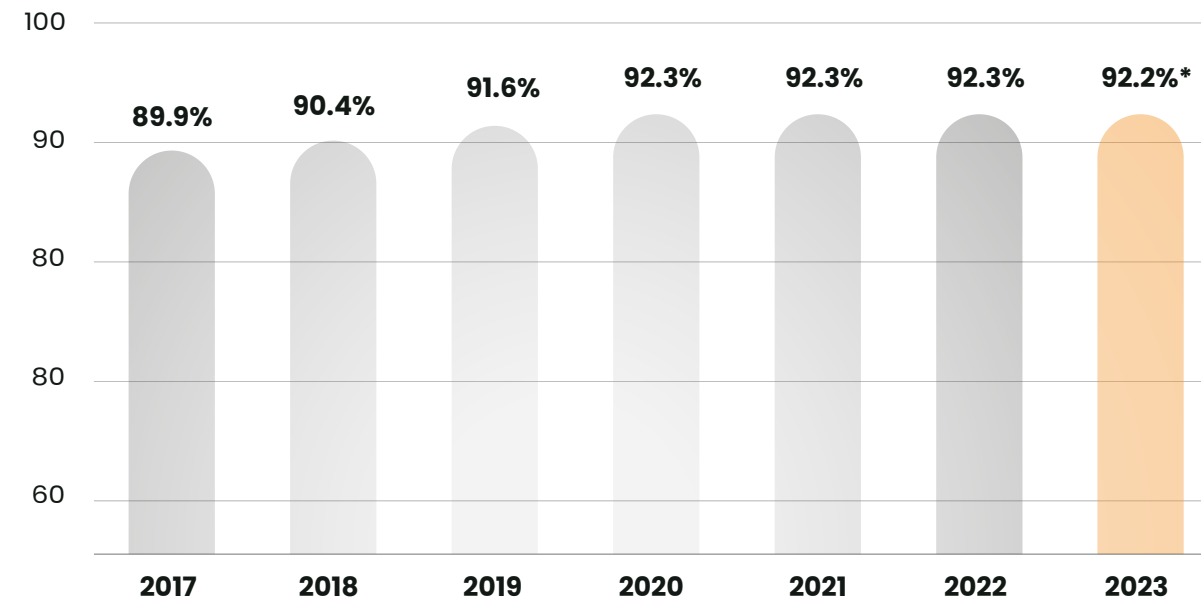
CIE Automotive uses a GLOCAL (global management with local application) procurement model, spearheaded by the corporate procurement function and executed by the various buyer teams that furnish the company with goods and services sourced locally (onshoring) and regionally (nearshoring).

This decentralised approach is highly efficient as it reduces logistics costs and tariffs, mitigates foreign currency risk and favours flows by overcoming cultural, linguistic and time zone differences. In parallel it favours sustainable procurement by reducing the emissions derived from transportation.

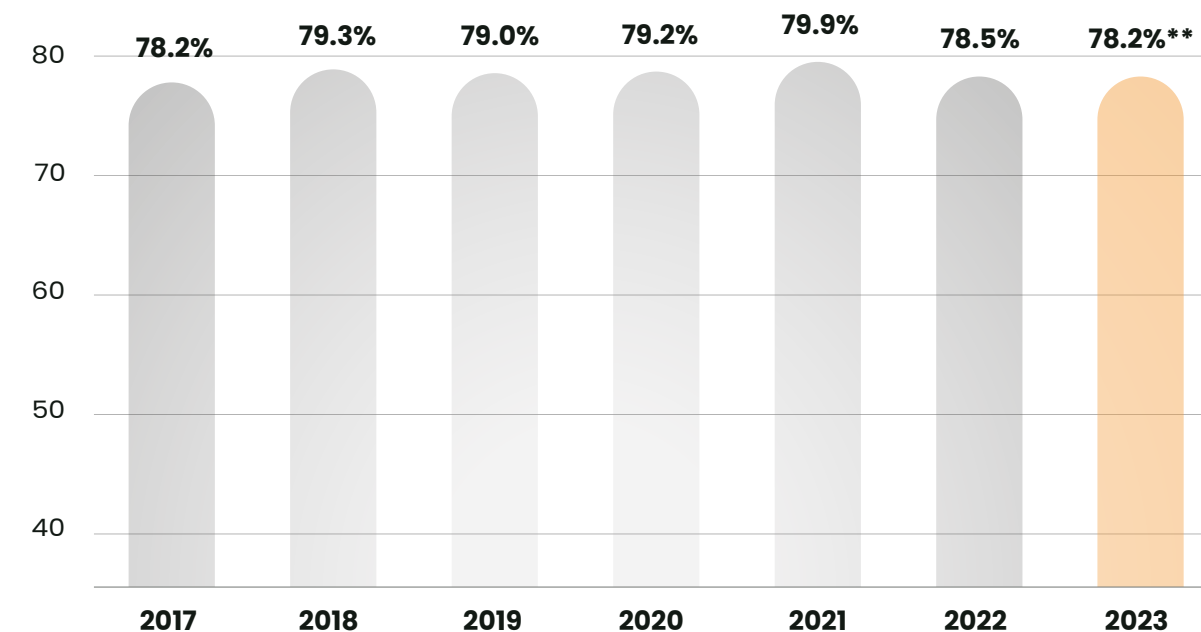
Thanks to this management approach, at year-end 2023, 92.2% of the suppliers used by CIE Automotive were local firms and accounted for 78.2% of the total procurement volume.

The GLOCAL procurement model **generates value locally and reduces the group's environmental impact**

SHARE OF LOCAL SUPPLIERS



SHARE OF PROCUREMENT VOLUME SOURCED FROM LOCAL SUPPLIERS



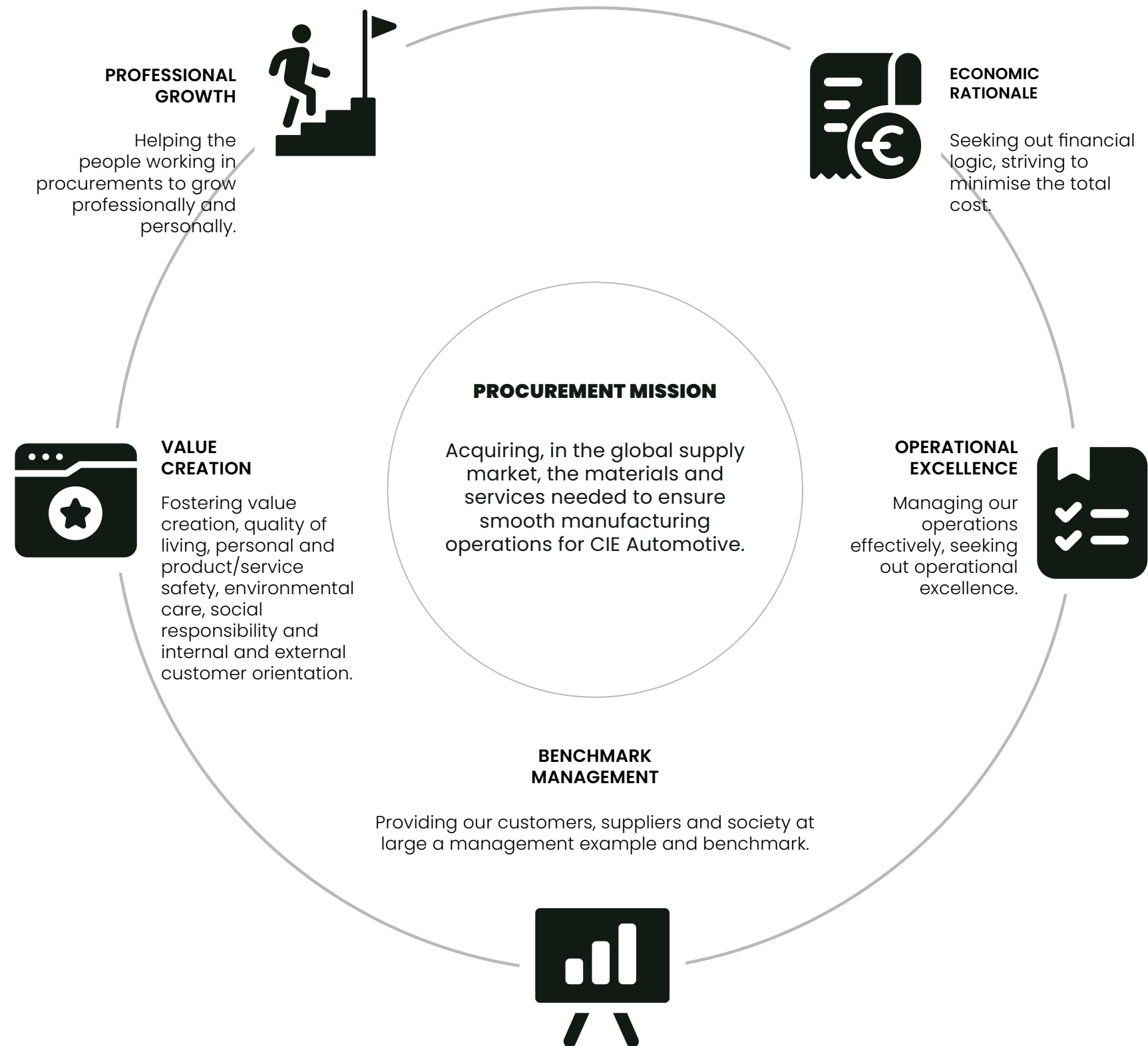
(*) 96.0% in discontinued German forging companies. (**) 74.9% in discontinued German forging companies.

Common responsibility, shared benefits

Chairman
and
CEO's
statement

To facilitate the purchase of goods and services on the best possible terms for the group companies, CIE Automotive has formulated a Procurement Mission and is guided by a Procurement Policy. The scope of this policy spans the entire process, from negotiations and project adjudication to the purchase of services and products.

For the global supply chain to work smoothly, there has to be a corporate procurement policy and a group-wide strategy.



1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

PROCUREMENT POLICY



OBJECTIVITY, TRANSPARENCY, FAIRNESS and NON-DISCRIMINATION in relations with all suppliers and partners.



ALIGNMENT between the **STRATEGY** and efforts of the Procurement Department and the established **CORPORATE OBJECTIVES**.



COMMITMENT, across the entire supply chain, to supporting and delivering the **10 PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT**, of which CIE Automotive is a signatory.



Striving, **INTERNALLY AND EXTERNALLY, to CREATE AWARENESS** around the importance of environmental protection efforts, in keeping with health and safety regulations and labour rights.



Implementation of **PROCEDURES AND CONTROLS** designed to ensure objective and fair adjudication.



Performance of **SUPPLIER SELECTION** on the basis of objective criteria that measure product and service quality, as well as **ESG CRITERIA**.



ENSURING that the **QUALITY** of the products and services purchased meet the group's technical, safety, environmental and human rights standards and, together, move us close to decarbonisation.



Identification and crystallisation of **GROUP SYNERGIES**.



DEVELOPMENT of long-term **COLLABORATION and INNOVATION AGREEMENTS** with suppliers.



SEARCH FOR MUTUAL UNDERSTANDING and benefits in supplier relations.



Contribution to **SUPPLIERS' PROCESS DEVELOPMENT**.



MAXIMISATION of the **MOTIVATION** and **ENGAGEMENT** of the CIE Automotive professionals devoted to procurement, providing them with the training needed to do an excellent job.



PROMOTE SUSTAINABLE PURCHASES, in goods, energy, alternatives to dangerous or toxic chemicals, etc., in accordance with CIE Automotive's Corporate Policies and Commitments.

The Procurement Policy applies to all 11 procurement families and its scope spans the search for alternatives, supplier selection, negotiations, project adjudication and the purchase of services and products.

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

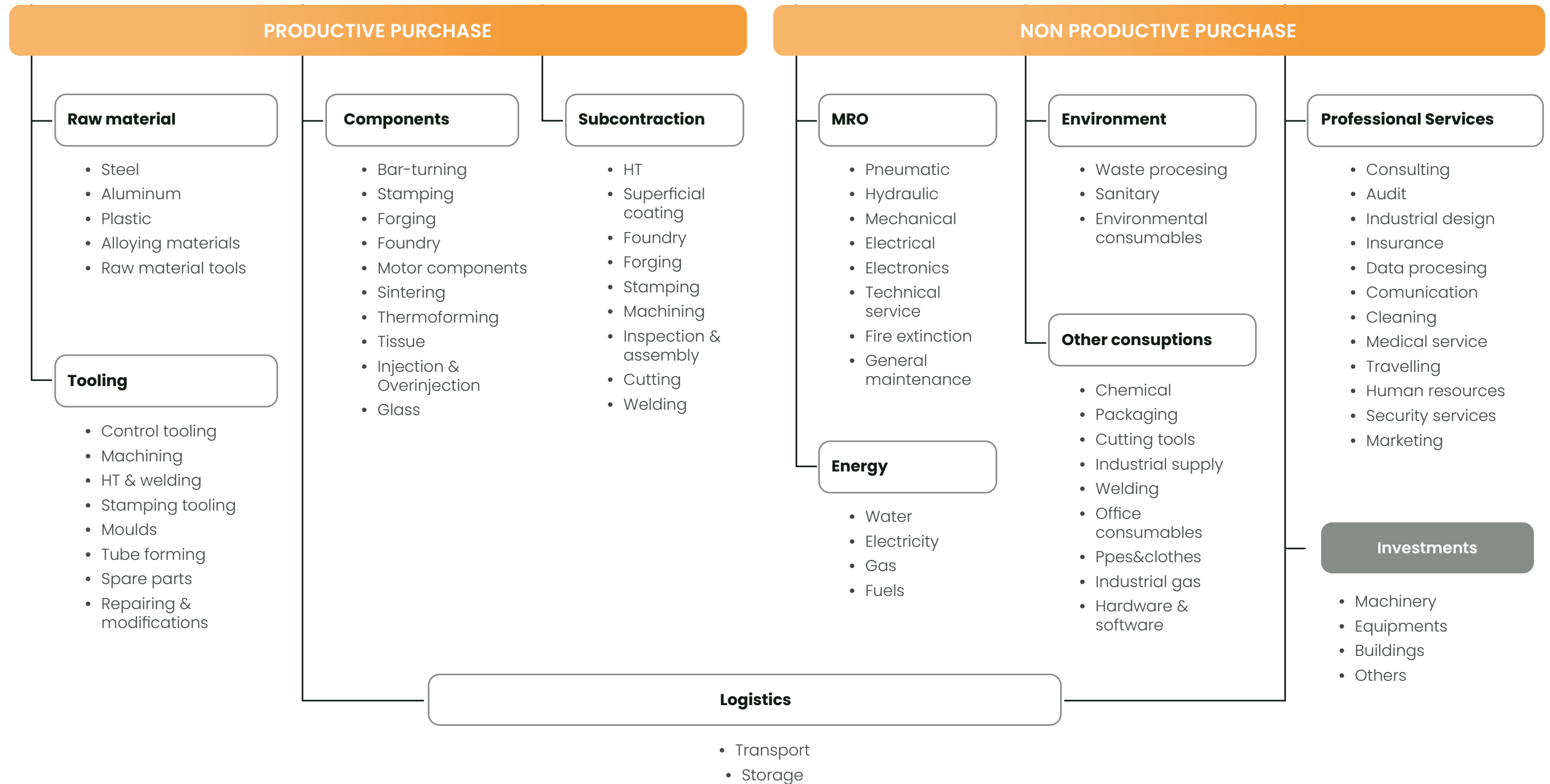
5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

PROCUREMENT FAMILIES



*MRO: machine, repair and overhaul
*HT: heat treatments

Supplier certification

CIE Automotive's suppliers must meet certain certification requirements depending on the product or service they provide.

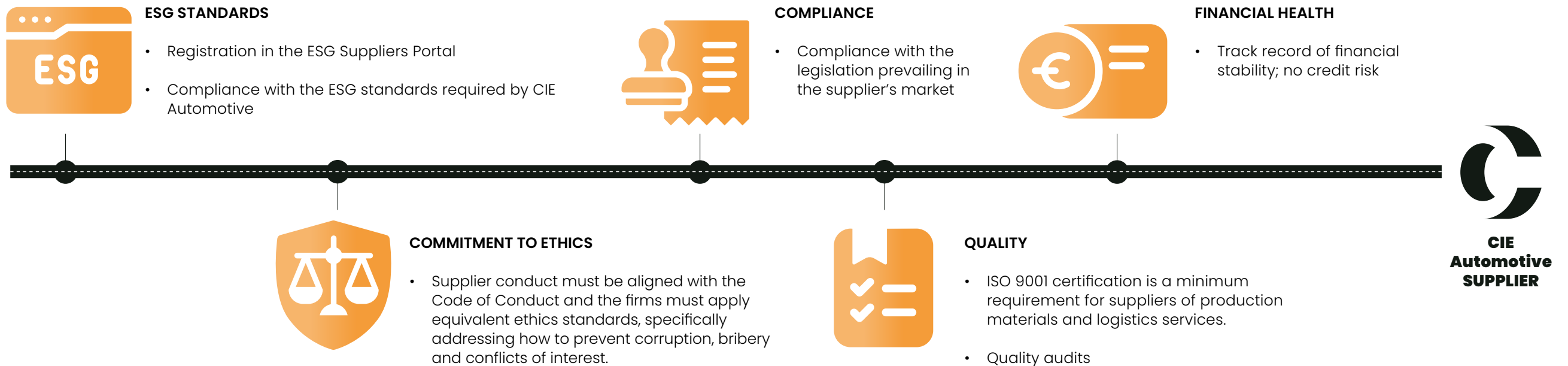
More than 90% of CIE Automotive's direct suppliers are IATF 16949 or ISO 9001 certified. CIE Automotive additionally values environmental management (ISO 14001) and occupational health and safety management (ISO 45001) certification.

Suppliers that do not hold these certifications are required to draw up a plan for obtaining them or presenting accreditation from a third party attesting that they meet CIE Automotive's requirements.

As for indirect or non-productive suppliers, 51% of those registered on the Suppliers Portal have ISO 9001 or equivalent certification.

By means of the Global Supply Chain Manual and the audits undertaken, the procurement teams help train suppliers on the quality aspects required under IATF 16949 and ISO 9001. The procurement teams provide technical assistance to help suppliers adapt for CIE Automotive's quality standards.

REQUIREMENTS FOR BECOMING A CIE AUTOMOTIVE SUPPLIER



Supply chain risk management

Between
self-assessments
and onsite
audits, **in 2023
the company
conducted 698
audits, growth of
20% from 2022**

CIE Automotive strives to anticipate supply chain risks by implementing transparency procedures and auditing its suppliers regularly. ESG aspects are playing an increasingly important role in that process.

Supplier audits

CIE Automotive assesses its suppliers' financial health in order to ensure their ability to deliver throughout the duration of its projects.

Supplier evaluations take the form of process audits that assess and score them on several parameters, including planning, reception, training and skills, process, maintenance, inspection, packaging, storage, continuous improvement and environmental performance, customer satisfaction, documentation and ESG criteria.

The results of the audits may be shared with the supplier. On other occasions it is the supplier that conducts a self-assessment which is then corroborated by qualified CIE Automotive professionals.

Thanks to this system of self-assessment and onsite audits, in 2023 the company conducted 698* audits, compared to 582 in 2022, an increase of 20%.

In 2024, the group has set itself the target of increasing that figure by 10%, stepping up the number of onsite audits in particular.

External verification of ESG health using artificial intelligence

In 2023, CIE Automotive reached an agreement with the one of world's most important ESG ratings companies for the verification of supplier ESG compliance covering over 50% of its global procurement spend. The scope of this exercise, which began in 2022 when it was associated exclusively with governance considerations, has been widened to include:

- The Red Flags Grid (fines, human rights, environment, business conduct, corporate governance)
- Country risk
- Default risk
- ESG scoring: analytic and predictive
- Scope1 & 2 emissions

The information provided by this rating company, which uses artificial intelligence and internal and external databases to check the suppliers' information, allows the group to contrast and complement the information it obtains from its Suppliers Portal.

By way of conclusion, just 3 of all the suppliers evaluated presented risks in any of the above-listed areas; an action plan has been established to monitor their progress and the company is searching for alternative for these suppliers in the event the risks cannot be addressed.

(*) One of them was carried out in the business of discontinued German forging companies.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Supply chain ESG risk matrix

To prevent and mitigate potential risks, CIE Automotive updates its supply chain ESG risk matrix every year. This exercise revealed growing commitment by suppliers in 2023.

The companies that supply CIE Automotive with raw materials, parts, subcontracted services and tooling, i.e., the productive procurement families, are the most committed, with all of them presenting ESG compliance scores of over 92%, unchanged from 2022.

In 2023 it is worth highlighting the significant improvement recorded in indirect procurement families such as energy (where ESG compliance jumped from 63% to 73% in 2023) and MRO (from 73% to 89%).

In 2023, the population of critical direct or raw material suppliers (by virtue of representing over 50% of total purchases) numbered 250.

ESG RISK MATRIX



The ESG risk mapping process in 2023 revealed growing
commitment by suppliers

Serving the COMMUNITIES that host us

CIE Automotive's commitment to technological innovation, sustainability and efficiency is helping decarbonise the transport sector, while contributing to development in the communities where CIE Automotive has its factories and pays taxes. Aside from the progress implied by its business activities, it also carries out community projects locally in an attempt to give back to society.

PROGRESS MADE IN 2023

Receipt of the tax transparency seal from the Haz Foundation.

Consolidation of the CIE STEM PLANET initiative designed to raise digital skillsets through educational robotics in its second year in operation.

CHALLENGES FOR 2024

Analysis of the community work model and distribution to the group factories.

Increased publication of social content.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

A source of progress for the community

CIE Automotive's activities generate benefits for the communities where it does business. Not only does the company create employment and generate business for local suppliers, it acts as agent of change through the taxes it pays.

In 2023, the company met its tax obligations in all jurisdictions, so helping to finance the public expenditure and services provided by the various authorities in the interests of their citizens. In total, the company paid 4.2 million euros of income tax in 2023.

COUNTRY-BY-COUNTRY PROFITS AND CORPORATE INCOME TAX PAID*

Tax jurisdiction	2022		2023	
€ m	Profit/(loss) before income tax	Income tax paid (cash criterion)**	Profit/(loss) before income tax	Income tax paid (cash criterion)**
MEXICO	98.7	38.8	102.2	25.0
INDIA	75.5	16.5	86.1	21.1
BRAZIL	54.7	4.6	67.6	5.3
CHINA	73.1	11.5	50.8	11.1
GERMANY	21.1	0.2	50.3	0.5
SPANISH COMMON TERRITORY	26.3	4.1	36.0	7.3
ITALY	19.3	2.1	18.8	6.0
BASQUE FORAL TERRITORY	-4.0	0.0	15.6	0.1
ROMANIA	8.3	1.2	9.2	0.7
SLOVAKIA	6.9	0.0	8.0	0.2
LITHUANIA	4.9	0.5	7.7	0.8
US	11.9	-1.1	6.5	0.3
FRANCE	38.9	0.8	6.2	2.3
CZECH REPUBLIC	-0.1	0.5	5.8	0.9
NAVARRRE FORAL TERRITORY	1.5	0.5	1.8	0.4
HUNGARY	0.0	0.0	1.8	0.0
RUSSIA	-11.1	0.1	1.4	0.0
PORTUGAL	1.2	-0.1	1.2	0.2
UNITED KINGDOM	0.0	0.0	0.5	0.0
MOROCCO	0.1	0.0	0.2	0.0
NETHERLANDS	51.8	0.1	0.2	-0.1
BARBADOS	0.6	0.0	0.0	0.0
SOUTH KOREA	0.0	0.0	0.0	0.0
GUATEMALA	0.0	0.0	0.0	0.0
TOTAL (€ m)	479.6	80.2	477.9	82.1**

(*) Figures under IFRS, before consolidation adjustments, excluding dividends, impairment losses on equity investments and gains on the sale of businesses.

(**) Excludes the payment of tax related with dividend withholdings.

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

Aware of the importance of its tax contribution, the company's Code of Professional Conduct prohibits the evasion of taxes, the improper generation of tax benefits and the non-payment of social security contributions.

To make this commitment public and cooperate more closely with the tax authorities, in 2021, CIE Automotive endorsed the Spanish tax authority's Code of Good Tax Practices. That code was created to establish a climate of cooperation with the tax authorities around tax practices based on mutual trust.

In that same spirit, the company publishes an annual Tax Contribution Report.

Tax transparency seal from the Haz Foundation

In July 2023, CIE Automotive obtained the Haz Foundation's T for Transparency seal, making it the only non-Ibex 35 company to boast this stamp.

The company earned the foundation's three-star seal, the highest category, certifying its transparency around 90% of the 12 indicators used to analyse different practices in the area of responsible taxation. Specifically, CIE Automotive scored a total of 22 out of a maximum of 24 points, implying a compliance level of 92%.

The indicators analysed measure aspects such as cooperation with the tax authorities; the role of the board in promoting and supervising good tax practices; the transparent disclosure of taxes paid and accrued country by country; presence in tax havens; and legal proceedings with the tax authorities.

CIE Automotive is the only non-Ibex company to boast the Haz Foundation's tax transparency seal



RESPONSABILIDAD FISCAL 2022

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Government grants received

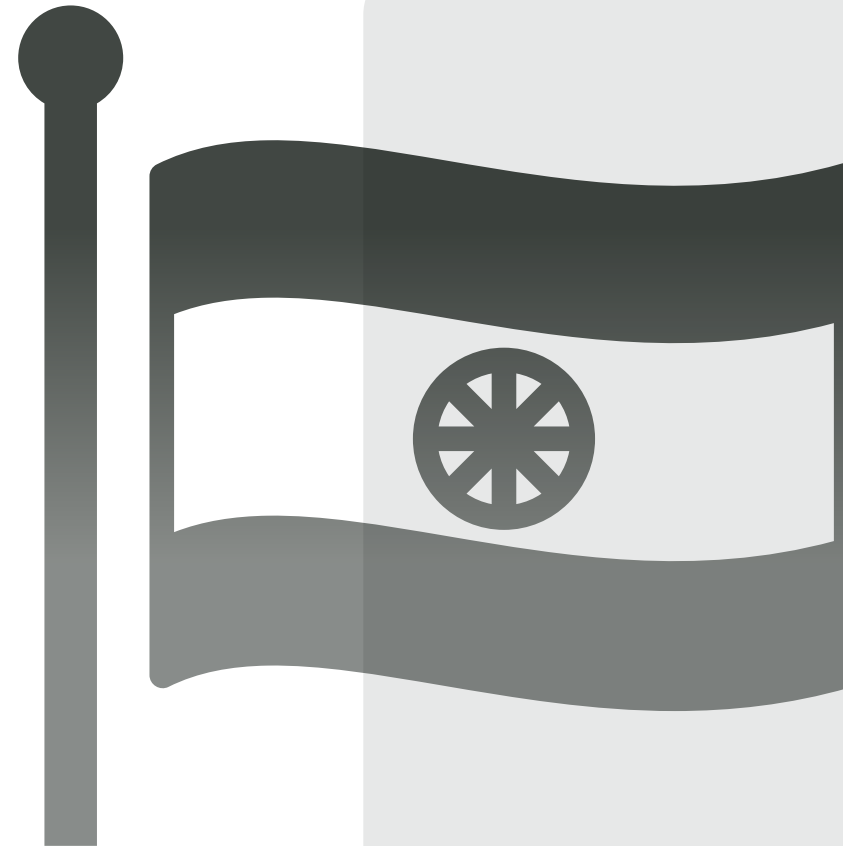
In 2023 CIE Automotive received €1.7 million of grants related to income, 0.2% more/less than in 2022. Of the total received, it obtained €0.6 million in Spain and €1.1 million between Italy, Portugal, China and Hungary.

The receipt of grants is also contemplated in CIE Automotive's Code of Conduct, which prohibits applying for subsidies, tax exemptions or government funds on a fraudulent basis..

Policy advocacy and relations with local authorities

In the course of its activities, CIE Automotive engages with the public authorities. These interactions are at all times framed by strict observance of prevailing legislation and the utmost transparency, in keeping with the principles laid down in its Code of Professional Conduct.

The company is not associated with any form of political ideology in Spain or anywhere else and it forbids contributions to political parties or their representatives or candidates in the name or on behalf of the company that could have or be seen to have political implications.



Membership of the Spain-India Council Foundation's Board of Trustees

With 25 factories in India, CIE Automotive was keen to strengthen its ties with the country from an institutional standpoint, which is why it joined the Board of Trustees of the Spain-India Council Foundation, a non-profit organisation that seeks to increase mutual knowledge between the two countries. It encompasses all the efforts made by various sectors to enhance their scientific, technological, research, cultural and academic interests in India and to promote economic, trade and business cooperation between the two countries, promoting initiatives, networking and specific activities considered priorities by the Trustees.

**CIE Automotive sought to
strengthen its ties to India,
where it has 25 factories**

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 **Common
responsibility,
shared benefits**

5 Our response to
the environmental
challenge

6 **Responsible
management**

About
this report

Data tables

Our role in the transformation of the automotive sector

As a prominent member of the automotive parts industry, CIE Automotive works to conduct its activities in a responsible manner so as to benefit the sector, its stakeholders and society in general.

At the forefront of the decarbonisation thrust, CIE Automotive has made itself a valued ally for the OEMs and Tier 1 suppliers through its commitment to achieving net zero emissions before 2050. Evidencing this commitment, as early as 2011 it became one of the founding partners of the Basque Ecodesign Center, a partnership involving private sector companies and the regional authorities, and since 2021 has been part of the Basquevolt initiative for the production of solid-state batteries.

In parallel, the company is helping to shape the mobility of tomorrow through its institutional presence in different forums and associations. It participates actively in Spain's automotive suppliers association, Sernauto, from which it advocates for a strategy for the decarbonisation and digitalisation of the stock of vehicles in Europe in order to maintain the industry, create quality work and preserve the existing productive fabric with as little fallout as possible. The company also plays an active role in Forética, Spain's foremost corporate sustainability and social responsibility organisation, where it works on a number of areas in its capacity as member of the Transparency, Integrity and Good Governance Cluster, the Climate Change Cluster and the Social Impact Cluster.

ASSOCIATIONS TO WHICH CIE AUTOMOTIVE BELONGS

SERNAUTO – the Spanish association of automotive equipment and components manufacturers. Member of the Management Board.
AEC – the Spanish quality association.
ADP – Association for management progress.
EGVIA – the European Green Vehicles Initiative Association.
M2F (Move to Future) – a Spanish automotive and mobility technology platform. Membership of the Governing Board.
TECNALIA – a private applied research centre Member of the Management Board.
ACICAE – the Basque automotive cluster. Chair of the Management Board.
CEAGA – the Galician automotive cluster.
AIC – Automotive Intelligence Center. Vice-Chair of the Management Board.
TASKFORCE PILOT TESTING ADVANCED MANUFACTURING IN THE BASQUE REGION. Member of the Executive Committee.
ACMA – the Automotive Component Manufacturers Association of India.
BACC – the Baltic Automotive Components Cluster.
FVEM – the Vizcaya confederation of metal companies.
Basque Ecodesign Center – Founder.

CIE Automotive
has made itself
a valued ally for
the OEMs and
Tier 1 suppliers
**by committing
to achieving net
zero emissions
before 2025**

Community work

Under its Community Work Policy, CIE Automotive pledges to address the difficulties and needs of its communities by providing solutions articulated around three lines of action:

- **Donations:** ad-hoc financial support for non-governmental organisations and similar organisations for the pursuit of their social activities.
- **Sponsorships:** whether carried out at the corporate or individual local company level, these initiatives are framed by the principles laid down in the Community Work Policy.
- **Community investment:** long-term investments aimed at giving back to the communities where the company does business.

In 2023, the company donated over €1 million to community work programmes which involved over 5,000 employees and more than 12,000 equivalent work hours.

COMMUNITY WORK: KEY PERFORMANCE INDICATORS

	2022	2023
Total amount earmarked to community work (€)	1,804,614	1,042,854
No. of employees volunteering	3,680	5,017
No. of work hours devoted to community work	8,300	12,304

Community work by region

CIE Automotive's approach to community work is hands-on and decentralised. Its factories' employees, familiar with their communities' needs, suggest the best way to help. The fact that more than 90% of the company's factories are managed by local managers

facilitates nimble responses to social emergencies. In 2023, over 5,000 employees contributed to community work projects aligned with the Sustainable Development Goals.



Common responsibility, shared benefits

CIE Automotive is firmly committed helping deliver the Sustainable Development Goals, especially the goals addressing quality education, gender equality and the reduction of inequalities, boosting diversity and championing environmental respect, and these are the areas on which it focused its community work.

In 2023, it consolidated the CIE STEM PLANET programme, designed to raise digital skillsets through learning about robots, which entered its second year in operation.

This is a free, ambitious and innovative programme, funded entirely by CIE Automotive, designed to stimulate scientific vocations and the acquisition of digital skills in primary and secondary schools. It is currently being pilot-tested in schools in the Basque region.



Under the programme, the company has donated advanced technology such as educational robots and a digital teacher training and support platform which can be configured to enable personalised learning by over 2,000 participants. The goal is to be able to use the platform to measure and demonstrate those students' progress on digital skills.

In addition to the agreed activities, including oversight of teacher training, question solving and monitoring visits to the participating schools, in 2023 the company made certain improvements designed to deliver better performance, notably including:

- Training pill for teachers with explanatory videos on the platform.
- Improvements to the teacher evaluation experience.
- Fine-tuning of the platform's curricular content.

**Improvements were made
to the CIE STEM PLANET
programme during the year**

Our response to the environmental challenge

Environmental management policy and model

Climate neutrality roadmap

Carbon footprint measurement

Pollution control

Circular economy

Contribution to the
decarbonisation of transport

Environmental risk
management

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

We aspire to become climate neutral before 2050. Along the way we are embracing technology that can reduce our environmental footprint, encouraging efficient use of resources and collaborating with our suppliers to accelerate our decarbonisation process.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Environmental management policy and model

CIE Automotive is firmly committed to sustainable development and fighting climate change. In its Environmental Policy it expressly states its alignment with the Sustainable Development Goals and establishes environmental protection and responsible use of natural resources as top priorities. To put it into practice, it has an ISO 14001-certified environmental management model that has been certified and accepted by the main OEMs and Tier 1 suppliers worldwide.

CIE Automotive relies on eco-design when it develops products and processes, focusing on efficiency, and provides the resources needed to reduce their adverse impacts.

In its industrial activities it works tirelessly towards continuous improvement by means of prevention and preservation, risk minimisation, environmental footprint (of products and processes) shrinkage, the efficient use of natural resources, waste minimisation, circular use of materials and collaboration by all of the people involved in the various processes.

ENVIRONMENTAL POLICY PRIORITIES

	Protecting the environment
	Fighting climate change
	Protecting people's health
	Using natural resources rationally
	Preventing the pollution of air, water and other natural resources
	Reducing carbon emissions
	Protecting biodiversity, forests, rivers and oceans

Environmental management model

CIE Automotive's approach to environmental management is decentralised: the corporate Environmental Department is tasked with setting the standards and supervising implementation of the environmental strategy worldwide, while the productive facilities are in charge of strategy execution by means of annual risk assessments factory by factory under ISO 14001 and monitoring of the KPIs established in the Strategic Plan. In 2023, 95% of CIE Automotive's factories were ISO 14001-certified.

CIE Automotive's environmental challenge extends beyond its perimeter. It collaborates with its suppliers to reduce their emissions, purchases and generates renewable energy and cooperates with its customers to develop and manufacture parts targeted at electric vehicles, so helping to decarbonise transport.

Framed by its commitment to making low-emission vehicles, CIE Automotive is developing new parts and subassembly solutions to support the OEMs with this process. As a result of its sustainability strategy and R&D initiatives, the company is already supplying specific products for the manufacture and assembly of zero- or low-emission vehicles. In collaboration with its customers it is taking a life cycle approach, building in end of life and parts reparability criteria into its designs.

In addition, CIE Automotive is working on a number of R&D projects together with other companies in its value chain with a view to reducing its environmental footprint. For

example, it is redesigning forged items to reduce their use of energy and extend the useful life of the machining tools. It is also redefining its packaging specifications so as to be able to use returnable cardboard boxes and introducing biomaterials and recycled plastic.

Membership of associations that champion climate neutrality

On the institutional front, from the Management Board of Sernauto (Spain's automotive suppliers association), CIE Automotive is encouraging climate neutrality initiatives and is collaborating to set more ambitious targets in the sector.

The group is a founding partner of the Basque Ecodesign Center, where it collaborates with a number of government agencies and different industrial sectors to promote circularity, decarbonisation and climate action.

CIE Automotive gets involved in new mobility solutions focused on zero-emissions vehicles from the earliest stages of development. As a result of this approach, it has been participating in Basquevolt, the Basque initiative for the production of solid-state batteries, since 2021.

It also belongs to Forética's Climate Change Cluster, a business platform whose mandate is to mainstream the main global climate change trends and debates in to the Spanish business community.

Lastly, it is a member of AEC, the Spanish Quality Association, which has a number of taskforces in the environmental area to influence the development of new legislation and provide guidelines and training to help Spanish industry manage climate change.

Involvement of senior management

The company's Board of Directors and Management Committee are involved in the effort to fight climate change. The Board of Directors is ultimately responsible for activities related with the environment. The Board's ESG Committee is in charge of environmental issues. The chairwoman of this committee has climate change management experience and knowledge.

The company's CEO is engaged with the sustainable growth impetus and ultimately responsible for execution of the Strategic Plan, of which the ESG Plan is an integral part.

The Cross-Group ESG Committee reports and makes proposals to CIE Automotive's Board's ESG Committee. The HSEQ Director sits on the committee and manages the deployment of the environmental aspects of the Business Strategy. By bringing its engineering and environmental areas under the same Director, CIE Automotive ensures that all its environmental targets get analysed from the earliest phases of the research and development effort.

	Chairman and CEO's statement
1	2023 highlights
2	Ready for change
3	Record earnings
4	Common responsibility, shared benefits
5	Our response to the environmental challenge
6	Responsible management
	About this report
	Data tables

Climate neutrality roadmap

At the heart of CIE Automotive's environmental strategy lies the goal of achieving zero net greenhouse gas emissions before 2050. The new roadmap, rolled out in 2023, sets overall targets for the medium and long term and the steps the factories need to take to achieve them. To become net zero it is vital to collaborate with the company's suppliers, an effort reinforced last year with the Supply Chain Race 2 Zero programme.

In 2022, CIE Automotive took a qualitative leap in its climate change effort by endorsing the Paris Agreement, which commits it to setting a series of science-based environmental targets based on an ambitious long-term goal: generating net zero greenhouse gas emissions before 2050, so contributing to limiting global warming to 1.5° C with respect to pre-industrial temperatures. The company has further committed to having the above-mentioned targets approved by the Science Based Targets initiative (SBTi) to ensure they are based on science and aligned with the goal of keeping global warming within 1.5 o C.

With that end goal in mind, in 2023 the company embarked on a new environmental roadmap, approved by the Board of Directors in December 2022, which echoes and extends the targets set in its 2025 Business Plan and establishes the steps the factories need to take to achieve climate neutrality.

To deliver the commitment of having its medium-term targets certified by SBTi, the group needs to reduce its Scope 1 and Scope 2 emissions by around 67% by 2035 and its Scope 3 emissions also by at least two-thirds, around 67%.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Chairman and CEO's statement

1

2023 highlights

2

Ready for change

3

Record earnings

4

Common responsibility, shared benefits

5

Our response to the environmental challenge

6

Responsible management

About this report

Data tables

GOALS OF THE NEW ENVIRONMENTAL ROADMAP



Zero net greenhouse gas emissions before 2050



Limiting global warming to 1.5°C above pre-industrial temperatures by defining science-based targets for the medium and long term



Implementation of the Supply Chain Race 2 Zero programme



Delivery of the 2025 Strategic Plan's short-term targets

		Annual target	2030 Agenda target	Delivery in 2023*
 ENERGY	Reduction in energy consumption within the organisation - Reduction in energy consumption (electricity) - Reduction in energy consumption (gas)	2%	20%	-4%
	Reduction in direct GHG emissions (Scope 1)	2%		-2%
	Reduction in indirect GHG emissions (Scope 2, from energy generation) Increase in use of electricity generated from renewable sources	5%	100%	-26%
 WASTE	Recycled input materials used			87%
	Decrease in the total volume of waste generated Increase in the percentage of waste sent for recycling	5%	90%	11%
 WATER	Reduction in water consumption Increased use of recycled water	2%		-12%

(*) Includes emissions from discontinued German forging companies until June 30, 2023.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Environmental investments

The new climate change strategy and the need to adapt the various facilities for new legislation country by country involves a series of investments and expenses.

To that end, in 2023, the company invested in minimising its environmental impact and in environmental protection and restoration work, in addition to incurring expenditure on waste removal and environmental consultancy, measurement and certification work.

The combined amounts of investments and expenses accrued in 2023 in relation to environmental protection work totalled €9.7 million (€11.6 million in 2022).

KEY AREAS OF ENVIRONMENTAL INVESTMENT



Compliance with standards and regulations

CIE Automotive stays ahead of and finances compliance with all climate change-related regulations in all of the countries it operates in by using outside consultants to keep it abreast of any regulatory developments that could affect its activities.



Budget earmarked to energy efficiency

Each factory's business plan includes a specific budget allocation for enhancing its approach to climate change, including energy efficiency.

There are currently 31 energy efficiency projects which are being tracked over the Intranet to ensure that the initiatives succeed.



Budget earmarked to low carbon products R&D

CIE Automotive has identified light-weighting, electrification and lower-carbon products during the production phase as the key demands coming from the market and its customers. Based on an analysis of those factors it has rolled out a portfolio of R&D projects and assigned them a specific budget.



Decarbonisation plans

Work has begun on drawing up decarbonisation plans factory by factory in order to ensure that all of CIE Automotive's policies, guidelines and commitments materialise at the operating level.

Coordination

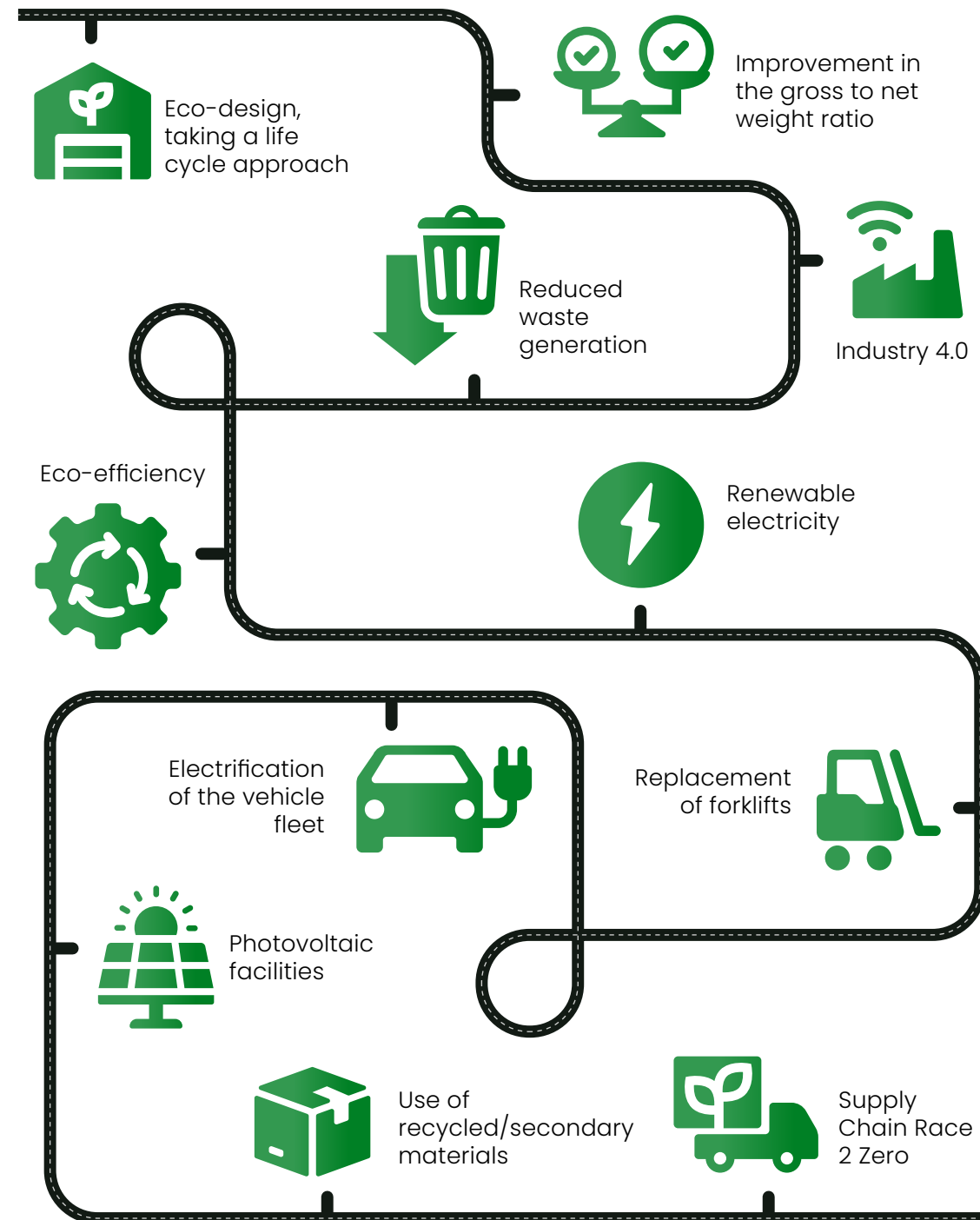
The rollout of the new roadmap required an intense communication and coordination effort with all of the factories around the world. To ensure the company continues to hit its energy efficiency and emissions, water consumption and waste reduction targets, among others, the company presented the new roadmap and shared best environmental practices in all of its markets.

As is shown, energy measures are a core part of the work plan. From step one, eco-design, the idea is to reduce the use of materials and energy during the manufacturing process and the product's life.

One of the main focuses of introducing Industry 4.0 technology is to achieve energy efficiency and optimise processes. Logically, eco-efficiency is its own separate line of initiative.

The efforts to install photovoltaic power and electrify the company's fleet are similarly directed.

TOP DOWN INITIATIVES BEING ROLLED OUT AT THE FACTORIES



To execute the environmental roadmap, **best practices from all regions were shared**

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

Supply Chain Race 2 Zero programme

Despite the investments made and progress achieved at each factory, CIE Automotive is aware that it cannot become climate neutral and help curb climate crisis without the help of its suppliers. According to its recent measurements, 80% of its carbon footprint stems from the raw materials it uses.

To address this issue, the company launched the Supply Chain Race 2 Zero initiative under which its suppliers share their emissions data and abatement efforts with CIE Automotive, while the company mentors them and provides them with technical solutions in the event of difficulties. The goal is to identify and anticipate potential technical barriers in the supply chain and set deadlines for shaping a decarbonised offering.

[Further information in Carbon footprint measurement and suppliers]



Environmental performance awards

Among the steps taken to galvanise the factories around achievement of climate neutrality, it is worth highlighting the newly created Environmental Awards. The goal is to reward the factories that stood out during the year for bringing down their emissions in

line with the targets set in the 2025 Strategic Plan, inspiring others to join them in their decarbonisation pathways.

A total of fourteen companies received awards in two categories.

AWARDS BY CATEGORY

Factories towards neutrality. Best performance in carbon neutrality at the operating level.	Europe A tie because five factories are already climate neutral:	CIE Mecasur, CIE Norma, CIE Orbelan, CIE Plasfil y CIE Recylan
	North America	Golde Puebla
	Brazil	CIE Jardim Sistemas
	China	Golde Changchun
	India	CIE Aluminium Casting Aurangabad HPDC
Race 2 Zero factories and suppliers. Best performance and progress in Scope 3 emissions.	Europe	CIE Mar Sk
	North America	CIE Newcor RGI
	Brazil	CIE Autocom
	China	Golde Changchun
	India	CIE Bill Forge Bangalore

The company did not receive any significant fines for non-compliance with environmental laws or regulations in 2023. Significant fines are those of €30,000 or more.

In India, the group had to compensate for environmental impacts in the amount of INR 3,135 million (approximately €34,000)



Environmental Performance Awards 2023



Carbon footprint measurement

Measuring our corporate environmental footprint is the first step towards achieving climate neutrality is to measure the company's environmental footprint, whose first category is climate change, and, therefore, the company's carbon footprint. Measuring so to launch an action plan that can be monitored by means of continuous remeasurement. In addition to its regulatory requirements, this exercise allows CIE Automotive to identify critical areas, establish goals and targets and measure its progress towards net zero. In 2023, it added to the calculation the emissions related to its stock of vehicles and those derived from employee commuting.

CIE Automotive measured its environmental footprint for the second year in 2023, an exercise that included all its facilities around the world other than its roof system factories. This measurement includes Scope 1, Scope 2 and Scope 3 emissions (refer to the Scope 3 exclusions).

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Our response to the environmental challenge

The scope of CIE Automotive's environmental footprint spans from raw material generation to when the parts and subassemblies leave its facilities. The measurement analyses 17 categories, from ozone layer destruction to soil transformation.

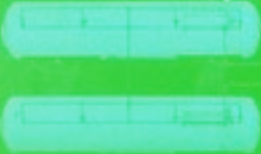
Having analysed our carbon footprint, our emissions across all three scopes totalled 4,670,518.77 tonnes of CO₂e of the total, Scope 1 emissions represent 2% and Scope 2 emissions account for 5%, with Scope 3 emissions accounting for 93% of the total.

ENVIRONMENTAL FOOTPRINT BY IMPACT*

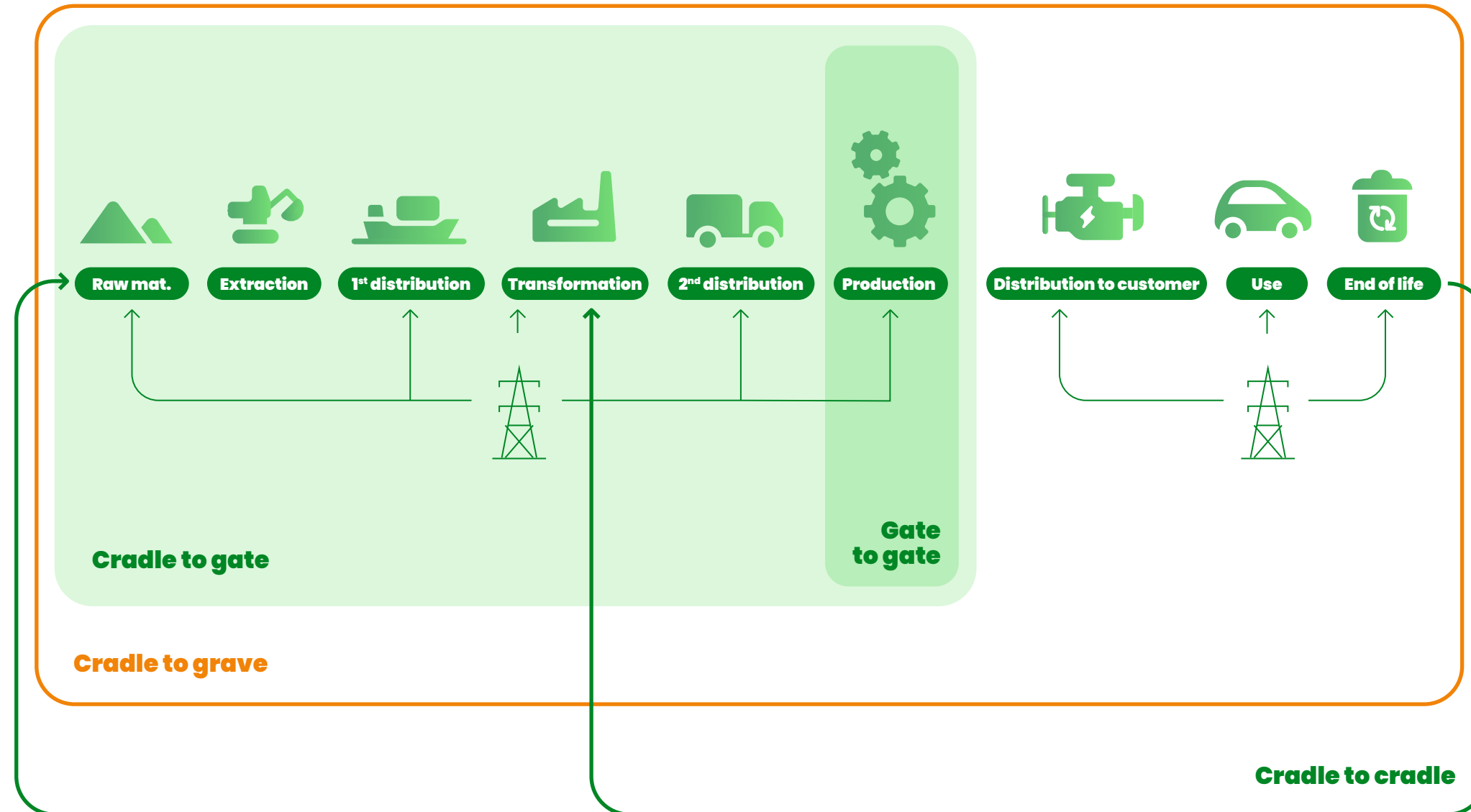
Total environmental footprint**: 1,670,734,993.1 points	
	% of total footprint
Climate change (human health)	8.1%
Ozone depletion	0.1%
Human toxicity	36.1%
Photochemical oxidant formation	0.0%
Particulate matter formation	8.2%
Ionising radiation	0.0%
Climate change (ecosystems)	5.0%
Terrestrial acidification	0.0%
Freshwater eutrophication	0.2%
Terrestrial ecotoxicity	0.1%
Freshwater ecotoxicity	0.1%
Marine ecotoxicity	0.0%
Agricultural land occupation	1.5%
Urban land occupation	0.4%
Natural land transformation	0.4%
Metal depletion	32.5%
Fossil depletion	7.5%

(*) Includes emissions from discontinued German forging companies until June 30, 2023.
(**)The environmental footprint due to impacts is not included within the scope of the NFS 2023 verification assignment.

17 categories
are considered
in measuring the
environmental
footprint



SCOPE OF CIE AUTOMOTIVE'S ENVIRONMENTAL FOOTPRINT



THE 17 IMPACTS ANALYSED

- Climate change (human health)
- Ozone depletion
- Human toxicity
- Photochemical oxidant formation
- Particulate matter formation
- Ionising radiation
- Climate change (ecosystems)
- Terrestrial acidification
- Freshwater eutrophication
- Terrestrial ecotoxicity
- Freshwater ecotoxicity
- Marine ecotoxicity
- Agricultural land occupation
- Urban land occupation
- Natural land transformation
- Metal depletion
- Fossil depletion

The scope of CIE Automotive's **environmental footprint measurement is cradle to gate**

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

	Chairman and CEO's statement
1	2023 highlights
2	Ready for change
3	Record earnings
4	Common responsibility, shared benefits
5	Our response to the environmental challenge
6	Responsible management
	About this report
	Data tables

Measurement methodology

The scope of CIE Automotive's environmental footprint measurement, which, as noted earlier, has climate change – and therefore its carbon footprint – as its first category, spans from cradle to gate, i.e., it covers upstream operations, from resource extraction until the end product leaves the company, having been manufactured in our factories. The reasons for not continuing downstream to the end of the products' useful life are multiple and are related with the supply and supplier structure in the automotive sector:

- In most of our sales agreements with customers, it is the customer who is tasked with collecting the product at the CIE Automotive factory in question, using its own logistics flows, over which CIE Automotive has neither control, responsibility or information.
- The OEMs work around platforms. In other words, a given part is used in different models, with different characteristics and, therefore, different emissions. In addition, a given part of the propulsion or transmission system is used in different models, making it impossible to determine its performance in use.
- Lastly, the vehicles assembled by the OEMs are, often, supplied to different countries and markets with totally different end-of-life regulations and strategies. CIE Automotive has no control over that distribution and therefore is not able to calculate the footprint associated with this step in its products' life cycle.

CIE Automotive's customers ask it for environmental footprint data up to the company's gates and include those figures in their full measurements with the rest of the downstream phases without any double counting.

The company uses the ReCIPE life cycle impact methodology to calculate its environmental footprint, to which end it is receiving assistance from the Basque regional government's environmental management company, IHOBE.

Within the universe of activities of each company, based on the assessment that their impact is smaller, the following aspects were excluded from the analysis:

Upstream

- Consumption at central/sales offices outside of manufacturing facilities.
- Capital goods (vehicles, machinery, tools, etc.).
- Displacement of employees to go to work.
- Business travel.
- Upstream assets leased.
- Trips to the organisation by visitors or customers.

Downstream

- Transport and distribution.
- Processing of products sold.
- Use of products sold.
- End-of-life treatment of products sold.
- Assets leased in subsequent phases.
- Franchises.
- Investments.

The downstream exclusions are not really exclusions as they are not included in CIE Automotive's footprint scope (from cradle to gate) for the reasons itemised earlier and in order to prevent double counting by the customer, who is the party with the information and responsibility for the downstream phases of our production.

The company currently uses widely acknowledged databases such as Ecoinvent. For its electricity emissions factors, it uses updated databases in each country where it consumes electricity. One of the goals of the Supply Chain Race 2 Zero project is to compile real information about each significant product or service directly from our suppliers. However, the large majority of our suppliers are not yet prepared to provide robust, real data that they can regularly update. Note that a one-off figure is not sufficient; supplier emissions information needs to be updated as they advance on their decarbonisation and emissions-abatement plans. This is part of the coaching and mentoring work we are doing under the umbrella of this supplier programme.

In 2023 surveys were undertaken in at least two factories per region in order to assess the volume of emissions associated with employee commutes to work. The analysis performed in 2023, such that the calculations are based on emissions data for 2022, indicate commute-related emissions ranging from 3.10% of the total in Europe to 0.11% in Asia.

To calculate the
environmental
footprint, **the
company uses
the ReCIPE
methodology
and has the
collaboration of
IHOBE**

Pollution control

CIE Automotive's environmental management system is designed to control its impacts and pollution by identifying the main risks and launching actions locally to eliminate or mitigate them, as required under applicable regulations. Since 2021, the base year for comparative purposes, energy efficiency gains have reduced relative emissions by 52%, to 337,937.72 metric tonnes of CO₂e per €1,000 of revenue.

CIE Automotive's environmental management systems are based on the ISO 14001 standard and ensure pollution does not exceed the thresholds stipulated in prevailing regulations. To control pollution and make the company more efficient and competitive, it carries out audits and works to reduce energy consumption across its facilities.

The company includes environmental cost as a function of revenue as a key performance indicator in its global dashboard. That indicator includes the cost of emissions calculated in terms of emission allowances (EUA), even though the company does not participate in the global emission trading scheme.

In 2023, the company conducted energy audits at different factories, marking the first step in rationalising their real consumption levels, cutting nominal consumption levels using new technology and detecting incidents and inefficiencies.

An agreement has also been reached to certify factories in Europe, Asia and the Americas under ISO50001 so as to make energy efficiency a key component of the company's strategy.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Our response to the environmental challenge

To increase efficiency, it launched 50 initiatives for reducing its energy consumption. Specifically, it tackled a number of Industry 4.0 projects to boost energy efficiency and took steps to electrify its internal vehicles. It created an in-house taskforce to analyse the roadmap for

replacing natural gas at the furnaces used by CIE Automotive, some of the options being to replace gas-fired furnaces with electric furnaces or to use biogas, oxy-combustion or green hydrogen. It also looked at replacing gas heating with heat pumps or electric heating systems.

The effort to reduce emissions includes **the purchase of renewable energy to power the company's facilities**

ENERGY CONSUMPTION

Gigajoules	2021	2022	2023*
Direct energy consumption	1,922,653.06	1,695,060.74	1,760,684.76
Indirect energy consumption from renewable and non-renewable sources	3,885,073.74	3,932,206.88	4,196,857.92
Indirect energy consumption from non-renewable sources	1,971,005.79	1,695,803.31	1,816,574.38
Indirect energy consumption from renewable sources	1,914,067.96	2,236,403.56	2,380,283.54
TOTAL	5,807,726.80	5,627,267.62	5,957,542.68

[For further information on energy consumption by region, refer to the detailed table provided in "Data tables"]

EMISSIONS FOREGONE AS A RESULT OF THE PURCHASE OF ENERGY GENERATED FROM RENEWABLE SOURCES

CO ₂ e TM	2021	2022	2023*
Indirect emissions foregone	139,340.49	216,814.45	228,707.23

The criteria used to calculate the percentage of renewable energy consumed was modified in 2023 to make it more restrictive: in markets with standardised and official guarantee of origin certificates, the percentages only include the renewable energy backed by such certificates, plus energy purchases under PPAs. and self-generation.

(*) Includes emissions from discontinued German forging companies until June 30, 2023.

Chairman and CEO's statement

12023 highlights

2Ready for change

3Record earnings

4Common responsibility, shared benefits

5Our response to the environmental challenge

6Responsible management

About this report

Data tables

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

Purchase of renewable energy

The effort to reduce emissions includes the purchase of renewable energy to power the company's facilities in every market where so doing it possible. In Spain, Portugal and Lithuania, 100% of the power consumed is green. In 2023 it forwent emissions equivalent to 228.707,23 CO₂e TM thanks to the purchase of power generated from renewable sources.

Self-generation

Framed by that same goal or reducing harmful emissions and lowering its energy bills, the company is developing a number of self-generation projects in Europe and India by installing photovoltaic solar panels.

In India, the group is taking strategic steps to shore up its use of green energy. Since 2023, 63% of all the energy used at the factories in the Indian region of Maharashtra is solar power, thanks to CIE Automotive's investment in Strongsun Solar - for the supply of photovoltaic power to CIE India's forging division in Urse and its magnetic products division in Bhosari, respectively - and in INR, for supply to the forging division.

Note also that in the state of Karnataka (India), where Bill Forge has its factories, around 85% of the energy consumed comes from green sources, specifically a mix of wind and sun.

The company is developing a number of self-generation projects in Europe and India

INSTALLED PHOTOVOLTAIC PANEL CAPACITY

Factory	Country	Energy produced 2021	Energy produced 2022	Energy produced 2023
CIE Aluminium Casting Aurangabad plant 3 (HPDC)	IN	305,084	-	-
CIE Aluminium Casting Pantnagar plant 1 (HPDC)	IN	-	667,360	-
CIE India Composites Kanhe	IN	416,130	438,537	488,014
CIE India Forging Division (Pune)	IN	1,230,929	1,305,475	1,355,887
CIE India - MPD	IN	921,166	873,682	945,646
CIE India G&T Pune	IN	473,460	462,854	609,043
CIE India Stampings - Kanhe	IN	342,988	1,383,439	1,260,069
CIE India Stampings - Nashik	IN	546,260	972,586	1,030,969
CIE India Stampings - Rudrapur	IN	124,852	131,882	345,675
CIE India Stampings - Zaheerabad	IN	907,869	872,344	974,503
CIE Galfor	ES	221,360	195,765	196,818
CIE Mecauto	ES	243,391	316,933	299,980
CIE Orbelan	ES	66,236	64,570	67,155
CIE Plasfil	PT	1,082,660	1,111,360	1,594,900
CIE Stratis	PT	196,130	184,060	328,150
CIE Norma	SP	-	-	349,360
CIE Egaña	SP	-	-	289,498

Emissions

Thanks to the measures taken to curb emissions across CIE Automotive facilities, purchase renewable power and self-generate clean energy, the Company managed to reduce its Scope 1 and 2 emissions by 20.54%, to 337,937.7 TM CO₂e, compared to 2022.

Its Scope 3 emissions, i.e., those produced by its supply chain, totalled 4.350.970,9 TM CO₂e, which is 93% of the total. In light of that percentage, CIE Automotive, is working to help its suppliers reduce their carbon footprints through its Supply Chain Race 2 Zero project.

[For further information, refer to the section on Suppliers]

EMISSIONS*

MT CO ₂ e	2021	2022	2023
Direct emissions (Scope 1)	114,760.6	101,153.0	99,072.8
Indirect emissions (Scope 2)	389,477.3	324,162.5	238,864.9
Total Scope 1 and 2	504,238.0	425,315.5	337,937.7
Other indirect emissions (Scope 3)	3,638,882.0	3,891,205.0	4,350,970.9
Total Scope 1, 2 and 3	4,647,357.9	4,741,836.0	4,688,908.7

[For further information on emissions by region, refer to the detailed table provided in the “Data tables and glossary” section.]

(*) Includes emissions from discontinued German forging companies until June 30, 2023.

BREAKDOWN OF TOTAL GROSS GLOBAL EMISSIONS BY COUNTRY. SCOPE 1&2 EMISSIONS

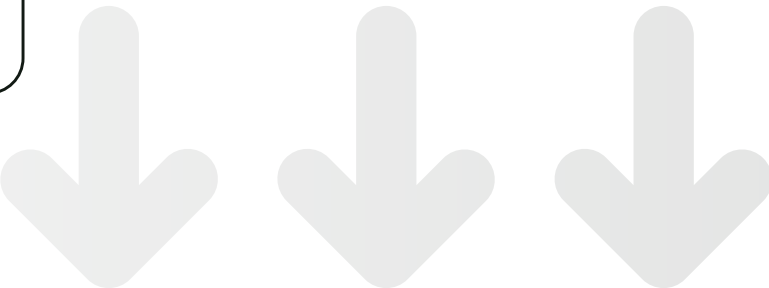
MT CO ₂ e	
India	136,312.3
Mexico	60,639.5
US	31,827.1
Spain	24,825.4
China	24,061.5
Germany	15,407.5
Brazil	12,010.4
Romania	10,200.8
Italy	7,584.6
Czech Republic	9,110.8
Morocco	1,715.7
Lithuania	1,620.1
Slovakia	973.6
France	905.7
Portugal	308.2
Russia	79.9

BREAKDOWN OF TOTAL GROSS GLOBAL EMISSIONS BY REGION. SCOPE 3 EMISSIONS**

TM CO ₂ e	
Asia	1,622,282.1
North America	1,315,438.1
Europe	1,063,741.3
South America	349,509.4

(**) Scope 3 emissions are not included within the scope of the NFRS 23 verification engagement.

CO₂



Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Carbon offset

CIE Automotive's effort to reduce its emissions is based on continuous improvement of its processes. It is only contemplates offsets in the exceptional cases in which there is no technical alternative; for example, it purchases offsets from the airlines to mitigate the CO₂ emissions associated with its business travel.

Note that the commitments assumed and short- and medium-term targets set do not contemplate the company's carbon offsets.

Biodiversity

Given that CIE Automotive carries out its business activities in industrial areas/estates, it believes that its impact on biodiversity is not significant and therefore not material for the purpose of the group's reporting effort. No information is therefore provided with respect to biodiversity in this report.

However, in collaboration with the Basque Ecodesign Center, a project is underway to generate more advanced methodology for analysing biodiversity risks, which is expected to add value in 2025.

Noise pollution

Noise pollution can be a relevant issue, depending on factory technologies and locations. However, CIE Automotive's factories are located in industrial areas at a sufficient distance from residential districts so as not to pose a problem.

Light pollution is not a relevant consequence of CIE Automotive's activities.

The factories are located in industrial areas at a sufficient distance from residential districts so as **not to pose a noise pollution problem**

5.5 Circular economy

Production at CIE Automotive follows circular economy criteria: its products are designed with circularity in mind, resources are used efficiently and waste is minimised and recycled. In 2023, the company carried out a range of projects related with recyclability.

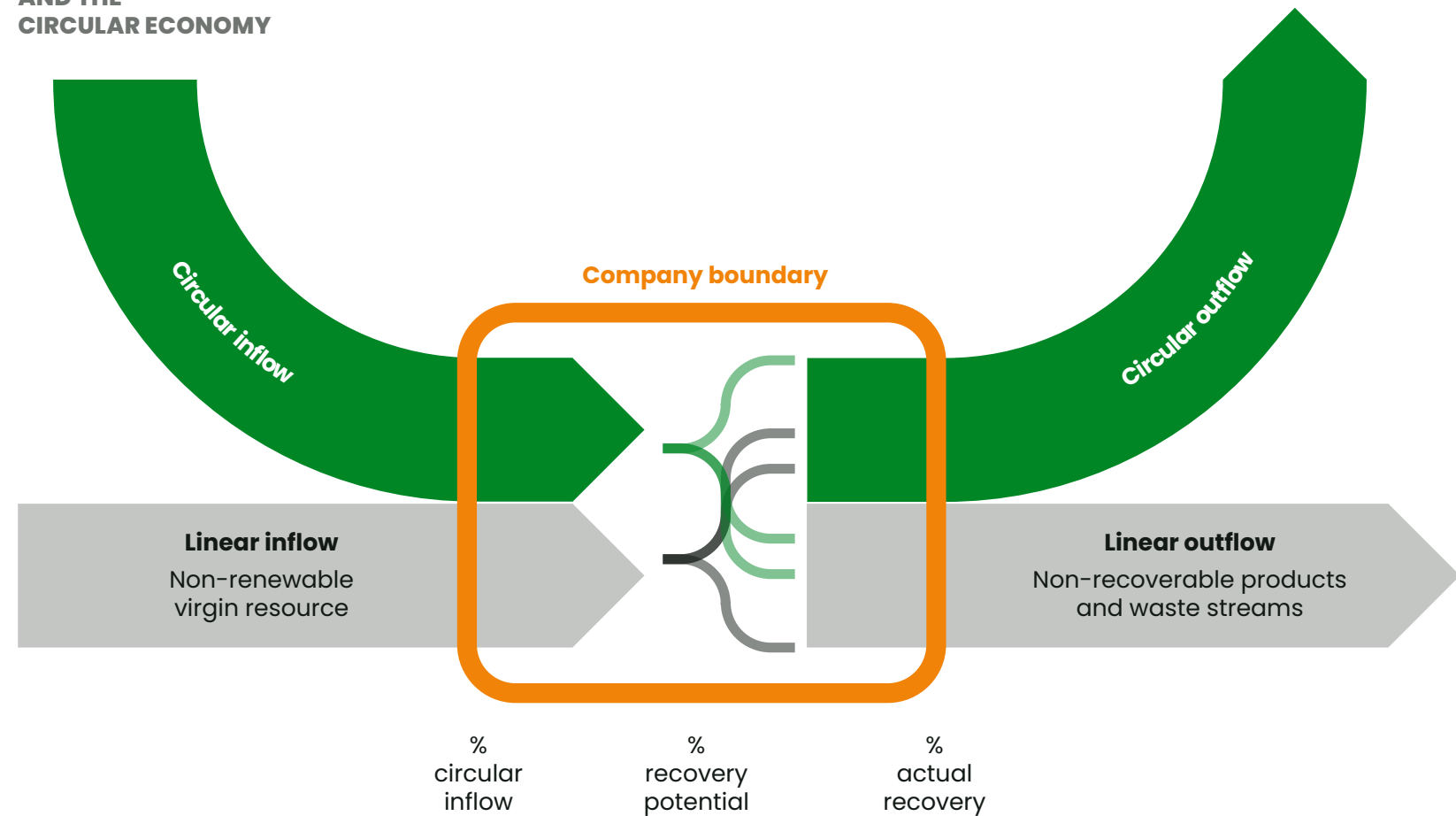
The company develops its products using eco-design and efficiency criteria, taking a life cycle approach, so that improved product recyclability, disassembly and waste sorting is built into its product blueprints.

The industrialisation of any product entails an assessment of the environmental aspects of its production, from raw materials to waste disposal. In choosing materials, the company relies on guides and lessons learned and specifically complies with regulations regarding the labelling of polymeric materials to facilitate their sorting and recycling.

To enhance its circular economy strategy, the 2025 Strategic Plan contemplates a series of circularity-specific KPIs, based on the World Business Council for Sustainable Development (WBCSD) and its Circular Transition Indicators. The information gathered will tell the company, for example, how many times the water drawn gets used, which waste can be recycled and which cannot and what effects the factories' manufacturing activities have on biodiversity.

*[For further information, refer to section
eco-efficiency and circularity]*

CIE AUTOMOTIVE AND THE CIRCULAR ECONOMY



Consumption of water and material resources

CIE Automotive uses water extensively in making parts that require material transformation at high temperatures. The use of water at its factories is not relevant by comparison with other manufacturing industries. Although the company has a clear commitment to reducing water consumption as a general KPI, the ratio of water consumption per product made is actually very low.

In order to minimise water discharges, the company has proprietary water treatment systems that enable its recirculation and recovery. The wastewater that reaches public treatment plants through wastewater pipes has therefore already been treated by the company.

One of the circular transition indicators calculated by CIE Automotive is the volume of water reused in the production facilities. That recirculation is concentrated primarily in the refrigeration circuits.

Water consumption totalled 1,625,246.72 megalitres/year in 2023, and water intensity was 0.40, compared to 0.41 in 2022.

The CAPEX and OPEX related with water are very low and are not subject to any specific monitoring. However, the company does have several water minimisation projects underway in collaboration with customers, related for example with dry machining.

[For further information on consumption by region, refer to the detailed table provided in the “Data tables and glossary” appendix]



WATER CONSUMPTION AND WITHDRAWAL

m³/ year	2021	2022	2023*
Surface water	196,216.0	243,200.0	238,183.3
Underground water	346,149.2	361,348.6	354,171.0
Rainwater	18,842.0	10,278.0	10,849.0
Municipal networks	1,037,669.0	1,042,342.6	1,022,043.4
TOTAL	1,598,876.2	1,657,169.2	1,625,246.7

VOLUME OF WATER RECIRCULATED

m³/ year	2021	2022	2023*
TOTAL	64,204,133.8	56,215,145.2	49,373,561.4

(*) Includes emissions from discontinued German forging companies until June 30, 2023.

Raw materials

Chairman and CEO's statement

12023 highlights

2Ready for change

3Record earnings

4Common responsibility, shared benefits

5Our response to the environmental challenge

6Responsible management

About this report

Data tables

The company reviews all of its processes constantly to ensure the responsible use of raw materials. A good example of this practice is the concerted effort to reduce the gross weight of the products it makes. That effort translates into the use of fewer materials and lowers the generation of waste and consumption of energy and other products needed in the manufacturing process.

At present, 35% of the raw materials used by the group are recycled.

[For further information on consumption by region, refer to the detailed table provided in the "Data tables and glossary" appendix]

MATERIAL CONSUMPTION

Kg	2021	2022	2023*
Raw materials used	1,448,043,709.2	1,230,298,192.7	1,532,506,681.7
Raw materials recovered	1,230,298,192.7	551,193,852.4	417,722,719.8

(*) Includes emissions from discontinued German forging companies until June 30, 2023.

Plastic

Some of the company's parts are made from thermoplastics (PP, PA, PC, ABS, PC/ABS, joints, etc.) and others, fewer, from thermostable plastics. The company also uses plastic to wrap its products In total, the company used 61,243.65 MT of plastic*.

To reduce the use of plastic in its packaging, the company is working on projects with its customers for the use of returnable boxes. These initiatives will be included in the companies' decarbonisation plans.

To reduce the use of plastic in its packaging, the company is working on projects for the use of returnable boxes

Waste management

CIE Automotive deploys a recycling system that enables the internal recovery of thousands of tonnes of remains deriving from its various productive processes. The waste generated that cannot be recycled is collected by expert handlers which prioritise recycling over the landfill disposal method. In 2023*, 1.69% was sent to landfills 87.35% was reused and the remaining 10.96% was directed to other forms of disposal.

Aluminium

The injection moulding and machining processes generate sizeable amounts of remains such as sprue, risers, starting pieces, etc. from the injection moulding process and shavings from the machining process. In both instances, the company reuses these remnants in the casting process.

Plastic

The plastics division recycles sprue and other remains returned by its injection moulding process.

Steel

This is the material with the highest associated volume of waste. As it cannot be recycled in full within the group's factories, it is delivered to a number of different local suppliers for full reuse.



Responsibility for waste generation does not end when that waste is removed from CIE Automotive's facilities. In addition to its waste minimisation plans, the company has devised a new waste classification system sorted by method of elimination, thereby seeking to reduce its environmental impact.

Food waste

Regardless of the fact that, due to the group's main activity as a manufacturer of automotive parts and components, this is not a material issue, CIE Automotive carries out different measures to avoid food waste. For example, the start-up of some biogas generation facilities from the food waste generated.

WASTE MANAGEMENT

MT	2021	2022	2023*
Hazardous waste disposed of	17,457.9	17,462.1	21,441.7
Non-hazardous waste disposed of	355,293.2	324,307.3	358,629.6
TOTAL	372,751.1	341,770.0	380,071.2

[For further information on waste generation by region, refer to the detailed table provided in the "Data tables and glossary" appendix]

(*) Includes emissions from discontinued German forging companies until June 30, 2023.

5.6

Contribution to the decarbonisation of transport

CIE Automotive's business is making a decisive contribution to the decarbonisation of road transport insofar as its parts are being incorporated into zero-emission vehicles. As a result, CIE Automotive's business qualifies as eligible for EU Taxonomy purposes as it is a priority for the region's the climate mitigation and climate change adaptation objectives.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

COMPLIANCE WITH REGULATION (EU) 2020/852 ON CLIMATE TAXONOMY

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

The EU Taxonomy is a classification system establishing the conditions that an economic activity has to meet in order to qualify as environmentally sustainable; specifically an activity must make a substantial contribution to one or more of the six environmental objectives established by the European Union, without having a significant detrimental impact (the Do No Significant Harm principle) on the other five, while meeting certain minimum social safeguards, defined as ILO Core Labour Conventions, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

The ultimate goal of the Taxonomy is to redirect investment flows towards climate neutrality (net zero GHG emissions) via a two-pronged plan: helping players in the financial sector to decarbonise their securities and credit portfolios and giving non-financial companies (such as CIE Automotive) increased access to financing for technology, products and services in line with the guidelines set in the green transition framework.

Following an analysis of its activities, CIE Automotive concluded that its productive processes, despite applying a range of methodologies, are encompassed by economic activity code NACE C29.3.2. Manufacture of other parts and accessories for motor vehicles.

That economic activity is identified in Commission Delegated Regulation 2023/2485 of 27 June 2023, within the climate change mitigation objective, under code **3.18. Manufacture of automotive and mobility components**, which is defined as follows:

Manufacture, repair, maintenance, retrofitting, repurposing and upgrade of mobility components for zero-emission personal mobility devices and of automotive and mobility systems, components, separate technical units, parts and spare parts as defined in Article 3, points (18) to (21) and (23) of Regulation (EU) 2018/858 of the European Parliament and of the Council, type approved, designed, and constructed for use only in vehicles and buses of category M1, M2, M3, N1, N2 and N3, and in Article 3, points (15) to (18) and (21) in Regulation (EU) 168/2013 of the European Parliament and of the Council, type approved, designed, and constructed for use only in vehicles of category L meeting the criteria set out in this Section and which are essential for delivering and improving the environmental performance of the vehicle.

As a result, as defined in the Regulation, CIE Automotive's economic activity is Taxonomy-eligible in 2023. Given that this activity is being reported for the first time this year, as prescribed in Article 5 of Commission

Delegated Regulation 2023/2485 of 27 June 2023, this year the Group only has to report eligibility; the alignment disclosures will be mandatory next year.

In addition, in order to comply with the Regulation's requirements, the Group assessed the materiality of the three KPIs – turnover, CapEx and OPEX – in relation to the rest of the activities described in the Regulations, as outlined next.

TURNOVER

The key performance indicator (KPI) related to turnover is calculated as the percentage of turnover derived from Taxonomy-aligned activities (numerator) over total company turnover (denominator). Turnover is defined as the revenue recognised pursuant to International Accounting Standard (IAS) 1, paragraph 82(a), as adopted by Commission Regulation (EC) No 1126/2008.

CIE Automotive, S.A. reports an eligible turnover KPI associated with activity 3.18 equivalent to 13.4% (turnover of 531,588 thousand euros). This percentage is arrived at by assigning each automotive part made by each of our factories to each of the original equipment makers that exist in the world. To obtain the percentage of electric vehicles made by all the platforms, CIE Automotive relied on information reported by IHS Markit, one of the largest data and analytics providers for many industries, with a solid presence in the automotive sector. IHS Markit provides the percentages of pure electric vehicles manufactured globally by each platform. CIE Automotive uses those percentages and the sales figures by platform as the basis for estimating turnover associated with zero-emissions vehicles.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

CapEx

The CapEx KPI is measured as the percentage of fixed assets invested in eligible economic activities (numerator) over total assets acquired in the course of 2023 (denominator). That denominator (Total CapEx) is defined as additions to tangible and intangible assets during the financial year considered before depreciation, amortisation and any re-measurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes. It also includes additions resulting from business combinations. Accordingly, Total CapEx covers the costs recognised in keeping with IAS 16, IAS 38, IAS 40, IAS 41 and IFRS 16. In 2023, the CIE Automotive Group's CapEx totalled 311,884 thousand euros.

With respect to activity 3.18. Manufacture of automotive and mobility components, the Group attempted to estimate how much of its CapEx is associated with that activity. That was not possible, however, since the physical assets used to make a part for use in an electric vehicle (eligible activity) are for the most part the same assets as are used to make parts for use in a non-electric vehicle (non-eligible activity). The company is working to develop and improve its methodology and technological toolkit to enable it to directly identify the CapEx associated directly with the eligible activity.

As for the rest of its CapEx, the Group assessed whether the activities described in the Regulations are activities carried out by CIE Automotive, concluding that the amount of associated CapEx is not material.

Likewise, in an attempt to comply with the Regulation requirements, the Tables include the most significant activities, even though the KPI reported by the company is equivalent to 0%, specifically, activities 7.3 Installation, maintenance and repair of energy efficiency equipment and 7.6 Installation, maintenance and repair of renewable energy technologies, which account for just 323 thousand euros, just 0.1% of the company's Total CapEx.

It was concluded, therefore, that eligible CapEx under the Taxonomy is equivalent to 0%, so that alignment was not assessed for these activities; nevertheless, the eligible figures are provided in the section titled "Data tables and glossary".

OpEx

The OpEx KPI is defined as the percentage of Taxonomy-eligible OpEx (numerator) over total qualifying OpEx (denominator). That denominator covers direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

In 2023, the CIE Automotive Group's qualifying OpEx amounted to 60,045 thousand euros, equivalent to 1.7% of the CIE Automotive Group's total OpEx in 2023 (3,567 million euros), so that the Group's qualifying OpEx is considered non-material and, as prescribed in section 1.1.3.2 of Annex I of the Commission Delegated Regulation of 6 July 2021, the numerator is therefore disclosed as being equal to zero, although the denominator is disclosed.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

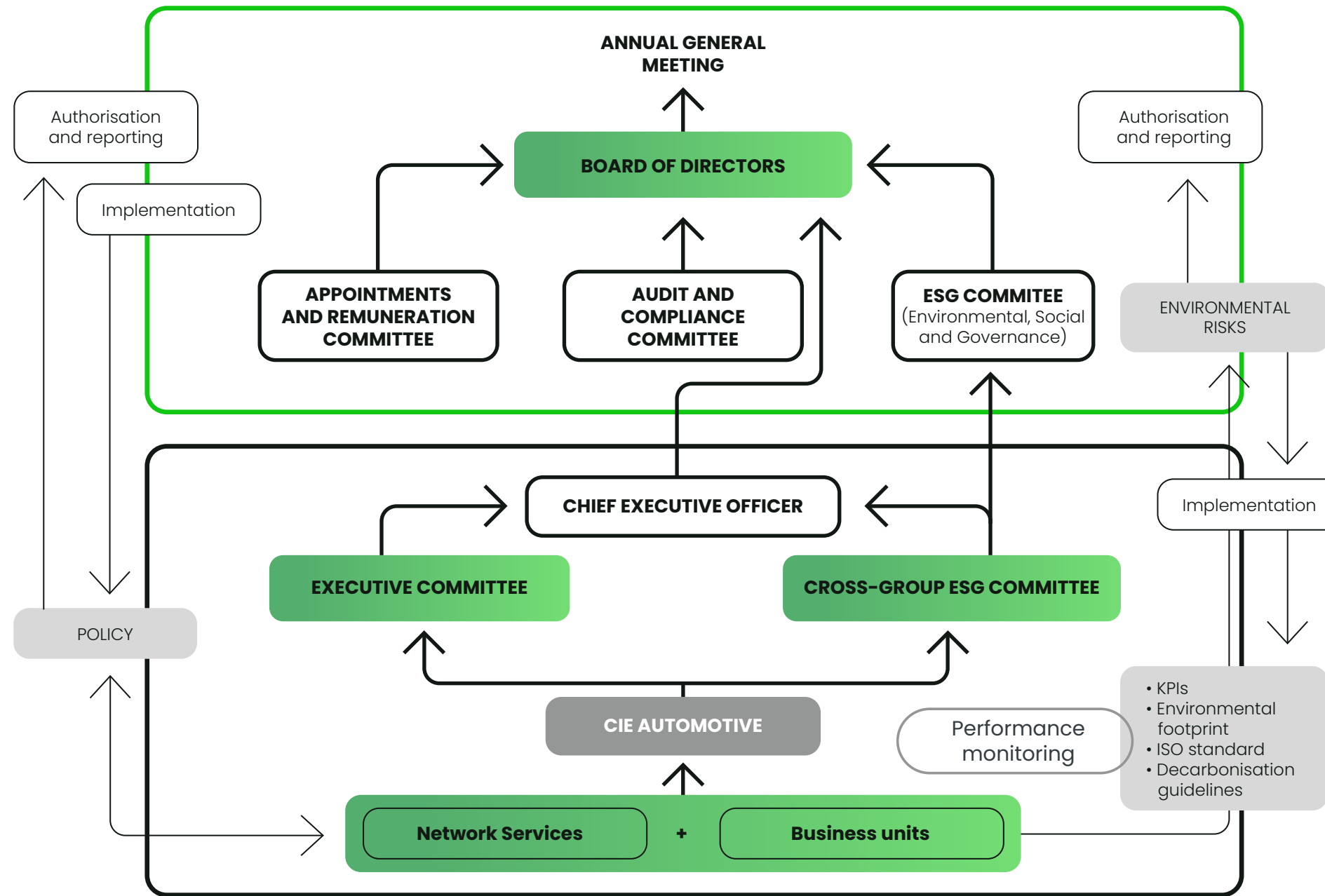
Environmental risk management

The risk of accidents is covered by the company's civil liability insurance, while the company underwrites gradual pollution risk for the following factories in Spain: CIE Alcasting (aluminium), CIE Amaya (machining), CIE Galfor (forging), CIE Inyectametal (aluminium) and CIE Vilanova (aluminium). The last three facilities have integrated pollution prevention control (IPPC) permits. The claims limit on that gradual pollution insurance policy for those five factories is €3 million.

To reinforce the management of its environmental and safety risks, CIE Automotive is working on a joint project with the technical department at its insurance broker, which is part of a bigger project addressed in the "Customer satisfaction" section. Specifically, a series of risks are being evaluated and prioritised in accordance with criteria established by the broker's risk engineers with the idea of formulating plans for their elimination, or at least mitigation. In 2023, this project focused on factories in North America, Brazil and India, prioritising the largest facilities or those with most assets involved. There were also follow-up visits to factories already inspected in prior years.

Climate change also poses a threat to the company's ability to attain its strategic targets. To that end, CIE Automotive includes climate change risk in its risk mapping process, addressing not only the risks deriving from the company's impact on the environment and climate change, but also the risks posed to the company by the environment and climate change, and the interrelationship between the two.

RISK ANALYSIS AND TARGET AND SCENARIO GENERATION



The chart depicts the environmental governance regime, which includes the establishment and implementation of policies, the management of environmental and climate risks, the oversight and execution of measures and the tracking of mitigation plans using indicators and other monitoring tools.

It shows how the regime involves every part of the company, from the company's shareholders to the business units. The details of the system and how it works are set down in the regulations of the Board and its committees, including the ESG Committee, which are available for public consultation on the company's website, within the corporate governance section.

This governance model is the upper layer in the climate risk management model described next.

Climate risk map

RISK MAPPING: PROCEDURE AND SCOPE

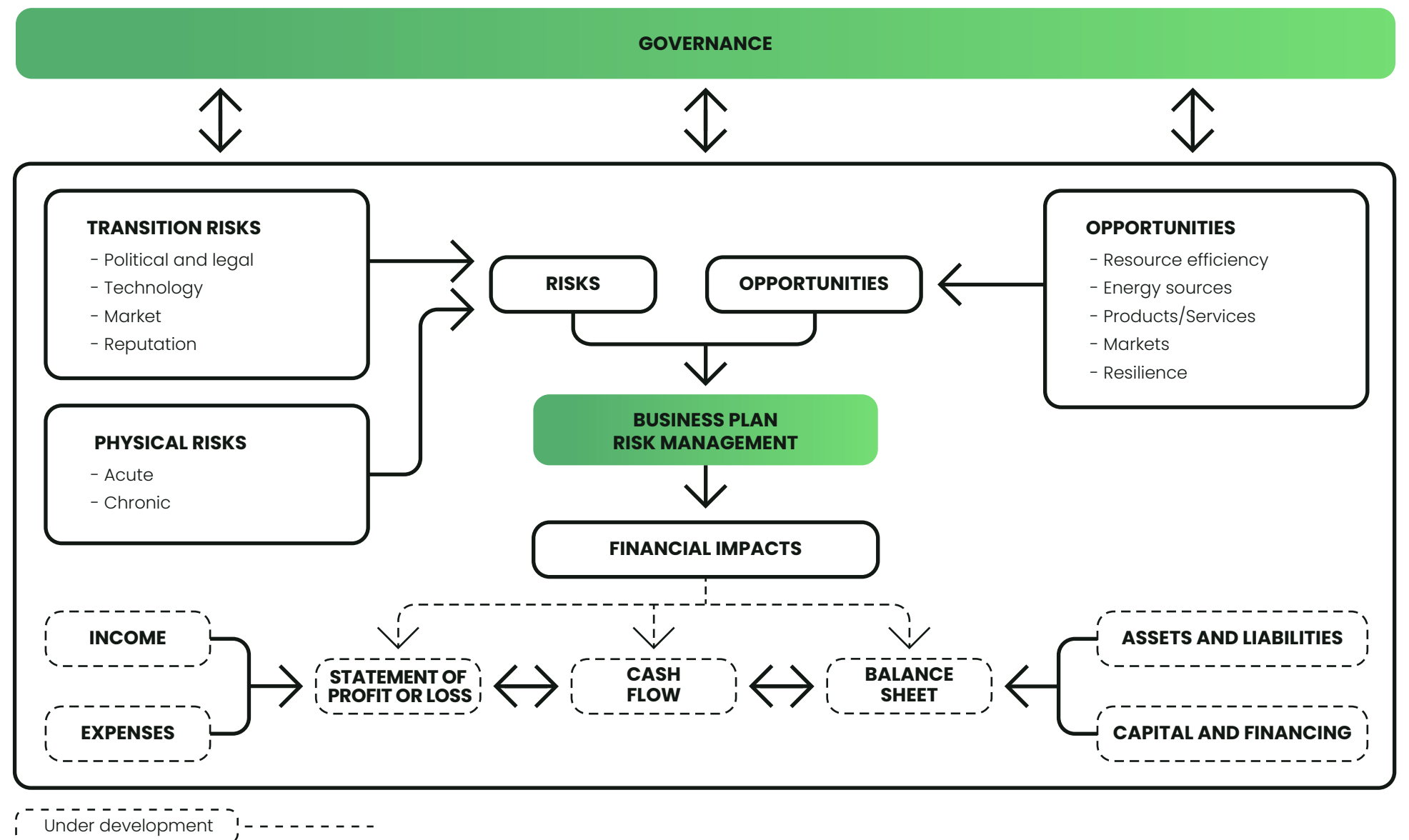
The climate risk assessment contemplates transition and physical risks and also focuses on the opportunities that climate change could generate.

The accompanying chart depicts the classification of risks and opportunities considered in this process so that they can be assessed, including their financial impact, and subsequently managed and mitigated. The

process of measuring the financial impact of these risks is currently under development so as to cater to the needs and requirements brought to us by our stakeholders in recent years and those we expect to face in the coming years.

In response to demands from our stakeholders and in line with the 2025 Strategic Plan, in 2023, CIE Automotive updated and broadened its climate risk map, a process which involved a bigger number of its professionals. Specifically, in 2023, the company assessed 12 risks, gathering input from 145 professionals in total.

The climate risk map is integrated within CIE Automotive's enterprise risk management (ERM) system, which follows ISO 31000 methodology, so as to provide reasonable assurance that all significant climate risks are duly identified, evaluated, prevented and continuously monitored. Those risks are approved at the board level and managed in keeping with defined risk tolerance thresholds.



Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

Our response to the environmental challenge

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

The risk and opportunity assessment process is depicted schematically in the chart above. It shows the types of physical and transition risks, the method used to identify risks and how they are modelled for different scenarios.

Those scenarios cover quantitative variables, such as the trend in GDP by country, car ownership indices and S&P IHS production data in the case of transition risks. They also contemplate qualitative variables. Other quantitative variables such as temperature changes, heat stress, changes in precipitation types and patterns (rain, hail, snow and ice) and water stress are used for physical and transition risks but are more important to the former.

The scenarios contemplate time horizons that start from current data or from 2020 in the absence of more recent data and run to 2030 and 2050, the deadline by which CIE Automotive has pledged to be climate neutral.

The process also considers qualitative variables derived from sector analyses and studies sourced from organisations such as ACICAE, SERNAUTO and EG VIA, and from public and private studies by different consultancy firms and analysts who collaborate with CIE Automotive.

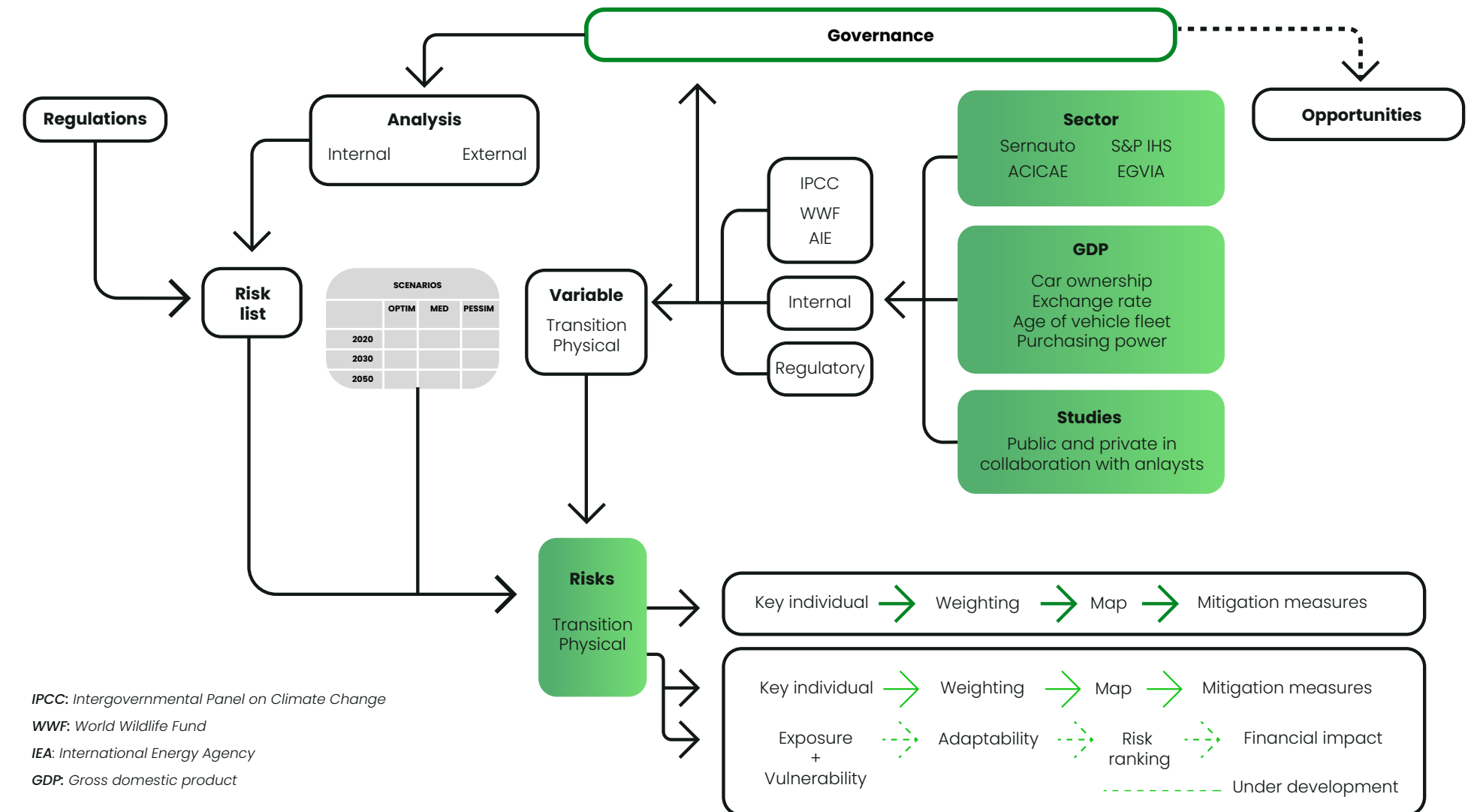
Based on this information, the Environment Department selects and describes the risks identified as most material for the company. The entire process is supervised by the governance layer outlined above.

To categorise the risks, the organisation identifies key individuals with different backgrounds and duties and deep knowledge and involvement at the local or factory levels and at the country or regional levels and at the overall group level. Once the weightings are applied, the climate risk map takes shape **[refer to section "Climate risks evaluated in 20223"]** and the corresponding mitigation

measures are presented and duly and coherently associated with the Strategic Plan, which is available on the website in both standard format and in the form of streamed presentation by management.

A detailed procedure is being drawn up for tackling physical risks so as to consider exposure and vulnerability separately (this

aspect was prioritised in 2023). Adaptability criteria will be layered in subsequently to create a ranking of risks and the last step will be to assess the financial impact of the various climate risks. Note that the financial impact assessment aspect has yet to be comprehensively regulated so that this process will also need to factor in the definitive regulations.



IPCC: Intergovernmental Panel on Climate Change
WWF: World Wildlife Fund
IEA: International Energy Agency
GDP: Gross domestic product

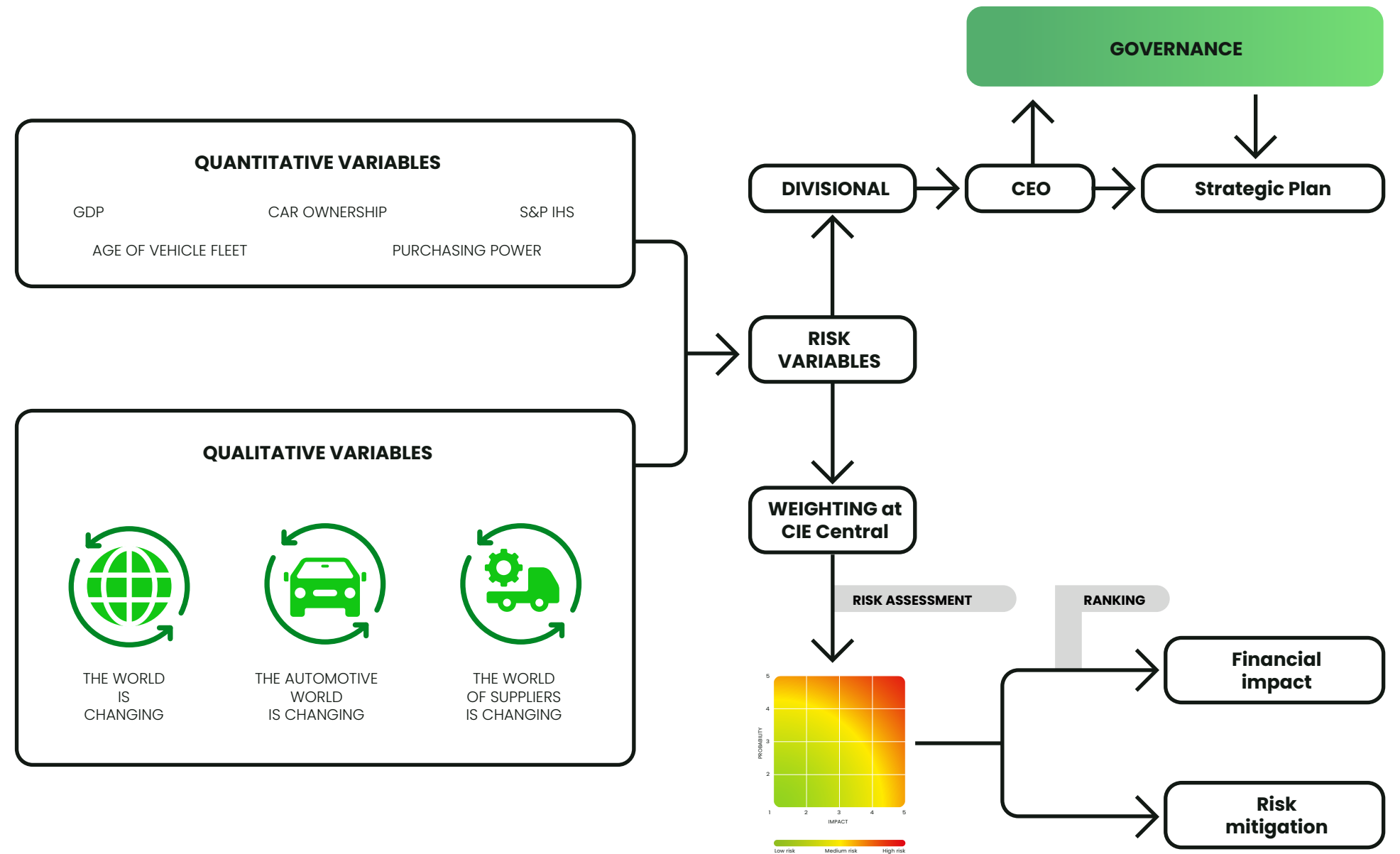
Our response to the environmental challenge

Chairman and CEO's statement

The transition risk assessment is based on an internal and external context analysis. This analysis considers qualitative and quantitative variables, the latter mostly external. The qualitative factors analysed were classified as follows:

- The world is changing
- The automotive world is changing
- The supplier world is changing

This is evident in the 2025 Strategic Plan documents and in section 2.1 of this report, where the associated opportunities are also analysed.



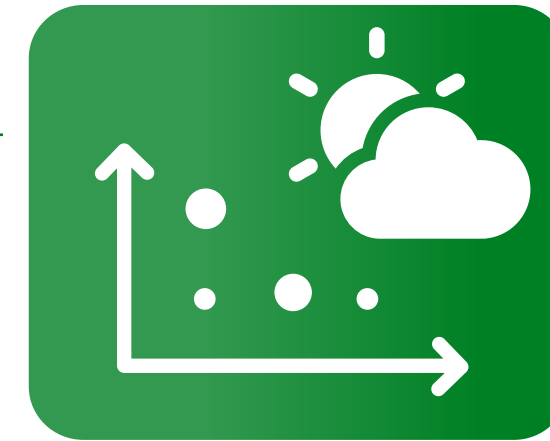
- 2023 highlights
- Ready for change
- Record earnings
- Common responsibility, shared benefits
- Our response to the environmental challenge**
- Responsible management

About this report

Data tables

145 people participated in drawing up this year's climate risk map

In total, 145 people participated in drawing up this year's climate risk map (the same number as in 2022). The participants answered a questionnaire considering each risk factor over a time horizon to 2050 and their geographic and technology purviews in providing their answers so that some respondents were in a position to assess a given risk for more than one technology and/or market.



Risk mapping: procedure and scope

The climate risk map was drawn up using the same methodology as the main risk map, which is updated annually. It applies across the entire organisation, stems from the ERM and is the responsibility of the company's key management personnel, management team and specific local managers with expertise in environmental management at the factory level, who are tasked with evaluating the various identified risks:

1

From the standpoint of residual risk: considering the measures already in place at CIE Automotive in order to mitigate the potential impact of their materialisation.

2

Based on the probability of occurrence in the future, by 2050, in line with the company's goal of being climate neutral by that year.

5 - Very high

4 - High

3 - Medium

2 - Low

1 - Very low

Materialisation of the risk would affect the organisation imminently (in the next three years).

Materialisation of the risk would affect the organisation by 2030.

Materialisation of the risk would affect the organisation in 10 years' time, between 2030 and 2040.

Materialisation of the risk would affect the organisation in 20 years' time, by 2040.

Materialisation of the risk would not affect the organisation until 2050.

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

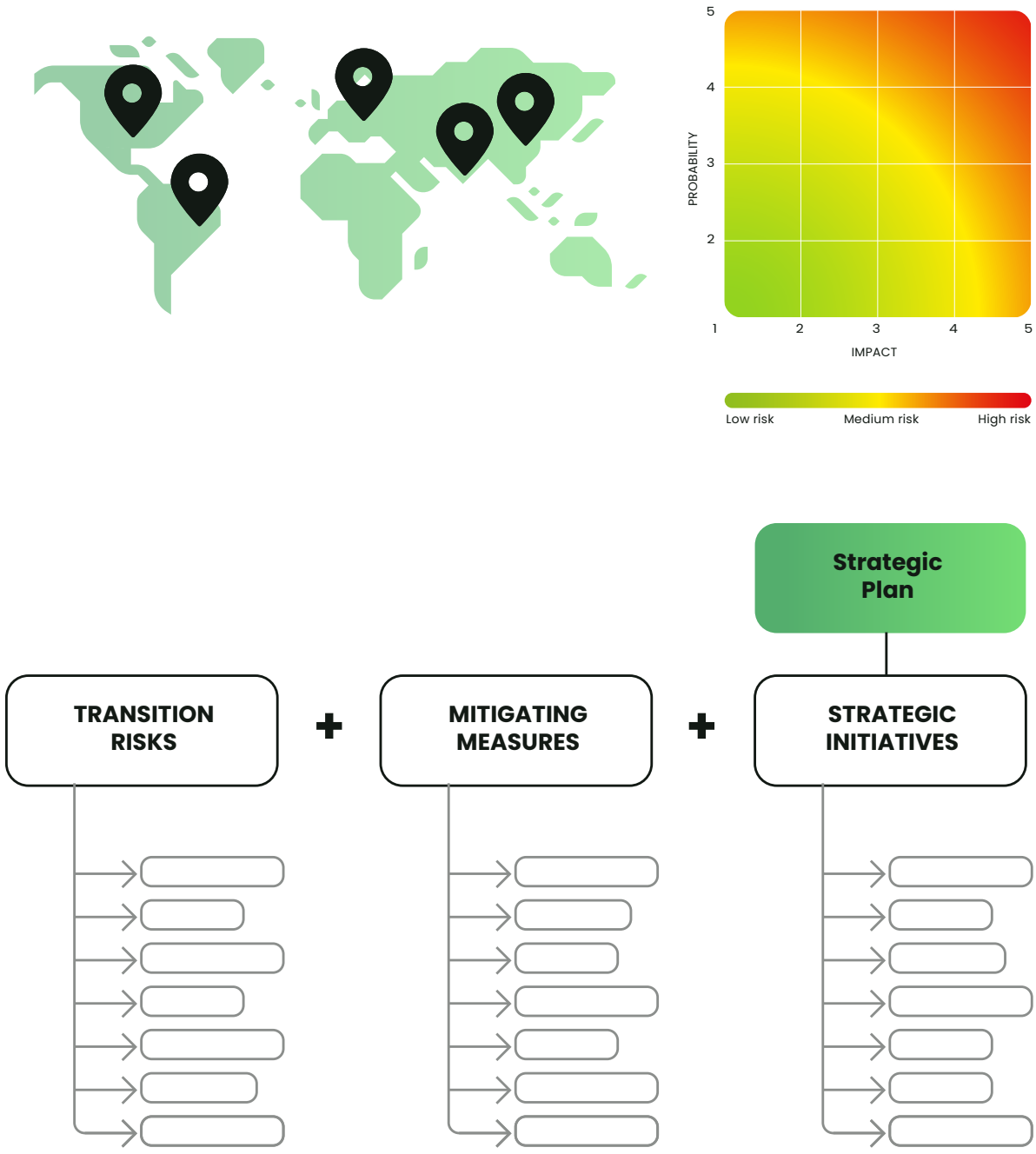
3

Based on their impact along three dimensions: economic, organisational and/or reputational.

	5 – Very severe	4 – Severe	3 – Significant	2 – Moderate	1 – Very moderate
Economic impact	Very severe adverse impact on EBITDA. An adverse impact on P&L of >5%.	A severe adverse impact on EBITDA. An adverse impact on P&L of >3.5% but <5%.	A significant reduction in EBITDA guidance. An adverse impact on P&L of >1.5% but <3.5%.	A slight reduction in EBITDA guidance. An adverse impact on P&L of >0% but <1.5%.	No change in existing EBITDA.
Organisational impact	Materialisation of the risk requires intervention by the Board of Directors.	Materialisation of the risk requires intervention by the CEO.	Materialisation of the risk can be resolved at the corporate level.	Materialisation of the risk can be resolved at the division level.	Materialisation of the risk can be addressed at the factory level.
Reputational impact	Reputational damage stemming from several actions that have a severe impact on the company's image and its share price.	Reputational damage stemming from several actions that impact the company's image and its share price.	Occurrence of an event that is picked up by high-profile media and reaches the regulator/analysts.	Occurrence of an event that is picked up by the local media.	No impact.

(*) P&L = Statement of profit or loss

RIKS ANALYSIS. Transition risks



The transition risk assessment followed similar methodology. Here the company saw fit to incorporate more quantitative

variables from a range of recognised and standardised sources, some of which are detailed below.

CLIMATE HAZARD CATEGORY

PELIGROS	FREQUENCY	CLIMATE ELEMENT	CLIMATE HAZARD CATEGORY
Physical	Chronics	Temperature	Temperature variations (air, fresh water, sea water)
Physical	Chronics	Temperature	Thermal stress
Physical	Chronics	Temperature	Temperature variability
Physical	Chronics	Temperature	Thawing permafrost
Physical	Acute	Temperature	Heat wave
Physical	Acute	Temperature	Cold wave/frost
Physical	Acute	Temperature	Forest fire
Physical	Chronics	Wind	Variations in wind patterns
Physical	Acute	Wind	Cyclone, hurricane, typhoon
Physical	Acute	Wind	Storm (including snow, dust or sand storms)
Physical	Acute	Wind	Twister
Physical	Chronics	Water	Variations in precipitation types and patterns
Physical	Chronics	Water	Precipitation or hydrological variability
Physical	Chronics	Water	Ocean acidification
Physical	Chronics	Water	Salt intrusion
Physical	Chronics	Water	Rising sea levels
Physical	Chronics	Water	Water stress
Physical	Acute	Water	Drought
Physical	Acute	Water	Heavy precipitation (rain, hail, snow or ice)
Physical	Acute	Water	Floods (coastal, fluvial, pluvial, underground)
Physical	Acute	Water	Glacial lake overflow
Physical	Chronics	Solid mass	Coastal erosion
Physical	Chronics	Solid mass	Soil degradation
Physical	Chronics	Solid mass	Soil erosion
Physical	Chronics	Solid mass	Solifluction
Physical	Acute	Solid mass	Avalanche
Physical	Acute	Solid mass	Landslide
Physical	Acute	Solid mass	Land subsidence

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

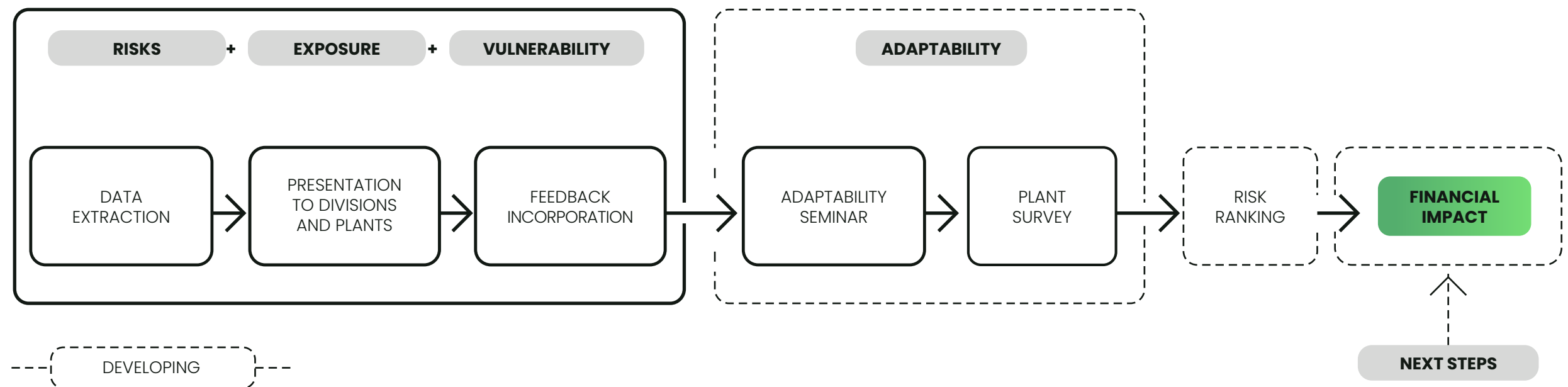
Data tables

Our response to the environmental challenge

Chairman and CEO's statement

All of this brings us to the above-mentioned risk assessment project, launched in 2023 to strengthen the process and align it with our stakeholders' latest demands and round it out by adding financial impact measurement, along with subsequent control and oversight. However, as already underlined, the last steps of this end-to-end process (shown below) will take place in the future, adapting for the implementation of recently announced new regulations and requirements.

In keeping with above schematic depicting the overall process to be developed and implemented.



The entire process is monitored via the **internal management tool, SAP GRC**

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

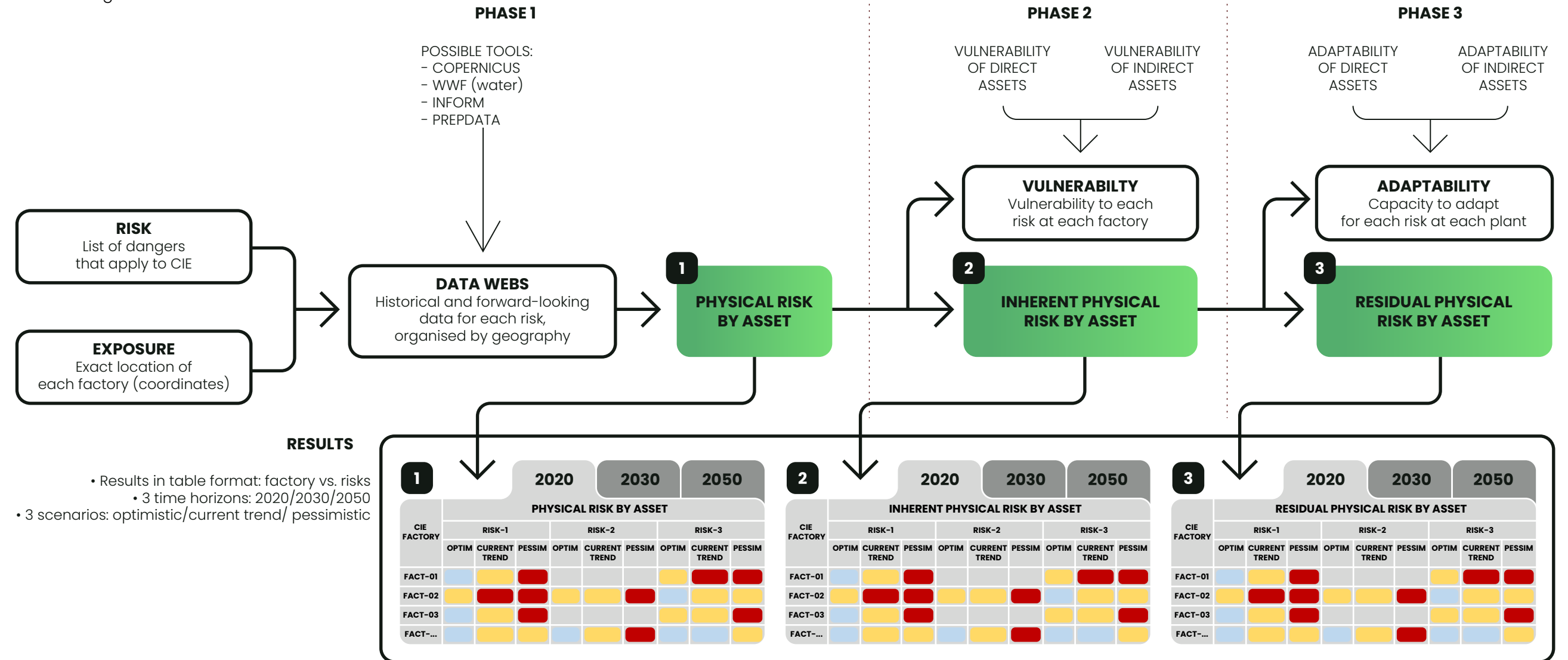
6 Responsible management

About this report

Data tables

Our response to the environmental challenge

Below is a description of the areas of focus in 2023 and again for 2024:



This whole process is jointly organised by the corporate Environment and Compliance Departments and the results are presented to the Audit and Compliance Committee for validation and approval; the Audit and

Compliance Committee in turn reports on its approval to the Board of Directors.

The climate risk map can be viewed globally, by region, by technology, by region and

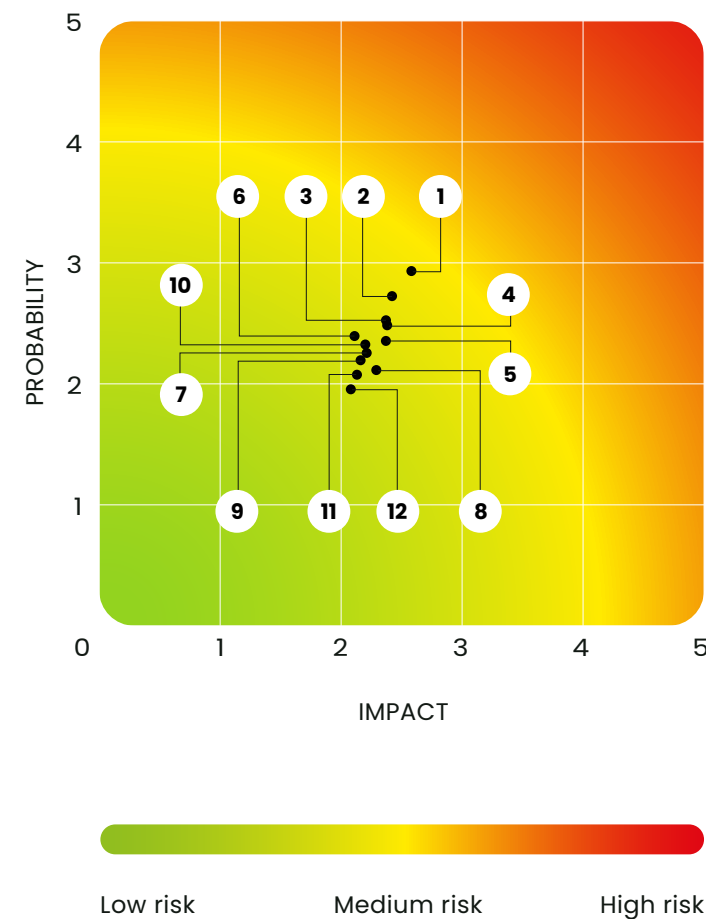
technology and it quantifies the theoretic impact, in euros, on EBITDA of the potential materialisation of each risk. In a new addition this year, for certain risks the map also displays all of the controls launched in

each region and for each technology during the year, making it possible to visualise internal control delivery by factory with a breakdown by control, control owner and control evidence.

Climate risks assessed in 2023

Below is a list of the most relevant climate risks to which the group is exposed and which are evaluated in the course of drawing up its risk map:

CLIMATE RISK MAP



- Margin risks
- Market/product mix risks
- Supply chain risks
- Investment risks
- Political and legal risks
- Technology risks
- Location risks
- Reputational risks
- Manufacturing process risks
- Acute physical risks
- Chronic physical risks
- Water stress risks

The heat map shows that none of the risks assessed presents a probability of occurrence of over 3 or an impact of over 3. Nevertheless, here we describe the most important risks and how the company is planning to mitigate them, an effort that is complemented, as explained, by the group's Strategic Plan.

All the risks assessed presented a probability of **occurrence or potential impact of less than 3**

- 2023 highlights
- Ready for change
- Record earnings
- Common responsibility, shared benefits
- Our response to the environmental challenge
- Responsible management

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

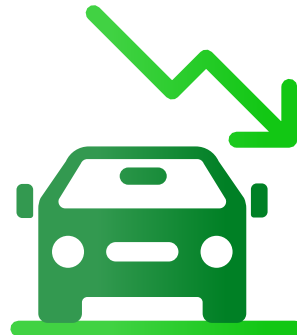
4 Common responsibility, shared benefits

5 **Our response to the environmental challenge**

6 Responsible management

About this report

Data tables



**MARKET/
PRODUCT
MIX RISKS**

**MARGIN
RISKS**

**SUPPLY
CHAIN RISKS**

Action plan and risk mitigation

It is still too early to tell when the automotive sector will revisit pre-pandemic production and sales levels, all the more so considering the various market developments mentioned throughout this report and the fact that market changes are currently unfolding with such great speed. The company plans to reinforce the flexibility of its model to adapt to unfolding and future customer needs and emerging trends. Product portfolio diversification will give it a unique ability to adapt relative to its competitors. A portfolio in which more than eight out of every 10 products are independent of a vehicle's propulsion system and therefore not impacted by the sector electrification trend. For the rest of its parts, the company is working from the technological and market standpoints to make the most of the opportunities emerging in the battery, engine/motor, power electronics and gearshift areas. As for the risk associated with products for which there is no clear substitute in zero-emission cars, CIE Automotive plans to increase its presence in those that have a bigger role to play in the vehicle light-weighting trend (forged chassis and suspension parts) and in machined shafts and gears. It also wants to actively pursue business in technologies that customers are likely to outsource in order to focus on new challenges, such as connectivity, automated driving and the provision of embedded software solutions. In parallel, the company will continue to focus on its innovation effort in these same areas which is expected to give the company a winning edge in the coming years, positioning it to take advantage of the opportunity to consolidate the resulting market. The transition towards a low-carbon economy will highlight the efforts companies like CIE Automotive have been making for years to introduce eco-design concepts from the earliest stages of product development

and build circularity into all of their processes. What does look likely is that over a medium-term horizon the automotive companies stand to emerge stronger from the crisis to the extent they can adapt to the new scenario, foreseeably characterised by the following factors, on which CIE Automotive is already specifically working:

- Reduction of surplus capacity.
- Concentration processes: fewer players but companies that are larger, more diversified and more resilient in the face of future crises.
- Strategic alliances designed to share the investment needed to prepare for sector transformation.
- Greater financial control and discipline.
- Eco-efficiency and circularity.
- Commitment to mitigating environmental impacts.

CIE Automotive's business model has already proven its resilience and counter-cyclical credentials in the face of numerous crises thanks to the combination of geographic, technological and customer diversification, framed by a decentralised management model and strict financial discipline. Lastly, in the shorter term, the company is currently focused on locking in access to the raw materials it needs, to which end it is reinforcing its GLOCAL (global management with local application) purchasing model, coupled with its multi-location footprint, to be close to the OEMs and not have to depend on global supply chains.

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

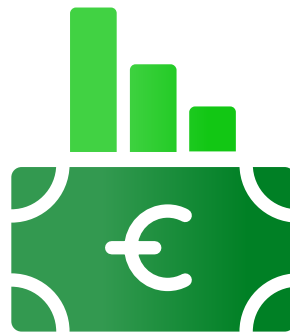
4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables



INVESTMENT RISKS

TECHNOLOGY RISKS

Risks associated with greater uncertainty regarding returns on investment: the changes needed to achieve carbon neutrality could spell higher investments in different volume and margin scenarios to those navigated to date. Those investments may make it possible to process more sustainable materials, use more sustainable and climate-neutral sources of energy, devise more circular manufacturing processes or deliver parts with better eco-design and sustainability attributes. Manufacturing technology is what CIE Automotive does. That is why it is essential to monitor how it evolves, that being one of the most recurring and important tasks performed by each division. Thanks to that constant monitoring, the company sees a bright future for the technologies it is active in. In some of those technologies, the challenge lies with taking advantage of the growth opportunities being thrown up by emerging trends; in others, they key lies with maximising competitiveness by leveraging innovation, Industry 4.0 tools and the cost efficiency that sets the group apart. In sum, to turn the risk posed by new trends into an opportunity to attain leadership.

Action plan and risk mitigation

In all areas of the group, CIE Automotive implements cutting-edge technology into its facilities and management models with the aim of rendering its productive processes more efficient and responding to the automotive sector's needs by embracing eco-efficiency, circularity and climate mitigation measures. Also as a result of that monitoring, when designing its investment plans, the company contemplates the various trends that are shaping the automotive sector, such as emission standard requirements, new

comfort-driven mobility concepts and vehicle electrification. To fund those investments in R&D, to which the group earmarks around 2% of revenue each year, CIE Automotive has a number of different sources of financing at the regional, national and supranational levels. Moreover, the company hopes to avail of Next Generation EU funds to finance specific projects related with green transition and digital transformation, specifically including projects to develop new battery structure, fuel cell and range extender concepts and materials; new concepts and features related with the refashioning of car interiors, led by the CIE Comfort division; and certain Industry 4.0 projects.



ACUTE RISKS

These risks arise as a result of extreme climate events (such as prolonged droughts or flooding).

Action plan and risk mitigation

The risk of accidents is covered by the company's civil liability insurance. In December 2019, the company began to specifically underwrite gradual pollution risk for certain factories in Spain, with

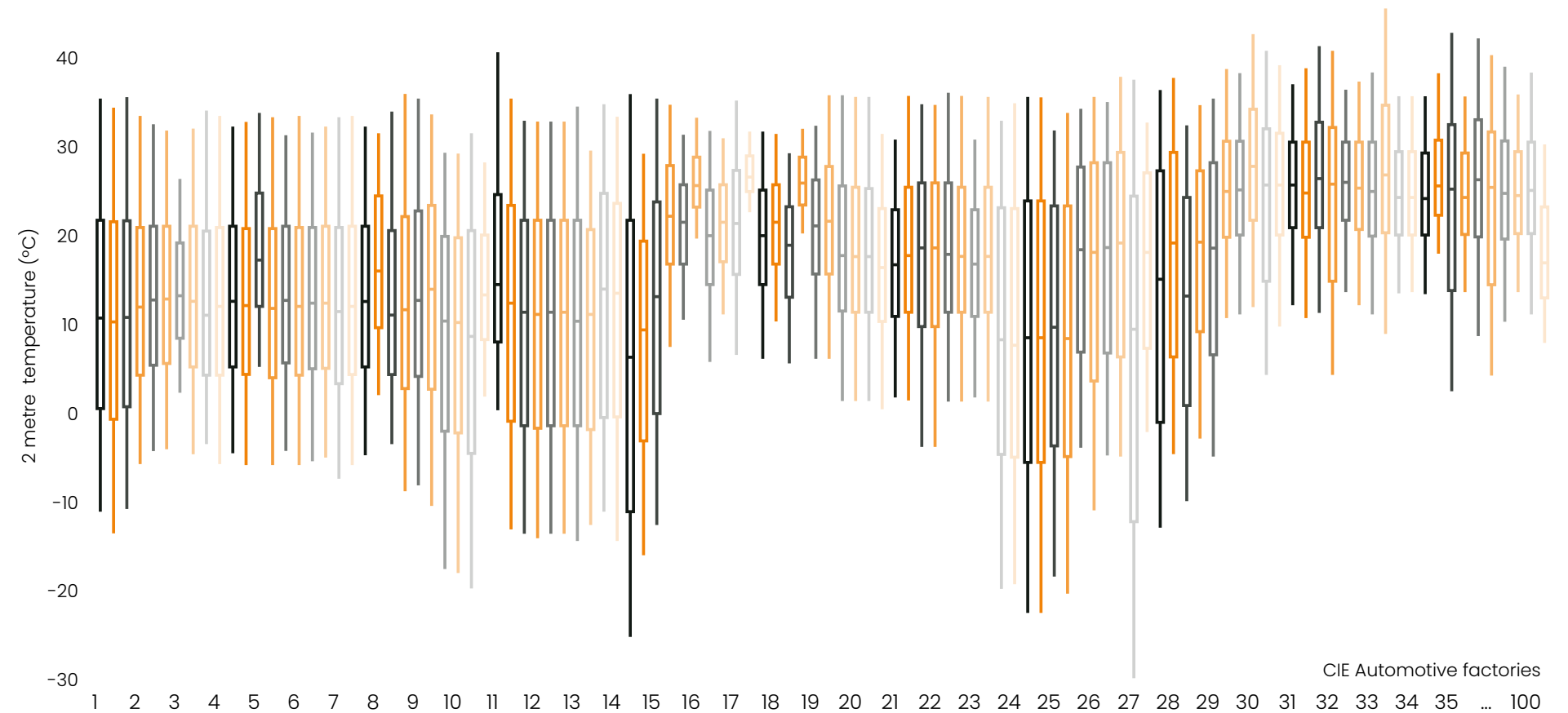
a claims limit of €3 million. To reinforce the management of its environmental and safety risks, the company has embarked on a joint project with the technical experts from its insurance firms. Specifically, a series of risks are being evaluated and monitored in accordance with criteria established by the various participating companies with the idea of formulating plans for their elimination or at least mitigation.



CHRONIC RISKS

These are the risks of more gradual changes with long-lasting effects, such as global warming, rising sea levels, protracted heatwaves or droughts, loss of biodiversity and changes in land or soil productivity.

This is another example of the utility provided by quantitative variables: the chart depicts the change in temperature in our locations, on average and at the extremes (2 metres above ground).



Action plan

CIE Automotive has set specific environmental targets to be met by each of its facilities and operating regions. Those targets are aligned with the United Nations 2030 Agenda and recent Spanish legislation on climate change and the energy transition (Law 7/2021, of 20 May 2021) and are based

on the Global Reporting Initiative (GRI) standards. In addition, in support of the Paris Agreement's targets for curbing global warming, it belongs to Forética's Climate Change Cluster, a platform whose mission is to get Spanish businesses to address the main global climate change trends and debates and become an authority on corporate environmental matters.

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

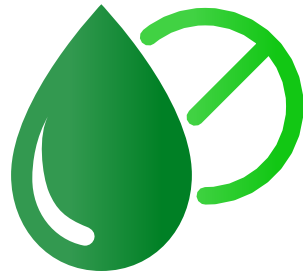
4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables



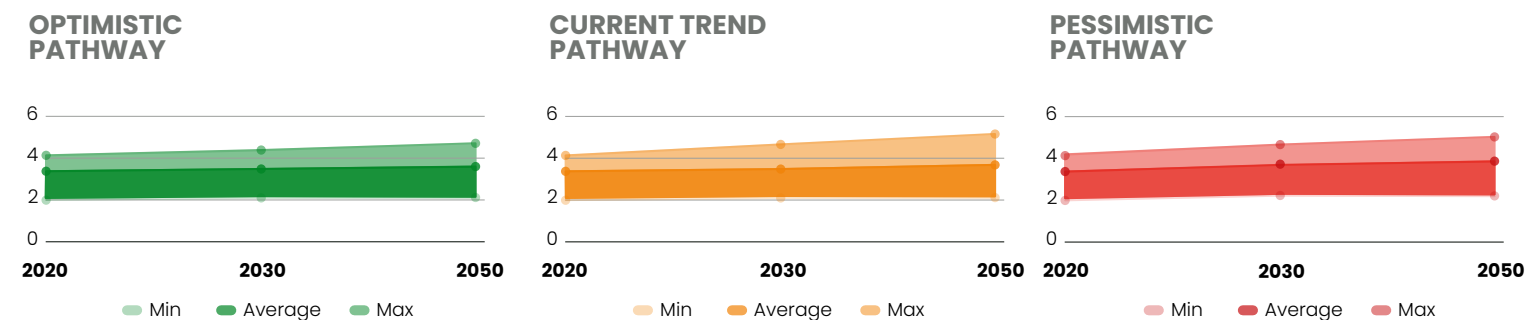
WATER STRESS RISKS

Risks that affect the availability of water for production processes, i.e., the possibility that, given the availability of water, there could be a shortage for manufacturing and auxiliary processes (cooling, cleaning, etc.). Climate change in particularly vulnerable areas could lead to chronic water stress, impeding access to quality water.

This risk is a clear example of how new variables can inject robustness into our assessment: using the WWF tool (<https://riskfilter.org/water/home>), we were able to analyse the physical risk scenarios related with water. Below is the risk weighting for CIE Automotive's sites for a combination of physical risks: water scarcity, flooding, water quality, and ecosystem services status.



2050 HORIZON
Current pathway trend.



The chart above shows the trend in this risk over time in three scenarios: the optimistic pathway, the current pathway and the pessimistic pathway.

Action plan and risk mitigation

The company has analysed the situation across its various factories and at the water basins near their locations. In addition, in order to increase circularity, particularly with respect to the use of water,

each factory has launched initiatives to reduce the use of water and increase its reuse by installing filtering and treatment facilities, some of which have resulted in drastic improvements in circularity.

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

Our response to the environmental challenge

The next steps in assessing the company's climate risks will be:

TRANSITION RISKS

- Improving scenario generation and variable selection.
- Advancing on measurement of the financial impact, adapting for the deployment of standards and requirements.

PHISICAL RISKS

- Completing the scope of the analysis shown in the schematics above as under development.
- Advancing on measurement of the financial impact, adapting for the deployment of standards and requirements.



The entire process
is monitored
via the **internal
management
tool, SAP GRC**

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Responsible management

Corporate governance model

Corporate governance bodies

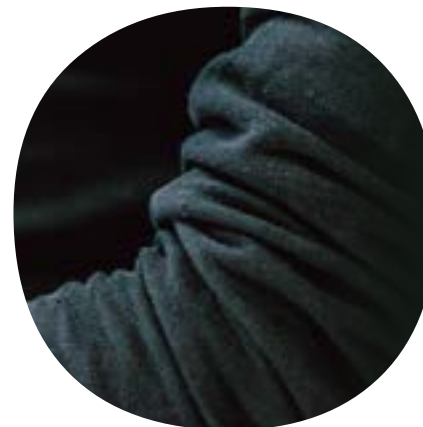
Ethics framework

Risk management

Corporate crime
prevention model

Internal control model

Integration of ESG aspects



Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Guided by management based on moral principles. Doing things well, while minimising risks, makes us credible to our customers, attractive to investors and trustworthy in the eyes of our stakeholders.

Corporate governance model

Guided by its moral principles, CIE Automotive has built a corporate governance structure with a view to ensuring its long-term sustainability and generating value for its stakeholders. This model, built around transparency, is based on a body of rules and regulations that determine how its governing bodies work, how it engages with its stakeholders and which risk management mechanisms to use.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Responsible management

The most significant components of this body of rules and regulations are the Bylaws, the rules regulating the company's governing bodies, the Code of Professional Conduct, the Internal Securities Markets Code of Conduct and the Corporate Crime Prevention Manual. These tests are in turn complemented and rounded out by the universe of corporate policies approved at the Board level.

CIE Automotive reviews its rules and regulations regularly in order to keep them aligned with the securities market regulator's requirements and recommendations, prevailing legislation and best practices in the corporate governance field. In 2023, it modified the Whistleblowing Channel Rules to facilitate the notification of breaches and guarantee the confidentiality of whistleblowers, in line with new legislation, and updated its Director Remuneration Policy to align it with market trends.

Towards the end of 2023, it also embarked on a project to enable it to comply with all of the parameters proposed by Transparency International Spain (the leading organisation in transparency) in the areas of compliance, anti-corruption and good governance, a task that involves changes in the following areas:

- The Whistleblowing Channel and system at the global level, in accordance with Law 2/2023 in Spain, with the goal of establishing a common system for all group companies, albeit with scope for catering to idiosyncratic circumstances in appendices.
- The criminal risk map and the criminal risk, fraud and corruption prevention policies.
- A new basic anti-trust guide.
- Identification and introduction of a range of recommendations for preventing the various kinds of harassment.
- Review and improvement where necessary of the corporate governance policies and ESG.

In parallel, the controls over the risk management system were revised, expanding the risk map with input from a higher number of professionals.

Lastly, the company deployed its criminal risk map in new markets, including Italy, Romania and Slovakia, and carried out its criminal risk assessment in Portugal, leaving only preparation of the country's criminal risk map outstanding for early 2024.

Both the rules and regulations formulated by the group and its Annual Corporate Governance Reports and Annual Director Remuneration Reports are published on the corporate website, in keeping with the technical and legal formalities and specifications stipulated by Spain's securities market regulator, the CNMV, in Circular 3/2015 (of 23 June 2015).

Participation in Forética

CIE Automotive is a member of the Transparency, Integrity and Good Governance Cluster, a business platform coordinated by Forética in Spain with the aim of championing a sustainable corporate governance model and addressing a range of topics related with the management of ESG matters, providing information about key trends in the field and creating a venue for firms to engage and exchange know-how.

In 2023 the Cluster's work focused on the keys to helping organisations integrate ESG considerations into their governance and decision-making, addressing core issues to that end such as non-financial information/sustainability reporting, the new Corporate Sustainability Reporting Directive, supply chain management from the ESG perspective and ESG governance and management in boardrooms, among other topics.

CIE Automotive is a member of the Transparency, Integrity and Good Governance Cluster, a business platform coordinated by Forética in Spain

Corporate governance bodies

**CIE Automotive's most important
governance bodies are the Annual General
Meeting and the Board of Directors.**

	Chairman and CEO's statement
1	2023 highlights
2	Ready for change
3	Record earnings
4	Common responsibility, shared benefits
5	Our response to the environmental challenge
6	Responsible management
	About this report
	Data tables

CIE Automotive

Annual General Meeting

The Annual General Meeting (AGM) is highest decision-making body at which CIE Automotive's shareholders exercise their influence. Its duties and powers are regulated in the Articles of Association and the AGM Regulations.

As per those Regulations, shareholders of record within at least five days of the scheduled meeting date are entitled to attend the AGM. The members of the Board of Directors are obliged to attend the Meeting under article 10 of the AGM Regulations. The quorum for calling the AGM to order is that stipulated in article 196 of the Spanish Corporate Enterprises Act.

In 2023 the AGM took place on 4 May and was attended by 400 shareholders, in person or via proxy, representing 87.1% of the company's share capital.

To ensure the attendees were duly identified and could exercise their rights as shareholders, in the run-up to the AGM, they were asked to register and record their requests for information or clarification; those requests were answered during the AGM.

Resolutions ratified at the Annual General Meeting

- Examination and approval of the separate financial statements and directors' report of CIE Automotive, S.A. and of the consolidated financial statements and directors' report for 2022.
- Grant of discharge to the Board of Directors.
- Approval of the proposed distribution of profit for 2022.
- Examination and approval of the non-financial statement of the group comprising CIE Automotive S.A. and its subsidiaries for 2022.
- Grant of authorisation to the Board of Directors for the derivative acquisition of own shares, directly or through group companies, in accordance with articles 146 and 509 of the Spanish Corporate Enterprises Act, and the reduction of share capital to cancel own shares, delegating powers for the execution thereof in the Board of Directors.
- Ratification and appointment of Ms. Abanti Sankaranarayanan as proprietary director.
- Approval of the Director Remuneration Policy for 2024-2026.
- Approval of changes to the terms of the long-term variable remuneration scheme tied to the company's share price performance of which the CEO is the beneficiary.
- Approval of the maximum amount of remuneration payable to the directors in their capacity as such.
- Submission of the Annual Report on Director Remuneration at CIE Automotive, S.A. to advisory vote.
- Delegation of powers to execute the aforementioned resolutions.
- Approval of the minutes of the meeting.

The AGM took place on 4 May 2023 and **was attended by 400 shareholders**, in person or via proxy, representing **87.1% of the company's share capital**

1 **2023 highlights**

2 **Ready for change**

3 **Record earnings**

4 **Common responsibility, shared benefits**

5 **Our response to the environmental challenge**

6 **Responsible management**

About
this report

Data tables

Board of Directors

Chairman and CEO's statement

CIE Automotive's Board of Directors is made up of 14 members, including its Chairman, who does not carry out executive duties. Two are executive directors, three are independent and nine are proprietary.

The balance between independent and proprietary directors in the boardroom is correlated with the breakdown between floating capital (in the hands of ordinary shareholders) and stable capital (shares held by significant shareholders). The independent directors chair and represent the majority of members of the Appointments and Remuneration Committee, the Audit and Compliance Committee and the ESG Committee.

BOARD OF DIRECTORS (AS OF 31 DECEMBER 2023)

	Position	Class of director	Appointments and Remuneration Committee	Audit and Compliance Committee	ESG Committee
Antonio María Pradera Jáuregui	Chairman	Proprietary			
Fermín del Río Sanz de Acedo	Deputy chairman	Executive			
Jesús María Herrera Barandiarán	Chief Executive Officer	Executive			
Arantza Estefanía Larrañaga	Member	Independent	Chairwoman	Member	Member
María Eugenia Girón Dávila	Member	Independent	Member	Member	Chairwoman
Elena María Orbegozo Laborde	Member	Independent	Member	Chairwoman	Member
Íñigo Barea Egaña	Member	Proprietary			Member
Javier Fernández Alonso	Member	Proprietary		Member	
Jacobo Llanza Figueroa	Member	Proprietary			
Francisco José Riberas Mera	Member	Proprietary	Member		
Jon Riberas Mera	Member	Proprietary			
María Teresa Salegui Arbizu	Member	Proprietary		Member	Member
Abanti Sankaranarayanan	Member	Proprietary			
Shriprakash Shukla	Member	Proprietary			
José Ramón Berecibar Mutiozabal	Secretary, non-member				

Diversity

The recent director additions have reinforced the boardroom's expertise in financial management, the automotive sector, ESG matters, strategy, new mobility and the electric vehicle, multinational management, IT, digitalisation and data management, areas that are essential to the industry's transformation.

In terms of boardroom gender diversity, at year-end 2023 there were five women and nine men on the Board of Directors, implying a female presence of 35%. Although that percentage has been increasing in recent years with the newest additions, the company has yet to reach the 40% recommended in the Code of Good Governance for Listed Companies.

Twelve of the directors are Spanish and two are Indian.

Board functioning

The Board of Directors' modus operandi is set down in the company's Articles of Association and Board Regulations. In 2023, the Board of Directors met on 6 occasions and all the meetings were presided by its Chairman.

To optimise its efficiency, the Board of Directors organises its work through committees.

Audit and Compliance Committee

Comprised of five members (three independent directors and two proprietary directors), this committee's purview is to oversee the financial and non-financial reporting process and ensure the independence and effectiveness of the internal audit function. Its duties include revising the internal control and financial, tax and non-financial risk management systems, selecting, appointing and replacing the auditor and taking receipt of information from the auditor, whose independence it must safeguard..

This committee held 5 meetings in 2023.

Appointments and Remuneration Committee

Made up of four directors (three independent and one proprietary), this committee is tasked, among other duties, with formulating and reviewing the criteria for selecting director candidates, evaluating the directors' performance, proposing and monitoring the director remuneration system, in particular the amounts of their annual pay, and overseeing new director selection procedures.

It met on 4 occasions in 2023.

ESG Committee

This committee is made up of five members (three independent directors and two proprietary directors) and its mission is to push through CIE Automotive's ESG strategy.

It met on 3 occasions in 2023.

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

DIRECTOR RESUMES

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables



**ANTONIO
MARÍA PRADERA
JAUREGUI**
CHAIRMAN
(PROPRIETARY)

A Road Engineering graduate from Madrid's Polytechnic University, Mr. Pradera began his career in 1979 as a director at Banco Bilbao, where he worked until 1985. In 1988, he was named executive director of Nerisa, where he stayed until 1993, when he moved to SEAT as director of strategy. He played an important role in the creation of INSSEC in 1995, where he served as chief executive until 2010. He served as the Executive Chairman of CIE Automotive from 2012 until 2017, working in the strategy and financial design departments; he also chaired Global Dominion Access, S.A. Since May 2015, he has been a director at Tubacex and since June 2015, a director at Corporación Financiera Alba. On 31 December 2017, he stepped down from his executive duties at CIE Automotive, thus reinforcing the company's corporate governance practices.



**FERMÍN DEL RÍO
SANZ DE ACEDO**
VICE-CHAIRMAN
(EXECUTIVE DIRECTOR)

A business studies graduate (San Sebastian). He began his career as tax advisor in 1975 and is the founder of Norgestión (a consultancy specialised in mergers & acquisitions, tax law and finance). He provided services to this firm until 2008. He has also headed up ADEGI (the Guipuzcoa business association) and been a member of CONFEBASK, the Basque committee of business owner associations. He chaired Autometal S.A. in the past and has sat on the boards of a number of companies in the manufacturing industry, including Fegemu S.A., Viveros San Antón, S.A. and Global Dominion Access S.A. He is currently a member of the board of Alai Extrusión, S.A. Basquevolt and Marcos Larrañaga y Cia, S.A.



**JESÚS MARÍA
HERRERA
BARANDIARAN**
CHIEF EXECUTIVE
OFFICER (EXECUTIVE
DIRECTOR)

A graduate of business studies and economics from the Basque University, Mr. Herrera also holds a Master of International Expansion (from Euroforum). He joined CIE Automotive as CFO in 1991, also heading up the HR function for CIE Orbelan. In 1995, he was named deputy manager and in 1998 he was promoted to general manager. In 2000, he took over management of CIE Brazil and in 2002, of CIE Plasfil. That same year he was named global director of CIE Plástico, a position he held until 2005, when he took up the general manager spot at CIE America. He has been the CEO of Autometal S.A. since 2010 and in 2011 he was named COO for the entire Group; just a year later he would be named general manager of CIE Automotive. Lastly, in 2013, the Board of Directors appointed him CEO of CIE Automotive. He is also a director at Global Dominion Access, S.A.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables



**ARANTZA ESTEFANÍA
LARRAÑAGA**
LEAD INDEPENDENT
DIRECTOR (INDEPENDENT
DIRECTOR)

Arantza graduated in law with highest honours from Deusto University. From 2000 to 2019, she has been Managing Partner of the Bilbao office of Uría Menéndez Abogados S.L.P., member of the Board of Directors, the Professional Practice Management Committee and the Criminal Risk Prevention Committee of the firm. She has been an independent director of Repsol, S.A. since May 31st, 2019, a member of its Sustainability Committee since that date, and a member of the Remuneration Committee since November 24th, 2021, to which date she was a member of its Nomination Committee. Since July 2021, she has been a Director and Secretary of the Board of Directors of its subsidiaries Repsol Industrial Transformation, S.L. Sociedad Unipersonal and Repsol Customer Centric, S.L. Since 8 May 2020, she has been an independent director of Global Dominion Access, S.A., having chaired its Audit Committee until May 12, 2021. She is currently a member of the Audit Committee and a member of the Sustainability Committee. Since May 2019, she has been a member of the group of experts of the Economic and Social Council of the Basque Country, chairing the Economic Committee of said body since December 2019. She is Secretary of the Board of Directors of Bilbao Exhibition Centre S.A.



**MARÍA EUGENIA
GIRÓN DÁVILA**
DIRECTOR
(INDEPENDENT)

Senior Industrial Engineering qualification from ICAI and Master's in Business Administration from Harvard Business School. She has been a Director at Loewe and CEO of Carrera y Carrera after leading the "Management Buy in" process. She is Vice Chair of the International Board of Trustees of Oceana and member of the Board of Trustees of la Real Fábrica de Tapices and IE University as well as President of the Diversity Foundation. She is a member of the jury of the European Innovation Council Accelerator of the European Commission and the Green Deal. She is also Co-Chair of Women Corporate Directors and a member of the Board of Board Members and Directors. She is currently Executive Director of IE University Premium & Prestige Observatory, and a member of the advisory board of companies in the premium sector.



**ELENA MARÍA
ORBEGOZO LABORDE**
DIRECTOR
(INDEPENDENT)

Bachelor's degree in Mathematical Sciences. She has spent part of her professional career in a multinational company which provides technology services, focused on Information Management and Bigdata. Ms. Elena María Orbegozo Laborde is a forward-thinking account manager with a demonstrated background of achievements in the IT sector over a career of over 30 years. Ambitious and dynamic change manager, dedicated to ongoing business improvement, focused on revenue enhancement and the streamlining of business operations. Focused to profit optimization.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables



**ÍÑIGO BAREA
EGAÑA**
DIRECTOR
(PROPRIETARY)

Aeronautical Engineer from the Polytechnic University of Madrid and the École Nationale Supérieure de l'Aéronautique et de l'Espace and MBA from IESE Business School, Iñigo Barea began his professional experience as an engineer specialising in propulsion systems integration at Airbus. After working for the strategic consulting firm A.T. Kearney, where he worked on various international projects focused on improving operational efficiency, in 2020 he joined the technology company Just Eat, where he currently holds the position of general manager of Just Eat Spain.



**JAVIER
FERNÁNDEZ
ALONSO**
DIRECTOR
(PROPRIETARY)

Degree in Business Administration and Management with Honours from Deusto University, with a major in Finance. In 2000, he began his professional career in investment banking and mergers and acquisitions at Goldman Sachs in London and later, in 2002, he joined ABN AMRO in Madrid. In 2006, he joined the Investment Department of Corporación Financiera Alba and was appointed Deputy Chief Investment Officer in 2007, Chief Investment Officer in 2012 and Managing Director in 2020, a position he currently holds. He is currently, on behalf of Alba, a member of the Board of Directors of CIE Automotive, Ebro Foods, Profand Fishing Holding, Viscofan and the Rioja and Rioja Acquisition vehicles (Naturgy). Previously, he was a Director, among others, of Acerinox, ACS, Dragados, ACS Servicios y Concesiones, Euskaltel, Parques Reunidos and Clínica Baviera. In addition, he is a Director of the group's private equity vehicle and a member of the Investment Committee of two funds managed by Artá Capital.



**JACOBO LLANZA
FIGUEROA**
DIRECTOR
(PROPRIETARY))

A graduate of economic and business science from the University of Paris. Jacobo built his career in investment banking, starting out in 1989 in a number of positions at Banque Indosuez and Bancapital, before going on to create and run AB Asesores Moneda in 1992, an AB Asesores group company. Following the sale of this firm to Morgan Stanley in 1999, he joined Dresdner Kleinwort Wasserstein, where he worked as managing director of equities & derivatives for Latam, Eastern Europe, Africa and the Middle East. In 2002, he joined Alantra (formerly N+1), where he is currently a Managing Partner and Executive Chairman, as well as CEO of Alantra Asset Management.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables



**FRANCISCO JOSÉ
RIBERAS MERA**
DIRECTOR
(PROPRIETARY)

Francisco J. Riberas Mera was born in Madrid, June 1st, 1964. He holds a degree in Law (1987) and in Economics and Business Administration (1988) from the University Pontificia de Comillas (ICADE E-3), Madrid. In 1989 he began his professional career working in Business Management at Gonvarri Group. He then became Director of Corporate Development, and was subsequently named CEO. In 1997 he promoted the creation of Gestamp, assuming his role of Executive Chairman and shaping along these years what Gestamp is today. He is member of the Board of Telefónica, CIE Automotive and Wallbox. Furthermore, Riberas is also board member in other companies of the family holding, ACEK, such as Gonvarri Group, Acek Energías Renovables and Inmobiliaria Acek. Francisco J. Riberas is the president of SERNAUTO -the Spanish Association of Automotive Suppliers-, and Fundación Consejo España-China.



**JON RIBERAS
MERA**
DIRECTOR
(PROPRIETARY)

Jon Riberas was born in Madrid in 1968. He has a degree in Law (1991) and a degree in Economics and Business Administration (1992) from the Pontifical University of Comillas (ICADE E-3). In 1992, he began his professional career in the Business Development area of Grupo Gonvarri, to later assume functions as CEO. In 2005, he founded ACEK Renewables. In 2010, he was appointed Executive Chairman of Gonvarri Industries and Co-Chairman of Corporación ACEK, the family holding. Currently, he is Co-Chairman of the family holding, Executive Chairman of Gonvarri Industries, Executive Chairman of GRI Renewable Industries, Vice president and member of the Board of Directors of Gestamp, and member of the Board of Directors of CIE Automotive and Global Dominion.



**MARÍA TERESA
SALEGUI ARBIZU**
DIRECTOR
(PROPRIETARY)

A graduate of economic and business science from Deusto University. Ms. Salegui began her career at the transport firm La Guipuzcoana (1988-2002), where she worked as general manager, a position she also held at DHL Express Iberia (2002-2004). She is currently the chairwoman of Addvalia Capital and Perth Espacio y Orden and and currently sits on the board of Baztango.

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables



ABANTI SANKARANARAYANAN
DIRECTOR
(PROPRIETARY)

Abanti Sankaranarayanan, leads Group Public Affairs (India & international), Group Sustainability and Group Risk & Economist functions at Mahindra and Mahindra Ltd., and is also a member of the Group Executive Board. She is also Member of the Executive Council of Society of Indian Automobile Manufacturers (SIAM) and Chair, CII Working Group for Transportation, and also the Co Chair of the Federation of Indian Chambers of Commerce & Industry Committee on Environment & Climate Change for 2024. Prior to joining Mahindra, she was Head of the Strategy and Corporate Affairs function at Diageo India and a member of its Executive Committee. Prior to Diageo, Abanti served as a member of the Tata Administrative Service (TAS) where she held key roles managing some of the best-known consumer brands of the Tata Group in India, United Kingdom and the United States. Abanti's contribution to the business have been recognized by Fortune India (The Most Powerful Women in Business; 2012, 2014, 2015 and 2016), IMPACT (50 Most Influential Women in Media, Marketing and Advertising; 2014, 2015, 2016 and 2017), India Today (India's 25 Most Influential Women, 2013) and Fast Company, New York (100 Most Creative People in Business, 2012). Abanti is an Economics Graduate from St. Stephen's College, Delhi and an MBA from Indian Institute of Management (IIM), Ahmedabad.



SHRIPRAKASH SHUKLA
DIRECTOR
(PROPRIETARY)

Mr. SP Shukla is a nationally recognised business leader who combines the best of academic excellence (IIT BHU & IIM Ahmedabad) along with a stellar career in establishing emerging high-tech sectors of the Indian economy. He is currently serving as the Chairman on the Boards of several Mahindra Group companies engaged in Defence, Aerospace and Agri sectors. He is also Chairman of CIE Automotive India Ltd. Mr. Shukla is among the top-most industry leaders in India with over four decades of rich, varied experience in managing large projects and operations across diverse industries, including Automotive Tyres & Components, Telecom, Defence & Aerospace, Steel and Agri sectors.

At the end of 2023, **five women and nine men** sat on the Board of Directors

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

Director performance evaluation

In keeping with recommendation #36 of Spain's Code of Good Governance for listed companies, the company's Board of Directors assesses its performance once a year, focusing on the areas mentioned next and adopting, where necessary, an action plan to correct weakness detected.

- 1. The quality and efficiency of the functioning of the Board
- 2. Boardroom composition
- 3. The composition and functioning of the Board committees
- 4. ESG aspects
- 5. Communication policy
- 6. Succession planning
- 7. The performance of the Chairman and CEO
- 8. The performance and contribution of each director
- 9. Other aspects

The assessment report compiled in January 2023 by the appraiser Evaluación de Consejos (EdC) (whose methodology and findings were outlined in detail in the 2022 Annual Report) concluded that the aggregate quantitative results indicated strong satisfaction with the performance of the Board of Directors and its committees, higher than the average at similar companies. The individual areas identified in the report as presenting more room for improvement, even though the results were better than are customary for comparable companies, were:

- Succession planning
- Communication policy

The findings of that report were shared with the Board of Directors during its meeting on 24 February 2023, as a result of which the CEO was put in charge of the company's communication policy. In addition, the Appointments and Remuneration Committee drew up CIE Automotive, S.A.'s Succession and Contingency Plan for submission to the Board of Directors for approval. That plan was approved by the Board of Directors on 14 December 2023.

Elsewhere, the Lead Independent Director, duly exercising her duties, communicated constantly with the rest of the independent directors throughout the year, echoing any concerns they had and sharing them with the Chairman or Vice Chairman.

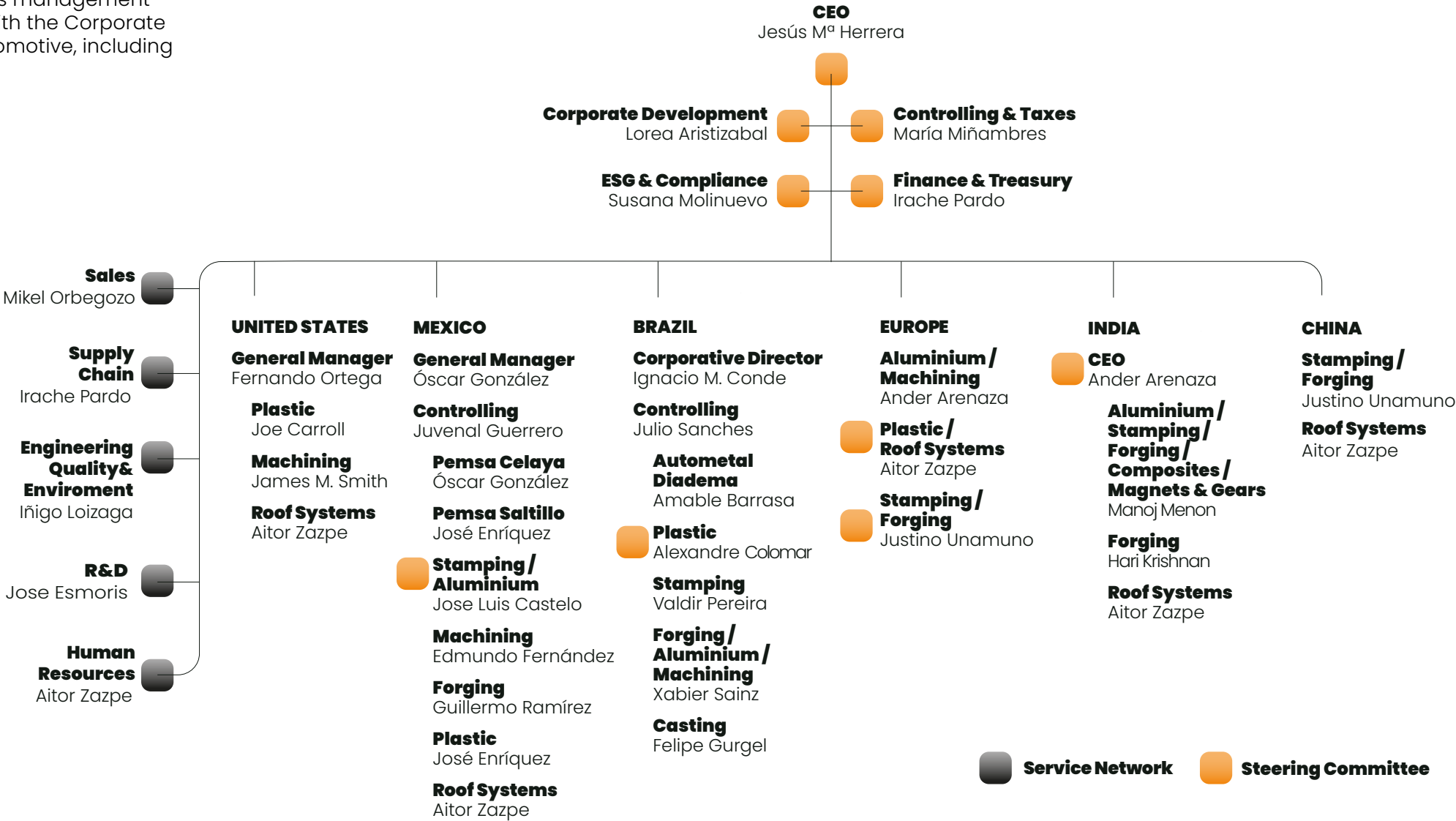
In 2023 the company also focused on director training around sustainability matters in general, governance and the latest reporting, taxonomy and environmental regulations, without neglecting company issues. A specific session was provided to all members of the Board, another more generalist session was given online to the entire organisation, including the directors, and the members of the ESG Committee, along with the members of the Cross-Group ESG Committee received a separate exclusive session. All of which in line with the company's commitment to making firm progress on integrating these aspects into its business model and corporate strategy.

Management team

Chairman and CEO's statement

The management team directly oversees management of the Business Units and coordination with the Corporate Areas with authority across all of CIE Automotive, including the Network Services.

MANAGEMENT TEAM AS OF DECEMBER 31, 2023



Director and officer remuneration

Chairman and CEO's statement

At the Annual General Meeting held in March 2023, a new Director Remuneration Policy was approved for 2024-2026. The goal of the new text is once again to ensure that the remuneration earned by CIE Automotive's directors is proportionate to the dedication and responsibilities assumed and aligned with market practices at comparable companies in Spain and abroad and with the long-term interests of all of the company's shareholders.

Director remuneration

Although the new Director Remuneration Policy is similar in structure to the outgoing policy, there have been a few changes. The terms of the long-term bonus tied to the company's share price performance accrued by the CEO have been adjusted to reflect the radical change in the socio-economic context and the company's share price performance since 2018, when the bonus was approved.

The Director Remuneration Policy stipulates that the fixed annual stipend for directors shall only be paid to non-executive directors that are particularly dedicated to the company, i.e., the chairman of the Board of Directors and the independent directors. The ceiling on director remuneration was increased at the 2023 AGM.

As under the outgoing policy, the full-time executive directors' remuneration regime is similar to that of the company's executives. Their remuneration comprises: fixed remuneration, a short-term, results-based bonus and, in the case of the CEO, a long-term bonus, conditional upon staying in the post for 10 years. The executive directors may also receive in-kind remuneration in the form of use of a company car.

The remuneration earned by the executive directors varies along with their responsibilities and the specific characteristics of the duties they perform and is reviewed annually by the Board of Directors at the recommendation of the Appointments and Remuneration Committee.

It is up to the Board of Directors, at the recommendation of the Appointments and Remuneration Committee (based on prior verification of attainment of the established targets), to determine the level of delivery of the short-term bonuses and their amount.

The executive directors' remuneration may be topped up by health and life insurance, in line with market practice at comparable companies in terms of market capitalisation, size, ownership structure and international presence.

It should be noted that the variable remuneration of the group formed by the most important members of the Group's management includes a % of it linked to ESG performance. This group is included in Note 22 "Expenses for employee benefits" of the 2023 Consolidated Annual Accounts, as beneficiaries of a long-term incentive.

For further details, refer to the notes headed Employee benefits expense and Related-party transactions in the group's consolidated financial statements for the year ended 31 December 2023 and to the 2023 Annual Director Remuneration Report and the Remuneration Policy itself, all of which are published on the corporate website:

<https://www.cieautomotive.com/web/investors-website>.

DIRECTOR AND KEY MANAGEMENT REMUNERATION

		Total no. of people	Men	Average remuneration €	Women	Average remuneration €
2022	Directors*	6	3	2,751,906	3	100,000
	Key management personnel	9	5	1,607,112	4	480,214
2023	Directors*	6	3	8,494,919	3	100,000
	Key management personnel	9	5	1,112,086	4	383,883

(*) Directors receiving remuneration: two executive directors, three independent directors and the chairman

Ethics framework

CIE Automotive upholds and follows a set of values, codes and mechanisms to ensure that its conduct is honest and ethical. This ethics framework translates into a solid set of rules which are continually reviewed. In 2023 the company enhanced its Whistleblowing Channel by implementing a notification platform on its website so that whistleblowers can communicate possible breaches in a confidential manner. It also started to revise and update most of the policies comprising the ethics framework, including the Code of Professional Conduct.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

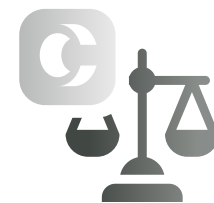
Code of Professional Conduct

CIE Automotive carries out its business and professional activities in accordance with a Code of Professional Conduct that serves as an ethics guide at all levels of the organisation. All of its employees are required to familiarise themselves with it and failure to comply with it can lead to penalties, as prescribed under applicable legislation.

Aside from its employees, the company expects its business partners (joint venturers, suppliers, customers, contractors and other partners) to align their behaviour with the Code of Professional Conduct and apply equivalent standards of ethics to those upheld by CIE Automotive.

The Code of Professional Conduct itself contemplates how its implementation should be supervised and how to proceed in the event of breaches. Specifically, it tasks the Board of Director's ESG Committee with due oversight of implementation of the Code of Professional Conduct and details how to make enquiries and report improprieties and breaches through the Whistleblowing Channel.

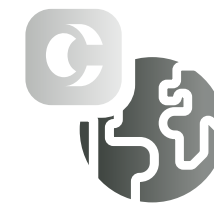
CIE AUTOMOTIVE'S RULES OF CONDUCT



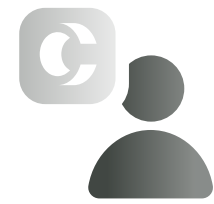
Ethical and lawful conduct.



Ethical relations with authorities and third parties.



Adequate use of firm resources and assets.



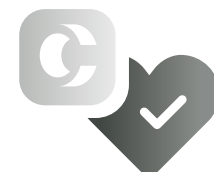
Respect for people and society.



Transparency, integrity and confidentiality.



Data protection.



Workplace health and safety.



Compliance with tax obligations and proper use of public funds.



Respect for intellectual and industrial property rights.

The Code of Professional Conduct itself contemplates **how its implementation should be supervised and how to proceed in the event of breaches**

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

A cutting-edge platform for the Whistleblowing Channel

CIE Automotive has mechanisms, protocols and tools for enabling and facilitating the notification of wrongdoings or unethical behaviour at the company or breaches of its Code of Conduct. In 2023 it reinforced this internal reporting channel by integrating an IT platform into its corporate website to secure the reporting process and simplify case management by the company.

This cutting-edge platform is user-friendly and available in all the languages of the company's markets. It gives users the possibility of opening up a secure communication channel for filing a report and providing additional information in different formats (in writing, voice messages, etc.). All of the information is confidential and if the whistleblower so wishes, anonymous.

The new online channel meets all the stipulations of Spanish Law 2/2023, of 20 February 2023, on the protection of persons reporting regulatory breaches and incidents of corruption and aligned with applicable international legal requirements derived from the European Whistleblowing Directive.

Adaptation for this new piece of legislation has involved modification of the Whistleblowing Channel Rules, which set down the system's general principles and procedures.

In 2023 the company received 56 complaints through its Whistleblowing Channel, 21 more than in 2022. Those complaints were related with:

- People management with respect to work scheduling for everyday factory work purposes (20 complaints).
- Workplace harassment (16): inappropriate attitudes on the part of managers vis-à-vis factory workers.
- Fraud and corruption (seven): malpractice at several factories by procurement, engineering and production staff who breached CIE Automotive's general purchasing terms for their own benefit. Although the amounts involved were not material and the scale of the contracts with the suppliers in question did not have a material impact on earnings at the factories involved, the events harmed the group's image and violated its ethics commitment.
- Breach of the Code of Professional Conduct (six): failure on the part of certain employees to uphold the rules of conduct.
- Business management (four): related with the company's dealings with its stakeholders.
- Discrimination (two): failure to guarantee equal opportunities.
- Sexual harassment (one): inappropriate attitudes on the part of managers vis-à-vis factory workers.

In 2022, by comparison, the reports were related with workplace harassment (13), people management with respect to work scheduling (nine), fraud and corruption (five), sexual harassment (three), business management (two), breaches of the Code of Professional Conduct (two) and discrimination (one).

In all of the cases reported in 2023 and notified to the ESG Committee, the opportune actions were taken to analyse, monitor and remedy or close the cases.

Those actions included nine dismissals: three related with the cases of fraud and corruption reported, two with the Code of Professional Conduct breaches, two with the business management cases, as well as one person who participated in the workplace harassment cases and one person involved in the discrimination reports.

In addition, executives and HR professionals intervened to address the workplace and sexual harassment and discrimination reports and prevent their recurrence via enhanced education on the company's values and Code of Professional Conduct rules.

Chairman and CEO's statement

- 1 2023 highlights
- 2 Ready for change
- 3 Record earnings
- 4 Common responsibility, shared benefits
- 5 Our response to the environmental challenge
- 6 Responsible management

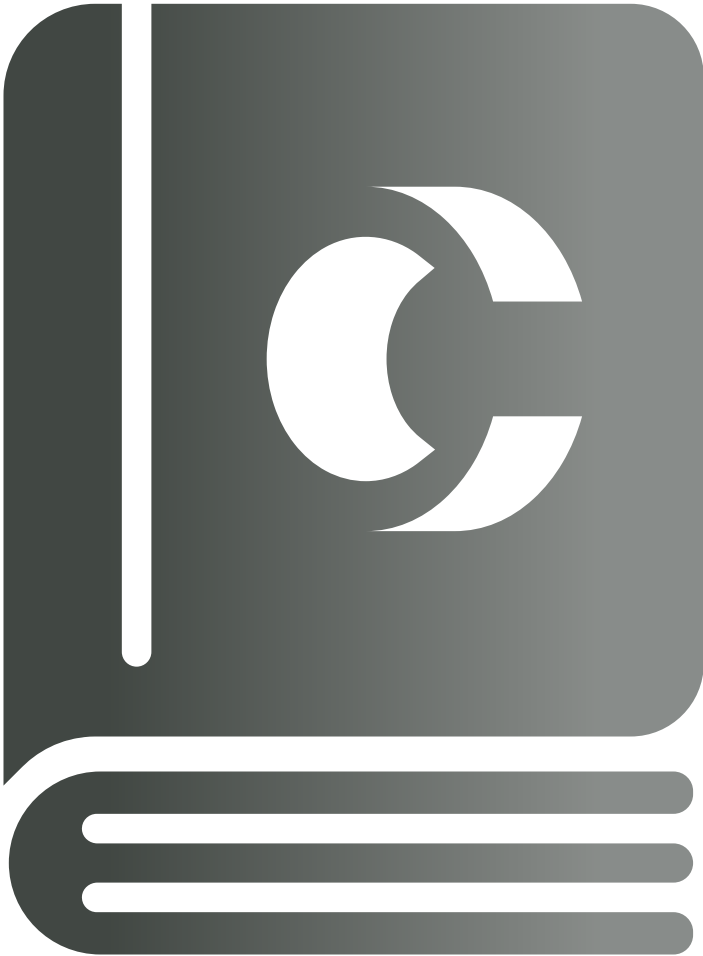
About this report

Data tables

Corporate policies

CIE Automotive's ethics framework is implemented by means of a series of corporate policies which are drawn up by the corresponding departments. Those policies are binding upon all members of the organisation. These policies were approved by the Board of Directors for the first time in December 2015 and revised, updated and re-approved between 2019 and February 2021. In 2023 the company approved a new Director Remuneration Policy, which is in force until 2026, and at year-end was immersed in the process of reviewing and updating the universe of corporate policies comprising its ethics framework, which is nearly complete and will finalise when the updated policies are presented to the Board of Directors for approval in early 2024.

All of CIE Automotive's corporate policies can be accessed via the corporate website.



At year-end, the company was in immersed in the process of **reviewing and updating the universe of corporate policies**

CORPORATE POLICIES

ESG policies (Environmental, Social and Governance)
ESG
Procurement
Supplier ESG commitment
Human rights
Anti-corruption and anti-fraud
Community work
Governance policies
Internal control over financial reporting (ICFR)
Risk control and management
Corporate governance
Director remuneration
Tax policy
Reporting to and communicating with shareholders and the market
Shareholder remuneration policy
Director selection and board diversity policy
Policy for engaging and interacting with the account auditor
Compliance and criminal risk prevention
Remuneration Policy for Members of the Board of Directors

Anti-corruption and bribery effort

CIE Automotive is committed to combatting corruption in all its forms, including extortion and bribery, and to developing specific and exemplary policies in this arena. That commitment is tangible in its endorsement of the ten principles enshrined in the United Nations Global Compact.

In addition to the Code of Professional Conduct, whose calls for tackling fraud and corruption, the company has an official Anti-Corruption and Anti-Fraud Policy which stipulates that dealings with public officials and authorities must be governed by the principles of transparency, integrity, objectivity, impartiality and lawfulness.

The company is politically neutral and does not finance, either directly or indirectly, political parties or their representatives or candidates, either in Spain or abroad.

One of the Internal Audit Department's duties is to oversee that the group companies are operating lawfully and in keeping with the defined corporate values.

As was the case in 2022, no public legal cases were brought against the organisation or its employees in relation with corruption in 2023.

Measures to combat money laundering

The group introduced its Corporate Crime Prevention Model in 2015 and updated it in October 2019 to introduce a Support Unit with independent intervention and control powers within the organisation, whose mandate is to oversee compliance therewith. The company leverages that model to articulate its effort to thwart money laundering, as well as providing training on the Code of Professional Conduct and application of the various corporate policies.

In order to prevent or minimise the probability of occurrence of inappropriate or illicit conduct and ensure that any such conduct is brought to a halt, if detected, and accountability duly sought, in 2021, CIE Automotive drew up a Compliance and Criminal Risk Prevention Policy.

Measures to prevent corruption and bribery

In 2023 the company deployed its criminal risk map in new markets, specifically Italy, Romania and Slovakia. The year before it had extended the map to Spain, France and Germany, in Europe, and to India, and completed the annual updates of its risk maps in the US, Mexico, Brazil, China and the Czech Republic, thus completing coverage of the countries that account for the bulk of the group's business activities.

Each country has its own local Corporate Crime Prevention Manual, which is aligned with the corporate version.

Every time the criminal risk map is introduced to a new market, specific training is provided to brief employees about the company's policies and procedures and remind the factories about applicable local legislation.

In 2023, following updates to local legislation in some of the company's business markets, new crimes, such as attacks on moral integrity, were added to the maps.

Anti-trust law

CIE Automotive, S.A. is committed to complying stringently with anti-trust law. To that end is promises to achieve its business objectives by ethical, legitimate, faultless and lawful means, complying with all applicable laws. CIE Automotive did not receive any fines related with anti-trust infringements or derived from cartel operations, price-setting, exclusivity agreements, monopolistic practices or other conduct that could limit free competition in 2023.

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Defence of human rights

CIE Automotive defends the universal rights set down in the United Nations Global Compact, which the company endorsed in 2015.

That commitment has translated into the Human Rights Policy, through which it formally undertakes to respect those universal rights in everything it does, applying the policy not only to its employees but also its customers, suppliers and the communities surrounding its facilities and any of their indigenous peoples.

To that end it formally repudiates child labour, compulsory labour and workplace discrimination; fosters respect for the freedom of association and right to collective bargaining; and complies with prevailing legislation in all its business markets, framed by the internationally recognised human rights and its own Human Rights Policy.

The Human Rights Policy complies with the provisions contained in the International Labour Organisation's fundamental conventions on the freedom of association and the right to collective bargaining.

Note that the company did not receive any complaints related with human rights violations, understood as breaches of the right to decent work and a living wage, in keeping with the United Nations Declaration, in either 2023 or 2022.



No complaints were received about human rights abuses in 2023 or 2022

Risk management

CIE Automotive updates and enhances the enterprise risk management (ERM) system in place to mitigate the risks that, were they to materialise, could jeopardise delivery of its strategic targets. The ERM, which is set out in detail in the company's Risk Control and Management Policy, follows ISO 31000 methodology.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Enterprise risk management system

CIE Automotive's ERM provides reasonable assurance regarding delivery of its objectives by preventing, identifying, assessing and continually monitoring all significant risks, specifically addressing strategic, operational, financial, environmental, social, governance and compliance risks. These risks, which are approved at the Board level, are managed in keeping with defined risk appetite and tolerance thresholds.

The ERM, framed by the Risk Control and Management Policy, follows ISO 31000 methodology and is supervised by the Board of Directors, which delegates its supervision and correct functioning in its Audit and Compliance Committee.

Thanks to the unflagging support of the senior executives and management team, and underpinned by rigorous strategic planning, CIE Automotive seeks to create an environment conducive to working with risks in check. The goal is to manage these risks actively with the aim of, by means of correct management and value creation, allowing new opportunities to rise.

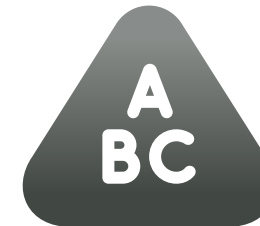
ENTERPRISE RISK MANAGEMENT SYSTEM - PRINCIPLES



Creation of a
constructive vision
of the concept of
risk



Committed and
competent risk
management
professionals



Use of a shared
language



Transparent
communication
throughout the
entire organisation

CIE Automotive's enterprise risk management system follows **ISO 31000 methodology and is supervised by the Board of Directors**

Chairman and CEO's statement

12023 highlights

2Ready for change

3Record earnings

4Common responsibility, shared benefits

5Our response to the environmental challenge

6Responsible management

About this report

Data tables

The ERM system ensures that all **risks are duly prevented, identified, assessed and strictly controlled**

Risk mapping: procedure and scope



Each year, the company's senior executives and management team are tasked with evaluating the risks identified in the ERM and drawing up the risk map for the entire organisation, classifying those risks into three categories - irrelevant, low risk or high risk - based on a dual assessment:

- 1From the standpoint of residual risk: considering the controls already in place at CIE Automotive in order to mitigate the potential impact of their materialisation;
- 2Based on the probability of occurrence (past and future):

	5 - Very high	4 - High	3 - Medium	2 - Low	1 - Very low
	> 80%	61% - 80%	31% - 60%	10-30%	<10%
Materialised in the past	Risk materialised over 5 times in last 2 years.	Risk materialised over 5 times in last 5 years.	Risk materialised over 5 times in last 10 years.	Risk materialised between 1 and 4 times in last 10 years.	Risk that has not materialised or at least not for over 10 years.
Materialisation in the future	Materialisation of the risk would affect the organisation imminently (in the current year).	Materialisation of the risk would affect the organisation within a year (next year).	Materialisation of the risk would affect the organisation within two years' time.	Materialisation of the risk would affect the organisation within five years' time.	Materialisation of the risk would affect the organisation in more than five years' time.

A total of 338 people participated in drawing up this general risk map, 12 more than in 2022.

All who participated responded considering the impact of each risk factor over a time horizon to 2025, except for climate risk where the time horizon runs to 2050, in respect of their technical or geographic expertise, which means that some of them may have assessed a given risk factor for more than one region and more than one type of technology.

The process is coordinated by the Compliance Department which presents the results of this annual exercise to the Audit and Compliance Committee for validation and approval; the Audit and Compliance Committee in turn reports its approval to the Board of Directors.

As in prior years, the analysis of the international and national contexts across the company's locations, based on benchmark studies and analyses such as World Economic Forum reports, forms the basis of the overall risk, which is presented top down, by region, by technology and by region and technology. It estimates, in euros, the impact on EBITDA of the potential materialisation of each risk, according to the defined parameters, and the trend in the key risk factors over the past two years in all of the foregoing categories.

The entire process is monitored via the internal management tool, SAP GRC.

3

Based on their impact along three dimensions: economic, organisational and reputational.

	5 – Very severe	4 – Severe	3 – Significant	2 – Moderate	1 – Very moderate
Economic impact	Very severe adverse impact on EBITDA. An adverse impact on P&L* of >5%.	A severe adverse impact on EBITDA. An adverse impact on P&L of >3.5% but <5%.	A significant reduction in EBITDA guidance. An adverse impact on P&L of >1.5% but <3.5%.	A slight reduction in EBITDA guidance. An adverse impact on P&L of >0% but <1.5%.	No change in existing EBITDA.
Organisational impact	Materialisation of the risk requires intervention by the Board of Directors.	Materialisation of the risk requires intervention by the CEO.	Materialisation of the risk can be resolved at the corporate level.	Materialisation of the risk can be resolved at the division level.	Materialisation of the risk can be addressed at the factory level.
Reputational impact	Reputational damage stemming from several actions that have a severe impact on the company's image and its share price.	Reputational damage stemming from several actions that impact the company's image and its share price.	Occurrence of an event that is picked up by high-profile media and reaches the regulator/analysts.	Occurrence of an event that is picked up by the local media.	No impact.

(*) P&L = Statement of profit or loss

12023 highlights

2Ready for change

3Record earnings

4Common responsibility, shared benefits

5Our response to the environmental challenge

6Responsible management

About this report

Data tables

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

Risks assessed in 2023

Below is a list of the main risks to which the group is exposed which are evaluated in the course of drawing up the general risk map, classified by the areas that are critical to the company:

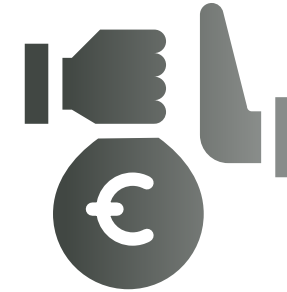
Twenty risks were assessed in 2023, which is the same number as in 2022. A new compliance risk was added: the reliability of the non-financial reporting process. The HR-related risks were updated and reduced from five in 2022 to four this year as talent attraction and retention were rolled into one.

RISKS ASSESSED



Society

- Reputational damage as a result of activities not linked directly to the company's operations.
- Non-alignment of the supply chain with the group's ESG commitments.
- Change in market trends.
- Failure to meet customer expectations.
- Management of M&A-led growth.
- Cybersecurity and data protection.
- Geopolitical risk.
- Fiabilidad del reporting no financiero



Corruption and bribery

- Criminal risk.
- Failure to comply with legislation in any of the company's operating markets.
- Breach of any of the 10 principles enshrined in the United Nations Global Compact, of which the company has been a signatory since 2015 and/or failure to contribute to delivery of the Sustainable Development Goals (SDGs) with which the company is most aligned.



Finance

- Reliability of the financial information disclosed.
- An aggressive tax strategy or risks considered manageable becoming unmanageable*.
- Financial risk understood as market risk (including foreign exchange and interest rate risk), liquidity risk and credit risk.



Environment

- Impact of climate change on delivery of the company's strategic objectives.



Human rights

- Code of Professional Conduct breaches by group employees.



People

- Ability to guarantee the workplace health and safety of group employees.
- Erosion of the corporate culture, the bedrock of the company's successful business model.
- Lack of human resources needed to maintain growth.
- Attract and retain quality talent.

Chairman and CEO's statement

Risk map

Before being placed on the risk map, the risks are filtered to exclude from the assessment risks for which no extraordinary measures are required on account of their nature or the company's risk appetite. That is the case of risks classified as low probability and low impact.

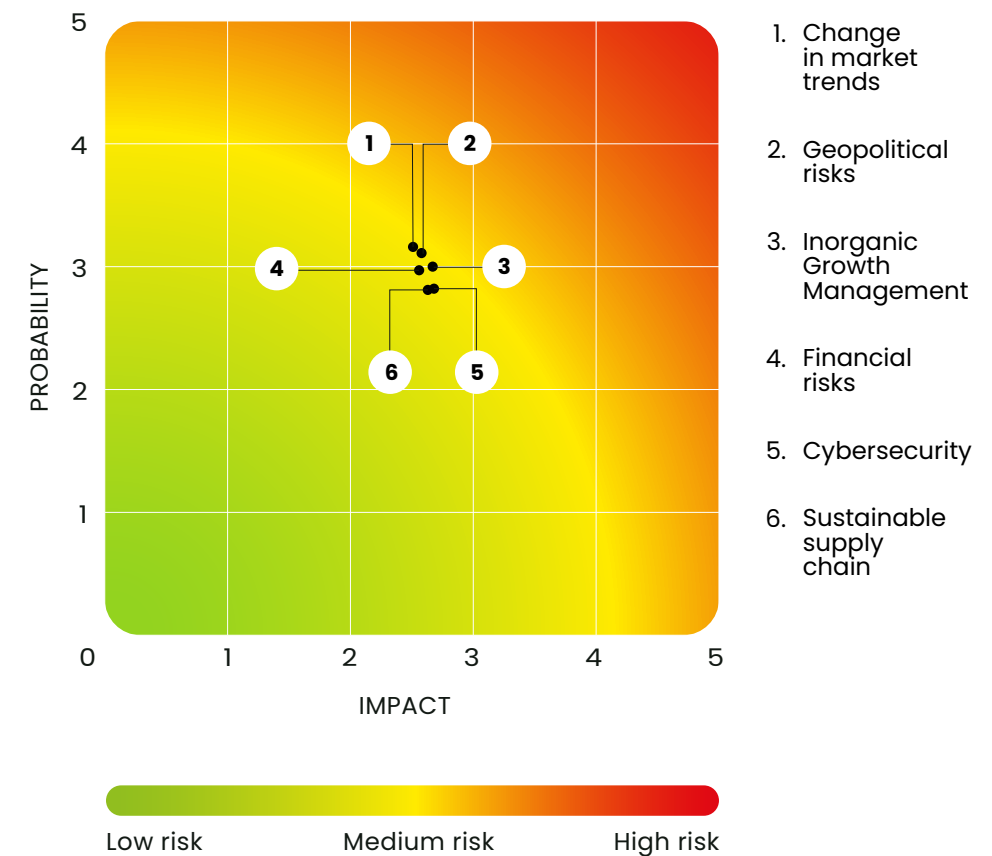
The 2023 risk map once again reaffirmed the risk factor that is most intrinsic to the sector and its performance, namely shifting market trends, as well as one that is specific to the trajectory, growth and future of CIE Automotive, namely management of its M&A-led growth.

The 2023 mapping exercise also evidenced great concern within the organisation about geopolitical risk and its impact on delivery of its strategic targets.

The mapping exercise also highlighted concern over cybersecurity and the financial damage its mismanagement could pose, as well as importance of sustainable supply chain management.

Another development in 2023 was the return to the fore of financial risk, specifically the need to control exposure to variations in interest and exchange rates and commodity prices.

Note, that the actions taken and controls applied in 2023 successfully mitigated one key risk factor, which was afforded priority treatment in recent years and no longer ranks among those of greatest concern, namely care for the company's most important asset, its people, along with the associated risks: having a sufficiently deep team of trained and well-prepared professionals and adequate succession planning.



KEY RISKS: DESCRIPTION AND ACTION PLANS



CHANGE IN MARKET TRENDS

The automotive industry is undergoing disruptive changes for which the company needs to be prepared by maintaining the flexibility required to adapt to customers’ unfolding or future demands, suppliers’ needs and increasingly stringent regulations.

New automotive technologies (e.g. in the area of connectivity and autonomous driving) are reducing demand for some of our core products while creating demand for new systems and parts.

[For more detailed information about the key market trends, refer to chapter 2. Sector background]

Action plan

Throughout the pages of this report, the reader has been told about CIE Automotive’s distinctive business model which has proven highly consistent in dynamic and challenging environments over the past several years and is expected to remain similarly resilient in the face of the challenges that loom. The key to tackling the current trend shifts lies with coordinating all of the group’s departments end to end. The unit that handles R&D and market studies analyses the trends that are shaping the sector exhaustively and continually (for more information, refer to chapter 2.1.3) and shares its findings with the sales area and the various divisions. That enables an informed assessment of their potential impact and formulation of the action plans that the company has been feeding into its strategic plans since 2015. That assessment also factors in the challenges highlighted in chapter 2, specifically:

- Economic slowdown.
- Increase in borrowing costs.
- Significant CAPEX in EVs.
- Price war in EVs.

This process also taps the opportunities itemised in that same chapter.

Collaboration on R&D projects, sometimes on a standalone basis and other times in partnership with customers, has proven crucial in areas such as electrification, the circular economy, vehicle light-weighting,

safety and Industry 4.0. These projects have led to major collaboration with traditional customers and kept the company aligned with market trends. In tandem the sales area has worked intensely to penetrate the sector’s newcomers, adapting its approach to their idiosyncrasies. This effort has paid off with the company already producing at scale for customers with business models that are radically different from those of its traditional customer base and new developments in the pipeline.

The company has also responded proactively to the growing importance of climate action, as is evident in its unification of the engineering and environmental departments. As a result it now builds sustainability, decarbonisation, circular economy and ecodesign considerations in at the earliest stages of new product and project development.

CIE Automotive constantly reinforces the flexibility of its model – characterised by geographical, customer and technology diversification – to adapt to its customers’ current and future needs and emerging automotive trends. Portfolio diversification, with over 80% of products independent of the vehicle propulsion system, gives it an ability to adapt that sets it apart from its competitors.

In terms of the risk associated with products with no clear substitute in zero-emission vehicles, the company is looking to increase its presence in areas that make a significant contribution to vehicle light-weighting such as forged chassis and suspension parts. It also plans to focus on axle and gear machining and to outsource traditional technologies in order to free up resources to focus on new challenges such as connectivity, autonomous driving and software solutions.

Chairman
and
CEO’s
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables



FINANCIAL
RISK

CIE Automotive has set itself annual sales targets with a specific focus on new-energy vehicles (NEV). The 2025 Strategic Plan focuses on comfort, tapping the growing importance of this feature in users' buying decisions.

The company has invested in employee training and skill-building in order to tackle the sector's digitalisation and is working with technology firms and training centres to attract talent with these skillsets. It is also worth highlighting the boost given to the training area within the Pilot Testing Advanced Manufacturing Taskforce led by the Basque regional government.

CIE Automotive stands out for its commitment to decarbonisation and circularity in all processes, aligning itself with the push for a more sustainable economy. Its Supply Chain Race 2 Zero project is

working to help decarbonise the supply chain and achieve net zero emissions by 2050.

CIE Automotive's business model, underpinned by its geographic diversity and decentralised management model, has proven its resilience throughout a succession of crises. The company engages its entire supply chain, detecting opportunities with customers and bringing those needs and opportunities to its suppliers.

In the near term it is focused on ensuring a smooth supply of raw materials, reinforcing its GLOCAL (global management with local application) procurement model and continuing with its multi-location footprint so as to reduce dependence on global supply chains and stay close to the OEMs.

Action plan

The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The group arranges derivative financial instruments to hedge certain exposures.

In the broadest sense, financial risk management is designed to control exposure to variations in interest and exchange rates and commodity prices. This effort, supervised by the group's Finance Department,

translates into the purchase of financial instruments that allow it, to the extent possible, benefit from favourable movements in exchange and interest rates while limiting some or all of its exposure to unfavourable developments.

[For further information, refer to the group's consolidated financial statements and directors' report for the year ended 31 December 2023]

Responsible management



MANAGEMENT OF M&A-LED GROWTH

As envisaged in the Strategic Plan, the recent, current and foreseeable pace of M&A-led growth requires tighter control over operations and investments. The integration of new firms into the group requires an initial effort in order to adjust their respective cultures and ways of doing things to align them with CIE Automotive's management methods and profitability thresholds. In addition, the fact of having local partners (joint ventures and/or alliances with private and public companies and organisations) could generate conflict and wariness that can affect business performance directly or generate international compliance vulnerabilities.

Action plan

CIE Automotive works hard to embed its business model and corporate culture at newly acquired companies. The most noteworthy initiatives on this front include:

- Involving the management team in M&A transactions.

CIE Automotive works hard to embed its business model and corporate culture at newly acquired companies. The most noteworthy initiatives on this front include:

- Defining and implementing a clear management model designed to enable the company to assume control over new acquirees rapidly.
- Fostering the readiness and availability of key internal managers to tackle new integrations.



GEOPOLITICAL RISK

2023 once again showed how a long list of potential external shocks, ranging from extreme meteorological phenomena, inflation fuelled by energy price volatility and migratory and demographic challenges, to the wars in Ukraine and Gaza and tensions between the US and China, expose governments to litany of risks they may not be ready to handle amidst social and institutional weaknesses.

States under financial pressure as a result of the above-listed shocks could seek budget balance by passing laws and introducing levies to stem their fiscal deficits. Those forces are pushing interest rates and inflation higher, affecting GDP and employment and, as a result, the population's purchasing power and access to credit, ultimately denting consumer spending and the purchase of cars.

Furthermore, in a new global geopolitical order, legal and compliance teams will be forced to deal across borders with regulatory requirements that are ambiguous, and/or conflicting, and/or uneconomical.

Action plan

The company is focused on locking in access to the raw materials it needs, to which end it is reinforcing its GLOCAL (global management with local application) purchasing model, coupled with its multi-location footprint, to be close to the OEMs and not have to depend on global supply chains. In other words, a "local production for local supply" strategy.

The GLOCAL approach brings other advantages such as a reduction in the company's carbon footprint, a lower reverse logistics (returns) impact and reduced vulnerability to regulatory changes due to their application over different time horizons and swings.

CIE Automotive's decentralised management approach ensures its decision-making is quick, simple and direct. Each region and division takes the decisions that best serve their prevailing interests at any given time with the support of the firm's Corporate Areas and Network Services vested with a group-wide remit: Europe, North America, Brazil and Asia.

Despite classification into major regions and divisions (the main technologies), the factories, albeit guided by the company's strategy, have full operational autonomy and are managed by local teams, so dissipating business continuity risks for the company as a whole as a result of armed conflicts, the related international sanctions or other similar risks.

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables



CYBERSECURITY

Cybersecurity, understood as the shielding of IT assets by handling threats that could jeopardise the information that is processed, stored and distributed over interconnected IT systems, has emerged as one of the biggest risks facing companies today. Customers are making increasing security demands of their suppliers. It is vital to pay particular attention to users and possible improper usage; service outsourcing and potential sources of loss or damage (theft, fire, etc.).

The shift to more flexible working arrangements is leaving communication networks more exposed to potential attacks.

Action plan

CIE Automotive launched a cybersecurity consultancy project to map out the potential IT system risks to which the group is exposed in 2021.

The project comprises three phases:

- Scenario identification (completed in 2021).
- Risk quantification (completed in 2022).
- ECOR assessment, methodology used by the consultant to calculate the financial impact of cybersecurity risks (scheduled for completion in the first half of 2024).

Noteworthy from the work performed in 2023:

- Specific risk-by-risk analysis as a function of probability of occurrence and impact for each IT group.
- Definition of an IT security control plan with three stringency levels.
- Mapping of the maturity level of the baseline controls of each IT group with the specific risks to calculate the residual risk.
- Development of the associated scorecard in PowerBI.

Having completed the initially defined three phases, in 2024 the plan is to:

- Execute the defined risk management methodology and gather information from the various IT group heads.
- Develop the defined baseline controls, prioritising those with a bigger impact on each IT group's security.
- Update the values used to calculate risk and the status of the controls applied.
- Assess the adequacy of the baseline controls for evaluating potential acquisitions.

An IT security officer has been appointed as part of the group's reinforced commitment to this function. Lastly, to encourage awareness of IT security risks across the organisation, the company continued to provide group-wide training in 2023, an effort that will carry over to 2024.

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

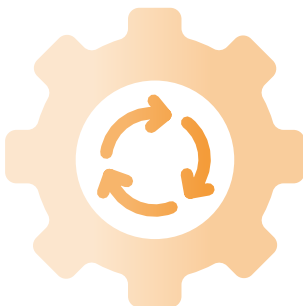
4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables



SUSTAINABLE SUPPLY CHAIN

Here the risk is that the supply chain may not be aligned with the group's ESG commitments, our customers' requirements or the European Due Diligence Directive.

A sustainably-managed supply chain and supplier alignment are key to the company's ability to deliver its ESG commitments and to its business, with pressure from customers growing all the time.

From as soon as we sign a contract with a customer, we commit to ensuring the sustainable management of our supply chain, to which end we are obliged to manage its ESG aspects in a systematic manner, so as to contribute to the creation of sustainable productive environments in which human and labour rights are guaranteed, the environment is protected and business is done ethically.

The new EU Directive puts the onus on organisations to carry out supplier due diligence. Specifically they must identify, end, prevent, mitigate and report on the negative effects on human rights and the environment of their own operations, those of their subsidiaries and those of the constituents of their value chains.

Action plan

Raising awareness and educating all CIE Automotive employees about ESG matters should be seen as a major opportunity. Also an opportunity for the procurement managers, guided by ongoing implementation of the successful GLOCAL supply chain management model, to work even harder to encourage suppliers to meet ESG compliance requirements. The ultimate goal is to create a solid, flexible and resilient supply chain aligned with the SDGs.

Risk mitigation involves:

- Renewing ISO 20400 Sustainable Procurement certification annually so obtaining external verification of correct management of ESG matters.
- Continuing to apply common procedures aligned with each country's legal requirements and the group's ESG strategy.
- Providing the organisation with an objective ESG scoring system for the supply chain via the Supplier Portal and specific indicators.

- Monitoring the supply chain's ESG indicators quarterly. Each factory has to identify additional actions to implement in order to achieve the group's targets.
- Continuing to provide all buyer teams with ongoing training.
- Providing local suppliers with ESG training via specific sessions and meetings.
- Encouraging ESG audits worldwide. Each factory conducts physical audits of their critical suppliers as part of the effort to verify actual compliance.
- Supply Chain Race 2 Zero. Corporate push with local implementation to rally commitment around emissions-cutting targets aligned with the 2050 goals.
- Introducing a due diligence requirement in the supply chain aligned with the OECD standards.

[For further information, refer to the section titled "Change begins with our SUPPLIERS" and in "Supply Chain Race 2 Zero" and "GLOCAL procurement model" sections]

Risks mitigated in 2023

Thanks to the actions taken in 2023, CIE Automotive managed to mitigate the probability of materialisation of the following risk, ranked as a priority in 2022, and, therefore, no longer deemed in need of priority attention in the 2023 risk map.



HUMAN CAPITAL FOR GROWTH

Management of the current and projected pace of growth requires consolidation and development of the company's finest asset, its people. That is why it is fundamental to agree a unified training and promotion plan with the aim of planning, appraising and enhancing professionals' current and future skillsets so as to facilitate delivery of CIE Automotive's strategic objectives.

Mitigation actions

Continued application throughout 2023 of CIE Automotive's human capital management model has reduced the perceived importance of the HR-related risks. More specifically, in 2023 we continued to provide our people with additional training to give them the skills needed to take on new challenges; we evaluated our partners using our internal professional development tool; we stepped up international exchanges (including the Ulysses programme); and each factory manager actively managed its staff with a view to ensuring a flow of future-proof backgrounds. Indeed, generational

diversity was one of the classes of diversity analysed in the diversity assessments which have already been conducted at over 90% of our locations.

Lastly, we actively managed two acquisitions, one in Hungary and the other in Brazil, bringing new profiles and backgrounds into the group which are bound to be key to its future, as has been the case so often in the past.

[For further information, refer to Our TEAM: the people behind the transformation]

Corporate crime prevention model

CIE Automotive put its Criminal Risk Prevention Model (hereinafter, the “Model”) in place in 2015. The Audit and Compliance Committee delegates the day-to-day tasks associated with the Model (ongoing monitoring of procedures, rules, controls and any other functions deemed appropriate) in a Support Unit made up of:

- The Secretary of the Board of Directors, who is tasked with presiding, managing and coordinating the Support Unit.
- The Chief Compliance Officer, who executes the various functions.
- Any professionals called on for their expertise.

The Unit has independent intervention and control powers within the organisation and its mandate is to oversee compliance with the Model. The company relies on the Model to mitigate the risk of money laundering.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Responsible management

As a result, the Support Unit has also been tasked with the following roles:

- Monitoring the controls established in the Model and, in general, compliance with the Model and with the principles enshrined in the Code of Professional Conduct.
- Proposing to the Audit and Compliance Committee any complementary measures it deems necessary to guarantee due delivery of the desired objectives.
- Providing reasonable assurance that the universe of values embodied by the Code of Professional Conduct is current, proposing any updates and additions that may be deemed necessary to the Audit and Compliance Committee.
- Informing the Audit and Compliance Committee periodically about the results of the analyses conducted.

- Notifying the Audit and Compliance Committee clearly and immediately of any Model breaches that come to light in the course of its review work.

CIE Automotive analyses the level of maturity attained by Model from time to time. During the last update, carried out between 2019 and 2020, it decided to identify the most significant subsidiaries in terms of criminal compliance, analyse the differences with respect to the legislation applicable in Spain and adapt the model to suit each country's characteristics. Since then, the Model has been introduced in most of the company's business markets: Spain, France, Germany, Czechia, Italy, Romania, Slovakia, US, Mexico, Brazil, India and China.

In 2023 the Model was implemented in Italy, Slovakia and Romania and the regulatory framework in Portugal was analysed. Except in Portugal, where this will happen in 2024, an individual criminal risk map was prepared, joining and consolidating the body of risk maps for the other countries that have been added to its scope since 2020.

As in 2022, this work began with a regulatory benchmarking exercise to map out the regulations applicable in each jurisdiction, followed by the design of the corporate standards for controlling the main criminal risks to which the various regions are exposed.

To design the new versions, the company started from the Model developed and implemented in Spain, the various mandatory requirements under local legislation, best national and international practices and suggestions for improving the Model gathered from the various jurisdictions. Once that was done a series of questionnaires were sent to the subsidiaries to identify criminal risks, individuals/functions and controls for subsequent analysis and inclusion, along with the suggestions for improvement and other specific considerations.

In addition, new criminal risk controls were launched in 2023 to cover newly added risks and reflect the global rollout of the Model between 2020 and 2023.

In 2023 the Model was implemented in Italy, Slovakia and Romania and the regulatory framework in Portugal was analysed

Finalist in the Expansión Compliance Awards

CIE Automotive was a runner-up in "Best international compliance project" category in the Expansión Compliance Awards. These awards, which are sponsored by Deloitte Legal and Iberdrola, with Esade as academic partner, reward globally applicable projects that facilitate efficient and suitable management of an organisation's existing global risks, allowing it to tackle common and specific risks faced.

In selecting CIE Automotive as finalist, the jurors rated the scope and scale of the criminal compliance initiative, the technology used, the applicable rules and the oversight and monitoring model.

Criminal risk management system

CIE Automotive's criminal risk management Model and system is integrated within its broader ERM, which is regulated by the Risk Control and Management Policy and follows ISO 31000 methodology so as to provide reasonable assurance that all significant risks are duly identified, evaluated, prevented and monitored. Those criminal risks are approved at the Board level and managed in keeping with defined risk appetite and tolerance thresholds.

The process is coordinated by the Compliance Department and the results are presented to the Audit and Compliance Committee for validation and approval; the Audit and Compliance Committee in turn reports on its assessment to the Board of Directors.

As in 2021 and 2022, in 2023, the company **drew up a specific criminal risk map**



Criminal risks assessed in 2023

As in 2021 and 2022, in 2023, the company drew up a specific criminal risk map to ensuring ongoing adequate management, so responding to the demands of our stakeholders and honouring one of the commitments made in our 2025 Strategic Plan.

The criminal risk map can be configured to provide results at the global level but also broken down by region, by technology and by region and technology. It estimates, in euros, the impact on EBITDA (framed by the defined parameters) of the potential materialisation of each risk and includes all of the controls launched at each factory during the year, indicating their current performance status, along with the corresponding evidence. The entire process is monitored via the internal management tool, SAP GRC.

A total of 271 people participated in drawing up the criminal risk map, 38 more than in 2022, and the exercise involved 12 countries, three more than in 2022: the US, Mexico, Brazil, India, China and the European markets – Spain, France, Germany, Czechia, Italy, Romania and Slovakia. Each respondent considered a time horizon of 2025 and their

specific area of geographic influence. The company's aim is to come up with a national assessment for each country in which it has business operations within the horizon of its 2025 Strategic Plan.

The criminal risks assessed in 2023 are the result of benchmarking exercises to identify the regulations applicable in each national jurisdiction. To design this new version of the risk map, the company started from the Model developed and implemented in Spain, the various mandatory requirements under local legislation, best national and international practices and suggestions for improving the Model gathered from the various jurisdictions.

Following that analysis, 37 potential crimes were evaluated by the various professionals identified for that task; some but not all of them are offences itemised in Spain's Criminal Code. Given that the company still has to analyse some of its markets, the aggregate 2023 map is not quite yet a global map but rather a map that rolls up the 37 offences identified in the 12 countries where this work has been completed. The global risk map, assuming the group's current footprint, will be a reality by 2025, so delivering the target set down in the 2025 Strategic Plan.

Criminal risk map

On the basis of the boundary described above and the residual risk assessment approach, the map reveals that none of the criminal risks evaluated presents a medium or high probability of materialisation or would have a significant or severe impact on EBITDA if they were to materialise. Indeed, most of the assessments highlight the credibility of the existing Model, based on global monitoring of the controls performed at the factory, technology and country levels, as well as on continuous specific training.



Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

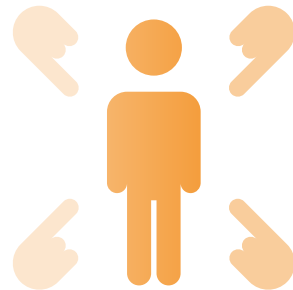
5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

KEY RISKS: DESCRIPTION AND ACTION PLANS



RISKS WITH LOW PROBABILITY OF OCCURRENCE AND MODERATE POTENTIAL IMPACT



DISCRIMINATION

DAMAGE TO NATURAL RESOURCES

CONFIDENTIALITY BREACHES

Action plan

Exercising the due control required under Spain's Criminal Code requires the

company to implement continuous control mechanisms and to appoint internal control bodies to follow up on the controls implemented and any possible criminal risks. Framed by those legislative requirements, CIE Automotive has defined a control structure made up of: (i) the Board of Directors, as the highest decision-making body; (ii) the Audit and Compliance Committee, as oversight and control body; and (iii) the Support Unit.

CIE Automotive has vested the control and oversight duties in the Audit and Compliance Committee, as it has the autonomy and independence in terms of control powers and the ability to act required under the control framework.

The Compliance Department is responsible for continuously reviewing and updating the internal control system and ensuring compliance with internal and external regulations and the policies and procedures in place for mitigating the main corruption and fraud risks. It is also in charge of the Model and establishment, development and updating CIE Automotive's ethics framework.

All of CIE Automotive factories use an IT tool to guarantee performance of the required internal controls. That tool is the SAP GRC (Governance, Risk and Compliance) suite, which permits the automated and manual analysis of the level of performance of the controls conducted at the factory level and tracks incidents

and any resulting action plans, enabling traceability, as outlined in greater detail in the Internal Control Systems section.

New internal controls were launched in 2023 to mitigate some of the main criminal risks identified in the regions with a tailored risk map and training was undertaken in the following areas:

- Corporate liability and anti-corruption, launched between the end of 2020 and 2021, provided to 600 people in total, including the company's directors, key management personnel, the global management team and the members of the local management committees. Since then, all newcomers to those groups have also been receiving the corporate liability and anti-corruption training.
- Code of Professional Conduct, provided to over 6,000 people online in 2021 and to the rest of CIE Automotive's people worldwide in the form of brochures and a final assessment.
- ESG training, provided to over 6,500 people online in 2023 and to the rest of CIE Automotive's people worldwide in the form of brochures and a final assessment.

It is important to note that each time the Model is introduced into a new country, specific criminal risk training is provided to all of the people it applies to. That refresher training involves a reminder of the company's in-house policies, manuals, procedures and controls and provides an update on applicable local legislation and related developments.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables



Criminal risks mitigated in 2023

Thanks to the actions taken in 2023, CIE Automotive managed to mitigate the probability of materialisation of discriminatory actions, ranked as a priority in 2022, and, therefore, no longer deemed in need of priority attention in the 2023 criminal risk map.

The key actions taken included tighter control over and monitoring of the existing controls, the introduction of new controls following the model's reassessment and, importantly, the ongoing training provided on these risks by the Compliance Department as well as the various HR teams at the factory level, with support from the corporate HR Department.

Internal control model

CIE Automotive's internal control system, which it reviews, updates and improves continually, is based on the three lines of defence approach and provides coverage from risk identification right through to the internal audit function. The Compliance Department, as part of the second line of defence, is responsible for the system's regular review and continuous improvement. It also ensures compliance with internal and external rules and with the policies and procedures designed to mitigate the potential risks.

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

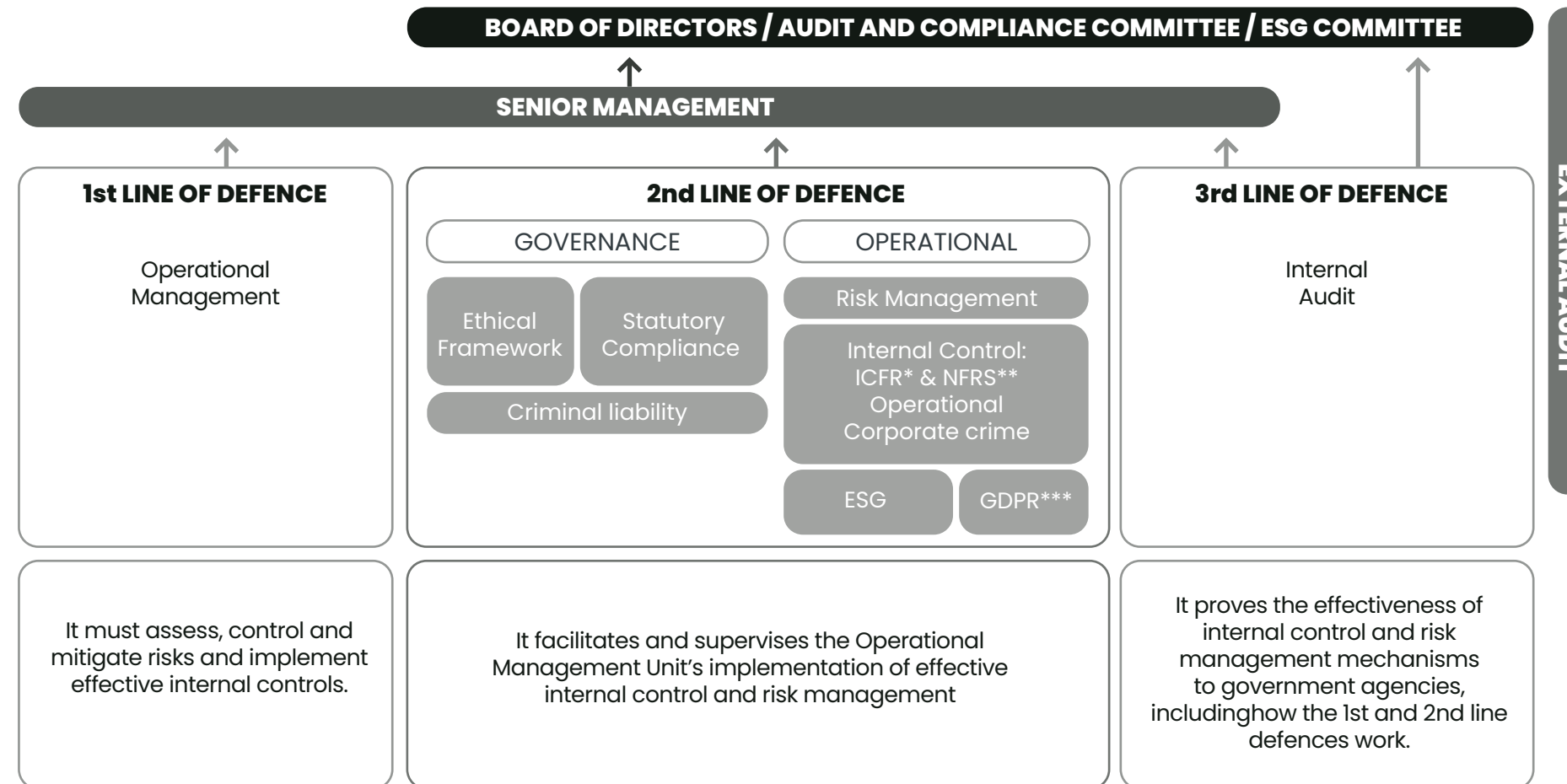
5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

LINES OF DEFENCE



(*) ICFR: Internal control over financial reporting
(**) NFRS: Internal control over non-financial reporting
(***) GDPR: General Data Protection Regulation

The Compliance Department supervises over 250 controls

Risk supervision and management is performed using the Risk Management and Process Control modules of the SAP GRC tool which operates across all of the group's productive facilities, irrespective of whether they have an SAP enterprise resource planning (ERP) system or not.

Each risk is assigned specific controls, many of which are automatic; their performance is allocated to different owners and in the event of incidents, traceable, timed action plans are triggered. In all, the Compliance Department supervises over 250 controls, applied at the individual factory, business division and corporate office levels, under the scope of its internal control over financial reporting (ICFR) and internal control over non-financial reporting (ICNFR) systems. The ICNFR system includes controls over ESG, criminal, compliance, IT and data protection risks.

The results are reviewed as part of the Internal Audit Department's annual audit plan as well as being submitted to senior management for review and approval.

All of the internal audit work is performed through the Audit Management module within SAP GRC, in place across the various local internal audit areas in Brazil, Mexico, India and Europe. Having risk management, internal control and internal audit integrated within the same control tool (i.e., SAP GRC) creates synergies by unlocking work efficiencies and generating value for the business divisions by sharing experiences and success stories.

	Chairman and CEO's statement
1	2023 highlights
2	Ready for change
3	Record earnings
4	Common responsibility, shared benefits
5	Our response to the environmental challenge
6	Responsible management
	About this report
	Data tables

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Process mining project

Process mining is a technique designed to discover, monitor, and improve real business processes (such as purchase order and payment management processes) by extracting readily available knowledge from the event logs of information systems. With process mining, aided by artificial intelligence, it is possible to quickly visualise, identify and quantify bottlenecks and inefficiencies across the business, so delivering the following benefits, among others:

- Increased efficiency by removing bottlenecks, improving cycle times and streamlining processes.
- Cost reduction associated with duplicity, rework and manual processes.
- Improved compliance by detecting non-compliant processes or possible cases fraud.
- Continuous business optimisation by improving processes and monitoring them in real-time.

In 2023, with the aim of making the company's internal control system more efficient, CIE Automotive embarked on a process mining project with Celonis (the tool provider) and the consultancy, Deloitte.

The goal of this project is to establish use cases that, by interconnecting all of the company's ERPs around the world, help generate value in the company's business processes by detecting inefficiencies and optimising processes. In short, the idea is to improve processes by detecting bottlenecks, identifying the best routes to achieving a given objective, as well as flagging any potential cases of fraud. . This translates into the establishment of numerical indicators and scorecards that make it easier for the business and corporate managers to understand and monitor the data.

In 2023 the company managed to implement process mining in the production SAP environments in Europe and at Datasul in Brazil and the tool is

under development in the S/4 HANA environment of the roof systems division (with global reach) and the SAP environments in Mexico, India and in other environments in Europe.



6.7

Integration of ESG aspects

Beyond the financial objectives intrinsic to its business activity and value creation purpose, CIE Automotive integrates other moral, social and environmental considerations, aligned with the United Nations 2030 Agenda, into its processes and actions. In 2023 the company continued to make progress on these aspects, as measured by the goals established in its 2025 Strategic Plan.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

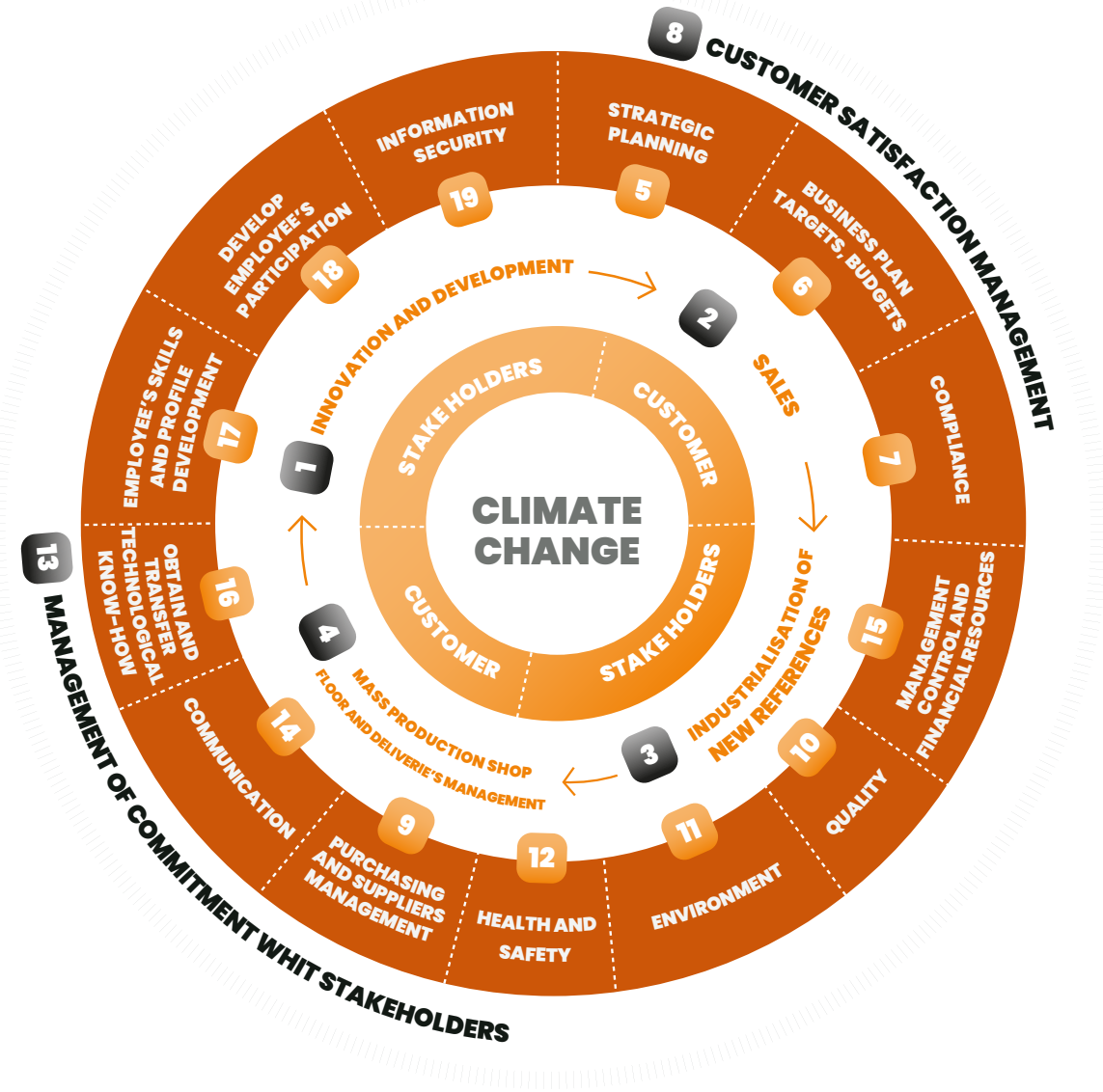
Data tables

Integration in the process map

The company's ESG criteria are seamlessly integrated into all of its activities and decisions. The group's process map, updated for the eleventh time in 2022, has climate change front and centre, while also featuring some of the core aspects of CIE Automotive's culture:

- Mission, vision and values
- Stakeholders
- Process map
- Policies
 - Quality
 - Environment
 - Health and safety
 - IT security

CIE AUTOMOTIVE PROCESS MAP



Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

ESG achievements in 2023

In 2023 the company made fresh progress on a number of its ESG targets, while delivering the 79 specific KPIs set down in its 2025 Strategic Plan.

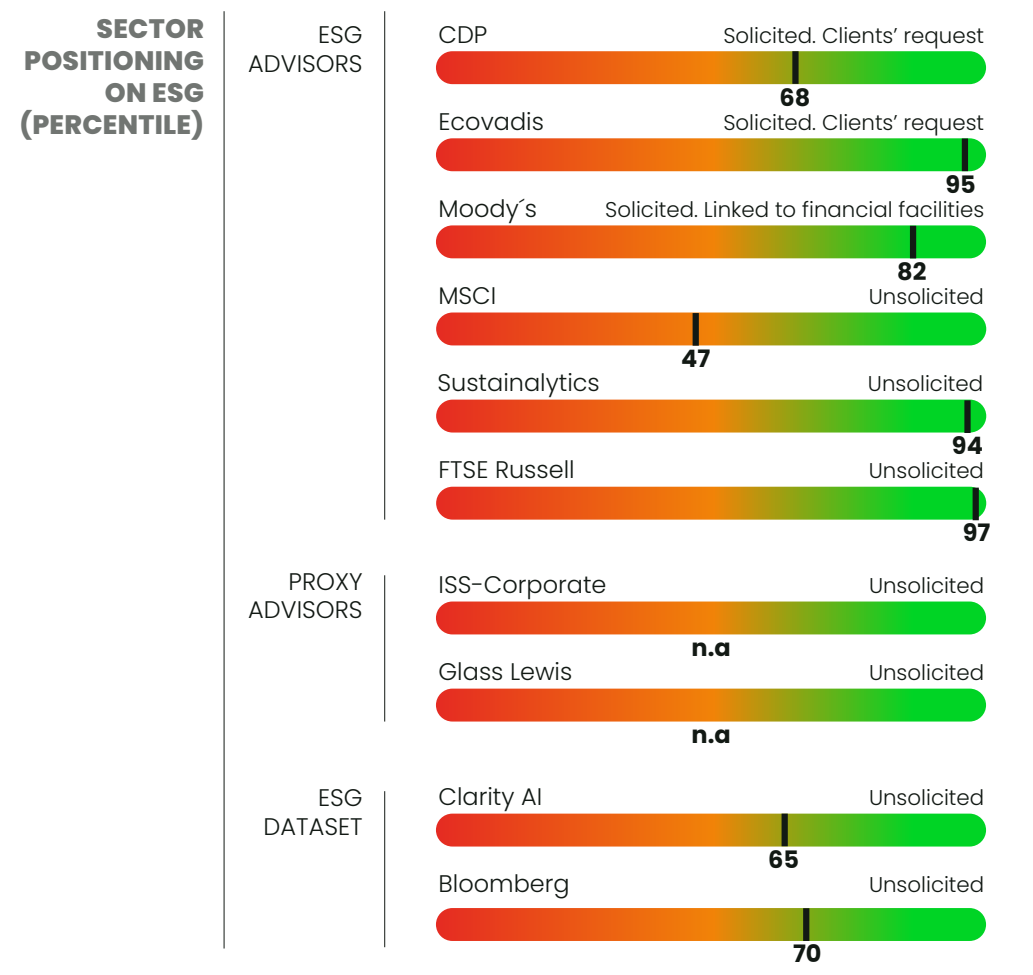
- **New SDG 7:** CIE Automotive added SDG 7 “Affordable and clean energy” to its contributions to the 2030 Agenda in 2023. This commitment has translated into investments in clean energy, the implementation of technology to reduce energy consumption across its facilities and a constant search for energy efficiencies.
- **ESG training at the global level.** To get everyone at CIE Automotive to see and understand the importance of its ESG goals, the company has an online platform that explains its strategic approach and provides ESG training to its employees (to more than 6,500 online and to everyone worldwide via printed brochures).
- **New Whistleblowing channel:** In 2023 CIE Automotive rolled out a new online platform to make it easier for its employees and other stakeholders to confidentially report inappropriate or criminal conduct, so complying with Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law and its transposition into law in the various European jurisdictions where the Company operates on the protection of persons who report breaches of Union law.
- **Expansion of the international criminal risk map.** In 2023 the company took new steps in building a truly global criminal risk map by adding three new markets: Italy, Romania and Slovakia. The analysis has also been completed in Portugal where the map will be implemented in the first quarter of 2024.
- **Expansion of the Supply Chain Race 2 Zero project:** This is the company's effort to help its suppliers decarbonise by supporting and monitoring suppliers who are having difficulties reducing their emissions.
- **Update of the materiality matrix:** The matrix was updated in 2023 thanks to the feedback gleaned from over 1,500 employee surveys and information collected from customers, analysts and investors.

Sector outperformance on ESG scores

CIE Automotive's ESG performance is tangible in the scores awarded by a number of independent sustainability agencies. Most of these scores, except for those associated with financing operations, have not been solicited by the company. These specialists rate CIE Automotive on aspects related with its environmental impact, social practices and governance structure.

CIE Automotive's scores are strong and reflect outperformance relative to most of its sector peers. The results confirm the effectiveness of the measures taken in recent years to address crucial ESG matters.

Note that CIE Automotive climbed a whole notch on the CDP's ESG ratings, from C to B, on the basis of the data for 2023, implying an increase in score of over 30 points, from 34 to 68.



Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

**About
this report**

Data tables

About this report

CIE Automotive's Annual Report provides comprehensive and detailed information about the performance of CIE Automotive, S.A. and its subsidiaries along the economic, financial, environmental, social and governance dimensions in 2023 in all of the countries in which it operates. The scope of the financial and non-financial information is, therefore, global.

In order to facilitate comparability, the document also provides information for prior years. The reader should note that in October 2023 the group sold the German forging business that was owned by Forging Germany GmbH (formerly, Mahindra Forgings Europe AG) and its subsidiaries, to an investee of Mutares United GmbH.

And in May 2023 it completed the acquisition, through Autometal, of 100% of Iber-Oleff Brasil Lda. in Brazil.

In 2023 the group also acquired the Hungarian company Salgglas, which specialises in the manufacture of safety glass for cars.



METHODOLOGY

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

This report expounds on the relevant topics identified as a result of the materiality assessment conducted annually on the basis of questionnaires and analysis carried out to detect the topics deemed most important due to their significance for the company and its stakeholders and due to their perceived level of attention within the organisation.

Throughout the entire process of collecting and presenting its financial and non-financial information, CIE Automotive bears in mind the principles of transparency, materiality, comparability, timeliness, clarity and reliability needed to assure the quality of the information reported.

The techniques used to measure and calculate the data provided, along with any estimates made, are explained in the corresponding tables or chapters of the report as necessary to facilitate reader comprehension.

Non-financial reporting process

This report, which is appended to the consolidated management report as a separate document, includes constitutes CIE Automotive's 2023 non-financial statement (NFS) and provides information about the environmental, social and governance (ESG) activities of CIE Automotive S.A. and its investees during the year across the 18 countries where it does business. The Chinese joint venture, SAMAP, is excluded from the scope as it is accounted for using the equity method.

However, in order to confirm that, despite being an equity-accounted investee, the ESG risks to which the group is exposed through its joint venture in China are not material for CIE Automotive, a self-assessment was conducted on the basis of the contents of Spanish Law 11/2018 on non-financial and diversity reporting. That assessment revealed the existence of a working methodology at the joint venture around ESG matters, with specific targets and indicators, that is aligned with CIE Automotive's methodology.

The non-financial disclosures were prepared in keeping with Spanish Law 11/2018 and the non-binding guidelines on non-financial reporting issued by the European Commission on 5 July 2017 (EU Guidelines 2017/C 215/01) and the GRI Standards.

The non-financial statement, which is part of this Annual Report, was assured KPMG Auditores, S.L., which also audited the group's annual financial statements. The Audit and Compliance Committee is tasked with ensuring that firm's independence.

The non-financial information, which is part of the NFS, included in this report was compiled with the input and oversight of the heads of all of the various departments and areas:

- The Compliance Department is ultimately responsible for its preparation and coordination, albeit ably assisted by the Cross-Group ESG Committee.
- The Board of Directors is ultimately responsible for approving its issue, along with the management report. The Board of Directors is kept regularly abreast of the most significant environmental, social and governance matters by the ESG Committee.

To round out the information about the group's activities throughout the year, a number of other statutory reports are available for download on the corporate website: separate and consolidated annual financial statements and management report, Annual Corporate Governance Report and Annual Report on Board Remuneration, along with all of the presentations published about different aspects of the group or in the specific website tabs devoted to specific stakeholder groups.

The scope of the social and environmental impact information included in this Report is the same as the financial scope considered in CIE Automotive, S.A.'s consolidated financial statements, in addition to the forged parts business in Germany (carried on by Schöneweiss & Co. GmbH, Gesekschmiede Schneider GmbH, Falkenroth Umformtechnik GmbH and Jeco Jellinghaus GmbH), assets classified as held for sale in 2023 that were part of the group until July 2023.

Therefore, **all of the tables containing non-financial information throughout the report (except those providing year-end data) include the data for the discontinued German forging operations until 30 June 2023.**

For a better understanding of the information, the "Data tables" section discloses the information for the discontinued German operations separately.

MATERIALITY

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

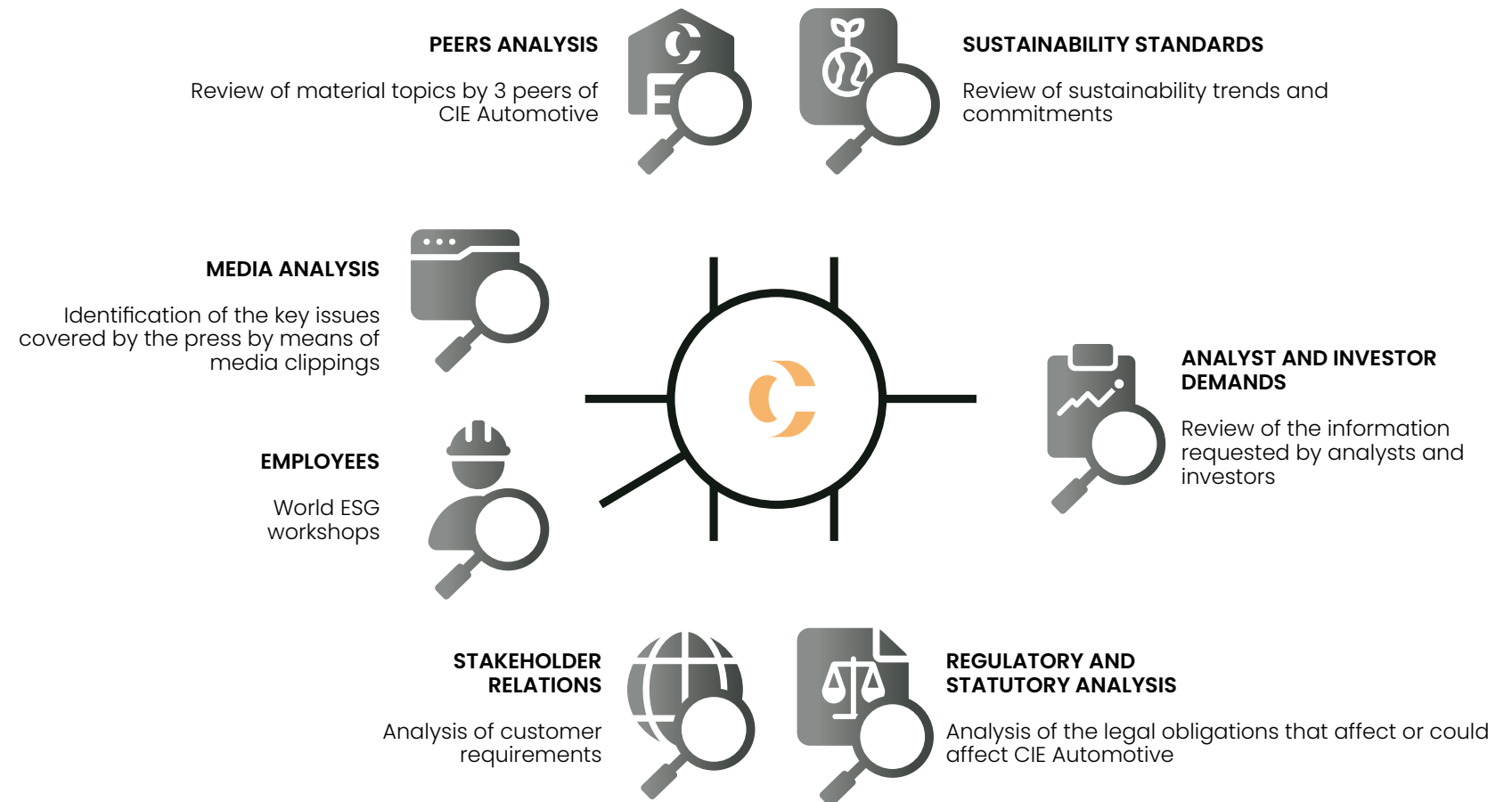
6 Responsible
management

About
this report

Data tables

This report aims to provide information that is material for the company and its stakeholders in order to understand expectations and plan appropriate responses. In 2023, the company updated its materiality assessment so as to identify the matters of greatest importance for the company and its stakeholders. During that process it consulted internal and external sources and considered a time horizon aligned with the current 2025 ESG Plan.

To update the assessment, the group analysed internally the topics considered material for CIE Automotive, sector and customer sustainability trends and commitments, regulatory developments and the demands of analysts, investors and other stakeholders.



In 2023, the company
updated its materiality assessment

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Material topics
in 2023

The 2023 update revealed a shift in the perceived importance of some of the key matters identified as material in 2022. In line with growing regulations and stakeholder demands (mainly the sector and public organisations), new forms of mobility (closely related with the latest market trends), geopolitics (both of which are risks flagged in the risk map) and sustainable supply chain management emerged as more significant and now occupy prominent spots on the ranking of material ESG topics.

MATERIAL TOPICS RANKED BY IMPORTANCE

RANKING	TOPIC	ESG AREA
1	Responsible supply chain management	Social
2	Expert talent management	Social
3	Customer satisfaction	Social
4	New forms of mobility	Environmental
5	Geopolitics	Governance
6	Innovation to drive efficiency	Environmental
7	Risk management	Governance
8	Strong corporate governance	Governance
9	Circular economy: efficient use of resources and waste management	Environmental
10	Respect for human rights	Social
11	Workplace health and safety	Social
12	Climate change	Environmental
13	Ethics and compliance	Governance
14	Employee wellbeing	Social
15	Environmental impact	Environmental
16	Equality, diversity and inclusion	Social
17	Privacy and data protection	Governance
18	Community relations	Social
19	Product quality and safety	Social
20	Growth and responsible investment	Governance
21	Stakeholder engagement	Social
22	Reputation	Governance
23	Transparency	Governance

Chairman and CEO's statement

12023 highlights

2Ready for change

3Record earnings

4Common responsibility, shared benefits

5Our response to the environmental challenge

6Responsible management

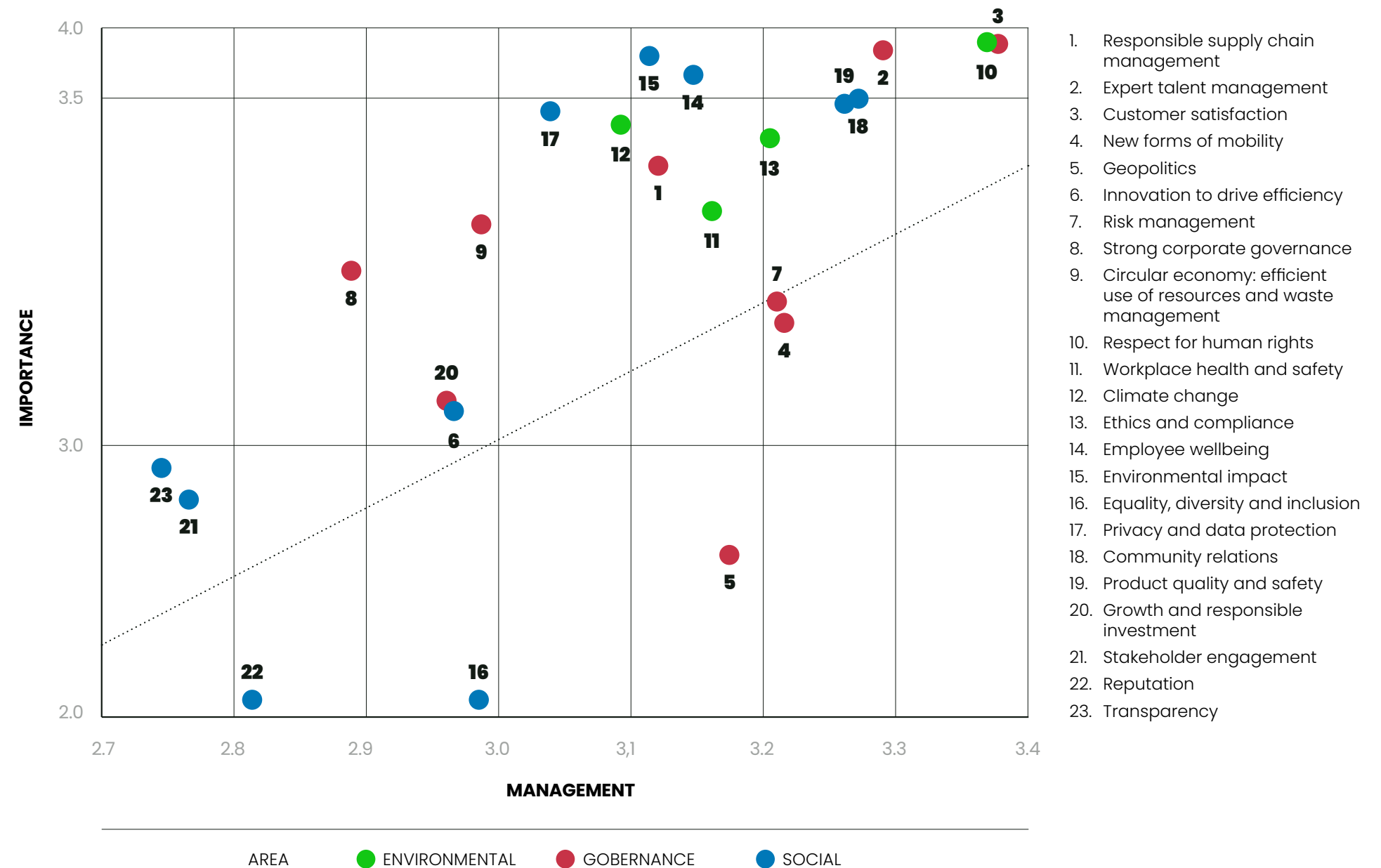
About this report

Data tables

The importance ascribed to each material topic, coupled with the perception of how well each one is being managed, yielded the following materiality matrix, which in turn formed the basis of the 2025 Strategic Plan and the contents of this Annual Report.

All ESG topics that lie above the dividing line are matters whose importance is greater than the level of attention they are currently receiving and therefore constitute the ESG matters the company needs to focus on. The greater the distance between the ESG topic in question and the dividing line, the more the company needs to prioritise it.

MATERIALITY MATRIX



Explanatory note of the matrix: in the questionnaires for updating the materiality analysis, the minimum scale score is 1 and the maximum is 4. Given the results atomized between scores 2 and 3, without extremes, the resulting matrix is shown on their axes starting from a value of 2.7, which means that all issues have been valued on that scale from 1 to 4, above 2.7

Contact details

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

Registered name	CIE Automotive S.A.
Registered office	Alameda Mazarredo, 69 – 8º 48009 Bilbao, (Bizkaia)
Telephone number	Spain : +34 946 054 835
Website	www.cieautomotive.com
Share capital	29,951,871.00€
No. of shares	119,807,484
Par value	€0.25/share
Business activity	Manufacture of automotive parts.
Markets	CIE Automotive is present in 17 countries its shares are listed on the Spanish stock market.

Dedicated channels for each stakeholder group:*

ESG and community relations:
Susana Molinuevo esg@cieautomotive.com

Professionals:
Aitor Zazpe hr@cieautomotive.com

Investor relations and business partners:
Lorea Aristizabal ir@cieautomotive.com

Customers and sector:
Mikel Orbegozo sales@cieautomotive.com

Supply chain:
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Financiers:
Irache Pardo financierocie@cieautomotive.com

Public relations:
compliance@cieautomotive.com

(*) Also included on the corporate website.

GLOSSARY

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

EBITDA:

Earnings before interest, tax, depreciation and amortisation.

Adjusted EBITDA:

EBITDA for the last 12 months (LTM) including 50% of the EBITDA of the Chinese JV, SAMAP, which, on the basis of the existing agreements with the other venturer, is accounted for using the equity method.

EBIT:

Earnings before interest and tax.

Net Profit:

Profit attributable to owners of the parent.

Net debt (ND):

Borrowings from banks and other financial institutions less cash and cash equivalents and less other current financial assets.

Adjusted net debt:

Net debt including 50% of the net debt of the Chinese JV, SAMAP, which, on the basis of the existing agreements with the other venturer, is accounted for using the equity method.

Fixed assets:

Property, plant and equipment, intangible assets, including goodwill, rights of use over leased assets (IFRS 16), investments accounted for using the equity method and assets and liabilities held for sale.

Maintenance capex:

CAPEX designed to update the facilities with a view to handling anticipated organic market growth.

Cash flow from operations:

EBITDA – Interest expense paid – Tax paid – Maintenance CAPEX – IFRS 16 leases / EBITDA corrected for the impact of IFRS 16.

TRACING COMPLIANCE WITH SPAIN’S LAW ON
NON-FINANCIAL INFORMATION AND DIVERSITY REPORTING

Chairman
and
CEO’s
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Contents of Law 11/2018 on non-financial and diversity reporting	GRI	MATERIALITY	SECTION	PAGE
Brief description of the undertaking’s business model, including disclosures related to: 1) their business environment; 2) their organisation and structure; 3) the markets where they operate; 4) their objectives and strategies; 5) the main trends and factors that may affect their future development	1	Yes	Contact details	231
	3-3	Yes	We create value for our shareholders	78-81
	2-1	Yes	Contact details Geographical balance	235 30
	2-6	Yes	A genuine business model Contact details Geographical balance Corporate governance bodies	29-35, 189-198
	2-22	Yes	Chairman and CEO’s statement	3-5
A description of the policies pursued by the undertaking in relation to those matters, including: 1) The due diligence processes implemented in order to identify, evaluate, prevent and mitigate significant risks and adverse impacts. 2) The monitoring and control processes, specifying which measures have been taken.	3-3	Yes	Excellence with and for our customers Our team: the people behind the transformation Change begins with our suppliers Our response to the environmental challenge Responsible management Compromisos que nos inspiran The commitments that inspire us	82-86 100, 102, 107-111 120-122, 126- 131 144-146, 150, 156, 161 187, 189, 197, 199-207, 227-228 37-40 32-44
The outcomes of those policies, including the pertinent non-financial key performance indicators that are most useful in: 1) monitoring and assessing progress 2) supporting comparability across companies and sectors, relying on broadly recognised national, EU-based or international frameworks for each issue	3-3	Yes	Excellence with and for our customers Our team: the people behind the transformation Change begins with our suppliers Our response to the environmental challenge Responsible management Our sustainable growth strategy	82 90-103, 108-112 116-117, 120-132 142-146, 149-150 190-191, 199 46-53

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Contents of Law 11/2018 on non-financial and diversity reporting	GRI	MATERIALITY	SECTION	PAGE
The principal risks related to those matters linked to the undertaking's operations including, where relevant and proportionate, its business relationships, products or services which are likely to cause adverse impacts in those areas; and - How the undertaking manages those risks; - Explaining the processes used to identify and assess those risks, using broadly recognized national, EU-based or international frameworks for each issue. - Reporters must include information about any impacts identified, providing a breakdown of those impacts, in particular in relation to the principal short-, medium- and long-term risks.	3-3	Yes	Risk management Change begins with our suppliers Environmental risk management Corporate crime prevention model	207-217 133-134 168-183 218-223
Non-financial key performance indicators relevant to the undertaking's particular business that are comparable, useful, relevant and consistent. - In order to facilitate comparability of non-financial disclosures, over time and among undertakings, reporters should rely particularly on nonfinancial KPIs that that are generally applicable and meet the European Commission's guidelines in this respect and specifically the Global Reporting Initiative standard. Reporters should specify which national, EUbased or international reporting framework they rely on in each instance. - Undertakings must provide relevant key performance indicators for each section of their non-financial statements. - These indicators should be useful taking into account their specific circumstances. The KPIs should be consistent with metrics actually used by the group in its internal management and risk assessment processes. - Regardless, the information provided should be accurate, comparable and verifiable. Other information of use about how the document was prepared - Reporting practice.	3.3	Yes	Excellence with and for our customers Our team: the people behind the transformation Change begins with our suppliers Our response to the environmental challenge Responsible management Our sustainable growth strategy Materiality	82 90-103, 108-112 116-117, 120-132 142-146, 149-150 190-191, 199 46-53 232

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Contents of Law 11/2018 on non-financial and diversity reporting	GRI	MATERIALITY	SECTION	PAGE
ENVIRONMENTAL MATTERS				
ENVIRONMENT OVERALL				
1) Detailed information about the current and foreseeable impacts of the undertaking's activities on the environment and, as appropriate, on health and safety, and environmental assessment and certification processes. 2) The resources dedicated to preventing environmental risks. 3) Application of the principle of prevention, the amount of provisions and guarantees for environmental risks.	3-3	Yes	Our response to the environmental challenge	142-151, 156-164
	2-23	Yes	Ethics framework	142-151, 156-164
POLLUTION				
1) Measures to prevent, reduce or repair the carbon emissions that seriously impact the environment;	3-3, 305-7	Yes	Pollution control	156-160
2) Taking into consideration any form of air pollution specific to the business, including noise and light pollution.	3-3	Yes	Pollution control	156-160

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Contents of Law 11/2018 on non-financial and diversity reporting	GRI	MATERIALITY	SECTION	PAGE
CIRCULAR ECONOMY, PREVENTION AND WASTE MANAGEMENT				
Circular economy	3-3	Yes	Eco-efficiency and circularity Circular economy	50-53 161
Waste: Measures for the prevention, recycling, reuse and other forms of recovering and eliminating waste	3-3	Yes	Circular economy	164
	306-1	Yes	Circular economy	164
	306-2	Yes	Circular economy	164
	306-3	Yes	Data tables	267-269
	306-4	Yes	Data tables	267-269
	306-5	Yes	Data tables	267-269
Initiatives undertaken to eliminate food waste	N.A.	No		N.A.
SUSTAINABLE USE OF RESOURCES				
Water consumption and supply, in keeping with local limitations	3.3	Yes	Circular economy Environmental management tables	161-162 265
	302-1	Yes	Environmental management tables	265
Consumption of raw materials and measures taken to use them more efficiently	302-3	Yes	Circular economy	161
	301-1	Yes	Raw materials	163
	301-2	Yes	Raw materials Environmental management tables	163 266

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Contents of Law 11/2018 on non-financial and diversity reporting	GRI	MATERIALITY	SECTION	PAGE
Direct and indirect energy consumption, measures taken to enhance energy efficiency and use renewable sources	3-3	Yes	Pollution control	156-160
	302-1	Yes	Pollution control Data tables	156, 157 270
	302-3	Yes	Pollution control Data tables	156, 157 273
CLIMATE CHANGE				
The important aspects of the greenhouse gas emissions generated as a result of the undertaking's activity, including through use of the goods and services it produces.	3-3	Yes	Pollution control	156-157
	305-1	Yes	Emissions Environmental management tables	159 271
	305-2	Yes	Emissions Environmental management tables	159 271
	305-4	Yes	Environmental management tables	274
The measures adopted to adapt for the consequences of climate change	3-3, 201-2	Yes	Climate neutrality roadmap	146-150
Any medium- and long-term GHG emission-cutting targets voluntarily adhered to and the measures implemented to that end.	3-3, 305-5	Yes	Climate neutrality roadmap	146-150
EU Taxonomy Regulation	CIE Automotive's own methodology developed based on Article 8 of the European Taxonomy	Yes	Contribution to the decarbonisation of transport Template Annex II Commission Delegated Regulation (EU) 2021/2178	165-167 275-278

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

Contents of Law 11/2018 on non-financial and diversity reporting	GRI	MATERIALITY	SECTION	PAGE
BIODIVERSITY PROTECTION				
Measures taken to preserve or restore biodiversity	N.A.	No		N.A.
Impacts caused by the undertaking's activities or operations on protected areas.	N.A.	No		N.A.
SOCIAL AND EMPLOYEE MATTERS				
EMPLOYMENT				
Total number and breakdown of employees by gender, age, country, job category and abilities.	3-3	Yes	Employment and diversity	90-94, 100, 102
	405-1	Yes	Employment and diversity Consejo de Administración	90-94, 263 190
Total number and breakdown by contract category.	2-7	Yes	Employment and diversity	100
Average headcount during the year by permanent/temporary/part-time contracts by gender, age and job category.	2-7	Yes	Employment and diversity	There were no significant changes in the group's headcount during the year, so that only the year-end figures are reported.
Number of dismissals by gender, age and job category.	3-3, 401-1 with respect to the distribution of registrations and deregistrations by age and sex	Yes	Employment tables	263
Average earnings and trend broken down by gender, age, job category or equivalent metric.	3-3	Yes	Employment and diversity Employment tables	94 264

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Contents of Law 11/2018 on non-financial and diversity reporting	GRI	MATERIALITY	SECTION	PAGE
Wage gap, remuneration per equivalent job or company average.	3-3, GRI 405-2 with respect to the ratio of women's and men's salaries by category and by geographical location	Yes	Employment and diversity Employment tables	94 264
Average remuneration for directors and executives, including bonuses, attendance fees, termination benefits, long-term savings/pension benefits and any other compensation, broken down by gender.	3-3	Yes	Corporate governance bodies	199
	2-19	Yes	Corporate governance bodies	199
	2-20	Yes	Corporate governance bodies	199
Implementation of policies regarding the right to disconnect from work.	3-3	Yes	Employment and diversity	102
Employees with disabilities.	3-3, 405-1	Yes	Employment and diversity	91
ORGANISATION OF WORKING HOURS				
Organisation of working hours.	3-3	Yes	Employment and diversity	101-102
Absenteeism (in hours).	3-3	Yes	Employment and diversity	102
Measures designed to facilitate work-life balance and sharing of caring responsibilities.	3-3	Yes	Employment and diversity	101-102

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Contents of Law 11/2018 on non-financial and diversity reporting	GRI	MATERIALITY	SECTION	PAGE
OCCUPATIONAL HEALTH AND SAFETY				
Occupational health and safety.	3-3	Yes	Health and safety	109-111
	403-5	Yes	Health and safety	111-112
Workplace accidents, specifying frequency and severity and work-related illnesses, broken down by gender.	403-9	Yes	Health and safety	111-112
	403-10	Yes	Health and safety	111-112
MANAGEMENT-EMPLOYEE RELATIONS				
How management-employee dialogue is organised, including procedures for informing and consulting employees and negotiating with them.	3-3	Yes	A good place to work	102, 107
Percentage of employees covered by collective bargaining agreements by country.	2-30	Yes	A good place to work	107
Assessment of collective bargaining agreements, particularly with respect to workplace health and safety.	3-3, 403-4	Yes	A good place to work	107
Mechanisms and procedures that the company has in place to promote the involvement of workers in the management of the company, in terms of information, consultation and participation.	3-3	Yes	A good place to work	102, 107

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Contents of Law 11/2018 on non-financial and diversity reporting	GRI	MATERIALITY	SECTION	PAGE
TRAINING				
Training policies in place.	404-2	Yes	Employment and diversity A good place to work	90 103, 105
Total training hours by job category.	3-3, 404-1 with respect to with respect to total hours of training training by gender and professional professional category	Yes	A good place to work	103
Accessibility for persons with disabilities.	3-3	Yes	Employment and diversity	95-97
EQUALITY				
Measures taken to foster equal treatment of and opportunities for men and women	3-3	Yes	Employment and diversity	92
Equality Plans (Chapter III of Organic Law 3/2007, of 22 March 2007, on effective gender equality), measures taken to foster employment, antisexual/gender harassment protocols, integration of and accessibility for persons with disabilities	3-3	Yes	Employment and diversity	92
Non-discrimination policies and diversity management policies	3-3	Yes	Employment and diversity A good place to work Ethics framework	92 108 200-203

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Contents of Law 11/2018 on non-financial and diversity reporting	GRI	MATERIALITY	SECTION	PAGE
HUMAN RIGHTS				
Human rights due diligence procedures, processes and arrangements for preventing human rights abuses and any measures taken to mitigate, manage and repair possible abuses that have materialised.	3-3	Yes	Defence of human rights	205
	2-23	Yes	Defence of human rights	99, 205
	2-26	Yes	Defence of human rights	99, 205
Claims of human rights abuses.	3-3, 406-1	Yes	Defence of human rights	202, 205
Promotion of and compliance with the provisions contained in the International Labour Organisation's fundamental conventions on the freedom of association and the right to collective bargaining.	407-1	Yes	Defence of human rights	205
Elimination of workplace discrimination.	3-3	Yes	Employment and diversity A good place to work Ethics framework	92 108 200-203, 205
	406-1	Yes	Defence of human rights	205
Elimination of forced or compulsory labour	409-1	Yes	Ethical labour relations ESG supplier portal Defence of human rights	108 125 205
Effective abolition of child labour	408-1	Yes	Ethical labour relations ESG supplier portal Defence of human rights	108 125 205

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Contents of Law 11/2018 on non-financial and diversity reporting	GRI	MATERIALITY	SECTION	PAGE
CORRUPTION AND BRIBERY				
Measures taken to prevent corruption and bribery.	3-3	Yes	Anti-corruption and bribery effort Stakeholder engagement	204 70
	2-23	Yes	Anti-corruption and bribery effort	204
	2-26	Yes	Anti-corruption and bribery effort Stakeholder engagement	204 70
	205-2	Yes	Anti-corruption and bribery effort Stakeholder engagement	204 70
	205-3	Yes	Anti-corruption and bribery effort Stakeholder engagement	204 70
Measures taken to combat money laundering.	3-3, 2-23, 2-26, 205-2	Yes	Corporate crime prevention model Anti-corruption and bribery effort Stakeholder engagement	218-219 204 70
Contributions to non-profit entities.	2-28	Yes	Community work	140

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Contents of Law 11/2018 on non-financial and diversity reporting	GRI	MATERIALITY	SECTION	PAGE
SOCIETY				
COMMITMENT TO SUSTAINABLE DEVELOPMENT				
Impact of the undertaking's activities on society in terms of employment and local development.	3-3	Yes	Community work Corporate policies	140-141 203
	201-1	Yes	Community work Corporate policies	140-141 203
	202-2	Yes	Community work Corporate policies	140-141 203
	204-1	Yes	Community work Corporate policies	140-141 203
Impact of the undertaking's activities on society in terms of local communities and territories.	3-3, 201-1	Yes	Community work	140-141
	3-3, 204-1	Yes	Community work	140-141
	413-1	Yes	Community work	140-141
Engagement with local community representatives; communication channels in place.	2-29	Yes	Stakeholder engagement Corporate policies	70 203
	204-1	Yes	Stakeholder engagement Corporate policies	70 203
	413-1	Yes	Stakeholder engagement Corporate policies	70 203
Membership of associations and sponsorships	3-3, 2-28	Yes	Our role in the transformation of the automotive sector Community work	139 140-141

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Contents of Law 11/2018 on non-financial and diversity reporting	GRI	MATERIALITY	SECTION	PAGE
OUTSOURCING AND SUPPLIERS				
- Inclusion in the purchasing policy of social, gender equality and environmental matters. - Contemplation of social and environmental records in supplier and subcontractor engagement.	2-6	Yes	Change begins with our suppliers	120-125, 130
	3-3	Yes	Change begins with our suppliers	130
	204-1	Yes	Change begins with our suppliers	128
	308-1	Yes	Change begins with our suppliers	123
	414-1	Yes	Change begins with our suppliers	128-132
Supervision and audit systems and their outcomes.	2-6	Yes	Gestión de los riesgos de la cadena de suministro	133
CONSUMERS				
Consumer health and safety measures.	3-3	No		N.A.
Consumer claims, complaints and remediation systems.	3-3	No		N.A.
TAX INFORMATION				
Country-by-country profits. Corporate income tax paid.	3-3	Yes	A source of progress for the community	136
	207-4	Yes	A source of progress for the community	138
Government grants received	201-4 with respect to public subsidies received	Yes	A source of progress for the community	138

EXTERNAL ASSURANCE

Chairman and CEO's statement

1

2023 highlights

2

Ready for change

3

Record earnings

4

Common responsibility, shared benefits

5

Our response to the environmental challenge

6

Responsible management

About this report

Data tables

KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

Independent Assurance Report on the Consolidated Non-Financial Information Statement of CIE Automotive, S.A. and subsidiaries for 2023

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of CIE Automotive, S.A.:

Pursuant to article 49 of the Spanish Code of Commerce, we have performed a limited assurance review of the Consolidated Non-Financial Information Statement (hereinafter NFIS) of CIE Automotive, S.A. (hereinafter the Parent) and subsidiaries (hereinafter the Group) for the year ended 31 December 2023, included in the accompanying Group Annual Report 2023 (hereinafter the "Report"), which forms part of the consolidated Directors' Report of the Group for 2023.

The Report includes additional information to that required by prevailing mercantile legislation concerning non-financial information, which has not been the subject of our assurance work. In this respect, our work was limited exclusively to providing assurance on the information contained in the "Tracing compliance with Spain's Law on Non-Financial Information and Diversity reporting" table of the accompanying Report.

Directors' Responsibility

The Directors of the Parent are responsible for the content and authorisation for issue of the NFIS included in the Report, which forms part of the Group's consolidated Directors' Report. The NFIS has been prepared in accordance with prevailing mercantile legislation and selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) based on each subject area in the "Tracing compliance with Spain's Law on Non-Financial Information and Diversity reporting" table of the aforementioned Report.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the Report is free from material misstatement, whether due to fraud or error.

The Directors of the Parent are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the Report was obtained.

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N.I.F. 4.78010733

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2
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Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) of the International Ethics Standards Board for Accountants (IESBA Code of Ethics), which is founded on fundamental principles of professional integrity, objectivity, competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1 (ISQM1), which requires the firm to design, implement and operate a quality management system that include policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. We conducted our engagement in accordance with the requirements of the Revised International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 (Revised)), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines for assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management, as well as of the different units and areas of the Group that participated in the preparation of the NFIS, reviewing the processes for compiling and validating the information presented in the NFIS and applying certain analytical procedures and sample review tests, which are described below:

- Meetings with the Group's personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these matters and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the NFIS for 2023 based on the materiality analysis performed by the Group and described in the "Materiality" section of "About this report", considering the content required by prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the NFIS for 2023.

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3
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- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2023.
- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2023 and whether it has been adequately compiled based on data provided by the information sources.
- Procurement of a representation letter from the Directors and management.

Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the NFIS of CIE Automotive S.A. and subsidiaries for the year ended 31 December 2023, included in the accompanying Report, has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and selected GRI Standards based on each subject area in the "Tracing compliance with Spain's Law on Non-Financial Information and Diversity reporting" table of the aforementioned Report.

Emphasis of Matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and the Delegated Acts adopted in accordance with this Regulation, stipulate the obligation to disclose information on how and to what extent the undertaking's activities are associated with eligible economic activities in relation to the environmental objectives of sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems (the other environmental objectives), and with respect to certain new activities included in the climate change mitigation and climate change adaptation objectives, for the first time for the 2023 fiscal year, in addition to the information on eligible and aligned activities already required in 2022 in relation to the climate change mitigation and climate change adaptation objectives. Consequently, no comparative information on eligibility has been included in the accompanying Report in relation to the other environmental objectives listed above or to the new activities included in the climate change mitigation and climate change adaptation objectives. Furthermore, as much as the information on 2022 was not required to be as detailed as in 2023, the disclosures included in the accompanying Report are not strictly comparable. Additionally, the Directors of CIE Automotive, S.A. have included information on the criteria that, in their opinion, allow them to comply better with the aforementioned obligations, and which are defined in the "Compliance with Regulation (EU) 2020/852 regarding climate-related taxonomy" section of the accompanying Report. Our conclusion is not modified in respect of this matter.

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4
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Other Matters

On 24 February 2023, a different assurance provider issued a favourable independent assurance report on the Consolidated Non-Financial Information Statement of CIE Automotive S.A. and subsidiaries for 2022.

Use and Distribution

This report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Auditores, S.L.

(Signed on original in Spanish)

Patricia Reverter Guillot
23 February 2024

GRI CONTENT
INDEX

Statement of use

CIE Automotive reported the information cited in this GRI content index for the period from January 1, 2022 to December 31, 2022 with reference to the GRI Standards.

GRI used

GRI 1: Foundation 2021

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

GRI STANDARD	GRI	DISCLOSURE	SECTION	PAGE
THE ORGANIZATION AND ITS REPORTING PRACTICES				
GRI 2: General Disclosures 2021	2-1	Organizational details	Contact details Geographical balance	235 30
	2-2	Entities included in the organization's sustainability reporting	Methodology 2023 Consolidated Annual Accounts	231
	2-3	Reporting period, frequency and contact point	Methodology Contact details	231 235
	2-4	Restatements of information	Methodology	231
	2-5	External assurance	Methodology External assurance	231 250
ACTIVITIES AND EMPLOYEES				
GRI 2: General Disclosures 2021	2-6	Activities, value chain and other business relationships	A genuine business model Change begins with our suppliers	29 115
	2-7	Employees	Our team: the people behind the transformation	89

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

GRI STANDARD	GRI	DISCLOSURE	SECTION	PAGE
GOVERNANCE				
GRI 2: General Disclosures 2021	2-9	Governance structure and composition	Corporate governance bodies	188
	2-11	Chair of the highest governance body	Board of Directors	190
	2-12	Role of the highest governance body in overseeing the management of impacts	Social responsibility at CIE Automotive	38
	2-13	Delegation of responsibility for managing impacts	Social responsibility at CIE Automotive	38
	2-14	Role of the highest governance body in sustainability reporting	Methodology	231
	2-16	Communication of critical concerns	Code of Professional Conduct	137
	2-17	Collective knowledge of the highest governance body	Board of Directors	190
	2-18	Evaluation of the performance of the highest governance body	Board of Directors	190
	2-19	Remuneration policies	Director and officer remuneration	199
	2-20	Process to determine remuneration	Decent work: remuneration and stability	100

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

GRI STANDARD	GRI	DISCLOSURE	SECTION	PAGE
STRATEGY, POLICIES AND PRACTICES				
GRI 2: General Disclosures 2021	2-22	Statement on sustainable development strategy	Chairman and CEO's statement	3
	2-23	Policy commitments	Ethics framework	200
	2-24	Embedding policy commitments	The commitments that inspire us	37
	2-25	Processes to remediate negative impacts	Responsible management Environmental risk management	184 168
	2-26	Mechanisms for seeking advice and raising concerns	Code of Professional Conduct	137
	2-27	Compliance with laws and regulations	Total quality model Customer satisfaction and protection Climate neutrality roadmap Anti-corruption and bribery effort Risk management	86 87 146 204 206
	2-28	Membership associations	Our role in the ransformation of the automotive sector	139

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

GRI STANDARD	GRI	DISCLOSURE	SECTION	PAGE
STAKEHOLDER ENGAGEMENT				
GRI 2: General Disclosures 2021	2-29	Approach to stakeholder engagement	Stakeholder engagement	70
	2-30	Collective bargaining agreements	Ethical labour relations	107
MATERIALITY				
GRI 3: Temas materiales 2021	3-1	Process to determine material topics	Materiality	232
	3-2	List of material topics	Materiality	232
ECONOMIC DIMENSION				
GRI 201: Economic Performance 2016	3-3	Management of material topics	Value generated and distributed A source of progress for the community	69 136
	201-1	Direct economic value generated and distributed	Value generated and distributed	69
	201-2	Financial implications and other risks and opportunities due to climate change	Environmental risk management	168
	201-4	Financial assistance received from government	A source of progress for the community	136

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

GRI STANDARD	GRI	DISCLOSURE	SECTION	PAGE
GRI 202: Market Presence 2016	3-3	Management of material topics	Employment and diversity	90
	202-2	Proportion of senior management hired from the local community	Employment and diversity	90
GRI 204: Procurement Practices 2016	3-3	Management of material topics	Change begins with our suppliers	115
	204-1	Proportion of spending on local suppliers	GLOCAL procurement model	128
GRI 205: Anti-corruption 2016	3-3	Management of material topics	Anti-corruption and bribery effort	204
	205-1	Operations assessed for risks related to corruption	Anti-corruption and bribery effort	204
	205-2	Communication and training about anti-corruption policies and procedures	Anti-corruption and bribery effort	204
	205-3	Confirmed incidents of corruption and actions taken	A source of progress for the community	136
GRI 207: Tax 2019	3-3	Management of material topics	A source of progress for the community	136
	207-1	Approach to tax	A source of progress for the community	136
	207-2	Tax governance, control, and risk management	Fuente de progreso para la comunidad	136

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

GRI STANDARD	GRI	DISCLOSURE	SECTION	PAGE
MATERIAL ISSUES: ENVIRONMENTAL DIMENSION				
GRI 301: Materials 2016	3-3	Management of material topics	Environmental management policy and model Circular economy	144 161
	301-1	Materials used by weight or volume	Consumption of water and material resources Environmental management tables	162 265
	301-2	Recycled input materials used	Consumption of water and material resources Environmental management tables	162 265
GRI 302: Energy 2016	3-3	Management of material topics	Environmental management policy and model Pollution control	144 156
	302-1	Energy consumption within the organization	Environmental management tables	265
	302-3	Energy intensity	Environmental management tables	265
	302-4	Reduction of energy consumption	Pollution control Environmental management tables	156 265

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

GRI STANDARD	GRI	DISCLOSURE	SECTION	PAGE
GRI 303. Water and Effluents 2018	3-3	Management of material topics	Environmental management policy and model Circular economy	144 161
	303-3	Water withdrawal	Consumption of water and material resources Environmental management tables	162 265
	303-4	Water discharge	Environmental management tables	265
GRI 305: Emissions 2016	3-3	Management of material topics	Environmental management policy and model Carbon footprint measurement Circular economy	144 142 161
	305-1	Direct (Scope 1) GHG emissions	Pollution control Environmental management tables	156 265
	305-2	Energy indirect (Scope 2) GHG emissions	Pollution control Environmental management tables	156 265
	305-4	GHG emissions intensity	Environmental management tables	265

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

GRI STANDARD	GRI	DISCLOSURE	SECTION	PAGE
GRI 306: Waste 2020	3-3	Management of material topics	Environmental management policy and model Circular economy	144 161
	306-2	Management of significant waste-related impacts	Waste management	164
	306-3	Waste generated	Environmental management tables	265
	306-4	Waste diverted from disposal	Environmental management tables	265
	306-5	Waste directed to disposal	Environmental management tables	265
GRI 307: Environmental compliance 2016	3-3	Management of material topics	Environmental management policy and model	144
	307-1	Non-compliance with environmental laws and regulations	Environmental management policy and model	144
GRI 308: Supplier environmental assessment 2016	3-3	Management of material topics	Change begins with our suppliers	115
	308-1	New suppliers that were screened using environmental criteria	GLOCAL procurement model	128

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

GRI STANDARD	GRI	DISCLOSURE	SECTION	PAGE
MATERIAL ISSUES. SOCIAL DIMENSION				
GRI 401: Employment 2016	3-3	Management of material topics	Employment and diversity	90
	401-1	New employee hires and employee turnover	Employment and diversity Employment ables	90 262
GRI 403: Health and safety at work 2018	3-3	Management of material topics	Health and safety	109
	403-4	Worker participation, consultation, and communication on occupational health and safety	Health and safety	109
	403-5	Worker training on occupational health and safety	Health and safety	109
	403-9	Work-related injuries	Health and safety	109
	403-10	Work-related ill health	Health and safety	109
GRI 404: Training and education 2016	3-3	Management of material topics	A good place to work	99
	404-1	Average hours of training per year per employee	A good place to work	99

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

GRI STANDARD	GRI	DISCLOSURE	SECTION	PAGE
GRI 405: Diversity and Equal Opportunity 2016	3-3	Management of material topics	Employment and diversity	90
	405-1	Diversity of governance bodies and employees	Employment and diversity Corporate governance bodies	90 188
	405-2	Ratio of basic salary and remuneration of women to men	Employment and diversity	90
GRI 406: Non-discrimination 2016	3-3	Management of material topics	Defence of human rights	205
	406-1	Incidents of discrimination and corrective actions taken	Code of Professional Conduct	201
GRI 407: Freedom of association and collective bargaining 2016	3-3	Management of material topics	Defence of human rights Ethical labour relations	205 107
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Ethical labour relations Change begins with our suppliers Defence of human rights	107 115 205
GRI 408: Child Labor 2016	3-3	Management of material topics	Defence of human rights	205
	408-1	Operations and suppliers at significant risk for incidents of child labor	Ethical labour relations ESG Supplier Portal Defence of human rights	107 123 205

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

GRI STANDARD	GRI	DISCLOSURE	SECTION	PAGE
GRI 409: Forced or compulsory labor 2016	3-3	Management of material topics	Defence of human rights	205
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Ethical labour relations ESG Supplier Portal Defence of human rights	207 123 205
GRI 412: Human Rights Assessment 2016	3-3	Management of material topics	Ethical labour relations	207
	412-2	Employee training on human rights policies or procedures	Ethical labour relations	207
GRI 413: Local Communities 2016	3-3	Management of material topics	Community work	140
	413-1	Operations with local community engagement, impact assessments, and development programs	Community work	140
GRI 414: Supplier Social Assessment 2016	3-3	Political contributions	Supply chain risk management	133
	414-1	New suppliers that were screened using social criteria	Supply chain risk management	133
GRI 415: Public Policy 2016	3-3	Management of material topics	A source of progress for the community	136
	415-1	Political contributions	A source of progress for the community	136
GRI 419: Socioeconomic Compliance 2016	3-3	Management of material topics	Responsible management	184
	419-1	Non-compliance with laws and regulations in social and economic areas	Anti-corruption and bribery effort	204

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Data tables

Employment tables

TOTAL NUMBER AND DISTRIBUTION OF TYPES
OF EMPLOYMENT CONTRACTS

	2022	2023
Indefinite contracts	21,112	20,859
Temporary contracts	3,874	4,435
Total no of people	24,986	25,294
Indefinite contracts	24,843	25,182
Temporary contracts	143	112
Total no of people	24,986	25,294

TOTAL NUMBER AND BREAKDOWN OF EMPLOYEES
BY GENDER, AGE AND JOB CATEGORY

2022	Men (M)			Total	Women (W)			Total	TOTAL
	<30	30-50	>50	M	<30	30-50	>50	W	
Management Committee	0	1	5	6	0	4	0	4	10
Executives	10	601	258	869	7	83	20	110	979
University graduates	1,413	3,539	831	5,783	320	712	141	1,173	6,956
Tradesmen and women	3,927	7,707	2,100	13,734	796	1,893	618	3,307	17,041
Total	5,350	11,848	3,194	20,392	1,123	2,692	779	4,594	24,986
2023	Men (M)			Total	Women (W)			Total	TOTAL
	<30	30-50	>50	M	<30	30-50	>50	W	
Management Committee		1	5	6		4		4	10
Executives	11	598	266	875	11	82	26	119	994
University graduates	1,290	3,557	922	5,769	365	727	162	1,254	7,023
Tradesmen and women	4,094	7,367	2,058	13,519	853	2,173	722	3,748	17,267
Total	5,395	11,523	3,251	20,169	1,229	2,986	910	5,125	25,294

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

TOTAL NUMBER AND BREAKDOWN OF
EMPLOYEES BY COUNTRY

Country	2022	2023
Germany	793	110
Brazil	2,901	3,385
China	1,525	1,365
Korea	2	6
Slovakia	558	488
Spain	2,315	2,299
France	289	270
Netherlands	4	4
Hungary	0	359
India	7,389	7,501
Italy	429	415
Lithuania	225	231
Morocco	74	62
Mexico	5,384	5,700
Portugal	280	270
Czech Republic	560	557
Romania	544	621
Russia	42	31
US	1,672	1,620
TOTAL CIE AUTOMOTIVE	24,986	25,294

NUMBER OF DISMISSALS BY GENDER,
AGE AND JOB CATEGORY

2022	Men			Total	Woman			Total	TOTAL
	<30	30-50	>50	H	<30	30-50	>50	M	
Executives	0	15	6	21	0	3	1	4	25
University graduates	62	165	35	262	29	39	8	76	338
Tradesmen and women	427	328	81	836	82	106	29	217	1,053
Total	489	508	122	1,119	111	148	38	297	1,416
2023	Men			Total	Woman			Total	TOTAL
	<30	30-50	>50	H	<30	30-50	>50	M	
Executives	0	7	8	15	0	6	1	7	22
University graduates	62	141	27	230	33	44	8	85	315
Tradesmen and women	269	414	124	807	95	138	28	261	1,068
Total	331	562	159	1,052	128	188	37	353	1,405

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

AVERAGE EARNINGS AND TREND BROKEN DOWN BY GENDER, AGE, JOB CATEGORY OR EQUIVALENT METRIC

	Average annual pre-tax earnings*		Age			Category		
	Men	Women	<30 years	30-50	>50 years	Executives	University graduates	Tradesmen and women
2022	18,969	17,997	8,837	18,883	35,166	65,514	22,424	14,618
2023	18,960	17,510	9,404	18,740	33,457	64,989	22,761	14,380

**All of the average annual pre-tax earnings figures provided in the table above are calculated by summing the total number of people employed by CIE Automotive in the category provided in the breakdown, without considering their origin or place of work.*

BREAKDOWN OF HIRES AND DEPARTURES BY AGE AND GENDER

2022	Men under the age of 30	Men aged between 30 and 50	Men over the age of 50	Total men	Women under the age of 30	Women aged between 30 and 50	Women over the age of 50	Total women	Total
New hires	5,819	2,329	357	8,505	956	962	135	2,053	10,558
Voluntary and other departures	4,649	1,863	475	6,987	746	756	143	1,645	8,632
2023	Men under the age of 30	Men aged between 30 and 50	Men over the age of 50	Total men	Women under the age of 30	Women aged between 30 and 50	Women over the age of 50	Total women	Total
New hires	5,292	2,315	374	7,981	1,135	1,116	195	2,446	10,427
Voluntary and other departures	4,389	2,127	457	6,973	829	851	200	1,880	8,853

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Environmental management tables

Data on environmental consumption and emissions include emissions from German forges until June 30, 2023, and do not include data from Salgglas, which represents less than 0.3% of the group's sales.

WATER DISCHARGE | INDICATOR 303-4

m³/year	Definition	2023
Europe*	To sewer	181,969.61
	To river	368.00
	To waste manager	30,191.00
	Total	212,528.61
North America	To sewer	91,510.15
	To river	-
	To waste manager	2,494.92
	Total	94,005.07
Brazil	To sewer	79,096.00
	To river	1,772.00
	To waste manager	19,084.84
	Total	99,952.84
Asia (India/China)	To sewer	4,206.00
	To river	7,705.00
	To waste manager	38,595.91
	Total	50,506.91
TOTAL	To sewer	356,781.77
	To river	9,845.00
	To waste manager	90,366.67
	Total	456,993.44

* The Europe region includes the factories located in Morocco and Russia.

WATER EXTRACTION & CONSUMPTION | INDICATORS 303-3 / 303-5

m³/year	Definition	2021	2022	2023
Europe*	Superficial	28,161.00	27,878.00	15,320.00
	Ground water	33,956.00	51,575.00	40,853.00
	Rain water	4,386.00	5,067.00	5,659.00
	Water net	322,045.00	337,399.37	325,025.48
	Water used	388,548.00	421,919.37	386,857.48
	Recycled water	26,108,223.00	25,164,758.00	23,184,268.92
North America	Superficial	11,002.00	7,892.00	3,535.00
	Ground water	59,471.00	56,700.00	57,989.00
	Rain water	-	-	0
	Water net	262,656.55	267,266.95	247,208.25
	Water used	333,129.55	331,858.95	308,732.25
	Recycled water	12,332,109.90	11,606,284.64	11,641,774.75
Brazil	Superficial	-	-	0
	Ground water	49,665.00	51,603.00	61,704.00
	Rain water	-	-	260
	Water net	149,215.00	143,775.48	154,159.00
	Water used	198,880.00	195,378.48	216,123.00
	Recycled water	4,939,268.45	4,488,026.00	4,876,382.00
Asia (India/China)	Superficial	157,053.00	207,430.00	219,328.35
	Ground water	203,057.20	201,470.60	193,625.00
	Rain water	14,456.00	5,211.00	4,930.00
	Water net	303,752.43	293,900.75	295,650.64
	Water used	678,318.63	708,012.30	713,533.99
	Recycled water	20,824,532.45	14,956,076.60	9,671,135.77
TOTAL	Superficial	196,216.00	243,200.00	238,183.35
	Ground water	346,149.20	361,348.60	354,171.00
	Rain water	18,842.00	10,278.00	10,849.00
	Water net	1,037,668.98	1,042,342.55	1,022,043.37
	Water used	1,598,876.18	1,657,169.15	1,625,246.72
	Recycled water	64,204,133.80	56,215,145.24	48,694,678.44

* The Europe region includes the factories located in Morocco and Russia.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

MATERIAL CONSUMPTION

Kg	Indicator	Definition	2021	2022	2023
Europe*	GRI 301-1	Raw material used	444,062,256.00	220,886,068.00	451,775,125.00
	GRI 301-2	Raw material re-used	194,921,354.00	132,819,613.00	179,655,308.00
			44%	60%	40%
North America	GRI 301-1	Raw material used	327,388,797.24	255,702,164.58	373,194,181.60
	GRI 301-2	Raw material re-used	12,811,068.86	79,101,244.42	51,469,768.80
			4%	31%	14%
Brazil	GRI 301-1	Raw material used	169,957,386.00	94,617,087.00	164,963,134.10
	GRI 301-2	Raw material re-used	71,633,082.00	75,512,528.00	69,176,102.00
			42%	80%	42%
Asia (India/China)	GRI 301-1	Raw material used	506,635,270.00	659,168,858.00	542,574,241.00
	GRI 301-2	Raw material re-used	116,362,976.00	263,760,467.00	117,421,541.00
			23%	40%	22%
TOTAL	GRI 301-1	Raw material used	1,448,043,709.24	1,230,374,177.68	1,532,506,681.70
	GRI 301-2	Raw material re-used	395,728,480.86	551,193,852.42	417,722,719.80
			27%	45%	27%

* The Europe region includes the factories located in Morocco and Russia.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

WASTE MANAGEMENT (I) | INDICATORS 306-3 / 306-4 / 306-5

Tonne	Definition	2021	2022	2023
Europe*	Industrial waste treated hazardous	9,675.30	9,622.18	10,543.02
	Hazardous waste to recycling	5,270.71	4,547.90	5,160.95
	Hazardous waste to disposal	4,404.59	5,074.29	5,382.07
	Hazardous waste to incineration (with energy recovery)	1,832.54	1,878.69	1,323.71
	Hazardous waste to incineration (without energy recovery)	126.66	-	545.42
	Hazardous waste to landfilling	1,123.19	2,221.51	1,335.57
	Hazardous waste to other disposal operation	1,322.20	974.09	2,117.374
	Industrial waste treated no-hazardous	109,328.78	97,429.59	107,444.71
	Non-hazardous waste to recycling	108,288.73	96,549.70	106,691.36
	Non-hazardous waste to disposal	1,040.05	879.89	753.346
	Non-hazardous waste to incineration (with energy recovery)	69.54	207.36	78.8
	Non-hazardous waste to incineration (without energy recovery)	-	-	0
	Non-Hazardous waste to landfilling	555.96	408.54	440.541
	Non-hazardous waste to other disposal operation	414.55	263.99	234.005
	TOTAL	119,004.08	107,051.77	117,987.73
North America	Industrial waste treated hazardous	3,063.98	3,319.31	4,686.08
	Hazardous waste to recycling	1,707.53	1,983.72	2,070.58
	Hazardous waste to disposal	1,356.42	1,335.59	2,615.51
	Hazardous waste to incineration (with energy recovery)	364.31	914.85	615.421
	Hazardous waste to incineration (without energy recovery)	30.14	0.32	20.456
	Hazardous waste to landfilling	655.03	52.01	69.75
	Hazardous waste to other disposal operation	306.97	286.46	1,909.879
	Industrial waste treated no-hazardous	71,173.13	70,468.35	88,951.03
	Non-hazardous waste to recycling	69,349.60	69,813.95	87,917.24
	Non-hazardous waste to disposal	1,823.53	654.4	1,033.795
	Non-hazardous waste to incineration (with energy recovery)	47.73	503.21	584.3384
	Non-hazardous waste to incineration (without energy recovery)	-	-	-
	Non-Hazardous waste to landfilling	1,675.94	110.18	128.002
	Non-hazardous waste to other disposal operation	99.85	19.07	321.455
	TOTAL	74,237.11	73,787.66	93,637.12

* The Europe region includes the factories located in Morocco and Russia.

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

WASTE MANAGEMENT (II) | INDICATORS 306-3 / 306-4 / 306-5

Tonne	Definition	2021	2022	2023
Brazil	Industrial waste treated hazardous	1,072.04	1,825.21	2,583.03
	Hazardous waste to recycling	512.93	904.23	1,640.411
	Hazardous waste to disposal	559.11	920.99	942.617
	Hazardous waste to incineration (with energy recovery)	520.61	909.22	894.373
	Hazardous waste to incineration (without energy recovery)	-	-	0
	Hazardous waste to landfilling	35.02	-	0
	Hazardous waste to other disposal operation	3.48	11.76	48.244
	Industrial waste treated no-hazardous	58,383.90	53,868.98	58,040.45
	Non-hazardous waste to recycling	29,719.02	29,685.54	51,433.57
	Non-hazardous waste to disposal	28,664.88	24,183.44	6,606.87
	Non-hazardous waste to incineration (with energy recovery)	6,286.96	172.86	2,472
	Non-hazardous waste to incineration (without energy recovery)	-	14.53	15.43
	Non-Hazardous waste to landfilling	22,201.59	23,990.64	4,110.06
	Non-hazardous waste to other disposal operation	176.33	-	9.38
	TOTAL	59,455.95	55,694.19	60,623.47
Asia (India/China)	Industrial waste treated hazardous	3,646.55	2,695.35	3,629.52
	Hazardous waste to recycling	2,041.86	1,298.62	2,265.75
	Hazardous waste to disposal	1,604.10	1,396.73	1,363.77
	Hazardous waste to incineration (with energy recovery)	253.59	271.36	704.758
	Hazardous waste to incineration (without energy recovery)	560.94	372.55	303.181
	Hazardous waste to landfilling	723.22	513.23	321.956
	Hazardous waste to other disposal operation	66.94	237.17	33.876
	Industrial waste treated no-hazardous	116,407.43	102,540.99	104,193.39
	Non-hazardous waste to recycling	86,295.44	74,278.61	74,807.44
	Non-hazardous waste to disposal	30,111.99	28,262.38	29,385.95
	Non-hazardous waste to incineration (with energy recovery)	26.49	374.77	25,611.535
	Non-hazardous waste to incineration (without energy recovery)	231.65	-	0
	Non-Hazardous waste to landfilling	28,049.32	26,279.68	21.84
	Non-hazardous waste to other disposal operation	1,804.54	89.88	3,752.576
	TOTAL	120,053.98	105,236.34	107,822.91

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

WASTE MANAGEMENT (III) | INDICATORS 306-3 / 306-4 / 306-5

Tonne	Definition	2021	2022	2023
TOTAL	Industrial waste treated hazardous	17,457.88	17,462.06	21,441.65
	Hazardous waste to recycling	9,533.03	8,734.47	11,137.69
	Hazardous waste to disposal	7,924.23	8,727.59	10,303.97
	Hazardous waste to incineration (with energy recovery)	2,971.05	4,056.08	3,538.27
	Hazardous waste to incineration (without energy recovery)	717.74	372.87	869.057
	Hazardous waste to landfilling	2,536.45	2,786.74	1,727.27
	Hazardous waste to other disposal operation	1,699.60	1,509.49	4,109.37
	Industrial waste treated no-hazardous	355,293.24	324,307.90	358,629.58
	Non-hazardous waste to recycling	293,652.79	270,327.79	320,849.61
	Non-hazardous waste to disposal	61,640.45	53,980.11	37,779.97
	Non-hazardous waste to incineration (with energy recovery)	6,430.72	1,285.56	28,746.67
	Non-hazardous waste to incineration (without energy recovery)	231.65	14.53	15.43
	Non-Hazardous waste to landfilling	52,482.81	52,307.09	4,700.45
	Non-hazardous waste to other disposal operation	2,495.27	372.94	4,317.416
	TOTAL	372,751.12	341,769.96	380,071.23

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

ENERGY CONSUMPTION AND SAVINGS

Gigajoules	Indicator	Definition	2021	2022	2023
Europe*	GRI 302-1	Direct energy consumption	727,697.13	684,542.06	639,149.65
	GRI 302-1	Indirect energy consumption	1,288,375.69	1,317,155.20	1,200,898.59
	GRI 302-1	Indirect energy consumption from non-renewable sources	317,015.31	292,781.58	360,702.34
	GRI 302-1	Indirect energy consumption from renewable sources	971,360.38	1,024,373.62	840,196.25
	GRI 302-1	TOTAL	2,016,072.83	2,001,697.26	1,840,048.23
North America	GRI 302-1	Direct energy consumption	627,666.59	479,326.72	495,934.14
	GRI 302-1	Indirect energy consumption	758,008.54	723,449.87	767,946.89
	GRI 302-1	Indirect energy consumption from non-renewable sources	625,774.54	626,687.21	713,244.99
	GRI 302-1	Indirect energy consumption from renewable sources	132,234.00	96,762.66	54,701.90
	GRI 302-1	TOTAL	1,385,675.13	1,202,776.59	1,263,881.03
Brazil	GRI 302-1	Energía, consumo directo	176,688.22	180,991.24	218,541.19
	GRI 302-1	Energía, consumo indirecto	644,943.72	649,376.71	663,212.28
	GRI 302-1	Energía, consumo indirecto no renovable	22,877.65	13,189.34	944.71
	GRI 302-1	Energía, consumo indirecto de energía renovable	622,066.07	636,187.37	662,267.57
	GRI 302-1	TOTAL	821,631.93	830,367.95	881,753.47
Asia (India/China)	GRI 302-1	Energía, consumo directo	390,601.12	350,200.72	407,059.78
	GRI 302-1	Energía, consumo indirecto	1,193,745.79	1,242,225.10	1,564,800.17
	GRI 302-1	Energía, consumo indirecto no renovable	1,005,338.28	763,145.19	741,682.33
	GRI 302-1	Energía, consumo indirecto de energía renovable	188,407.51	479,079.91	823,117.83
	GRI 302-1	TOTAL	1,584,346.91	1,592,425.82	1,971,859.94
TOTAL	GRI 302-1	Energía, consumo directo	1,922,653.06	1,695,060.74	1,760,684.76
	GRI 302-1	Energía, consumo indirecto	3,885,073.74	3,932,206.88	4,196,857.92
	GRI 302-1	Energía, consumo indirecto no renovable	1,971,005.79	1,695,803.31	1,816,574.38
	GRI 302-1	Energía, consumo indirecto de energía renovable	1,914,067.96	2,236,403.56	2,380,283.54
	GRI 302-1	TOTAL	5,807,726.80	5,627,267.62	5,957,542.68

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Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

EMISSIONS (SCOPE 1, 2 & 3)

	Indicator	Definition	Unit	2021	2022	2023
Europe*	GRI 305-1	Direct emissions	T CO ₂ e	43,281.83	40,682.69	38,484.85
	GRI 305-1	Direct CH ₄ emissions	T CH ₄	0.79	0.73	0.68
	GRI 305-1	Direct N ₂ O emissions	T N ₂ O	0.09	0.08	0.07
	GRI 305-2	Indirect CO ₂ e emissions	T CO ₂ e	34,671.25	30,631.95	34,242.42
	GRI 305	TOTAL	T CO₂e	77,953.09	71,314.64	72,727.26
	GRI 305-3	Other indirect emissions (Scope 3)	T CO ₂ e	1,205,714.93	857,039.84	1,063,741.33
North America	GRI 305-1	Direct emissions	T CO ₂ e	37,285.26	28,533.91	28,456.07
	GRI 305-1	Direct CH ₄ emissions	T CH ₄	0.72	0.57	0.59
	GRI 305-1	Direct N ₂ O emissions	T N ₂ O	0.09	0.07	0.07
	GRI 305-2	Indirect CO ₂ e emissions	T CO ₂ e	99,045.49	100,391.61	64,370.17
	GRI 305	TOTAL	T CO₂e	136,330.75	128,925.51	92,826.24
	GRI 305-3	Other indirect emissions (Scope 3)	T CO ₂ e	949,779.07	860,801.02	1,315,438.12
Brazil	GRI 305-1	Direct emissions	T CO ₂ e	10,568.18	10,826.19	11,976.38
	GRI 305-1	Direct CH ₄ emissions	T CH ₄	0.23	0.23	0.27
	GRI 305-1	Direct N ₂ O emissions	T N ₂ O	0.03	0.03	0.04
	GRI 305-2	Indirect CO ₂ e emissions	T CO ₂ e	265.61	153.13	33.98
	GRI 305	TOTAL	T CO₂e	10,833.79	10,979.32	12,010.37
	GRI 305-3	Other indirect emissions (Scope 3)	T CO ₂ e	344,183.92	336,084.75	349,509.40
Asia (India/China)	GRI 305-1	Direct emissions	T CO ₂ e	23,625.35	21,110.23	20,155.50
	GRI 305-1	Direct CH ₄ emissions	T CH ₄	0.75	0.67	0.75
	GRI 305-1	Direct N ₂ O emissions	T N ₂ O	0.13	0.12	0.13
	GRI 305-2	Indirect CO ₂ e emissions	T CO ₂ e	255,494.97	192,985.78	140,218.35
	GRI 305	TOTAL	T CO₂e	279,120.32	214,096.01	160,373.85
	GRI 305-3	Other indirect emissions (Scope 3)	T CO ₂ e	1,139,204.53	1,837,279.39	1,622,282.13
TOTAL	GRI 305-1	Direct emissions	T CO ₂ e	114,760.62	101,153.03	99,072.80
	GRI 305-1	Direct CH ₄ emissions	T CH ₄	1.69	1.47	2.29
	GRI 305-1	Direct N ₂ O emissions	T N ₂ O	0.25	0.22	0.32
	GRI 305-2	Indirect CO ₂ e emissions	T CO ₂ e	389,477.33	324,162.47	238,864.91
	GRI 305	TOTAL	T CO₂e	504,237.95	425,315.48	337,937.72
	GRI 305-3	Other indirect emissions (Scope 3)	T CO ₂ e	3,638,882.44	3,891,205.00	4,350,970.98

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Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

EMISSIONS SAVINGS FROM THE PURCHASE OF ENERGY FROM
RENEWABLE SOURCES

T CO ₂ e	Indicator	Definition	2021	2022	2023
Europe*	GRI 305-2	Indirect emissions	56,762.67	61,007.34	37,463.42
North America	GRI 305-2	Indirect emissions	24,040.29	17,365.75	4,558.49
Brazil	GRI 305-2	Indirect emissions	7,222.30	7,386.25	23,823.24
Asia (India/ China)	GRI 305-2	Indirect emissions	51,315.23	131,055.11	162,862.08
TOTAL	GRI 305-2	Indirect emissions	139,340.49	216,814.45	228,707.23

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Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

ENERGY INTENSITY

Gigajoules/€K	Indicator	Definition	2021	2022	2023
Europe*	GRI 302-3	Direct energy consumption	0.58	0.45	0.42
	GRI 302-3	Indirect energy consumption	1.02	0.86	0.79
	GRI 302-3	Indirect energy consumption from non-renewable sources	0.25	0.19	0.24
	GRI 302-3	Indirect energy consumption from renewable sources	0.77	0.67	0.56
	GRI 302-3	TOTAL	1.60	1.31	1.22
North America	GRI 302-3	Direct energy consumption	0.70	0.41	0.43
	GRI 302-3	Indirect energy consumption	0.84	0.61	0.67
	GRI 302-3	Indirect energy consumption from non-renewable sources	0.69	0.53	0.62
	GRI 302-3	Indirect energy consumption from renewable sources	0.15	0.08	0.05
	GRI 302-3	TOTAL	1.54	1.02	1.10
Brazil	GRI 302-3	Direct energy consumption	0.82	0.58	0.59
	GRI 302-3	Indirect energy consumption	2.99	2.09	1.80
	GRI 302-3	Indirect energy consumption from non-renewable sources	0.11	0.04	0.00
	GRI 302-3	Indirect energy consumption from renewable sources	2.88	2.04	1.80
	GRI 302-3	TOTAL	3.81	2.67	2.40
Asia (India/China)	GRI 302-3	Direct energy consumption	0.44	0.33	0.38
	GRI 302-3	Indirect energy consumption	1.34	1.18	1.46
	GRI 302-3	Indirect energy consumption from non-renewable sources	1.13	0.73	0.69
	GRI 302-3	Indirect energy consumption from renewable sources	0.21	0.46	0.77
	GRI 302-3	TOTAL	1.78	1.59	1.84
TOTAL	GRI 302-3	Direct energy consumption	0.59	0.42	0.43
	GRI 302-3	Indirect energy consumption	1.19	0.97	1.02
	GRI 302-3	Indirect energy consumption from non-renewable sources	0.60	0.42	0.44
	GRI 302-3	Indirect energy consumption from renewable sources	0.59	0.55	0.58
	GRI 302-3	TOTAL	1.78	1.38	1.45

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Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

EMISSIONS INTENSITY

T CO ₂ e /€k	Indicator	Definition	2021	2022	2023
Europe*	GRI 305-4	Direct emissions	0.03	0.03	0.03
	GRI 305-4	Indirect emissions	0.03	0.02	0.02
	GRI 305-4	TOTAL	0.06	0.05	0.05
North America	GRI 305-4	Direct emissions	0.04	0.02	0.02
	GRI 305-4	Indirect emissions	0.11	0.09	0.06
	GRI 305-4	TOTAL	0.15	0.11	0.08
Brazil	GRI 305-4	Direct emissions	0.05	0.03	0.03
	GRI 305-4	Indirect emissions	0.00	0.00	0.00
	GRI 305-4	TOTAL	0.05	0.04	0.03
Asia (India/China)	GRI 305-4	Direct emissions	0.03	0.02	0.02
	GRI 305-4	Indirect emissions	0.29	0.18	0.13
	GRI 305-4	TOTAL	0.31	0.2	0.15
TOTAL	GRI 305-4	Direct emissions	0.04	0.02	0.02
	GRI 305-4	Indirect emissions	0.12	0.08	0.06
	GRI 305-4	TOTAL	0.16	0.10	0.08

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Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

*About
this report*

Data tables

Template Annex II Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021

Template Annex II Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021

TURNOVER

Chairman and CEO's statement

- 12023 highlights
- 2Ready for change
- 3Record earnings
- 4Common responsibility, shared benefits
- 5Our response to the environmental challenge
- 6Responsible management

About this report

Data tables

				Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Code	Absolute turnover [€m]	Proportion of turnover year 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned turnover (A.1.) or Taxonomy-eligible turnover (A.2) 2022	Enabling activity category	Transitional activity category
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)																			
Total turnover of environmentally sustainable activities (Taxonomy-aligned) A.1.		0	0%	0%	0%	0%	0%	0%	0%										
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%										
Of which transitional		0	0%	0%															
A.2. TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)																			
Manufacturing of automotive and mobility components		CCM 3.18	531,588	13.43%	EL	N/EL	N/EL	N/EL	N/EL										
Total turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) A.2.		531,588	13.43%	13.43%	0%	0%	0%	0%	0%										
Total A.1. + A.2.		531,588	13.43%	13.43%	0%	0%	0%	0%	0%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Total turnover of Taxonomy-non-eligible activities B		3,427,892	86.57%																
Total A + B		3,959,479	100.0%																

PROPORTION OF TURNOVER		
	Taxonomy-aligned for the relevant objective	Taxonomy-eligible activity for the relevant objective
CCM	0%	13.43%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Template Annex II Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021

CAPEX

Chairman and CEO's statement

- 12023 highlights
- 2Ready for change
- 3Record earnings
- 4Common responsibility, shared benefits
- 5Our response to the environmental challenge
- 6Responsible management

About this report

Data tables

			Substantial contribution criteria							DNSH criteria ("Does Not Significantly Harm")										
Economic activities	Code	Absolute CapEx [€ 000]	Proportion of CapEx year 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned turnover (A.1.) or Taxonomy-eligible turnover (A.2) 2022	Enabling activity category	Transitional activity category	
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)																				
Total CapEx of environmentally sustainable activities (Taxonomy-aligned) A.1.		0	0%	0%	0%	0%	0%	0%	0%											
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%											
Of which transitional		0	0%	0%																
A.2. TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)																				
Installation, maintenance and repair of energy efficient equipment		CCM 7.3	273	0.09%	EL	N/EL	N/EL	N/EL	N/EL								0.13%			
Installation, maintenance and repair of renewable energy technologies		CCM 7.6	50	0.02%	EL	N/EL	N/EL	N/EL	N/EL								0.37%			
Total CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) A.2.		323	0.10%	0.10%	0%	0%	0%	0%	0%								0.51%			
Total A.1. + A.2.		323	0.10%	0.10%	0%	0%	0%	0%	0%								0.51%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Total CapEx of Taxonomy-non-eligible activities B		311,561	99.90%																	
Total A + B		311,884	100.0%																	

PROPORTION OF TOTAL CAPEX		
	Taxonomy-aligned by objective	Taxonomy-eligible by objective
CCM	0%	0.10%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Template Annex II Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021

OPEX

Chairman and CEO's statement

- 12023 highlights
- 2Ready for change
- 3Record earnings
- 4Common responsibility, shared benefits
- 5Our response to the environmental challenge
- 6Responsible management

About this report

Data tables

				Substantial contribution criteria						DNSH criteria (“Does Not Significantly Harm”)									
Economic activities	Code	Absolute OpEx [€ 000]	Proportion of OpEx year 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned turnover (A.1.) or Taxonomy-eligible turnover (A.2) 2022	Enabling activity category	Transitional activity category
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)																			
Total OpEx of environmentally sustainable activities (Taxonomy-aligned) A.1.		0	0%	0%	0%	0%	0%	0%	0%										
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%										
Of which transitional		0	0%	0%															
A.2. TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)																			
Total OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) A.2.		0	0%	0%	0%	0%	0%	0%	0%										
Total A.1. + A.2.		0	0%	0%	0%	0%	0%	0%	0%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Total OpEx of Taxonomy-non-eligible activities B		60,045	100%																
Total A + B		60,045	100%																

PROPORTION OF TOTAL OPEX		
	Taxonomy-aligned by objective	Taxonomy-eligible by objective
CCM	0%	0.00%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

*About
this report*

Data tables

German forging companies data

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

Employment
tables

GENDER
PAY GAP

2023				
AGGREGATE pay gap	No. of people	Total earnings	Average earnings	% gap
Men	321	21,719,702	67,695	93.6%
Women	21	1,304,002	62,447	

WORKPLACE ACCIDENTS AND
CASES OF ILL HEALTH BY GENDER

2023		
Injuries	31	
	H: 30	M: 1
Cases of work- related ill health	0	
	H: 0	M: 0

LOST HOURS
AND ABSENTEEISM

2023	
Lost hours	43,886
% absenteeism	6.9%

INJURIES BY
GENRE AND SEVERITY

	MEN			WOMEN			TOTAL
	Mild	Serious	Fatalities	Mild	Serious	Fatalities	
German forging	30	0	0	1	0	0	31

GERMAN FORGING
COMPANIES

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

TRAINING HOURS
BY EMPLOYEE CATEGORY

	Hours	No. of people
Executives	89	6
Graduates	368	65
Tradesmen and women	1,198	203
TOTAL	1,655	274

TRAINING BY GENDER

	TOTAL TRAINING HOURS			TOTAL NO. OF PEOPLE TRAINED			HOURS PER EMPLOYEE TRAINED			HOURS PER EMPLOYEE		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
German forging	1,545	110	1,655	257	17	274	6.0	6.5	6.0	4.8	5.3	0.3

TRAINING ON OHS GENDER

	TOTAL TRAINING HOURS			TOTAL NO. OF PEOPLE TRAINED			HOURS PER EMPLOYEE TRAINED		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
German forging	1,088	82	1,170	234	15	249	4.6	5.5	4.7

HIRES, DISMISSALS AND DEPARTURES
(VOLUNTARY AND OTHER) BY GENDER AND EMPLOYEE CATEGORY

GERMAN FORGING
COMPANIES

HIRES	Men			Total	Women			Total	TOTAL
	<30	30-50	>50	H	<30	30-50	>50	M	
Executives	0	0	1	1	0	0	0	0	1
Graduates	0	0	0	0	0	1	0	1	1
Tradesmen and women	1	4	2	7	0	0	0	0	7
Total	1	4	3	8	0	1	0	1	9

DISMISSALS	Men			Total	Women			Total	TOTAL
	<30	30-50	>50	H	<30	30-50	>50	M	
Executives	0	0	0	0	0	0	0	0	0
Graduates	0	0	4	4	1	0	2	3	7
Tradesmen and women	1	11	43	55	0	0	0	0	55
Total	1	11	47	59	1	0	2	3	62

DEPARTURES	Men			Total	Women			Total	TOTAL
	<30	30-50	>50	H	<30	30-50	>50	M	
Executives	0	0	1	1	0	0	0	0	1
Graduates	0	0	1	1	1	0	0	1	2
Tradesmen and women	4	5	11	20	1	0	0	1	21
Total	4	5	13	22	2	0	0	2	24

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

GERMAN FORGING COMPANIES

Environmental management tables

WASTE MANAGEMENT | INDICATORS 306-3 / 306-4 / 306-5

Tonne	Definition	2023
German forging	Industrial waste treated hazardous	407,352.00
	Hazardous waste to recycling	53,542.00
	Hazardous waste to disposal	353,810.00
	Hazardous waste to incineration (with energy recovery)	94,000.00
	Hazardous waste to incineration (without energy recovery)	-
	Hazardous waste to landfilling	-
	Hazardous waste to other disposal operation	259,810.00
	Industrial waste treated no-hazardous	8,967,860.00
	Non-hazardous waste to recycling	8,918,674.00
	Non-hazardous waste to disposal	49,186.00
	Non-hazardous waste to incineration (with energy recovery)	35,000.00
	Non-hazardous waste to incineration (without energy recovery)	-
	Non-Hazardous waste to landfilling	-
	Non-hazardous waste to other disposal operation	14,186.00
TOTAL		9,375,212.00

WATER DISCHARGE | INDICATOR 303-4

m³/year	Definition	2023
German forging	To sewer	41,228.00
	To river	-
	To waste manager	-
	Total	41,228.00

WATER EXTRACTION & CONSUMPTION | INDICATORS 303-3 / 303-5

m³/year	Definition	2023
German forging	Superficial	13,518.00
	Ground water	29,165.00
	Rain water	-
	Water net	18,817.00
	Water used	61,500.00
	Recycled water	489,904.00

MATERIAL CONSUMPTION

Kg	Indicator	Definition	2023
German forging	GRI 301-1	Raw material used	44,302,944.00
	GRI 301-2	Raw material re-used	19,398,000.00
			43.78%

Chairman and CEO's statement

1 2023 highlights

2 Ready for change

3 Record earnings

4 Common responsibility, shared benefits

5 Our response to the environmental challenge

6 Responsible management

About this report

Data tables

Chairman
and
CEO's
statement

1 2023
highlights

2 Ready
for change

3 Record
earnings

4 Common
responsibility,
shared benefits

5 Our response to
the environmental
challenge

6 Responsible
management

About
this report

Data tables

ENERGY CONSUMPTION AND SAVINGS

ELECTRICITY

Gigajoules	Indicator	Definition	2023
German forging	GRI 302-1	Direct energy consumption	-
	GRI 302-1	Indirect energy consumption	126,529.88
	GRI 302-1	Indirect energy consumption from non-renewable sources	126,529.88
	GRI 302-1	Indirect energy consumption from renewable sources	-
	GRI 302-1	TOTAL	0

FUELS

Gigajoules	Indicator	Definition	2023
German forging	GRI 302-1	Direct energy consumption	34,419.62
	GRI 302-1	Indirect energy consumption	126,529.88
	GRI 302-1	Indirect energy consumption from non-renewable sources	126,529.88
	GRI 302-1	Indirect energy consumption from renewable sources	0
	GRI 302-1	TOTAL	160,949.50

EMISSIONS (SCOPE 1, 2 & 3)

	Indicator	Definition	Unit	2021	2022	2023
German forging	GRI 305-1	Direct emissions	T CO ₂ e	43,281.83	40,682.69	2,134.50
	GRI 305-1	Direct CH ₄ emissions	T CH ₄	0.79	0.73	0.04
	GRI 305-1	Direct N ₂ O emissions	T N ₂ O	0.09	0.08	0.005
	GRI 305-2	Indirect CO ₂ e emissions	T CO ₂ e	34,671.25	30,631.95	13,272.98
	GRI 305	TOTAL	T CO ₂ e	77,953.09	71,314.64	15,407.48
	GRI 305-3	Other indirect emissions (Scope 3)	T CO ₂ e	1,205,714.93	857,039.84	263,433.42

EMISSIONS SAVINGS FROM THE PURCHASE OF
ENERGY FROM RENEWABLE SOURCES

T CO ₂ e	Indicator	Definition	2023
German forging	GRI 305-2	Indirect emissions	0.00

2023 ANNUAL REPORT

Making a difference

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Independent Assurance Report on the Consolidated Non-Financial Information Statement of CIE Automotive, S.A. and subsidiaries for 2023

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of CIE Automotive, S.A.:

Pursuant to article 49 of the Spanish Code of Commerce, we have performed a limited assurance review of the Consolidated Non-Financial Information Statement (hereinafter NFIS) of CIE Automotive, S.A (hereinafter the Parent) and subsidiaries (hereinafter the Group) for the year ended 31 December 2023, included in the accompanying Group Annual Report 2023 (hereinafter the "Report"), which forms part of the consolidated Directors' Report of the Group for 2023.

The Report includes additional information to that required by prevailing mercantile legislation concerning non-financial information, which has not been the subject of our assurance work. In this respect, our work was limited exclusively to providing assurance on the information contained in the "Tracing compliance with Spain's Law on Non-Financial Information and Diversity reporting" table of the accompanying Report.

Directors' Responsibility

The Directors of the Parent are responsible for the content and authorisation for issue of the NFIS included in the Report, which forms part of the Group's consolidated Directors' Report. The NFIS has been prepared in accordance with prevailing mercantile legislation and selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) based on each subject area in the "Tracing compliance with Spain's Law on Non-Financial Information and Diversity reporting" table of the aforementioned Report.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the Report is free from material misstatement, whether due to fraud or error.

The Directors of the Parent are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the Report was obtained.



Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) of the International Ethics Standards Board for Accountants (IESBA Code of Ethics), which is founded on fundamental principles of professional integrity, objectivity, competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1 (ISQM1), which requires the firm to design, implement and operate a quality management system that include policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. We conducted our engagement in accordance with the requirements of the Revised International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 (Revised)), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines for assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management, as well as of the different units and areas of the Group that participated in the preparation of the NFIS, reviewing the processes for compiling and validating the information presented in the NFIS and applying certain analytical procedures and sample review tests, which are described below:

- Meetings with the Group's personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these matters and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the NFIS for 2023 based on the materiality analysis performed by the Group and described in the "Materiality" section of "About this report", considering the content required by prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the NFIS for 2023.

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- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2023.
- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2023 and whether it has been adequately compiled based on data provided by the information sources.
- Procurement of a representation letter from the Directors and management.

Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the NFIS of CIE Automotive S.A. and subsidiaries for the year ended 31 December 2023, included in the accompanying Report, has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and selected GRI Standards based on each subject area in the "Tracing compliance with Spain's Law on Non-Financial Information and Diversity reporting" table of the aforementioned Report.

Emphasis of Matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and the Delegated Acts adopted in accordance with this Regulation, stipulate the obligation to disclose information on how and to what extent the undertaking's activities are associated with eligible economic activities in relation to the environmental objectives of sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems (the other environmental objectives), and with respect to certain new activities included in the climate change mitigation and climate change adaptation objectives, for the first time for the 2023 fiscal year, in addition to the information on eligible and aligned activities already required in 2022 in relation to the climate change mitigation and climate change adaptation objectives. Consequently, no comparative information on eligibility has been included in the accompanying Report in relation to the other environmental objectives listed above or to the new activities included in the climate change mitigation and climate change adaptation objectives. Furthermore, as much as the information on 2022 was not required to be as detailed as in 2023, the disclosures included in the accompanying Report are not strictly comparable. Additionally, the Directors of CIE Automotive, S.A. have included information on the criteria that, in their opinion, allow them to comply better with the aforementioned obligations, and which are defined in the "Compliance with Regulation (EU) 2020/852 regarding climate-related taxonomy" section of the accompanying Report. Our conclusion is not modified in respect of this matter.



Other Matters

On 24 February 2023, a different assurance provider issued a favourable independent assurance report on the Consolidated Non-Financial Information Statement of CIE Automotive S.A. and subsidiaries for 2022.

Use and Distribution

This report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Auditores, S.L.

(Signed on original in Spanish)

Patricia Reverter Guillot

23 February 2024