

Celulosa Fabril, S.A.

Auditor's report

Annual accounts as of 31 December 2020

Management report



Independent auditor's report on the annual accounts

To the Shareholders of Celulosa Fabril, S.A.:

Opinion

We have audited the annual accounts of Celulosa Fabril, S.A. (the Company), which comprise the balance sheet as of 31 December 2020, the profit and loss account, the statement of changes in equity, the cash flow statement and the notes to the annual accounts for the financial year ending on that date.

In our opinion, the accompanying annual accounts express, in all significant aspects, the true and fair view of the equity and the financial position of the Company as of 31 December 2020, as well as its results and cash flows corresponding to the financial year ending on that date, in accordance with the regulatory financial reporting framework that is applicable (indicated in Note 2.a of the notes) and, specifically, with the accounting principles and criteria contained therein.

Basis for our opinion

We have conducted our audit following the existing regulations that govern the auditing of accounts in Spain. Our responsibilities under those regulations are further described in section *Responsibility of the auditor for the audit of the annual accounts* of our report.

We are independent from the Company in compliance with ethical requirements, including those related to independence, which apply to our auditing of the annual accounts in Spain, according to the regulations that govern auditing of accounts. In this regard, we have not provided services other than the audit of the accounts. Also, in compliance with the regulations mentioned above, no events or circumstances that affect and compromise the necessary independence of the audit have occurred.

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

Key audit matters

Key audit matters are those that, in our professional judgement, have been considered the most significant risks of material misstatement in our audit of the annual accounts for the current period. We have dealt with these risks in the context of our audit of the annual accounts as a whole, and in the formation of our opinion on them. Therefore, we do not provide an individual opinion for these risks.



Key audit matters	How they have been approached in the audit
<p data-bbox="296 488 512 517">Income recognition</p> <p data-bbox="272 546 874 757">As mentioned in Note 1 to the annual accounts, the Company manufactures plastic components for the automotive sector. Note 19.b to the annual accounts details the distribution of the net turnover, which is the most relevant figure in the profit and loss account and is a key indicator of the Company's business activity.</p> <p data-bbox="272 786 874 904">Due to the importance of the income figure in the context of the annual accounts, checking that the income is properly recorded is a key matter of our audit.</p>	<p data-bbox="898 546 1501 607">We have performed audit procedures on the income recognition process, which included:</p> <ul data-bbox="898 629 1501 1133" style="list-style-type: none"><li data-bbox="898 629 1501 748">• An understanding of the internal control and accounting policies used by the Company's Management in the determination, calculation and recognition of income.<li data-bbox="898 777 1501 869">• Assessment of the reasonableness of the financial year's income volumes in relation to trends in previous years.<li data-bbox="898 898 1501 981">• Performing detailed tests on a sample of income transactions, verifying their supporting evidence.<li data-bbox="898 1010 1501 1133">• Verifying that Notes 3.11 and 19.b of the accompanying notes include the relevant breakdown of information required by the applicable financial reporting framework. <p data-bbox="898 1162 1501 1274">The results of our procedures were satisfactorily concluded and we have not identified any key matters affecting the financial information included in the annual accounts.</p>

Other information: Management report

Other information exclusively includes the management report for financial year 2020, the preparation of which is the responsibility of the Company's directors and which is not an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the management report. Our responsibility regarding the management report, in compliance with the regulations governing the auditing of accounts, implies evaluating and informing on the coherence between the management report and the annual accounts, using information on the company gathered during the audit of the accounts, as well as assessing and reporting if its contents and presentation meet the requirements of the applicable regulations. Based on our work, if we believe that are material misstatements, we are compelled to report on this matter.

In line with the work performed, according to the provisions of the previous paragraph, the information contained in the management report is coherent with that of the annual accounts for financial year 2020, and its contents and presentation meet the requirements of the applicable regulations.

Responsibility of the directors in relation to the annual accounts

The directors are responsible for the preparation of the accompanying annual accounts, so that they express the true and fair view of the equity, the financial situation and the results of the Company, in accordance with the regulatory financial reporting framework applicable to the company in Spain, and the internal control deemed necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In the preparation of the annual accounts, the directors are responsible for assessing the Company's capacity to continue as a going concern, indicating, where appropriate, matters related to a going concern and using the going-concern basis of accounting, except if the directors intend to liquidate the Company or to cease operations, or if they have no realistic alternative but to do so.

Responsibility of the auditor for the audit of the annual accounts

Our objectives are to obtain a reasonable assurance that the annual account, as a whole, are free from material misstatement, and to issue an auditor's report with our opinion.

Reasonable assurance implies a high level of assurance, but it cannot guarantee that an audit performed in compliance with the current audit regulations in Spain always detects material misstatement when it exists. Material misstatements can arise due to fraud or error, and they are considered material if, individually or on an aggregated basis, they can reasonably be expected to affect the financial decisions of users based on the annual accounts.

As part of an audit performed in compliance with the current regulations on 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 to give response 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, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control that is relevant to the audit to design audit procedures that are suitable for the circumstances, but not to express an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the company's directors.



Celulosa Fabril, S.A.

- Conclude on the appropriateness of the directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding 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. We base our conclusions 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 determine whether the annual accounts represent the underlying transactions and events in a manner that achieves a fair presentation.

We communicate with the directors of the company regarding, among other issues, the planned scope and timing of the audit and material audit findings, including any important deficiencies in internal control that we identify during our audit.

From those significant risks we have communicated to the directors of the company, we determined those that were most significant for the audit of the annual accounts of the current period and that are therefore the most relevant risks.

We describe these risks in our auditor's report, unless the law or any other regulations preclude public disclosure of the matter.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Javier Campos Leza (20427)
19 May 2021

PRICEWATERHOUSECOOPERS
AUDITORES, S.L.

2021 No. 08/21/00113

CORPORATE SEAL: 96.00 EUR

Auditor's report subject to Spanish or
international regulations on the
auditing of accounts



CELULOSA FABRIL, S.A.

Annual accounts as of 31 December 2020 and
management report for financial year 2020





Celulosa Fabril, S.A.

BALANCE SHEET AS OF 31 DECEMBER 2020

(Expressed in euros)

ASSETS	Note	2020	2019
NON-CURRENT ASSETS		14,784,302	18,046,452
Intangible assets	5	2,851,265	4,561,257
Property, plant and equipment	6	8,212,309	10,457,162
Long-term investments in group companies and other related parties		2,003,100	2,003,100
Equity instruments	8	2,003,100	2,003,100
Long-term financial investments	7	24,938	156,090
Other financial assets		24,938	156,090
Long-term trade debtors and other receivables	7.9	725,690	-
Deferred tax assets	18	967,000	868,843
CURRENT ASSETS		35,241,954	24,705,697
Inventories	10	3,054,307	6,098,058
Trade debtors and other receivables	7.19	4,658,131	3,301,539
Trade receivables for sales and services		3,799,778	2,507,677
Customers, group companies and associates		676,309	474,547
Current tax assets		24,923	24,923
Other loans with Public Administrations		157,121	294,392
Short-term investments in group companies and associates		10,146,524	14,560,895
Loans to companies	7.9	10,146,524	14,560,895
Short-term financial investments	7	7,464	66,536
Short-term accruals		39,108	30,592
Cash and other equivalent liquid assets	11	17,336,420	648,077
		50,026,256	42,752,149



Celulosa Fabril, S.A.

BALANCE SHEET AS OF 31 DECEMBER 2020
(Expressed in euros)

EQUITY AND LIABILITIES	Note	2020	2019
EQUITY		34,456,823	26,014,901
Shareholder's equity		34,057,240	25,563,406
Capital	12	62,000	62,000
Issue premium	12	334,168	334,168
Reserves	13	18,167,238	20,930,816
Financial year result	14	15,493,834	10,236,422
Interim dividend	15	-	(6,000,000)
Grants, donations and bequests received	16	399,583	451,495
NON-CURRENT LIABILITIES		4,034,463	5,148,434
Long-term provisions	17	44,500	54,268
Long-term debt	7.15	3,841,845	4,912,820
Debt with credit institutions		2,678,571	3,392,857
Other financial liabilities		1,163,274	1,519,963
Deferred tax liabilities	18	148,118	181,346
CURRENT LIABILITIES		11,534,970	11,588,814
Short-term debt	7.15	1,208,178	1,148,127
Debt with credit institutions		718,750	717,911
Other financial liabilities		489,428	430,216
Short-term debt with group companies and associates		646,090	-
Trade creditors and other accounts payable	7.15	9,680,702	10,440,687
Suppliers		6,576,713	6,907,866
Suppliers, group companies and associates		50,842	83,315
Staff (salaries payable)		908,649	951,974
Current tax liabilities		1,671,744	1,597,767
Other payables to Public Administrations.		462,779	873,783
Customer advances		9,975	25,982
		50,026,256	42,752,149



Celulosa Fabril, S.A.

PROFIT AND LOSS ACCOUNT FOR FINANCIAL YEAR ENDED 31 DECEMBER 2020 (Expressed in euros)

	Note	2020	2019
CONTINUING OPERATIONS			
Net turnover	19	47,273,927	64,631,728
Sales		47,273,927	64,631,728
Changes in inventories of finished goods and work in progress	10	(2,801,715)	2,335,429
Procurements		(24,847,789)	(36,697,039)
Consumption of raw materials and other consumables	19	(14,743,626)	(19,712,773)
Work done by other companies		(9,873,065)	(16,916,205)
Impairment of goods, raw materials and other procurements	10	(231,098)	(68,061)
Other operating income		1,335,176	1,256,301
Additional income and miscellaneous operating income		1,335,176	1,256,301
Staff expenses	19	(8,178,150)	(9,407,481)
Wages, salaries and similar expenses		(6,392,189)	(7,111,530)
Social security contributions		(1,785,961)	(2,295,961)
Other operating expenses		(3,828,858)	(5,201,978)
External services		(3,640,705)	(5,055,184)
Taxes		(120,808)	(119,950)
Losses, impairment and changes in provisions from trade operations	9	(47,822)	(3,893)
Other operating expenses		(19,523)	(22,951)
Amortisation of PP&E	5.6	(3,772,674)	(3,312,644)
Allocation to profit or loss of grants related to non-financial fixed assets	16	193,453	77,975
Result from disposal of PP&E		(681,758)	99
OPERATING RESULT		4,691,612	13,682,380
Financial income		12,146,335	414,763
Financial expenses		(120,219)	(156,315)
Exchange rate differences		(3,216)	(2,831)
FINANCIAL RESULT	21	12,022,900	255,617
PROFIT/LOSS BEFORE TAX		16,714,512	13,937,997
Income tax	20	(1,220,678)	(3,701,575)
FINANCIAL YEAR RESULT	14	15,493,834	10,236,422



Celulosa Fabril, S.A.

**STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEAR ENDED 31 DECEMBER
2020**

(Expressed in euros)

A) STATEMENT OF RECOGNISED INCOME AND EXPENSES

	Note	2020	2019
Result of the profit and loss account	14	15,493,834	10,236,422
Income and expenses recognised directly in equity		93,178	159,874
Grants	16	124,237	213,164
Tax effect		(31,059)	(53,290)
Transfers to the profit and loss account		(145,090)	(112,812)
Grants	16	(193,453)	(150,415)
Tax effect		48,363	37,603
TOTAL RECOGNISED INCOME AND EXPENSE		15,441,922	10,283,484



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STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEAR ENDED 31 DECEMBER 2020

(Expressed in euros)

B) STATEMENT OF TOTAL CHANGES IN EQUITY

	(Note 13) Capital	(Note 13) Issue premium	(Note 14) Reserves	(Note 15) Financial year result	(Note 17) Grants, donations and bequests received	Interim dividend	TOTAL
CLOSING BALANCE FY 2018	62,000	334,168	19,774,120	10,156,696	404,433		30,731,417
Total recognised income and expenses	-	-	-	10,236,422	47,062	-	10,283,484
Transactions with partners or owners	-	-	-	-	-	-	-
- Distribution of dividends (Note 14)	-	-	(9,000,000)	-	-	(6,000,000)	(15,000,000)
Other changes in equity	-	-	10,156,696	(10,156,696)	-	-	-
CLOSING BALANCE FY 2019	62,000	334,168	20,930,816	10,236,422	451,495	(6,000,000)	26,014,901
Total recognised income and expenses	-	-	-	15,493,834	(51,912)	-	15,441,922
Transactions with partners or owners	-	-	-	-	-	-	-
- Distribution of dividends (Note 14)	-	-	(7,000,000)	-	-	-	(7,000,000)
Other changes in equity	-	-	4,236,422	(10,236,422)	-	6,000,000	-
CLOSING BALANCE FY 2020	62,000	334,168	18,167,238	15,493,834	399,583		34,456,823



Celulosa Fabril, S.A.

**CASH FLOW STATEMENT FOR FINANCIAL YEAR
ENDED 31 December 2020**

(Expressed in euros)

	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES	22	19,328,210	12,229,970
Financial year result before tax		16,714,512	13,937,997
Adjustment to the result		(7,478,130)	3,047,749
Changes in current capital		(214,633)	(226,232)
Other cash flows from operating activities		10,306,461	(4,529,544)
CASH FLOWS FROM INVESTMENT ACTIVITIES	23	4,648,256	(968,939)
Receivables from disinvestments and payables on investments		4,648,256	(968,939)
CASH FLOWS FROM FINANCING ACTIVITIES	24	(7,288,123)	(16,725,260)
Receivables from and payables for equity instruments		209,450	72,438
Receivables from and payables for financial liabilities		(497,573)	(1,725,259)
Dividend payments		(7,000,000)	(15,000,000)
NET INCREASE/DECREASE OF CASH OR CASH EQUIVALENTS	11	16,688,343	(5,464,229)
Cash or equivalents at the beginning of the financial year		648,077	6,112,306
Cash or equivalents at the end of the financial year		17,336,420	648,077



Celulosa Fabril, S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR FINANCIAL YEAR 2020

(Expressed in euros)

1. General information

Celulosa Fabril, S.A. was incorporated on 10 February 1978, and has been active since that date. It is registered in the Commercial Registry of the province of Zaragoza, volume 271 general 168, sheets 34 and 36, page 4,236. It has been assigned the Tax Id. No. (CIF) A-50043298.

The business activity of Celulosa Fabril, S.A. consists of the manufacture of plastic components for the automotive sector.

The registered office and main offices are located in Zaragoza, Polígono Industrial de Malpica (Santa Isabel), Calle E-Oeste, Parcela 5.

Celulosa Fabril, S.A. is the parent company of a Group which, as of 31 December 2020 and in accordance with Article 42 of the Commercial Code, is formed by the parent company and the following subsidiary:

Company	Business activity	Domicile	Ownership interest percentage	
			Direct	Indirect
Módulos Ribera Alta, S.L. Unipersonal	Manufacture of plastic components for the automotive sector	Figueruelas	100%	-

On 20 December 2016, as a result of the change in the distribution of positions on the board of directors, Celulosa Fabril, S.A. became part of the SMP Group, whose ultimate parent company is Motherson Sumi Systems Limited, with registered office at Plot No.1, Sector-127, Noida-Greater Noida, Expressway (India). The direct parent company of the Company is SMP Ibérica, S.A. Therefore, the financial statements of the Company are included in the consolidated financial statements of the ultimate parent company of the group, which is domiciled in India.

On 29 March 2021, the directors of the Company prepared the consolidated annual accounts of Grupo Celulosa Fabril, S.A. and subsidiaries as of 31 December 2020. These consolidated annual accounts will be filed with the Commercial Registry of Zaragoza.



2. Bases for presentation

a) True and fair view

To reflect the true and fair view of the equity, the financial position and the results of the Company, as well as the veracity of the cash flows added to the cash flow statement, the annual accounts have been prepared based on the accounting records of the Company, and they are presented in accordance with the existing commercial legislation and with the standards established in the General Accounting Plan approved by Royal Decree 1514/2007 and the modifications added to it by Royal Decree 1159/2010 and Royal Decree 602/2016.

b) Critical issues concerning the valuation and estimation of uncertainty

Preparing the annual accounts requires that the Company uses certain estimates and judgments in relation with the future that is continuously assessed. These are based on historical experience and other factors, including prospects of future events that are reasonable under the company's circumstances.

Although the estimates considered were made on the basis of the best information available at the date of preparation of these annual accounts, any future changes in these estimates would be applied prospectively from that time, recognising the effect of the change in the estimate made in the profit and loss account for the financial year at issue.

The main estimates and judgements considered in the preparation of the annual accounts refer to:

The estimation of the useful lives of those elements included under intangible assets and property, plant and equipment (Notes 3.1 and 3.2).

Impact of COVID-19

Since December 2019, COVID-19, a new strain of Coronavirus, has spread from China to other countries, including Spain. This event has significantly affected economic activity worldwide and, as a result, the Company's operations and financial results (Note 20).

As a consequence of the above, on 14 March 2020, Royal Decree 463/2020 was published in Spain, declaring a state of emergency for the management of the health crisis caused that came into force on the same day of its publication, and which has been extended in successive decrees approved by the Government, the latest being Royal Decree 926/2020 approved on 25 October 2020, which establishes an extension of the State of Emergency until 9 May 2021.



Among other measures, the Company has obtained favourable resolutions from the Labour Authority, in accordance with the provisions of Royal Decree-Law 8/2020 of 17 March 2020 and 30/2020 of 29 September 2020. Thereby, several Temporary Redundancy Plans ('ERTE') have been implemented in 2020, which are no longer in force as of 31 December 2020 (Note 18).

The extent to which the Coronavirus will impact our results in future financial years will depend on future developments that cannot be reliably predicted, including actions to contain or treat the disease and mitigate its impact on the economy, among others. The Company has taken the necessary measures to minimise, to the extent possible, the potential impacts of this pandemic.

c) Grouping of items

To help in the understanding of the balance sheet, the profit and loss account, the statement of changes in equity and the cash flow statement, these statements are presented in groups and the required analyses are presented in the corresponding notes to the annual accounts.

3. Accounting criteria

3.1 Intangible assets

a) Research and development expenses

Research expenses are recognised as an expense when incurred, whereas development expenses incurred on a project is recognised as an intangible asset if the project is technically and commercially feasible, sufficient technical and financial resources are available to complete the project, the costs incurred can be reliably measured and it is probable that profit will be generated.

Development costs previously recognised as an expense are not recognised as an asset in future financial years. Development costs with a finite useful life that are capitalised are amortised on a straight-line basis over the estimated useful life of each project.

When the carrying amount of an asset is higher than its estimated recoverable value, its value is automatically reduced to its recoverable amount (Note 3.3).

In the event of a change in the favourable circumstances of the project that allowed the development costs to be capitalised, the unamortised portion is taken to the income statement in the financial year in which those circumstances change.

Development expenses mainly relate to the costs incurred in the design of the products and moulds required for the mass production of the parts for the various projects. The Company amortises these expenses over the useful life of the projects, i.e. over the period of time in which it expects to obtain income from the sale of the parts produced, which ranges from 3.25 to 10 years, depending on the project.



The amortisation start date of the development expenses coincides with the start date of mass production of the parts.

b) Computer software

Software licenses acquired from third parties are capitalised on the basis of the costs incurred to acquire them and prepare them to be used in the specific programme. These costs are amortised over their estimated useful lives (5 years).

Expenses related to software maintenance are recognised when they are incurred.

3.2 Property, plant and equipment

Property, plant and equipment elements are recognised for their price of acquisition or production cost, less the accumulated amortisation and the cumulative amount of losses recognised.

The amount of work performed by the company for their own property, plant and equipment is calculated by adding the direct or indirect costs attributable to such property to the purchase price of consumable materials.

The costs for expansion, modernisation or improvement of property, plant and equipment are added to the assets as the greater value of such asset only when they represent an increase of their capacity, productivity or a lengthening of their useful life, and provided that the carrying amount of the elements that are derecognised from inventories because they have been replaced can be known or estimated.

The costs of major repairs are activated and are amortised over their estimated useful life, while recurring maintenance expenses are charged to the profit and loss account during the year in which they were incurred.

The amortisation of property, plant and equipment, except for land which is not depreciated, is systematically calculated by the straight-line method according to their respective estimated useful life, taking into account the actual depreciation resulting from their operation, use and enjoyment. The estimated useful lives are:

	<u>Years</u>
Buildings	20 to 25
Technical installations and machinery	3 to 10
Furniture	10
Other property, plant and equipment	3 to 10

The residual value and useful life of the assets are reviewed and adjusted, if necessary, on each balance sheet date.

When the carrying amount of an asset is higher than its estimated recoverable value, its value is automatically reduced to its recoverable amount (Note 3.3).



Losses and gains from the sale of property, plant and equipment are calculated by comparing the income attained from the sale with the carrying amount. They are recognised in the profit and loss account.

3.3 Impairment of non-financial assets

Assets subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the excess of the asset's carrying amount over its recoverable amount, which is the higher of the asset's fair value less costs to sell and value in use. To assess impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). Other than goodwill, non-financial assets that have suffered a loss due to impairment are reviewed at each balance sheet date for any reversal of the loss.

3.4 Financial assets

a) Loans and accounts receivable

Loans and accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with a maturity of more than 12 months from the balance date, which are classified as non-current assets. Loans and accounts receivable are included in 'Loans to companies' and 'Trade and other receivables' in the balance sheet.

These financial assets are initially measured at fair value, including transaction costs directly attributable to them, and subsequently at amortised cost, recognising the interest accrued according to their effective interest rate, understood as the discount rate equalling the carrying amount of the instrument with all cash flows estimated until maturity.

Notwithstanding the foregoing, trade accounts receivable maturing in less than one year are measured both initially and subsequently at their nominal value, provided that the effect of not updating the cash flow is not relevant.

At least by the end of the financial year, the necessary value adjustments for impairment are made if there is objective evidence that not all amounts owed will be collected.

The amount of the impairment loss is the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the effective interest rate at the time of initial recognition. Value adjustments, as well as their reversals, if applicable, are recognised in the profit and loss account.



b) Investments in the equity of group companies, jointly controlled entities and associates

They are valued at cost less, if applicable, the accumulated amount of adjustments for the impairment of value. However, when there is an investment prior to qualifying as a group, multi-group or associated company, the carrying amount is considered as the cost of the investment before having such a qualification. Prior valuation adjustments recorded directly in equity are held in equity until they are derecognised.

If there is objective evidence that the carrying amount is not recoverable, value adjustments are performed as the difference between their carrying amount and the recoverable amount, the latter understood as the highest amount between its fair value minus the sales costs and the current value of the cash flows derived from the investment. Except if there is better evidence of the recoverable amount, in the estimation of the impairment of these investments, the equity of the investee company is adjusted, based on the tacit capital gains existing at the date of valuation. Value adjustment and, where appropriate, its reversal, is recorded in the profit and loss account for the year in which it occurs.

c) Available-for-sale financial assets

This category includes debt securities and equity instruments that have not been classified in any of the preceding categories. They are included in the non-current assets, unless the Management intends to dispose of the investment within 12 months of the balance sheet date.

They are measured at fair value, recording changes directly in equity until the asset is disposed of or impaired, at which time the accumulated gains and losses in equity are taken to the profit and loss account, provided that it is possible to determine the fair value. Otherwise, they are recorded at cost less impairment losses.

In the case of available-for-sale financial assets, value adjustments are made if there is objective evidence that their value has been impaired as a result of a reduction or delay in the estimated future cash flows, in the case of debt instruments acquired, or due to the lack of recoverability of the carrying amount of the asset, in the case of investments in equity instruments. The value adjustment is the difference between cost or amortised cost less, where applicable, any value adjustment previously recognised in the profit and loss account and the fair value at the time of measurement. In the case of equity instruments that are measured at cost because their fair value cannot be determined, the value adjustment is determined in the same way as for investments in the equity of group companies, jointly controlled entities and associates.

If there is objective evidence of impairment, the Company recognises in the profit and loss account the cumulative losses previously recognised in equity due to a decrease in fair value. Impairment loss recognised in the profit and loss account for equity instruments are not reversed through the profit and loss account.



The fair values of listed investments are based on current purchase prices. If the market for a financial asset is not active (and for unlisted securities), the Company determined the fair value using valuation techniques that include the use of recent transactions between dully-informed stakeholders, references to other instruments that are substantially the same and discounting methods for the estimated future cash flows, making maximum use of observable market data and relying as little as possible on subjective judgements by the Company.

Financial assets are derecognised from the balance sheet when all the risks and benefits inherent in the ownership of the asset are substantially transferred. In the case of receivables, it is understood that this fact occurs in general if insolvency and late payment risks have been transferred.

3.5 Inventories

Inventories are measured at the lowest between cost and net realisable value. When the net realisable value of the inventories is less than its cost, the appropriate value adjustments are made and recognised as an expense in the profit and loss account. If the circumstances causing the value adjustment cease to exist, the amount of the adjustment is reversed and recognised as income in the profit and loss account.

The cost is determined by the weighted average cost. The cost of finished goods and work in progress includes design costs, raw materials, direct labour, other direct costs and manufacturing overheads (based on the normal working capacity of the means of production). Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to realise it and, in the case of raw materials and work in progress, the estimated costs necessary to complete their production.

Work-in-progress inventories includes the costs incurred in the design of the products required for their subsequent mass production. These costs are mainly made up of the costs of the staff involved in these activities and the costs of subcontracting staff, both to third parties and to group companies. The Company allocates these costs as an increase in the cost of the finished product based on the units produced each financial year over the useful life of the projects.

Work-in-progress inventories have been classified as short-term inventories and long-term inventories, depending on when these costs are expected to be recovered through the sale of the products in which they are incorporated as an increase in production costs.

Inventories also include the costs incurred in the manufacture of the moulds to be delivered to the customer, once they have been manufactured and accepted by the latter.



3.6 Equity

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

Issuance costs for new shares are presented directly against equity, as a deduction of the reserves.

3.7 Financial liabilities

Debt and accounts payable

This category includes trade payables and non-trade payables. These outside funds are classified as current liabilities, unless the Company has an unconditional right to defer their settlement for at least 12 months after the balance sheet date.

These liabilities are initially recognised at fair value, adjusted for directly attributable transaction costs, and subsequently recorded at amortised cost using the effective interest rate method. The effective interest rate is the rate that equals the carrying amount of the instrument with the expected flow of future payments predicted until the maturity of the liability.

Notwithstanding the foregoing, trade payables maturing in less than one year and which do not have a contractual interest rate are measured, both initially and subsequently, at their nominal value when the effect of not discounting flows cash is not significant.

3.8 Grants received

Refundable grants are recorded as liabilities until they have met the conditions to be considered non-refundable. Non-refundable grants are recorded as income directly attributed to equity and they are recognised on a systematic and rational basis in correlation with the expenses derived from the grant.

For these purposes, a grant is considered non-refundable when there is an individual agreement for the awarding of the grant, when all the conditions for its awarding have been met and when there are no reasonable doubts that it will be recovered.

Monetary grants are measured at the fair value of the granted amount at the time of their recognition.

Non-refundable grants related to the acquisition of intangible assets, property, plant and equipment, and real estate investments are recorded as income for the year in proportion to the amortisation of the corresponding assets or, as the case may be, when they are disposed of, when their value is adjusted due to impairment or when they are recognised in the balance sheet.



The Company has received certain loans from various public bodies with a zero interest rate. This financing is recorded as a financial liability which is measured at fair value on initial recognition, adjusted for transaction costs. The difference between the nominal value and the fair value of the loan is considered a grant. Subsequent to initial recognition, financial liabilities are recorded at amortised cost using the effective interest rate method.

During financial years 2019 and 2020, no new loans have been granted at zero interest rate. For loans granted in prior financial years, the Company applied an interest rate equivalent to the market interest rate to determine the fair value of the debt.

3.9 Current and deferred tax

Company income tax expense (income) is the amount that, under this heading, is accrued in the financial year, and that comprises both the expense (income) for current and deferred tax.

Both expense (income) for current and deferred tax are recorded in the profit and loss account. However, recorded in equity is the tax effect related to items that are recorded directly in equity.

Current tax assets and liabilities are assessed at the amounts expected to be paid or recovered from the tax authorities, in accordance with current regulations or approved and pending publication at the time of the year end.

Deferred taxes are calculated according to the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax is determined by applying the rules and tax rates enacted or substantially enacted at the balance sheet date and that are expected to be of application when the related deferred tax asset is realised or the deferred tax liability is settled.

Current tax assets and liabilities are measured at the amounts expected to be paid or recovered from the tax authorities, in accordance with current regulations.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available to generate taxable profit against which tax loss carryforwards generated in prior financial years can be utilised or to generate taxable profit against which tax deductions accrued in prior years that could not be utilised due to insufficient taxable profit can be utilised.

Since 1 January 2013, the Company has been taxed under the special tax consolidation regime, which is regulated in Chapter VI of Title VII of Law 27/2014, of 27 November, on Company Income Tax, and is included in the Tax Group, of which it is the parent company.



In accordance with current legislation, the Consolidated Tax Group includes the company itself as the parent company and Módulos Ribera Alta, S.L. as the sole subsidiary.

3.10 Employee benefits

Termination benefits

Termination benefits are paid to employees as a result of the decision of the Company to terminate their employment contract before the normal retirement age or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises these benefits when it has undertaken to terminate the employment of employees, in a way that can be demonstrated, based on a detailed formal scheme without the possibility of withdrawal or to provide termination benefits as a result of an offer to encourage voluntary resignation.

Profit sharing and bonuses

The Company recognises a provision when it is contractually obligated or when past practice has created an implicit obligation.

Length-of-service bonus to employees

The Company is obliged to pay employees with more than 25 years' seniority an amount established in the collective bargaining agreement. This liability is recognised at the time the employees are deemed to acquire those rights.

3.11 Income recognition

Income is recognised at the fair value of the consideration receivable and represents the amounts receivable for goods delivered in the ordinary course of the Company's business, less returns, rebates, discounts and value added tax.

The Company recognises income when its amount can be measured reliably, when it is probable that the Company will receive future profit, and when the specific conditions for each of the activities as detailed below are met. The amount of income is not considered to be reliably assessed until all contingencies related to the sale have been resolved. On this basis, the Company does not apply a degree of completion to its projects due to the uncertainty associated with them.

Interest income is recognised using the effective interest rate method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount by discounting the estimated future cash flows at the instrument's original effective interest rate, and continues to carry the discount less the interest income.



3.12 Leases

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss account in the year they are accrued on a straight-line basis over the lease period.

3.13 Foreign currency transactions

a) Functional and presentation currency

The annual accounts of the Company are presented in euros, which is its presentation and functional currency.

b) Transactions and balances

Transactions in foreign currencies are converted to the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at closing exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

3.14 Related-party transactions

In general, related-party transactions are initially recognised at fair value. Wherever appropriate, if the agreed price differs from its fair value, the difference is recognised based on the economic reality of the transaction. Subsequent valuation is performed in accordance with the provisions of relevant standards.

3.15 Actions with an impact on the environment

The Company recognises in the profit and loss account, on an accrual basis, all expenses incurred in activities related to the protection and improvement of the environment, such as waste recycling.

3.16 Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or implicit 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 can be reliably estimated.

No provisions are recognised for future operating losses.

Provisions are measured at the present value of the expenses 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 provision adjustments arising from the restatement of the provision are recorded as a financial expense as they are accrued.



Provisions maturing in one year or less, with an insignificant financial effect, are not discounted

Contingent liabilities are obligations that could arise as a result of past events but whose future materialisation is conditional on one or more possible future events, which are out of the Company's control, happening or not. Said contingent liabilities are not subject to accounting recording; they are detailed in the notes to the annual accounts, where necessary.

4. Financial risk management

The Company's business activities are exposed to various financial risks: market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

Risk management is controlled by the Company's Finance Department, which identifies, evaluates and hedges financial risks.

a) **Market risk**

Exchange rate risk

The Company operates internationally and is therefore exposed to exchange rate risk on currency transactions, especially in US dollar and pound sterling. Exchange rate risk arises from future commercial transactions, recognised assets and liabilities.

Transactions arise mainly from the purchase and sale of goods, as well as from the receipt of services. Since transactions in currencies other than the euro account for an insignificant percentage of total transactions, the Company does not consider that there is a significant risk.

Interest rate risk

As the Company has no significant interest-bearing assets, income and cash flows from operating activities are largely independent of interest rate fluctuations.

The Company's interest rate risk arises mainly from long-term borrowings. As of 31 December 2020, the Company had long-term debt with credit institutions amounting to 2,678,571 euros (2019: 3,392,857 euros), tied to floating interest rates.

b) **Credit risk**

Credit risk is managed in groups. Credit risk arises from cash and deposits with banks and financial institutions, as well as from customers, including outstanding receivables and committed transactions.



The Company does not have significant problems of recoverability of accounts receivable from third parties, since its sales transactions are concentrated with major companies in the automotive sector.

During financial years 2020 and 2019, the credit limits were not exceeded and the management does not expect there to be any losses from non-compliance by any of the counterparts indicated.

c) Liquidity risk

Management monitors the forecasts of the Company's liquidity reserve comprising credit facilities (Note 16) and cash and cash equivalents (Note 12) on the basis of expected cash flows.

5. Intangible assets

The details and movements of the items included in the intangible assets are as follows:

	Computer software	Development expenses	Euros Total
Balance as of 01-01-2019	-	5,704,331	5,704,331
Cost	-	13,380,707	13,380,707
Accumulated amortisation	-	(7,676,376)	(7,676,376)
Allowance for amortisation	-	(1,143,074)	(1,143,074)
Balance as of 31-12-2019	-	4,561,257	4,561,257
Cost	-	13,380,707	13,380,707
Accumulated amortisation	-	(8,819,450)	(8,819,450)
Allowance for amortisation	-	(1,709,991)	(1,709,991)
Balance as of 31-12-2019	-	2,851,265	2,851,265
Cost	-	13,380,707	13,380,707
Accumulated amortisation	-	(10,529,441)	(10,529,441)

Development expenses include the costs incurred in the design of the products and moulds required for the mass production of the parts for the various projects. The Company amortises these expenses over the useful life of the projects, i.e. over the period of time in which it expects to obtain income from the sale of the parts produced (Note 3.1), which ranges from 3.25 to 10 years.

a) Fully amortised intangible assets

As of 31 December 2020, there are fully amortised intangible assets still in use with an accounting cost of 6,875,807 euros (2019: 5,288,876 euros).

The amortisation start date for the development expenses coincides with the start date of mass production.

d) Impairment loss

At the end of financial years 2020 and 2019, no impairment losses were recorded.

6. Property, plant and equipment

The details and movements of the items included in property, plant and equipment are as follows:

	Euros			
	Land and buildings	Technical installations and other PP&E	PP&E under construction and advances	Total
Balance as of 01-01-2019	2,312,034	8,608,024	872,101	11,792,159
Cost	5,081,905	38,316,833	872,101	44,270,839
Accumulated amortisation	(2,769,871)	(29,708,809)	-	(32,478,680)
Additions	58,944	532,851	242,778	834,573
Transfers	-	686,240	(686,240)	-
Write-offs	-	(1,160)	-	(1,160)
Allowance for amortisation	(84,854)	(2,084,716)	-	(2,169,570)
Write-off of accumulated amortisation	-	1,160	-	1,160
Balance as of 31-12-2019	2,286,124	7,742,399	428,639	10,457,162
Cost	5,140,849	39,534,764	428,639	45,104,252
Accumulated amortisation	(2,854,725)	(31,792,365)	-	(34,647,090)
Additions	4,984	389,694	104,910	499,588
Transfers	-	285,015	(285,015)	-
Allowance for amortisation	(83,413)	(1,979,270)	-	(2,062,683)
Impairment	-	(681,758)	-	(681,758)
Balance as of 31-12-2020	2,207,695	5,756,080	248,534	8,212,309
Cost	5,145,833	40,209,473	248,534	45,603,840
Accumulated amortisation	(2,938,138)	(33,771,635)	-	(36,709,773)
Impairment	-	(681,758)	-	(681,758)

Additions in financial years 2020 and 2019 relate mainly to ordinary investments in machinery and tools.



Land assigned to operations has an acquisition cost at the end of 2020 of 620 thousand euros (2019: 620 thousand euros).

a) Fully amortised assets

As of 31 December 2020, there are buildings with an original cost of 2,258,612 euros (2019: 2,241,222 euros) that are fully depreciated and still in use. The cost of fully depreciated property, plant and equipment, including buildings in use, amounts to 27,824,833 euros (2019: 26,654,863 euros).

b) Revaluations

The amount of accumulated net revaluations at year-end amounts to 156,558 euros (2019: 156,558 euros).

These revaluations have no impact on the allowance for amortisation for the financial year (2019: 14 euros).

These revaluations were made pursuant to Royal Decree-Law 7/1996, of 7 June, as detailed in Note 14 to these annual accounts.

c) Insurance

The Company has taken out several insurance policies to cover the possible risks affecting the property, plant and equipment. The coverage of these policies is considered sufficient.

d) Impairment loss

During financial year 2020, valuation adjustments due to impairment were recorded in the amount of 681,758 euros (2019: 0 euros), arising from the net carrying amount relating to a project that was cancelled early. The entity is in the process of negotiation to recover the losses caused by this project.

e) Grants

The detail of the outstanding balances with Public Bodies is the following:

	Type	Financial year	Fixed assets	Moulds	Euros	
					Grant total	Loan total
Competitiveness Plan 2009	Zero interest rate loan	366,021	139,914	41,450	547,385	2,070,900
Competitiveness Plan 2010	Zero interest rate loan	45,013	105,316	19,593	169,922	509,453
Aid for the Development of Industrial Activity in Aragon 2010 (ADIA)	Grant	147,215	66,192	27,525	240,932	-
Aid for the Development of Industrial Activity in Aragon 2011 (ADIA)	Grant	188,354	10,421	1,225	200,000	-
Aid for the Development of Industrial Activity in Aragon 2012 (ADIA)	Grant	101,315	3,292	75,699	180,306	-
Research support 2019-2020	Grant	1,049,205	19,929	1,900,643	337,401	-

f) Purchase commitments

As of 31 December 2020, the Company had commitments to purchase property, plant and equipment amounting to 228,449 euros (2019: 333,310 euros).

7. Analysis of financial instruments

7.1 Analysis by category

The carrying amount of each of the financial instrument categories established in the recording and valuation standard for 'Financial instruments', except for investments in the equity of group companies (Note 8), is as follows:

	Euros					
	Long-term financial assets					
	Equity instruments		Debt securities		Loans and others	
	2020	2019	2020	2019	2020	2019
Other financial assets (Note 9)	-	-	-	-	24,938	156,090
Long-term loans and accounts receivable (Note 10)	-	-	-	-	725,690	-
	-	-	-	-	750,628	156,090



	Euros					
	Short-term financial assets					
	Equity instruments		Debt securities		Loans and others	
	2020	2019	2020	2019	2020	2019
Loans and accounts receivable (Note 10)	-	-	-	-	14,622,611	17,543,119
Other financial assets (Note 9)	-	-	-	-	7,464	66,536
Cash (Treasury) (Note 12)	-	-	-	-	17,336,420	648,077
	-	-	-	-	31,966,499	18,257,732
	Euros					
	Long-term financial liabilities					
	Debt with credit institutions		Debentures and other marketable securities		Derivatives and Others	
	2020	2019	2020	2019	2020	2019
Debt and items payable (Note 16)	2,678,571	3,392,857	-	-	1,163,274	1,519,963
	2,678,571	3,392,857	-	-	1,163,274	1,519,963
	Euros					
	Short-term financial liabilities					
	Debt with credit institutions		Debentures and other marketable securities		Derivatives and Others	
	2020	2019	2020	2019	2020	2019
Debt and items payable (Note 16)	718,750	717,911	-	-	8,681,697	8,399,353
	718,750	717,911	-	-	8,681,697	8,373,371

7.2 Analysis by maturities

The breakdown of financial assets by year of maturity as of 31 December 2020 is as follows:

	Euros						
	2021	2022	2023	2024	2025	Rest	Total
Loans and accounts receivable (Note 10)	4,476,087	186,034	179,750	155,186	92,971	111,749	5,201,777
Other financial assets (Note 9)	7,464	-	-	-	-	24,938	32,402
Loans to group companies (Note 10)	10,146.52	-	-	-	-	-	10,146.52
	4	-	-	-	-	-	4
Cash (Treasury) (Note 12)	17,336.42	-	-	-	-	-	17,336.42
	0	-	-	-	-	-	0
	31,966.49	-	-	-	-	-	32,717.12
Total	5	186,034	179,750	155,186	92,971	136,687	3

The breakdown of financial assets by year of maturity as of 31 December 2019 is as follows:

	2020	2021	2022	2023	2024	Rest	Euros Total
<i>Loans and accounts receivable</i> (Note 10)	2,982,224	-	-	-	-	-	2,982,224
Other financial assets (Note 9)	66,536	65,000	65,000	-	-	26,090	222,626
Loans to group companies (Note 10)	14,560.89	-	-	-	-	-	14,560.89
Cash (Treasury) (Note 12)	5	-	-	-	-	-	5
	648,077	-	-	-	-	-	648,077
	18,257.73						18,413.82
Total	2	65,000	65,000	-	-	26,090	2

The breakdown of financial liabilities by year of maturity as of 31 December 2020 and 2019, also including interest not accrued at year-end and payable in the future on loans with financial institutions, is as follows:

2020	2021	2022	2023	2024	2025	Rest	Euros Total
Debt with Group companies (Note 26)	646,090	-	-	-	-	-	646,090
Debt with credit institutions (Note 15)	718,750	714,286	714,286	714,286	535,713	-	3,397,321
Suppliers (Note 15)	6,696,743	-	-	-	-	-	6,696,743
Staff (Note 15)	908,649	-	-	-	-	-	908,649
Debt with public bodies	-	-	-	-	-	-	-
	430,215	430,215	388,783	275,642	68,635	-	1,593,490
Subtotal	9,400,447	1,144,501	1,103,069	989,928	604,348	-	13,242,293
Interest not accrued	23,437	18,077	12,717	7,364	2,009	-	63,604
Total	9,424,884	1,180,655	1,128,503	1,004,656	608,357	-	13,305,897

2019	2020	2021	2022	2023	2024	Rest	Euros Total
Debt with credit institutions (Note 15)	717,911	714,286	714,268	714,286	714,286	535,714	4,110,751
Suppliers (Note 15)	6,991,181	-	-	-	-	-	6,991,181
Staff (Note 15)	951,974	-	-	-	-	-	951,974
Debt with public bodies	-	-	-	-	-	-	-
	430,216	430,215	430,215	430,215	229,318	-	1,950,179
Subtotal	9,091,282	1,144,501	1,144,483	1,144,501	943,604	535,714	14,004,085
Interest not accrued	34,456	25,446	20,089	14,732	9,374	4,018	108,115
Total	9,125,738	1,169,947	1,164,572	1,159,233	952,978	539,732	14,112,200



8. Equity holdings in group companies

Name and registered office	Legal form	Business activity	Fraction of capital		Voting rights	
			Direct %	Indirect %	Direct %	Indirect %
Módulos Ribera Alta, S.L.U.	Single-member Limited Company	Transformation and sale of plastic components for the automotive industry	100%	-	100%	-

The abovementioned company is not listed on the Stock market.

The amounts for capital, reserves, financial year result and other information of interest, as per the annual accounts of the abovementioned company, are:

Name and registered office	2020						
	Capital	Reserves	Other items	Equity Financial year result	Operating result	Carrying amount in the parent company	Dividends received
Módulos Ribera Alta, S.L.U. -	2,003,100	23,400,660	268,312	14,334,606	18,311,396	2,003,100	12,000,000
	2,003,100	23,400,600	268,312	14,334,606	18,311,396	2,003,100	12,000,000

* Figures currently under audit by PwC

Name and registered office	2019						
	Capital	Reserves	Other items	Equity Financial year result	Operating result	Carrying amount in the parent company	Dividends received
Módulos Ribera Alta, S.L.U. -	2,003,100	29,670,029	538,975	5,730,630	7,951,389	2,003,100	-
	2,003,100	29,670,029	538,975	5,730,630	7,951,389	2,003,100	-

* Figures audited by PwC

In financial year 2020, the investee distributed dividends amounting to 12,000 thousand euros.

9. Loans and accounts receivable

	Euros	
	2020	2019
Long-term loans and accounts receivable		
- Non-current trade receivables	725,690	-
- Security deposits	24,938	26,090
- Other financial assets	-	130,000
	750,628	156,090
Short-term loans and accounts receivable:		
• Receivables	3,860,915	2,511,898
- Customers, group companies (Note 26)	659,387	456,293
- Customers, related parties (Note 26)	16,921	18,254
- Current tax assets	24,923	24,923
- Other loans with Public Administrations	157,121	294,392
- Provision for impairment	(61,137)	(4,221)
- Loans to group companies (Note 26)	10,146,524	14,186,026
- Loans to other related parties (Note 26)	-	374,869
- Other financial assets	7,464	66,536
	14,812,119	17,928,970
	15,562,747	18,085,060

a) Trade receivables for sales and services

The movements in value adjustments for impairment on trade receivables are as follows:

	Euros	
	2020	2019
Opening balance	4,221	3,388
Reversal of impairment provision	(4,221)	(13,754)
Write-off of uncollectible accounts receivable	-	-
Allocation to impairment provision	61,137	14,586
Closing balance	61,137	4,221

Trade receivables that are overdue less than six months are not considered to be impaired. As of 31 December 2020, receivables in the amount of 43,115 euros were overdue (2019: 64,858 euros). However, the collections prior to the preparation of the accounts as well as the high financial capacity of these customers do not pose a risk of impairment.



The aging analysis of trade receivables is as follows:

	Euros	
	2020	2019
Past due up to 3 months	40,986	45,539
Past due 3 to 6 months	10,183	17,634
Past due over 6 months	(8,054)	1,685
	43,115	64,858

The recognition and reversal of valuation adjustments due to impairment of trade receivables have been included under 'Losses, impairment and changes in provisions from trade operations' in the profit and loss account.

b) Other loans with Public Administrations

This heading includes grants awarded by Public Bodies in financial year 2020 pending collection amounting to 127,949 euros (Note 7.e) (2019: 213,163 euros), as well as debit balances for value added tax returns for the year amounting to 29,172 euros (2019: 81,229 euros).

c) Non-current trade receivables

The heading 'Non-current trade receivables' records the balance receivable arising from costs incurred by the company plus a margin related to the launch of new projects, which, as contractually established, will be invoiced in future sales as a higher selling price of the parts. Additionally, 192,722 euros are also recorded as current for the same item.

Since this balance has a maturity of over one year and does not accrue interest, it has been recognised at amortised cost and the interest accrued has been taken to the profit and loss account using the effective interest rate method. At the end of financial year 2020, the impact of the amortised cost amounts to 63 thousand euros, with 12 thousand euros having been taken to the profit and loss account.



10. Inventories

	Euros	
	2020	2019
Long-term inventories	196,441	270,395
Long-term work in progress	196,441	270,395
Short-term inventories	2,858,006	5,827,663
Raw materials and other procurements	1,463,454	1,467,269
Work in progress	183,730	209,022
Moulds	703,246	3,704,671
Finished goods	1,028,083	730,656
Supplier advances	14,908	5,863
Value adjustments for impairment of inventories	(535,555)	(289,818)
	3,054,307	6,098,058

As indicated in Note 3.5, moulds include the costs incurred in the manufacture of the moulds that will be delivered to the customer once they have been manufactured and accepted by the latter.

a) Value adjustments for impairment of inventories

The movements in value adjustments for impairment of inventories during the year were as follows:

	Euros	
	2020	2019
Opening balance	(289,818)	(221,757)
Allocations	(319,209)	(82,110)
Reversals	73,472	14,049
Closing balance	(535,555)	(289,818)

b) Insurance

The Company has taken out several insurance policies to cover the possible risks affecting the inventories. The coverage of these policies is considered sufficient.

11. Cash and other equivalent liquid assets

	Euros	
	2020	2019
Cash	17,336,420	648,077
	17,336,420	648,077



12. Capital and issue premium

a) Capital

	Euros	
	2020	2019
Authorised capital	62,000	62,000
	62,000	62,000

The subscribed capital consists of 12,400 ordinary bearer shares with a nominal value of 5 euros each, which are fully subscribed and paid up.

As of 31 December 2020 and 2019, the Companies with an ownership interest of 10% or more in the share capital are as follows:

Company	Number of shares	Ownership interest percentage
SMP Ibérica, S.A.	6,200	50%
Blanos Participaciones, S.L.	6,200	50%
	12,400	100%

None of the Company's shares are listed on the Stock market.

b) Share issue premium

This reserve is unrestricted.

13. Reserves and results from previous financial years

a) Reserves

	Euros	
	2020	2019
Legal		
- Legal reserve	149,051	149,051
Other reserves:		
- Voluntary reserves	17,134,905	19,898,483
- Revaluation reserve, as per Royal Decree-Law 7/1996, of 7 June	883,282	883,282
	18,167,238	20,930,816



Legal reserve

The legal reserve has been allocated in accordance with Article 274 of the Spanish Company Law [*Ley de Sociedades de Capital*], which indicates that, in any case, 10% of profit for the financial year must be allocated to the legal reserve until this reaches at least 20% of the share capital.

It cannot be distributed, and if it is used to offset losses, when there are no other sufficient available reserves for this purpose, it must be allocated with future profit.

Revaluation reserve, as per Royal Decree-Law 7/1996, of 7 June

The Revaluation reserve, as per Royal Decree-Law 7/1996, of 7 June, was audited by the Tax Authority and the balance of the account was accepted. This balance may be used to offset prior years' losses or to increase the Company's share capital.

After ten years, the balance may be taken to the unrestricted reserves, to the extent that the capital gains have been amortised or the revalued assets have been transferred or derecognised. The balance of the account may not be distributed, directly or indirectly, until the capital gain has been realised.

In the financial year, there have been no movements in the 'Revaluation reserve, as per Royal Decree-Law 7/1996, of 7 June' account (2019: 0 euros).

Dividends

On 3 December 2020, the Annual General Meeting resolved to distribute dividends amounting to 7,000 thousand euros against the unrestricted reserves. This dividend was paid in full in financial year 2020.

With respect to the previous financial year, on 10 June 2019, the Annual General Meeting resolved to distribute dividends amounting to 9,000 thousand euros against the result for financial year 2018. This dividend was paid in full in financial year 2019.

Also, on 19 December 2019, the Parent Company's Board of Directors decided to approve an interim dividend of 6,000 thousand euros. These amounts to be distributed did not exceed the results obtained since the end of the last financial year, net of the estimated company income tax payable on those results, in line with the provisions of Article 277 of the Spanish Company Law (Consolidated Text) approved by Royal Decree 1/2010 of 2 July 2010.

On 26 March 2020, it was agreed to propose the allocation of profit against this dividend.



14. Financial year result

a) Proposed distribution of profit

The proposed distribution of the Company's profit for financial year 2019 that is submitted for the approval of the Annual General Meeting, and that which was approved for financial year 2018, are as follows:

	Euros	
	2020	2019
<u>Basis of distribution</u>		
Profit and loss	15,493,834	10,236,422
	15,493,834	10,236,422
<u>Appropriation</u>		
Voluntary reserves	15,493,834	4,236,422
Interim	-	6,000,000
	15,493,834	10,236,422

15. Debt and accounts payable

	Euros	
	2020	2019
<u>Long-term debt and accounts payable:</u>		
- Debt with credit institutions	2,678,571	3,392,857
- Loans with Public Administrations	1,163,274	1,519,963
	3,841,845	4,912,820
<u>Short-term debt and accounts payable:</u>		
- Debt with Group companies (Note 26)	646,090	-
- Debt with credit institutions	714,286	711,386
- Accrued interest not yet due	4,464	6,525
- Loans with Public Administrations	430,215	430,216
- Suppliers of property, plant and equipment	59,213	
- Suppliers	6,576,713	6,907,866
- Suppliers, group companies (Note 26)	50,842	83,315
- Staff	908,649	951,974
- Current tax liabilities (Note 20)	1,671,744	1,597,767
- Other debt with Public Administrations	462,779	873,783
- Customer advances	9,975	25,982
	11,534,970	11,588,814
	15,376,815	16,501,634



a) Debt with credit institutions

As of 31 December 2020 and 2019, the Company has the following financing facilities:

	2020	Euros Limit
Credit facilities		9,500,000
Financing policies, discounted bills of exchange	-	17,000,000
Reverse factoring facilities	-	2,000,000
Borrowings	3,397,321	5,000,000
	3,397,321	20,500,000

	2019	Euros Limit
Credit facilities		9,500,000
Financing policies, discounted bills of exchange	-	3,000,000
Reverse factoring facilities		9,500,000
Borrowings	4,110,768	5,000,000
	4,110,768	27,000,000

In previous financial years, a loan was obtained from a financial institution for a principal amount of 5,000 thousand euros, with 3,393 thousand euros pending repayment at the end of financial year 2020 (2019: 4,107 thousand euros), as well as 4,464 euros of accrued interest not yet due (2019: 6,525 euros). The aforementioned loan accrues interest at 3-month Euribor plus a spread of 0.75%. The purpose of this loan was the early repayment of a loan granted by public administrations, which are detailed in section b.

The company has various financing facilities, of which 17,000 thousand euros are risk-sharing facilities with Módulos Ribera Alta, S.L.

b) Loans with Public Administrations

This heading records the loans granted by Public Bodies to finance new investments and the Company's business activity. These loans have, for the most part, zero interest rates and grace periods on principal repayments.

The detail of these loans is as follows:

	2020	
	Euros	
	Amortised cost	Nominal value
Competitiveness Plan 2009	783,283	828,360
Competitiveness Plan 2010	231,318	254,727
Competitiveness Plan 2011	223,096	277,508
Industrial Technology Development Centre (CDTI) 2012 Loans	174,846	243,952
Industrial Technology Development Centre (CDTI) 2012 Loans	180,946	170,365
Total	1,593,489	1,774,912

	2019	
	Euros	
	Amortised cost	Nominal value
Competitiveness Plan 2009	964,981	1,035,450
Competitiveness Plan 2010	272,357	305,672
Competitiveness Plan 2011	252,201	323,008
Industrial Technology Development Centre (CDTI) 2012 Loans	217,366	296,506
Industrial Technology Development Centre (CDTI) 2012 Loans	243,274	244,491
Total	1,950,179	2,205,127

Additionally, as of 31 December 2020, there is no accrued and unpaid interest (2019: 0 euros), corresponding to these loans.

The maturities of the aforementioned loans as of 31 December 2020 were as follows:

							Euros
	2021	2022	2023	2024	2025	Rest	Total
Debt with Administrations	430,215	430,215	388,783	275,642	68,634	-	1,593,489

The maturities of the aforementioned loans as of 31 December 2019 were as follows:

							Euros
	2020	2021	2022	2023	2024	Rest	Total
Debt with Administrations	430,216	430,215	430,215	430,215	229,318	-	1,950,179



- c) Information regarding the deferral of payments made to suppliers. Third Additional Provision 'Duty of information' of Law 15/2010, of 5 July

The breakdown of the information required in relation to the average payment period to suppliers, considering only national suppliers, is as follows:

	Days	
	2020	2019
Average supplier payment period	55	68
Ratio of transactions paid	59	73
Ratio of transactions pending payment	34	38

	Euros	
	2020	2019
Total payments made	29,576,603	34,314,303
Total payments pending	4,990,816	4,895,716

16. Grants

As of 31 December 2020, the grants recognised in the balance sheet relate mainly to grants awarded by Public Bodies.

The movements in grants during the year were as follows:

	Euros	
	2020	2019
Opening balance	451,495	404,433
Received during the financial year (Note 6.e)	124,237	213,163
Tax effect	(31,059)	(53,291)
Recognised in the results	(193,453)	(150,413)
Tax effect	48,363	37,603
Closing balance	399,583	451,495

This heading includes the grants awarded by Public Bodies in previous financial years and the implicit grants arising from the zero-interest loans (Notes 6 and 16).

In financial years 2020 and 2019, a non-refundable grant of 337 thousand euros was received from the Government of Aragón in relation to the development of electric vehicles, and a further grant of 236 thousand euros is expected to be received in the coming financial year for future investments. At the end of financial year 2020, of the aforementioned grants, 128 thousand euros are pending collection (2019: 213 thousand euros) (Note 8). These grants have been taken almost in full to the profit and loss account in 2020 and 2019 as the purpose of the grant is mainly [to cover] expenses associated with the purpose of the grant.



In addition, this heading also includes aid granted by a third party unrelated to the Company in financial year 2012 for a gross amount of 500,000 euros, in relation to the investments made by the Company in the incorporation of the subsidiary Módulos Ribera Alta, S.L. Unipersonal and starting up its activity (Note 8). At the end of financial years 2020 and 2019, this grant remains entirely in shareholders' equity.

17. Other provisions

The movements in the accounts included under long-term provisions during the year were as follows:

	Euros	
	2020	2019
Opening balance	54,268	57,524
Reversals	(9,768)	(3,256)
Closing balance	44,500	54,268

The Company pays a length-of-service bonus to employees when they reach 25 years of service with the Company.

18. Deferred taxes

The detail of deferred taxes is as follows:

	Euros	
	2020	2019
Deferred tax assets:		
- Temporary differences	718,159	678,668
- Unused deductions	248,841	190,175
	967,000	868,843
Deferred tax liabilities:		
- Grants	(133,968)	(151,270)
- Temporary differences	(14,150)	(30,076)
	(148,118)	(181,346)
Deferred taxes	818,882	687,497



The movements in deferred tax assets and liabilities during the year were as follows:

	Euros		
Deferred tax assets	Temporary differences	Unused deductions	Total
Balance as of 31 December 2018	614,537	233,387	847,924
Debit (credit) to P&L account	64,131	(43,212)	20,919
Balance as of 31 December 2019	678,668	190,175	868,843
Debit (credit) to P&L account	39,491	58,666	98,157
Balance as of 31 December 2020	718,159	248,841	967,000

	Euros		
Deferred tax liabilities	Grant	Temporary differences	Total
Balance as of 31 December 2018	(135,584)	(49,722)	(185,306)
Debit (credit) to P&L account	(15,686)	19,646	3,960
Balance as of 31 December 2019	(151,270)	(30,076)	(181,346)
Debit (credit) to P&L account	(31,060)	15,926	(15,134)
Debit (credit) to equity	48,362	-	48,362
Balance as of 31 December 2020	(133,968)	(14,150)	(148,118)

The deferred tax assets due to temporary differences mainly includes:

- The tax impact arising from the approval of Royal Decree-Law 12/2012 whereby, for periods commencing in 2013 and 2014, the amortisation of property, plant and equipment, intangible assets and investment property was 70% tax deductible. As of 31 December 2020, the amount of the aforementioned temporary difference amounted to 9 thousand euros (2019: 13 thousand euros). In financial year 2020, an amount of 4 thousand euros (2019: 12 thousand euros) has been written off.
- Also included is the tax impact of certain provisions that are not tax deductible. As of 31 December 2020, the amount of the aforementioned temporary difference totalled 958 thousand euros (2019: 637 thousand euros).
- During financial year 2020, deductions generated and capitalised in previous financial years amounting to 112 thousand euros have been applied. During financial year 2019, deductions to be offset in future financial years in the amount of 219 thousand euros were generated.



Deferred tax assets are recognised to the extent that it is probable that the Company obtains future taxable profit that allow for their application.

The deferred tax liabilities due to temporary differences mainly includes:

- Freedom of amortisation: In accordance with Royal Decree-Law 13/2010, of 3 December, on tax, labour and deregulation measures to promote investment and job creation, investments made in fixed assets during financial year 2011 may be freely amortised and their deduction is not conditional upon their allocation to the profit and loss account. For this reason, the Company deducted the full cost of the property, plant and equipment acquired in financial year 2011 from the tax base. As of 31 December 2020, the amount of the aforementioned temporary difference totalled 14 thousand euros (2019: 30 thousand euros).
- Grants: Non-refundable grants awarded by Public Bodies are recognised in equity, net of the tax effect. As of 31 December 2020, the amount of the aforementioned temporary difference amounted to 134 thousand euros (2019: 151 thousand euros).

19. Income and expenses

a) Foreign currency transactions

The figures for foreign currency transactions are as follows:

	Euros	
	2020	2019
Purchases	210,532	359,671
	210,532	359,671

b) Net turnover

Net turnover from the Company's ordinary activities is distributed geographically as follows:

Market	%	
	2020	2019
Spain	98.95	97.4
Rest of Europe	1.05	2.6
	100	100



Likewise, net turnover can also be analysed by product line as follows:

Line	%	
	2020	2019
Components	85	93
Moulds - Engineering	15	7
	100	100

c) Consumption of goods, raw materials and other consumables:

	Euros	
	2020	2019
Consumption of raw materials and other consumables:		
Purchases:		
- National purchases	11,571,960	10,581,566
- Intra-community acquisitions	3,257,355	9,230,419
- Imports	134,773	233,046
Changes in inventories (Note 11)	(212,584)	(332,259)
	14,751,504	19,712,773

d) Staff expenses

	Euros	
	2020	2019
Wages, salaries and similar expenses	6,392,189	7,111,530
Social security contributions:		
- Other Social Security contrib.	1,795,729	2,299,217
Provisions (Note 18)	(9,768)	(3,256)
	8,178,150	9,407,491

In financial year 2020, the 'Wages, salaries and similar expenses' heading includes compensation/termination benefits amounting to 50,411 euros (2019: 17,600 euros)

The average number of employees during the financial year, by categories, is as follows:

	Number of employees	
	2020	2019
Management	5	5
Administrative staff	9	11
Technicians - Engineering	59	69
Remaining staff	80	104
	153	189



The calculation of the average number of employees in financial year 2020 has been calculated considering the time during which the persons have rendered their services, i.e. without considering the period during which there have been temporary redundancy plans (ERTE).

Moreover, the distribution by sex of staff and directors at the end of the financial year, is as follows:

	Men		Women		Total	
	2020	2019	2020	2019	2020	2019
Directors (non-employees)	7	7	-	-	7	7
Management	6	5	-	-	6	5
Administrative staff	3	4	9	9	12	13
Technicians - Engineering	50	51	18	19	68	70
Remaining staff	84	90	18	20	102	110
	150	157	45	48	195	205

Lastly, the average number of employees with a disability equal to or greater than 33% is as follows:

	Number of employees	
	2020	2019
Technicians - Engineering	2	1
	2	1

As of 31 December 2020 and 31 December 2019, all directors of the Company are male.

20. Company income tax and tax position

Since 1 January 2013, the Company has been taxed under the special tax consolidation regime, which is regulated in Chapter VI of Title VII of Law 27/2014, of 27 November, on Company Income Tax, and is included in the Tax Group, of which it is the parent company.

In accordance with current legislation, the Consolidated Tax Group includes Celulosa Fabril, S.A. as the parent company and the subsidiaries that meet the requirements of the aforementioned legislation, as detailed below:



- Módulos Ribera Alta, S.L. Unipersonal

The reconciliation between the net amount of income and expenses and the tax base for company income tax purposes is as follows:

Financial year 2020

	Profit and loss account		Income and expenses recognised directly in equity	
	Increases	Decreases	Increases	Decreases
Income and expense balance for the financial year		15,493,834		(51,912)
Company income tax		1,220,678		(17,304)
Permanent differences	63,296	(12,009,768)	11,946,472	
Temporary differences:				
- from the current financial year	1,690,680	-	1,690,680	(124,237)
- from previous financial years	63,715	(848,220)	(784,505)	
			193,453	-
Tax base (taxable income)		5,674,215		-

Financial year 2019

	Profit and loss account		Income and expenses recognised directly in equity	
	Increases	Decreases	Increases	Decreases
Income and expense balance for the financial year		10,236,422		47,062
Company income tax		3,701,575		15,869
Permanent differences	33,023	(3,256)	29,767	
Temporary differences:				
- from the current financial year	1,676,984	-	1,676,984	(213,163)
- from previous financial years	78,605	(1,412,653)	(1,334,048)	
			150,413	150,413
Tax base (taxable income)		14,310,700		-

Expense for Company tax is comprised of:

	Euros	
	2020	2019
Current tax	(1,408,515)	(3,573,488)
Deferred tax (Note 19)	187,837	82,693
Other movements	-	(210,780)
	(1,220,678)	(3,701,575)



The reconciliation of Company Income Tax expense is as follows:

	Euros	
	2020	2019
Accounting result before tax	16,714,512	13,937,997
Total tax payable (25%)	(4,178,628)	(3,484,499)
Permanent differences	2,995,930	(7,442)
Deductions	(111,773)	(43,212)
Other movements	73,793	(166,422)
	(1,220,678)	(3,701,575)

The current company income tax results from applying a tax rate of 25% to the tax base, considering the deductions applied, which in the forecast at the end of financial year 2020 amounted to 9,350 euros (2019: 0 euros).

As of 31 December 2020 and 2019, the Company has the following deductions pending application, by year of generation, concept and amount:

<u>Year</u>		Euros		Year of maturity
		2020	2019	
2019	Research and development	34,688	190,175	2037
2020	Research and development	43,724	-	2038
		78,412	190,175	

As indicated in Note 19, the company has capitalised these deductions in full since the Directors consider it probable that sufficient future profits will be obtained to enable the deferred tax assets recognised as of 31 December 2020 to be utilised.

The withholdings and payments on account made during the financial year amounted to 4,750,971 euros (2019: 4,108,212 euros), of which 4,519,515 euros have been paid by Módulos Ribera Alta, S.L.

Current tax liabilities include the consolidated company income tax credit balance for 2020 amounting to 1,671,744 euros (2019: 1,597,767 euros) (Note 16).

Short-term investments in group companies and associates include the debit balance from Módulos Ribera Alta, S.L. Unipersonal for company income tax for financial year 2020 amounting to 1,146,524 euros (2019: 602,124 euros) (Notes 10 and 27).

The Company is pending inspection by the tax authorities of the last 4 financial years for the main taxes applicable to it.



As a result, among other things, of the different possible interpretations of current tax legislation, additional liabilities could arise as a result of an inspection. In any case, the directors consider that such liabilities, should they arise, will not have a material effect on the annual accounts.

21. Financial result

	Euros	
	2020	2019
Financial income:		
From equity holdings in equity instruments:		
- In group companies and associates (Note 8)	12,000,000	-
From marketable securities and other financial instruments:		
- In group companies and associates	133,229	386,816
- In third parties	13,106	27,947
	12,146,335	414,763
Financial expenses:		
- Financial expenses from debt with credit institutions	(30,029)	(68,380)
- Other financial expenses	(76,193)	(87,935)
- Financial expenses with group companies and other related parties	(13,997)	-
	(120,219)	(156,315)
Exchange rate differences	(3,216)	(2,831)
Financial result	12,022,900	255,617

In financial year 2020, the subsidiary Módulos Ribera Alta, S.L. distributed dividends of 12,000 thousand euros (Note 8).

Financial expenses mainly includes interest accrued on debt with credit institutions and loans granted by public bodies, as well as the financial expenses arising from the application of the effective interest rate method in zero interest rate loans in the amount of 73,527 euros (2019: 86,958 euros) (Note 16).

22. Cash flows from operating activities

	Euros	
	2020	2019
Financial year result before tax	16,714,512	13,937,997
Adjustment to the result:		
- Amortisation of PP&E	3,772,674	3,312,644
- valuation adjustments due to impairment	293,559	71,954
- Changes in provisions	(9,768)	(3,256)
- Allocation of grants	(193,453)	(150,415)
- Impairment and losses	681,758	-
- Financial income	(12,146,335)	(414,763)
- Financial expenses	120,219	156,315
- Exchange rate differences	3,216	2,831
- Other income and expenses	-	72,439
	(7,478,130)	3,047,749
Changes in working capital:		
- Inventories	2,797,874	(2,374,865)
- Debt and other accounts receivable	(2,282,591)	5,266,916
- Other current assets	43,541	(155)
• Creditors and other accounts payable	(758,602)	(3,200,773)
- Other current liabilities	(16,007)	16,358
- Other non-current assets and liabilities	1,152	66,287
	(214,633)	(226,232)
Other cash flows from operating activities:		
- Receivables from (payables for) company income tax	(1,805,182)	(69,357)
- Interest receivable	158,335	411,237
- Receivables from dividends	12,000,000	-
- Interest payments	(46,692)	(4,871,424)
	10,306,461	(4,529,544)
Cash flows from operating activities	19,328,210	12,229,970

23. Cash flows from investment activities

	Euros	
	2020	2019
Investment payments:		
- Group companies and associates	(8,000,000)	(10,744,464)
- Property, plant and equipment	(499,588)	(834,572)
Receivables from disinvestments		
- Group companies and associates	12,958,772	10,610,097
- Other financial assets	189,072	-
Cash flows from investment activities	4,648,256	(968,939)



24. Cash flows from financing activities

	Euros	
	2020	2019
Receivables from and payables for equity instruments:		
Issuance of:		
Grants, donations and bequests received	209,451	-
	209,451	
Receivables from and payables for financial liabilities:		
Issuance of:		
Group companies	646,090	-
Repayment and amortisation of:		
Debt with credit institutions	(713,448)	(715,179)
Other debt	(430,216)	(1,010,081)
	(497,574)	(1,725,260)
Dividend payments and remuneration on other equity instruments:		
- Dividends	(7,000,000)	(15,000,000)
Cash flows from financing activities	(7,288,123)	(16,725,260)

25. Board of Directors and Senior Management Remuneration

a) Remuneration to members of the Board of Directors

The detail of the remuneration earned by the members of the Board of Directors is as follows:

Category	Euros	
	2020	2019
Services received	376,485	450,514
Remuneration (attendance to committees)	72,000	72,000
	448,485	522,514

During financial year 2020, Blanos Participaciones, S.L. as a Company has invoiced an amount of 376,485 euros for the services rendered as the director of the Company (2019: 450,514 euros) (Note 28).

During financial year 2020, no contributions were made to pension funds or schemes in favour of former or current members of the Company's Board of Directors. Likewise, no obligations have been incurred for these items during the financial year (2019: 0 euros).



The members of the Board of Directors of the Company have not received any remuneration in the form of profit sharing or bonuses. Neither have they received any shares or share options during the financial year.

c) Remuneration and loans to Senior Management staff

The Company considers that there are no additional senior management staff as the functions of senior management are carried out by the Board of Directors.

d) Conflict of interest of the directors:

In the duty to avoid a conflict of interest with the Company, during the financial year, the Directors who have held positions in the Board of Directors have complied with the obligations laid down in Article 228 of the consolidated text of the Spanish Company Law. Also, the Directors and other people related to them, have abstained from incurring in any of the cases of conflict of interest provided for in Article 229 of said Law.

26. Other related-party transactions

a) Related-party transactions

The transactions detailed below were carried out with related parties:

	<u>2020</u>	<u>Euros</u> <u>2019</u>
Net purchases	(4,278,014)	(5,437,392)
Net sales	5,369,104	2,995,659
Services received	(791,836)	(710,097)
Services rendered	1,802,462	1,990,500
Financial expenses (Note 22)	(13,997)	-
Financial income (Note 22)	133,229	386,816
Dividends distributed (Note 14)	(7,000,000)	(15,000,000)
Dividends received	12,000,000	-

Transactions with group companies are carried out on similar terms as those with third parties.

Net purchases correspond mainly to purchases of finished goods and components from Módulos Ribera Alta, S.L.U. and the related company Algontec, S.L. in the amount of 3,928,137 euros (2019: 4,918,253 euros) and 349,052 euros (2019: 519,543 euros), respectively. During financial year 2019, there were purchases from the SMP Group company in the amount of 4,923 euros.

Net sales correspond mainly to the sale of finished goods and components to Módulos Ribera Alta, S.L.U., to the companies of the SMP Group and to the related company Algontec, S.L. in the amount of 1,877,002 euros (2019: 2,931,691 euros), 3,460,017 euros (2019: 24,636 euros) and 32,085 euros (2019: 39,331 euros), respectively.



The figure for services rendered is 484,772 euros (2019: 323,008 thousand euros) with development expenses incurred by the Company in projects, the production and sale of which is being carried out by Módulos Ribera Alta, S.L.U. and 1,232 thousand euros (2019: 1,529 thousand euros) with the company Módulos Ribera Alta, S.L.U. for various corporate and engineering services.

The services received relate mainly to the provision of services by the shareholder Blancos Participaciones, S.L. amounting to 388 thousand euros (2019: 463 thousand euros). In addition, services have been received from the purchasing department of the group company SMP Ibérica, S.L. in the amount of 71,036 euros (2019: 55,000 euros).

b) Balances at year-end arising from the sale and purchase of goods and services

The breakdown of the debit balance from related parties is as follows (Note 10):

	Euros	
	2020	2019
Current:		
SMP Automotive Technology Ibérica, S.L.	370,497	
SMP Ibérica, S.L.	-	26,470
SMP Deutschland GmbH	-	12,600
Módulos Ribera Alta, S.L.U.	288,890	417,223
Algontec S.L.	16,921	18,254
	676,309	474,547

Short-term accounts receivable do not accrue any interest.

The breakdown of the balance payable to related parties is as follows (Note 16):

	Euros	
	2020	2019
SMP Automotive Technology Ibérica, S.L.		4,905
Módulos Ribera Alta, S.L.U.	9,075	3,509
Blancos Participaciones, S.L.	41,767	74,901
	50,842	83,315



c) Loans to related parties

	Euros	
	2020	2019
Other related parties		
Algontec, S.L.	-	374,868
Módulos Ribera Alta, S.L.U. (company income tax. Note 20)	1,019,841	602,124
Módulos Ribera Alta, S.L.U. (cash-pool)	-	12,583,903
SMP Automotive Technology Ibérica, S.L.	9,000,000	1,000,000
	10,019,841	14,560,895

d) Debt with group companies

	Euros	
	2020	2019
Other related parties		
Módulos Ribera Alta, S.L.U. (cash-pool)	646,090	-
	646,090	-

In financial year 2018, a credit facility was signed with SMP Automotive Technology Ibérica, S.L. with a limit of 20,000 thousand euros, with 9,000 thousand euros drawn down at year-end. This credit facility can be extended annually, and the Company may request early cancellation without any penalty. This facility bears interest at a fixed rate of 0.95%.

In previous financial years, the Company and Módulos Ribera Alta, S.L.U. signed a cash-pooling contract. This system is implemented in several financial institutions. At the end of financial year 2020, the debit balance amounts to 646,090 thousand euros (2019: 12,584 thousand euros debit balance). With regard to interest, these balances accrue interest at a rate of 3.3%.

• Algontec, S.L.

Under the creditors' agreement signed on 10 December 2012, a 70% write-off was approved for ordinary and subordinated loans, and for the remaining 30%, a payment period of 8 years with a grace period of two years was approved.

During financial year 2019, the financial effect arising from the restatement of balances from trade operations amounted to 20,602 euros). As of 31 December 2019, the amount of debit balances in this connection totalled 260,799 euros (Note 10), which have been repaid in 2020 in accordance with the established maturities.



27. Environmental information

Among the ordinary expenses incurred in financial years 2020 and 2019, with the aim of improving and protecting the environment, it is worth highlighting the management of hazardous waste carried out by the companies ACTECO PRODUCTOS Y SERVICIOS, S.L. costing 12,539 euros (2019: 21.209 euros), SAFETY-KLEEN ESPAÑA, S.A., costing 0 euros (2019: 1,655 euros), as well as the management of non-hazardous waste through SAICA NATUR, LEANNIMIZA, and SRCL CONSENUR S.L. costing 16,334 euros (2019: 30,763 euros), 1,860 euros (2019: 0 euros), and 309 euros (2019: 0 euros), respectively.

The possible contingencies, compensation and other environmental risks that the Company might incur are adequately covered by the civil liability insurance policies that the Company has taken out.

28. Subsequent events

There have been no events subsequent to year-end that could significantly affect these annual accounts.

29. Account auditors' professional fees

The professional fees accrued during the financial year by PricewaterhouseCoopers Auditores, S.L. for the audit services of individual and consolidated accounts and other verification services amounted to 22,183 and 37,000 euros, respectively, the latter being paid directly by the direct parent company, SMP Ibérica, S.A. (2019: 22,183 for account auditing services and 34,500 euros for other verification services). The professional fees in connection with the audit of the consolidated annual accounts for financial year 2020 amounted to 3,063 euros (2019: 3,063 euros).



CELULOSA FABRIL, S.A.

2020 MANAGEMENT REPORT

In compliance with the legal provisions, we are pleased to provide you with the Company's Management Report for the twelve-month financial year ended 31 December 2020.

Due to the COVID-19 pandemic and its impact on the supply chain and on demand, the automotive industry was forced to interrupt its production at a global level, mainly during the months of April and May, which was resumed gradually in the following months. For this reason, the volume of vehicle production in Spain in 2020 fell by 18% over the year as a whole to 2,268,185 units.

Our company has suffered a reduction similar to that of its natural market, which is that of the vehicles manufactured in Spain, with sales close to zero in the months of April and May, recovering during the following months up until the last quarter, where the normal levels of previous years were recovered. The result for financial year 2020 increased to 15,493,9834 [sic] euros. In financial year 2021, the forecasts are to maintain the level of production of the last period of financial year 2020, thus recovering the expected levels of activity.

Projects launched in 2019 have been consolidated during 2020.

No financial instruments such as derivatives, swaps or options are held.

From a Human Resources standpoint, the company has decreased employment by 10 people compared to the figure of 31 December 2019. A certain reduction in the workforce is expected for 2021.

In terms of equality, and non-discrimination and disability, ethical policies are put in place to comply with this matter, as established in the Equality Plan.

In the Environmental aspect, no new processes or situations are expected that could affect our current status, which is characterised by being within the framework of the ISO 14001 standard.

There were no treasury share transactions during the twelve-month financial year ended 31 December 2020.

During the 2020 financial year, activities related to R&D&I have been carried out, in line with previous years.

The average supplier payment period for financial year 2020 increased to 55 days.

After 31 December 2020, no significant events have occurred in the Company that could have a material effect on the interpretation of these annual accounts and that have not been included in them.

**CELULOSA FABRIL, S.A.****PREPARATION OF ANNUAL ACCOUNTS AND MANAGEMENT REPORT FOR FINANCIAL YEAR 2020**

The Directors of Celulosa Fabril, S.A. held a meeting 29 March 2021 and, in compliance with the requirements laid down in Article 253 of the Spanish Company Law and in Article 37 of the Commercial Code, proceeded to prepare the annual accounts and the management report for financial year ended 31 December 2020, which are made up of the annexed documents that precede this written statement.

- a) Balance sheet as of 31 December 2020.
- b) Profit and loss account for financial year ended 31 December 2020.
- c) Statement of changes in equity for financial year ended 31 December 2020.
- d) Cash flow statement for financial year ended 31 December 2020.
- e) Notes to the annual accounts for financial year 2020.
- f) 2020 management report.

SIGNATORIES

Mr Juan Manuel Blanchard Galligo
Chairman of the Board

SIGNATURE

Mr Pablo Blanchard Nerín
Director

SIGNATURE

Blanos Participaciones S.L.
(Mr Jorge Blanchard Félez)
Director

SIGNATURE



Document electronically signed through Signaturit, Solutions, S.L., on 19/05/2021 13:20:23 UTC

Mr Peter Vollprecht
Director

SIGNATURE

Mr Andreas Heuser
Director

SIGNATURE

ABSENT DUE TO
FORCE MAJEURE

Mr. Bimal Dhar
Director

SIGNATURE

Mr Miguel Pelayo
Secretary and director

SIGNATURE