

Módulos Ribera Alta, S.L. (Sociedad Unipersonal)

Auditor's report

Annual accounts as of 31 December 2020

Management report



Independent auditor's report on the annual accounts

To the Sole Member of Módulos Ribera Alta, S.L. (Sociedad Unipersonal):

Opinion

We have audited the annual accounts of Módulos Ribera Alta, S.L. (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

Income recognition

As mentioned in Note 1 to the annual accounts, the Company manufactures plastic components for the automotive sector. Note 18.a 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.

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.

We have performed audit procedures on the income recognition process, which included:

- An understanding of the internal control and accounting policies used by the Company's management in the determination, calculation and recognition of income.
- Assessment of the reasonableness of the financial year's income volumes in relation to trends in previous years.
- Performing detailed tests on a sample of income transactions, verifying their supporting evidence.
- Verifying that Notes 3.12 and 18.a of the accompanying notes include the relevant breakdown of information required by the applicable financial reporting framework.

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.

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 Sole Director 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 Sole Director in relation to the annual accounts

The Sole Director is responsible for the preparation of the accompanying annual accounts, so that they express the true and fair view of the equity, the financial position 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 Sole Director is 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 Sole Director 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 Sole Director.



Módulos Ribera Alta, S.L.

- Conclude on the appropriateness of the Sole 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 Sole Director 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 Sole Director 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. 08/21/00114

96.00 EUR

CORPORATE SEAL:

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



MÓDULOS RIBERA ALTA, S.L. (Sociedad Unipersonal)

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



Módulos Ribera Alta, S.L. (Sociedad Unipersonal)

BALANCE SHEET AS OF 31 DECEMBER 2020

(Expressed in euros)

ASSETS	Note	2020	2019
NON-CURRENT ASSETS		38,214,445	32,514,137
Intangible assets	5	207,401	273,993
Property, plant and equipment	6	24,913,539	28,199,029
Long-term financial investments	7.8	120,900	120,900
Long-term accruals	16	2,982,476	3,350,437
Non-current trade receivables	7.8	8,820,710	-
Deferred tax assets	17	1,169,419	569,778
CURRENT ASSETS		19,708,517	35,888,445
Inventories	9	5,313,523	28,142,370
Trade debtors and other receivables	7.8	12,234,238	7,372,418
Trade receivables for sales and services		11,418,063	5,709,879
Customers, group companies and associates		1,567,614	926,601
Other loans with Public Administrations		248,561	735,938
Short-term investments in group companies and associates	25	646,090	-
Short-term accruals	16	514,578	359,776
Cash and other equivalent liquid assets	10	88	13,881
		57,922,962	68,402,582



Módulos Ribera Alta, S.L. (Sociedad Unipersonal)

BALANCE SHEET AS OF 31 DECEMBER 2020

(Expressed in euros)

	Note	2020	2019
EQUITY		40,006,678	37,942,734
Shareholder's equity		39,738,366	37,403,759
Capital	11	2,003,100	2,003,100
Reserves	12	23,400,660	29,670,029
Financial year result	13	14,334,606	5,730,630
Grants, donations and bequests received	14	268,312	538,975
NON-CURRENT LIABILITIES		89,437	179,658
Deferred tax liabilities	17	89,437	179,658
CURRENT LIABILITIES		17,826,847	30,280,190
Short-term debt	7.15	1,269,275	4,307,518
Debt with credit institutions		59	(1,063)
Finance lease payables		3,288	3,288
Other financial liabilities		1,265,928	4,305,293
Short-term debt with group companies	7.15	1,146,524	13,186,027
Trade creditors and other accounts payable	7.15	15,411,048	12,786,645
Suppliers		14,073,304	10,763,420
Suppliers, group companies and associates		597,232	444,893
Staff		28,909	23,449
Other debt with Public Administrations		711,603	696,157
Customer advances		-	858,726
		57,922,962	68,402,582



Módulos Ribera Alta, S.L. (Sociedad Unipersonal)

**PROFIT AND LOSS ACCOUNT FOR FINANCIAL YEAR
ENDED 31 DECEMBER 2020**

(Expressed in euros)

	Note	2020	2019
CONTINUING OPERATIONS			
Net turnover	18	108,309,560	62,947,066
Sales		108,309,560	62,947,066
Changes in inventories of finished goods and work in progress	9	(24,220,139)	7,941,012
Procurements		(51,259,194)	(50,220,378)
Consumption of raw materials and other consumables	18	(39,843,156)	(38,569,552)
Work done by other companies		(11,461,767)	(11,650,826)
Impairment of goods, raw materials and other procurements		45,729	-
Other operating income		12,771	21,250
Additional income and miscellaneous operating income		12,771	21,250
Staff expenses	18	(3,434,203)	(3,882,631)
Wages, salaries and similar expenses		(2,746,601)	(3,058,483)
Social security contributions		(687,602)	(824,148)
Other operating expenses		(6,337,528)	(5,481,743)
External services		(6,274,298)	(5,457,293)
Taxes		(24,332)	(19,263)
Losses, impairment and changes in provisions from trade operations		(38,634)	(3,741)
Other operating expenses		(264)	(1,446)
Amortisation of PP&E	5.6	(5,284,113)	(3,502,562)
Allocation to profit or loss of grants related to non-financial fixed assets and others	14	524,242	129,375
OPERATING RESULT		18,311,396	7,951,389
Financial income		582,313	11,883
Financial expenses		(95,704)	(344,122)
Exchange rate differences		-	(2)
FINANCIAL RESULT	19	486,609	(332,241)
PROFIT/LOSS BEFORE TAX		18,798,005	7,619,148
Income tax	19	(4,463,399)	(1,888,518)
FINANCIAL YEAR RESULT	13	14,334,606	5,730,630



Módulos Ribera Alta, S.L. (Sociedad Unipersonal)

**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
	13	14,334,606	5,730,630
Result of the profit and loss account			
Income and expenses recognised directly in equity		122,518	285,401
Grants (Note 14)	14	163,357	380,535
Tax effect	16	(40,839)	(95,134)
Transfers to the profit and loss account		(393,181)	(97,031)
Grants (Note 14)	14	(524,241)	(129,375)
Tax effect	16	131,060	32,344
TOTAL RECOGNISED INCOME AND EXPENSE		14,063,943	5,919,000



Módulos Ribera Alta, S.L. (Sociedad Unipersonal)

STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEAR ENDED 31 DECEMBER 2020 (Expressed in euros)

B) STATEMENT OF TOTAL CHANGES IN EQUITY

	Capital	Reserves	Financial year result	Grants, donations and bequests received	TOTAL
BALANCE AS OF 1 JANUARY 2019	2,003,100	23,598,018	6,072,011	350,605	32,023,734
Total recognised income and expenses	-	-	5,730,630	188,370	5,919,000
Other changes in equity	-	6,072,011	(6,072,011)	-	-
BALANCE AS OF 31 DECEMBER 2019	2,003,100	29,670,029	5,730,630	538,975	37,942,734
Total recognised income and expenses	-	-	14,334,606	(270,663)	14,063,943
Transactions with partners or owners	-	-	-	-	-
- Distribution of dividends (Note 12)	-	(12,000,000)	-	-	(12,000,000)
Other changes in equity	-	5,730,631	(5,730,630)	-	1
BALANCE AS OF 31 DECEMBER 2020	2,003,100	23,400,660	14,334,606	268,312	40,006,678



Módulos Ribera Alta, S.L. (Sociedad Unipersonal)

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

(Expressed in euros)

	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES	20	<u>29,880,553</u>	<u>(2,849,093)</u>
Financial year result before tax		18,798,005	7,619,148
Adjustment to the result		4,302,107	3,891,779
			(12,050,767)
Changes in current capital		11,373,347	
Other cash flows from operating activities		<u>(4,592,906)</u>	<u>(2,309,253)</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES	21	<u>(3,203,413)</u>	<u>(7,858,094)</u>
Investment payments		<u>(3,203,413)</u>	<u>(7,858,094)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	22	<u>(26,690,933)</u>	<u>10,707,032</u>
Receivables from and payables for equity instruments		380,535	279,853
Receivables from and payables for financial liabilities		(15,071,468)	10,427,179
Dividend payments		<u>(12,000,000)</u>	<u>.</u>
NET INCREASE/DECREASE OF CASH OR CASH EQUIVALENTS	10	<u>(13,793)</u>	<u>(155)</u>
Cash or equivalents at the beginning of the financial year		13,881	14,036
Cash or equivalents at the end of the financial year		88	13,881



Módulos Ribera Alta, S.L. Unipersonal

NOTES TO THE ANNUAL ACCOUNTS FOR FINANCIAL YEAR 2020

(Expressed in euros)

1. General information

Módulos Ribera Alta, S.L. was incorporated in Zaragoza on 1 December 2011 as a single-member limited company and has its registered office at Carretera de Logroño km 27.5, 50639 Figueruelas (Zaragoza). It has been assigned the Tax Id. No. (CIF) B99330250.

Its business purpose is described in Article 3 of its articles of association and consists of the manufacture of plastic components for the automotive sector. The Company's main industrial facilities are located at Carretera de Logroño km 27.5, 50639 Figueruelas (Zaragoza).

The entire capital of Módulos Ribera Alta, S.L. is owned by Celulosa Fabril, S.A., the parent company of the Celulosa Fabril Group. The registered office of the Group's parent company is at Polígono Industrial de Malpica, Calle E-Oeste, parcela 5 de Zaragoza, and it files its consolidated annual accounts with the Commercial Registry of Zaragoza.

On 20 December 2016, as a result of the change in the distribution of positions on the board of directors, the direct parent company 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). 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 Sole Member 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, although it has had an impact mainly on the fulfilment of the budget turnover, given that, due to the start-up of new projects, the level of activity has been higher than in the previous financial year (Note 18).

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 6.65 years for projects that are currently in force.

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



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	8 to 25
Technical installations and machinery	4 to 10
Furniture	10
Data processing equipment	3 to 4
Transport equipment	10
Other property, plant and equipment	4 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 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

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.



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 capital is represented by equity holdings.

Issuance costs for new equity holdings 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. Accruals

The Company incurs certain pre-operating costs associated with supporting the launch of new customer projects.

These costs are charged to the profit and loss account for the year on a straight-line basis, from the beginning of the mass production of the projects and during their useful life, excluding the launch and completion phases, implying an increased expense in the income statement.

Therefore, this heading records the expenses invoiced by customers that are pending recognition in the profit and loss account.

If these expenses are taken to the profit and loss account more than one year after the balance sheet date, they are classified under long-term accruals.

3.9. 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.

3.10 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 a subsidiary.

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



3.11 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.

3.12 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.

3.13 Leases

a) Finance lease

Property, plant and equipment leases in which the Company has essentially assumed all risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the agreed minimum lease payments.



The present value is calculated using the implicit interest rate of the agreement and, if this cannot be determined, the Company's interest rate for similar transactions.

Each lease payment is allocated between liabilities and finance burdens. The total finance burden is distributed over the lease term and allocated to the profit and loss account of the financial year in which it was accrued using the effective interest rate method. Contingent dues are an expense in the financial year in which they are incurred. The related lease obligations, net of finance charges, are included in 'Finance lease payables'. Fixed assets acquired under finance leases are amortised over their useful life.

b) Operating 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.

3.14 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.

3.15 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.

3.16 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, mainly expenses associated with waste recycling.



3.17 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 Management Body, which identifies, evaluates and hedges financial risks.

a) Market risk

Exchange rate risk

Since the amount for transactions carried out by the Company in currencies other than the euro account for an insignificant percentage of total transactions, it does not consider that there is a significant exchange rate 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 arise mainly from long-term borrowings tied to floating interest rates. As of 31 December 2020 and 2019, the Company does not have any long-term debt with credit institutions.

Loans granted by group companies have fixed 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 15) and cash and cash equivalents (Note 10) 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:

	Euros		
	Development expenses	Other intangible assets	Total
Balance as of 01-01-2019	314,987	-	314,987
Additions	27,001		27,001
Allowance for amortisation	(67,994)	-	(67,994)
Balance as of 31-12-2019	273,994	-	273,994
Cost	2,000,881	650,000	2,650,881
Accumulated amortisation	(1,726,887)	(650,000)	(2,376,887)
		-	
Balance as of 01-01-2020	273,994	-	273,994
Allowance for amortisation	(66,593)	-	(66,593)
		-	
Balance as of 31-12-2020	207,401	-	207,401
Cost	2,000,881	650,000	2,650,881
Accumulated amortisation	(1,793,480)	(650,000)	(2,443,480)

Development expenses includes the costs incurred in the design of products and the moulds required for the mass production of project parts. 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).

a) Fully amortised intangible assets

As of 31 December 2020, the amount of fully amortised assets still in use amounted to 2,210 thousand euros (2019: 2,210 thousand euros).



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	1,241,230	14,282,759	8,784,972	24,308,961
Additions	818,918	4,444,470	2,061,248	7,324,636
Transfers	-	8,268,634	(8,268,634)	-
Allowance for amortisation	(190,399)	(3,244,169)		(3,434,568)
Balance as of 31-12-2019	1,869,749	23,751,694	2,577,586	28,199,029
Cost	2,873,451	36,043,471	2,577,586	41,494,508
Accumulated amortisation	(1,003,702)	(12,291,777)	-	(13,295,479)
Balance as of 01-01-2020	1,869,749	23,751,694	2,577,586	28,199,029
Additions	98,557	1,777,573	55,900	1,932,030
Transfers	-	2,203,683	(2,203,683)	-
Allowance for amortisation	(202,491)	(5,015,029)		(5,217,520)
Balance as of 31-12-2020	1,765,815	22,717,920	429,804	24,913,539
Cost	2,972,008	40,024,726	429,804	43,426,537
Accumulated amortisation	(1,206,194)	(17,306,806)	-	(18,512,998)
Balance as of 31-12-2020	1,765,815	22,717,920	429,804	24,913,539

During financial years 2020 and 2019, additions include acquisitions of machinery associated with new projects.

The heading for land and buildings relates entirely to buildings.

a) Fully amortised assets

As of 31 December 2020 and 2019, there are no fully depreciated buildings still in use. The cost of the remaining fully depreciated property, plant and equipment still in use amounts to 2,505,671 euros (2019: 2,026,171 euros).

b) 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.

c) Purchase commitments

As of 31 December 2020, there are commitments to purchase property, plant and equipment amounting to 425,858 euros (2019: 997,331 euros).



d) Assets under operating lease

Operating lease expenses of 1,170,539 euros have been included in the profit and loss account (2019: 891,720 euros). The amount of the expenses corresponding to the rental of the facilities where the Company carries out its usual business activity amounts to 730,857 euros (2019: 670,471 euros).

The total of future minimum lease payments relating to non-cancellable operating leases is as follows:

Category	Euros	
	2020	2019
Less than one year	1,046,106	720,564
Between one and five years	1,806,498	2,157,967
More than five years	785,375	1,751,646
	3,637,979	4,630,177

The Company holds a plot of land with two industrial buildings, located in Figueruelas (Zaragoza), under an operating lease signed on 21 March 2012. This contract has a term of ten years, non-renewable at maturity and with the possibility of exercising a call option. The value of the call option amounts to 1,200,000 euros.

e) Grants

Property, plant and equipment includes items, mainly plants, financed by non-refundable grants. As of 31 December 2020, the net carrying amount of the aforementioned items amounts to 5,543 thousand euros (2019: 4,033 thousand euros) (Note 14).



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' is as follows:

	Euros					
	Long-term financial assets					
	Equity instruments		Debt securities		Loans and others	
	2020	2019	2020	2019	2020	2019
Non-current trade receivables (Note 8)	-	-	-	-	8,820,710	-
Other financial assets (Security deposits)	-	-	-	-	120,900	120,900
					8,941,610	120,900
	Euros					
	Short-term financial assets					
	Equity instruments		Debt securities		Loans Others	
	2020	2019	2020	2019	2020	2019
Cash and other equivalent liquid assets (Note 10)	-	-	-	-	88	13,881
Loans and accounts receivable (Note 8)	-	-	-	-	13,631,767	6,636,480
					13,631,855	6,650,361
	Euros					
	Short-term financial liabilities					
	Debt with credit institutions		Debentures and other marketable securities		Others	
	2020	2019	2020	2019	2020	2019
Debt and items payable (Note 15)	3,347	2,225	-	-	17,111,897	28,723,082
	3,347	2,225	-	-	17,111,897	28,723,082



7.2 Analysis by maturities

As for financial liabilities, all of the at the end of financial years 2020 and 2019 mature in the short term.

With regard to financial assets, in financial year 2019, the security deposit associated with the lease agreement for the plot of land where the Company carries out its usual business activity in accordance with the lease agreement dated 21 March 2012, is recorded as long term. The end date of this agreement is 20 March 2022 (Note 23). Whereas in financial year 2020, the breakdown of financial assets by year of maturity is as follows:

	2021	2022	2023	2024	2025	Rest	Euros TOTAL
Other financial assets	-	-	-	-	-	120,900	120,900
Loans to Group companies (Note 25)	646,090	-	-	-	-	-	646,090
Trade debtors and other receivables	12,985,677	1,880,067	1,826,056	1,789,368	1,721,485	1,603,734	21,806,387
Cash	88	-	-	-	-	-	88
Total	13,631,855	1,880,067	1,826,056	1,789,368	1,721,485	1,724,634	22,573,465

8. Loans and accounts receivable

	Euros	
	2020	2019
Long-term loans and accounts receivable:		
- Non-current trade receivables	8,820,710	-
- Other financial assets (Security deposits)	120,900	120,900
	8,941,610	120,900
Short-term loans and accounts receivable:		
- Loans to Group companies (Note 25)	646,090	-
- Trade receivables for sales and services	11,462,472	5,715,654
- Customers, group companies and associates (Note 25)	1,567,614	926,601
- Other loans with Public Administrations	248,561	735,938
- Provision for impairment	(44,409)	(5,775)
	13,880,328	7,372,418

a) Trade receivables for sales and services

Trade receivables that are overdue less than three months are not considered to be impaired. As of 31 December 2020, receivables in the amount of 24,258 euros were overdue (2019: 64,727 euros), although they had not suffered any impairment due to the subsequent collections received and the high financial capacity of the customers associated with such maturities.



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

	Euros	
	2020	2019
Opening balance	5,775	2,034
Allocation to impairment provision	44,409	3,741
Reversal of impairment of accounts receivable	(5,775)	-
Closing balance	44,409	5,775

b) Other loans with Public Administrations

As of 31 December 2020, other loans with Public Administrations mainly includes debit balances in respect of value added tax settlements for 2020 amounting to 18 thousand euros (2019: 355 thousand euros) and debit balances for grants awarded pending collection amounting to 231 thousand euros (2019: 381 thousand euros) (Note 14).

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, 1,887,087 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 613 thousand euros, with 560 thousand euros having been taken to the profit and loss account.



9. Existencias

	Euros	
	2020	2019
Long-term inventories	2,358,676	3,182,898
Long-term work in progress	2,358,676	3,182,898
Short-term inventories	2,954,848	24,959,472
Raw materials and other procurements	1,429,886	1,325,161
Work in progress	162,959	134,948
Finished goods	1,384,128	913,408
Moulds	23,554	22,797,189
Provision for impairment	(56,428)	(225,830)
Supplier advances	10,749	14,596
	5,313,523	28,142,370

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) 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.

b) Limitations on availability

As of 31 December 2020, there are no inventories subject to warranties or limitations on availability (2019: 0 euros).

c) 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	(225,830)	(43,220)
Allocations	(56,428)	(182,610)
Reversals	225,830	-
Closing balance	(56,428)	(225,830)



10. Cash and other equivalent liquid assets

	Euros	
	2020	2019
Cash and other equivalent liquid assets	88	13,881
	88	13,881

11. Capital and issue premium

a) Capital

	Euros	
	2020	2019
Authorised capital	2,003,100	2,003,100
	2,003,100	2,003,100

The authorised capital consists of 200,310 equity holdings with a nominal value of 10 euros each, equal, numbered consecutively and fully subscribed and paid up. These equity holdings are wholly owned by Celulosa Fabril, S.A.

As required by Article 13 of the Spanish Company Law [*Ley de Sociedades de Capital*], the Company is registered as a single-member company [*sociedad unipersonal*] in the Commercial Registry.

12. Reserves

a) Reserves

	Euros	
	2020	2019
Legal		
- Legal reserve	400,620	400,620
Other reserves:		
- Voluntary reserves	23,000,040	29,269,409
	23,400,660	29,670,029



Legal reserve

The legal reserve has been allocated in accordance with Article 274 of the Spanish Company Law, 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 company 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.

Dividends

On 3 December 2020, in the Record of Resolutions by the Sole Member it was resolved to distribute dividends amounting to 12,000 thousand euros against the unrestricted reserves. This dividend was paid in full in financial year 2020.

13. Financial year result

a) Proposed distribution of profit

The proposal for the distribution of the profit, which will be presented to the Sole Member, is the following:

	Euros	
	2020	2019
Basis of distribution		
Profit and loss	14,334,606	5,730,630
Appropriation		
Voluntary reserve	14,334,606	5,730,630
	14,334,606	5,730,630



14. Capital grants received

Details of non-refundable capital grants shown in the balance sheet under 'Grants, donations and bequests received' as of 31 December 2020 and 31 December 2019 are as follows:

Year of award	Grant	Official body	Purpose	Euros		
				Amount granted	Assets funded	Net carrying amount 31.12.2020
2019-2020	Electrical vehicle	Government of Aragón	Support for research and development in fixed assets	543,892	3,224,597	2,611,138
2013	Aid for the Development of Industrial Activity in Aragón 2012	General Council of Aragón	Competitiveness improvement	9,792	173,296	6,659
2013	Regional aid	Ministry of Finance and the General Council of Aragón	Support for development and investment in fixed assets	839,559	9,328,438	2,925,507
				1,393,243	12,726,331	5,543,304

Year of award	Grant	Official body	Purpose	Euros		
				Amount granted	Assets funded	Net carrying amount 31.12.2020
2019	Electrical vehicle	Government of Aragón	Support for research and development in fixed assets	380,534	1,443,857	1,443,857
2013	Aid for the Development of Industrial Activity in Aragón	General Council of Aragón	Competitiveness improvement	9,792	173,296	12,580
2014	'Plan Impulso 2013'	General Council of Aragón	Financing support	81,899	1,466,338	--
2013	Regional aid	Ministry of Finance and the General Council of Aragón	Support for development and investment in fixed assets	839,559	9,328,438	4,020,053
				1,311,784	15,657,074	4,032,633

In financial years 2020 and 2019, a non-refundable grant of 544 thousand euros was received from the Government of Aragón in relation to the development of electric vehicles, and a further grant of 83 thousand euros is expected to be received in the coming financial year for future investments. At the end of financial year 2020, an amount of 231 thousand euros is pending collection (Note 8).



The movements in grants were as follows:

	Euros	
	2020	2019
Opening balance	538,975	350,605
Additions in the financial year	163,358	380,535
Recognised in the results	(524,242)	(129,375)
Deferred tax	90,221	(62,790)
Closing balance	268,312	538,975

15. Debt and accounts payable

	Euros	
	2020	2019
Short-term debt and accounts payable:		
- Loans with group companies (Note 25)	1,146,524	13,186,027
- Loans with credit institutions	59	(1,063)
- Short-term debt	1,191,313	3,680,000
- Finance lease payables	3,288	3,288
- Suppliers	14,073,304	10,763,420
- Suppliers, group companies (Note 25)	597,232	444,893
- Staff	28,909	23,449
- Suppliers of property, plant and equipment	74,315	625,293
- Other debt with Public Administrations	711,603	696,157
- Customer advances	-	858,726
	17,826,847	30,280,190

a) Finance lease payables

The gross lease liability/minimum lease payments is as follows:

	Euros	
	2020	2019
Present value of finance lease liabilities		
Up to 1 Year	3,288	3,288
1 to 5 years	-	-
Financial burden	-	-
	3,288	3,288



b) Debt with credit institutions

The Company has different reverse factoring facilities with a total limit of 19,000 thousand euros (2018: 9,500 thousand euros), of which an amount of 17,000 thousand euros are risk-sharing facilities with Celulosa Fabril, S.A. (2019: 3,000 thousand euros). At the end of financial years 2020 and 2019, there were no amounts drawn down in this connection.

c) Customer advances

At the end of financial year 2019, the advances received from customers for whom the moulds indicated in Note 9 were being developed and manufactured, and which have been sold during the 2020 financial year, were recorded under customer advances.

d) Short-term debt

Short-term debt include the amount payable to third parties for pre-operating costs related to support for the launch of new projects (Note 16).

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

In accordance with second final provision of Law 31/2014, of 3 December, which amends the third additional provision of Law 15/2010, of 5 July, amending Law 3/2004, of 29 December, establishing measures to combat late payment in commercial transactions, and in relation to the information to be included in the notes to the annual accounts on deferrals of payment to suppliers in commercial transactions calculated on the basis of that established in the Resolution of 29 January 2016 of the Spanish Institute of Accounting and Auditing of Accounts, the information relating to financial year 2020, corresponding to payments with national suppliers, is as follows:

	Days	
	2020	2019
Average supplier payment period	52	58
Ratio of transactions paid	54	65
Ratio of transactions pending payment	35	26
	(Thousands of euros)	
	2020	2019
Total payments made	58,902,697	36,476,107
Total payments pending	8,892,037	7,256,677



16. Accruals

The detail of the total of these accruals is as follows:

	<u>2020</u>	<u>Euros</u> <u>2019</u>
Current	514,578	359,776
Non-current	2,982,476	3,350,437
Closing balance	3,497,054	3,710,213

This heading includes mainly the assets generated as a result of the projects for which the Company has been designated (see Note 3.8).

17. Deferred taxes

The detail of deferred taxes is as follows:

	<u>2020</u>	<u>Euros</u> <u>2019</u>
Deferred tax assets:		
Temporary differences	951,769	569,778
Deductions	217,650	-
	1,169,419	569,778
Deferred tax liabilities:		
Grants	(89,437)	(179,658)
	(89,437)	(179,658)
Deferred taxes	1,079,982	390,120



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

	Temporary differences	Deductions	Total
Deferred tax assets as of 01.01.19	347,323	-	347,323
Debit (credit) to P&L account (Note 19)	222,455	-	222,455
Deferred tax assets as of 31.12.19	569,778	-	569,778
Debit (credit) to P&L account (Note 19)	381,991	217,650	599,641
Deferred tax assets as of 31.12.20	951,769	217,650	1,169,419

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

	Grants	Total
Deferred tax liabilities as of 01.01.19	116,869	116,869
Debit (credit) to P&L account	(32,344)	(32,344)
Debit (credit) to equity	95,133	95,133
Deferred tax liabilities as of 31.12.19	179,658	179,658
Debit (credit) to P&L account	(131,060)	(131,060)
Debit (credit) to equity	40,839	40,839
Deferred tax liabilities as of 31.12.20	89,437	89,437

Effective from 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, of 5 March, and is included in the Tax Group, of which it is a subsidiary, and the parent company of which is Celulosa Fabril, S.A.

The parent company files the consolidated company income tax return, but Módulos Ribera Alta, S.L. Unipersonal files the individual tax return in accordance with the applicable tax regulations.



Deferred tax assets include, on the one hand, the temporary difference arising from the approval of Royal Decree Law 12/2012, by virtue of which, for periods commencing within the years 2013 and 2014, the amortisation of fixed assets was tax deductible at 70% of their total amount. This temporary difference started to be reversed in 2015 and as of 31 December 2020 the amount of the aforementioned temporary difference amounted to 22,648 euros (2019: 38,343 euros). The remaining temporary differences relate to differences between accounting and tax amortisation amounting to 196,424 euros (2019: 175,254 euros) and other differences due to different provisions amounting to 732,696 euros (2019: 356,181 euros).

18. Income and expenses

a) Net turnover

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

Market	2020	2019
Spain	100.00	96.62
Rest of Europe	-	3.38
	100	100

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

Line	2020	2019
Components	64.00	85.00
Raw materials	1.00	3.00
Moulds - Engineering	35.00	12.00
	100	100.00

b) Consumption of goods, raw materials and other consumables

	2020	Euros 2019
Consumption of raw materials and other consumables:		
Purchases:		
- National purchases	30,891,254	21,263,736
- Intra-community acquisitions	7,764,094	15,957,276
- Imports	1,292,739	1,559,977
Changes in inventories (Note 9)	(104,931)	(211,437)
	39,843,156	38,569,552



c) Staff expenses

	Euros	
	2020	2019
Wages, salaries and similar expenses	2,746,601	3,058,483
Social security contributions:		
- Other Social Security contrib.	687,602	824,148
	3,434,203	3,882,631

The heading 'Wages, salaries and similar expense' includes staff compensation/termination benefits for a total amount of 9,372 euros (2019: 0 euros).

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

	No. of employees	
	2020	2019
Management	1	1
Technicians - Engineering	3	4
Administrative staff	8	10
Remaining staff	55	66
	67	81

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 the Company's staff at the end of the financial year, is as follows:

	Men		Women		Total	
	2020	2019	2020	2019	2020	2019
Directors (non-employees)	1	1	-	-	1	1
Management	1	1	-	-	1	1
Technicians - Engineering	3	3	1	1	4	4
Administrative staff	5	7	5	3	10	10
Remaining staff	50	50	19	19	69	69
	60	62	25	23	85	85



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

	No. of employees	
	2020	2019
Factory staff	2	-
	2	-

19. Company income tax and tax position

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	Euros			
	Profit and loss account		Income and expenses recognised directly in equity	
	Increases	Decreases	Increases	Decreases
Income and expense balance for the financial year		14,334,606		(270,663)
Company income tax		4,463,399		(90,221)
		18,798,005		(360,884)
Permanent differences	264	(70,571)	(70,307)	
Temporary differences:				
- from the current financial year	1,356,184	-	1,356,184	524,241
- from previous financial years	512,035	(331,344)	180,691	-
				(163,357)
Tax base (taxable income)		20,264,573		-

Financial year 2019	Euros			
	Profit and loss account		Income and expenses recognised directly in equity	
	Increases	Decreases	Increases	Decreases
Income and expense balance for the financial year		5,730,630		188,370
Company income tax		1,888,518		62,790
		7,619,148		251,160
Permanent differences	1,996	(70,571)	(68,575)	
Temporary differences:				
- from the current financial year	578,770	-	578,770	129,375
- from previous financial years	437,132	(116,772)	320,360	-
				(380,535)
Tax base (taxable income)		8,449,703		-



Expense for Company tax is comprised of:

	Euros	
	2020	2019
Current tax	(5,063,040)	(2,110,973)
Deferred tax	599,641	222,455
	(4,463,399)	(1,888,518)

The reconciliation of Company Income Tax expense is as follows:

	Euros	
	2020	2019
Accounting result before tax	18,798,005	7,619,148
Total tax payable (25%)	(4,699,501)	(1,904,787)
Permanent differences	17,577	17,143
Deductions applied in financial year	217,650	
Other movements	875	(874)
	(4,463,399)	(1,888,518)

The current company income tax results from applying a tax rate of 25% to the tax base, minus deductions. During the financial year, deductions generated and applied amounted to 2,228 euros (2019: 2,328 euros).

Withholdings and payments on account made to the parent company of the tax group during the financial year amounted to 3,917,391 euros (2019: 1,507,974 euros). Thus, the company income tax balance payable for 2020 to the parent company of the tax group amounts to 1,146 thousand euros (2019: 602,124 euros) (Notes 15 and 25).

At the end of financial year 2020, the breakdown of deductions pending offset are the following:

	Year of generation	Euros	Maturity
For research, development and innovation 2018		98,715	2033
For research, development and innovation 2019		109,002	2034
For research, development and innovation 2020		9,933	2035
Total		217,650	

At the end of financial year 2020, all deductions have been capitalised in the balance sheet.

The Company is pending inspection by the tax authorities of the remaining periods not included in the current audit 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 Sole Director considers that these liabilities, should they arise, will not have a material effect on these annual accounts.

20. Financial result

	Euros	
	2020	2019
Financial income:		
- From group companies and other related parties (Note 25)	13,997	-
- In third parties	568,316	11,883
	582,313	11,883
Financial expenses:		
- From group companies and other related parties (Note 25)	(92,959)	(335,753)
- In third parties	(2,745)	(8,369)
	(95,704)	(344,122)
Exchange rate differences	-	(2)
Financial result	468,609	(332,241)

Financial income from third parties mainly includes the effective interest rate as a result of the restatement of non-current trade receivables (Note 8).

The financial expenses from third parties include interest accrued on loans granted by financial institutions in the amount of 2,745 euros (2019: 8,369 euros) (Note 15).



21. Cash flows from operating activities

	Euros	
	2020	2019
Financial year result before tax	18,798,005	7,619,148
Adjustment to the result:		
- Amortisation of PP&E	5,284,113	3,502,562
- valuation adjustments due to impairment	(130,768)	186,351
- Allocation of grants	(524,242)	(129,375)
- Financial income	(582,313)	(11,883)
- Financial expenses	95,704	344,122
- Exchange rate differences	-	2
- Other income and expenses	159,613	-
	4,302,107	3,891,779
Changes in working capital:		
- Inventories	22,139,523	(11,743,339)
- Debt and other accounts receivable	(4,500,745)	1,120,037
- Creditors and other accounts payable	3,558,620	(1,509,035)
- Other current assets	323,746	81,630
- Other non-current assets and liabilities	(10,147,797)	-
	11,373,347	(12,050,767)
Other cash flows from operating activities:		
- Payables for company income tax	(4,519,515)	(1,977,014)
- Interest payments	(95,704)	(344,122)
- Interest receivable	22,313	11,883
	(4,592,906)	(2,309,253)
Cash flows from operating activities	29,880,553	(2,849,093)

22. Cash flows from investment activities

	Euros	
	2020	2019
Investment payments:		
- Property, plant and equipment	(2,557,323)	(7,788,094)
- Intangible assets	-	(27,000)
- Group companies and associates	(646,090)	-
- Other financial assets	-	(43,000)
Cash flows from investment activities	(3,203,413)	(7,858,094)



23. Cash flows from financing activities

	<u>2020</u>	<u>Euros</u> <u>2019</u>
Receivables from and payables for equity instruments:		
Grants, donations and bequests received	380,535	279,853
Receivables from and payables for financial liabilities:		
- Issuance of:		
Debt with credit institutions	1,122	-
Debt with group companies and associates	-	10,611,352
- Repayment and amortisation of:		
Debt with credit institutions	-	(184,173)
Debt with group companies	(12,583,903)	-
Other debt	(2,488,687)	-
Dividend payments and remuneration on other equity instruments:		
- Dividends	(12,000,000)	-
Cash flows from financing activities	<u>(26,690,933)</u>	<u>10,707,032</u>

24. Sole Director and Senior Management Remuneration

a) Remuneration of the Company's Sole Director

The Sole Director of the Company has not received any remuneration during financial years 2020 and 2019, nor received any equity holdings or options on equity holdings during the 2020 and 2019 financial years, nor exercised or has any options pending exercise.

During financial year 2020, no contributions were made to pension funds or schemes in favour of the Sole Director. Likewise, no obligations have been incurred for these items during the financial year (2019: 0 euros).

b) Remuneration and loans to Senior Management staff

The Company considers that there are no senior management staff other than the members of the Management Body.

c) Conflicts of interest of the Sole Director:

In the duty to avoid a conflict of interests with the Company, during the financial year the Sole Director complied with the obligations laid down in Article 228 of the consolidated text of the Companies Law. Also, the Sole Director and other people related to him, have abstained from incurring in any of the cases of conflict of interest provided for in Article 229 of said Law.



25. Other related-party transactions

a) Related-party transactions

The transactions detailed below were carried out with related parties (in euros):

	2020					
	Net purchases	Net sales	Services received	Services rendered	Financial expense	Financial income
Celulosa Fabril, S.A.	(1,877,002)	3,928,137	(1,716,996)	7,763	92,959	(13,997)
Blanos Participaciones, S.L.	-	-	(490,492)	-	-	-
Algontec, S.L.	(1,977,693)	-	-	3,002	-	-
SMP Ibérica, S.L.	-	21,840,442	(2,533,088)	-	-	-
	(3,854,695)	25,768,579	(4,740,576)	10,765	92,959	(13,997)

	2019					
	Net purchases	Net sales	Services received	Services rendered	Financial expense	Financial income
Celulosa Fabril, S.A.	(2,931,747)	4,918,567	(1,855,485)	122,854	335,753	-
Blanos Participaciones, S.L.	-	-	(286,023)	-	-	-
Algontec, S.L.	(524,618)	-	-	264	-	-
SMP Ibérica, S.L.	-	12,231,013	(51,434)	2,500	-	-
SMP Deutschland, GmbH	-	-	(15,102)	-	-	-
	(3,456,365)	17,149,580	(2,208,044)	125,618	335,753	-

Related-party transactions have been carried out on an arm's length basis.

Net purchases relate to raw materials acquired from Celulosa Fabril, S.A. and Módulos Ribera Alta, S.L. Net sales relate to sales of finished goods and components to Celulosa Fabril, S.A. and sales of finished goods and moulds to the group company SMP Ibérica, S.L. amounting to 21,840 thousand euros. The figure for services received, amounting to 47 thousand euros (2019: 323 thousand euros), related to development expenses incurred by Celulosa Fabril, S.A. in projects whose production and sale is being carried out by the Company, and amounting to 1,670 thousand euros (2019: 1,532 thousand) with Celulosa Fabril, S.A. for various corporate services. In addition, services have been received from the purchasing department of the group company SMP Ibérica, S.L. in the amount of 2,533,088 euros (2019: 15,102 euros).

On 1 May 2015, the Company signed a contract for the provision of administration and management support services with Blanos Participaciones, S.L. The annual cost of the aforementioned services amounted to 210 euros (2019: 91,217 euros). This contract includes accounting, administrative and financial management services. On the other hand, in financial year 2020, lease expenses with Blanos Participaciones S.L. have accrued in the amount of 260 thousand euros.



Blanos Participaciones, S.L. holds a 50% ownership interest in the share capital of Celulosa Fabril, S.A.

b) Loans with group companies

	2020	Euros 2019
Group companies		
Celulosa Fabril, S.A.	646,090	-
	646,090	-

c) Borrowing with group companies

	2020	Euros 2019
Group companies		
Celulosa Fabril, S.A.	1,146,524	13,186,027
	1,146,524	13,186,027

Short-term debt with group companies and associates includes the credit balance arising from company income tax for 2020 in the amount of 1,146,524 euros (2019: 602,124 euros) (Note 16). In addition, at the end of financial year 2020, there is a debit balance of 646,090 euros for the cash-pool account held with the Sole Member (in 2019, a credit balance of 12,583,903 euros). In the course of 2015, the Company and Celulosa Fabril, S.A. signed a cash-pooling contract. This system is implemented in several financial institutions. With regard to interest, these balances accrue interest at a rate of 3.3%. The impact of this interest is reflected in Note 19.

d) The breakdown of the balance payable to related parties is as follows:

	2020	Euros 2019
Celulosa Fabril, S.A.	288,891	417,602
Blanos Participaciones, S.L.	51,080	1,317
Algontec, S.L.	244,340	22,337
SMP Ibérica, S.L.		874
SMP Deutschland, GmbH	2,763	2,763
Hiberus Industry Global Solutions, S.L.	4,148	
Ergomaq 97, S.L.	5,590	
Cefa Toys, S.A.	420	
	597,232	444,893



e) The breakdown of the balance receivable from related parties is as follows:

	Euros	
	2020	2019
Celulosa Fabril, S.A. (Note 8)	9,075	3,889
SMP Ibérica, S.L.	-	820,092
SMP Automotive Technologies Barcelona, S.L.	1,558,540	102,620
	1,567,614	926,601

26. Environmental information

As ordinary expenses in 2020, with the aim of improving and protecting the environment, it is worth highlighting the management of hazardous waste carried out by the company ACTECO PRODUCTOS Y SERVICIOS, S.L., costing 45,979 euros (2019: 9,070 euros), and the management of non-hazardous waste by SAICA costing 77,201 euros (54,708 euros in 2018).

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

27. Subsequent events

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

28. Account auditors' professional fees

The professional fees accrued during the financial year by PricewaterhouseCoopers Auditores, S.L. for account auditing services and other verification services amounted to 14,000 euros and 33,500 euros, respectively, the latter being paid by the company SMP Ibérica, S.A., the direct parent company of Celulosa Fabril, S.A. (2019: 14,000 euros for auditing services and 31,000 euros for other verification services, the latter being paid by the company SMP Ibérica, S.A.).



MODULOS RIBERA ALTA, Sociedad Limitada Unipersonal

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 14,334,606 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. In addition, the approval and turnover of these projects during the first quarter has mitigated the reduction in the sale of parts, exceeding overall turnover levels of previous years.

From a Human Resources standpoint, at the end of financial year 2020, the company has the same number of employees as that of 31 December 2019. The workforce is expected to remain the same 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 transactions with own equity holdings 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 2019 increased to 52 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.



MÓDULOS RIBERA ALTA, S.L. Unipersonal

**RECORD OF PREPARATION OF ANNUAL ACCOUNTS AND MANAGEMENT REPORT
FOR FINANCIAL YEAR 2020** _____

On 29 March 2021, the Sole Director of Módulos Ribera Alta, S.L. Unipersonal, 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.

- 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

Celulosa Fabril, S.A.
Represented by Jorge Blanchard Félez
Sole director

SIGNATURE