



CIE Automotive



***MANAGING HIGH VALUE
ADDED PROCESSES***

**INTERIM CONSOLIDATED FINANCIAL
STATEMENTS AS OF 30 JUNE 2021**

ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
ABBREVIATED CONSOLIDATED INTERIM BALANCE SHEET AS OF 30 JUNE 2021

Thousand euro	Note	30.06.2021	31.12.2020
Property, plant, and equipment	5/6	1,530,068	1,475,982
Intangible assets		1,807,614	1,771,764
Goodwill	5/6	1,774,725	1,738,622
Other intangible assets	5/6	32,889	33,142
Non-current financial assets	7	59,161	44,365
Investments in joint arrangements and associates	7	45,463	45,404
Deferred tax assets	-	192,365	180,331
Other non-current assets	-	16,204	23,992
Non-current assets		3,650,875	3,541,838
Inventories	-	475,146	370,632
Trade and other account receivables		505,400	441,860
Trade and other receivables	-	393,949	344,831
Other current assets	-	38,049	38,290
Tax receivables	-	73,402	58,739
Current financial assets	7	54,407	60,811
Cash and cash equivalents	8	497,851	565,561
Current assets		1,532,804	1,438,864
Disposal group assets classified as held-for-sale	9	3,803	2,869
TOTAL ASSETS		5,187,482	4,983,571

ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
ABBREVIATED CONSOLIDATED INTERIM BALANCE SHEET AS OF 30 JUNE 2021

Thousand euro	Note	30.06.2021	31.12.2020
Equity attributable to the Parent company's shareholders		839,828	646,803
Share capital	10	30,637	30,637
Treasury shares	10	(1,948)	-
Share premium	10	152,171	152,171
Retained earnings	-	971,540	874,853
Interim dividend	-	-	(30,638)
Translation differences	-	(312,572)	(380,220)
Non-controlling interests	-	358,539	348,171
TOTAL EQUITY		1,198,367	994,974
Deferred income	-	14,647	12,647
Non-current provisions	12	203,618	208,881
Non-current borrowings	11	1,552,704	1,661,337
Other non-current financial liabilities	7	259	17,600
Deferred tax liabilities	-	157,765	141,653
Other non-current liabilities	-	155,856	162,442
Non-current liabilities		2,070,202	2,191,913
Current borrowings	11	591,050	586,694
Trade creditors and other payables		1,014,710	912,547
Trade and other payables	-	945,666	851,328
Current tax payables	-	69,044	61,219
Other current financial liabilities	7	-	30
Current provisions	12	119,079	116,108
Other current liabilities	-	176,082	165,855
Current liabilities		1,900,921	1,781,234
Disposal group liabilities classified as held-for-sale	9	3,345	2,803
TOTAL LIABILITIES		3,974,468	3,975,950
TOTAL EQUITY AND LIABILITIES		5,187,482	4,983,571

ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
ABBREVIATED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

Thousand euro	Note	Six-month period ended 30 June	
		2021	2020
OPERATING REVENUE		1,782,412	1,256,838
Revenue	-	1,681,641	1,208,237
Other operating income	-	66,997	54,656
Change in inventories of finished goods and work in progress	-	33,774	(6,055)
OPERATING EXPENSES		(1,561,795)	(1,166,684)
Consumption of raw materials and secondary materials	-	(1,026,371)	(708,593)
Employee benefit expenses	-	(301,267)	(272,678)
Depreciation, amortisation, and impairment	4/5/6	(82,190)	(63,351)
Other operating income /(expenses)	-	(151,967)	(122,062)
OPERATING PROFIT		220,617	90,154
Finance income	-	4,958	6,259
Finance costs	-	(22,684)	(24,159)
Net exchange rate differences	-	284	2,340
Profit/(Loss) on financial instruments at fair value	7	(4,993)	(10,777)
Share in profit/(loss) of joint arrangements and associates	7	2,799	1,348
PROFIT BEFORE TAXES		200,981	65,165
Corporate income tax	13	(42,670)	(8,349)
PROFIT FOR THE YEAR FROM CONTINUING ACTIVITIES AFTER TAX		158,311	56,816
PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUED ACTIVITIES AFTER TAX	9	450	55
PROFIT FOR THE PERIOD		158,761	56,871
ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	-	(10,547)	1,426
PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		148,214	58,297
Basic and diluted earnings per share from continuing activities (in euro)	14	1.207	0.457
Basic and diluted earnings per share from discontinued activities (in euro)	14	0.003	0.001

ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
ABBREVIATED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX- MONTH PERIOD ENDED 30 JUNE 2021

Thousand euro	Note	Six-month period ended 30 June	
		2021	2020
PROFIT FOR THE PERIOD		158,761	56,871
Cash flow hedges	7	11,571	(374)
Foreign currency translation differences	-	72,628	(125,740)
Other comprehensive income for the period	-	45	-
Tax impact	-	(2,767)	87
Total entries that may be reclassified to profit or loss		81,477	(126,027)
Actuarial gains and losses	12	-	-
Tax impact	-	-	-
Total items that may not be reclassified to profit or loss		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		240,238	(69,156)
Attributable to parent company owners		225,011	(54,826)
Continuing activities	-	224,604	(54,910)
Discontinued activities	-	407	84
Attributable to non-controlling interests		15,227	(14,330)

ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
ABBREVIATED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

Thousand euro	Share Capital (Note 10)	Treasury shares (Note 10)	Premium share (Note 10)	First-time application reserve and other restatement reserves	Translation differences	Retained earnings	Interim dividend (Note 15)	Non- controlling interests	Total equity
Balance at 31 December 2020	30,637	-	152,171	(59,888)	(380,220)	934,741	(30,638)	348,171	994,974
TOTAL COMPREHENSIVE INCOME for 2021	-	-	-	8,831	67,966	148,214	-	15,227	240,238
Distribution of 2020 profit	-	-	-	-	-	(61,262)	30,638	-	(30,624)
Treasury share transactions (Note 10)	-	(1,948)	-	-	-	456	-	-	(1,492)
Variation in the consolidation perimeter (Note 1)	-	-	-	-	(318)	314	-	(4,788)	(4,792)
Other movements	-	-	-	-	-	134	-	(71)	63
Balance at 30 June 2021	30,637	(1,948)	152,171	(51,057)	(312,572)	1,022,597	-	358,539	1,198,367

Thousand euro	Share Capital (Note 10)	Treasury shares (Note 10)	Premium share (Note 10)	First-time application reserve and other restatement reserves	Translation differences	Retained earnings	Interim dividend (Note 15)	Non- controlling interests	Total equity
Balance at 31 December 2019	32,250	-	152,171	(58,965)	(169,529)	933,371	(47,730)	393,406	1,234,974
TOTAL COMPREHENSIVE INCOME for 2020	-	-	-	(287)	(112,836)	58,297	-	(14,330)	(69,156)
Distribution of 2019 profit	-	-	-	-	-	(93,936)	47,730	-	(46,206)
Acquisition of treasury shares (Note 10)	-	(58,826)	-	-	-	-	-	-	(58,826)
Variation in the consolidation perimeter (Note 1)	-	-	-	-	(523)	5,519	-	(14,387)	(9,391)
Other movements	-	-	-	-	-	(403)	-	75	(328)
Balance at 30 June 2021	32,250	(58,826)	152,171	(59,252)	(282,888)	902,848	-	364,764	1,051,067

ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
ABBREVIATED CONSOLIDATED INTERIM CASH FLOW STATEMENT FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

Thousand euro	Note	Six-month period ended	
		June 30	
		2021	2020
PROFIT BEFORE TAXES FROM CONTINUING AND DISCONTINUED ACTIVITIES		201,599	65,268
Adjustments to the profit of the period		97,266	85,580
Depreciation, amortisation, and impairment charges	4/5/6	82,190	63,351
Finance profit/(loss) and exchange rate differences	4	22,435	26,337
Profit/(loss) from joint arrangements and associates	4/7	(2,799)	(1,348)
Other adjustment to year's profit		(4,560)	(2,760)
Changes in working capital		(68,327)	(105,882)
Net variation of provisions	12	(8,248)	(1,376)
Other changes in net working capital		(60,079)	(104,506)
Other cash flows from operating activities		(49,084)	(38,582)
Interests paid and collected		(19,019)	(16,236)
Taxes paid		(31,073)	(21,393)
Cash generated from operating activities from discontinued activities		1,008	(953)
CASH FLOWS FROM OPERATING ACTIVITIES		181,454	6,384
Acquisition of subsidiaries, net of cash acquired		-	(65,352)
Acquisition of property, plant, and equipment	5	(101,360)	(75,086)
Acquisition of intangible assets	5	(1,871)	(1,398)
Acquisitions to non-controlling interests	1	(4,792)	(9,391)
Proceeds from the sale of property, plant and equipment and intangible assets		6,820	2,831
Proceeds from dividends distributed by joint arrangements and associates	7	350	-
Acquisition/Disposal of financial assets	7	(3,301)	(6,312)
Cash generated from investing activities from discontinued activities		-	861
CASH FLOWS FROM INVESTING ACTIVITIES		(104,154)	(153,847)
Transactions with treasury shares	10	(1,492)	(58,826)
Proceeds from borrowings	11	317,423	493,199
Loan repayments	11	(460,791)	(106,068)
Income (net of reimbursements) from high-rotation borrowings	11	(33,949)	(59,952)
Income (net of reimbursements) from commercial paper program	11	69,085	(159,400)
Payments on hedge instruments cancellation	7	(10,944)	-
Grants received (net)		3,110	12,895
Variation of other debts (net)		(1,883)	35,927
Lease payments	5	(12,301)	(13,062)
Dividends paid to Shareholders of the Parent company	15	(30,638)	(47,730)
Other payments/proceeds to/from non-controlling interests		(55)	-
CASH FLOWS FROM FINANCING ACTIVITIES		(162,435)	96,983
Exchange gains/(losses) on cash and cash equivalents		18,378	(11,635)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(66,757)	62,115
Cash and equivalents at the beginning of the period		565,774	515,926
Cash and equivalents at the end of the period	8	497,851	452,668
Cash and equivalents at the end of the period classified as discontinued activities	9	1,166	1,143

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NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

1. **General information**

1.1 **CIE Automotive Group and its activity**

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

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

CIE Automotive, S.A.'s (the Parent company) registered office is located at 'Alameda Mazarredo 69, 8th floor', Bilbao.

Group structure

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

The list of subsidiaries, joint arrangements, and associates at 30 June 2021, together with the information concerning them, is set out in the Appendix to these abbreviated Consolidated Interim Financial Statements.

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

The subsidiaries consolidated under the equity method are disclosed in Note 7.

Impacts of the Covid-19 pandemic

During the first semester of 2020, and following the declaration of the pandemic, almost all countries, including those where the global automobile manufacturers are based, carried out restrictive measures that resulted in a global industrial stoppage that directly affected car production and sales.

The drop in vehicle productions worldwide was close to 35% in the first half of 2020, compared to production levels in the same period of 2019 (30 million vehicles produced worldwide in the first half of 2020 versus 45 million in the same period of 2019). Considering the weight of the different geographical areas in the sales of the CIE Group, the drop in production in the CIE market was more than 40% in the first half of the year, exceeding 60% in the second quarter.

This unprecedented market situation led to a considerable decrease in sales and, therefore, in the Group's results, especially in the second quarter of the year. The Group's efficient and flexible business model allowed that, even with restrictions in some countries and productions were below normal levels, the Group achieved a positive net result, with the accumulated profit for the first semester of €56.9 million. Moreover, as of May / June, industrial activity related to the Automotive sector gradually began to recover, and the world vehicle production recovered significantly, reaching in the last quarter of 2020, production levels 2.5% higher than the same period of 2019 (prior to the pandemic).

During the first half of 2021, global automobile production has recovered, considerably, the lost production which resulted from the impacts of the sanitary restrictions implemented derived from the Covid-19 pandemic. In this sense, global production for the first half of 2021 has increased 29% compared to production levels for the same period of 2020. However, the market has not achieved and is not expected to achieve in 2021 pre-pandemic levels, being produced in the first half of 2021 5.7 million cars less than in the same period of 2019 worldwide.

In comparison with the market, the CIE Group has increased its market share, by increasing 45% its revenue excluding foreign exchange rate impact (39% considering foreign exchange rate impact), overperforming by 15.8% the market growth which has increased by 29.2%.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

As of 30 June 2021, the Group has a liquidity reserve amounting to €1,289 million (Note 3.8), which will allow it to continue with the payments necessary for the continuity of its business during financial year 2021 and the first half of 2022. Likewise, during 2020, the contractual clauses of all structural financing contracts were modified, avoiding a hypothetical breach of the covenants of said financing. After the update of these finance agreements, new covenants have been defined according to market levels applicable starting 1 July 2021 (Note 11).

At the date of preparation of these consolidated interim financial statements, the Directors of CIE Automotive, S.A., with the information available, estimate that going concern of the business is not at risk given the Group's solvency and liquidity position.

Changes in the scope of consolidation

Six-month period ended 30 June 2021

During the first semester of 2021, the Group acquired 2,200,441 shares of its subsidiary Mahindra CIE Automotive, Ltd. for a total amount of €4,792 thousand, resulting in a decrease of the consolidated equity schedule by the amount paid. The Group's interest increased from 60.18% to 60.76% as of 30 June 2021.

Six-month period ended 30 June 2020

On 25 September 2019, the Group announced the signature of a contract for the acquisition of 100% of the share capital of the Italian company Somaschini S.p.A. whose enterprise value amounts €77.1 million. On 9 January 2020 the Group, through its subsidiary CIE Berriz, S.L., and once the conditions precedent were met, proceeded to acquire the entire share-hold of the companies of the Italian group Somaschini S.p.A, Immobiliare Somaschini S.p.A and CIE Immobiliare Italia SRL. This group has 3 production plants, two in Bergamo (Italy) and one in Indiana (United States of America). The acquisition cost, once adjusted the debt, amounted to €52.6 million (Note 2).

On 4 June 2020, the Group acquired a 49% of the share capital of the discontinued company Recogida de Aceites y Grasas Maresme, S.L. for one euro, reaching the 100% shares of its share capital. This acquisition had no significant impact on the Group's financial statements.

During the first half year, the Group acquired 6,722,430 shares of its subsidiary Mahindra CIE Automotive, Ltd. for a total amount of €9,391 thousand, resulting in a decrease of the consolidated equity schedule by the amount paid. The Group's interest increased from 56.32% to 58.02% as of 30 June 2020.

Likewise, the following corporate transactions were carried out without any of them having impacts on the Consolidated Annual Accounts:

- On the accounting date of 1 January 2020, the merger between the Mexican companies Maquinados de Precisión de México S. de R.L. de C.V. (absorbing company) and Cortes de Precisión de México S. de R.L. de C.V. (absorbed company) was carried out.
- On 18 February 2020, the Czech company Praga Service, s.r.o. was liquidated.
- On 1 April 2020, the merger of the Brazilian companies Autometal SBC Injeção, Pintura e Cromação de Plásticos, Ltda. (absorbing company) with its subsidiary company Autocromo Cromação de Plásticos Ltda (absorbed company) was carried out.

Preparation of the interim consolidated financial statements

These abbreviated consolidated interim financial statements have been authorized for issue by the parent company's Board of Directors on 28 July 2021.

**NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD
ENDED 30 JUNE 2021**
2. Business combinations
2020
a) Somaschini

On 9 January 2020, the Group, through its subsidiary CIE Berriz, S.L., carried out the acquisition of 100% of the share capital of the Italian companies Somaschini S.p.A., Immobiliare Somaschini S.p.A. and CIE Immobiliare Italia SRL (merged on 1 August 2020, being the absorbing company Somaschini, S.p.A.) with an acquisition cost of €52.6 million. Somaschini S.p.A. is the shareholder of 100% of the share capital of the Italian company Somaschini Automotive, SRL, and of the US companies Somaschini International Inc, Somaschini North America LLC and Somaschini Realty, LLC. The Somaschini group has 3 production plants, two in Bergamo (Italy) and one in Indiana (United States of America) (Note 1).

The business combination for taking control of the companies that includes this transaction, referring to 100% of their corresponding holdings, as well as the detail of assets and liabilities arising from the acquisition; and the movement of cash funds from the operation is summarized below:

Fair value in thousand euro	Note	SOMASCHINI
Fixed assets	4/5	43,961
Deferred tax assets	-	3,325
Non-current financial assets	7	57
Inventories	-	9,492
Accounts receivable	-	5,961
Cash and cash equivalents	-	4,420
Assets acquired		67,216
Borrowings and other financial liabilities	-	25,613
Deferred tax liabilities	-	2,109
Trade payables	-	12,376
Provisions	12	12,088
Other non-current liabilities	-	1,552
Liabilities acquired		53,738
Net assets acquired		13,478
Purchase price	-	52,560
Fair value of the net assets acquired	-	(13,478)
Goodwill	5/6	39,082

Cash flows of the transactions were as follows:

Thousand euro	
Purchase price	52,560
Cash and cash equivalents of the subsidiary acquired	(4,420)
Cash flow on the acquisition date	48,140

This goodwill resulting from the acquisition was attributed to the acquired technological know-how that Somaschini provides in the manufacture of gear systems, as well as to the future profitability of the acquired business and the synergies expected to be obtained after the acquisition and its adaption by the Group.

The fair value of most representative fixed assets was set according to appraisals carried out by independent third-party experts, and took place between October 2019 and February 2020, in different geographical locations. When determining the fair value of the assets acquired within the scope of the appraisal, valuation methods based on the cost approach was applied, estimating the cost of replacing the assets; the market approach, making comparisons with market comparable prices; and the income approach, estimating the expected cash flows of the company's projects on the acquisition date.

For remaining balances, as well as for the valuation assessment of the working capital, the Group carried out internal valuations, applying valuation methods considered in recent acquisitions and well as market prices and other sectorial references.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

Accounts receivables incorporated in the business combination were assessed for impairment. The conclusion of such assessment resulted in the incorporation of an allowance for doubtful accounts amounting to €361 thousand.

The analysis of the business combination, as well as the process of assigning the purchase price to the fair value of the acquired assets and liabilities has been finalized.

The results contributed by this business combination did not differ significantly from the one that would have resulted considering as the acquisition date 1 January 2020. The total revenue, the operating income and the net loss contributed by this business combination amounted to €41 million, €0.2 million positive and €0.2 million negative, respectively.

The Somaschini business combination detailed in this Note reflects the final amounts of said business combination. For the comparative movements as of 30 June 2020, the Group has included, for comparability reasons, the additions to the perimeter of these same business combinations published in Note 17 of the Interim Consolidated Financial Statements as of 30 June 2020.

3. Summary of significant accounting policies

The accounting policies used to prepare these abbreviated consolidated interim financial statements for the six-month period ended 30 June 2021 are consistent with those used to prepare the 2020 Consolidated Annual Accounts of CIE Automotive, S.A. and subsidiaries. These abbreviated consolidated interim financial statements for the six-month period ended 30 June 2021 have been prepared according to International Accounting Standards (IAS) 34, "Interim financial reporting" and should be read along with the Consolidated Annual Accounts at 31 December 2020, which were prepared according to IFRS-EU for CIE Automotive, S.A. and subsidiaries.

3.1 Basis of presentation

The Group's abbreviated consolidated interim financial statements for the six-month period ended 30 June 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted for utilisation in the European Union (IFRS-EU) and approved under European Commission Regulations in force at 30 June 2021.

The interim financial statements have been prepared under the historical cost approach, as modified by the valuation of financial assets and liabilities (including derivative instruments) at fair value and the defined benefit pension plans.

The preparation of interim financial statements and the consolidated financial statements in accordance with IFRS-EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The judgements and estimates made by management when preparing the abbreviated interim consolidated financial statements at 30 June 2021 are consistent with those used in the preparation of the Consolidated Annual Accounts at 31 December 2020 of CIE Automotive, S.A. and subsidiaries.

There are no extraordinary items in the six-month period ended 30 June 2021 and 2020 consolidated income statement that would require breakdown or reconciliation of figures.

3.2 Consolidation principles

The accompanying Appendix to these Notes sets out the subsidiaries included in the scope of consolidation.

The criteria used in the consolidation process have not varied with respect to those used in the year ended 31 December 2020 by CIE Automotive, S.A. and its subsidiaries.

The consolidation methods used are described in Note 1. The financial statements used in the consolidation process are, in all cases, those relating to the six-month period ended 30 June 2021 and 2020.

3.3 Financial information by segment

Segments are reported consistently with the internal reporting provided to the chief operating decision-maker. The highest decision-making body is responsible for allocating resources to and assessing the performance of these operating management units. The maximum decision-making body is the Strategy and Operations Committee.

The composition of each reporting segment, as well as their financial information is detailed in Note 4.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

3.4 Accounting estimates and judgments

The preparation of interim financial statements requires management to make judgments, estimates and assumptions affecting the application of accounting policies and the amounts presented under assets and liabilities, income, and expenses. Actual results may differ from these estimates.

In the preparation of these abbreviated interim financial statements, the significant judgments made by management on applying the Group's accounting policies and the key sources of uncertainty in their estimation have been the same as those applied in the Consolidated Annual Accounts for the year ended 31 December 2020.

a) Estimated impairment for goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units, or cash generating groupings, were determined based on calculations of value in use do not give rise to impairment risks on the Group's goodwill at 31 December 2020.

The assumptions used in the assessments, the effects of the sensitivity analysis and other information on these impairment assessments are included in Note 7 of the Consolidated Annual Accounts of CIE Automotive, S.A. and subsidiaries at 31 December 2020, and include the future estimated impacts caused by the Covid-19 pandemic.

The evolution of the profitability of the different businesses of the CIE Automotive Group has remained at positive levels in the first half of 2021, with no impairment risk indicator having been detected which could modify the conclusions of the assessment and estimates carried out as of 31 December 2020 (Note 6).

b) Estimated fair value of assets, liabilities and contingent liabilities associated with a business combination

In business combinations, the Group classifies or designates, at the acquisition date, the identifiable assets acquired and liabilities assumed as necessary, based on contractual agreements, financial conditions, accounting policies and operating conditions or other pertinent circumstances that exist at the acquisition date in order to subsequently measure the identifiable assets acquired and liabilities assumed, including contingent liabilities, at their acquisition date fair values.

The measurement of the assets acquired and liabilities assumed at fair value requires the use of estimates that depend on the nature of those assets and liabilities in accordance with their prior classification and which, in general, are based on generally accepted measurement methods that take into consideration discounted cash flows associated with those assets and liabilities, comparable quoted prices on active markets and other procedures, as disclosed in the relevant notes to the annual financial statements, broken down by nature. In the case of the fair value of property, plant, and equipment, fundamentally consisting of buildings used in operations, the Group uses appraisals prepared by independent experts.

c) Income tax

Income tax expense for the six-month period ended 30 June 2021 and 2020 has been estimated based on profit before taxes, as adjusted for any permanent and/or temporary differences envisaged in tax legislation governing the corporate income tax base calculation. The tax is recognized in the income statement, except insofar as it relates to items recognized directly in equity, in which case, it is also recognized in equity.

Tax credits and deductions and the tax effect of applying tax-loss carry forwards that have not been capitalised are treated as a reduction in the corporate income tax expense for the year in which they are applied or offset.

The calculation of income tax expense did not require the use of significant estimates except in tax credits recognized in the year, which was, at all time, consistent with the annual financial statements. Accordingly, the Group has assessed the recoverability of tax assets by updating the financial performance of the first six months of the year 2021, as well as the forecasted business figures with the available information, without detecting any impairment risk related to tax credits.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Annual Accounts. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that on the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

Deferred taxes on temporary differences are recognized when arising on investments in subsidiaries, associates and joint arrangements, except in those cases where the Group can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets deriving from the carry forward of unused tax credits and unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the tax assets can be utilized.

On the fiscal year closing date, the Group determines the deferred tax assets which had not been recognized previously for accounting purposes.

In the case of investment tax credits, the counterpart of the amounts recognized is the deferred income account. The tax credit is accrued as a decrease in expense over the period during which the items of property, plant and equipment that generated the tax credit are depreciated, recognizing the right with a credit to deferred income.

Deferred tax assets corresponding to utilised or recognised tax credits relating to R&D&I activities are recognised in profit or loss on a systematic basis over the periods during which the Group companies expense the costs associated with these activities, based on management's assessment that treatment as a grant best reflects the economic substance of the tax credit. Accordingly, in keeping with IAS 20, the Group treats the tax credit recognised or used as other operating income.

d) Fair value of derivatives or other financial instruments

The fair value of the financial instruments used by the Group, primarily interest rate swaps and foreign currency insurance is determined in the reports delivered by the Group's financial analysts and contrasted with those valuations received from the financial institutions with which the financial instruments were contracted.

Note 7.b) details the conditions, notional amounts, and valuation of those instruments at the balance sheet date.

e) Pension benefits

The present value of the Group's pension obligations depends on a series of factors that are determined on an actuarial basis using several assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for employee benefits are based in part on current market conditions. Note 22 to the Consolidated Annual Accounts as of 31 December 2020 of CIE Automotive, S.A. and its subsidiaries includes further information about pension obligations of the Group.

f) Product warranties

Product warranty risks are recognized when there is a firm claim not covered by the relevant insurance policy. In some specific technologies, such as the roof systems business, the Group records warranty reserves based on expected claims based related to the sale of goods.

3.5 Comparability of information

The comparative information for fiscal year 2020 reflected the effects of the stoppage of the world economy derived from the Covid-19 pandemic, so the comparison of the results of the first half of 2021 with those of the same period of the previous year have to be considered under the premise of market conditions not comparable.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

Notwithstanding this impact, positive and negative non-recurring items were recorded in the non-operating part of the income statement for the year 2020, which were partially offset:

- A negative result of €10.9 million (€9 million net of tax), due to the negative valuation of the "equity swap" (Note 6 to the Consolidated Annual Accounts as of 31 December 2020) that is linked to the evolution of the parent Company's share price.
- A positive result of €4 million in financial income, mainly derived from exchange differences due to the revaluation of the euro with respect to other consolidation currencies in the Group.
- A positive non-recurring tax result of €5 million.

3.6 New IFRS and IFRIC interpretations

a) **Standards, amendments, and mandatory interpretations for all year beginning 1 January 2021**

IFRS 9 (Amendment), IAS 39 (Amendment), IFRS 7 (Amendment), IFRS 4 (Amendment) and IFRS 16 (Amendment) "Reform of benchmark interest rates: Phase 2"

The IASB has undertaken a two-phase project to consider which exemptions, if any, to provide for the purposes of the benchmark interest rate reform ("the IBORs"). Phase 1 amendments, issued in September 2019, provided temporary exemptions from the application of specific hedge accounting requirements to relationships affected by uncertainties arising because of the IBOR reform ("the Phase 1 exemptions one"). Phase 2 amendments address issues arising from the implementation of the reforms, including the replacement of a benchmark rate with an alternative one.

These amendments did not have any effect on the Group's Consolidated Financial Statements.

IFRS 4 (Amendment) "Extension of the temporary exemption from the application of IFRS 9"

In accordance with the postponement of the effective date of IFRS 17 "Insurance contracts", the modification changes the expiration date for the temporary exemption in IFRS 4 "Insurance contracts" regarding the application of IFRS 9 "Financial instruments", requiring entities to apply IFRS 9 for annual periods beginning on or after 1 January 2023, rather than on or after 1 January 2021.

This amendment did not have any effect on the Group's Consolidated Financial Statements.

b) **Standards, amendments, and interpretation of existing standards that cannot be adopted in advance or that have not been adopted by the European Union**

At the date of preparation of these Consolidated Interim Financial Statements, the IASB and the IFRS Interpretations Committee have published the standards, amendments and interpretations detailed below that are pending adoption by the European Union.

IFRS 10 (Amendment) and IAS 28 (Amendment) "Sale or contribution of assets between an investor and its associates or joint arrangements"

These amendments clarify the accounting treatment of the sales and contributions of assets between an investor and its associates and joint arrangements that will depend on whether the non-monetary assets sold or contributed to an associate or joint arrangement constitute a "business". The investor will recognize the full gain or loss when the non-monetary assets constitute a "business". If the assets do not meet the business definition, the investor recognizes the gain or loss to the extent of the interests of other investors. The amendments will only apply when an investor sells or contributes assets to its associate or joint arrangement.

Originally, these amendments to IFRS 10 and IAS 28 were prospective and effective for annual periods beginning on or after 1 January 2016. However, at the end of 2015, the IASB made the decision to postpone the date of their validity (without setting a new specific date), since they are planning a broader review that may result in the simplification of accounting for these transactions and other aspects of the accounting of associates and joint arrangements.

These amendments are not expected to have any effect on the Group's Consolidated Financial Statements in the future.

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IFRS 17 "Insurance contracts"

In May 2017, the IASB finalized its long-term project to develop an accounting standard on insurance contracts and published IFRS 17, "Insurance Contracts." IFRS 17 replaces IFRS 4 "Insurance contracts", which currently allows for a wide variety of accounting practices. IFRS 17 will fundamentally change accounting for all entities that issue insurance contracts and investment contracts with discretionary participation components.

The standard applies for annual periods beginning on or after 1 January 2021, allowing early application if IFRS 15, "Revenue from contracts with customers" and IFRS 9, "Financial instruments" also apply. IFRS 17 is pending approval by the European Union.

Given the Group's activity, there are no contracts that could be affected by this rule.

IFRS 17 (Amendment) "Amendments to IFRS 17"

In response to some concerns and challenges raised in relation to the application of IFRS 17, the IASB has developed specific amendments and clarifications intended to facilitate the implementation of the new standard, although the amendments do not change its fundamental principles. Additionally, the mandatory entry into force of IFRS 17 has been delayed to annual periods beginning on or after 1 January 2023. The amendment to IFRS 17 is pending approval by the European Union.

This amendment is not expected to have a significant effect on the Group's Consolidated Financial Statements in the future.

IAS 1 (Amendment) "Classification of liabilities as current or non-current"

These amendments clarify that the liabilities are classified as current or non-current, depending on the rights that exist at the end of the reporting year. The classification is not affected by the entity's expectations or events after the closing date of the fiscal year (for example, the receipt of a waiver or a breach of the agreement). The amendment also clarifies what IAS 1 means when it refers to the "settlement" of a liability. The effective date of these amendments is 1 January 2022, although early adoption is allowed.

However, in July 2020 there was an update to the effective date of the amendment to 1 January 2023. These amendments are awaiting approval by the European Union.

This amendment is not expected to have a significant effect on the Group's Consolidated Financial Statements in the future.

IAS 16 (Amendment) "Property, plant and equipment - Income obtained before the intended use"

It is prohibited to deduct from the cost of an item of property, plant, and equipment any income obtained from the sale of articles produced while the entity is preparing the asset for its intended use. Revenue from the sale of such samples, along with production costs, is now recognized in the income statement. The amendment also clarifies that an entity is testing whether the asset is functioning properly when evaluating the technical and physical performance of the asset. The financial performance of the asset is not relevant to this evaluation. Therefore, an asset might be able to operate as intended by management and be subject to depreciation before it has reached the level of operating performance expected by management. The effective date of these modifications is 1 January 2022. The amendment is awaiting approval by the European Union.

This amendment is not expected to have a significant effect on the Group's Consolidated Financial Statements in the future.

IAS 37 (Amendment) "Onerous contracts - Cost of fulfilling a contract"

The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to the performance of the contracts. It also clarifies that before making a separate provision for an onerous contract, the entity will recognize any impairment loss that has occurred on the assets used to perform the contract, rather than on the assets dedicated to that contract. The effective date of these amendments is 1 January 2022. The amendment is awaiting approval by the European Union.

This change is not expected to have significant impacts on the Group's Consolidated Financial Statements.

IFRS 3 (Amendment) "Reference to the Conceptual Framework"

IFRS 3 has been updated to refer to the 2018 Conceptual Framework to determine what constitutes an asset or a liability in a business combination (previously referred to the 2001 CF). In addition, a new exception has been added in IFRS 3 for liabilities and contingent liabilities. The effective date of these amendments is 1 January 2022.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

This amendment is not expected to have any effect on the Group's Consolidated Financial Statements in the future.

Annual Improvements to IFRS. Cycle 2018 – 2020

The amendments affect IFRS 1, IFRS 9, IFRS 16 and IAS 41 and apply to annual periods beginning on or after 1 January 2022. The main amendments refer to:

- IFRS 1 "First-time adoption of IFRS": IFRS 1 allows an exemption if a subsidiary adopts IFRS later than its parent. This amendment allows entities that have taken this exemption to also measure accumulated translation differences using the amounts accounted for by the parent, based on the latter's transition date to IFRS.
- IFRS 9 "Financial Instruments": The amendment addresses what costs must be included in the 10% test for derecognition of financial liability accounts. The costs or fees could be paid to third parties or to the lender. Depending on the modification, costs or fees paid to third parties will not be included in the 10% test.
- IFRS 16 "Leases": Illustrative Example 13 accompanying IFRS 16 has been modified to remove the illustration of lessor payments related to lease improvements, thus eliminating any possible confusion over the treatment of lease incentives.
- IAS 41 "Agriculture": This amendment eliminates the requirement to exclude cash flows for taxes when measuring fair value under IAS 41.

These amendments are not expected to have any effect on the Group's Consolidated Financial Statements in the future.

These annual improvements are awaiting approval by the European Union.

IAS 1 (Amendment) "Accounting policies"

IAS 1 has been amended to improve the breakdowns of accounting policies to provide more useful information to investors and other primary users of the financial statements. The effective date of these modifications is 1 January 2023. The amendment is awaiting approval by the European Union.

These modifications are not expected to have significant impacts on the Group's Consolidated Financial Statements.

IAS 8 (Amendment) "Definition of accounting estimates"

IAS 8 has been amended to help distinguish between changes in accounting estimates and changes in accounting policy. The effective date of these modifications is 1 January 2023. The amendment is awaiting approval by the European Union.

These modifications are not expected to have significant impacts on the Group's Consolidated Financial Statements.

IFRS 16 (Amendment) "Lease agreement reductions related to Covid-19 after 30 June 2021"

The IASB has extended the period of application of the IFRS 16 practical option "Leases" by one year to help tenants account for Covid-19-related rental concessions.

Accordingly, this practical option applies to rental concessions that occur as a direct result of the Covid-19 pandemic and only if all the following conditions are met:

- the change in lease payments results in a revised consideration for the lease that is substantially equal to, or less, than the consideration immediately preceding the change.
- any reduction in lease payments affects only payments due until 30 June 2022; and
- there is no substantial change to other terms and conditions of the lease.

The amendment takes effect for periods beginning on or after 1 April 2021, although early application is permitted, including in financial statements that are not yet authorized for issuance as of 31 March 2021, to allow for the application of the practice option provided as soon as possible. This amendment is awaiting approval by the European Union.

As indicated in the Consolidated Annual Accounts for the year 2020, the impacts of the Covid-19 pandemic on leases have not been significant for the Group.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

IAS 12 (Amendment) “Deferred taxes related to assets and liabilities originated in one sole transaction”

In certain circumstances under IAS 12, companies are exempt from recognizing deferred taxes when they recognize assets or liabilities for the first time (“initial recognition exemption”). Previously, there was some uncertainty as to whether the exemption applied to transactions such as leases and decommissioning obligations, transactions for which both an asset and a liability are recognised at the time of their initial recognition. The amendment clarifies that the exemption does not apply and that there is therefore an obligation to recognise deferred taxes on such transactions.

The amendment takes effect for fiscal years beginning on or after 1 January 2023, although early application is permitted. This amendment is awaiting approval by the European Union.

This modification is not expected to impact significantly on the Group’s consolidated equity. For presentation purposes in the consolidated balance sheet, the Group estimates with the current information available that the impacts of this amendment will entail a recognition of deferred tax assets and liabilities of approximately €20 million respectively, once the amendment enters into force.

3.7 Seasonal nature of business and business volume

The Automotive business does not show any seasonal nature, so its sales are distributed uniformly throughout the year.

3.8 Liquidity management and working capital

The management of financial and market risks, liquidity, credit and commodity price risks that affect the Group’s financial position remains unchanged with respect to the information contained in the annual accounts of CIE Automotive, S.A. and its subsidiaries for the year ended 31 December 2020.

The prudent management of liquidity risk entails maintaining enough cash and available financing through sufficient credit facilities. In this respect, the Group strategy, articulated by the Group’s Treasury department, is to maintain the necessary financing flexibility through the availability of committed credit lines. Additionally, and on the basis of its liquidity needs, the Group uses liquidity facilities (non-recourse factoring and the sale of financial assets representing receivable debts, transferring the related risks and rewards), which as a matter of policy do not exceed roughly one-third of trade receivable balances and other receivables, in order to preserve the level of liquidity and working capital structure required under its business plans.

Management monitors the Group’s forecast liquidity requirements together with the trend in net financial debt. The calculation of liquidity and net financial debt at 30 June 2021 and 31 December 2020 is calculated as follows:

Thousand euro	Note	30.06.2021	31.12.2020
Cash and cash equivalents	8	497,851	565,561
Other financial assets	7	113,568	105,176
Undrawn credit facilities and loans	11	668,041	806,494
Liquidity reserve		1,279,460	1,477,231
Borrowings with credit institutions	11	2,143,754	2,248,031
Other financial liabilities	7	259	17,630
Cash and cash equivalents	8	(497,851)	(565,561)
Other current financial assets	7	(113,568)	(105,176)
Net financial debt		1,532,594	1,594,924

Additionally, as of 30 June 2021, Shanghai Golde Auto Parts, Co. Ltd., a joint arrangement in which the Group has a 50% and consolidates using the equity method (Note 7), holds net cash and cash equivalents amounting to €18.1 million (€39.0 million in 2020).

Group’s treasury department estimates that actions in progress will allow avoiding lack of liquidity situations. In that sense, is considered that cash generation in 2021 will allow facing recurrent payments for the second half of 2021 and the year 2022 without increasing net financial debt.

Group’s treasury department monitors Group’s liquidity needs forecasts in order to ensure that there is enough cash to meet operative needs at the same time that maintains undrawn credit facilities at any time to ensure Group that doesn’t fail limits and rates (“covenants”) established by financial entities (Note 11).

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

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

Borrowings in the short term include recurring loans originating from the recurring discounting of commercial paper issued by Group customers amounting to €4 million (31 December 2020: €28 million) (Note 11). Although this component of the bank debt is presented as a current liability for accounting purposes, it is stable as evidenced by the usual operation of the business, and therefore provides financing that is equivalent to long-term debt.

Noteworthy is the existence at 30 June 2021 of €668 million of undrawn credit lines and loans (31 December 2020: €806 million) (Note 11).

The detail of the working capital from the interim abbreviated balance sheet as of 30 June 2021 and 31 December 2020, is as follows:

Thousand euro	Note	30.06.2021	31.12.2020
Inventories	-	475,146	370,632
Trade and other receivables	-	393,949	344,831
Other current assets	-	38,049	38,290
Tax receivables	-	73,402	58,739
Current operating assets		980,546	812,492
Other current financial assets	7	54,407	60,811
Cash and cash equivalents	8	497,851	565,561
Current assets		1,532,804	1,438,864
Trade and other payables	-	945,666	851,328
Tax payables	-	69,044	61,219
Current provisions	12	119,079	116,108
Other current liabilities	-	176,082	165,855
Current operating liabilities		1,309,871	1,194,510
Current borrowings and overdrafts	11	591,050	586,694
Other financial liabilities	7	-	30
Current liabilities		1,900,921	1,781,234
TOTAL WORKING CAPITAL		(368,117)	(342,370)

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

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

In parallel, the Group's Management efficiently controls the exercise of payment of expenses and the exercise of realization of current assets, carrying out an exhaustive monitoring of the treasury forecasts, in order to ensure that it has enough cash to meet the needs operations while maintaining sufficient availability of unused credit facilities at all times so that the Group does not breach the limits or the indices ("covenants") established by the financing. Therefore, it is estimated that cash generation in 2021 and the first half of 2022 will sufficiently cover the needs to meet short-term commitments, avoiding any situation of liquidity tension in the position with the actions in progress.

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

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

3.9 Fair value estimation

With respect to the changes in fair value of its assets and liabilities, the Group complies with the IFRS requirements.

Because of IFRS 13 and in accordance with IFRS 7 on financial instruments measured at fair value, the Group reports the estimation of fair value by level according to the following hierarchy:

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

a) Level 1 financial instruments

It corresponds to financial instruments whose fair value is determined by their quotation in an active market.

As of 30 June 2021, and 31 December 2020, there are no financial instruments belonging to this level.

b) Level 2 financial instruments

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

Specific financial instrument valuation techniques include:

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

The instruments included in Level 2 relate to financial derivative instruments (Note 7).

c) Level 3 financial instruments

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

As of 30 June 2021, and 31 December 2020, there are loans granted to Group employees valued at fair value and amounting to €23,098 thousand (€22,947 thousand as of 31 December 2020) (Note 7). Moreover, there is a contingent liability at fair value resulting from the acquisition of AEL which amounts €6,793 thousand, 600 million rupees (€6,693 thousand at 31 December 2020).

The Group does not have any agreement for the offset of financial assets and liabilities.

4. Segment information

The Group produces parts and components for the automotive industry, operating as a TIER 2 supplier in most cases. Although the Group supplies certain automobile manufacturers (OEMs) directly, on these occasions the Group usually acts as a TIER 2 supplier, with the OEMs assuming the role of the TIER 1 supplier.

The Group's business model is based on two strategic focal points: multi-technology and the global market, implying the ability to supply technology worldwide.

- Multi-technology: command of different technologies and processes enables the Group to offer complex high value-added products. The Group has the capacity to design and manufacture products using alternative or complementary technologies.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

- Global market: worldwide industrialisation and supply capacity. The Group's customers are global, and able to supply them from different geographic areas.

The Strategy and Operations Committee, consisting of five members of the Board of Directors, is the Group's chief operating decision-making body. The Executive Steering Committee reviews the Group's internal financial information for the purposes of evaluating performance and assigning resources to operating segments.

Management has determined the operating segments based on the structure of the reports reviewed by the Strategy and Operations Committee, which analyses the business of the CIE Automotive Group from a geographical markets perspective in which it operates.

In this sense, the Group divides its area of activity into three geographic markets: America, Asia, and Europe. In turn, the geographic markets of America and Europe are divided, respectively, into two different segments each, being North America and Brazil for the American market, and Mahindra CIE Europe and the rest of Europe for the European market.

Thus, the Group's financial information is presented according to the following segments:

- North America: it includes, basically Group companies located in Mexico and United States of America.
- Brazil: it includes basically Group companies located in Brazil.
- Asia: it includes the Indian companies of the Mahindra CIE group, as well as the companies located in the People's Republic of China.
- Mahindra CIE Europe: it includes the business for the manufacture of European forges, dependent on the Mahindra CIE group (dependent on the Group).
- Rest of Europe: it includes all non-dependent of Mahindra CIE subgroup manufacturing businesses basically located in Europe.

The Group manages the operating segments corresponding to continuing activities based, mainly, on the evolution of the main financial figures of each segment, such as the revenue, EBITDA, EBIT, and investments in fixed assets. Meanwhile, financial income and expenses, as well as income tax expense and the allocation of results to minority shareholders are jointly analysed at the Group level, since they are managed centrally.

a) Operating segments information from continuing activities

Results per operating segments are as follows:

	30 June 2021					
Thousand euro	NORTH AMERICA	BRAZIL	ASIA	MAHINDRA CIE EUROPE	REST OF EUROPE	TOTAL
Revenue	423,276	103,979	448,232	234,950	471,204	1,681,641
Other operating expenses and income (excluding depreciation and amortisation)	(332,302)	(85,031)	(375,079)	(201,593)	(384,829)	(1,378,834)
Depreciation, amortisation, and impairment	(19,023)	(4,297)	(17,339)	(10,083)	(31,448)	(82,190)
Operating profit	71,951	14,651	55,814	23,274	54,927	220,617
EBITDA	90,974	18,948	73,153	33,357	86,375	302,807
	30 June 2020					
Thousand euro	NORTH AMERICA	BRAZIL	ASIA	MAHINDRA CIE EUROPE	REST OF EUROPE	TOTAL
Revenue	296,217	78,380	305,448	160,119	368,073	1,208,237
Other operating expenses and income (excluding depreciation and amortisation)	(243,705)	(68,470)	(266,179)	(154,695)	(321,683)	(1,054,732)
Depreciation, amortisation, and impairment	(15,530)	(3,955)	(14,182)	(7,450)	(22,234)	(63,351)
Operating profit	36,982	5,955	25,087	(2,026)	24,156	90,154
EBITDA	52,512	9,910	39,269	5,424	46,390	153,505

Transactions between Group companies are performed under market conditions.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

Other segments items included in the income statement are as follows:

30 June 2021						
Thousand euro	NORTH AMERICA	BRAZIL	ASIA	MAHINDRA CIE EUROPE	REST OF EUROPE	TOTAL
Depreciation and amortisation:	(19,023)	(4,297)	(17,339)	(10,083)	(31,448)	(82,190)
Property, plant, and equipment	(18,665)	(4,053)	(16,604)	(10,018)	(29,431)	(78,771)
Intangible assets	(358)	(244)	(735)	(65)	(2,017)	(3,419)
Impairment	-	-	-	-	-	-

30 June 2020						
Thousand euro	NORTH AMERICA	BRAZIL	ASIA	MAHINDRA CIE EUROPE	REST OF EUROPE	TOTAL
Depreciation and amortisation:	(15,530)	(3,955)	(14,182)	(7,450)	(22,234)	(63,351)
Property, plant, and equipment	(14,993)	(3,646)	(13,333)	(7,360)	(20,160)	(59,492)
Intangible assets	(537)	(309)	(849)	(90)	(2,074)	(3,859)
Impairment	-	-	-	-	-	-

The reconciliation of the Operating profit and the Profit attributable to owners of the Parent company is as follows:

Thousand euro	Nota	30.06.2021	30.06.2020
Operating profit		220,617	90,154
Financial income (expense)	-	(17,442)	(15,560)
Share in profits of joint arrangement and associates	7	2,799	1,348
Gains / (losses) on the fair value of derivative financial instruments	7	(4,993)	(10,777)
Corporate income tax	13	(42,670)	(8,349)
Discontinued activities	9	450	55
Attributed to non-controlling interests	-	(10,547)	1,426
Profit attributable to the Parent company		148,214	58,297

Segments' assets, liabilities and investments of the year are as follows:

30 June 2021						
Thousand euro	NORTH AMERICA	BRAZIL	ASIA	MAHINDRA CIE EUROPE	REST OF EUROPE	TOTAL
Investments in joint arrangement and associates	5,425	3,984	36,021	-	33	45,463
Rest of assets	1,230,205	367,621	1,655,444	634,178	1,254,571	5,142,019
Total assets	1,235,630	371,605	1,691,465	634,178	1,254,604	5,187,482
Total liabilities	616,758	134,015	469,699	330,629	2,423,367	3,974,468
Fixed asset additions ^(*)	28,329	5,623	24,857	6,437	37,985	103,231
Disposal of assets net of depreciation and amortisation ^(*)	-	(4,215)	(283)	(143)	(73)	(4,714)
Net capital expenditure for the period	28,329	1,408	24,574	6,294	37,912	98,517

31 December 2020						
Thousand euro	NORTH AMERICA	BRAZIL	ASIA	MAHINDRA CIE EUROPE	REST OF EUROPE	TOTAL
Investments in joint arrangement and associates	4,392	2,302	38,677	-	33	45,404
Rest of assets	1,177,458	333,071	1,585,399	610,727	1,231,512	4,938,167
Total assets	1,181,850	335,373	1,624,076	610,727	1,231,545	4,983,571
Total liabilities	607,883	134,228	468,174	323,866	2,441,799	3,975,950
Fixed asset additions ^(*)	49,997	17,053	27,805	13,917	54,651	163,423
Disposal of assets net of depreciation and amortisation ^(*)	(106)	(178)	(1,929)	(23)	(3,247)	(5,483)
Net capital expenditure for the period	49,891	16,875	25,876	13,894	51,404	157,940

(*) Fixed assets additions and disposals do not include IFRS 16 effects.

Assets mainly include property, plant and equipment, intangible assets (including goodwill), deferred tax assets, inventories, accounts receivable and cash. Investments in subsidiaries included in the consolidation scope are shown separately.

Liabilities include, mainly, operating liabilities and long and short-term financing, excluding intragroup liabilities eliminated on consolidation.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

Investments in non-current assets include additions to property, plant, and equipment (Note 5.1) and intangible assets (Note 5.2).

The figures corresponding to the net amount of the revenue and non-current assets, excluding deferred tax assets and non-current financial assets and investments in joint arrangement and associates, by geographical areas are the following:

Thousand euro	Revenue		Non-current assets	
	30.06.2021	30.06.2020	30.06.2021	31.12.2020
Spain	76,975	68,721	433,879	423,077
Rest of Europe	629,179	459,471	975,953	974,802
Brazil	103,979	78,380	191,441	184,662
North America	423,276	296,217	727,550	700,446
China	231,051	181,955	550,754	529,386
India	217,181	123,493	474,309	459,365
TOTAL	1,681,641	1,208,237	3,353,886	3,271,738

5. Property, plant and equipment, and intangible assets

5.1 Property, plant, and equipment

Set out below is a breakdown of property, plant and equipment showing movements:

30 June 2021					
Thousand euro	31.12.2020	ADDITIONS	DISPOSALS	TRANSFERS AND OTHER MOVEMENTS (*)	30.06.2021
Cost	3,383,555	108,847	(61,353)	59,469	3,490,518
Accumulated depreciation	(1,894,013)	(78,771)	53,887	(27,820)	(1,946,717)
Impairment	(13,560)	-	-	(173)	(13,733)
CARRYING AMOUNT	1,475,982				1,530,068

30 June 2020						
Thousand euro	31.12.2019	ADDITIONS/ (VARIATIONS) IN CONSOLIDATION (Note 2)	ADDITIONS	DISPOSALS	TRANSFERS AND OTHER MOVEMENTS (*)	30.06.2020
Cost	3,389,966	108,290	84,985	(16,088)	(115,935)	3,451,218
Accumulated depreciation	(1,854,178)	(63,876)	(59,492)	13,293	57,771	(1,906,482)
Impairment	(12,305)	-	-	-	403	(11,902)
CARRYING AMOUNT	1,523,483					1,532,834

(*) It basically includes the effect of exchange rate fluctuations of PPE currency of foreign subsidiaries and transfers from assets under construction to finished assets.

a) Property, plant, and equipment by geographical area

Set out below is a breakdown of property, plant, and equipment by geographical location at 30 June 2021 and 31 December 2020:

Million euro	30 June 2021			31 December 2020		
	COST	ACCUMULATED DEPRECIATION AND IMPAIRMENT	NET BOOK VALUE	COST	ACCUMULATED DEPRECIATION AND IMPAIRMENT	NET BOOK VALUE
AMERICA	1,096	(496)	600	1,025	(459)	566
EUROPE	1,860	(1,208)	652	1,852	(1,210)	642
ASIA	534	(256)	278	507	(239)	268
TOTAL	3,490	(1,960)	1,530	3,384	(1,908)	1,476

**NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD
ENDED 30 JUNE 2021**
b) Assets not used in operating activities

At 30 June 2021 and 31 December 2020 no significant items of property, plant and equipment are excluded from operating activities.

c) Insurance

The Group has taken out a number of insurance policies to cover risks relating to property, plant and equipment. The scope coverage of these policies is sufficient.

d) Right of use of assets and lease liabilities

Plant and equipment include the following amounts in respect of finance leases under which the Group is the lessee:

30 June 2021							
Thousand euro	RIGHT OF USE OF ASSETS				LEASE LIABILITIES		
	LAND AND BUILDINGS	OTHER FIXED ASSETS	ACCUMULATED DEPRECIATION	TOTAL ASSETS	LONG TERM	SHORT TERM	TOTAL LIABILITIES
31 December 2020	93,380	20,119	(34,173)	79,326	61,681	21,731	83,412
Additions	4,567	2,920	-	7,487	4,639	2,848	7,487
Disposals	(5,064)	(2,207)	4,519	(2,752)	(2,465)	(287)	(2,752)
Depreciation expense/Payments made	-	-	(10,483)	(10,483)	-	(12,301)	(12,301)
Debt update expenses	-	-	-	-	1,033	-	1,033
Maturity transfer	-	-	-	-	(7,366)	7,366	-
Transfers and others (*)	5,502	360	(5,018)	844	77	658	735
30 June 2021	98,385	21,192	(45,155)	74,422	57,599	20,015	77,614
30 June 2020							
Thousand euro	RIGHT OF USE OF ASSETS				LEASE LIABILITIES		
	LAND AND BUILDINGS	OTHER FIXED ASSETS	ACCUMULATED DEPRECIATION	TOTAL ASSETS	LONG TERM	SHORT TERM	TOTAL LIABILITIES
31 December 2019	93,307	21,370	(23,114)	91,563	73,831	23,425	97,256
Additions	7,427	2,472	-	9,899	5,627	4,272	9,899
Disposals	(555)	(2,060)	2,112	(503)	(130)	(373)	(503)
Depreciation expense/Payments made	-	-	(10,954)	(10,954)	-	(13,062)	(13,062)
Debt update expenses	-	-	-	-	1,226	-	1,226
Maturity transfer	-	-	-	-	(9,781)	9,781	-
Transfers and others (*)	(3,097)	(477)	750	(2,824)	(2,061)	(702)	(2,763)
30 June 2020	97,082	21,305	(31,206)	87,181	68,712	23,341	92,053

(*) It mainly includes the effect of the exchange rate fluctuations derived from foreign subsidiaries' property, plant, and equipment.

In the context of the Covid-19 pandemic, lease agreements have not suffered from significant updates in their conditions.

The discount rates, estimated based on the cost of financing each of the Cash Generating Unit (CGU) groups operated by the Group, have been as follows:

	2020	2019
Brazil	9.00%	9.00%
North America	4.25%	4.25%
Asia	5.00% – 8.50%	5.00% – 8.50%
Mahindra CIE Europe	1.25%	1.25%
Rest of Europe	1.25%	1.25%

e) Capitalisation of borrowing costs

The Group did not capitalise any significant borrowing cost in the six-month periods ended 30 June 2021 and 2020.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

5.2 Goodwill and other intangible assets of defined useful life

Set out below is an analysis of the main intangible asset classes showing movements in assets:

30 June 2021						
Thousand euro	31.12.2020	ADDITIONS	DISPOSALS	TRANSFERS AND OTHER MOVEMENTS (*)	30.06.2021	
Goodwill	1,738,622	-	-	36,103	1,774,725	
Cost – Other intangible assets	110,880	1,871	(375)	2,123	114,499	
Accumulated amortisation	(77,738)	(3,419)	375	(828)	(81,610)	
CARRYING AMOUNT	1,771,764				1,807,614	

30 June 2020						
Thousand euro	31.12.2019	ADDITIONS AND VARIATIONS IN CONSOLIDATION (Note 2)	ADDITIONS	DISPOSALS	TRANSFERS AND OTHER MOVEMENTS (*)	30.06.2020
Goodwill	1,765,521	71,707	-	-	(47,597)	1,789,631
Cost – Other intangible assets	111,832	2,283	1,398	(94)	(2,108)	113,311
Accumulated amortisation	(74,668)	(986)	(3,859)	94	1,394	(78,025)
CARRYING AMOUNT	1,802,685					1,824,917

(*) Basically, includes the effect of exchange rate fluctuations of intangible assets and goodwill currency of foreign subsidiaries.

Goodwill is assigned to the Group's cash-generating units (CGUs) groups on the basis of the criterion of grouping together under each CGU group all the Group's assets and liabilities that jointly and indivisibly generate cash flows in an area of the business from a technology and/or geographical and/or customer viewpoint, on the basis of the synergies and risks shared.

The breakdown of goodwill as of 30 June 2021 and 31 December 2020, assigned to each CGU group level, detailed by operating segment is set out below:

	2021	2020
North America	260,696	253,106
Brazil	66,382	62,351
Asia	720,500	695,956
Mahindra CIE Europe	332,106	332,106
Rest of Europe	395,041	395,103
TOTAL	1,774,725	1,738,622

6. Goodwill and fixed assets impairment

a) Methodology in the analysis of signs of impairment of fixed assets

The Group carries out, at least once each year, a recoverability analysis on its tangible and intangible assets, including goodwill. This analysis is carried out on two levels:

- Productive and intangibles assets with a defined useful life
- Goodwill

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

Productive and intangibles assets

The property, plant and equipment is subject to continuous assessments by the technicians of each production plant together with the management control team of each of them, keeping a control on the profitability of the projects according to the projections available continuously, and considering evidences of impairment of assets associated with projects with deficient returns.

Regardless of the continuous evaluation of these projects, the Group annually carries out an assessment to update the financial projections for each cash-generating unit which consists of, usually, a period of five years and which is used to formalize an analysis of the recoverability of the net value accounted for all fixed and intangible assets of each production plant. Based on this annual assessment, as well as through the continuous evolution of each project, all possible impairment of the assets is recorded by the Group.

In the case of intangible assets with a defined useful life recognized by the Group in a business combinations, which basically correspond to licenses and contracts related to customers, the Group verifies the evolution of cash flows considered for their initial calculation has not significantly, evidencing an impairment loss.

Goodwill

The recoverable amount of the goodwill assigned to each CGU or group of CGUs is determined based on value in use calculations. These calculations use cash flow projections based on the financial budget approved by Management, which generally covers a period of five years. Cash flows beyond the five-year period are forecasted assuming a market hypothesis regarding growth rates, in any case lower than the long-term average growth rate for the country in which each the CGU or group of CGUs has its businesses.

To calculate the value in use, assumptions of future cash flows are used in accordance with the global situation of the markets in which the Group operates, as well as with their expected future evolution.

b) Assumptions used in the calculation of value in use of the Group's businesses in 2020

The assumptions used by the Group are the sales and margins generated by each cash-generating unit for the period for which the projections are forecasted, in addition to the annual growth rate and discount rate applied to calculate the value in use of each one of the CGUs or group of CGUs, and detailed by segment.

Sales and margin projection

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

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

The average ⁽¹⁾ of the margins projected by segment for the period of the projections has been as follows:

Segments	2020	2019
North America	22.97%	22.97%
Brazil	19.30%	19.55%
Asia	17.02%	15.47%
Mahindra CIE Europe	13.69%	14.13%
Rest of Europe	18.99%	18.91%

⁽¹⁾ The average of the detailed margins is the result of dividing the sum of the EBITDAs by the sum of the sales of the years that make up the projection period for each CGU or CGU grouping detailed by segment.

Calculation of residual value

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

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

Annual growth rate

The growth rates (g) used for the period beyond the projections used in 2020 and 2019 in the CGUs and groups of CGUs, which are reported by segment, were as follows:

Segments	2020	2019
North America	2.0%	2.0%
Brazil	4.5%	4.5%
Asia	4.4%-7.0%	4.0%-7.0%
Mahindra CIE Europe	1.5%	1.5%
Rest of Europe	1.5% -3.0%	1.5% -2.7%

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

Discount rate

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

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

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

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

The discount rates applied to cash flow projections in 2020 and 2019 were as follows:

Segments	2020	2019
North America	6.66%-10.45%	7.09%-10.16%
Brazil	12.01%	11.10%
Asia	7.31%-11.57%	7.27%-11.89%
Mahindra CIE Europe	4.66%-6.30%	4.88%-6.96%
Rest of Europe	4.66%-11.95%	4.88%-11.63%

c) Impairment assessment outcome

The value in use resulting from the impairment assessment are, to their lowest recoverable level, higher than the net book value of the total non-financial assets recognized by the Group, thus no impairment has been recorded in 2020 and 2019.

d) Impairment assessment sensitivity

The Group carried out the following sensitiveness simulations, without detecting evidences of impairment of goodwill:

- Penalty of the discount rate by 10%.
- Consideration of the perpetual cash flow equal to the last year of budgeted cash flow, that is, applying a growth rate (g) between 0% and 2%.

Additionally, a joint penalty of assumptions was carried out considering:

- Decrease of the forecasted EBITDA by 10 percentage points,
- Reduction of the growth rate (g) to 50% for each CGU (between 0.75% and 3.5%, depending on the geography).

The outcome of the sensitivity assessment determined that there is sufficient margin in the recoverability of the goodwill registered by the Group.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

The growth and discount rates are assumptions based on external factors on which the Group does not have the capacity to act; in this sense, a more conservative assessment of such factors is carried out to verify that any significant variation would not result at risk the recoverability of assets subject to evaluation. The assumptions used to estimate the discount rate and the perpetual growth rate have not historically shown significant deviations, which is why it is considered that 10% of the discount rate and the reductions made to the growth rate are sufficiently conservative considerations for the purpose of sufficiently stressing the impairment assessment performed.

The Group's past performance in the Automotive business has shown that its annual budgets and strategic plans (from which projections are taken for impairment assessments) are modest and have been comfortably fulfilled, and even improved. Therefore, the Group considers that a cut of 10 percentage points in its gross operating margins is more than enough for the sensitivity assessment.

e) Assessment update as of 30 June 2021

The Group verified that during 2020 goodwill did not suffer any loss due to impairment in value according to the assumptions used and different sensitivity scenarios raised in the analysis carried out.

As of 30 June 2021, the Group has updated the cash flows forecasted in 2020 with the results for the year 2021, as well as the most up-to-date forecasts available. As indicated in the Consolidated Annual Accounts of 2020, the forecast for 2021 already considered future impacts that could be generated by the pandemic. Thus, the cashflows generated by the Group's businesses have not changed significantly at the lowest level of the impairment assessment, and therefore, as of 30 June 2021, it can be stated that there is no evidence showing loss of value in the Group goodwill.

Additionally, and with the external and internal information currently available, and with enough margin existing in the recoverability of goodwill, it is not considered that possible future impacts derived from the Covid-19 pandemic, additional to those already considered in the budget, could substantially modify the conclusion of the impairment assessment carried out in 2020.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

7. Financial assets and derivatives

Movements in the Group's financial assets are as follows:

Thousand euro	30 June 2021							RESULTS IN JOINT ARRANGEMENTS AND ASSOCIATES	30.06.2021
	31.12.2020	ADDITIONS	DISPOSALS	TRANSFERS AND OTHERS (*)	INCOME STATEMENT	EQUITY	AMORTISED COST/FAIR VALUE ADJUSTMENTS		
Valued at their amortised cost									
Deposits	47,640	19,399	(16,037)	906	-	-	-	-	51,908
Current credits	25,474	32	(93)	4,034	-	-	-	-	29,447
Non-current credits	15	-	-	-	-	-	-	-	15
Down-payments (Note 17)	9,100	-	-	-	-	-	-	-	9,100
Total loans and receivables at amortized cost	82,229	19,431	(16,130)	4,940	-	-	-	-	90,470
Valued at fair value									
Non-current credits (Nota 17)	22,947	-	-	-	151	-	-	-	23,098
Liability derivatives – Equity Swap	(6,059)	-	-	-	5,800	-	-	-	(259)
Liability derivatives – interest rate swaps	(11,571)	-	10,944	-	(10,944)	11,571	-	-	-
Non-current credits and derivatives	5,317	-	10,944	-	(4,993)	11,571	-	-	22,839
Investment in joint arrangements and associates	45,404	-	-	(2,740)	-	-	2,799	45,463	
TOTAL	132,950	19,431	(5,186)	2,200	(4,993)	11,571	2,799	158,772	

(*) It basically includes the effect of exchange fluctuations in the currencies in which the financial assets of foreign subsidiaries are denominated and transfers. The "Investments in joint arrangements and associates" include dividends distributed (unpaid) by Shanghai Golde Automotive Parts Co., Ltd. for and amount of €3,896 thousand.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

30 June 2020										
Thousand euro	31.12.2019	ADDITIONS/(VARIATIONS) IN CONSOLIDATION SCOPE (Note 2)		ADDITIONS	DISPOSALS	TRANSFERS AND OTHERS (*)	INCOME STATEMENT	AMORTISED COST/FAIR VALUE ADJUSTMENTS		RESULTS IN JOINT ARRANGEMENTS AND ASSOCIATES
		EQUITY	ARRANGEMENTS AND ASSOCIATES							
Valued at their amortised cost										
Deposits	41,831	57	14,358	(5,371)	(2,216)	66	-	-	-	48,725
Current credits	26,945	-	-	(2,660)	(637)	154	-	-	-	23,802
Non-current credits	15	-	-	(15)	-	-	-	-	-	-
Down-payments (Note 17)	10,400	-	-	-	-	-	-	-	-	10,400
Total loans and receivables at amortized cost	79,191	57	14,358	(8,046)	(2,853)	220	-	-	-	82,927
Valued at fair value										
Non-current credits (Nota 17)	25,022	-	-	-	-	150	-	-	-	25,172
Asset derivatives – interest rate swaps	10	-	-	-	-	-	(10)	-	-	-
Asset derivatives – foreign exchange rate swaps	-	-	-	-	-	(7)	-	-	-	(7)
Liability derivatives – Equity Swap	(8,019)	-	-	-	-	(10,920)	-	-	-	(18,939)
Liability derivatives – interest rate swaps	(11,895)	(39)	-	-	(5)	-	(364)	-	-	(12,303)
Non-current credits and derivatives	5,118	(39)	-	-	(5)	(10,777)	(374)	-	-	(6,077)
Investment in joint arrangements and associates	66,195	(19,347)	-	-	(785)	-	(130)	1,348	47,281	47,281
TOTAL	150,504	(19,329)	14,358	(8,046)	(3,643)	(10,557)	(504)	1,348	124,131	124,131

(*) It basically includes the effect of exchange fluctuations in the currencies in which the financial assets of foreign subsidiaries are denominated and transfers.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

a) Debt instruments

Term deposits and loans accrue interests at a market interest rate of the country where the financial asset is held.

The maximum exposure to credit risk at the date of presentation of consolidated interim information is the carrying amount of the assets.

Debt instruments valued at amortized cost do not differ from their fair value.

b) Financial derivative instruments

• Interest rate swaps and others

The amounts of the notional principal of the interest rate swap contracts (from variable to fixed) pending at 31 December 2020 amounted to €373 million, which were classified as hedging instruments.

During the first half of financial year 2021, the Group has proceeded to settle its main interest swap contracts, assuming a reclassification between the profit and loss account for financial year 2021 and another comprehensive income of €10,944 thousand euro. As of 30 June 2021, the Group has no interest rate swap agreements.

• Equity swap

On 6 August 2018 the Parent company arranged a new swap associated with the listed share price of CIE Automotive, S.A. The underlying asset of the operation amounts to 2 million shares with an initial value of €25.09 per share. This underlying's valuation amounts to €259 thousand negative at 30 June 2021 (€6,059 thousand negative at 31 December 2020), and is due in 2023.

c) Investments in joint arrangements and associates

The companies of the Group, both associates and joint arrangements, consolidated under the equity method, are as follows:

	Effective interest %	
	30.06.2021	31.12.2020
Belgium Forge, N.V. ^(*)	100%	100%
Galfor Eólica, S.L.	15%	15%
Gescrap - Autometal Comercio de Sucatas, Ltda.	30%	30%
Gescrap Autometal de México, S.A. de C.V. and subsidiaries	30%	30%
Gescrap India Pvt, Ltd.	18%	18%
Shanghai Golde Automotive Parts Co., Ltd.	50%	50%
Golde Automotive Parts (Ningde) Co., Ltd.	50%	50%

(*) In liquidation/dormant

The detail of the main investments in joint arrangements and associates, and their contribution to the results of the Group is as follows:

	30 June 2021			31 December 2020		
	Investment value	Share in profit/(loss)	Dividends distributed	Investment value	Share in profit/(loss)	Dividends distributed
Shanghai Golde Automotive Parts Co., Ltd.	36,021	191	3,896	38,677	4,233	5,025
Gescrap Autometal de México, S.A. de C.V. y sociedades dependientes	5,425	1,137	255	4,392	590	-
Gescrap - Autometal Comercio de Sucatas, Ltda.	3,984	1,471	95	2,302	955	378
Other ^(*)	33	-	-	33	(23)	-
Total	45,463	2,799	4,246	45,404	5,755	5,403

There are no significant restrictions on the ability to access to those assets. There are no contingent liabilities related to these investments in associates and note of these companies is listed on a stock exchange.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

The complete detail, at 100%, of the assets and liabilities of the joint arrangement Golde Shanghai Auto Parts, Ltd. as of 30 June 2021 and 31 December 2020, as well as the results generated for the six month period ended 30 June 2021 and 2020, is as follows:

Assets (Euro thousand)	30.06.2021	31.12.2020	Liabilities (Euro thousand)	30.06.2021	31.12.2020
Non-current assets	20,555	20,449	Equity	12,932	20,793
Current assets	61,437	71,713	Non-current liabilities	11,578	11,015
			Current liabilities	57,482	60,354
Total assets	81,992	92,162	Total liabilities	81,992	92,162

Income statement (Euro thousand)	30.06.2021	30.06.2020
Revenue	46,405	51,112
Net operating income	502	1,258
Earnings before taxes	559	1,287
Net results from continued activities	383	934
Other comprehensive income	383	934

8. Cash and cash equivalents

Cash and other cash equivalents at 30 June 2021 and 31 December 2020 break down as follows:

Thousand euro	30.06.2021	31.12.2020
Cash in hand and banks	281,709	365,140
Current bank deposits	216,142	200,421
TOTAL	497,851	565,561

Current bank deposits relate to investments of cash surpluses maturing in less than three months or available immediately. These deposits earn interest at a market rate depending on the currency.

The Group does not have significant current accounts of cash and equivalents pledged as of 30 June 2021 and 31 December 2020.

The carrying amount of cash at Group companies is denominated in the following currencies:

Thousand euro	30.06.2021	31.12.2020
Euro	87,415	106,127
US dollar	80,971	137,624
Chinese yuan	242,861	223,570
Brazilian real	49,746	45,121
Indian rupee	3,751	12,730
Russian ruble	3,250	2,490
Mexican peso	6,477	16,360
South African rand	15,629	12,328
Other	7,751	9,211
TOTAL	497,851	565,561

9. Disposal groups classified as held-for-sale and discontinued activities

a) Business of biofuels

In September 2018, the Board of Directors of CIE Automotive, S.A. after receiving various offers to buy the companies of biofuels made the decision to discontinue this entire business. On 28 March 2019, the sale of the company Bionor Berantevilla, S.L.U. and the assets of Biosur Transformación, S.L.U. took place. After the sale, the net consolidated net assets assigned to the biofuel business are not significant.

At 30 June 2021 and 31 December 2020, the Group classifies the assets and liabilities associated with said business as a group of assets and liabilities held for sale, whose recoverable value did not vary significantly.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

b) British forging business – Stokes

In September 2018, the Board of Directors of Mahindra CIE Automotive, Ltd. made the decision to sell its British forging business, corresponding to the company Stokes Group Limited. After this decision, the Group carried out the discontinuation of the assets and liabilities of said company, classifying them as a group of assets and liabilities available for sale, reclassifying the profit and loss account of said company within discontinued activities.

At 30 June 2021 and 31 December 2020, for the specific situation of these businesses held for sale, the Group performed an updated assessment based on the net assets' recovery value, which have not suffered significant changes.

The following is the discontinued income statement for the six-month period ended 30 June 2021 and 2020 is as follows:

Thousand euro	Six-month period ended 30 June	
	2021	2020
OPERATING REVENUE	2,301	1,349
Revenue	2,296	1,356
Other operating income	5	(7)
OPERATING EXPENSES	(1,657)	(1,235)
Consumption of raw materials and secondary materials	(641)	(408)
Employee Benefit expenses	(499)	(459)
Depreciation, amortisation, and impairment	(34)	(14)
Other operating expenses	(483)	(354)
OPERATING PROFIT	644	114
Net exchange differences	(26)	(11)
PROFIT BEFORE TAXES	618	103
Corporate income tax	(168)	(48)
PROFIT FOR THE YEAR FROM DISCONTINUED ACTIVITIES	450	55

Revenue of discontinued activities as of 30 June 2021 and 2020 has been fully performed in Spain.

The information of the assets and liabilities of the disposable group classified as held for sale related to discontinued activities described above are summarized in the following table on 30 June 2021 and 31 December 2020:

ASSETS (Thousand euro)	30.06.2021	31.12.2020	LIABILITIES (Thousand euro)	30.06.2021	31.12.2020
Non-current assets	2,016	2,025	Deferred income	1,390	1,373
Property, plant, and equipment	1,255	1,272			
Other intangible assets	7	7	LIABILITIES	1,955	1,430
Non-current financial assets	33	33	Non-current liabilities	352	352
Deferred tax assets	395	394	Deferred tax liabilities	352	352
Other non-current assets	326	319			
Current assets	1,787	844			
Inventory	104	131	Current liabilities	1,603	1,078
Trade and other receivables	66	47	Trade and other payables	442	189
Other current assets	8	24	Current tax liabilities	236	62
Current tax assets	443	429	Current provisions	817	815
Cash and cash equivalents	1,166	213	Other current liabilities	108	12
TOTAL ASSETS	3,803	2,869	TOTAL LIABILITIES	3,345	2,803

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021
10. Share capital and share premium

30 June 2021				
Movements in thousand euro	Share capital	Treasury shares	Share premium	Total
31 December 2020	30,637	-	152,171	182,808
(Acquisition) of treasury shares	-	(16,358)	-	(16,358)
Sale of treasury shares	-	14,410	-	14,410
30 June 2021	30,637	(1,948)	152,171	180,860

30 June 2020				
Movements in thousand euro	Share capital	Treasury shares	Share premium	Total
31 December 2019	32,250	-	152,171	184,421
(Acquisition)/sale of treasury shares	-	(58,826)	-	(58,826)
30 June 2020	32,250	(58,826)	152,171	125,595

a) Capital share

The share capital of CIE Automotive, S.A. at 30 June 2020 was represented by 129,000,000 fully paid ordinary bearer shares, represented through accounting entries, with a par value of €0.25 each, listed on the Madrid stock market. On 25 November 2020, there was a decrease of the share capital of €1,612,500 through the amortization of 6,450,000 treasury shares acquired in 2020. After this transaction, the share capital of CIE Automotive, S.A. at 30 June 201 and 31 December 2020 is represented by 122,550,000 fully paid ordinary bearer shares, represented through accounting entries, with a par value of €0.25 each, listed on the Madrid stock market.

The companies that hold a direct or indirect interest of more than 10% as of 30 June 2021 and 31 December 2020 are as follows:

Interest %	30.06.2021	31.12.2020
Acek Desarrollo y Gestión Industrial, S.L.	^(*) 15.690%	^(*) 15.690%
Corporación Financiera Alba, S.A.	12.730%	12.730%
Elidoza Promoción de Empresas, S.L.	10.890%	10.890%

(*) 5.790% directly and indirectly, through Risteel Corporation, B.V., the remaining 9.900% as of 30 June 2021 and 31 December 2020.

The stock price of the Parent company CIE Automotive, S.A. listed in the Madrid Stock Exchange was €24.96 at 30 June 2021 (last day of the period).

b) Share premium

This is a non-restricted reserve.

c) Treasury shares

The movement of treasury shares during the periods ended 30 June 2021 and 2020 is disclosed as follows:

	30 June 2021		30 June 2020	
	Number of shares	Amount (Thousand euro)	Number of shares	Amount (Thousand euro)
Opening balance	-	-	-	-
Acquisition	675,769	16,358	-	-
(Sale)	(598,079)	(14,410)	4,035,733	58,826
Ending balance	77,690	1,948	4,035,733	58,826

**NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD
ENDED 30 JUNE 2021**

The balance of treasury shares in the existing portfolio at CIE Automotive, S.A. on 31 December 2020, it amounted to 0 titles. During the first half of 2021, the Company has acquired a final amount of 77,690 treasury shares directly (0.063% of the total voting rights issued by the Company), which are added to the indirect participation resulting from the equity swap agreement signed in the year 2018 with Banco Santander, SA for the acquisition of 2,000,000 shares (equivalent to 1.63% of the total voting rights).

Moreover, the mandate conferred at the shareholders' Meeting of 5 May 2021, whereby the Parent company's Board of Directors is empowered to buy at any time and as often as it considers appropriate shares in CIE Automotive, S.A. through any legal means, including acquisitions with a charge to profit for the year and/or freely available reserves, and to subsequently dispose of or redeem such shares, in accordance with article 146 et seq, of the Spanish Companies Act, is in effect until 5 May 2026.

II. Borrowings

Thousand euro	30.06.2021	31.12.2020
Bank borrowings (a)	1,552,704	1,661,337
Non-current borrowings	1,552,704	1,661,337
Bank borrowings (a))	240,164	280,447
Commercial paper programme (b)	347,185	278,100
Discounted bills pending maturity and prepayments on export bills	3,701	28,147
Current borrowings	591,050	586,694
TOTAL BORROWINGS	2,143,754	2,248,031

a) Bank borrowings

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

During the first six months of the year, the Group has cancelled its interest rate swap agreements (Note 7), leaving all its borrowings indexed to variable market interest rates. The exposure of the Group's bank borrowings to interest rate changes as of 31 December 2020 is as follows:

Thousand euro	Note	Period-end balance	At more than 1 year	At more than 5 years
Total borrowings		1,941,784	1,661,337	196,046
Total borrowings at initial fixed interest rate		(438,242)	(339,234)	(36,000)
Interest rate swap impact	7	(373,333)	(384,211)	-
Risk at 31 December 2020		1,130,209	937,892	160,046

Non-current borrowings have the following maturities:

Thousand euro	30.06.2021	31.12.2020
Between 1 and 2 years	294,700	353,600
Between 3 and 5 years	1,117,165	1,111,691
Over 5 years	140,839	196,046
TOTAL NON-CURRENT BORROWINGS	1,552,704	1,661,337

The effective interest rates at the balance sheet dates are the usual market rates (benchmark rate plus a market spread) and there are no significant differences with respect to other companies of a similar size and with similar risk and borrowing levels.

Bank borrowings carry interest at market rates, by currency, plus a spread that ranges between 30 and 600 basis points on 30 June 2021 and 31 December 2020.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

The carrying amounts and fair values of current and non-current borrowings do not differ significantly since an important portion thereof has been arranged recently and, in all cases, they accrue interest at market rates; note additionally the effect of the cancellation interest-rate hedges described in Note 7.

The carrying amount of the Group's borrowings is denominated in the following currencies:

Thousand euro	30.06.2021	31.12.2020
Euro	1,859,889	1,943,327
US Dollar	269,171	289,160
Brazilian real	288	5,858
Other	14,406	9,686
TOTAL BORROWINGS	2,143,754	2,248,031

At 30 June 2021 the Group had drawn credit lines with financial institutions for an amount of €15 million (31 December 2020: €1 million). The total limit of the lines of credit amounts to €683 million (31 December 2020: €807 million), so it has €668 million (31 December 2020: €806 million) of loans and credit lines undrawn at a floating interest rate.

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

- On 13 April 2015 the syndicated loan was novated and a decrease in the initially negotiated spread was agreed. Similarly, it was agreed to extend the maturity periods, establishing the new final maturity date in April 2020.
- On 14 July 2016, the Parent company signed a second novation with respect to the syndicated financing agreement. According to this novation, the total amount was increased by €150 million, to €600 million, the maturity period was extended for another year, the last payment therefore being due in April 2021 and a change was agreed in the margin initially negotiated and novated in 2015.
- On 6 June 2017, the Parent company signed a third novation with respect to the syndicated financing agreement. According to this novation, the maturity period was extended by one year for most of finance institutions, being the last payment due in April 2022.
- On 27 April 2018, the Parent company signed a fourth novation of this syndicated financing agreement. According to this novation, the maturity period was extended by one year, being the last payment due in April 2023.
- On 12 April 2019, the Parent company has signed a fifth novation with respect to the syndicated agreement. According to this novation, the limit has been increased by €90 million, reaching a total of €690 million; and the maturity has been extended until April 2024.
- On 27 February 2020, the parent company requested the extension of the maturity date until 13 April 2025, being approved by most of the financing entities.
- In June 2020, this finance agreement became a sustainable loan valued by an external agent annually with its subsequent adjustment to the margin based on the improvement of the annual ratios of the Group's Environmental, Social and Governance criteria.
- On 16 June 2021, a longer maturity agreement has been signed due on April 2026, and which has been approved by all financial entities involved.

The drawn amount of this syndicated financing agreement as of 30 June 2021 and 31 December 2020 amounted to €345 million, and its interest rate is indexed to Euribor plus a variable margin based on the Net Finance Debt/EBITDA ratio.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

On 14 July 2016, the Parent company arranged a new loan with several financial and insurance institutions amounting to €85 million and with final maturity in 10 years. Part of this finance agreement was contracted to a fixed interest rate, and the other part to a floating interest rate indexed to Euribor. The drawn amount of this loan on 30 June 2021 and 31 December 2020 amounts to €68 million.

In 2014 and 2018, the Group signed financing agreements with the European Investment Bank (EIB) to finance various research and development projects in the automotive components sector. During the first half year of 2021 the group has pay-out the finance agreement signed in 2014. In addition, in September 2020 the Group signed a finance agreement with this institution amounting to €40 million, due in 2030. The maximum maturity of such agreements is in 2031 and the outstanding payable amounts as of 30 June 2021 amounts to €120 million (€139 million as of 31 December 2020).

On 11 May 2016, the Group, through its US subsidiary CIE Investments USA, Inc., arranged two loans of USD35 million each, with maturity of 3 and 5 years, respectively, at a floating interest rate, linked to LIBOR. On 21 December 2020, one of the loans for an amount of USD35 million was renewed with maturity in 2022. The balance as of 30 June 2021 amounts to €41 million (31 December 2020: €46 million).

In February 2017, the Mexican companies Pintura, Estampado y Montaje, S.A.P.I. de C.V. and Pintura y Ensamblajes de México, S.A. de C.V. arranged three loans amounting to USD60 million, USD40 million and USD40 million, which are due in July 2021, February 2022, and February 2023 respectively. On 21 December 2020, one of the loans for an amount of USD 60 million was renewed in advance, extending its maturity to 2022. As of 30 June 2021, the balance of these loans amounts to €63 million (31 December 2020: €96 million).

In June 2018, the Group contracted a new loan of USD50 million from a financial institution, through the Mexican subsidiary CIE Automotive de México, S.A.P.I. de C.V., for a five years term and an eleven month grace period, at a floating interest rate linked to the LIBOR, on conditions in line with current market price parameters. The balance of this loan on 30 June 2021 amounts to €21 million (31 December 2020: €25 million).

On 5 July 2018 the Group signed a financing contract amounting to USD150 million with International Finance Corporation (World Bank Group) and EDC (Export Development of Canada). This funding has a maturity of 10 years and aims to support sustainable growth of the CIE Automotive Group in Mexico in the coming years. On 30 June 2021 the drawn amount of such funding is €118 million (31 December 2020: €122 million approximately).

All these financing facilities are subject to compliance with different financial ratios usual for these contracts in the market.

During the first half of 2020, the Group signed, in all its financing agreements subject to compliance with certain financial obligations ("covenants" or "financial ratios"), the corresponding contractual documents in which the new terms of enforceability of the contractual clauses of such financings were agreed, in relation to compliance with the aforementioned covenants. These documents also set new compliance conditions align with market standards in exceptional situations such as the current one.

It should be noted that, in addition to and after the sign-off of such contractual documents, the Group signed agreements (given their different typology, in the form of deeds of non-extinctive modifying novation, amendment agreements, accession agreements, etc.) that imply a novation of the different agreements that make up its structural financing, establishing, in line with what had already been agreed, that certain covenants would not be enforceable until after 30 June 2021. Likewise, it was been agreed that the first certification (with a binding obligation) of compliance of the financial ratios would be made with the audited Consolidated Annual Accounts of the Group as of 31 December 2021. In these new agreements, in addition to these references to compliance with covenants, the new requirements mentioned in the previous paragraph were included, maturities were also modified, the guarantors were modified, and other standard updates for this type of finance agreements were made. The accounting records of assessing the impact of these novations at their amortized cost was not been significant.

In this way, and as a consequence of signing the aforementioned documents, the Group complies, as of 30 June 2021 and 31 December 2020, with all the obligations that, according to the financing agreements, were in force and were enforceable by different financial institutions as of that date.

During the first half of 2021, and with effective date 1 July 2021, the Group has updated its structural financial agreements, by negotiating new covenants, extending the maturity of certain facilities and modifying some of the financing agents. Accordingly, the Group has improved its financing conditions, and as of the date of preparation of these consolidated financial statements, the Group complies with all ratios applicable to such financing.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

During the first half of the 2020, a series of financing contracts were signed with various financial entities and guaranteed by the Official Credit Institute (ICO) for a maximum amount of €442 million, and they are within the national program of injection of liquidity to mitigate the economic impacts caused by the Covid-19 pandemic. These financing accrue a market interest rate. As of 30 June 2021, the balance drawn on this financing amounts €30 million, after the anticipated repayment of some of those loans (31 December 2020: €297 million).

Other balances included in borrowings relate to bank loans or credit facilities in Group companies, arranged without specific additional guarantees and at the market interest rates in effect in the different countries.

In the first semester of 2021, the Group has repaid €461 million related to bank credits and loans (2020: €106 million) and loans and additional credit accounts have been arranged for an amount of €317 million included those disclosed above (2020: €493 million).

a) Commercial paper program

On 19 July 2018, the Parent company of the Group made public the formalization of a program of issuance of commercial paper program with a maximum amount of €200 million, which was registered in the Ireland Stock Market and which will serve as diversification of financing of working capital needs of the Group and as an alternative to bank financing for this purpose. On 18 July 2019, the program was renewed increasing the maximum amount to €300 million. On 18 March 2020, the maximum amount was increased to €400 million and on 21 July 2020 the program was renewed. As of 30 June 2021, the drawn balance amounts to €347 million (€278 million as of 31 December 2020).

12. Provisions

The breakdown of the movements in Group provisions in 2021 and 2020 is as follows:

Thousand euro	30.06.2021	30.06.2020
Opening balance	324,989	298,694
Additions / (variations) in consolidation scope (Note 2)	-	31,435
Additions / (Reversals)	1,579	6,531
<i>Income statement</i>	<i>1,579</i>	<i>6,531</i>
Applications	(9,827)	(7,907)
Transfers and other movements (*)	5,956	(17,447)
Ending balance	322,697	311,306
NON-CURRENT PROVISIONS	203,618	225,802
CURRENT PROVISIONS	119,079	85,504

(*) Mainly relate to exchange rate effects in subsidiaries.

Non-current provisions at 30 June 2021 mainly include the following:

- A €94.3 million provision for other personnel liabilities (31 December 2020: €93.5 million), including € 85.0 million relating to pension plans (31 December 2020: €85.1 million).
- A €72.1 million provision (31 December 2020: €78.9 million) to cover the operating risks of the business which it is considered to be payable in the long term, corresponding in a significant part to liabilities associated with contracts with clients for a value of €18.8 million (31 December 2020: €24.1 million) and the coverage of guarantees negotiated with clients related to the manufacture of solar roofs worth €13.1 million (31 December 2020: €11.9 million).
- A €35.4 million provision (31 December 2020: €34.7 million) corresponding almost entirely to tax contingencies in Brazil, mainly related to taxes and fiscal charges other than corporate tax, of which €1.6 million are on court deposit pending court rulings at 30 June 2021 (31 December 2020: €1.5 million).
- A €1.8 million provision established to guarantee the sale of assets and closure and winding up of companies as of 30 June 2021 and 31 December 2020.

Current provisions at 30 June 2021 are basically for the following purposes:

- The hedge of operational risks of the business in various Group companies classified as payables in the short term (2021: €109.0 million; 31 December 2020: €105.7million) corresponding in a significant part to both the hedge of guarantees negotiated with customers related to the manufacture of solar roofs worth €39.5 million (31 December 2020: €50.7 million) as well as the hedge of customer claims, recognized at fair value, and that the Group Management estimates will be resolved in the short term.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

- The adaptation of productive structures of Group companies as well as short-term liabilities with staff (2021: €7.2 million, of with €4.2 million correspond to pensions; 31 December 2020: €7.6 million, of with 3.3 correspond to pensions).
- They include other tax contingency risks and customer complaints at certain subsidiaries (2021: €2.8 million; 31 December 2020: €2.8 million).

Commitments with employees

Main commitments of post-employment plans and other long-term benefits to the personnel that several companies in the Group guarantee to certain groups are disclosed by country, the following ones:

- 1) Post-employment benefit plans and other long-term employee benefits in Germany fully covered through in-house provisions, long-term employee benefits, such as, length-of-service awards and supplements under phased retirement arrangements.
- 2) Post-employment benefit plans in India which are mostly under in-house provisions: lifetime retirement pensions, retirement awards financed externally under insurance contracts and retirement awards in the event of the termination of the employment contracts.
- 3) Post-employment benefit plans in Italy. The pension model is currently TFR. This was a defined benefit plan that was converted into a defined contribution plan because of the Pension Reform which took place in December 2005.

The movement of the defined benefit obligation and long-term employee benefits during the six-month period ended 30 June 2021 and 2020 has been as follows:

Thousand euro	31.12.2020	CHANGES / ADDITIONS TO CONSOLIDATION SCOPE	CURRENT SERVICES COST	EXPENSES/ (INCOME) BY INTEREST	30 June 2021 ASSESSMENT CALCULATION				30.06.2021
					(PROFIT)/ LOSSES FROM FINANCIAL ASSETS	(PROFIT)/ LOSSES FROM EXPERIENCE	PAYMENT OF FEES	TRANSLATION DIFFERENCES	
Post-employment benefits ⁽¹⁾	86,482	-	1,549	226	-	-	(1,895)	879	87,241
Long-term benefits to employees	1,931	-	-	-	-	-	-	3	1,934
TOTAL PENSIONS	88,413	-	1,549	226	-	-	(1,895)	882	89,175

Thousand euro	31.12.2019	CHANGES / ADDITIONS TO CONSOLIDATION SCOPE	CURRENT SERVICES COST	EXPENSES/ (INCOME) BY INTEREST	30 June 2020 ASSESSMENT CALCULATION				30.06.2020
					(PROFIT)/ LOSSES FROM FINANCIAL ASSETS	(PROFIT)/ LOSSES FROM EXPERIENCE	PAYMENT OF FEES	TRANSLATION DIFFERENCES	
Post-employment benefits ⁽¹⁾	87,011	1,678	117	83	-	-	(743)	(316)	87,830
Long-term benefits to employees	2,717	-	-	-	-	-	-	(131)	2,586
TOTAL PENSIONS	89,728	1,678	117	83	-	-	(743)	(447)	90,416

⁽¹⁾ It corresponds to retirement pensions for life in Germany and India, as well as retirement awards in India and post-employment benefit plans in Italy and Mexico.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

Set out below is a breakdown of employee benefit provisions classified by country:

Thousand euro	30.06.2021	31.12.2020
Germany	79,227	79,329
India	6,424	5,099
Italy	3,425	3,889
México	99	96
TOTAL PENSIONS	89,175	88,413

There were no significant changes in the actuarial – financial assumptions compared with those described in Note 22 of the Group's annual accounts at the 2020-year end.

13. Corporate income tax

The consolidated income tax expense of the Group is as follows:

Thousand euro	30.06.2021	30.06.2020
Current tax expense	39,152	13,854
Deferred tax expense /(income)	3,518	(5,505)
Income tax expense	42,670	8,349

Theoretical tax rates vary depending on the location. The main rates are as follows:

	Nominal rate	
	2021	2020
Basque Country	24%	24%
Navarre	28%	28%
Rest of Spain	25%	25%
Mexico	30%	30%
Brazil	34%	34%
Rest of Europe (average rate)	15% - 33%	15% - 33%
People's Republic of China	15% - 25%	15% - 25%
United States of America	21%	21%
India	25%	25% - 35%

Both current and deferred tax assets and liabilities are only offset if, and only if, the Group has a legally enforceable right to compensate the amounts recognized in these accounts, and when these assets and liabilities are related to income taxes levied by the same taxation authority on a single tax subject/entity, or in the event of different tax subjects/entities, when the Group intends to realise the asset and settle the liability on a net basis.

The parent company is taxed under the tax consolidation system in the regional territory of Bizkaia together with the subsidiaries listed below:

- CIE Berriz, S.L.
- Autokomp Ingeniería, S.A.U.
- CIE Mecauto, S.A.U.
- CIE Udalbide, S.A.U.
- Egaña 2, S.L.
- Gameko Fabricación de Componentes, S.A.
- Inyectametal, S.A.
- Leaz Valorización, S.L.U.
- Orbelan Plásticos, S.A.
- Transformaciones Metalúrgicas Norma, S.A.
- Alurecy, S.A.U.
- Componentes de Automoción Recytec, S.L.U.
- Nova Recyd, S.A.U.
- Recyde, S.A.U.
- Alcasting Legutiano, S.L.U.
- Gestión de Aceites Vegetales, S.L.
- Reciclado de Residuos Grasos, S.L.U.
- Reciclados Ecológicos de Residuos, S.L.U.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

- Biodiesel Mediterráneo, S.L.U.
- Participaciones Internacionales Autometal Dos, S.L.U.
- PIA Forging Products, S.L.U.
- Industrias Amaya Tellería, S.A.U.
- Mecanizaciones del Sur - Mecasur, S.A.
- CIE Automotive Goiaín, S.L.U.
- CIE Automotive Boroa, S.L.U.
- CIE Roof Systems, S.L.U.

In addition, the following companies are taxed under the regulation of Spanish Territory Regime:

- Grupo Componentes Vilanova, S.L. (representative of the Tax Group)
- Biosur Transformación, S.L.U.
- Advanced Comfort Systems Ibérica, S.L.U.
- Denat 2007, S.L.U.

Outside Spain the following fiscal groups exist:

- In Germany: led by the company Mahindra Forgings Europe AG and in which also participate the followings: Gesenkschmiede Schneider GmbH, Jeco Jellinghaus GmbH and Falkenroth Umformtechnik GmbH.
- In the United States:
 - o led by the company CIE Automotive USA Inc and in which also participate Century Plastics LLC, Newcor, Inc, Owosso Realty, LLC, Corunna Realty, Corp, Clifford Realty Corp, Machine Tools and Gears, Inc, Rochester Gears, Inc, CIE Investments USA, Inc., Golde Auburn Hills, LLC and Golde South Africa, LLC.
 - o led by the company Somaschini International Inc. and in which also participate Somaschini North America, LLC. and Somaschini Realty, LLC.
- In Italy: led by the company Somaschini, S.p.A. and in which also participates Somaschini Automotive SRL.

The other CIE Automotive Group companies file individual returns.

In general terms, the years that have not lapsed under applicable tax legislation in each Group company are open to inspection. These range from 4 to 6 years from the date the obligation falls due and the tax filing period ends.

The tax law applicable to the corporate income tax returns for 2021 and 2020 for the parent company is Regional Law 11/2013 of 5 December, applicable in the Territory of Bizkaia, modified by the Regional Law 2/2018 of 12 March.

As a consequence of different interpretations of the tax laws, among others, it could appear additional tax liabilities due to the potential tax audits. Notwithstanding, the Company's Directors consider that such tax liabilities, if any, would not have a significant impact on the interim financial consolidated statements.

14. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to the parent company's shareholders by the weighted average number of ordinary shares in the year, excluding treasury shares acquired by the parent company (Note 10).

	30.06.2021	30.06.2020
Profit attributable to the Parent company's shareholders (thousand euro)	148,214	58,297
Weighted average number of ordinary shares outstanding (thousand)	122,495	127,446
BASIC EARNINGS	1.210	0.458
Basic earnings per share from continuing activities (euro per share)	1.207	0.457
Basic earnings per share from discontinued activities (euro per share)	0.003	0.001

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

15. Dividends per share

On 5 May 2021, the shareholders' Meeting of CIE Automotive, S.A. agreed the distribution of the individual result of the 2020 fiscal year, approving the distribution of a complementary dividend of €0.25 gross per share entitled to a dividend, which amounted to a total of €30,624 thousand. The payment has been effective on 6 July 2021.

On 16 December 2020, the Board of Directors approved the payment of an interim dividend from 2020 profit of €0.25 gross per share, implying a total pay-out of €30,638 thousand. Payment has been effective on 7 January 2021.

On 29 April 2020, the shareholders' Meeting of CIE Automotive, S.A. agreed the distribution of the individual result of the 2019 fiscal year, approving the distribution of a complementary dividend of €0.37 gross per share entitled to a dividend, which amounted to a total of €46,206 thousand. The payment was effective on 6 July 2020.

On 4 December 2019, the Board of Directors approved the payment of an interim dividend from 2019 profit of €0.37 gross per share carrying dividend rights, implying a total pay-out of €47,730 thousand. Payment was effective on 3 January 2020.

16. Commitments

Capital expenditure agreements committed for at the period end, but not yet incurred is as follows:

Thousand euro	30.06.2021	31.12.2020
Property, plant and equipment	41,311	33,410

These investments are financed mainly through the cash generated by the Group's activities and structured via payment agreements with suppliers and equipment vendors and if necessary, bank borrowings.

17. Related party transactions

The direct shareholders of the Group (including non-controlling interests), key executive managers, close relatives and those companies consolidated using the equity method are considered as related parties.

The following transactions were carried out with related parties:

- Remuneration and loans to the parent company's Directors and Senior management personnel

Total remuneration paid in the six-month period ended 30 June 2021 to the members of the Board of Directors, consisting of salaries, per diems and other remuneration was €1,672 thousand (30 June 2020: €1,839 thousand). The members of the Board of Directors received no compensation in respect of per diems, bonuses or profit-sharing arrangements. Nor did they receive shares, or sell or exercise stock options or other rights related to pension plans or insurance policies of which they are beneficiaries.

The total remuneration paid in the six-month period ended 30 June 2021 to senior management staff of the CIE Automotive Group, excluding the amounts included in the section on the remuneration paid to the Board of Directors was €2,158 thousand (30 June 2020: €2,260 thousand).

As explained in Note 26 within the Consolidated Annual Accounts of the Group of the year 2020, the Board of Directors of CIE Automotive agreed in 2018 to implement a plan to allow the participation of certain employees in the company's share capital. The total nominal amount of loans to members of the key management, pending collection as of 30 June 2021 and 31 December 2020 amount to €8,330 thousand. These loans, which meet the conditions to be considered as full recourse, are valued at fair value, and are classified under non-current financial assets in the consolidated interim balance sheet (Note 7).

The Group has not entered into no obligations relating to pensions or other types of complementary retirement remunerations with senior management personnel.

- Remuneration based on the share's price

At the General Shareholders' Meeting held on 24 April 2018, the concession was approved, for the CEO, of a long-term incentive based on the evolution of the share price of CIE Automotive, S.A.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

The incentive consists of the payment of a total extraordinary remuneration resulting from multiplying 1,450,000 rights by the increase in the value of the share price of CIE Automotive, S.A. during a maximum period of 9 years (reference periods), with a base price of €21.30 per share and the closing value of the average of the contribution corresponding to the last quarter of the periods completed within the established period, in the terms approved by the General Shareholders' Meeting.

- Other related-party balances and transactions

Balances in thousand euro	30.06.2021⁽¹⁾	31.12.2020
Receivables from related parties	32,983	32,405
Payables to related parties	(4,889)	(5,182)
Loans and credits from related parties	5,169	1,949
Advances to related parties (Note 7)	9,100	9,100
Receivable balances with entities with significant influence	16,800	16,800
Payable balances with entities with significant influence	(34,000)	(34,000)
Dividend payable (Note 15)	(30,624)	(30,638)

Transactions in thousand euro	30.06.2021⁽¹⁾	30.06.2020
Revenue from the sale of goods ^(**) and scrap ^(***)	100,478	42,073
Purchases ^(**)	9,291	2,908
Rendered services	770	8
Reception of services	2,452	2,313
Finance cost	199	43

⁽¹⁾ The balances and transactions as 30 June 2021 have been prepared according to the definition of related parties applicable for listed companies included in the Spanish Law 5/2021, which is effective on 4 July 2021.

^(**) Both revenue from the sale of goods and purchases relate mainly to sales - purchases of parts with the Mahindra & Mahindra group amounting to €66 million and €9 million, respectively as of 30 June 2021 (€35 million and €3 million respectively as of 30 June 2020).

^(***) Revenue from the sale of scrap mainly relates to sales to companies controlled by Gescrap group amounting to €32 million as of 30 June 2021 (30 June 2020: €6 million), and are registered as "other operating income" on the consolidated income statement.

18. Subsequent events

As of the date of preparation of these abbreviated interim Consolidated Financial Statements, there have been no significant events subsequent to the end of the financial year 2021 that could alter or have any effect on the abbreviated interim Consolidated Financial Statements for the six-month period ended on 30 June 2021.

APPENDIX: LIST OF SUBSIDIARIES, JOINT ARRANGEMENT AND ASSOCIATES

Company	Parent company	Activity	Location	% effective	
				Direct	Indirect
CIE Berriz, S.L. (*)	CIE Automotive, S.A.	Holding company	Biscay	100.00%	-
Belgium Forge, N.V. (dormant)	CIE Berriz, SL	Manufacture of auto parts	Belgium	-	100.00%
CIE Udalbide, S.A.U.	CIE Berriz, SL	Manufacture of auto parts	Biscay	-	100.00%
CIE Mecauto, S.A.U.	CIE Berriz, SL	Manufacture of auto parts	Álava/Araba	-	100.00%
Mecanizaciones del Sur-Mecatur, S.A.	CIE Berriz, SL	Manufacture of auto parts	Álava/Araba	-	100.00%
Gameko Fabricación de Componentes, S.A.	CIE Berriz, SL	Manufacture of auto parts	Álava/Araba	-	100.00%
Grupo Componentes Vilanova, SL	CIE Berriz, SL	Manufacture of auto parts	Barcelona	-	100.00%
Alurecy, S.A.U.	CIE Berriz, SL	Manufacture of auto parts	Biscay	-	100.00%
Componentes de Automoción Recytec, S.L.U.	CIE Berriz, SL	Manufacture of auto parts	Álava/Araba	-	100.00%
Componentes de Dirección Recylan, S.L.U.	CIE Berriz, SL	Manufacture of auto parts	Navarre	-	100.00%
Nova Recyd, S.A.U.	CIE Berriz, SL	Manufacture of auto parts	Álava/Araba	-	100.00%
Recyde, S.A.U.	CIE Berriz, SL	Manufacture of auto parts	Gipuzkoa	-	100.00%
Recyde CZ, s.r.o.	CIE Berriz, SL	Manufacture of auto parts	Czechia	-	100.00%
CIE Zdáňice, s.r.o.	CIE Berriz, SL	Manufacture of auto parts	Czechia	-	100.00%
Alcasting Legutiano, S.L.U.	CIE Berriz, SL	Manufacture of auto parts	Álava/Araba	-	100.00%
Egaña 2, SL	CIE Berriz, SL	Manufacture of auto parts	Biscay	-	100.00%
Inyectametal, S.A.	CIE Berriz, SL	Manufacture of auto parts	Biscay	-	100.00%
Orbelan Plásticos, S.A.	CIE Berriz, SL	Manufacture of auto parts	Gipuzkoa	-	100.00%
Transformaciones Metalúrgicas Norma, S.A.	CIE Berriz, SL	Manufacture of auto parts	Gipuzkoa	-	100.00%
Plasfil Plásticos da Figueira, S.A. ⁽¹⁾	CIE Berriz, SL	Manufacture of auto parts	Portugal	-	100.00%
CIE Stratis-Tratamentos, Ltda.	Plasfil Plásticos da Figueira, S.A.	Manufacture of auto parts	Portugal	-	100.00%
CIE Metal CZ, s.r.o.	CIE Berriz, SL	Manufacture of auto parts	Czechia	-	100.00%
CIE Plasty CZ, s.r.o.	CIE Berriz, SL	Manufacture of auto parts	Czechia	-	100.00%
CIE Unitools Press CZ, a.s.	CIE Berriz, SL	Manufacture of auto parts	Czechia	-	100.00%
CIE Joamar, s.r.o.	CIE Berriz, SL	Manufacture of auto parts	Czechia	-	100.00%
CIE Automotive Maroc, s.a.r.l. d'au	CIE Berriz, SL	Manufacture of auto parts	Morocco	-	100.00%
CIE Praga Louny, a.s.	CIE Berriz, SL	Manufacture of auto parts	Czechia	-	100.00%
CIE Deutschland, GmbH	CIE Berriz, SL	Facilities	Germany	-	100.00%
Leaz Valorización, S.L.U. (without activity)	CIE Berriz, SL	Waste management and recovery	Biscay	-	100.00%
CIE Compiègne, S.A.S.	CIE Berriz, SL	Manufacture of auto parts	France	-	100.00%
Biosur Transformación, S.L.U. ⁽²⁾	CIE Berriz, SL	Biofuels	Huelva	-	100.00%
Comlube s.r.l. (dormant) ⁽²⁾	CIE Berriz, SL	Biofuels	Italy	-	80.00%
Glycoleo s.r.l. (without activity) ⁽²⁾	Comlube s.r.l.	Biofuels	Italy	-	40.80%
Biocombustibles de Guatemala, S.A. ⁽²⁾	CIE Berriz, SL	Biofuels	Guatemala	-	51.00%
Gestión de Aceites Vegetales, S.L. ⁽¹⁾⁽²⁾	CIE Berriz, SL	Biofuels	Madrid	-	88.73%
Reciclado de Residuos Grasos, S.L.U. ⁽²⁾	Gestión de Aceites Vegetales, S.L.	Biofuels	Madrid	-	88.73%
Reciclados Ecológicos de Residuos, S.L.U. ⁽²⁾	CIE Berriz, SL	Biofuels	Alicante	-	100.00%
Recogida de Aceites y Grasas Maresme, S.L. ⁽²⁾	CIE Berriz, SL	Biofuels	Barcelona	-	100.00%
Biodiesel Mediterráneo, S.L.U. ⁽²⁾	CIE Berriz, SL	Biofuels	Alicante	-	100.00%
Denat 2007, S.L.U.	CIE Berriz, SL	Manufacture of auto parts	Pontevedra	-	100.00%
Industrias Amaya Tellería, S.A.U.	CIE Berriz, SL	Manufacture of auto parts	Biscay	-	100.00%
MAR SK, s.r.o.	CIE Berriz, SL	Manufacture of auto parts	Slovakia	-	100.00%
Autocom Componentes Automotivos do Brasil Ltda.	CIE Berriz, SL	Manufacture of auto parts	Brazil	-	100.00%

APPENDIX: LIST OF SUBSIDIARIES, JOINT ARRANGEMENT AND ASSOCIATES

Company	Parent company	Activity	Location	% effective	
				Direct	Indirect
GAT México, S.A. de C.V.	CIE Berriz, SL	Manufacture of auto parts	Mexico	-	100.00%
SC CIE Matricon, S.A.	CIE Berriz, SL	Manufacture of auto parts	Romania	-	100.00%
CIE Automotive Parts (Shanghai) Co., Ltd.	CIE Berriz, SL	Manufacture of auto parts	People's Republic of China	-	100.00%
CIE Automotive Rus, LLC	CIE Berriz, SL	Manufacture of auto parts	Russia	-	100.00%
CIE Automotive Goian, S.L.U.	CIE Berriz, SL	Manufacture of auto parts	Álava/Araba	-	100.00%
Somaschini, S.p.A. ^{(1)(5)(*)}	CIE Berriz, SL	Manufacture of auto parts	Italy	-	100.00%
Somaschini Automotive, SRL ^{(1)(*)}	Somaschini, SPA	Manufacture of auto parts	Italy	-	100.00%
Somaschini International, Inc ^{(1)(*)}	Somaschini Automotive, SRL	Holding company	USA	-	100.00%
Somaschini North America, LLC ⁽¹⁾	Somaschini International, Inc	Manufacture of auto parts	USA	-	100.00%
Somaschini Realty, LLC ⁽¹⁾	Somaschini International, Inc	Real state	USA	-	100.00%
Autometal, Ltda. ^{(2)(*)}	CIE Berriz, SL	Manufacture of auto parts	Brazil	-	100.00%
Durametal, S.A.	Autometal, Ltda.	Manufacture of auto parts	Brazil	-	84.88%
Autometal SBC Injeção e Pintura de Plásticos Ltda. ⁽³⁾	Autometal, Ltda.	Manufacture of auto parts	Brazil	-	100.00%
Autometal Investimentos e Imóveis, Ltda. ^(*)	Autometal, Ltda.	Facilities	Brazil	-	100.00%
Gescrap-Autometal Comércio de Sucatas Ltda	Autometal Investimentos e Imóveis, Ltda.	Scrap	Brazil	-	30.00%
Jardim Sistemas Automotivos e Industriais, S.A.	Autometal, Ltda.	Manufacture of auto parts	Brazil	-	100.00%
Metalúrgica Nakayone, Ltda.	Autometal, Ltda.	Manufacture of auto parts	Brazil	-	100.00%
Autometal ML Cromação, Pintura e Injeção de Plásticos Ltda	Autometal, Ltda.	Manufacture of auto parts	Brazil	-	100.00%
CIE Automotive de México SAPI de C.V. ^(*) ⁽⁶⁾	CIE Berriz, SL	Holding company	Mexico	-	100.00%
Pintura y Ensamblados de México, S.A. de C.V.	CIE Automotive de México SAPI de C.V.	Manufacture of auto parts	Mexico	-	100.00%
CIE Celaya, S.A.P.I. de C.V.	CIE Automotive de México SAPI de C.V.	Manufacture of auto parts	Mexico	-	100.00%
Gescrap Autometal de Mexico, S.A. de C.V. ^(*)	CIE Automotive de México SAPI de C.V.	Scrap	Mexico	-	30.00%
Gescrap Autometal Mexico Servicios, S.A. de C.V.	Gescrap Autometal de Mexico, S.A. de C.V.	Facilities	Mexico	-	30.00%
Pintura, Estampado y Montaje, S.A.P.I. de C.V.	CIE Automotive de México SAPI de C.V.	Manufacture of auto parts	Mexico	-	100.00%
Maquinados Automotrices y Talleres Industriales de Celaya, S.A. de C.V.	CIE Automotive de México SAPI de C.V.	Manufacture of auto parts	Mexico	-	100.00%
CIE Berriz México Servicios Administrativos, S.A. de C.V.	CIE Automotive de México SAPI de C.V.	Facilities	Mexico	-	100.00%
Nugar, S.A. de C.V.	CIE Automotive de México SAPI de C.V.	Manufacture of auto parts	Mexico	-	100.00%
Percaser de México, S.A. de C.V.	CIE Automotive de México SAPI de C.V.	Facilities	Mexico	-	100.00%
Servicat S. Cont., Adm. y Técnicos, S.A. de C.V.	CIE Automotive de México SAPI de C.V.	Facilities	Mexico	-	100.00%
Maquinados de Precisión de México S. de R.L. de C.V. ⁽⁴⁾	CIE Automotive de México SAPI de C.V.	Manufacture of auto parts	Mexico	-	100.00%
CIE Plásticos México, S.A. de C.V.	CIE Automotive de México SAPI de C.V.	Manufacture of auto parts	Mexico	-	100.00%
CIE Automotive USA, Inc ^(*)	CIE Automotive de México SAPI de C.V.	Facilities	USA	-	100.00%
CIE Investments USA, Inc	CIE Automotive USA, Inc	Holding Company	USA	-	100.00%
Century Plastics, LLC ^(*)	CIE Automotive USA, Inc	Manufacture of auto parts	USA	-	100.00%
Century Plastics Real State Holdings, LLC	Century Plastics, LLC	Real state	USA	-	100.00%
Newcor, Inc ^(*)	CIE Automotive USA, Inc	Holding company	USA	-	100.00%
Owosso Realty, LLC	Newcor, Inc	Real state	USA	-	100.00%

APPENDIX: LIST OF SUBSIDIARIES, JOINT ARRANGEMENT AND ASSOCIATES

Company	Parent company	Activity	Location	% effective	
				Direct	Indirect
Corunna Realty, Corp.	Newcor, Inc	Real state	USA	-	100.00%
Clifford Realty, Corp.	Newcor, Inc	Real state	USA	-	100.00%
Machine, Tools and Gear, Inc	Newcor, Inc	Manufacture of auto parts	USA	-	100.00%
Rochester Gear, Inc	Newcor, Inc	Manufacture of auto parts	USA	-	100.00%
Golde South Africa, LLC	CIE Automotive USA, Inc	Distributor company	USA	-	100.00%
Golde Auburn Hills, LLC	CIE Automotive USA, Inc	Manufacture of auto parts	USA	-	100.00%
Participaciones Internacionales Autometal Dos, S.LU. ⁽¹⁾	CIE Berriz, S.L.	Holding company	Biscay	-	100.00%
PIA Forging Products, S.LU.	Participaciones Internacionales Autometal Dos S.LU.	Holding company	Biscay	-	100.00%
Mahindra CIE Automotive Ltd. ⁽¹⁾	Participaciones Internacionales Autometal Dos S.LU.	Manufacture of auto parts	India	-	60.76%
Stokes Group Limited ⁽²⁾	Mahindra CIE Automotive Ltd.	Manufacture of auto parts	United Kingdom	-	60.76%
CIE Galfor, S.A.U. ⁽¹⁾	Mahindra CIE Automotive Ltd.	Manufacture of auto parts	Orense	-	60.76%
Mahindra Forgings Europe AG ⁽¹⁾	CIE Galfor, S.A.U.	Holding company	Germany	-	60.76%
Gesensschmiede Schneider GmbH	Mahindra Forgings Europe AG	Manufacture of auto parts	Germany	-	60.76%
Jeco Jellinghaus GmbH	Mahindra Forgings Europe AG	Manufacture of auto parts	Germany	-	60.76%
Falkenroth Umformtechnik GmbH	Mahindra Forgings Europe AG	Manufacture of auto parts	Germany	-	60.76%
Schoneweiss & Co. GmbH	Mahindra Forgings Europe AG	Manufacture of auto parts	Germany	-	60.76%
CIE Legazpi, S.A.U.	CIE Galfor, S.A.U.	Manufacture of auto parts	Gipuzkoa	-	60.76%
UAB CIE LT Forge	CIE Galfor, S.A.U.	Manufacture of auto parts	Lithuania	-	60.76%
Galfor Eólica, S.L.	CIE Galfor, S.A.U.	Power generation and trade	Orense	-	15.19%
Metalcastello S.p.A.	CIE Galfor, S.A.U.	Manufacture of auto parts	Italy	-	60.74%
BillForge de Mexico S de RL de CV	Mahindra CIE Automotive Ltd.	Manufacture of auto parts	Mexico	-	60.76%
BF Precision Pvt. Ltd.	Mahindra CIE Automotive Ltd.	Manufacture of auto parts	India	-	60.76%
Aurangabad Electricals, Ltd. ⁽¹⁾	Mahindra CIE Automotive Ltd.	Manufacture of auto parts	India	-	60.76%
AE Deutschland GmbH	Aurangabad Electricals, Ltd.	Manufacture of auto parts	Germany	-	60.76%
Gescrap India Pvt. Ltd.	Mahindra CIE Automotive Ltd.	Manufacture of auto parts	India	-	18.23%
Advanced Comfort Systems Ibérica, S.L.U.	CIE Automotive, S.A.	Manufacture of auto parts	Orense	100.00%	-
Advanced Comfort Systems France, S.A.S. ⁽¹⁾	CIE Automotive, S.A.	Manufacture of auto parts	France	100.00%	-
Advanced Comfort Systems Romania, S.RL	Advanced Comfort Systems France, S.A.S.	Manufacture of auto parts	Romania	-	100.00%
Advanced Comfort Systems México, S.A. de C.V.	Advanced Comfort Systems France, S.A.S.	Manufacture of auto parts	Mexico	-	100.00%
Advanced Comfort Systems Shanghai Co. Ltd. ⁽¹⁾	Advanced Comfort Systems France, S.A.S.	Manufacture of auto parts	People's Republic of China	-	100.00%
Advanced Comfort Systems Wuhan Co. Ltd.	Advanced Comfort Systems Shanghai Co. Ltd.	Manufacture of auto parts	People's Republic of China	-	100.00%
Autokomp Ingeniería, S.A.U. ⁽¹⁾	CIE Automotive, S.A.	Facilities	Biscay	100.00%	-
Forjas de Celaya, S.A. de C.V.	Autokomp Ingeniería, S.A.U.	Manufacture of auto parts	México	-	100.00%
Nanjing Automotive Forging Co., Ltd.	Autokomp Ingeniería, S.A.U.	Manufacture of auto parts	People's Republic of China	-	50.00%
Componentes Automotivos Taubaté, Ltda. ⁽¹⁾	Autokomp Ingeniería, S.A.U.	Holding company	Brazil	-	100.00%
Autoforjas, Ltda.	Componentes Automotivos Taubaté, Ltda.	Manufacture of auto parts	Brazil	-	100.00%

APPENDIX: LIST OF SUBSIDIARIES, JOINT ARRANGEMENT AND ASSOCIATES

Company	Parent company	Activity	Location	% effective	
				Direct	Indirect
CIE Automotive Boroa, S.L.U.	CIE Automotive, S.A.	Financing	Biscay	100.00%	-
CIE Roof Systems, S.L.U. ⁽¹⁾	CIE Automotive, S.A.	Holding company	Biscay	100.00%	-
Golde Holding, BV ⁽²⁾	CIE Roof Systems, S.L.U.	Holding company	The Netherlands	-	100.00%
Golde Tianjin Co., Ltd.	Golde Holding, BV	Manufacture of auto parts	People's Republic of China	-	100.00%
Golde Wuhan Co., Ltd.	Golde Holding, BV	Manufacture of auto parts	People's Republic of China	-	100.00%
Golde Shandong Co., Ltd.	Golde Holding, BV	Manufacture of auto parts	People's Republic of China	-	100.00%
Golde USA, LLC ⁽³⁾	CIE Roof Systems, S.L.U.	Holding company	USA	-	100.00%
Inteva Products (Barbados), Ltd. ⁽⁴⁾	Golde USA, LLC	Holding company	Barbados	-	100.00%
Golde Shanghai Co., Ltd.	Inteva Products (Barbados), Ltd.	Manufacture of auto parts	People's Republic of China	-	100.00%
Golde Changchun Co., Ltd.	Inteva Products (Barbados), Ltd.	Manufacture of auto parts	People's Republic of China	-	100.00%
CIE Golde Shanghai Innovation Co., Ltd.	Inteva Products (Barbados), Ltd.	Technology center	People's Republic of China	-	100.00%
Golde Netherlands, BV ⁽⁵⁾	CIE Roof Systems, S.L.U.	Holding company	The Netherlands	-	100.00%
Golde Bengaluru India Pvt Ltd.	Golde Netherlands, BV	Technology center	India	-	100.00%
Roof Systems Germany, GmbH	Golde Netherlands, BV	Technology center	Germany	-	100.00%
Golde Oradea, SRL	Golde Netherlands, BV	Manufacture of auto parts	Romania	-	100.00%
Golde Lozorno, Spol, s.r.o.	Golde Netherlands, BV	Manufacture of auto parts	Slovakia	-	100.00%
Golde Mexico Holdings, LLC ⁽⁶⁾	Golde Netherlands, BV	Holding company	USA	-	100.00%
Automotive Mexico Body Systems, S. de R.L. de C.V.	Golde Mexico Holdings, LLC	Manufacture of auto parts	Mexico	-	100.00%
SIR S.A.S. ⁽⁷⁾	Golde Netherlands, BV	Holding company	France	-	100.00%
Shanghai Golde Automotive Parts Co., Ltd. ⁽⁸⁾	SIR S.A.S.	Manufacture of auto parts	People's Republic of China	-	50.00%
Golde Automotive Parts (Ningde) Co., Ltd.	Shanghai Golde Automotive Parts Co., Ltd.	Manufacture of auto parts	People's Republic of China	-	50.00%

- (1) Companies added to the consolidation scope in 2020 together with their subsidiaries.
(2) Discontinued companies as of 30 June 2021.
(3) Merged in 2020 with Autocromo Cromação de Plásticos Ltda.
(4) Merged in 2020 with Cortes de Precisión de México S. de R.L. de C.V.
(5) Merged in 2020 with Immobiliare Somaschini S.p.A. and CIE Immobiliare Italia, SRL
(6) Name change from CIE Autometal de México, S.A. de C.V. to CIE Automotive de México, SAPI de C.V.
(7) Name change from Autometal, S.A. to Autometal, Ltda.
(8) Parent of all investees listed subsequently in the table

PREPARATION OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to current legislation, all the directors who, as of today's date, make up the Board of Directors of CIE Automotive, S.A. have drafted the abbreviated interim consolidated financial statements for the six-month period ended 30 June 2020 and have signed this document in witness thereof.

Similarly, the Directors declare that, to the best of their knowledge, the abbreviated interim consolidated financial statements prepared in accordance with applicable accounting principles present fairly the financial position and results of the issuer and companies included in the consolidation taken as a whole and include a fair analysis of the performance and results of the business and position of the issuer and companies included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties which they face.

In Bilbao, on 28 July 2021



EARNINGS RELEASE

June 2021

Managing high value-added processes

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- *CIE's management uses recurrently and in a consistent way during business management certain Alternative Performance Measures, APM which include terms about results, balance sheet and cash flow. CIE understands that those APMs are helpful to explain its activity evolution, so they are presented, defined and reconciled with financial statements in this presentation's Appendix.*



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 - 4** CIE in Stock Exchange
- Appendix

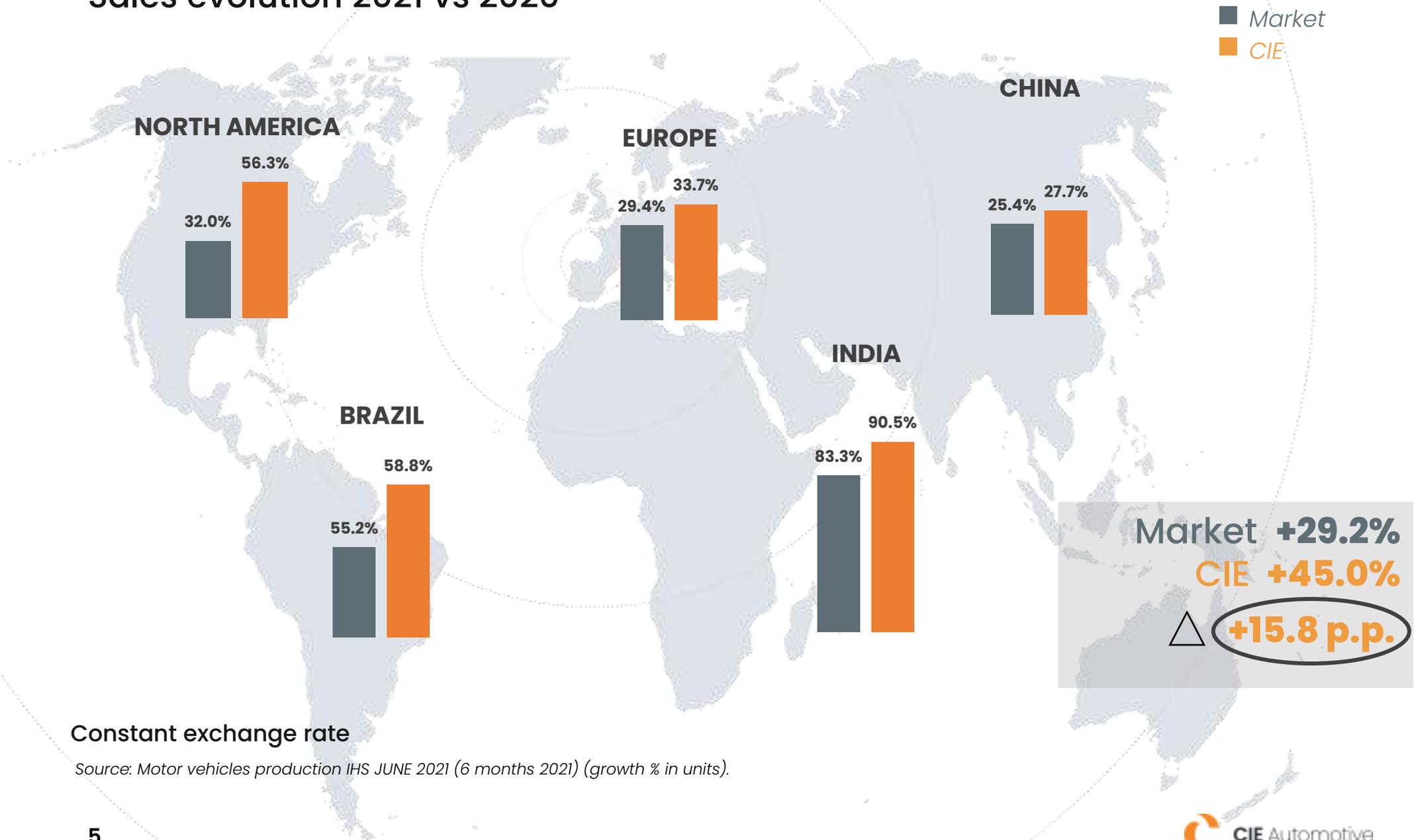
1. June 2021 Results

Highlights S1 2021

01	Increasing market share	+15.8 p.p. <i>vs market</i>	+45%^(*) vs S1 2020
02	Record margin in current perimeter ⁽¹⁾	18.0% <small>EBITDA MARGIN</small> <i>vs 12.7% S1 2020</i>	PROFORMA STARTING POINT ≈ 16%
03	Net Income S1 2021	148.2 €m	CONTINUING WITH OUR GROWTH PATH
04	Operating Cash Generation last 12 months	370.8 €m <i>67% OPERATING CASH/EBITDA</i>	EXCELLENT LEVEL OF CASH GENERATION
05	Decrease of Net Financial Debt	▼ 246 €m <i>VS. JUNE 2020</i>	NFD/EBITDA FROM 3.91X TO 2.59X
06	Liquidity Reserve	1,289 €m	STRONG LIQUIDITY POSITION WITH STRICT CASH MANAGEMENT
07	Analyst recommendations	100% <i>DO NOT SELL</i>	TARGET PRICE CONSENSUS 29.53€

1. June 2021 Results

Sales evolution 2021 vs 2020



Constant exchange rate

Source: Motor vehicles production IHS JUNE 2021 (6 months 2021) (growth % in units).

1. 1S 2021 Results

€m	30/06/2020	30/06/2021	
Turnover	1,208.2	1,681.6	+39%
EBITDA	153.5	302.8	+97%
% EBITDA on turnover	12.7%	18.0%	
EBIT	90.2	220.6	+145%
% EBIT on turnover	7.5%	13.1%	
EBT	65.2	201.0	+208%
Net income	58.3	148.2	+154%

- *We are on pre-covid levels even with:*
 - **5.7 million** fewer **cars** produced (S1 2021 vs S1 2019) and
 - the negative impact of currency conversion (**107 €m** in turnover and **11 €m** in Net income S1 2021 vs S1 2019)

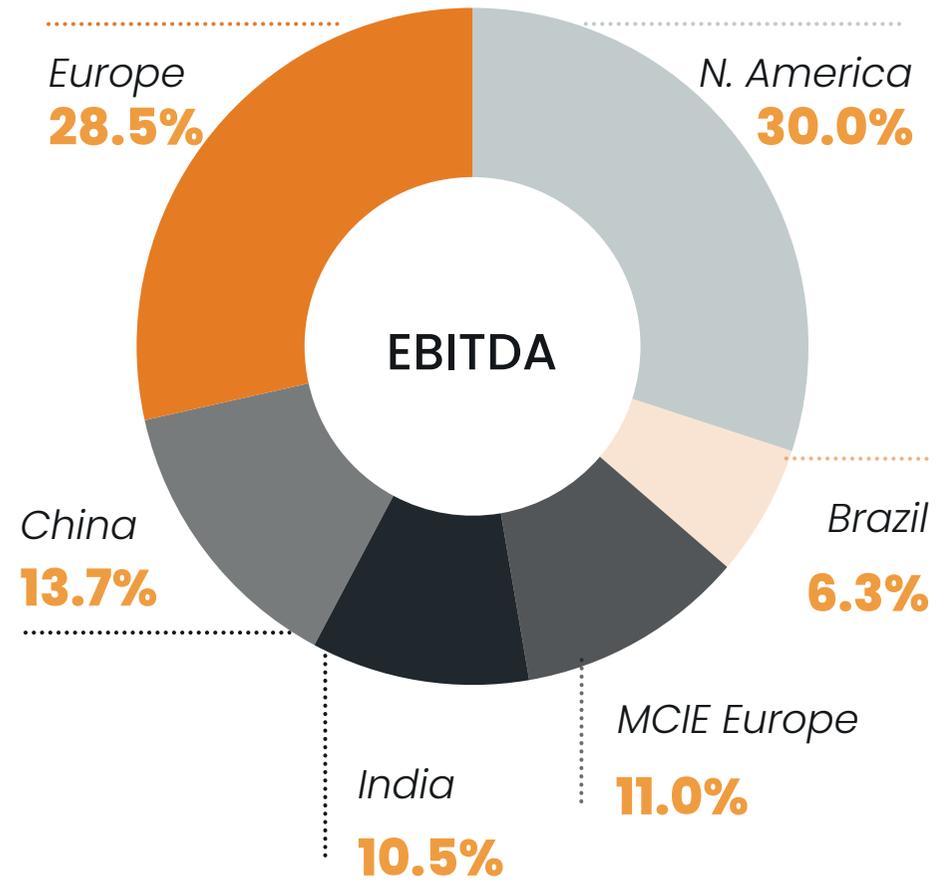
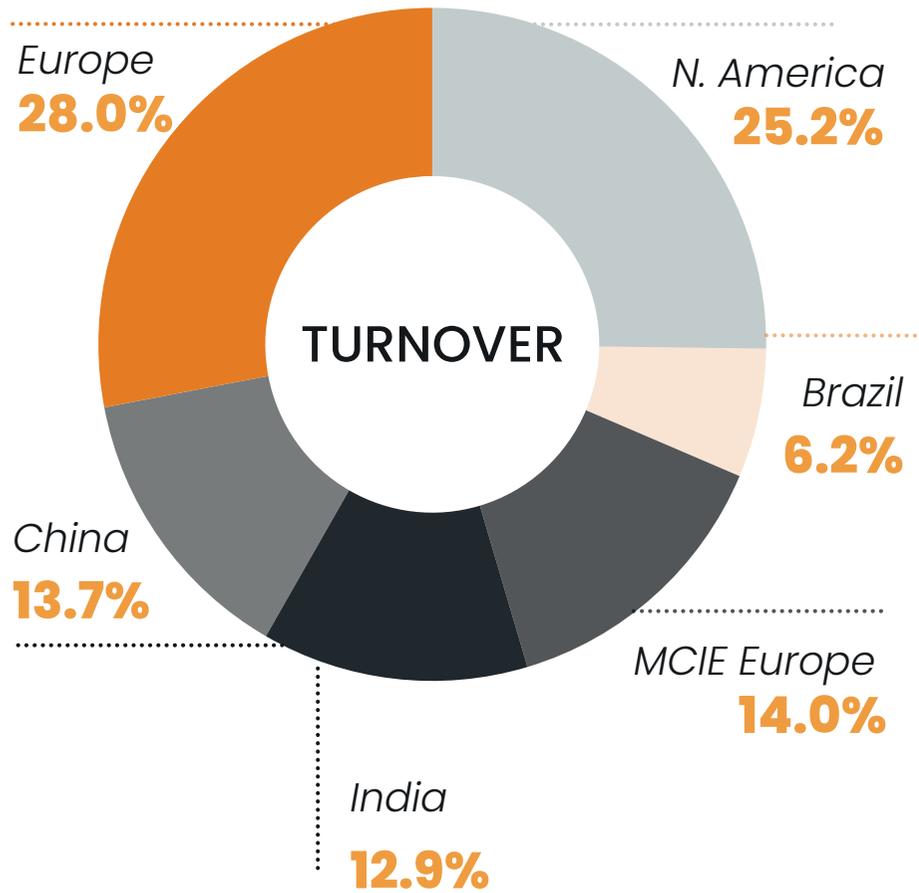
1. Q2 2021 Results

€m	Q2 2020	Q2 2021	
Turnover	386.2	807.8	+109%
EBITDA	13.2	145.6	+1,003%
% EBITDA on turnover	3.4%	18.0%	
EBIT	(14.1)	104.3	+839%
% EBIT on turnover	-3.7%	12.9%	
EBT	(30.2)	92.4	+406%
Net income	(14.5)	70.0	+583%

- The *operating margins continue to improve*, which were diluted with the last acquisitions pre-covid (EBITDA proforma ≈16%; EBIT Proforma ≈ 11%)

1. June 2021 Results

2021 Divisions Contribution



1. June 2021 Results

2021 Divisions Profitability

● NORTH AMERICA

EBITDA **21.5%**

EBIT **17.0%**

● BRAZIL

EBITDA **18.2%**

EBIT **14.1%**

● MCIE EUROPE

EBITDA **14.2%**

● EUROPE

EBIT **9.9%**

EBITDA **18.3%**

EBIT **11.7%**

● CHINA

EBITDA **17.9%**

EBIT **14.8%**

● INDIA

EBITDA **14.6%**

EBIT **10.0%**

- Excelent margins, **in all geographical areas**

2. Balance sheet

Balance sheet evolution

€m	31/12/2020	30/06/2021
Fixed assets	3,293.2	3,383.6
Net Working Capital	(356.4)	(304.0)
TOTAL NET ASSETS	2,936.8	3,079.6

Equity	995.0	1,198.4
Net Financial Debt	1,594.9	1,532.6
Others (net)	346.9	348.6
TOTAL NET LIABILITIES	2,936.8	3,079.6

Non-recourse factoring

242.2 €m

239.8 €m

2. Balance sheet

Cash Flow

	YTD (*)	LTM (*)
EBITDA	302.8	580.5
Financial Expenses	(16.7)	(37.0)
Maintenance Capex	(46.6)	(94.5)
Tax Payments	(31.1)	(53.0)
IFRS 16 Leases ⁽¹⁾	(12.3)	(25.2)
OPERATING CASH FLOW	196.1	370.8
% EBITDA ⁽²⁾	67.5%	66.8%
Growing Capex	(51.9)	(87.8)
Net Working Capital Variation	(60.9)	82.0
Payments of Dividends	(30.6)	(76.8)
Treasury shares transactions	(1.5)	(38.1)
Business combinations ⁽³⁾	(4.8)	(22.2)
Currency conversion effect in NFD	12.0	1.8
Other movements	3.9	16.0
FINANCIAL CASH FLOW	62.3	245.7

€m	30/06/2020	31/12/2020	30/06/2021
NFD	1,778.3	1,594.9	1,532.6
Adjusted NFD ^(*)	1,770.8	1,575.3	1,523.5

NFD/EBITDA ^(**) **3.91X** **3.59X** **2.59X**

Liquidity Reserve
30/06/2021
1,289 €m

- (1) Payment of rental fees registered in EBITDA according to the application of IFRS 16 standard.
(2) Operating Cash Flow on the value of EBITDA corrected with the effect of the IFRS 16 standard.
(3) Acquisition of additional shares of the listed subsidiary Mahindra Cie Automotive Ltd.
(*) Cash flow of 6 months of 2021 (YTD) and of the last 12 months (LTM).
(**) Adjusted NFD and EBITDA data considering 50% of the Chinese JV SAMAP

3. 2021 Goals

In 2021, CIE will increase its market share and margins thanks to the strategic success in:



ELECTRIC
CAR



COMMITTED
TO
COMFORT



GREATER
PRESENCE
IN ASIA



DEEP
COMMITMENT
TO ESG

3. Goals 2021

Set in 02/21

SALES

Growing in line with the market

Updated in 05/21

Growing a medium-high digit above market

MARGINS

EBITDA Margin >17%

EBITDA Margin >17.5%

OPERATING CASH

Operating cash generation
>60% EBITDA

Operating cash generation \approx 65%
EBITDA

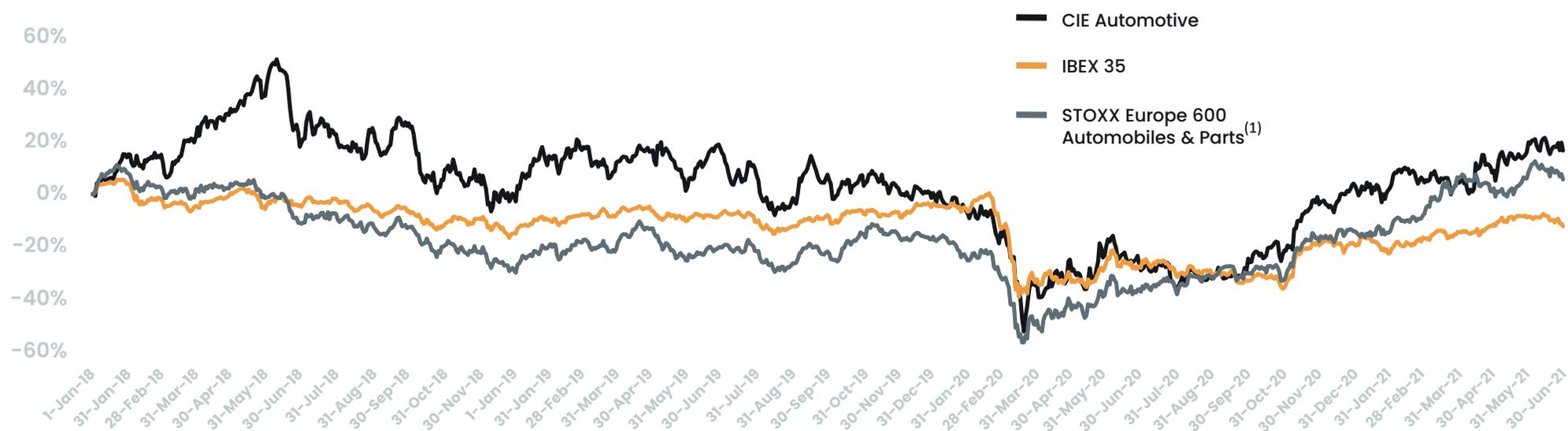
NET FINANCIAL DEBT

Ratio NFD/EBITDA \approx 2.5X

Ratio NFD/EBITDA between 2.3X
and 2.4X

4. CIE in Stock Exchange

Share Price Performance CIE Automotive



Since mid-2018, the financial markets and the Automotive sector have been negatively affected by geopolitical and macroeconomic issues, as well as industry-specific problems.

During 2020 the pandemic severely impacted CIE Automotive's stock when results, quarter after quarter, demonstrated more than ever the strength and resilience of the company.

During the first six months of 2021, the results continue to be excellent and keep CIE on the podium of the most profitable companies in the market. Meanwhile, the share has appreciated by +13% until June, beating the Ibx 35 (+9%) but lagging somewhat behind the STOXX Europe 600 Automobiles & Parts (+23%), which should mean a significant revaluation of the action in coming quarters.

(1) STOXX Europe 600 Automobiles & Parts includes: OEMS: BMW ST, Daimler, Ferrari NV, Fiat, Peugeot, Porsche, Renault & Volkswagen. SUPPLIERS: Faurecia, Michelin, Nokian, Plastic Omnium, Rheinmetall, Schaeffler, Valeo.

APPENDIX I

ALTERNATIVE PERFORMANCE MEASUREMENT (APMs)

PERFORMANCE MEASURES	DEFINITION
EBITDA	Net Operating Income + Depreciation
Adjusted EBITDA	Annualized EBITDA of 12 last months in those companies incorporated to the perimeter during the period. It includes 50% of the Ebitda of Chinese JV SAMAP, which is based on the current agreements with the partner, is consolidated by the equity method.
EBIT	Net Operating Income.
EBT	Earnings before taxes.
Net Income	Recurrent profit attributable to the company's shareholders.
Net Financial Debt (NFD)	Debt with banks and other financial institutions – Cash and equivalents – Other Financial Assets.
Adjusted Net Financial Debt	Net Financial Debt including 50% of Chinese JV SAMAP net financial debt, consolidated by the equity method as per the current partnet agreements reached.



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