



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 918 858 903
Organisasjonsform: Aksjeselskap
Foretaksnavn: GONVARRI MATERIAL HANDLING AS
Forretningsadresse: Østensjøveien 27
0661 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Mørselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: -

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Juan Maria Riberas Mera
Dato for fastsettelse av årsregnskapet: 31.08.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 04.08.2022



Resultatregnskap

Beløp i: EUR	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Utbytte	13	669 000	1 432 000
Sum inntekter		669 000	1 432 000
Kostnader			
Lønn	3	267 000	296 000
Administrasjon	3	140 000	91 000
Amortisering	11	4 000	155 000
Sum kostnader		411 000	542 000
Driftsresultat		258 000	890 000
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	4	156 000	236 000
Annen renteinntekt	4	3 000	
Annen finansinntekt	4	448 000	44 000
Netto agio	4	203 000	
Sum finansinntekter		810 000	280 000
Rentekostnad til foretak i samme konsern	4	249 000	233 000
Annen rentekostnad	4	492 000	318 000
Annen finanskostnad	4	5 000	53 000
Netto agio	4		222 000
Sum finanskostnader		746 000	826 000
Netto finans		64 000	-546 000
Ordinært resultat før skattekostnad		322 000	344 000
Endring utsatt skatt	9	-44 000	-304 000
Ordinært resultat etter skattekostnad		366 000	648 000
Årsresultat		366 000	648 000
Overføringer og disponeringer			
Overføring til annen egenkapital	7	366 000	648 000



Resultatregnskap

Beløp i: EUR	Note	2020	2019
Sum overføringer og disponeringer		366 000	648 000



Balanse

Beløp i: EUR	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Software	11	0	4 000
Utsatt skattefordel	9	830 000	786 000
Sum immaterielle eiendeler		830 000	790 000
Finansielle anleggsmidler			
Investering i datterselskap	5	86 954 000	78 715 000
Lån til foretak i samme konsern	13	3 598 000	3 563 000
Andre fordringer		624 000	624 000
Sum finansielle anleggsmidler		91 176 000	82 902 000
Sum anleggsmidler		92 006 000	83 692 000
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer	6	25 000	3 000
Deposit group bank	12	5 959 000	9 207 000
Konsernfordringer	13	2 109 000	3 210 000
Sum fordringer		8 093 000	12 420 000
Bankinnskudd, kontanter og lignende			
Bank	12	7 622 000	4 200 000
Sum bankinnskudd, kontanter og lignende		7 622 000	4 200 000
Sum omløpsmidler		15 715 000	16 620 000
SUM EIENDELER		107 721 000	100 312 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital



Balanse

Beløp i: EUR	Note	2020	2019
Innskutt egenkapital			
Kapital	7	228 000	228 000
Annen innskutt egenkapital	7	39 457 000	39 457 000
Sum innskutt egenkapital		39 685 000	39 685 000
Opptjent egenkapital			
Annen EK	7	5 006 000	4 697 000
Sum opptjent egenkapital		5 006 000	4 697 000
Sum egenkapital		44 691 000	44 382 000
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	10	208 000	210 000
Sum avsetninger for forpliktelser		208 000	210 000
Annen langsiktig gjeld			
Langsiktig konserngjeld	8	27 775 000	25 057 000
Annen gjeld	8	516 000	965 000
Sum annen langsiktig gjeld		28 291 000	26 022 000
Sum langsiktig gjeld		28 499 000	26 232 000
Kortsiktig gjeld			
Kortsiktig konserngjeld	8	988 000	440 000
Annen kortsiktig gjeld	8	520 000	638 000
Trukket Group Bank	12	33 023 000	28 620 000
Sum kortsiktig gjeld		34 531 000	29 698 000
Sum gjeld		63 030 000	55 930 000
SUM EGENKAPITAL OG GJELD		107 721 000	100 312 000



Gonvarri Material Handling AS 2020
Annual accounts and notes

Board of Director's report
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Auditors' report 2020

.Information is marked as Restricted and belongs to GMH.



**Gonvarri Material Handling AS (GMH)
Organisation number 918 858 903**

Board of Director's report 2020

Information about the nature of business and where the business is run

The company's purpose is trade, production and other economic activities, including participation in Norwegian and foreign companies. The company was founded on March 29, 2017 and is located in Oslo municipality, Norway. The company's main activity is investments in, and further development of, subsidiaries in storage systems.

Statement of the assumption of continues operations

In the annual accounts, continued operating assumptions are assumed, since in the opinion of the Board there are no circumstances which imply otherwise.

Working environment (internal)

The company has two employees at the end of 2020. Services are handled within accounting from Constructor Shared Services AB, Sweden. The working environment is satisfactory. The company had 0 days of sickness absence in 2020. During the year there have been no serious reports of accidents, or accidents that have resulted in material damage or personal injury.

Equality

The company's employees consist of two men. Both the board and the company's management are aware of the societal expectations of measures to promote gender equality in the company and the board.

External environment (external)

The company does not pollute the external environment.

Statement of the financial accounts

It is the Board's opinion that the financial statements give a satisfactory description of the company's position year end.

The company's operating expenses are presented net after deduction of certain costs charged to the company's subsidiaries, the cost amounting to 2.412 tEUR in 2020 vs. 2.595 tEUR in 2019.

The company is financed in Euro, mainly by loan from the company's parent company. Earnings in the company's subsidiaries are mainly in Euro, and thus the value of these will also be in Euro. Due to fluctuations in exchange rates in 2020, net unrealized profit is recorded by 203 tEUR, vs. net unrealized loss -222 tEUR in 2019.

Cash flow through the year is positive by 3.422 tEUR with cash flow from operating, investment and financing activities respectively 85 tEUR, -7.570 tEUR and 10.907 tEUR.

The company's short-term debt amounted to 55% of total debt per 31.12.2020 (53% 2019). This year's equity ratio amounts to 41%, down from 44% in 2019.

Impact of the Covid-19 pandemic

The company is working continuously together with its subsidiaries and owner to manage the impacts of the Covid 19 crisis. All our units are open and our factories are able to produce. We receive raw-materials, manufacture, ship out to customers and install our products at customer sites in all our markets.

Information is marked as Restricted and belongs to GMH.



We follow closely the cash flow in the group, monitoring the inventory levels, customer receivables are followed up more extensively and we are insuring our receivables with a credit institution. Capital expenditures are kept on a minimum and we utilise the options for governmental support where available.

The main portion of the GMH assets consist of shares in subsidiaries. Within the GMH Group we have a common transfer pricing policy where the sales units will be adjusted to a at least a zero EBIT at year end, therefore there is a low risk for any write down of these shares.

Statement that provides a basis for assessing the company's future development

The company's equity is recorded at 44.691 tEUR. The corresponding figure for 2019 was 44.382 tEUR. The company's subsidiaries were behind the 2020 budget due to the Covid 19 situation, the result was however in total showing a positive trend and was better than 2019.

It is estimated which values the total assets of the business represent and estimates of value have been made by discounting future cash flows that the subsidiaries are forecasted to generate. It has not been found necessary to write down any assets as of 31.12.2020.

The general economic development in Europe will affect the company's markets.

The Board emphasizes that there is usually considerable uncertainty associated with assessments of future conditions. During spring 2020, the pandemic spread of Covid-19 virus has affected all markets. The company is prepared to adapt to significant changes in the market situation as quickly as possible and are, together with the subsidiaries and owner, monitoring the development closely.

The accounts of the company have been prepared on the basis of continued operations and the Board confirms that this assumption is present, cf. the description of financing and liquidity above.

Information of market, liquidity and financial risk

The company's subsidiaries operate as a general exposure to developments in general economic conditions. These companies have shown earning improvements that have made the Group and, consequently, the parent company more robust for any adverse effects of such fluctuations.

The parent company has partly financed parts of the group and has consequently been exposed to fluctuations in working capital and cash flow in some of the subsidiaries.

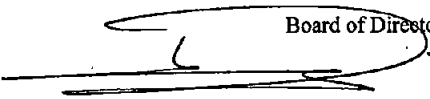
The company's equity is 44.691 tEUR, of which paid equity amounts to 39.685 tEUR. ✓

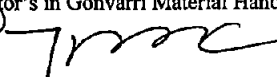
The Board of Director's recommends the following allocation:

Profit for the Year (EUR 1.000)	366
To retained earnings	-366
Total	0

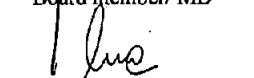
Oslo, 31. August 2021

Board of Director's in Gonvarri Material Handling AS


Juan Maria Riberas Mera
Chairman


Jesus Calvo Moreira
Board member/ MD


Mario Rubiz Escribano
Board Member


Sergio Rodriguez Cuesta
Board Member

Information is marked as Restricted and belongs to GMH.





Gonvarri Material Handling AS

Profit and loss account

<i>in thousands of EUR</i>	Note	1.1-31.12.2020	1.1-31.12.2019
Dividend received	13	669	1,432
Operating income		669	1,432
Wages and other personnel expenses	3	-267	-296
Administration cost	3	-140	-91
Operating profit before depreciation and amortisation		262	1,045
Depreciation and amortisation	11	-4	-155
Operating profit		258	890
Financial income	4	810	58
Financial expenses	4	-746	-604
Profit before tax		322	344
Deferred tax expense	9	44	304
Other tax expense	9	-	-
Net profit/(loss) from ordinary activities		366	648

Profit/(loss) for the year is distributed as follows:

Net profit/(loss) from ordinary activities		366	648
Retained earnings	7	-366	-648
Total		-	-

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Gonvarri Material Handling AS
Balance sheet

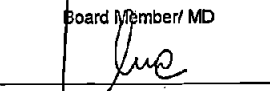
<i>in thousands of EUR</i>	Note	31/12/2020	31/12/2019
Assets			
Intangible assets	11	-	4
Deferred tax asset	9	830 ✓	786
Long term receivable group companies	13	3,598	3,563
Other Financial assets		624 ✓	624
Shares in subsidiaries	5	86,954	78,715
Total financial assets		92,006	83,692
Total non-current assets		92,006	83,692
Short term receivable group companies	13	2,109	3,210
Other Short-term receivable	6	25 ✓	2
Deposit Group Bank	12	5,959 ✓	9,207
Cash and cash equivalents	12	7,622 ✓	4,200
Total current assets		15,715	16,619
Total assets		107,721	100,312
Equity and liabilities			
Paid in capital		228 ✓	228
Share premium reserve		39,457 ✓	39,457
Total paid in capital		39,685	39,685
Gain/loss carried forward		5,006	4,697
Total retained earnings		5,006	4,697
Total equity	7	44,691	44,382
Other financial payable		516 ✓	984
Long-term debt related parties	8.13	25,422	22,922
Long-term debt to group companies	8.13	2,353 ✓	2,135
Total non-current liabilities		28,291	26,022
Pension liability	10	208 ✓	210
Total pension liabilities		208	210
Short-term debt related parties	8.13	652	22
Short-term debt to group companies	8.13	336	418
Other short-term debt	8	520	638
Drawn Group Bank	12	33,023	28,620
Total current liabilities		34,531	29,698
Total equity and liabilities		107,721	100,312

Oslo, 31. August, 2021
Board of Director's in Gonvarri Material Handling AS


Juan Maria Riberas Mera
Chairman


Jesus Calvo Moreira
Board Member/ MD


Mario Ruiz Escribano
Board Member


Sergio Rodriguez Cuesta
Board Member

Information is marked as Restricted and belongs to GMH.





Gonvarri Material Handling AS Statement of cash flows

<i>in thousands of EUR</i>	Note	1.1-31.12.2020	1.1-31.12.2019
Profit before tax		322	344
Net interest expenses		-494	-537
Depreciation and amortization		4	155
Changes in other net operating assets		253	-219
Net cash flow from operating activities		85	-257
Dividend received from Group companies		669	5,200
Change in shares in subsidiaries		-8,239	-30,146
Net cash flow from investing activities		-7,570	-24,946
Change in Group Bank		7,651	10,881
Change in interest-bearing debt Group Companies		756	5,524
Change in interest-bearing debt related party		2,500	-3,800
Change in other financial assets		-	-624
Proceeds from issue of share capital		-	14,000
Net cash flow from financing activities		10,907	25,981
Net change in cash and cash equivalents		3,422	778
Cash and cash equivalents as of 1 January		4,200	3,422
Cash and cash equivalents as of 31 December	12	7,622	4,200

Information is marked as Restricted and belongs to GMH.



Note 1: Accounting principles

Gonvarri Material Handling AS

The financial statements consist of the profit and loss statement, balance sheet and notes to the accounts. The financial statements form a whole. The financial statements have been presented in compliance with the Norwegian Companies Act, the Norwegian Accounting Act and Norwegian generally accepted accounting principles in effect as of December 31, 2020. The financial statements give a true and fair view of assets and liabilities, financial standing and result.

The financial statement is presented in thousands of Euro (EUR). The functional currency of the company is Euro (EUR). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of each transaction. Receivables and liabilities in foreign currencies are translated into the functional currency at the exchange rates at the end of the reporting period. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit and loss.

The financial statements have been prepared based on the fundamental principles governing historical cost accounting, comparability, continued operations, congruence and prudence. Transactions are recorded at their value at the time of the transaction. Income is recognized at the time of delivery of goods or services. Costs are expensed in the same period as the income to which they relate.

In cases where actual figures are not available at the time of the closing of the accounts, generally accepted accounting principles require management to make estimates and assumptions regarding the effect of these items on the statement of profit and loss as well as the balance sheet. Actual results could differ from these estimates.

Costs are expensed in the same period as the income to which they relate is recognized. Costs that cannot be directly related to income are expensed as incurred. All costs related to restructuring and discontinued activities are expensed at the time restructuring or discontinuance is decided upon.

Items which fall due within one year are classified as current assets/liabilities. Other assets are classified as non-current assets and other debt is classified as non-current liabilities. Current assets/liabilities are recognized initially at the lowest/highest of acquisition cost and fair value. Other assets are classified as fixed assets. Fixed assets are recognized at historical cost, with deductions for depreciation. In the event of a decline in value which is not temporary, the fixed asset will be subject to a write-down.

When applying the basic accounting principles and disclosure of transactions and other items, the "substance over form" rule is adopted. Losses which are probable and quantifiable are charged to profit and loss.

Related parties

Parties are classified as related if one party has influence on the decisions of the other party.

Transactions between related parties are mainly based on the arm's lengths principles.

Investments in subsidiaries

Subsidiaries are entities of which the company owns, either directly or indirectly, over fifty percent of the voting rights, or as to which the company has the power, in some other way, to control the entity's operating and financial policies. Subsidiaries are assessed in the balance sheet using the cost method. The company's investments in subsidiaries are valued at the lower of average cost and fair value. If the fair value of an investment in subsidiary is lower than book value, and the decline in value is not temporary, the investment will be written down to fair value. Previous write-downs are reversed when the basis for such write-down is no longer present.

Information is marked as Restricted and belongs to GMH.



Receivables

Receivables are accounted for at face value with deductions for expected loss. If fair value of receivables is lower than book value, and the decline in value is not temporary, the receivables will be written down to fair value.

Previous write-downs are reversed when the basis for such write-down is no longer present.

Pension liabilities and pension costs

Two employees were transferred to the company in 2017 from BSG Norway AS including a pension plan that entitles its members to defined future benefits, called defined benefit plans.

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using 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 to the terms of the related pension obligation. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Assets and liabilities in foreign currency

Cash and cash equivalents, assets and liabilities in foreign currencies are recorded at the year-end exchange rates.

Deferred tax and tax expense

Deferred tax is calculated based on temporary differences between book values and values according to the tax basis for assets and liabilities at year end. For the purposes of calculating deferred tax, nominal tax rates are used. Positive and negative differences are offset to the extent they reverse within the same time-frame. Temporary differences, including carry-forward of unused tax losses, that will constitute a future tax deduction, give rise to a deferred tax asset. The deferred tax expenses for the year is the change in deferred tax assets/ liabilities together with currency differences and changes in deferred tax assets/liabilities related to takeovers.

Information is marked as Restricted and belongs to GMH.



Note 2: Number of employees

Number of employees comprise of the following items:

<i>Number of employees:</i>	2020	2019
Average total year	2.0	2.0
As of 31 December	2.0	2.0

Note 3: Wages and Administration cost

Wages and personnel expense comprise of the following items:

<i>in thousands of EUR</i>	2020	2019
Wages and salaries	-222	-188
Social securities	-25	-28
Pension cost	-49	-56
Other benefits	-1	-1
Total wages and personnel expense	-298	-273
Management fee invoiced from owner	-630	-700
Wages and personnel costs recharged from group companies	-1,751	-1,918
Management fee invoiced subsidiaries	2,412	2,595
Net wages and personnel expense	-267	-296

Administration cost comprise of the following items;

Rent and leasing cost	-10	-10
Consultants and hired services	-205	-232
Other cost	-39	-9
Net recharged costs to group companies	77	81
Net Management fee invoiced subsidiaries without salaries/wages	37	78
Administration cost	-140	-91
Total	-407	-387

The managing director is employed in the spanish mother company, a part of his salary costs is included in the management fee from owner. Gonvarri Material Handling AS has no salary cost to the Managing Director.

Payments/fees to auditors for Gonvarri Material Handling are included in administration expenses and have the following split:

<i>in thousands of EUR</i>	2020	2019
Audit	102	105
Other advisory services	14	15
Total	116	120

Note 4 : Financial items

Financial items comprise of the following items;

<i>in thousands of EUR</i>	2020	2019
Interest income	159	236
Net foreign exchange	203	-222
Other financial income	448	44
Financial income	810	58
Interest expense	-740	-551
Other financial expenses	-5	-53
Financial expenses	-746	-604
Total Financial items	64	-546



Note 5: Shares and voting rights

Shares in subsidiaries as per 31.12.2020 comprise of the following items:

<i>in thousands of euro</i>	Owner share %	Registered office	Equity per 31.12.20 1)	Profit after financial items 2020 1)	Book value
Dexion Spol sro	88.7	Slovakia	324	20	-
Constructor Sweden AS	100.0	Sweden	5,087	700	3,177
Dexion GmbH	100.0	Germany	20,914	2,347	22,763
Dexion Austria	100.0	Austria	35	-	35
Dexion NV/SA	99.9	Belgium	1,068	69	826
Dexion SRO	100.0	Czech Republic	544	31	151
Dexion Kft	96.7	Hungary	93	-416	1,016
ConstructorDexion Holland BV	100.0	Netherland	1,515	659	1,137
Dexion Polska Sp. Z.o.o	100.0	Poland	2,453	378	1,392
Dexion Storage Solutions SRL	100.0	Romania	6,564	847	5,616
Constructor Denmark A/S	100.0	Denmark	800	150	920
Constructor Norge AS	100.0	Norway	3,522	135	4,487
Constructor Finland	100.0	Finland	5,184	722	9,000
Constructor RUS	100.0	Russia	4,575	708	8,460
O.S.KREDIT	100.0	Czech Republic	5,059	526	11,313
Hilo Storage Systems Ltd, UK	100.0	United Kingdom	-	-	100
Constructor Group UK Ltd	100.0	United Kingdom	8,508	183	8,382
Kaufmann Systems AG	60.0	Switzerland	2,201	1,118	8,178
Total shares in subsidiaries					86,954

1) 100% of the company's equity and profit after financial items (before tax) pr 31.12. 2020.

The company's voting rights equals owner share.

Note 6: Other short-term receivables

Other short-term receivables comprise of the following items:

<i>in thousands of EUR</i>	2020	2019
Other short-term receivables	25	2
Total other short-term receivables	25	2

Note 7: Equity and shareholders information

Changes in equity comprise of the following items::

<i>in thousands of EUR</i>	Paid in capital	Share premium	Total paid in capital	Retained earnings	Total equity
Equity as of 31.12.2018	225	25,460	25,685	4,054	29,738
Profit/(loss) for the year	-	-	-	648	648
OCI - Pension cost	-	-	-	-5	-5
New Equity (15.10.2019)	3	13,997	14,000	-	14,000
Equity as of 31.12.2019	228	39,457	39,685	4,697	44,382
Profit/(loss) for the year	-	-	-	366	366
OCI - Pension cost	-	-	-	-57	-57
Equity as of 31.12.2020	228	39,457	39,685	5,006	44,691

Share capital of 228 thousand EUR comprise of 30.000 shares with face value of NOK 72.00, recalculated to EUR 7.59.

All shares are A shares.

All shares have voting rights.

By 31.12.20 all shares are paid.

100 % of total shares are owned by Gonvarri Corporacion Financiera SL, Spain.

There exists no option agreements

The company is part of the consolidated figures of Gonvarri Corporacion Financiera SL. in Spain.

The consolidated accounts that include the company can be obtained from:

Gonvarri Corporacion Financiera SL., Prolongación de Embajadores s/n, 28053 Madrid, Spain.



Note 8: Total liabilities

Short-term liabilities comprise of the following items:

<i>in thousands of EUR</i>	Note	2020	2019
Short-term debt related parties	13	652	27
Short-term interest-bearing debt to group companies	13	336	418
Accounts payables		78	44
Other short-term liabilities		442	594
Total short-term liabilities		1,508	1,083

Long-term liabilities comprise of the following items:

<i>in thousands of EUR</i>	Note	2020	2019
Long-term liabilities related parties	13	25,422	22,922
Long-term interest-bearing debt to group companies	13	2,353	2,135
Total long-term liabilities		27,775	25,057

Note 9: Tax

Deferred tax assets comprise of the following items:

<i>in thousands of EUR</i>	2020	2019
Loss carried forward	-5,848	-3,359
Other temporary differences	-214	-214
Total temporary differences	-6,062	-3,573
Not recognised temporary differences	2,289	-
Basis for deferred tax asset	-3,773	-3,573
Tax rate	22%	22%
Total deferred tax asset	-830	-786

Current Tax expense comprise of the following items:

<i>in thousands of EUR</i>	2020	2019
Profit/(loss) before tax	322	344
Translation differences due to EUR/NOK conversion	-1,694	-493
Permanent differences	-1,117	-1,234
Change temporary differences	-	17
Taxable profit	-2,489	-1,366
Tax rate	22%	22%
Current Tax expense	-	-

Deferred tax expense comprise of the following items:

<i>in thousands of EUR</i>	2020	2019
Change in deferred tax asset	-44	-304
Deferred tax expense	-44	-304

Reconciliation of effective tax rate:

Expected tax from nominal tax rate	71	76
Effect of translation differences due to EUR/NOK conversion	-373	-109
Effect permanent differences	-246	-272
Effect Not recognized temporary differences	504	-
Total tax expense/ income in income statement	-44	-304



Note 10: Pension expenses and pension liabilities

The pension arrangements in the company fulfills the requirements of the act related to mandatory occupational pensions (OTP).

Pension expenses and liabilities related to the defined benefit plans are reviewed by an actuary.

Two persons was in 2020 included in the pension scheme arrangements in the company.

Economic assumptions for defined benefit plans	2020	2019
Expected return	1.70%	2.30%
Discount rate	1.70%	2.30%
Wage growth	2.25%	2.25%
Social security base adjustment / inflation	2.00%	2.00%
Pension adjustment	0.00%	0.50%

Assumptions regarding future mortality have been based on published statistics and mortality tables

Change in pension liability comprise of the following items:

<i>in thousand of EUR</i>	2020	2019
Opening balance	210	203
Net periodic pension cost	52	58
Employer contribution	-59	-59
Prepaid cost	-40	-
Exchange loss	-12	2
OCI	56	5
Net pension liabilities recognised in the balance sheet end of year	208	210

Net pension funds and liabilities by 31.12:

<i>in thousands of EUR</i>	2020	2019
Defined benefit obligation funded plans (secured)	659	567
Fair value of plan assets	-411	-357
Prepaid cost	-40	-
Net liabilities recognised in the balance sheet	208	210

Note 11: Intangible assets

Intangible assets comprise of the following items:

<i>in thousands of EUR</i>	2020	2019
Opening balance	4	159
Amortisation	-4	-155
Book value	-	4

Note 12: Cash and cash equivalents, Group Bank

Cash and cash equivalents, Group Bank comprise of the following items:

<i>in thousands of EUR</i>	2020	2019
Cash	7,622	4,200
Net drawn Group Bank	-27,064	-19,413
Total cash and cash equivalents	-19,442	-15,213

Gonvarri Material Handling AS (GMH AS) is part of a Group cash pool with Skandinaviska Enskilda Banken AB (SEB)

GMH AS has an overdraft facility with SEB and the facility has a total value 100 MSEK

By 31.12.2020 the overdraft facility has 100 MSEK available.

GMH AS has not pledged assets or any other guarantees for Gonvarri Material Handling Group units.



Note 13: Transactions and agreements with related parties

Gonvarri Material Handling AS is owned by Gonvarri Corporacion Financiera SL.

The company has received dividend of 669 thousand EUR in 2020, and 5,020 thousand EUR in 2019,

For the year 2020 669 thousand is recognized and reported as operating income

For the year 2019 1.432 thousand is recognized and reported as operating income

The other part, 3,588 thousand EUR is booked as return on investment and reduced the shares in subsidiaries

Dividend is received from following units in 2020:

Constructor Dexion Holland BV	547 thousand EUR
Dexion Polska Sp. Z.o.o	123 thousand EUR

Dividend is received from following units in 2019:

Constructor Denmark A/S	1.770 thousand EUR
Constructor Dexion Holland BV	703 thousand EUR
Dexion Polska Sp. Z.o.o	168 thousand EUR
Dexion Spol sro	993 thousand EUR
Dexion SRO	1.386 thousand EUR

Gonvarri Material Handling AS have transactions with owner and subsidiaries, figures included in P&L and Balance Sheet.

For the P&L, the transactions are related to Management fee and Recharges;

<i>In thousands of EUR</i>	2020	2019
Management fee to Group Companies	2,449	2,672
Management fee from Owner / related parties	-510	-700
Recharges from Owner / related parties	-120	-
Recharges from subsidiaries (included in Management fee to Group companies)	-1,310	-1,446
Recharges from CSS (Group cost to Gonvarri Material Handling AS)	-91	-74
Recharges to CSS (for distribution to Group companies)	55	205
Net P&L transactions with Group companies and related parties	473	657

For the Balance Sheet, below the transactions related to receivables and liabilities;

Receivables from group companies comprise of the following items:

<i>In thousands of EUR:</i>	2020		2019	
<i>Currency</i>	LC (1000)	EUR (1000 kr)	LC (1000)	EUR (1000 kr)
EUR	3,598	3,598	3,563	3,563
Long-term receivable from group companies		3,598		3,563

Current receivable from group companies comprise of the following items:

<i>In thousands of EUR:</i>	2020		2019	
<i>Currency</i>	LC (1000)	EUR (1000 kr)	LC (1000)	EUR (1000 kr)
EUR	2,109	2,109	3,210	3,210
Short-term receivable from group companies		2,109		3,210

Total receivables from group companies 5,707 6,773

Debt to group companies and related parties comprise of the following items:

<i>In thousands of EUR:</i>	2020		2019	
<i>Currency</i>	LC (1000)	EUR (1000 kr)	LC (1000)	EUR (1000 kr)
EUR	2,353	2,353	2,135	2,135
Long-term debt to group companies		2,353		2,135

Debt to related parties comprise of the following items:

<i>In thousands of EUR:</i>	2020		2019	
<i>Currency</i>	LC (1000)	EUR (1000 kr)	LC (1000)	EUR (1000 kr)
EUR	25,422	25,422	22,922	22,922
Long-term debt related parties		25,422		22,922

Total long-term debt to group companies and related parties 27,775 25,057

Short-term debt to group companies comprise of the following items:

<i>In thousands of EUR:</i>	2020		2019	
<i>Currency</i>	LC (1000)	EUR (1000 kr)	LC (1000)	EUR (1000 kr)
EUR	273	273	418	418
PLN	291	63	-	-
Short-term debt to group companies		336		418

Short-term debt to related parties comprise of the following items:

<i>In thousands of EUR:</i>	2020		2019	
<i>Currency</i>	LC (1000)	EUR (1000 kr)	LC (1000)	EUR (1000 kr)
EUR	652	652	22	22
Short-term debt to related parties		652		22

Total short-term debt to group and related parties 988 440

Related parties is to the mothercompany Gonvarri Corporacion Financiera, denominated in EUR.

Liabilities to group companies are denominated in EUR and PLN. The main part is in EUR, and the other currencies are translated to EUR with closing rates 31.12.2020.

Information is marked as Restricted and belongs to GMH.



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To the General Meeting of Gonvarri Material Handling AS

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Gonvarri Material Handling AS showing a profit of EUR 366 000. The financial statements comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Offices in:

Oslo	Elverum	Mo i Rana	Stord
Alta	Finnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandnessjøen	Tromsø
Budø	Kragerø	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Alesund

Perneo Dokumentnummer: ZD4K3-EOMNU-XL1E2-SIX7D-QESL6-FSIW8



Gonvarri Material Handling AS

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

Penneo Dokumentnrøkkel: ZD4K3-EOANU-XL1E2-SIX7D-QE5L6-FSIW8



Gonvarri Material Handling AS

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Drammen, 31 August 2021
KPMG AS

Kjetil Kristoffersen
State Authorised Public Accountant
(This document is signed electronically)

Penneo Dokumentnøkkel: ZD4K3-EOANU-XL1E2-SIX7D-QE5L6-F5IW8



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Kjetil Kristoffersen

Statsautorisert revisor

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Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 06.12.2017	Vår dato 14.12.2017
Telefon 22078139	Deres referanse Henrik Plaum	Vår referanse 2017/1278059

KPMG AS
Postboks 7000 Majorstua
0306 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Inceptum 1005 AS, org. nr. 918 858 903

Vi viser til deres brev av 6. desember 2017 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Inceptum 1005 AS.

Skattedirektoratet gir på bakgrunn av en konkret Inceptum 1005 AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Inceptum 1005 AS er eid av det spanske selskap Gonvarri SA. Selskapet driver med reolsystemer og lageroppbevaringssystemer i hele Europa. Selskapet har døtre i England, Tyskland, Romania, Polen, Sverige, Tsjekkia, Slovakia, Ungarn, Danmark, Nederland og Belgia. Det er her driften foregår. Arbeidsspråket er engelsk. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

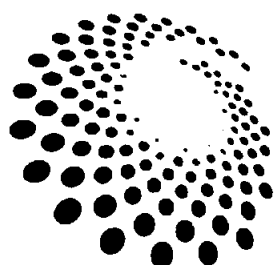
I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal

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Gonvarri
Industries

**GONVARRI CORPORACIÓN FINANCIERA, S.L. AND SUBSIDIARIES (GI
GROUP)**

Consolidated annual accounts at 31 December 2020 and Consolidated
Directors' Report



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GONVARRI CORPORACIÓN FINANCIERA, S.L. AND SUBSIDIARIES (GI GROUP)

Consolidated Balance Sheet at 31 December

in thousand euros	Note	2020	2019
A) NON-CURRENT ASSETS		897,722	890,757
Intangible assets		95,191	73,344
Goodwill	Note 7	64,845	46,699
Other intangible assets	Note 8	30,346	26,645
Property, plant and equipment	Note 5	573,645	534,214
Land and Buildings		370,858	337,537
Plants and other property, plant and equipment		188,793	188,191
Assets under construction and prepayments		13,994	8,486
Investment property	Note 6	54,705	73,278
Right of use assets	Note 9	33,972	39,324
Investments by equity method	Note 34	94,869	123,563
Financial receivables		7,690	8,600
Loans granted to related parties	Note 10	6,429	7,906
Loans granted to third parties	Note 10	1,261	694
Other financial assets	Note 10	2,710	3,179
Deferred tax assets	Note 18	34,940	35,255
B) CURRENT ASSETS		1,474,481	1,375,717
Inventories	Note 13	498,152	560,098
Assets from contracts with customers	Note 24	45,286	41,897
Trade and other receivables		786,808	606,558
Trade receivables	Note 11	712,067	570,836
Trade receivables for sales and services rendered		345,532	323,168
Trade receivables from related parties	Note 35	359,225	240,076
Receivables from related parties	Note 35	7,310	7,592
Other receivables		74,741	35,722
Public entities	Note 23	66,114	25,638
Other receivables	Note 11	8,627	10,084
Current tax assets	Note 23	3,819	8,718
Current financial receivables	Note 12	16,205	26,369
Financial receivables from related parties		10,785	20,584
Loans granted to third parties		374	383
Derivative financial instruments	Note 17	5	74
Bank deposits and other financial accounts		5,041	5,328
Cash and cash equivalents	Note 14	124,211	132,077
TOTAL ASSETS (A+B)		2,372,203	2,266,474

The accompanying notes 1 to 40 form an integral part of these Consolidated Annual Accounts.



in thousand euros	Note	2020	2019
A) EQUITY		1,332,498	1,279,562
Equity attributable to the Parent Company	Note 15	1,221,588	1,221,358
Share Capital		201,538	201,538
Share Premium		15,699	15,699
Legal Reserve		40,308	40,308
Retained earnings		1,002,350	969,572
Profit/(Loss) for the year		74,356	96,615
Exchange differences		-103,479	-60,430
Interim dividend		-	-33,000
Adjustments for changes in values of cons. Companies		-9,184	-8,944
Non-controlling shareholdings	Note 16	110,910	58,204
B) NON-CURRENT LIABILITIES		284,593	394,193
Non-current deferred income	Note 19	8,949	8,850
Non-current provisions	Note 20	14,051	10,928
Non-current tax liabilities	Note 21	15,157	16,390
Financial debt	Note 17	141,585	251,890
Bank borrowings		132,190	243,198
Financial lease payables		9,043	8,330
Other financial liabilities		352	362
Lease liabilities	Note 17	27,491	32,785
Deferred tax liabilities	Note 18	64,989	62,495
Derivative financial instruments	Note 17	12,371	10,855
C) CURRENT LIABILITIES		755,112	592,719
Financial debt	Note 17	159,762	182,569
Bank borrowings		114,832	127,116
Loans from related parties		42,142	51,560
Derivative financial instruments		528	1,623
Financial lease payables		2,260	2,270
Lease liabilities	Note 17	7,619	7,184
Liabilities from contracts with customers	Note 22	35,368	12,222
Trade and other payables	Note 22	531,933	383,697
Third party suppliers		271,531	187,940
Related party suppliers	Note 35	158,213	93,950
Public entities	Note 23	35,405	35,096
Other payables		66,784	66,711
Current tax liabilities	Note 23	17,163	5,154
Other current liabilities	Note 17	3,267	1,893
TOTAL EQUITY AND LIABILITIES (A+B+C)		2,372,203	2,266,474

The accompanying notes 1 to 40 form an integral part of these Consolidated Annual Accounts.



GONVARRI CORPORACIÓN FINANCIERA, S.L. AND SUBSIDIARIES (GI GROUP)

Consolidated Income Statement at 31 December

in thousand euros	Note	2020	2019
Ordinary revenue from contracts with customers	Note 24	3,147,624	3,728,164
Revenue from other operating contracts	Note 25	24,142	26,903
Changes in inventories of finished products and work in progress	Note 13	3,800	-14,114
Raw materials and other consumables	Note 13	-2,648,464	-3,132,155
Personnel expenses	Note 28	-192,935	-195,547
Amortization/depreciation	Note 5,6,8	-68,269	-65,779
Other operating expenses	Note 29	-176,934	-223,643
Other income/expenses	Note 27	24,998	4,575
OPERATING PROFIT		113,962	128,404
Financial income	Note 30	22,455	2,684
Financial expense	Note 30	-13,612	-14,818
Impairment and profit/loss from financial instruments	Note 30	-4	-22
Exchange differences	Note 30	-7,381	-7,889
Share of profit from investments - Equity method	Note 34	13,940	11,435
PROFIT BEFORE TAXES FROM CONTINUING OPERATIONS		129,360	119,794
Income tax	Note 31	-32,065	-14,868
CONSOLIDATED PROFIT/LOSS	Note 15	97,295	104,926
Non-controlling shareholdings	Note 16	-22,939	-8,311
PROFIT ATTRIBUTABLE TO COMPANY SHAREHOLDERS		74,356	96,615

The accompanying notes 1 to 40 form an integral part of these Consolidated Annual Accounts.



GONVARRI CORPORACIÓN FINANCIERA, S.L. AND SUBSIDIARIES (GI GROUP)

Consolidated Comprehensive Income Statement at 31 December

in thousand euros	2020	2019
Profit/loss for the year	97,295	104,926
Other comprehensive income		
Items that may be reclassified to the income statement	-57,090	-1,861
Exchange differences (Note 15, 16 and 34)	-56,850	2,049
Net Change in cash flow hedges (Note 17)	-240	-3,910
Total transfers to the income statement		
Total consolidated profit/(loss) for the year		
Attributable to:	40,205	103,065
a) Shareholders of the parent company	31,067	95,685
b) Non-controlling shareholders	9,138	7,380

The accompanying notes 1 to 40 form an integral part of these Consolidated Annual Accounts.



Consolidated financial statements 2020

GONVARRI CORPORACIÓN FINANCIERA, S.L. AND SUBSIDIARIES (GI GROUP)

Consolidated Statement of Net Changes in Equity in 2020

In thousand euros	Attributable to the Parent Company's Shareholders										Non-controlling shareholdings	Equity
	Share Capital	Share Premium	Legal Reserve	Retained earnings	Interim dividend	Exchange differences	Profit/loss for the year	Measurement adjustments				
Balance at 31 December 2018	201,538	37,871	18,136	903,136	-32,000	-63,410	98,112	-5,034	59,331		1,217,680	
Distribution of 2018 profit	-	-	-	66,112	32,000	-	-98,112	-	-	-	-	
Dividends (Note 2.21 and 15)	-	-	-	-	-33,000	-	-	-	-6,549	-	-39,549	
Entries to the consolidation scope (Note 16)	-	-	-	-	-	-	-	-	-	-	-	
Exclusions from consolidation (Note 16)	-	-	-	-	-	-	-	-	-132	-	-132	
Other movements (Notes 15 and 16)	-	-22,172	22,172	324	-	-	-	-	-1,826	-	-1,502	
Other comprehensive income for 2019	-	-	-	-	-	2,980	96,615	-3,910	7,380	-	103,065	
Balance at 31 December 2019	201,538	15,699	40,308	969,572	-33,000	-60,430	96,615	-8,944	58,204		1,279,562	
Distribution of 2019 profit	-	-	-	63,615	33,000	-	-96,615	-	-	-	-	
Dividends (Note 2.21 and 15)	-	-	-	-29,000	-	-	-	-	-3,374	-	-32,374	
Entries to the consolidation scope (Note 16)	-	-	-	4,698	-	-	-	-	46,935	-	51,633	
Exclusions from consolidation (Note 16)	-	-	-	-	-	-	-	-	7	-	7	
Other movements (Notes 15 and 16)	-	-	-	-6,535	-	-	-	-	-	-	-6,535	
Other comprehensive income for 2020	-	-	-	-	-	-43,049	74,356	-240	9,138	-	40,205	
Balance at 31 December 2020	201,538	15,699	40,308	1,002,350	-	-103,479	74,356	-9,184	110,910		1,332,498	

The accompanying notes 1 to 40 form an integral part of these Consolidated Annual Accounts.



GONVARRI CORPORACIÓN FINANCIERA, S.L. AND SUBSIDIARIES (GI GROUP)

Consolidated Cash flow statement at 31 December

In thousand euros	Note	2020	2019
A) Cash flows from operating activities		189,043	217,146
Profit for the year before taxes		129,360	119,794
Adjustments to profit/(loss)		35,156	60,472
Asset depreciation/amortization	Note 5, 6 and 8	60,055	65,779
Impairment adjustments	Note 11 and 13	-3,315	-3,664
Change in provisions	Note 29	1,889	-4,657
Grants released to income	Note 19	-1,777	-1,833
Results of write-offs, disposals and impairment of assets	Note 27	-6,298	-3,763
Financial income	Note 30	-22,455	-2,684
Financial expense	Note 30	13,612	14,818
Exchange differences	Note 30	7,381	7,889
Profit/(Loss) from equity-consolidated companies	Note 34	-13,940	-11,435
Change in fair value of financial instruments	Note 30	4	22
Changes in working capital		54,452	65,435
Inventories	Note 13	61,946	140,791
Trade and other receivables		-180,250	-34,753
Trade and other payables		171,382	-40,574
Other current liabilities		1,374	-29
Other cash flows from operating activities		-29,925	-28,555
Interest paid		-21,007	-14,761
Interest received		5,055	2,029
Corporate income tax payments (made)		-13,973	-15,823
B) Cash flows from investment activities		-30,638	-85,685
Payments for investments		-50,612	-92,168
Changes in consolidation scope	Note 1	-17,071	-450
Group companies and associates	Note 33	-	-11,074
Intangible assets	Note 8	-5,883	-4,331
Property, plant and equipment	Note 5	-27,092	-61,447
Investment property	Note 6	-	-3,305
Other financial assets		-566	-11,561
Amounts received from divestments		19,974	6,483
Group companies and associates		7,858	-
Intangible assets	Note 8	21	419
Property, plant and equipment	Note 5	2,517	6,038
Investment property	Note 6	8,813	-
Other financial assets		765	26
C) Cash flows from financing activities		-167,374	-100,994
Payments and proceeds from equity instruments		1,508	178
Subsidies, donations and bequests received		1,508	178
Payments received/made for fin. liability instr.		-139,882	-68,172
- Bank borrowings	Note 17	92,715	49,762
- Borrowings from group companies and associates		-	38,404
- Bank borrowings		-223,171	-156,248
- Borrowings from group companies and associates		-9,418	-
- Other borrowings		-8	-90
Payment of dividends and yields from other equity instruments		-29,000	-33,000
Dividends	Note 2.22	-29,000	-33,000
D) Impact of exchange rate variations		-6,476	-
E) Cash inflow from changes in the consolidation scope	Note 33	7,579	-
NET DECREASE/INCREASE OF CASH AND CASH EQUIVALENTS (A+B+C)		-7,866	30,467
Cash equivalents at beginning of the year		132,077	101,610
Cash equivalents at end of the year		124,211	132,077



1. General information

Gonvarri Corporación Financiera, S.L. (the Company), at the end of 2020, is the parent of a group (hereinafter the Group or GI Group), formed by the Company and the entities included in Appendix I. The Group has manufacturing plants in several locations in Spain and in other countries in Europe, America, Asia and Africa.

For the purposes of preparing the Consolidated Annual Accounts, a group is understood to exist when the parent company has one or more subsidiaries, those being entities which the parent company controls directly or indirectly. The principles applied to the preparation of the Group's consolidated annual accounts are described in Note 2, and the scope of consolidation is defined in Appendix I.

Gonvarri Corporación Financiera, S.L. was incorporated on 3 September 1958, and changed its name on 22 July 2008. Its current registered office is located in Madrid, at calle de Embajadores, s/n.

The Group's primary business is the manufacture, transformation and marketing of flat steel products and metals relating to steel.

The Group forms part of Grupo Holding Gonvarri, S.L., whose parent company is Holding Gonvarri, S.L., domiciled for mercantile and tax purposes at C/ San Vicente, 8, Edificio Albia, No. 3 in Bilbao. The company Acek Desarrollo y Gestión Industrial, S.L. (formerly Corporación Gestamp, S.L.) is the ultimate controlling holding company with a direct and indirect 65% interest. The indirect holding is owned through Cartera Gonvarri, S.L., which holds 51.93% of Holding Gonvarri, S.L.

These consolidated annual accounts were prepared by the Board of Directors on 29 March 2021 and have not yet been approved by shareholders at a General Meeting. They are expected to be approved without changes.

Changes in the consolidation scope in 2020:

The changes in the consolidation scope in 2020 are as follows:

- Inclusions to the consolidation scope:
 - a) On 24 January 2020, the company GSS Brasil was incorporated, with a share capital of 633,825 Brazilian real, of which Gonvarri Solar Steel S.L. owns 100% of the shares. Subsequently, Gonvarri Solar Steel carried out a capital increase in the amount of 195,095 Brazilian real. This company is dedicated to the design, development, supply and installation of solar panels.
 - b) On March 1, 2020, the subsidiary Gonvarri Material Handling AS acquired 100% of the shares of Lampe Lagertechnik GmbH, which provides services to system integrators offering warehouse automation, for an amount of €3,537 thousand.
 - c) On June 1, 2020, the subsidiary Gonvarri Material Handling AS acquired 100% of the shares of the company Complete Storage & Interiors (CSI), which provides storage, handling, sales and installation of racking solutions, for the amount of 1,884 thousand pounds sterling (€2,091 thousand).
 - d) On July 1, 2020, the subsidiary Gonvarri Material Handling AS signed a purchase agreement with Kaufmann, whereby it undertook to purchase 60% of the shares in 2020 for a value of 8,495 thousand Swiss francs, 20% in 2021 for a value of 2,453 thousand Swiss francs, and the remaining 20% in 2022 for a value of 5,043 thousand Swiss francs. 100% of the shares will have a total value payable of 15,991 thousand Swiss francs (14,804 thousand euros). This company was included in the scope of consolidation for fiscal year 2020 by the full consolidation method. This company is focused on the development and implementation of specific plants and systems for the customer's internal logistics.
 - e) On May 8, 2020, the company Laserboost, SL was founded, which specializes in laser-cutting, with a total of 311,110 shares. Gonvarri Corporación Financiera, S.L. contributed €220 thousand to its constitution, and obtained 220,000 shares in the company, the partner obtained 91,110 shares through non-monetary contributions (in the form of fixed assets and other intangible assets). Subsequently, Gonvarri



Corporación Financiera, S.L. bought 59,999 shares from the partner for an amount of €60 thousand, and by doing so it obtained 90% of the shares of Laserboost SL.

- f) On October 2, 2020, the subsidiary company Gonvarri Solar Steel acquired, for an amount of €1,900 thousand, 100% of the shares of the company Obratel Energy, S.L., a company which focuses on civil works for telecommunications.
 - g) On 29 December 2020, the subsidiary company GMS Corporate, S.L., made a capital increase of €900 thousand in the company Agromega, which focuses on the planning and construction of agricultural projects mainly for greenhouses. With this disbursement, 56% of the shares of this company were obtained. It was also agreed that in 2021 an additional 2% of the shares will be purchased from the local partners for an amount of between 30 and 150 thousand euros depending on the sales of 2021 and that in 2022 an additional 2% of the shares will be purchased from the local partners for an amount of between 30 and 150 thousand euros depending on the sales and net result of the year, thus reaching 60% of the shares of the company in 2022. This company was incorporated in the consolidation scope of 2020 through the full consolidation method.
- Company mergers:
 - a) On 31 December 2020, the merger of Gonvarri Automotive, GMBH (acquired company) and Gonvauto Thüringen (acquiring company) was approved.
 - Changes in equity %:
 - a) On 30 November 2020, there was a capital increase of €850 thousand, through the issue of 179,241 new shares in the company Sogei, S.A. The newly created nominal shares, which are of the same class and series as the ones that already existed, have been awarded to Gonvarri Corporación Financiera, S.L, increasing its equity in this company from 49% to 70%. The necessary homogenization adjustments have been made to align the company's financial statement with those of the Group. This company is now included through the full consolidation method as of that date since control in the company shifted.
 - b) On 3 December 2020, Gonvarri Corporación Financiera, S.L. acquired 18.73% of the shares of the company Addimen Bizkaia, SL, from the three non-controlling partners, for a total amount of €59 thousand, through a compensation and cancellation of existing loans with these partners. Subsequently a capital increase was agreed, to which only Gonvarri Corporación Financiera, S.L. will contribute, for a total amount of €350 thousand. Through these operations, Gonvarri Corporación Financiera has a total interest of 93.3% in this company at the end of 2020.

Changes in the consolidation scope in 2019:

The changes in the consolidation scope in 2019 are as follows:

- Inclusions to the consolidation scope:
 - a) On 18 February 2019, the company Dexion Österreich GmbH was incorporated, with a share capital of €35 thousand, of which Gonvarri Material Handling AS owns 100% of the shares. The company Dexion Österreich GmbH is located in Vienna, Austria.
 - b) On 5 September 2019, the company Gonvarri Material Handling AS acquired 100% of the shares of the company Kredit SRO Czech Republic, for a total amount of 344,400 Czech Korunas (€11,039 thousand).
- Exclusions from the consolidation scope:
 - a) On 12 February 2019, the company Laser Automotive Palencia was dissolved and liquidated. The company Gonvarri Corporación Financiera owned 51% of the shares of this company.



- b) On 18 February 2019, the company Gonvauto Pune Steel Service Centre Private Limited was dissolved and liquidated.
- Company mergers:
 - a) On 30 June 2019, the take-over merger was approved of the company GMS Solar Construction, S.L.U., the acquired company, by the company Gonvauto Solar Steel, S.L.U., the acquiring company.
 - b) On 15 January 2019, the company Gonvarri Material Handling AS acquired 100% of the shares of the company Constructor Rus from the company Constructor Finland Oy, for a total amount of 30,000 Rubles. Subsequently, the companies Cf Group Oy, Finland (the acquiring company) and Constructor Finland Oy (the acquired company) were merged.
 - c) On 13 December 2019, the take-over merger of Laser Automotive Thüringen (acquired company) and Gonvauto Thüringen (acquiring company) was approved.
- Changes in equity %:
 - a) On 5 November 2019, there was a capital increase of €450,000 in the company Sogei, S.A., through the issue of 81,939 new shares. The newly created nominal shares, which are of the same class and series as the ones that already existed, have been awarded to Gonvarri Corporación Financiera, S.L, increasing its equity in this company from 25% to 49%, without this leading to a change in control.

2. Summary of the main accounting policies applied

The main accounting policies adopted when preparing these consolidated annual accounts are described below.

2.1 Comparability

As is indicated in Note 1, in 2020 there were changes in the scope of consolidation, which must be considered when comparing the figures for 2020 and 2019.

There were no changes in the policies applied when preparing these consolidated annual accounts.

2.2 Basis of presentation

The group's consolidated annual accounts at 31 December 2020 and 2019 have been drawn up in accordance with the International Financial Reporting Standards adopted for use in the European Union and approved under European Commission Regulations (IFRS-EU) in force at 31 December 2020.

The financial information has been prepared on a cost basis, modified in the cases established by the IFRS-EU in which certain assets and liabilities are stated at their fair value.

The preparation of consolidated annual accounts under IFRS-EU requires the use of certain critical accounting estimates. The application of IFRS also requires that management exercise judgment in the process of applying the Group's accounting policies. Note 4 discloses the areas that require a higher level of judgment or entail greater complexity, and the areas where assumptions and estimates are significant for the consolidated annual accounts.

At the date of preparation of these Consolidated Annual Accounts, the European Union had approved and published the following interpretations and standards effective in the year starting 1 January 2020 at the latest:

- a) New standards and amendments entering into force in 2020:
 - Amendments to IAS 8 - Definition of Materiality: Amendments to the definition of materiality are made to make it easier to make judgements about what is material. The definition of materiality helps entities to decide whether information should be included in the consolidated financial statements or, if appropriate, condensed consolidated interim financial statements. These amendments clarify that definition and include guidance on how it should be applied. In addition, the explanations accompanying the definition have been



improved and it has been ensured that the definition of material is consistent across all standards. The amendments shall be applied for annual periods beginning on or after 1 January 2020, with early application permitted. The Group assessed the content of its consolidated financial statements in accordance with the new definition and this did not lead to any significant changes.

- IFRS 9 (Amendment), IFRS 7 (Amendment) and IAS 39 (Amendment) "Reform of reference interest rates": These amendments provide certain exemptions in relation to the reform of the reference interest rate (IBOR). The exemptions relate to hedge accounting and have the effect that the IBOR reform generally should not result in the cessation of hedge accounting. However, any hedge ineffectiveness must continue to be recorded in the income statement. The amendments apply to annual periods beginning on or after January 1, 2020.
- Amendments to IFRS 3 "Definition of a Business": These amendments will help to determine whether this is an acquisition of a business or a group of assets. The modified definition emphasizes that the product of a business is to provide goods and services to customers, whereas the previous definition focused on providing returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to rewording the definition, additional guidance has been provided. To be considered a business, an acquisition would have to include an input and a process that together contribute significantly to the ability to create products. The new guidance provides a framework for assessing when both elements are present (even for early-stage companies that have not generated outputs). To be a business without results, it will now be necessary to have an organized workforce.

These amendments will apply to business combinations with an acquisition date on or after the beginning of the first annual reporting period as from 1 January 2020 and to asset acquisitions occurring on or after the beginning of that period. Earlier application is permitted. This amendment to IFRS 3 is pending approval by the European Union.

b) Standards and interpretations not yet adopted

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

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

- Amendments to IAS 1 "Classification of liabilities as current or non-current": These amendments clarify that liabilities are classified as current or non-current, depending on the rights that exist at the end of the reporting period. The classification is not affected by the entity's expectations or events after the reporting period end (e.g., receipt of a waiver or a breach of the agreement). The amendment also clarifies what is meant by IAS 1 when it refers to the 'settlement' of a liability. The effective date of these amendments is 1 January 2022, although earlier adoption is permitted.

There are no other IFRS or IFRIC that are not yet in force that are expected to have a significant effect on the Group and no significant impacts are expected to result from the application of the aforementioned.



2.3 Basis of Consolidation

a) Subsidiaries

The companies included in the scope of consolidation over which the parent company maintains control are consolidated using the full consolidation method. Control is deemed to exist when all the following conditions are met:

- I. It has power over the investee, i.e. it has rights in force that give it the capacity to direct the relevant activities, i.e. those that significantly affect the subsidiary's performance.
- II. It is exposed to, or entitled to, variable returns from its involvement in the subsidiary.
- III. It has the right to use its power over the subsidiary to influence the amount of its own income.

The acquisition method of accounting is used to account for the acquisition of the business combinations by the Group. The consideration paid for the acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred with the former owners of the acquired company and shares in equity issued by the Group. The consideration transferred includes the fair value of any asset or liability that originates from a contingent consideration agreement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling stake in each business combination at the fair value or proportional part of the recognized non-controlling interest in the identifiable net assets of the acquired company.

Costs related to the acquisition are recognized as expenses for the year in which they are incurred.

If the business combination takes place in phases, the fair value at the date the stake in the equity of the target company is acquired and recognized by the buyer is again measured at fair value at the acquisition date based on profits for the year.

Any contingent consideration to be transferred by the Group is recognized at fair value on the acquisition date. Subsequent changes in the fair value of the contingent consideration that are considered to be an asset or liability are recognized in accordance with IAS 39 under profit or loss or as a change in other comprehensive income. Contingent consideration that is classified as equity is not re-measured and its subsequent settlement is recognized under equity.

The following transactions and balances have been eliminated in the consolidation process:

- The reciprocal receivables and payables and the expenses and income from internal operations within the Group.
- Profits or losses on purchases and sales of property, plant and equipment and intangible assets and unrealized gains on inventories, if significant.
- The internal dividends and the receivable balance corresponding to the interim dividends recorded in the company that distributed them.

Appendix I hereto sets out the identification details of the subsidiaries included in the consolidation scope.

b) Transactions with non-controlling shareholders in subsidiaries without any change in control

The value of the interest of minority shareholders in the equity and results of the consolidated subsidiaries is presented under "Non-Controlling shareholdings" in "Equity" in the consolidated balance sheet and under " Non-Controlling shareholdings " in the consolidated income statement and consolidated statement of comprehensive income, respectively.



c) Divestment of subsidiaries

When the Group ceases to have control, any shareholding retained in the company is restated at fair value on the date on which control is lost, recognizing the change in the carrying amount in the income statement. Fair value is the initial carrying amount for the purposes of the subsequent recognition of the shareholding maintained as an associate, joint venture or financial asset. In addition, any amount previously recognized under other comprehensive income with respect to that company is recorded as if the Group had directly sold the related assets and liabilities. This could mean that the amounts previously recorded under other comprehensive income may be reclassified to the income statement.

d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The investments in associates are recorded using the equity method. By this method, the investment made in a joint venture or associate is initially registered at cost. As from the date of acquisition, the investment's carrying amount is adjusted based on the changes in the Group's interest in the net assets of the associate or joint venture.

The Group's interest in its associates after acquisition is recognized in the income statement, and its share of the post-acquisition changes is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

At each financial reporting date, the Group determines if there is any objective evidence of impairment affecting the investment in the associate. If this is the case, the Group calculates the amount of the impairment loss as the difference between the recoverable amount for the associate and its carrying amount and recognizes the "gain/(loss) in an associate" in the income statement. Gains and losses on dilution arising from investments in associates are recognized in the income statement.

e) Joint arrangements

The Group applies IFRS 11 to all joint arrangements. Investments in joint arrangements under IFRS 11 are classified as joint ventures or joint operations, depending on the contractual rights and obligations of each investor. GI Group has evaluated the nature of its joint arrangements and has determined that they are joint ventures. Joint ventures are measured using the equity method.

Under the equity method the interests in joint ventures are initially recognized at cost and adjustments are then applied to recognize the Group's stake in profits and losses subsequent to the acquisition and movements in other comprehensive income. When the Group's interest in the losses of a joint venture is equal to, or exceeds, its interests in joint ventures (including any non-current interest which, in substance, forms part of the Group's net investment in the joint ventures), the Group does not recognize any additional losses unless obligations have been incurred or payments have been made on behalf of the joint ventures.

Unrealized gains on transactions between the Group and joint ventures are eliminated to the extent of the Group's interest in those joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the value of the transferred asset. The accounting policies followed by joint ventures have been modified where necessary to ensure consistency with policies adopted by the Group.

2.4 Transactions denominated in foreign currency

a) Functional and presentation currency

Items included in the annual accounts of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated annual accounts are presented in thousand euro, and the euro (€) is the Group's functional and presentation currency.



b) Transactions and balances

Transactions in foreign currency are converted to the functional currency using the exchange rates in force at the transaction dates. Foreign currency gains and losses resulting from the settlement of transactions and conversion at year-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the income statement under the heading "Exchange differences", except when deferred in other comprehensive income as qualifying cash flow hedges or qualifying net investment hedges. These differences are recognized under other comprehensive income until the net investment is disposed of, at which time they are reclassified to the income statement.

Exchange differences in respect of non-monetary items such as equity instruments at fair value through profit or loss are recognized as part of the gain or loss in fair value. Exchange differences on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are included under other comprehensive income.

c) Group companies

The earnings and financial situation of all Group companies (except for hyperinflationary economies), whose functional currency differs from the presentation currency, are translated to the presentation currency as follows:

- The assets and liabilities on each balance sheet presented are translated at the closing exchange rate at the balance sheet date.
- The financial statements are translated at the average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates existing at the transaction dates, in which case the results are translated at the rates on the transaction dates).
- All resulting exchange differences are recognized under other comprehensive income. When a foreign investment is sold, the component recognized for that investment under other comprehensive income is recorded in the consolidated income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate. All resulting exchange differences are recognized under other comprehensive income.

d) Adjustments for Hyperinflation

Due to the fact that in the last years all price indices for Argentina have accumulated inflation in excess of 100%, and that there are no qualitative matters to mitigate the situation, this country should be considered a hyperinflationary economy as of July 1, 2018, therefore IAS 29 "Financial Reporting in Hyperinflationary Economies" is applicable, which requires that the Consolidated Annual Accounts must be expressed in terms of the unit of measure current on the date of the reporting year. This restatement of carrying amounts has been carried out as follows:

- Separation and identification of all balance sheet items in the categories monetary and non-monetary.
 - Monetary items are cash and balances receivable or payable in Argentine pesos, including assets from contracts with customers.
 - Non-monetary items: intangible assets, property, plant and equipment, tooling and other similar assets. The income statement and equity items are also considered non-monetary items for purposes of calculating hyperinflation. No significant items measured at current cost have been identified.
- Non-monetary assets and liabilities: These assets were recognized at cost at the date of acquisition. These items are restated from the date of acquisition by multiplying the net carrying amount at historical cost by the index obtained dividing the index at the end of the year by the index at the date of acquisition.
- Income and expenses: These items have been restated by the evolution in the price index from the date on which they were recorded to the closing date of the period.
- The conversion to euros of the Profit and Loss Account of the Argentine companies in the Consolidated Financial Statements was made at the closing exchange rate.



- Calculation and recognition of deferred taxes arising from changes in the carrying amounts with respect to taxable amounts.

In order to calculate the indices, the following procedure established in INDEC publications was carried out, related to index splicing:

- From January 1993 to October 2015: the IPIM index of the INDEC was included considering the splicing factor with the CPI (December 2016 - Base 100).
- From November 2015 to December 2016: the IPIM calculated by FACPCE was included according to Resolution JG 517/16, considering the splicing factor (December 2016 - Base 100).
- From January 2017 onwards: the national CPI published by INDEC will be used.

A historical coefficient up to 01.01.2018 has been applied to all non-current assets/liabilities and this restatement has been charged against equity. The effect of hyperinflation as from 1 January 2020 can be found in the Profit and Loss Statement.

On the consolidated cash flow all the items of the financial statements of Gonvarri Argentina (assets, liabilities, expenses, revenues, cash flows), as the economy is hyperinflationary, have been converted at the closing exchange rate.

The effect on the Consolidated Financial Statements at 31 December 2020 of the adjustment for inflation applied in the manner described in the preceding paragraphs was as follows:

In thousand euros

Heading	2020	2019
Plants, machinery and other property, plant and equipment	2,947	3,666
Inventories	6,093	-
Trade receivables	9,269	-
Trade payables	-5,880	-
Deferred tax assets	3,067	-
Deferred tax liabilities	-536	151
EFFECT NON-MONETARY ASSETS AND LIABILITIES	14,960	3,817
Net turnover	-19,732	-8,103
Other operating income	-7,020	-114
Raw materials and other consumables	16,890	6,850
Personnel expenses	1,270	403
Amortization fixed assets	216	18
Other operating expenses	660	8,048
OPERATING PROFIT/LOSS	-7,716	7,102
Financial income	-458	105
Financial expense	3,768	-60
Exchange differences	135	-2,690
FINANCIAL PROFIT/LOSS	3,445	-2,645
PROFIT/LOSS BEFORE TAXES	-4,271	4,458
Income taxes	-823	-1
CONSOLIDATED PROFIT/LOSS FOR THE YEAR	-5,094	4,457
EFFECT ON RESERVES (expenses prior years)	3,445	-1,012
ACCUMULATED EFFECT ON CAPITAL AND RESERVES	13,311	7,262

2.5 Property, plant and equipment

Property, plant and equipment is recognized at cost (or attributed cost) less depreciation and cumulative impairment losses, except for land, which is presented net of impairment losses. Historic cost includes expenses directly attributable to purchases of property, plant and equipment. The cost value of land and buildings was measured at fair value at the date of first application as permitted by IFRS 1.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the



asset may be reliably determined. The carrying amount of the component replaced is derecognized for accounting purposes. All other repair and maintenance expenses are charged to the income statement in the year in which they are incurred.

Increases in the carrying amount that arise from the restatement of land and buildings are charged against other comprehensive income and presented in other reserves under equity. Decreases that offset previous increases of the same asset are charged against other reserves directly in other comprehensive income. All other decreases are charged to the income statement. Each year the difference between depreciation based on the restated carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from "other reserves" to "retained earnings".

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other operating income (expense)" in the income statement.

Land is not depreciated. The annual depreciation charge is calculated on a straight-line basis over the estimated useful lives of the assets concerned, except for those production assets that are considered to become obsolete faster and, therefore, are depreciated on a declining balance basis or by shift, although the estimated useful lives are respected.

The years of useful life of depreciated assets based on effective depreciation and on work shifts are:

	Assets depreciated on a straight-line basis	Assets depreciated on declining balance basis
Office buildings	50	-
Industrial buildings	33 to 34	-
Machinery	7 to 13	7 to 13
Plants and machinery		
- Plants	6 to 13	-
- Bridge cranes	8 to 9	8 to 9
- Scales	10	-
Tooling and tools	3 to 7	-
Data-processing equipment	4 to 5	-
External vehicles	4 to 7	-
Furnishings and office equipment	9 to 10	-

The heading "Accounting estimates and judgements" (Note 4) includes additional information regarding the useful lives of buildings and machinery.

The assets' residual values and useful life are reviewed, and adjusted if appropriate, at each balance sheet date.

The ratios used for assets that are depreciated using the declining balance method consist of applying 30% to the carrying amount in the previous year, respecting the maximum useful life that has been established.

2.6 Investment Property

Investment properties, which mainly consist of land and industrial premises, are maintained to obtain profits through long-term rent and are not occupied by the Group. Investment properties are measured using the same criteria as those for property, plant and equipment (Note 2.5). The value of land and buildings is also measured at fair value on the date of first application, in accordance with IFRS 1. The depreciation period for these assets follows the same criteria as those for property, plant and equipment.



2.7 Intangible assets

a) Goodwill

The acquisition of a subsidiary by a parent company gives rise to a business combination which is recognized by applying the acquisition method that determines the date of acquisition and the calculation of cost of the combination, and the identifiable acquired assets and liabilities assumed are recognized at their fair value at that date.

Goodwill or the negative difference arising on the combination is determined as the difference between the fair values of the acquired assets and liabilities assumed and recognized, and the cost of the combination, based on the acquisition date.

The cost of the combination is calculated as the sum of:

- The fair values at the acquisition date for the assigned assets, the liabilities incurred or assumed, and the equity instruments used.
- The fair value of any contingent consideration that depends on future events or compliance with pre-determined conditions.

The cost of the combination does not include expenses relating to the issue of the equity instruments or the financial liabilities delivered in exchange for the acquired items. Neither are the honorary fees paid to legal assessors or other professionals that intervened in the combination, nor the costs generated internally by these concepts. These amounts are taken directly to the income statement.

If the business combination is carried out in stages, so that before the acquisition date (the date on which control is obtained), there was a prior investment, the goodwill or negative difference is obtained by the following method:

- The cost of the business combination, plus the fair value at the acquisition date of any prior stake in the target company held by the acquiring company, and,
- The value of the identifiable assets acquired, less the value of the liabilities assumed, calculated in accordance with the matters described above.

Any profit or loss arising as a result of the fair value measurement on the date on which the buyer obtains control over the existing shareholding held by the acquired company will be recognized as a change in the amount of recognized goodwill. If the investment in this investee company has previously been stated at fair value, measurement adjustments that have yet to be taken to profit and loss for the year will be transferred to the consolidated income statement. In addition, the cost of the business combination is presumed to be the best reference to estimate the fair value at the acquisition date of any prior shareholding.

Goodwill arising on the acquisition of companies with a functional currency other than the euro are measured in the functional currency used by the acquired company, and the amount is translated to euro at the exchange rate in force at the balance sheet date.

Goodwill is not amortized and is subsequently measured at cost, less any impairment losses. The value adjustments for impairment recognized in Goodwill are not reversed in subsequent years.

If on the closing date in the year in which the combination takes place the measurement processes that are necessary to apply the aforementioned acquisition method cannot be concluded, the recognition is considered to be provisional and those provisional values may be adjusted within the period necessary to obtain the required information, which will never be more than one year. The effects of the adjustments made in this period are recognized retroactively by changing the comparative information if necessary.

Subsequent changes in the fair value of the contingent consideration are adjusted against results, unless that consideration has been classified as equity, in which case any subsequent changes in fair value are not recognized.



If, after obtaining control, shares in a subsidiary are sold or acquired without control being lost, the impact of these transactions without any change in control are recognized under equity and the amount of goodwill on consolidation is not changed.

Goodwill is assigned to Cash Generating Units (CGU) for the purpose of testing impairment losses. It is allocated to those CGUs that are expected to benefit from the business combination that generated the goodwill (Note 7).

The reviews of the impairment of goodwill take place annually, or more frequently if events or changes in circumstances indicate potential impairment losses. The carrying amount of goodwill is compared with the recoverable amount, which is the higher of value-in-use or fair value less selling costs. Any impairment loss is immediately recognized as an expense and is not subsequently reversed.

b) Computer software

Costs associated with maintaining computer software programs are recognized as an expense when incurred. The costs of direct development attributable to the design and implementation of identifiable original computer programs that may be controlled by the Group are recognized as intangible assets when the following conditions are met:

- It is technically possible to complete production of the intangible asset such that it will be available for use or for sale.
- Management has the intention of completing the intangible asset in question, for use or for sale;
- The company has the capacity to use or sell the intangible asset;
- The manner in which the intangible assets will generate probable financial benefits in the future can be demonstrated;
- Adequate technical, financial or other resources are available to complete the development and to use or sell the intangible asset; and
- The payment attributable to the intangible asset may be reliably measured.

Attributable direct costs that are capitalized as part of the software programs include software development employee costs and an appropriate portion of relevant overheads.

If these criteria are not met, the asset will be recognized as an expense at the moment it is incurred. Payments for an intangible asset initially recognized as an expense for the year will not be subsequently recognized as intangible assets.

Software development costs recognized as assets are amortized over the software's estimated useful life (which does not exceed 5 years).

c) Research and development expenses

Research expenditure is recognized as an expense as incurred. Costs incurred in development projects (related to the design and testing of new or improved products) are recognized as intangible assets when the following requirements are met:

- It is technically possible to complete production of the intangible asset such that it will be available for use or for sale.
- Management has the intention of completing the intangible asset in question, for use or for sale;
- There is the capacity to use or sell the intangible assets;
- It is possible to demonstrate the manner in which the intangible asset will generate probable profits in the future;
- Adequate technical, financial or other resources are available to complete the development and to use or sell the intangible asset; and
- It is possible to reliably measure the payments attributable to the intangible asset during development.

Other development expenditure is recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Capitalized development costs



with a finite useful life are amortized from the start-up of the commercial production on a straight-line basis over the period in which profits are expected to be generated (not more than 5 years). The Group did not capitalize any development expenses in 2020 nor 2019.

d) Licenses and patents

Licenses and patents acquired separately are stated at historic cost. Licenses, patents and customer contracts acquired through a business combination are recognized at fair value at the acquisition date. They have a finite useful life and after initial recognition they are stated at cost less any accumulated amortization and impairment losses.

e) Trademarks

The trademarks included in the financial statements of the Group come for the business combination, after the acquisition and obtaining control of the group Gonvarri Material Handling. The trademarks are initially valued at fair value. (Note 33).

Trademarks are not amortized; they are considered assets with indefinite useful lives as there is no foreseeable period over which the expected net cash flow will be generated. Each year an analysis is made to determine whether there are events and/or circumstances that would allow the trademark to continue to have an indefinite useful life or not. The trademarks are subject to annual impairment analyses (Note 2.9).

2.8 Interest expense

Interest expense incurred on the acquisition, construction or production of qualifying assets (which are assets that necessarily require a substantial period of time to be prepared for use or sale) are capitalized over the period of time necessary to complete and prepare the asset for its intended use. Other interest costs are taken to expenses.

2.9 Losses due to impairment of non-financial assets

Assets with indefinite useful lives e.g. goodwill and intangible assets that are not in a state for use, are not subject to amortization and are tested annually for impairment. Land and assets subject to depreciation are subject to impairment tests provided that some event or change in circumstances indicates that their carrying amount may not be recoverable. An impairment loss is recognized in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the fair value of an asset, less costs to sell, or the value-in-use, whichever is the higher. For the purposes of assessing impairment losses, assets are grouped together at the lowest level for which there are separately identifiable cash flows (cash generating units). Non-financial assets, other than goodwill, that are impaired are reviewed at each balance sheet date for reversal or any increase of the loss.

2.10 Financial Assets

In accordance with the IFRS 9 standard, financial assets are classified as they are recognized at fair value with changes reported in profit and loss (FVPL), at amortized cost, or at fair value with changes to other comprehensive income (FVOCI).

Heading	IFRS 9	IAS 39
Trade and other receivables	Amortized cost	Loans and receivables/payables

The classification of financial assets depends on the purpose for which they were acquired and is determined at the time of initial recognition.



The Group's financial assets include:

a) Assets at amortized cost:

Loans and trade and non-trade receivables are non-derivative financial assets with fixed or ascertainable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, in which case they are classified as non-current assets. Loans and receivable are included in the headings "Trade and other receivables" and "Financial Accounts receivable" (see Notes 11 and 12, respectively).

Loans and receivables are initially recognized at their fair value and subsequently at amortized cost in accordance with the effective interest rate method.

The Group assesses at the date of each balance sheet whether there is objective evidence of a loan or receivable having suffered losses due to impairment, recognizing any related loss in the income statement.

In addition, the Group calculates the expected loss from credit risk, through the factors "Exposure of default", "Probability of default" and "Loss given default". Regarding estimating the probability of default, the Group applies the simplified method, based on credit ratings from external credit rating agencies. Customers are grouped in the following business lines: Auto, Industry, Road safety, Solar structures and Other structures.

The Company follows the policy of eliminating all receivable balances sold as a result of factoring agreements without recourse from the balance sheet, with the understanding that it has substantially transferred the risks and benefits deriving from these debt claims. Similarly, the Company records a provision for interest based on the best estimate possible for the financial cost that accrues on these contracts between the time of assignment of the debt claim and effective collection of the debt by the bank.

At the end of the year the Group recorded discounted bills totaling €15,302 thousand (2019: €3,469 thousand) (Note 17).

Deposits at banks maturing in more than 90 days are included under this category.

b) Financial assets with changes in other comprehensive income:

Hedging derivatives contracted by the Group. (Note 2.11)

A financial asset is eliminated when:

- The right to receive the asset's cash flows has expired.
- The group has transferred the rights to receive the cash flows from the asset or it has assumed the obligation to fully pay cash flows without delay to a third party under a transfer agreement, and the Group (I) has substantially transferred all the risks and benefits relating to the asset, or (ii) it has not substantially transferred or retained all of the risks and benefits relating to the asset, but it has transferred control over that asset.
- When the Group has transferred the rights to receive the cash flows from an asset or it has assumed the obligation to transfer those rights, it evaluates whether or not it has retained the risks and benefits of ownership and, if so, to what degree. When it has not transferred or retained substantially all risks and benefits relating to the asset and it has not transferred control over that asset, it is recognized based on the Group's continued involvement with the asset concerned. In this case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured in accordance with criteria that reflect the rights and obligations that the Group has retained.
- When continued involvement consists of a warranty covering the transferred asset, it is measured at the lower of the original carrying amount for the asset and the maximum compensation that may be demanded from the Group.



Impairment

IFRS 9 requires the Group to record the expected credit losses on all its debt securities, loans and receivables, either on a 12-month basis or for life. The Group has applied the simplified retroactive model and recognizes expected losses of all receivables over their expected life. The total expected amount for the Group at 31 December 2020 is of €2,013 thousand (€1,966 thousand in 2019) (Note 3 and 11).

2.11 Derivative financial instruments

The Group recognizes derivatives (Note 17) that are initially stated at their fair value at the date on which the relevant derivative contract is concluded. After initial recognition, they are again measured at fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, on the nature of the item being hedged.

At 31 December 2020 and 2019 most of the derivative financial instruments contracted by the Group qualify for hedge accounting (Note 17).

The Group designates certain derivatives as either:

- a. Hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge);
- b. Hedges of a specific risk associated with a recognized liability or asset or a highly likely expected transaction (cash flow hedges); or
- c. Hedges of a net investment in a foreign operation (net investment hedging).

At the start of the transaction the Group documents the relationship existing between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its evaluation from the start, and continuously thereafter, as to whether the derivatives being used in the hedging transactions are highly effective to offset changes in fair value or in cash flows from hedged items.

The fair values of certain derivative instruments used for hedging purposes are set out under Note 17. Movements in the hedging reserve recorded under equity are shown in the Statement of changes in equity. The total fair value of a hedging derivative is classified as non-current assets or liabilities if the time remaining to maturity of the hedged item is more than 12 months and as current assets or liabilities if the time remaining to maturity of the hedged item is less than 12 months. Derivatives held for trading are classified as current assets or liabilities.

a) Fair value hedge

Any change in the fair value of a hedge derivative is recognized in the income statement under "Financial expense". The change in the fair value of the hedged item attributable to the hedged risk is recognized as part of the carrying amount of the hedged item and it is also recognized in the income statement for the year under the heading "Financial expense".

For fair value hedges relating to items recognized at amortized cost, any adjustment to the carrying amount is recorded in the income statement over the time remaining in the hedge, using the effective interest rate method. The accrual of interest in accordance with the effective interest rate method may start when there is any adjustment and no later than the time at which the hedged item ceases to be adjusted for changes in its fair value attributable to the hedged risk.

If the hedge ceases to comply with the criteria for carrying the hedge, the book adjustment for a hedged item which is carried using the effective interest rate method is recognized through profit and loss during the period until maturity. If a hedged item is eliminated, the unamortized fair value is immediately recognized in the income statement.

When an unrecognized firm commitment is designated to be a hedged item, accumulated subsequent changes in its fair value attributable to the hedged risk are recognized as an asset or liability and the relevant gain or loss is recorded in the income statement.



b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized under other comprehensive income. Profits or losses from the ineffective portion are recognized in the income statement of the Group.

The accumulated amounts in equity are reclassified to the income statement in the years in which the hedged item affects the gain or loss (e.g., when the forecast sale which is hedged takes place). The relative loss or profit on the effective portion of interest rate swaps covering variable rate loans is recognized in the income statement as «impairment and profit/loss from financial instruments». However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or property, plant and equipment), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are definitively recorded as a cost of the assets sold, in the case of inventories, or as depreciation in the case of property, plant and equipment.

When a hedge instrument expires, is sold, or when it no longer meets the requirements for carrying the hedge, any accumulated gain or loss in equity up until that moment remains in equity and is recognized when the planned transaction is finally recognized in the income statement. When the forecast transaction is ultimately not expected to occur, the accumulated gain or loss in equity is immediately transferred to the income statement under "Impairment and profit/loss of Financial Instruments".

c) Net investment hedges

Net investment hedges of foreign operations are recorded in a manner similar to cash flow hedges.

Any gain or loss on the hedge instrument related to the effective part of the hedge is recognized under Other comprehensive income. The gain or loss relating to the inefficient part is recognized in the income statement.

The profit or loss accumulated in equity is included in the income statement when the foreign operation is partially sold.

The breakdown of the derivatives the Group has on the balance sheet at 31 December 2020 is as follows:

Categories	Fair Value (thousand euro)			
	Asset		Liability	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Fair value hedge	-	-	-	-
Cash flow hedge	5	74	12.894	12.478
Net investment hedges	-	-	-	-
Total	5	74	12.894	12.478

2.12 Inventories

Inventories of raw materials, goods purchased for resale, finished products and work in progress are measured at the lower of acquisition cost (determined using the weighted average cost method) or production cost, respectively, and net realizable value.

- The acquisition cost includes the net purchase price of materials, plus all additional items necessary for the assets to be located at the Company's warehouses, together with insurance, transport and other costs.
- The cost of finished products and work in progress comprises design costs, raw materials, direct labor, other direct costs and general production overheads (based on normal operating capacity).
- The net realizable value is the estimated selling price in the ordinary course of business, less estimated selling expenses and, in the case of raw materials and work in progress, the estimated costs necessary to complete production.

When the net realizable value of inventories is less than their acquisition price or production cost, all appropriate measurement adjustments are applied and recognized as an expense under the heading "Raw materials and other consumables" in the accompanying consolidated income statement.



In the case of raw materials and other consumables used during the production process, no measurement adjustments are made, provided that the finished products they are used to create are sold at a price above cost. When it is appropriate to apply a measurement adjustment the replacement value of raw materials may be the best indicator available of their net realizable value.

If the circumstances that cause the measurement adjustment to cease to exist, the amount of the adjustment is reversed and recognized as a reduction of supply expenses in the consolidated income statement.

The Group has obtained an insurance policy to cover all potential risks that could affect inventories, both those that it owns and those that are in the possession of third parties.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits at credit institutions and other short-term highly liquid investments with an original maturity of three months or less.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Government grants

Government grants are recognized at fair value when there is reasonable assurance that the grant will be collected and the Group will comply with all established terms and conditions.

Government grants related to costs are deferred and recognized in the heading "Other operating income" in the consolidated income statement over the period necessary to match them to the costs intended to be offset.

Government grants for the acquisition of property, plant and equipment are included under non-current liabilities as deferred income and credited to the income statement on a straight-line basis over the expected lives of the corresponding assets.

2.16 Trade payables

Trade payables are payment obligations arising from the purchase of goods or services from suppliers in the ordinary course of business. Payables are classified as current liabilities if the payments fall due in one year or less (or fall due in the normal course of operations if longer). Otherwise, they are presented as non-current liabilities.

Trade payables are initially recognized at their fair value and subsequently they are valued at their amortized cost using the effective interest rate method.

2.17 Financial debt

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. They are subsequently measured at amortized cost. Any differences between the funds obtained (net of necessary transaction costs) and their repayment value are recognized in the income statement over the term of the debt applying the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Fees paid on the establishment of lines of credit are recognized as transaction costs for the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. Insofar as there is no evidence that it is probable that the credit line will be used, the



commission is capitalized as an advance payment for liquidity services and amortized over the period during which the credit line is available.

A financial liability is eliminated from the consolidated balance sheet when the obligations that it generates are extinguished or when re-acquired, even if it will be re-sold in the future.

The Group's debt has not been materially restructured since its original issue.

Heading	IFRS 9	IAS 39
Financial liabilities		
Trade and other payable	Amortized cost	Loans and receivables/payables
Bank borrowings	Amortized cost	Loans and receivables/payables
Other financial liabilities	Amortized cost	Loans and receivables/payables
Financial derivatives	FVOCI (*)	FVOCI (*)

(*) Fair Value through Other Comprehensive Income

2.18 Current and deferred taxes

The tax expense for the period comprises current and deferred tax. The tax is recognized in the income statement, except to the extent that it relates to items that are directly recognized under equity. In this case, the tax is also recognized under equity.

Current tax expense is calculated based on the tax legislation that has been approved or is about to be approved at the balance sheet date in the countries in which subsidiaries and associates operate and generate profits subject to taxation. Management regularly evaluates the positions held with respect to tax returns vis-à-vis situations under which tax legislation is subject to interpretation and creates, if appropriate, all necessary provisions based on the amounts expected to be paid to the tax authorities.

Deferred income tax is calculated, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated annual accounts. However, if the deferred taxes arise from the initial recognition of a liability or an asset on a transaction other than a business combination that at the time of the transaction has no effect on the tax gain or loss, they are not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized insofar as future taxable profits will probably arise against which to offset the temporary differences.

Deferred income tax is recognized on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if, and only if, there is a legal recognized right to offset the deferred tax assets against current tax liabilities and when the deferred tax assets and liabilities derive from income tax levied by the same tax authority, involve the same company or taxpayer, or different companies to taxpayers, that intend to settle current tax assets and liabilities for their net amount.

2.19 Provisions

The Group recognizes a provision liability when:

- There is a present legal or constructive obligation as a result of past events;
- An outflow of funds may be necessary to settle the obligation; and
- The amount has been reliably estimated.



The Group makes provision for those circumstances involving litigation under which it is likely that an outflow of resources will be necessary to settle the obligation.

In the case of provisions for taxes as a result of inspection reports, the Group calculates the effect of uncertainty as the expected value weighted by its probability in the range of possible outcomes.

Provisions are carried at the present value of the payments that are expected to be necessary to settle the obligation, using a rate before taxes that reflects the evaluation of the current market for the temporary value of money and the specific risks relating to the obligation. Any increase in the provision due to the passing of time is recognized as an interest expense.

2.20 Leases

a) When a Group company is the lessee - Finance leases:

Leases covering property, plant and equipment under which the Group has substantially all the rights and benefits of ownership are classified as a finance lease. Finance leases are capitalized at the start of the lease at the lower of the fair value of the leased property or the present value of the minimum rental payments to be made.

Each lease payment is distributed between liabilities and financial charges to obtain a constant interest rate for the outstanding amount. Lease obligations, net of financial charges, are recognized in borrowings. The interest component of the financial cost is charged to the income statement over the lease period such that a constant interest rate is obtained with respect to the outstanding liability balance in each year. If there is no reasonable assurance at the end of the lease period that ownership of the asset will be acquired, fixed assets under finance leases are depreciated over the lower of their useful lives and the contract term. When there is reasonable assurance that at the end of the lease contract, ownership of the asset will be acquired, the fixed asset acquired is depreciated over its useful life.

b) When a Group company is the lessee:

The accounting policy has changed when the Group is the lessee, as mentioned in Note 2.2. Until 2018, property, plant and equipment leases were classified as finance or operating leases. From 1 January 2019, upon the effective date of IFRS 16, leases are recognized as a right-of-use asset and the corresponding liability on the date on which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any leasing incentives to be received
- Variable lease payments depending on an index or a rate, initially measured using the index or rate at the commencement date
- Amounts expected to be payable under residual value guarantees
- The exercise price of a purchase option if the group is reasonably certain that it will exercise that option, and
- Penalty payments for termination of the lease, if the term of the lease reflects the group's use of that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined directly, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-to-use asset in a similar economic environment with similar terms, guarantees and conditions.



To determine the incremental borrowing rate, the Group:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted for changes in the financing terms since the third-party financing was received
- Uses an approach that starts with a risk-free rate adjusted for credit risk for leases held by the Group, which have no recent third-party financing, and
- Makes specific adjustments for the lease (e.g., term, country, currency, and warranty).

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to the index or rate-based lease payments take effect, the lease liability is reassessed and adjusted against the asset for right of use.

Lease payments are allocated between principal and finance cost. The finance cost is charged to income over the lease period to produce a constant periodic interest rate on the remaining liability balance for each period.

The right of use assets are measured at cost which comprises:

- The initial valuation of the lease liability
- Any lease payments made on or before the start date, less any lease incentives received
- Any direct initial costs, and
- Restoration costs.

Assets with a right to use are generally amortized on a straight-line basis over the shorter of the asset's useful life or the lease term. If the group is reasonably certain to exercise a purchase option, the right-to-use asset is amortized over the life of the underlying asset.

While the Group reevaluates its land and buildings that are presented as fixed assets, it has chosen not to do so for the buildings with rights of use that the Group maintains.

Payments associated with short-term leases of machinery and vehicles and all leases of low value assets are recognized on a straight-line basis as an expense in income. Short-term leases are leases with a term of 12 months or less. Low value assets include computer equipment and small items of office furniture.

c) When a Group company is the lessor - Operating leases:

When assets are leased to third parties under an operating lease they are recognized under "Investment properties" and the revenue from the lease is recognized on a straight-line basis over the term of the lease.

2.21 Dividend payment

The payment of dividends to the Company's shareholders is recognized as a liability in the Group's consolidated annual accounts in the year in which the dividends are approved by the Company's shareholders.

In 2020 the Group's parent company distributed dividends to its shareholders totaling €29,000 thousand (€33,000 thousand in 2019) (Note 15.1).

2.22 Revenue through contracts with customers and other operating contracts

These revenues include the fair value of the considerations received or to be received for the sale of goods and services, net of value added tax, non-recoverable excise taxes levied on sales, returns and discounts, and after elimination of sales within the Group.

The revenue recognition policy of the Group is determined by the five-stage model proposed in IFRS 15.

The Group recognizes revenues to the extent that it considers the performance obligations to be satisfied, through the transfer of control of the goods or products it sells.



Discounts for early payment, for volume and other discounts are recognized when it is probable that the conditions for granting them will be met and are recognized as a reduction in sales revenue.

a) Goods sold:

The Group manufactures and sells flat steel products and steel related metals.

The revenues included in this category come from five differentiated business lines: "Auto", "Industry", "Road Safety", "Solar Structures", and "Other Structures".

The Group applies the 5-stage model proposed by IFRS 15 "Revenue from Contracts with Customers".

- i. **Identification of contract with customer:** The contracts of the Group may either be standardized and signed in time and manner with specific characteristics and for specific projects; or they may be implicit contracts documented through orders.
- ii. **Identification of performance obligations:** The Group has identified the following performance obligations in each differentiated business line:

Performance obligation	Business line				
	Auto	Industry	Road Safety	Solar Structures	Other structures
Manufacturing and Transport	✓	✓	✓	✓	✓
Installation or Assembly	-	-	✓	✓	✓

For the business lines "Auto" and "Industry", the Group understands their performance obligation with the customer to be the delivery of the produced good at the agreed time and place.

For the "Road Safety" business line, the performance obligation consists of installing the manufactured product. In case this is not installed, the performance obligation is not satisfied. Therefore, the "Manufacturing and Transport" and the "Installation or Assembly" are one only performance obligation in this business line.

In the business lines "Solar" and "Other structures", there are contracts with customers in which the "Manufacturing and Transport" is the only identified performance obligation, while in other contracts the "Installation or assembly" is also included. In this sector, these obligations are satisfied independently.

- iii. **Determination of the transaction price:** The price agreed in the formalized contract or order represents the individual transaction price of the sale or service. The Group did not identify any variable considerations.
- iv. **Price Allocation:** Each contract or order establishes a unit price per service or product sale. For "Auto" and "Industry" business lines the entire price established by the contract or order is allocated to the only identified performance obligation that is the "Manufacturing and transport" of the finished product. In the "Road Safety" business line, the price is allocated to the only identified performance obligation which is "Manufacturing and Installation". In the case of "Solar" and "Other Structures" the price is allocated specifically for each of the two performance obligations identified: Separately, the "Manufacturing and transport" and the "Installation or Assembly", with different times for revenue recognition.
- v. **Revenue recognition:** This may be "over time" or "at a point in time". For business lines with products that do not have an alternative use (the "Solar" business line and specific products of the "Auto" business line), the revenue is recognized as production milestones are reached, and the sale is recognized as "over time". Products that have alternative uses, which are not specifically produced for a customer in particular, and which have a standardized production, the performance obligation is satisfied whenever the good is delivered, depending on agreed incoterm in each case.



Additionally, there are revenues that stem from "Maquila" service contracts, primarily in the "Auto" business line, in which the Group only identifies as a performance obligation the "Cutting or treatment" of goods owned by the customer. The transaction price is assigned to each unit of product treated as an individual contract and revenue recognition is at the "point in time" when the service is rendered.

There are no direct incremental costs for obtaining contracts. There are no performance obligations that represent a warranty.

b) Revenue through rendering services

These mainly come from "Maquila" service contracts, primarily in the "Auto" business line, in which the Group only identifies as a performance obligation the "Cutting or treatment" of goods owned by the customer. The transaction price is assigned to each unit of product treated as an individual contract and revenue recognition is at the "point in time" when the service is rendered.

c) Interest Income:

Interest income not deriving from contracts with customers is recognized using the effective interest method.

d) Dividend income:

Dividend income is recognized when the right to receive payment is established.

2.23 Environment

Assets acquired by Group Companies to be used on a long-lasting basis in its business, the main aim of which is to minimize environmental impact and protect and improve the environment are reflected in the relevant property, plant and equipment headings and capitalized at acquisition or production cost. They are depreciated over their estimated useful lives on the basis of the rates laid down for similar property, plant and equipment.

Expenses deriving from such environmental activities are recognized as operating expenses in the year incurred.

A provision for environmental matters is recorded when expenses arise in the current year, when the expenses relate to prior years or when at the year-end such expenses are probable or certain, but the amount or date involved has not been specified. A provision is also recorded for environmental actions as a result of the Group's legal or contractual obligations and for the commitments acquired for the prevention and repair of environmental damages.

2.24 Employee benefits

Termination benefits:

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without any possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits which are not going to be paid within 12 months of the balance sheet date are discounted to present value. In the short-term the Group has no plans to make significant dismissals.



2.25 Discontinued operations

In accordance with IFRS 5, a discontinued operation is a component of the entity that has been sold or disposed of through other means or that has been classified as held for sale and:

- a) It represents a line of business or geographical area which is significant and may be considered separate from the rest;
- b) It forms part of an individual and coordinated plan to sell or otherwise dispose of a significant line of business or a geographic area of operations that may be considered to be independent from the rest; or
- c) It is a subsidiary acquired solely for the purpose of resale. The results from discontinued operations are presented as a single balance in the income statement, including the profit after taxes from discontinued operations.

2.26 Non-current assets held for sale

Non-current assets (or disposal groups of items) are classified as assets held for sale when their value will be recovered mainly through their sale, provided that their sale is considered to be highly likely. These assets are measured at the lower of the carrying amount and fair value less selling costs.

Property, plant and equipment and intangible assets are not depreciated/amortized once classified as held-for-sale.

3. Financial risk management

3.1 Market variables and Group policy

The Group's activities are exposed to different undefinable factors related to the current environment that are conditioning the ordinary performance of the financial markets.

Factors such as the exchange rate, the interest rate, the price, the availability of credit and the yields on assets are being affected not only by normal market circumstances but also by political circumstances and decisions worldwide whose consequences in each region and in each country are not always desirable.

GI Group's policy, channeled through its Finance Department, focuses on maintaining the highest liquidity level possible, facilitating negotiations with financial institutions and minimizing the risks arising from its ordinary activities and its investment plans. This policy also allows it to remain within the market to take advantage of the opportunities and the favorable moments that arise, while avoiding difficult and unfavorable situations.

Within the aforementioned policy, the occasional use of hedging instruments is a resource that is favorably considered within a policy of prudence that governs its actions.

- a) Market risk
 - (i) Price Risk

The Group is exposed to two types of price fluctuations:

Fluctuation in the price for the equity securities that it holds:

The effect on the Group of price fluctuations of equity securities because of investments held by the Group and which are classified in the consolidated balance sheet at fair value through profit or loss is not significant, because of the limited relevance of these investments compared to the Group's total assets and equity.



Fluctuations in commodity prices:

The Group operates with certain commodities, primarily steel. The Group is affected by fluctuations in the prices for these commodities since, logically, it must be able to transfer the changes in commodity prices to selling prices in order to maintain its market competitiveness.

To satisfy this need, the Group's policy has been to develop a sales network that allows final customers to be continuously supplied and through which it has attained significant market share with respect to final customers, which enables us to stabilize sales and, therefore, reduce this risk. This policy includes medium-term agreements with customers called "program agreements" that allow stability to be provided with respect to market variations and therefore, significantly reduce price fluctuation risk.

The policy of maintaining sufficient inventory levels at our warehouses, thereby increasing our competitiveness, gives rise to the possibility of the mismatch of those inventories in terms of upward or downward movements in market prices. Deep knowledge of the market through accumulated experience, allows us to anticipate market price fluctuations to a certain extent, thereby minimizing the effects of price fluctuations and increasing the positive effects that any increase in those prices could have on the inventories in our warehouses at any given moment. This allows us to purchase at advantageous moments and reduce our warehouse stock at other times.

At 31 December 2020 and 2019, if the price of steel denominated in euro had been 5% higher/lower, in relative terms, with all other variables remaining constant, profits after taxes for 2020 would have been €47,879 thousand higher/lower, and €53,653 thousand was the figure for 2019, mainly due to higher/lower expenses on the purchase of goods for resale and commodities.

(ii) Cash flow interest rate risk and fair value risk

Exposure to variations in the Group's interest rate results mainly from borrowings. The Group's borrowings are mainly denominated in euro and are at variable rates, which exposes the Group to the cash flow interest rate risk.

The Group manages its interest rate exposure in a dynamic manner. It simulates several scenarios bearing in account refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios the Group calculates the effect on earnings of a certain variation in the interest rate. The same change in interest rate for all currencies is used in each simulation. Scenarios are only simulated for liabilities representing the most significant interest-bearing positions.

At the end of 2020 and 2019 the Group recognized interest rate hedges totaling €240,000 thousand and €300,000 thousand, respectively (Note 17).

Based on the various scenarios, the Group manages the cash flow interest rate risk through fixed to variable interest rate swaps. The economic effect of these interest rate swaps is the conversion of variable interest borrowings to fixed interest borrowings. Generally, the Group obtains long-term borrowings at variable interest rates and swaps them for borrowings at fixed interest rates which are lower than those which would be available if the Group obtained borrowings directly at fixed interest rates. Under interest rate swaps, the Group undertakes with other parties to exchange on a regular basis (generally quarterly) the difference between fixed and variable interest, calculated based on the notional principals contracted.

At 31 December 2020 and 2019, if the interest rate on borrowings denominated in euro had been 10% higher/lower, in relative terms, with all other variables remaining constant, profits after taxes for 2020 would have been €884 thousand higher/lower, and €1,213 thousand was the figure for 2019, mainly due to a higher/lower variable rate on borrowings.



(iii) Exchange Rate Risk

The Group operates internationally and is therefore exposed to exchange rate risk arising from transactions in the currencies of the countries in which it operates. Exchange rate risk derives from commercial transactions, recognized assets and liabilities and from the conversion of financial statements for companies whose functional currency is not the presentation currency of the Consolidated Group, mainly the Brazilian real, the Mexican peso, the Polish zloty, the Indian rupee, the Turkish lira, the US dollar, the Argentine peso, the Russian ruble, the Moroccan dirham, pounds sterling, the Romanian leu, the Czech koruna, the Chilean peso, the Colombian peso, the Guatemalan quetzal and the Chinese renminbi.

In order to neutralize the impact on its business and its income statement that could arise from upward and downward changes in exchange rates the Group applies an exchange rate management policy.

To articulate this policy, the Group prepares regular reports that provide details of all receivables and payables in currencies other than the euro that will materialize within a certain period. Once these flows have been defined and the potential impacts analyzed, the Group may temporarily apply a series of financial instruments that allow flexibility when taking the best decisions possible. The instrument used in most cases is the purchase of forward currencies, in which a known rate is set for a certain maturity date and which may adapt to the cash flows that are expected to be obtained from the commercial transactions.

The primary exposure to the exchange rate is fundamentally due to the conversion of the individual financial statements whose functional currency is different from the Group's presentation currency. The sensitivity of results and the Group's consolidated equity to changes in exchange rates affecting the respective currencies is as follows:

	Changes in exchange rate	2020		2019	
		Effect on profit before taxes	Effect on Capital and Reserves	Effect on profit before taxes	Effect on Capital and Reserves
BRL / EUR	5%	1,141	1,626	271	1,502
	-5%	-1,141	-1,626	-271	-1,502
PLN / EUR	5%	282	2,389	154	2,459
	-5%	-282	-2,389	-154	-2,459
ARS / EUR	5%	-137	749	-5	956
	-5%	137	-749	5	-956
RUB / EUR	5%	74	943	207	1,173
	-5%	-74	-943	-207	-1,173
USD / EUR	5%	-41	7,073	-5	5,618
	-5%	41	-7,073	5	-5,618
TRY / EUR	5%	35	382	-147	339
	-5%	-35	-382	147	-339
CNY / EUR	5%	33	270	146	2,999
	-5%	-33	-270	-146	-2,999
GBP / EUR	5%	65	2,814	-24	2,520
	-5%	-65	-2,814	24	-2,520
COP / EUR	5%	-50	390	-116	501
	-5%	50	-390	116	-501
CZK / EUR	5%	-	-	14	282
	-5%	-	-	-14	-282

At the end of 2020 and 2019 the Group recognized exchange hedges yet to mature totaling €20,646 thousand and €48,216 thousand, respectively (Note 17).

b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Given the dynamic nature of the underlying businesses, the Group's Treasury Department has the objective of maintaining flexible financing through available committed credit facilities.



Management monitors liquidity reserve projections for the Group, which includes credit availability (Note 17) and cash and cash equivalents (Note 14) based on expected cash flows.

At the end of 2020 and 2019, the Group had credit lines and discounting facilities that had not been utilized in the amount of €543,509 thousand in 2020, and €348,254 thousand in 2019 (Note 17).

Notes 17 and 20 of the consolidated notes to the annual accounts contain details regarding the maturity date for borrowings and other Group non-current liabilities, respectively, in accordance with the remaining terms at the balance sheet date up until the maturity date stipulated in the relevant agreement. The amounts reflected in that note relate to the cash flows stipulated in the contract without any discounting and excluding interest. All other current liabilities, such as trade and other payables (Note 22) or other current liabilities fall due within 6 months.

c) Credit risk

The credit quality of financial assets that have not yet been sold and which have also not become impaired may be evaluated through the financial analysis performed by the Group based on independent credit ratings or past default information.

The exposure to variations in the quality of debtors is managed by groups. The credit risk results from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, including accounts receivable outstanding.

If customers have been rated independently these ratings are used. Conversely, if there are no independent ratings, credit control assesses the customer's credit worthiness, considering its financial position, past experience and other factors.

Individual credit limits are established based on internal and external ratings in accordance with the limits established by the Group's risk committee. The use of credit limits is regularly monitored by sales and general management.

As part of its risk policy, the Group has obtained insurance from several credit institutions in order to cover possible insolvencies of customers that the Risk Department deems necessary.

During the years for which information is reported no credit limits have been exceeded and Management does not expect there to be losses due to the infringement of any of the counterparties indicated above.

At the end of 2020 and 2019 none of the Group's customers had shown any failure to make payment in the past. In accordance with the Group's risk management policy, all financial institutions at which deposits are made must have a minimum rating of BBB+, therefore Group Management has not considered it necessary to apply any impairment to these assets.

Losses due to impairment of financial assets

The Group holds financial assets that are subject to the expected credit loss model:

- Trade receivables for inventory sales
- Debt investments recognised at amortised cost
- Other

Although cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the impairment identified was immaterial.



d) Brexit

With regard to the exit of the United Kingdom from the European Union, the Group does not deem this to have a significant impact on its consolidated financial statements. The Group has one production company and one Holding in the United Kingdom. The total fixed assets the Group holds in this country amount to €57,100 million while the total fixed assets of the Group total €1,332,498 million. Moreover, the affected sales in this country only account for 5% of the total sales of the Group. Any customer transfer, which may occur due to Brexit, should not lead to a reduction of sales in the Group, as they may be handled from any other country, as it is a global market.

e) Impact COVID - 19

In March 2020, the disease caused by the SARS-CoV-2 virus was declared by the World Health Organization (WHO) a global pandemic because of the large number of infections and deaths it had caused globally at that time.

Thus, especially in the first half of 2020, the spread of the virus forced the Gonvarri Group to temporarily close almost 100% of its plants. The periods of inactivity in plants were between 2 to 3 weeks as a minimum and in no case longer than 6 to 8 weeks. This had a negative financial impact on the Group as the accumulated result for the year did not reach the estimated budget figures, although during the last quarter of the year 2020, indicators such as EBITDA and Sales reached highly satisfactory levels.

There was also a restructuring of personnel in several of the Group's companies. In some cases, this involved layoffs and, in some cases, if local government policies permitted, the plants benefited from grants and subsidies to avoid permanent workforce reductions.

Among the policies implemented by the Group to manage the risks posed by the pandemic, there is the renegotiation of contracts with suppliers and customers and the purchase of exchange rate insurance, mainly to cover the risk of fluctuating exchange rates.

It should be noted that the projects that the Group management had provisioned for development along 2020 have not been significantly impacted by the pandemic. In some cases, the previously scheduled development dates were delayed, but they were ultimately achieved.

3.2. Capital risk management

To date, the Group's objective with respect to capital management is to ensure that the Group maintains the capacity to finance its growth through an adequate financing structure and taking into consideration its cash needs. This growth policy is framed within the final objective of pursuing sustainable long-term profits for the Group's shareholders. Dividends payable, redemptions of capital, the issue of new shares or sales of assets to reduce debt are analyzed by the Board of Directors to comply with growth and yield targets.

The Group monitors capital based on the leveraging ratio. This index is calculated next:

		2020	2019
Non-current financial accounts	(Note 10)	7,690	8,600
Other financial assets	(Note 10)	2,710	3,179
Current Financial Accounts	(Note 12)	16,205	26,369
Cash and other cash equivalents	(Note 14)	124,211	132,077
	Total (I)	150,816	170,225
Non-current financial debt	(Note 17)	164,806	284,675
Non-current derivative financial instr.	(Note 17)	12,371	10,855
Current financial debt	(Note 17)	174,918	191,646
	Total (II)	352,095	487,176
Net Financial Debt	(II-I)	201,279	316,951
Equity	(Note 15, 16)	1,332,498	1,279,562
	Leveraging	15%	25%



The leveraging ratio is within the range of reasonable values established by management, which is to have a DFN/EBITDA ratio of less than 2, the Group's figure at year-end 2020 is 1.10. The performance of this ratio is analyzed on an on-going basis and future estimates are made as a key limiting factor of the Group's investment strategy and dividend policy.

The leveraging ratio of net financial debt increased in 2018 with the adoption of IFRS 16 "Leases". The adjustment for IFRS 16, which only affects 2020, amounts to €35,110 thousand (€39,969 thousand in 2019).

3.3 Fair value estimation

The fair value of current and non-current financial assets and liabilities does not differ significantly from their carrying amount. For financial instruments measured at fair value, the Group uses the following hierarchical levels based on the materiality of the variables used to carry out such valuations:

- Tier 1: Listed prices (not adjusted) on active markets for identical assets or liabilities;
- Tier 2: variables other than the listed prices included in Tier 1 that are observable for the asset or liability directly (prices) or indirectly (deriving from prices).
- Tier 3: variables which are not based on observable market data (non-observable variables).

Market valuations of derivatives, investment properties and non-current assets held-for-sale obtained by the Group are classified under Tier 2 in general.

The estimated fair value of variable rate loans does not significantly differ from their carrying amount.

4. Accounting estimates and judgments

Estimates and judgments are assessed on an on-going basis and are based on historic experience and other factors, including expectations of future events which may be considered reasonable under the circumstances.

The Group makes estimates and judgments concerning the future. These estimates have been made based on the best estimate possible based on the information available regarding the events analyzed at the date the accompanying consolidated annual accounts were prepared, although it is possible that future events will require them to be modified in coming years which would be done on a prospective basis, recognizing the effects of the change in estimates but the consideration is that they would not have a significant effect on future consolidated annual accounts.

The main estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Fair value of assets and liabilities acquired in business combinations

Business combinations in which the Group obtains control over one or more businesses are recognized using the acquisition method, which generally involves recognizing at the acquisition date the assets acquired, the liabilities assumed, the equity instruments issued, and any contingent consideration that depends on future events or the fulfilment of certain conditions, at their fair value at that date, provided that this value can be measured reliably.

4.2 Impairment of goodwill and intangible assets with an indefinite useful life

The Group verifies annually whether there is an impairment loss in respect of goodwill and trademarks, in accordance with the accounting policy described in Note 2.9. The recoverable amounts of the cash generating units have been determined based on the calculation of value in use. These calculations require the use of estimates (Note 7). A sensitivity analysis of such calculations in the event of variations in the parameters taken into account is set out in Note 7.

Neither in 2020 nor in 2019 did the Group amortize any goodwill nor trademarks.



4.3 Useful lives of buildings and machinery

The Group's management determines estimated useful lives and related depreciation charges for its plant and equipment. This estimate is based on the projected life cycles of buildings and machinery. The useful lives have not changed as a result of the restatement of the cost attributed to the buildings included under the headings Property, plant and equipment and Investment properties, and the previously established figures have been maintained.

4.4 Income tax

The Group is subject to income taxes in numerous jurisdictions. A significant level of judgment is required to determine the corporate income tax provision worldwide. There are many transactions and calculations in which the ultimate tax calculation is uncertain in the ordinary course of business.

The Group recognizes liabilities for potential tax claims based on an estimate of whether additional tax will have to be paid. When the final tax result differs from the amounts which were initially recognized, such differences will have an effect on income tax and the provisions for deferred taxes in the year in which they are deemed to arise.

The Group capitalizes tax-loss carry forwards insofar as future tax profits will probably arise against which to offset the carry forwards.

4.5 Impairment losses on non-financial assets

There is impairment when the carrying amount of an asset or a cash generating unit exceeds its recoverable amount, which is the higher of its fair value, less selling costs, and its value-in-use.

The calculation of fair value less selling costs is based on the information available for sales transactions associated with similar assets carried out under identical conditions or at observable market prices less the cost necessary to eliminate the asset. The calculation of value-in-use is based on a cash flow discounting model.

Cash flows are obtained from the budget for the coming five years and do not include any restructuring activities to which the Group has not yet committed nor any significant future investments that will increase the yield of the asset pertaining to the cash generating unit that is being analyzed.

The recoverable amount is very sensitive to the discount rate used in the cash flow discounting model, the future expected entries of flows and the growth rate used in the extrapolation. The key assumptions used to determine the recoverable amount of the various cash generating units, including the relevant sensitivity analysis, are broken down and explained in further detail in Note 7.

4.6 Fair value of derivatives or other financial instruments

The fair value of financial instruments that are not listed on an active market (for example, derivatives not listed on an official market) is calculated using measurement techniques. The Group uses judgments to select a variety of methods and to develop assumptions that are primarily based on the market conditions existing at each balance sheet date. The Group has used discounted cash flow analyses for several exchange rate contracts that are not traded on active markets.

4.7 Determination of control and evaluation of joint agreements

Under IFRS 10 and 11, the Group performs an evaluation whether there is control or not over the management of investments in which the shareholding is 50%.

The Group controls a company when it is exposed to, or has the right to, certain variable yields due to the interest held and it has the capacity to use its authority over the company to influence those yields. Hereto, the evaluation is not only based on the account of the legal aspects of the operation, but also on other determining aspects such as the financial aspect of the business, assessment of risk assumption, the company's management and decision-



making, the relevance of its transactions and the use of its own manufacture procedures or brands.

As result of said evaluation, those subsidiaries over which the Group has control are consolidated by the full consolidation method. On the other hand, those companies in which the Group has evaluated the nature of the joint agreements and has determined them to be joint ventures, are recognized using the equity method.

Since their creation and until 2019, the companies ArcelorMittal Gonvarri Nitra S.R.O. and ArcelorMittal Gonvarri SSC Slovakia, S.R.O. were considered joint ventures of the Gonvarri Group. However, on January 1, 2020, following a series of changes in the companies' operations, the Group obtained control of both companies and for this reason, since then, they have been consolidated under the full consolidation method.

Among the main reasons behind this change of control we can point out that ArcelorMittal Gonvarri Nitra S.R.O started its activity at normal levels in January 2020 as an extension of the Gonvauto business unit (100% managed by Gonvarri). Since the start of production at this plant, most of the revenues are generated thanks to the knowledge and experience that the Gonvarri group brings to the AUTO business. In addition, the Nitra plant is positioned in the market under the Gonvauto brand (Gonvarri Group brand) and is integrated within the Gonvarri Group's operating systems.

Throughout 2020, more than 50% of the revenues of both plants located in Slovakia were billed to auto customers and 100% of Nitra's turnover was allocated to Gestamp Nitra. Likewise, in the future, it is expected that the revenues contributed by the AUTO business in the company ArcelorMittal Gonvarri SSC Slovakia, S.R.O will also increase, as it has started to operate a blanking press to provide services to the AUTO sector and therefore to the customers contributed by the Gonvarri Group. Therefore, the Group considers that the existing relationship between ArcelorMittal Gonvarri Nitra S.R.O and ArcelorMittal Gonvarri SSC Slovakia, S.R.O. and its customers is mainly with Gestamp customers, which are provided exclusively by the Gonvarri Group through its AUTO commercial department.

On the other hand, during fiscal year 2018 the Arcelor Group confirmed that ArcelorMittal Gonvarri SSC Slovakia, S.R.O. was not included in the changes to the system implemented by the Arcelor Group and currently used in its operations; however, Gonvarri plans to include both companies in the long term within the SAP 4HANA project.

At 31 December 2020, shares defined as joint ventures, and therefore recognized using the equity method, amount to €94,869 thousand. (Note 34.1).

The volume of assets and turnover contributed by those shareholdings in which the Group has determined to have control, which are considered to be significant, Group subsidiaries and are consolidated by the full consolidation method, total €320,549 thousand and €499,119 thousand, respectively. (Note 34.2).



Consolidated financial statements 2020

5 Property, plant and equipment

The breakdown and movements in the various categories of plant, property and equipment are shown in the following table:

	Balance at 31.12.2019	Changes in scope	Additions	Disposals	Transfers	Exchange differences	Balance at 31.12.2020
Gross values							
Land and buildings	549,032	48,784	284	-480	21,889	-15,296	604,213
Plant and other property, plant and equipment	747,118	34,259	6,351	-6,864	29,605	-30,839	779,630
Assets under construction and in progress	8,120	38,185	20,457	-360	-52,243	-167	13,992
Total Gross Values	1,304,270	121,228	27,092	-7,704	-749	-46,302	1,397,835
Amortizations and Provisions							
Buildings	200,131	10,356	15,689	-216	-97	-4,945	220,918
Plant and other property, plant and equipment	561,882	19,787	38,246	-6,169	-584	-23,028	590,134
Impairment losses	8,043	5,273	-	-59	-	-118	13,138
Total Amortizations and Provisions	770,056	35,416	53,935	-6,444	-681	-28,091	824,190
Total net fixed assets	534,214						573,645
Gross values							
Land and buildings	542,248	4,132	2,835	-91	-3,335	3,243	549,032
Plant and other property, plant and equipment	733,012	1,872	16,385	-26,894	9,778	12,965	747,118
Assets under construction and in progress	42,233	-	33,346	-527	-67,181	249	8,120
Total Gross Values	1,317,493	6,004	52,566	-27,512	-60,738	16,457	1,304,270
Amortizations and Provisions							
Buildings	185,788	-	15,324	-188	-1,550	757	200,131
Plant and other property, plant and equipment	553,215	-	38,440	-17,669	-22,944	10,840	561,882
Impairment losses	11,342	-	0	-3,690	314	77	8,043
Total Amortizations and Provisions	750,345	-	53,764	-21,547	-24,180	11,674	770,056
Total net fixed assets	567,148						534,214



a) Changes in scope

The column "change in scope" includes the property, plant and equipment of the companies Kaufmann, CSI, Lampe Lagertechnik GmbH, Laserboost Agromega and Obratel, which were included in the Group's consolidation scope in 2020. It also includes the assets of the companies Sogei, S.A., ArcelorMittal Gonvarri Nitra S.R.O. and ArcelorMittal Gonvarri SSC Slovakia, S.R.O. which at December 31, 2020 are integrated in the Group's financial statements by the full consolidation method. (see Note 1 and 4.7)

In 2019, this column shows the property, plant and equipment of the company Kredit, which entered the consolidation scope of Gonvarri Material Handling. (see Note 1)

b) Additions

The main changes in 2020 relate mainly to the investments of the following companies:

- Laser Automotive Branderburgo (€4,853 thousand): Acquisition of a new Laser blanking Schuler press, which will be completed in 2021.
- ArcelorMittal Gonvarri SSC Slovakia, S.R.O (€2,974 thousand): For expansion of the plant the new blanking line.
- GMH (€2,444 thousand): Mainly for the new beam welding process in Laubach (€962 thousand), the next generation of vertical elevation in Finland (€404 thousand) and press feeder for the B section in Rumania (€374 thousand)
- AMG Brazil (€1,742 thousand): mainly new slitting and transversal line for Rio Grande ('986 thousand), Laser cutting line II in Parana (€379 thousand) and pickling improvements in Campinas (€390 thousand).
- ArcelorMittal Gonvarri Nitra S.R.O. (€1,679 thousand): completion of greenfield investment with acquisition of blanking line and automated warehouse.
- Gonvarri I Service Centre (€1,605 thousand): improvement of facilities and machinery.
- Gonvauto Tarragona (€1,479 thousand): thermal insulation of roofs and new transversal cutting line.

The main changes in 2019 relate mainly to the investments of the following companies:

- Gonvauto Navarra (€7,036 thousand): Acquisition and installation of a new blanking press (€3,531 thousand) and the construction of a new building (€3,039 thousand).
- Gonvarri Valencia (€5,118 thousand) primarily for the new blanking press.
- Gonvauto South Carolina (€4,492 thousand): Acquisition and installation of a new blanking press (€3,125 thousand) and the completion of building expansion (€1,385 thousand).
- Gonvarri Czech (€4,025 thousand): Completion of the construction of the buildings of Phase III and Phase IV.
- Flinsa (€3,586 thousand): Acquisition and installation of new machinery. Dige LT7 Laser Tube Cutter (€664 thousand), MTM-5 tube machine (€2,042 thousand) and Rattunde-5 tube cutter (€612 thousand).
- Tarragona (€4,019 thousand): New transversal cutting line (€3,091 thousand) and the thermal insulation of the roofs (€650 thousand).
- Laser Automotive (€3,893 thousand): Acquisition of 6 3D laser cutting machines.
- GMH (€4,923 thousand): Machinery and improvements to the production centres of Laubach, Rasnow and Kirovks.

Assets under construction at 31 December 2020 primarily relate to investments and the updating of machinery by the subsidiaries Laser Automotive Brandemburgo (€4.851 thousand), ArcelorMittal Gonvarri SSC Slovakia, S.R.O (€2.062 thousand) y AMG Brasil (€986 thousand).

Assets under construction at 31 December 2019 primarily relate to investments and the updating of machinery by the subsidiaries Flinsa (approximately €2,433 thousand), Laser Automotive Barcelona (approximately €1,378 thousand), Gonvarri Material Handling (€1,229 thousand) and Gonvauto Asturias (€1,188 thousand).



c) Disposals

The main changes in 2020 relate mainly to the investments of the following companies:

- Gonvarri I Service Centre (€3,567 thousand): pickling and annealing regeneration lines in Burgos.
- GMH (€1,111 thousand): individually insignificant divestitures within the group
- Gonvarri Solar Steel, US (€827 thousand): TT Racks and machinery/tooling of little significance within the group
- Gonvarri Corporación Financiera (€478 thousand): non-operating divestitures

The main changes in 2019 relate mainly to the investments of the following companies:

- Gestamp Solar Steel US (€5,808 thousand): sale of cutting and profiling machine.
- Gonvarri Valencia (€4,976 thousand): sale of Skin Pass line
- Gonvarri Czech (€4,724 thousand): sale of 8 3D laser cutting machines.
- Laser Automotive Branderburgo (€3,954 thousand): sale of 6 3D laser cutting machines.

During the financial year 2020, the Group has disposed of items of property, plant and equipment, having incurred a net profit as a result of such sale of €839 thousand, recorded under "Other income and expenses" in the consolidated income statement for the year (€73 thousand profit at the end of the financial year 2019). The main transaction that generated net profit in the income statement was in Gonvarri Corporación Financiera for the sale of a non-operating property for 1,051 thousand euros with a carrying amount of €277 thousand.

d) Transfers

In 2019, there were significant transfers of property, plant and equipment and investment property resulting from the cessation of business in Gonvarri Czech and the subsequent lease of the facilities and machinery for the amount of €31,364 thousand.

e) Asset revaluation

As is indicated in Note 2.5, the Group chose to revalue the fair value of land and premises recognized under property, plant and equipment and investment properties upon the first application of IFRS-EU in accordance with their market values at the transition date. Based on legal provisions (fundamentally Royal Decree-Law 7/1996 of 7 June) on 31 December 2020 the total revaluation in the consolidated result of the Group is as follows:

Revaluation amount	2020 Provision	Pending amortization
261.341	5.896	59.449

f) Impairments

As mentioned in Note 2.9, the Group identifies CGUs with losses or other indications of impairment and these assets are tested for impairment.

These calculations are based on cash flow projections for the CGUs in question, which are obtained from current operating results and existing business plans that cover a period of five years. The calculation of value-in-use is sensitive to the following assumptions:

- Ebitda margins on estimated average sales: Ebitda sales margins are based on estimated projections made by Group Management based on the estimated development of the various strategic business plans. These margins are based on the average values obtained from the 5-year projections.
- Perpetual growth rate: Group management estimates 0.5% and 1% growth based on the progressive improvement of the efficiency of sales to perpetuity.



- Discount rates: The discount rates reflect the evolution of the market with respect to the specific risks affecting each cash generating unit, considering the time value of money. The discount rate is based on the specific circumstances affecting the Group and its operating segments and is the result of its weighted average cost of capital ("WACC"). The WACC considers both debt and equity. The cost of equity is based on the expected yield from investments made by Group investors. The cost of debt is based on the interest rates on loans that the Group must repay. The specific segment risk is included by applying individual beta factors that are evaluated on an annual basis in accordance with market data.

The key assumptions used in the calculations of value-in-use in 2020 are as follows:

	Ebitda /Sales		
	Margin ⁽¹⁾	Growth rate	Discount rate
Gonvarri MS Colombia	5.65%	1.00%	12.25%
Gonvauto South Carolina	2.60%	1.00%	7.57%
Çepas Galvaniz	12.59%	1.00%	24.33%
Gonvauto Thüringen	2.54%	0.50%	6.96%

⁽¹⁾ Ebitda margin on estimated average sales over the next 5 years.

The key assumptions used in the calculations of value-in-use in 2019 are as follows:

	Ebitda /Sales		Discount rate
	Margin ⁽¹⁾	Growth rate	
Gonvarri MS Colombia	5.69%	1.00%	11.25%
Gonvauto South Carolina	3.55%	1.00%	6.94%
Çepas Galvaniz	13.56%	1.00%	24.55%
Gonvauto Thüringen	1.78%	0.50%	5.73%

⁽¹⁾ Ebitda margin on estimated average sales over the next 5 years.

Company management analyses the sensitivity to changes in the discount, growth and gross margin rates that have been used, in order to ensure that such changes will not influence the recoverability of the previously calculated values.

- A 1% increase in the discount rate applied in the calculations, as shown in the table, would result in a decrease in the value-in-use, but in no case would it give rise to that value-in-use being less than its carrying amount.
- A 5% decrease in the Ebitda margin on Sales applied in the calculations, as shown in the table, would result in a decrease in the value-in-use, but in no case would it give rise to that value-in-use being less than its carrying amount.
- A 0.5% decline in the perpetual growth rate as from the first period, as shown in the table, would result in a decrease in the value-in-use, but in no case would it give rise to that value-in-use being less than its carrying amount.
- A joint variation of the aforementioned variables would in no case give rise to that value-in-use being less than its carrying amount.

g) Insurance

It is Company policy to contract all insurance policies deemed necessary to cover property, plant and equipment against all potential risks.

h) Additional information

In 2020 and 2019, the Group did not capitalize interest costs deriving from the outside financing obtained to build the facilities.

i) Fully amortized assets

At 31 December 2020 and 2019 there are fully depreciated assets recognized under property, plant and equipment in the consolidated balance sheet totaling €295,035 thousand (€295,922 thousand in 2019).



6 Investment Property

Details and movements in investment properties are as follows:

	Balance at 31.12.2019	Additions	Disposals	Transfers	Exchange Differences	Balance at 31.12.2020
Gross values						
Land and natural assets	14,555	-	-1,224	-	-122	13,209
Buildings	85,617	-	-7,589	-401	-2,758	74,869
Total Gross Values	100,172	-	-8,813	-401	-2,880	88,078
Amortizations/provisions						
Buildings	23,345	3,316	-	-51	-247	26,363
Impairment losses	3,549	3,461	-	-	-	7,010
Total Amortizations/provisions	26,894	6,777	-	-51	-247	33,373
Total Net Investment Properties	73,278					54,705

	Balance at 31.12.2018	Additions	Disposals	Transfers	Exchange Differences	Balance at 31.12.2019
Gross Values						
Land and natural assets	15,616	-	-	-1,096	35	14,555
Buildings	43,374	3,305	-	38,615	323	85,617
Total Gross Values	58,990	3,305	-	37,519	358	100,172
Amortizations/provisions						
Buildings	21,366	1,414	-	489	76	23,345
Impairment losses	2,867	-	-	671	11	3,549
Total Amortizations/provisions	24,233	1,414	-	1,160	87	26,894
Total Net Investment Properties	34,757					73,278

The 2020 disposals relate entirely to the sale of warehouses and land in Gonvarri Solar Steel, US, which generated a cash inflow of €8,974 thousand. In 2019, there was a transfer of these warehouses and land of Gonvarri Solar Steel, US from Property, Plant and Equipment to Investment Property. This transfer was carried out at their net carrying amount. The sale transaction resulted in a gain recorded under "Other income and expenses" in the consolidated income statement for the year of €161 thousand.

Transfers in 2019 mainly relate to land and warehouses of Gonvarri Czech for €31,369 thousand as a result of the cessation of activity and subsequent leasing of the facilities.

As is indicated in Note 2.5, the Group chose to revalue the fair value of land and premises of investment properties upon the first application of IFRS-EU in accordance with their market values at the transition date.

Based on legal provisions (fundamentally Royal Decree-Law 7/1996 of 7 June) on 31 December 2020 the total revaluation in the consolidated result of the Group is as follows:

Revaluation amount	2020 Provision	Pending amortization
21.312	341	4.379

The Group periodically requests independent experts to provide reports as to the fair value of investment property at the end of the year. At 31 December 2020 and 2019, these studies have been performed based on uniform comparable values. This method consists of obtaining a series of comparables, to which a uniformity process has been applied, from which a reference value to be applied to the property is obtained.

The uniformity process consists of applying a correction factor to each of the selected data based on the particularities of the property being appraised; the general uniformity factors that were taken into consideration are: built up surface area, material and finishing quality, age, location and type and uses. Based on this process,



an impairment of the land in Morocco and Italy (Parma) was recognized, for the amounts of €1,965 thousand and €1,496 thousand, respectively. In 2019 no impairment was recognized.

At 31 December 2020, the fair value of the Group's investment properties is equal or higher than their carrying amount, and therefore there is no individual impairment index.

At 31 December 2020, just as in 2019, there were no land nor buildings acquired under finance leases.

The income statement recognizes the following amounts deriving from the leased properties recorded under this heading:

	2020	2019
Lease income	3,985	3,733
Operating expenses for leased properties	3,534	3,047
Total	451	686

In addition, there are non-leased properties within the Group that generate operating expenses in the income statement. These expenses amount to €523 thousand (€470 thousand in 2019).

At the end of the year of there are no restrictions on investment properties, on the collection of income derived from these properties or the resources obtained from their sale or disposal by other means.

It is Company policy to contract all insurance policies deemed necessary to cover intangible assets against all potential risks.

7 Goodwill

Set out below is the assignment of goodwill at CGU group level:

	31.12.2019	Additions	Exchange differences	31.12.2020
Agromega	-	313	-	313
Obratel	-	1,155	-	1,155
Lampe	-	3,215	-	3,215
Kaufmann	-	13,575	-	13,575
CSI	-	1,644	-	1,644
Kredit SRO Czech Republic	4,381	-	-	4,381
Gonvarri Material Handling	24,696	-	-151	24,545
GMS Colombia	6,003	-	-745	5,258
Çepas	3,228	-	-860	2,368
Addimen	296	-	-	296
Suports España	76	-	-	76
FLINSA	8,019	-	-	8,019
Total Goodwill	46,699	19,902	-1,756	64,845

	31.12.2018	Additions	Exchange differences	31.12.2019
Kredit SRO Czech Republic	-	4,381	-	4,381
Gonvarri Material Handling	24,559	-	137	24,696
GMS Colombia	5,944	-	59	6,003
Çepas	3,561	-	-333	3,228
Addimen	296	-	-	296
Suports España	76	-	-	76
FLINSA	8,019	-	-	8,019
Total Goodwill	42,455	4,381	-137	46,699



a) Changes for the year

The most significant change in 2020 was the purchase of Lampe Lagertechnik GmbH, Kaufmann, CSI, Agromega and Obratel (see Note 1 and 33), which increased the Group's goodwill. On the other hand, also during the present year, the goodwill generated in currencies other than the euro, as is the case of the companies GMS Colombia, Çepas Galvaniz and Gonvarri Material Handling (goodwill generated in local currency due to the acquisition of the company Constructor Group UK), show variations due to the generated exchange differences.

The most substantial change in 2019 was from the acquisition of the company Kredit SRO Czech Republic by Gonvarri Material Handling (Note 1 and 33), which increased the goodwill by €4,381 thousand.

As required by the accounting standard for changes of control in subsidiaries (see Note 1), the Group valued at market price the assets and liabilities of AMG Senica and AMG Nitra for their full integration, resulting in an initial goodwill of €8,562 thousand and subsequently, after performing a Purchase Price Allocation (PPA), this goodwill was allocated in its entirety to the property, plant and equipment of the companies (see Note 5).

b) Impairment tests

For all CGUs, these calculations are based on cash flow projections for those CGUs obtained from current operating results and existing business plans that cover a period of five years. The calculation of value-in-use is sensitive to the following assumptions:

- Ebitda margins on estimated average sales: Ebitda sales margins are based on estimated projections made by Group Management based on the estimated development of the various strategic business plans. These margins are based on the average values obtained from the 5-year projections.
- Discount rates: The discount rates reflect the evolution of the market with respect to the specific risks affecting each cash generating unit, considering the time value of money. The discount rate is based on the specific circumstances affecting the Group and its operating segments and is the result of its weighted average cost of capital ("WACC"). The WACC considers both debt and equity. The cost of equity is based on the expected yield from investments made by Group investors. The cost of debt is based on the interest rates on loans that the Group must repay. The specific segment risk is included by applying individual beta factors that are evaluated on an annual basis in accordance with market data.
- Perpetual growth rate: Group management estimates between 0.5% and 1% growth based on the progressive improvement of the efficiency of sales to perpetuity.

The key assumptions used in the calculations of value-in-use in 2020 are as follows:

	Ebitda /Sales		
	Margin(1)	Growth rate	Discount rate
Gonvarri MS Colombia	5.65%	1.00%	12.25%
Çepas Galvaniz	12.59%	1.00%	24.33%
Gonvarri Material Handling Group	7.80%	0.90%	7.40%
Lampe - GMH Group	9.80%	1.50%	8.60%
Kredit SRO - GMH Group	8.80%	1.00%	7.80%
Kaufmann - GMH Group	10.00%	1.00%	7.40%
Flejes Industriales SA (FLINSA)	15.52%	0.50%	8.40%

(1) Ebitda margin on estimated average sales over the next 5 years.



The key assumptions used in the calculations of value-in-use in 2019 are as follows:

	Ebitda /Sales		
	Margin(1)	Growth rate	Discount rate
Gonvarri MS Colombia	5.69%	1.00%	11.25%
Çepas Galvaniz	13.56%	1.00%	24.55%
Gonvarri Material Handling Group	6.11%	0.50%	5.22%
Kredit SRO - GMH Group	8.80%	1.00%	9.00%
Flejes Industriales SA (FLINSA)	16.29%	0.50%	6.90%

(1) Ebitda margin on estimated average sales over the next 5 years.

Sensitivity analysis of changes in the calculation premises:

Company management analyses the sensitivity to changes in the discount, growth and gross margin rates that have been used, in order to ensure that such changes will not have an influence on the recoverability of the previously calculated values:

- An increase in the discount rate of 1%, as detailed in the table above, used in the calculations would result in a decrease in the value in use, but in no case would this value in use be less than the value of the goodwill of Gonvarri MS Colombia, Çepas Galvaniz, Kaufmann (Gonvarri Material Handling Group) and Flejes Industriales SA.
- A decrease in the Ebitda s/Sales margin of 5%, as detailed in the table above, used in the calculations would result in a decrease in the value in use, but in no case would this value in use be less than the value of the goodwill of Gonvarri MS Colombia, Çepas Galvaniz, Kaufmann (Gonvarri Material Handling Group) and Flejes Industriales SA.
- A decrease in the perpetual growth rate of 0.5%, as detailed in the table above, would result in a decrease in the value in use, but in no case would this value in use be less than the value of the goodwill of Gonvarri MS Colombia, Çepas Galvaniz, Kaufmann (Gonvarri Material Handling Group) and Flejes Industriales SA.
- A joint variation of the above variables would not result in a variation of the value in use, and therefore would not generate impairment in the goodwill of Gonvarri MS Colombia, Çepas Galvaniz, Kaufmann (Gonvarri Material Handling Group) and Flejes Industriales SA.



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8 Other intangible assets

Set out in the table below is a breakdown of the intangible asset categories showing movements:

	Balance at 31.12.2019	Changes in scope	Additions	Disposals	Transfers	Exchange differences	Balance at 31.12.2020
Gross Values							
Patents and trademarks	505	40	-	-	-60	-133	352
Trademarks	17,694	-	41	-	-	-64	17,671
Computer software	26,733	464	918	-431	4,546	-1,006	31,224
Other intangible assets	2,945	342	4,874	-111	-2,198	110	5,962
Total Gross Values	47,877	846	5,833	-542	2,288	-1,093	55,209
Amortizations/Provisions							
Patents and trademarks	143	-	25	-	-25	-43	100
Trademarks	-1	-	13	-	-	4	16
Computer software	20,744	159	2,584	-521	1,894	-598	24,262
Other intangible assets	346	-	181	-	-	-42	485
Total Amortization/Provisions	21,232	159	2,803	-521	1,869	-679	24,863
Total net fixed assets	26,645						30,346
Gross Values							
Patents and trademarks	435	-	4	-7	112	-39	505
Trademarks	15,190	2,459	-	-81	83	43	17,694
Computer software	25,879	6	2,183	-355	-961	-19	26,733
Other intangible assets	1,953	518	2,144	-450	-1,191	-29	2,945
Total Gross Values	43,457	2,983	4,331	-893	-1,957	-44	47,877
Amortizations/Provisions							
Patents and trademarks	129	-	1	-6	-	19	143
Trademarks	-	-	5	-81	75	-	-1
Computer software	20,523	-	2,832	-387	-2,232	8	20,744
Other intangible assets	251	-	92	-	-	3	346
Total Amortization/Provisions	20,903	-	2,930	-474	-2,157	30	21,232
Total net fixed assets	22,554						26,645

GONVARRI CORPORACIÓN FINANCIERA, S.L. AND SUBSIDIARIES ⁴⁷
In case of discrepancy, Spanish version prevails



a) Additions

The additions mainly correspond to the development of new IT solutions to optimize processes and analysis through external consulting. Of particular relevance during 2020 is the strategic decision taken by the Group to implement SAP HANA. This process will continue for several years and will be implemented in all the Group's companies, enabling them to optimize their management and control.

b) Changes in scope

The changes in scope correspond to the intangible assets of the companies that were incorporated to the scope of the Group in 2020. (Note 33).

c) Fully amortized assets

At 31 December 2020 there are fully amortized assets under the heading Computer Software totaling €22,521 thousand (€20,076 thousand at 31 December 2019).

d) Insurance

It is Company policy to contract all insurance policies deemed necessary to cover intangible assets against all potential risks.

e) Additional information

There is no intangible asset with ownership restrictions or that has been pledged to secure liabilities. There are no internally developed intangible assets.

At the year-end, the Group does not recognize any intangible asset with an indefinite useful life other than goodwill and trademarks (Note 2.7).

The Group has not detected any indication of impairment of the trademarks and considers that there are no concerns as to their recoverability.

9 Right of use assets

The Group adopted IFRS 16 effective January 1, 2019. The movement in right-of-use assets as of December 31, 2020 has been as follows:

	31.12.2019	Additions	Exchange differences	Other movements	31.12.2020
Cost					
Port Concessions	6,658	-	-	2	6,660
Land and Buildings	20,971	431	-678	130	20,854
Plants and other assets	19,367	4,061	-1,527	388	22,289
Total cost	46,996	4,492	-2,205	520	49,803
Amortization and impair.					
Port Concessions	421	421	-	-	842
Land and Buildings	3,019	3,168	-227	8	5,968
Plants and other assets	4,232	4,624	-523	688	9,021
Accumulated Amortization	7,672	8,213	-750	696	15,831
Net Value	39,324	-3,721	-1,455	-176	33,972



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	01.01.2019	Additions	31.12.2019
Cost			
Port Concessions	6,658	-	6,658
Land and Buildings	20,971	-	20,971
Plant and other assets	18,095	1,272	19,367
Total Cost	45,724	1,272	46,996
Amortization and impair.			
Port Concessions	-	421	421
Land and Buildings	-	3,019	3,019
Plant and other assets	-	4,232	4,232
Accumulated Amortization	-	7,672	7,672
Net Value	45,724	-6,400	39,324

a) Interest rates

The lease payments have been discounted using the lessee's incremental interest, understood as the interest on the financing that GI would have had to pay to acquire the funds necessary to purchase a similar asset in an equivalent economic environment. To determine the incremental interest rate the Group:

For contracts of less than 7 years, it has used as a basis a recent interest rate applied in a financial transaction of similar short-term conditions with a third party. For contracts maturing in more than 7 years, the quotation for the 7-year Gestamp bond (4.75%) has been used as the basis for calculation. It also considers the risk of maturity including a spread of the Interest Rate Swap curve of the currency in which the lease has been contracted.

b) Amortization period

Rights of use are amortized on a straight-line basis over the useful life of the lease in question.

c) Other payments for leases

Payments associated with short-term leases or with inherent low-value assets are recognized on a straight-line basis as an expense in the income statement. Low value assets comprise mainly computer equipment and office supplies.

There are no variable lease payments that can be considered significant.

d) Determination of the useful life of a contract

In determining the useful life of the contract, Management has considered all the factors and circumstances that may generate economic incentive to exercise or not exercise the renovation options of each contract.

The Group has made an analysis by country and by type of lease contract. The conditions for renewal were assessed and the additional duration covered by the renewal option was included.



10 Non-current financial assets

The accounting policies relating to financial instruments have been applied to the following headings:

	At Amortized cost	Other	Total
Loans granted to related parties	6,429	-	6,429
Loans granted to third parties	-	1,261	1,261
Other financial assets	-	2,710	2,710
Total at 31.12.2020	6,429	3,971	10,400
Loans granted to related parties	7,906	-	7,906
Loans granted to third parties	-	694	694
Other financial assets	-	3,179	3,179
Total at 31.12.2019	7,906	3,873	11,779

With respect to loans granted to related parties, Gonvarri Corporación Financiera has a loan granted to the Gonnvama subgroup for €6,429 thousand, the interest rate of which is tied to Euribor plus a market spread.

The loans granted to third parties mainly consist of the loans granted by the company Gonvauto Thüringen for the purchase of tooling and the GMH guarantee funds provided for the purchase of Kredit.

The heading "Other" mainly records the Group's deposits and guarantees that will be in place for the long-term.

11 Trade and other receivables

The balance of this heading is analyzed below:

	31.12.2020	31.12.2019
Trade receivables for sales and services rendered	362,032	338,985
Provision for impairment of trade receivables	-16,500	-15,817
Trade receivables - net	345,532	323,168
Trade receivables from related parties (Note 35)(*)	359,225	240,076
Receivable from related parties (Note 35) (*)	7,310	7,592
Sundry receivables (*)	4,477	6,129
Accrual accounts	4,150	3,955
Other Receivables	8,627	10,084
Total trade and other receivables	720,694	580,920

(*) Customers and trade receivables

The ageing analysis of these accounts is as follows (thousand euro):

Current loans and receivables at 31 December 2020	Not due	Debt due since				Total
		0-3 months	3-6 months	+6 months		
(1) Customers and trade receivables	616,675	78,294	12,753	25,322	733,044	
(2) Impairment provisions	(7,411)	(225)	(255)	(8,609)	(16,500)	
Total	609,264	78,069	12,498	16,713	716,544	

Current loans and receivables at 31 December 2019	Not due	Debt due since				Total
		0-3 months	3-6 months	+6 months		
(1) Customers and trade receivables	449,285	104,625	4,902	33,970	592,782	
(2) Impairment provisions	(2,052)	(212)	(336)	(13,217)	(15,817)	
Total	447,233	104,413	4,566	20,753	576,965	



The carrying amount of trade receivables and current receivables approximates their fair value as they fall due in the short-term.

Movements in the provision for impairment losses affecting receivables are as follows:

	Impairment provisions for customers and trade receivables
Balance at 31.12.2018	20,299
Allocations (Note 29)	2,653
Excess (Note 29)	-6,400
Applications	-1,128
Changes in scope	242
Exchange difference	151
Balance at 31.12.2019	15,817
Allocations (Note 29)	2,525
Excess (Note 29)	-2,957
Applications	2,433
Changes in scope	255
Exchange difference	-1,573
Balance at 31.12.2020	16,500

(*) Revised balance after adoption IFRS-9.

In 2018 the Group adopted IFRS 9, financial instruments, recognizing a new model for expected credit losses that results in the recognition of losses in advance. The amount of the impairment provision, which includes expected and incurred losses at 31 December 2020, is €16,500 thousand. (€15,817 thousand at 31 December 2019). (Notes 2.10 and 3)

At 31 December 2020, receivables totaling €116,368 thousand were past due and not impaired in addition to the impairment already recognized (€143,497 thousand in 2019).

All companies of the Group have credit and bonding insurance, which covers the risk of default of customers, mainly in the general industry sector. In addition, receivables not provisioned at more than 180 days are mainly balances of Hiasa to be recovered from long-term customers.

65% percent of trade and other receivables are denominated in euro (68% at 31 December 2019).

The Group classifies the credit quality of trade receivables using internal and external analyses. If customers have been rated independently these ratings are used. Conversely, if there are no independent ratings, credit control assesses the customer's credit worthiness, considering its financial position, past experience and other factors.

Individual credit limits are established based on internal and external ratings in accordance with the limits established by the Board of Directors. Credit limits are followed up regularly.

During the year for which information is reported, credit limits were not exceeded, and management does not expect any losses to arise owing to default by any of the counterparties indicated.

None of the financial assets pending maturity have been renegotiated during the year.

The Group has calculated the customer risk concentration based on the following grouping, in accordance with type of activity concerned:



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Market	31.12.2020	31.12.2019
Gestamp	328,553	219,685
OEM	63,623	48,231
Automobile Aux. Industry (*)	68,550	-
Industry	122,746	247,173
Solar	35,657	4,616
Road Steel	22,180	17,642
Other	91,735	55,435
Total	733,044	592,782

(*) Automobile Auxiliary Industry was included under "Industry" in 2019

- Gestamp: the credit rating maintained by Gestamp Group is BB and Ba3, in accordance with S&P and Moody's, respectively.
- OEM Customer: The Group has determined that the risk concentration relating to these trade receivables is low given that it carries out its activities with large companies in the sector (Volkswagen, Renault, BMW, Porsche, etc.), which are companies with recognized financial solvency.
- Industry, Automobile Auxiliary Industry, Solar and Road Steel: As is explained in Note 3.1.b, the Group's policy is to obtain credit insurance that covers practically all these trade receivable balances.

12 Current financial receivables

12.1 Classification by category

Amortized cost		31.12.2020	31.12.2019
Loans granted to related parties	(Note 12.2)	10,785	20,584
Loans granted to third parties		374	383
Bank deposits and other financial assets	(Note 12.3)	5,041	5,328
Derivative financial instruments	(Note 17)	5	74
Total		16,205	26,369

12.2 Loans granted and other receivables from related parties (current portion)

The composition of the balance under this consolidated balance sheet heading consists mainly of the line of credit granted to the associate Gestamp Puebla in the amount of €8,901 thousand (€17,172 thousand in 2019), Gestamp Aguascalientes in the amount of €640 thousand (€1,464 thousand in 2019) and Gestamp San Luis de Potosí for €610 thousand (€149 thousand in 2019), fallen due and not collected at 31 December 2020, which are considered a loan and accrue a market interest rate.

All the loans accrue interest at Euribor plus a market spread.

These balances have not suffered any impairment losses and were initially measured at nominal value given that the effect of updating the cash flows is not expected to be significant. The value indicated in the accounts may therefore be similar to their fair value.

12.3 Bank deposits and other financial assets

The breakdown of this heading in 2020 and 2019 is as follows:

	31.12.2020	31.12.2019
Bank deposits and other financial assets	5,041	5,269
Current accounts with shareholders and Directors	-	59
Total bank deposits and other financial accounts	5,041	5,328

The main current item relates to various deposits held by Group companies, maturing in between three and six months. These bank accounts accrue a financial market interest rate.



13 Inventories

The breakdown of this heading in 2020 and 2019 is as follows:

	31.12.2020	31.12.2019
Goods purchased for resale	302,315	375,825
Raw materials and other consumables	99,888	94,761
Finished goods and work in progress	110,086	106,286
Prepayments	1,949	1,634
Impairment losses	-16,086	-18,408
Total inventories	498,152	560,098

The movements in provisions for impairment during 2020 and 2019 were as follows:

	Inventory Impairment Provision
Balance at 31.12.2018	18,025
Allocations	3,128
Exchange differences	300
Excesses	-3,045
Balance at 31.12.2019	18,408
Allocations	2,345
Exchange differences	-14
Excesses	-5,228
Changes in scope	575
Balance at 31.12.2020	16,086

The provisions for impairment relate mainly to damages and defects affecting materials, obsolescence and non-commercial matters. The allocations and excess amounts recognized by the Group in 2020 are recognized under the headings "Raw materials and other consumables" in the accompanying consolidated income statement totaling €2,345 thousand and €5,228 thousand, respectively (€3,128 thousand and €3,045 thousand, respectively, in 2019).

The change in inventories of goods purchased for resale, raw materials and other supplies included under the heading "Raw materials and other consumables" during the year totaled €-68,383 thousand (€125,087 thousand in 2019), and the purchases of those goods recognized as an expense totaled €-2,580,081 thousand (€-3,007,067 thousand in 2019).

At the year-end, the Group does not record any inventories pledged to secure compliance with debt commitments.

14 Cash and cash equivalents

This heading contains the following items:

	31.12.2020	31.12.2019
Cash and bank deposits	105,056	119,694
Current bank deposits	19,155	12,383
Total cash and cash equivalents	124,211	132,077

Current deposits to credit institutions are considered to be those cash deposits maturing within three months. These bank accounts accrue a financial market interest rate. Cash balances are mostly held in yield-bearing current accounts.

Sight bank accounts bear a small yield, and they are fully available to the Group and are not subject to any type of restriction.



15 Total equity attributable to the parent company

15.1 Share capital

At 31 December 2020 share capital is represented by 6,706,759 fully subscribed and paid shares with a par value of €30.05 each (the same as at 31 December 2019), and there are no restrictions on their transfer.

Gonvarri Corporación Financiera, S.L. reported that it had ceased to be a single shareholder company on 13 May 2016 after the sale of a share by Holding Gonvarri, S.L. to Gonvarri I. Centro de Servicios, S.L., which was executed in a public document in Madrid on 15 April 2016.

	31.12.2020	31.12.2019
Holding Gonvarri, S.L.	99,99%	99,99%
Gonvarri I. Centro de Servicios, S.L.	0,01%	0,01%
Total	100,00%	100,00%

15.2 Share premium

At December 31, 2020, the share premium amounted to €15,699 thousand as at December 31, 2019. This reserve is freely distributable.

15.3 Legal reserve

Appropriations to the legal reserve are made in compliance with Article 274 of the Spanish Companies Act, which stipulates that 10% of the profits for each year must be transferred to this reserve until it represents at least 20% of share capital. The legal reserve is not available for distribution. Should it be used to offset losses in the event of no other reserves being available, it must be replenished out of future profits. This reserve totals €40,308 thousand at 31 December 2020 (€40,308 thousand at 31 December 2019), and is in compliance with the aforementioned stipulation.

15.4 Capitalization reserve

Corresponding to the reserve created for the deduction of the taxable base of 10% of the amount for equity increase of the existent Tax Group in the period, on the terms established by Article 25 of 27/2014 Corporate Income Tax Act. This reserve will be unavailable for 5 years beginning at the closing of the tax period to which the reduction corresponds. The total amount of the Capitalization reserve at 31 December 2020 and 2019 is of €19,441 and €15,047 thousand, respectively.

15.5 Retained earnings

This heading consists of:

	31.12.2020	31.12.2019
Other distributable reserves of the Parent Company	647,745	653,290
Reserves in fully consolidated companies	321,185	275,315
Reserves in equity consolidated companies	33,420	40,967
Total Retained earnings	1,002,350	969,572



15.6 Distribution of results

The distribution of 2020 parent company profits that will be proposed by the Board of Directors to shareholders at the Annual General Meeting for approval is set out below:

	<u>2020</u>	<u>2019</u>
Available for distribution		
Profit and Loss	<u>77,727</u>	<u>56,317</u>
	<u>77,727</u>	<u>56,317</u>
Distribution		
To Capitalization Reserve	-	4,395
To Interim Dividend	-	33,000
To Voluntary Reserve	<u>77,727</u>	<u>18,922</u>
	<u>77,727</u>	<u>56,317</u>

The Parent company distributed an interim dividend against profits of €29,000 thousand in 2020 (€33,000 thousand in interim dividend were distributed in 2019).

15.7 Consolidated profit/(loss)

The contribution, in thousand euros, of each company to the consolidated profit/loss in 2020 and 2019 is given next:



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	2020	2019
Gonvarri I.Centro de Servicios, S.L.	19,387	24,001
ArcelorMittal Gonvarri Brasil, Pdtos. Siderúrg. S.A.	15,232	5,187
Subconsolidado Gonwama	9,561	2,291
Gonvarri Ptos. Siderúrgicos,S.A.	6,594	7,900
Gestamp Automotive India Private Ltd	6,301	6,763
Gonvarri Material Handling AS (Constructor Group)	5,187	4,696
Arcerlomittal Gonvarri SSC Slovakia, S.R.O	5,143	3,438
Gonvauto, S.A.	5,088	12,922
Gonvarri Polska, SP, ZO O.	4,596	3,306
Gonvauto Puebla, S.A. de C.V.	3,035	1,799
Gonvarri Vizcaya, S.L	2,119	2,950
Gonvarri Valencia, S.A	2,108	942
Gonvauto Galicia, S.A.	1,983	3,311
Gonvauto Navarra, S.A.	1,958	8,422
Flejes Industriales, SA	1,729	3,330
Steel & Alloy Procesing LTD	1,040	1,266
Gonvauto Asturias, SL	805	1,311
Severstal Gonvarri Kaluga Ilc	756	2,214
Gonvarri MS Corporate, S.L.	696	1,370
Arcerlomittal Gonvarri Nitra S.R.O	650	-477
Solar Steel Engineering, S.L	616	103
Çepas Galvaniz, Sanayi Anomin Sirketi	586	-2,934
Dongguan Gonvarri Summit Automotive Steel Processing Center C	490	621
Gonvarri Czech, S.R.O.	456	432
Gonvarri Solar Steel US, Inc	394	77
Gonvarri Aluminium, GMBH.	336	245
Láser Automotive Zaragoza, S.L.	152	89
Suports Desarrollo y Soluciones, SL	146	91
Gonvarri Tarragona, S.L.	110	1,100
Láser Automotive Barcelona, S.L.	109	234
Suports Energia Sustentable México S.A.P.I. de C.V	67	285
Gonvarri MS Baja California S.A	66	-676
GMS Francia SAS	57	17
Gonvasolar, S.L.	26	139
Severstal Gonvarri Holding, S.L.	-2	848
Gonvarri Chile Estructuras Metálicas, Ltda.	-13	-493
Láser Automotive Valencia, S.L.	-14	72
Laser Automotive Branderburgo, GMBH.	-14	348
Road Steel Engineering, SL	-83	243
Addimen Bizkaia, SL	-153	-106
Gonvauto Thüringen, GMBH	-302	-2,155
Gonvarri MS Colombia, S.A.S, S.L.	-964	-2,318
Sogei S.A	-1,358	-1,142
Gonvarri Industrial Maroc, S.A.	-1,658	-259
Gonvarri Italia, S.p.A.	-1,703	1,122
Gonvarri Argentina S.A.	-1,921	-94
Hierros y Aplanaciones, S.A.	-2,223	6,283
Obratel	-2,444	-
Gonvauto South Carolina LLC.	-3,904	-1,262
Gonvarri Corporación Financiera, S.L.	-6,237	-1,296
Other	-230	59
Total Consolidated Profit/Loss	74,356	96,615

15.8 Measurement adjustments

This consolidated balance sheet heading records the net amount of changes in the fair value of certain derivative instruments (Notes 2.10, 2.11 and 17), due to the application of IAS 32 and IFRS 9.



16 Non-controlling shareholdings

Movements in, and the composition of, this heading in 2020 and 2019, respectively, are as follows:

	Balance at 31.12.2019	Profit/Loss 2020	Dividends distributed	Other	Exchange differences	Balance at 31.12.2020
Arcelormittal Gonvarri Brasil	37,839	15,399	-2,957	-	-10,183	40,098
Dongguan Gonvarri Sumitomo	3,802	327	-417	-	-106	3,606
Subgrupo Severstal	15,314	754	-	-	-4,003	12,065
Laser Automotive Barcelona	930	105	-	-	-	1,035
Laser Automotive Valencia	102	-13	-	-	-	89
Laser Automotive Zaragoza	196	146	-	-	-	342
Addimen Bizkaia	21	-11	-	7	-	17
Agromega	-	-	-	460	-	460
Grupo GMH - Kaufmann	-	389	-	6,449	491	7,329
AMG Slovakia	-	5,143	-	31,212	-	36,355
AMG Nitra	-	650	-	7,060	-	7,710
Sogei S.A	-	56	-	1,723	-	1,779
Laserboost	-	6	-	31	-	25
Total	58,204	22,939	-3,374	46,942	-13,801	110,910

	Balance at 31.12.2018	Profit/Loss 2019	Dividends distributed	Other	Exchange differences	Balance at 31.12.2019
Arcelormittal Gonvarri Brasil	40,557	5,329	-5,473	-	-2,574	37,839
Dongguan Gonvarri Sumitomo	4,241	414	-880	-	27	3,802
Subgrupo Severstal	13,457	2,240	-	-2,000	1,617	15,314
Laser Automotive Barcelona	901	225	-196	-	-	930
Laser Automotive Valencia	33	69	-	-	-	102
Laser Automotive Zaragoza	-37	86	-	147	-	196
Addimen Bizkaia	46	-52	-	27	-	21
Laser Automotive Palencia	89	-	-	-89	-	-
Gonvarri I. Centro De Servicios	43	-	-	-43	-	-
Total	59,331	8,311	-6,549	-1,958	-930	58,204

This Note takes into consideration the non-controlling shareholdings in each of the companies, adding together direct and indirect stakes.

Among the main changes in non-controlling interests during 2020, the Group has started to apply the full consolidation method to the companies AMG Slovakia, AMG Nitra and Sogei S.A. (see Note 1, 4.7 and 33). On the other hand, during the year 2020, the acquisition of shares in the companies Agromega, Kaufmann and Addimen was carried out. In the case of the latter, the existing shareholding was increased to 93.3% (see Note 1). In addition, the companies AMG Brasil and Dongguan Gonvarri Sumitomo distributed dividends against reserves amounting to €2,053 thousand and €417 thousand, respectively. In the case of AMG Brasil, it also distributed an interim dividend for the year in the amount of €904 thousand.

The main changes in non-controlling interests in 2019 are the capital increase in Laser Automotive Zaragoza, the capital reduction in the Severstal group and the liquidation of Laser Automotive Palencia. In addition, during this period, Gonvarri I. Centro de Servicios was removed from the scope of consolidation, as the GI Group acquired 100% of the company's shares. In the "distribution of dividends" column of 2019, the dividends reported in the companies AM Gonvarri Brasil correspond to the distribution of €3,320 thousand in dividends on the reserves and €2,152 in interim dividends for the year. The distribution of dividends at Dongguan Gonvarri Sumitomo correspond to the distribution of dividends on the reserves, while the dividends of Laser Automotive Barcelona correspond to interim dividends for the year.



17 Financial debt

The breakdown movement of the debt liability, into current and non-current, is as follows:

	31.12.2020	31.12.2019
Bank borrowings	88,005	176,903
Credit facilities	44,185	66,293
Financial lease payables	9,043	8,330
Lease liabilities (IFRS 16)	27,491	32,785
Derivative financial instruments	12,371	10,855
Other financial liabilities	352	362
Total non-current borrowings (I)	181,447	295,528
Bank borrowings	67,332	37,607
Credit facilities	31,580	84,790
Discounting facilities	15,302	3,469
Loan interest	618	1,250
Other financial liabilities	3,267	1,894
Loans from Group and related parties	42,142	51,560
Financial lease payables	2,260	2,270
Lease liabilities (IFRS 16)	7,619	7,184
Derivative financial instruments	528	1,623
Total current borrowings (II)	170,648	191,647
Total Borrowings (I + II)	352,095	487,174

a) Bank borrowings

Loans and credit facilities are at variable rates. These accrue interest at a reference rate plus a spread agreed with the pertinent financial institutions under normal market conditions. In most cases the reference index for the loans arranged is the Euribor, as these have been negotiated in Euros. The Group's loans and credits are mostly negotiated on a 5-year term, and we therefore consider there not to be any difference between their carrying amount and their fair value.

The Group's borrowings are exposed to variations in the spreads at which they have been negotiated since borrowings aimed at financing short-term working capital are renewed annually although they mature in more than one year. The rates at which interest is settled are generally calculated quarterly in order to consider variations in the reference index (Euribor).

Most of the borrowings from credit institutions are denominated in the functional currency of the subsidiary that obtained the loans. The estimated fair value of variable rate loans does not significantly differ from their carrying amount.

At the year-end unpaid accrued interest totaling €618 thousand is recognized (€1,250 thousand in 2019).

Currently the financial requirements established by the financing agreements concluded between the parties are met, and none of the causes for early repayment included in both agreements have arisen.



The maturity schedule for the principal of loans from credit institutions is as follows:

2020	Less than 1 year	1-5 years	More than 5 years	Total
Dongguan	1,497	1,060	-	2,556
Gonvarri MS Colombia	9,241	-	-	9,241
Gonvarri I. Centro de Servicios, S.L.	145	583	853	1,581
Gonvarri Valencia	112	279	192	583
Gonvauto, S.A.	55	55	-	109
Gonvauto Navarra	-	124	86	210
Hierros y Aplanaciones, S.A.	548	793	168	1,510
Gonvarri Galicia	-	283	409	692
Gonvarri Corporación Financiera, S.L.	13,333	36,770	-	50,103
Láser Automotive Barcelona, S.L.	138	438	-	576
Laser Automotive Valencia, S.L.	933	467	-	1,400
Laser Automotive Zaragoza	733	1,100	-	1,833
Addimen	-	33	63	97
Flejes Industriales, SA	609	588	192	1,390
Laserboost	148	-	-	148
Obratel	515	-	-	515
Grupo Material Handling	3,923	6,913	-	10,836
Gonvauto Puebla, S.A. de C.V.	16,316	-	-	16,316
AMG Slovakia	2,958	4,426	6,516	13,901
AMG Nitra	1,500	4,500	8,250	14,250
Sogei S.A.	1,449	1,423	2,203	5,076
Çepas Galvaniz, Sanayi Anonim	9,512	52	-	9,565
Steel & Alloy Processing	-	5,515	-	5,515
Gonvauto South Carolina	3,667	3,667	-	7,334
Total	67,332	69,071	18,934	155,337

As a background comment, Gonvarri Industries has different business lines and activities in different sectors, mainly related to metal processing. Because of customer requests, Gonvarri needs to maintain a significant safety stock (between 60 to 90 days of sales) to guarantee customer demand avoiding punctual supply interruptions. As of December 2019, Gonvarri's stock amounted to €560,000 thousand (approx. 760 thousand tons), while Net Financial Debt represented €316,900 thousand. Due to Gonvarri's conservative financial strategy and low leverage, in periods of reduced activity such as the current crisis, the stock adapts to the volume of sales, which has an impact on the debt, reducing it. At the same time, there has been a global reduction in steel prices which has led to a reduction in the cost of inventories and, again, a reduction in debt.

2019	Less than 1 year	1-5 years	More than 5 years	Total
Dongguan	257	4,668	-	4,925
Gonvarri MS Colombia	6,921	3,022	-	9,943
Gonvarri I. Centro de Servicios, S.L.	678	891	560	2,129
Gonvarri Valencia	405	215	369	989
Gonvauto, S.A.	391	109	-	500
Gonvauto Navarra	137	67	143	347
Hierros y Aplanaciones, S.A.	563	1,161	202	1,926
Gonvarri Tarragona	18	-	-	18
Gonvarri Galicia	210	692	-	902
Gonvarri Corporación Financiera, S.L.	15,000	42,829	59,215	117,044
Láser Automotive Barcelona, S.L.	451	76	-	527
Laser Automotive Valencia, S.L.	1,047	1,400	-	2,447
Laser Automotive Zaragoza	543	1,833	-	2,376
Flejes Industriales, SA	572	903	301	1,776
Grupo Material Handling	-	111	2,108	2,219
Gonvauto Puebla, S.A. de C.V.	3,443	16,141	-	19,584
Sevestal Gonvarri Kaluga	6	750	250	1,006
Çepas Galvaniz, Sanayi Anonim	622	17,523	-	18,145
Steel & Alloy Processing	6,343	9,289	1,654	17,286
Gonvauto South Carolina	-	10,421	-	10,421
Total	37,607	112,101	64,802	214,510



In 2019, Çepas Galvaniz's debt was due to the increase in the number of projects for which tenders were being submitted compared to 2018. Similarly, Steel & Alloy Processing's debt increased mainly due to an increase in working capital and the payment of CAPEX. In addition, the company paid off intra-group debt and used available third-party lines. There were no new lines or loans during 2019. In the case of the company Gonvarri MS Colombia, it improved its debt through a strong inventory reduction and a capital increase it received for €5,500 thousand. Finally, the debt figure for the company Gonvarri Corporación Financiera was the result of the evolution of the Group's debt. In 2019 there was a strong reduction of debt in the Group (generation of profits and improvement of working capital, mainly due to changes in inventories), the figures of loans to Group companies were reduced and on the other hand no new loans were requested, which were reduced due to their natural maturities.

(b) Credit facilities

The Credit Facilities, similarly to the loans are at variable rate. These accrue interest at a reference rate plus a spread agreed with the pertinent financial institutions under normal market conditions. In most cases the reference index for the loans arranged is the Euribor.

The Group has obtained Lines of Credit from several domestic and foreign financial institutions with a total limit of €566,826 thousand (€359,806 thousand in 2019), of which at the year-end it had drawn down €75,765 thousand (€151,083 thousand in 2019).

The carrying amount of Group credit facilities is denominated in the following currencies:

	31.12.2020	31.12.2019
US Dollar	19,052	78,027
Euro	51,207	64,288
Swedish Krona	-	2,706
Pound Sterling	-	45
Colombian Peso	1,380	-
Polish Zloty	4,126	6,016
Total	75,765	151,083

The maturity schedule for the lines of credit is as follows:

Year	Upto a year	1-5 years	Over 5 years	Total
2020	31,580	23,366	20,819	75,765
2019	84,790	2,813	63,480	151,083

(c) Discounting facilities

The discount rate applied to bills discounted at banks is in line with the applicable rate in financial markets. At 31 December 2020, the Group had been provided discounting facilities for paper totaling €67,750 thousand (€143,000 thousand in 2019), of which it has drawn down €15,302 thousand at the year-end (€3,469 thousand in 2019).



(d) Finance lease liabilities

Finance lease liabilities are effectively secured given that the rights to the leased asset revert to the lessor in the event of non-compliance. The Group uses this facility to obtain assets such as industrial premises, primarily (Note 5).

	31.12.2020	31.12.2019
Less than 1 year	2,219	2,219
Between 1 and 5 years	7,440	8,215
Over 5 years	1,120	-
	10,779	10,434
Future financial liabilities from finance leases	524	166
Present value of liabilities	11,303	10,600

The present value of finance lease liabilities is as follows:

	31.12.2020	31.12.2019
Less than 1 year	2,260	2,270
Between 1 and 5 years	7,736	8,330
Over 5 years	1,307	-
	11,303	10,600

The amount of future interest payments is in line with normal market practices.

(e) Operating lease liabilities (IFRS 16)

Operating lease liabilities recognized under this head correspond to the updated values of payments committed under the financial lease agreements detailed in Note 9. The breakdown of these obligations, as well as the future financial costs at 31 December 2020 are as follows:

	31.12.2020	31.12.2019
Present value of lease obligations	35,000	39,843
Accrued costs	110	126
Amount payable for lease	35,110	39,969

	Less than 1 year	Between 1 and 5 years	Over 5 years
Present value of lease obligation	7,509	16,379	11,112

(f) Loans of Credit Lines with related companies

At 31 December 2020, this heading amounts to €42,142 thousand (€51,560 thousand at 31 December 2019), which mainly relates to:

1. The parent company, Gonvarri Corporación Financiera, recorded a liability to the company Holding Gonvarri totaling €39,261 thousand (€46,303 thousand at 31 December 2019).
2. The company Gonvarri Corporación Financiera, as the head of the consolidated tax group in the common territory, recorded a liability to the company Gonvarri Renewable Industries totaling €2,216 thousand (€4,329 thousand at 31 December 2019).
3. The company Gonvarri Vizcaya recorded a liability to the company Holding Gonvarri totaling €665 thousand (€928 thousand at 31 December 2019).

There are no embedded derivatives relating to these loans.



(g) Derivative financial instruments

The Group has derivative financial instruments, both interest rate and exchange rate, with the objective of neutralizing the evolution of the variable interest rates of the Group's financing, as well as the potential effect of the exchange rate.

The following table presents an analysis of the fair values of the derivatives contracted at 31 December 2020 and 2019, as well as the maturity dates of the notional amounts to which they are associated.

Instrument type	Fair Value		Notional Maturity Date					TOTAL
	31.12.2020	31.12.2019	2021	2022	2023	2024	2025 and after	
ASSET BALANCES	5	74	9,053	-	-	-	-	9,053
- Hedge:								
Exchange rate derivatives	5	74	9,053					9,053
LIABILITY BALANCES	12,900	12,478	81,593	-	-	-	170,000	251,593
- Hedge:								
Exchange rate derivatives	528	1,623	11,593					11,593
Interest rate derivatives	12,371	10,855	70,000	-	-	-	170,000	240,000
NET BALANCES	-12,895	-12,404	90,646	-	-	-	170,000	260,646

Exchange rate derivatives

The notional principal on currency forwards outstanding at 31 December 2020 amounted to €20,646 thousand (€48,216 thousand at 31 December 2019). These contracts mainly cover the Group's exposure to changes in the US dollar rate.

Profit and losses recognized in the equity hedging reserve on foreign currency forward contracts at 31 December 2020 are recognized in the income statement in the period or periods that the transaction affects the income statement.

Interest rate derivatives

At 31 December 2020, the hedge derivative contracted by the subsidiary Gonvarri Corporación Financiera, S.L. is an IRS swap, which gives rise to variable amounts payable by the customer or by the financial institution over the calculation period, depending on whether or not the variable rate lies within the range agreed in the contract. The maturity date for the covered loans is between 2020 and 2021 and between 2025 and 2026, while its notional value is €240,000 thousand (€300,000 thousand at 31 December 2019).

The Company complied with the requirements described in Note 2.11 on accounting standards to classify this financial instrument as a hedge instrument. Specifically, it was formally designated as such and its effective hedging was verified.

Inefficiency

At 31 December 2020, as in 2019, there were no inefficiencies in the derivatives contracted by the Group.



18 Deferred taxes

The net amount of deferred tax assets and liabilities is as follows:

	31.12.2020	31.12.2019
Deferred tax assets to be recovered after more than 12 months	34,940	35,255
Deferred tax liabilities reversible in more than 12 months	-64,989	-62,495
Net Deferred Tax	-30,049	-27,240

18.1 Deferred tax assets

Movements during the year in deferred tax assets have been as follows (thousand euro):

	31.12.2019	Allocations	Reversals	Changes Scope	Transfers	Ex. Difference	31.12.2020
Assets for deductible temporary differences	12,510	4,400	-6,377	249	1,051	-1,387	10,446
Fair value of property, plant and equipment	59	12	-21	2	-	-18	34
Non-deductible provisions	3,345	2,015	-892	-	-	-362	4,106
Freedom to amortize	544	293	-112	-	-	-1	724
Differences amortization criteria	141	-	-117	45	-	-	69
Non-deductible unrealized exchange rate diff.	43	99	-25	-	-	-7	110
Derivatives	3,454	570	-414	-	-	-	3,610
Impact IFRS-9	335	425	-339	-	-	-6	415
Impact IFRS-16	157	127	-5	-	-	-7	272
Other	4,432	859	-4,452	202	1,051	-986	1,106
Rights to deductions and rebates still to be applied	-4	-	-	-	-	-	-4
Credits to offset losses for the year	22,749	2,409	-210	2,155	-1,051	-1,554	24,498
Total Deferred tax assets	35,255	6,809	-6,587	2,404	0	-2,941	34,940

Deferred tax assets in respect of tax-loss carry forwards available for offset are recognized insofar as the future business plans available to the Group call for the likely realization of the relevant tax benefit through future taxable profits.

18.2 Deferred tax liabilities

Movements during the year in deferred tax liabilities are as follows (thousand euro):

	31.12.2019	Allocations	Reversals	Changes Scope	Ex. Difference	31.12.2020
Revaluation land and buildings	49,210	1,785	-3,281	-	-	47,714
Deferred impact IFRS-15	729	500	-407	-	-14	808
Other	12,556	493	-104	3,905	-383	16,467
Total Deferred tax liabilities	62,495	2,778	-3,792	3,905	-397	64,989

Deferred tax liabilities relate mainly to those deriving from the measurement at fair value of property, plant and equipment at the transition date. This measurement does not have any effect on the of assets, which has given rise to this temporary difference.



19 Deferred income

The entire balance under this heading relates to capital grants that have yet to be taken to the income statement and which have been granted to finance assets.

Movements in this caption in 2020 and 2019 were as follows:

At 31 December 2018		10,505
Attributed to Profit/(Loss)	(Note 25)	-1,833
Additions		178
At 31 December 2019		8,850
Attributed to Profit/(Loss)	(Note 25)	-1,409
Additions		1,508
At 31 December 2020		8,949

During 2020, the companies Gonvarri MS R&D, Gonvauto Asturias and Road Steel Engineering received grants. During 2019, the company Gonvarri Automotive received energy efficiency grants.

Maintaining these grants is subject to conditions such as maintaining jobs or not disposing of the subsidized assets. As the requirements established for the grants have been met the amount is taken to the income statement for the year in proportion to the depreciation applied to the assets for which the grants were provided.

20 Non-current provisions

The movements of non-current provisions are as follows:

At 31 December 2018	6,635
Allocations	4,671
Applications	-348
Exchange differences	-30
At 31 December 2019	10,928
Allocations	4,646
Applications	-1,389
Excesses	-21
Exchange differences	-113
At 31 December 2020	14,051

Provisions in 2020 relate to €3,429 thousand in relation to updating quality claims on completed projects in the solar business, specifically potential claims due to wind, cartouche and drip corrosion failures (€4,007 thousand in 2019).

In addition, €482 thousand have been recorded in Gonvarri Corporación Financiera for long-term employee remuneration.

The applications correspond mainly to Hiasa for the payment of €982 thousand in relation to quality claims for completed projects in the solar business.

In the opinion of the Directors of the Group, there is no significant litigation or contingency whose likelihood of occurrence justifies recognizing any provision in addition to that which has already been recorded. The Directors of the Group consider that the provisions that have been recorded are sufficient to cover the final settlements that may arise at the end of the inspections and litigation in course and there is no expectation that the additional liabilities would significantly affect the Group's consolidated financial statements should the final outcome of these processes be higher than the provision.



21 Non-current tax liabilities

At 31 December 2018	25,341
Allocations	2,374
Excesses	-11,325
At 31 December 2019	16,390
Allocations	1,739
Applications	-2,972
At 31 December 2020	15,157

The main provisions and reversals made under non-current provisions for taxes in 2020 are as follows:

- 1,606 thousand of goodwill generated by the purchase of AMG Brazil, Italy and Portugal for the year 2020 is recorded as a provision for non-deductibility of the tax amortization of goodwill.
- Following the Enforcement of the SAN (National Court Judgment) of June 2019 on the 2004-2008 FC, the quota and provisioned interest corresponding to the FC generated by Morocco was applied against the payment of the liquidation, amounting to €323 thousand and €205 thousand, respectively.
- As a result of the favorable resolution of the TEAC of August 2020 on FC 2011-2014, which confirmed the criterion upheld by the SAN of June 2019 on FC 2004-2008 and which definitively resolved the deductibility of the tax amortization of goodwill generated by the purchase of AMG Brazil and Portugal, the instalment and interest provisioned for these items, amounting to €992 thousand and €412 thousand, respectively, were applied.
- As a result of the payment of the State Aid settlement corresponding to the 2017 and 2018 FC generated by the purchase of Italy, €1,145 thousand and €61 thousand, respectively, were applied as a payment against this settlement as instalment and interest.

The main provisions and reversals made under non-current provisions for taxes in 2019 are as follows:

- Recognition of current year interest as a financial expense due to the corporate income tax inspections covering the period 2004- 2008, against which an appeal has been filed for the amount of €771 thousand (€771 thousand in 2018),
- The provision for non-deductibility of goodwill of the years pending resolution, the Group has stated its disagreement with those assessments and the relevant effect on current year taxes totaling €1,603 thousand (€1,654 thousand in 2018).
- Reversal of the provision for tax assessments in relation to the deductibility of goodwill arising from 2004 to 2008, which was appealed against and resolved in favor of the tax authorities, amounting to €11,325 thousand. See note 31.

In the opinion of the Directors of the Parent Company, there is no significant litigation or contingency whose likelihood of occurrence justifies recognizing any provision in addition to that which has already been recorded. The Directors of the Parent Company consider that the provisions that have been recorded are sufficient to cover the final settlements that may arise at the end of the inspections and litigation in course and there is no expectation that the additional liabilities would significantly affect the Group's consolidated financial statements should the final outcome of these processes be higher than the provision.



22 Trade and other current payables

The breakdown of this heading in 2020 and 2019 is as follows:

	31.12.2020	31.12.2019
Suppliers, third parties	271,529	187,940
Related party suppliers (Note 35)	158,213	93,950
Public Entities (Note 23)	35,405	35,096
Payables for services rendered	48,543	49,861
Payables from contracts with customers	35,368	12,222
Accrued wages and salaries	12,855	11,842
Suppliers of fixed assets	2,059	3,741
Other payables	3,328	1,266
Total suppliers and other payables	567,301	395,919

(*) Liabilities from contracts with customers refer to prepayments made by customers

Information on the average payment period to suppliers for the companies in the Spanish territory is as follows:

	2020	2019
Average payment period to suppliers (days)	43	39
Ratio of transactions paid	45%	93%
Ratio of transactions pending payment	21%	7%
Total payments made (thousand euro)	1,105,252	1,390,229
Total payments pending (thousand euro)	111,502	97,235

23 Current balances with public entities

The breakdown of current balances with public entities is as follows (thousand euro):

	Debit Balances		Credit balances	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Tax auth. Debit/Credit from VAT and other concepts	58,744	17,196	27,406	28,523
Tax auth. Withholdings applied	7,154	7,815	3,553	2,715
Social Security Agencies	216	627	4,446	3,858
Current tax	3,819	8,718	17,163	5,154
	69,933	34,356	52,568	40,250

24 Ordinary Income from contracts with customers

The net amount of ordinary income classified by type for the years 2020 and 2019:

	31.12.2020	31.12.2019
Sale of goods	3,072,150	3,640,858
Rendering of services	75,474	87,306
	3,147,624	3,728,164

The total amount of ordinary income from contracts with customers at the companies that form the consolidation group (eliminating intragroup transactions) is detailed below:



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	2020	2019
Gonvarri I.Centro de Servicios, S.L.	589,205	761,820
Gonvauto, S.A.	231,013	312,077
Gonvauto Thüringen, GMBH	222,563	288,849
ArcelorMittal Gonvarri SSC Slovakia	213,064	-
Gonvarri Material Handling AS (Constructor Group)	212,565	201,752
Gonvauto Puebla, S.A. de C.V.	202,202	287,741
ArcelorMittal Gonvarri Brasil, Pdtos. Siderúrg. S.A..	199,288	283,086
Steel & Alloy Processing LTD	175,706	231,943
Gonvarri Polska, SP, ZO O.	135,455	178,030
Gonvarri Valencia, S.A	126,995	131,533
Gonvauto Galicia, S.A.	119,620	137,569
Gonvarri Ptos. Siderúrgicos, S.A.	118,450	139,754
Hierros y Aplanaciones, S.A.	113,549	243,187
Gonvauto South Carolina LLC.	89,473	93,744
Gonvauto Navarra, S.A.	84,876	114,881
Severstal Gonvarri Kaluga Ilc	46,123	73,900
ArcelorMittal Gonvarri Nitra	40,519	-
Gonvarri Solar Steel	39,495	-
Flejes Industriales, SA	37,291	46,844
Çepas Galvaniz, Sanayi Anomin Sirketi	33,359	36,376
Dongguan Gonvarri Summit Automotive Steel Processing Center	27,133	27,607
Gonvarri MS Colombia, S.A.S, S.L.	25,591	28,455
Gonvauto Asturias, SL	24,477	33,064
Gonvarri Argentina S.A.	19,928	44,234
Láser Automotive Barcelona, S.L.	2,642	3,689
Láser Automotive Zaragoza, S.L.	2,502	1,846
GMS Francia SAS	2,459	1,817
Láser Automotive Valencia, S.L.	1,564	1,877
Suports Desarrollo y Soluciones, SL	1,164	984
Suports Energia Sustentable México S.A.P.I. de C.V	906	1,675
Gonvarri Czech, S.R.O.	-	2,956
Laser Automotive Branderburgo, GMBH.	-	1,464
Gonvarri Chile Estructuras Metálicas, Ltda.	-82	1,184
Other	8,529	14,226
Total ordinary income from contracts with customers	3,147,624	3,728,164

The Group has revenues from the transfer of goods and services over time and at a point in time in the following business lines:

2020						
	Auto	Industry	Road Safety	Solar Structures	Other Structures	TOTAL
At a point in time	1,176,209	735,563	46,718	-	258,730	2,217,220
Over time	862,595	-	-	67,809	-	930,404
TOTAL	2,038,804	735,563	46,718	67,809	258,730	3,147,624

2019						
	Auto	Industry	Road Safety	Solar Structures	Material Handling	TOTAL
At a point in time	1,424,351	880,481	45,196	-	215,598	2,565,626
Over time	1,044,563	-	-	117,975	-	1,162,538
TOTAL	2,468,914	880,481	45,196	117,975	215,598	3,728,164

The ordinary income comes from the "manufacturing and transport", and from the "delivery and installation" of flat steel, aluminium, solar structures, and other system structures, both for their use in industry and in homes.

The breakdown of the Group's ordinary income from contracts with customers by geographic destination area is as follows:

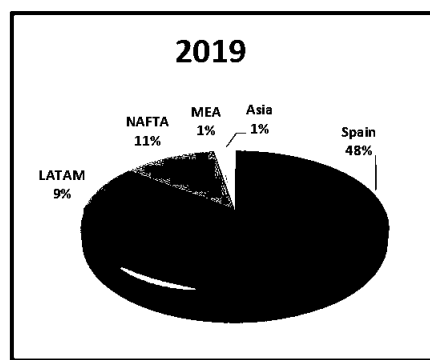
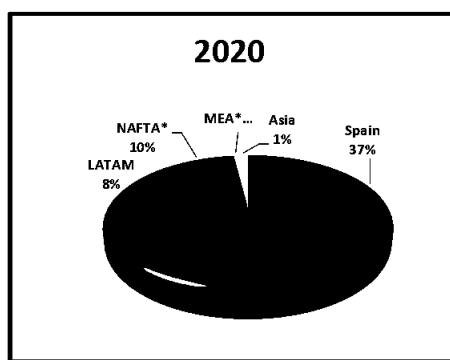


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	31.12.2020	31.12.2019
Spain	1,161,336	1,790,139
Europe	1,366,201	1,120,465
LATAM	255,799	357,257
NAFTA*	301,807	396,319
MEA**	26,709	36,376
Asia	35,772	27,608
Total ordinary income from contracts with customers	3,147,624	3,728,164

*North America Free Trade Agreement

**Middle East and Africa



Total ordinary income from contracts with customers by business line

Country	2020					TOTAL
	AUTO	INDUSTRY	ROAD SAFETY	SOLAR STRUCTURES	OTHER STRUCTURES	
Germany	219,952	2,611	-	-	42,046	264,609
Argentina	17,038	2,890	-	-	-	19,928
Belgium	-	-	-	-	4,379	4,379
Brazil	135,683	63,605	-	-	-	199,288
Czech Republic	-	-	-	-	20,932	20,932
China	25,603	-	-	-	1,530	27,133
Colombia	-	4,200	9,039	2,984	9,368	25,591
Denmark	-	-	-	-	10,077	10,077
USA	89,468	-	-	-	-	89,468
Spain	777,545	504,257	14,617	63,136	23,422	1,382,977
Finland	-	-	-	-	17,723	17,723
France	-	-	2,459	-	-	2,459
the Netherlands	-	-	-	-	18,087	18,087
Honduras	-	-	-	24	-	24
Hungary	-	-	-	-	3,737	3,737
Mexico	202,202	-	-	834	-	203,036
Norway	-	-	-	-	7,787	7,787
Poland	127,586	7,869	-	-	6,179	141,634
Portugal	86,811	31,639	-	-	-	118,450
UK	152,352	23,353	-	-	22,308	198,013
Romania	-	-	-	-	11,009	11,009
Russia	43,634	2,489	-	-	5,565	51,688
Slovakia	160,930	92,650	-	-	1,418	254,998
Sweden	-	-	-	-	30,722	30,722
Switzerland	-	-	-	-	10,600	10,600
Turkey	-	-	20,603	831	11,842	33,276
	2,038,804	735,563	46,718	67,809	258,730	3,147,624



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Country	2019					TOTAL
	AUTO	INDUSTRY	ROAD SAFETY	SOLAR STRUCTURES	OTHER STRUCTURES	
Germany	285,961	2,888	-	-	41,747	330,596
Argentina	42,465	1,769	-	-	-	44,234
Belgium	-	-	-	-	5,974	5,974
Brazil	165,065	118,021	-	-	-	283,086
Chile	-	1,184	-	-	-	1,184
China	27,607	-	-	-	-	27,607
Colombia	-	19,350	9,152	-	-	28,501
Denmark	-	-	-	-	11,420	11,420
USA	93,744	-	-	7,954	-	101,698
Spain	1,035,620	635,358	21,887	97,275	-	1,790,139
Finland	-	-	-	-	16,186	16,186
France	-	1,817	-	-	-	1,817
Guatemala	-	8	-	-	-	8
the Netherlands	-	-	-	-	19,290	19,290
Honduras	-	290	-	-	-	290
Hungary	-	-	-	-	10,488	10,488
Mexico	284,864	9,757	-	-	-	294,621
Norway	-	-	-	-	10,144	10,144
Poland	169,129	8,902	-	-	8,462	186,492
Portugal	60,094	79,660	-	-	-	139,754
Czech Rep.	-	-	-	-	8,672	8,672
Romania	-	-	-	-	11,292	11,292
Russia	72,422	1,478	-	-	5,062	78,962
Slovakia	-	-	-	-	1,817	1,817
Sweden	-	-	-	-	28,840	28,840
Turkey	-	-	14,158	12,747	9,442	36,347
UK	231,943	-	-	-	26,762	258,705
	2,468,914	880,481	45,196	117,975	215,598	3,728,164

The group has recognized the following assets for contracts with customers:

	2020	2019
Assets from contracts with customers	45.286	41.897
Total	45.286	41.897

All assets from contracts with customers correspond to performance obligations classified as satisfied "over time" from the business lines "Auto" and "Solar Structures".

The Group has evaluated the expected loss on assets from contracts with customers, which was immaterial at the end of 2020 and 2019. There are no performance obligations derived from long-term contracts that have not been satisfied.

25 Revenue from other Operating Contracts

"Revenue from other Operating Contracts" for 2020 and 2019 relates mainly to the following items:

	2020	2019
Rent	5,901	4,740
Commissions	13	18
Capital grants (Note 19)	1,409	1,833
Storage	4,332	5,653
Transport	2,779	4,072
Assembly	-	-
Excess tax provisions	-	66
Sundry services	9,708	10,521
Total Revenue from Operating Contracts	24,142	26,903

The line "Sundry Services" includes income for administration and production services and other sundry minor services.



26 Transactions denominated in foreign currency

Transactions carried out by Group companies in currencies other than the euro in 2020 and 2019 are as follows:

	2020	2019
Purchases	1,157,554	1,279,318
Sales	1,331,850	1,356,828
Services Received	59,505	75,085
Services Rendered	42,806	57,936

27 Other income/expense

The heading "Other net profit/loss for the year" is broken down into the following items:

	2020	2019
Excess provisions for risks, taxes and other	24,919	79
Results on trans. Involving fixed assets (Note 5 and 6)	6,298	3,763
Other ordinary profit/loss	-6,219	733
Total net other profit/loss	24,998	4,575

Under the line "Excess provisions, risks, taxes and other", the Group recorded the income from PIS and COFINS legal claims received by ArcelorMittal Gonvarri Brazil amounting to €24,919 thousand.

€8,502 thousand of the revaluation of ArcelorMittal Gonvarri Slovakia's buildings was recorded under "Profit/Loss from Property, Plant and Equipment" (see Note 5).

Finally, under "Other current management results", the provisions for penalties for project delays (€-3,939 thousand) and the payment for the audit performed at Gonvauto South Carolina (€-3,487 thousand) are noteworthy.

28 Personnel expenses

Personnel expenses break down as follows:

	2020	2019
Wages and Salaries	139,806	149,701
Termination benefits	2,678	1,411
Social Security contributions	33,380	35,257
Other employee benefits	17,071	9,178
Total personnel expenses	192,935	195,547

GI Group's average payroll in 2020 and 2019, broken down by category is as follows, and does not significantly differ from the number at the end of each of the years:

	2020		
	Men	Women	Total
Directors/Management	61	12	73
Administration, Finance and IT staff	494	406	900
Purchasing dept.	255	109	364
Technical dept.	449	109	558
Production and Maintenance dept.	2,845	65	2,910
Other	60	6	66
Total average payroll	4,164	707	4,871



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	2019		
	Men	Women	Total
Directors/Management	84	12	96
Administration, Finance and IT staff	489	378	867
Purchasing dept.	250	102	352
Technical dept.	436	112	548
Production and Maintenance dept.	2,663	74	2,737
Other	57	6	63
Total average payroll	3,979	684	4,663

The average payroll of the GI group in 2020 shows an increase of 208 people compared to the previous year, mainly due to changes in the perimeter, such as the incorporation of companies like Lampe Lagertechnik GmbH, CSI, and Kauffman. It is also worth mentioning that the workforce of the companies that are now consolidated under the full integration method and therefore, from this year onwards, are included in the average workforce of the GI Group, such as Sogei S.A., AMG Senica and AMG Nitra. (See Note 1). Despite this increase in the average payroll, the Group's wages and salaries decrease with respect to 2019 mainly due to the effect of exchange rates.

At 31 December 2020, the number of employees with a disability exceeding 33% rose to 71(59 in 2019).

No amount whatsoever has been paid for contributions or allocations for pensions under employee benefits.

29 Other operating expenses

The breakdown of this heading in 2020 and 2019 is as follows:

	2020	2019
Change in provisions for insolvencies (Note 11)	-432	-3,747
Research and Development expenses	1,733	1,228
Lease and Royalty payments	1,455	3,564
Repairs and maintenance	27,856	32,862
Independent professional services	2,167	3,048
Transport expenses	60,107	72,825
Insurance premiums	5,640	6,080
Banking services	745	859
Advertising and Public Relations	2,149	3,048
Utilities	15,821	20,720
Other taxes	5,422	6,129
Other services	54,271	77,027
Total Other operating expenses	176,934	223,643

The most significant variations with respect to 2019 are the result of the crisis caused by the SARS-CoV-2 virus disease, which has led to a generalized drop in the group's activity, with a particular impact on this heading in transportation, supplies and other services.

"Other services" include advisory, audit (see Note 37) and external consultant services, sales management expenses, legal expenses, cleaning and security services, travelling expenses etc.

The line of leases includes those contracts whose duration is less than 12 months or whose amount is less than 5 thousand euros, as established by the new regulations in force, IFRS 16.



30 Financial income and expenses

The breakdown of this heading in 2020 and 2019 is as follows:

	2020	2019
Financial income		
On receivables from related parties (Note 35)	1,506	1,669
Marketable securities and other financial instruments	1,025	984
Other financial income	19,924	31
	22,455	2,684
Financial expense		
On payables to related parties (Note 35)	-600	-579
Bank borrowings	-8,234	-8,592
On amount owed to third parties	-226	-419
Interest on discounted bills	-385	-488
Interest on discounted bills IFRS -16	-1,405	-1,604
Other Financial Expense	-2,762	-3,136
	-13,612	-14,818
Impairment and results from fin. Instruments		
Profit/loss from shareholdings	-	-10
Other profit/loss on financial instruments	-4	-12
	-4	-22
Exchange differences		
Gains on exchange	24,954	22,483
Losses on exchange	-32,335	-30,372
	-7,381	-7,889

The line "Marketable securities and other financial instruments" mainly records the interest on term deposits held by the Group.

The line "Other financial income" mainly includes income generated by interest on PIS and COFINS loans won in court by AMG Brasil. (€17,477 thousand in 2020).

Under the heading "Other Financial Expense" are included the expenses made in the formalization of loans, bank commissions and interest accrued on goodwill. (Note 21)

The exchange differences arising in 2020 and 2019 derive from fluctuations in the various currencies the Group uses in its operations.

31 Income tax

31.1 Tax expense

The breakdown of corporate income tax expense for 2020 and 2019 is as follows:

	2020	2019
Current tax	33,273	29,949
Deferred tax for the year (note 18)	-1,234	-6,022
Other adjustments to tax expense	26	-9,059
Total income taxes	32,065	14,868

The heading "Other adjustments to tax expense" includes payments of accordingly agreed assessments and the provisions for certain tax items that are being contested.



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The Group's income tax differs from the theoretical amount that would have been obtained had the average weighted tax rate applicable to the consolidated companies' profits been used, as follows:

	2020	2019
Profit before taxes	129,360	119,794
Adjustment for equity cons. Companies	-13,940	-11,435
Adjusted profit	115,420	108,359
Theoretical tax rate	28,855	27,089
Differences due to different taxes	3,249	2,853
Exempt income or non-deductible expenses	-72	-12,548
Negative tax bases and differences between acc./tax bases	-638	-
Deductions applied	-225	1,458
Adjustments for changes in tax rates compared to prev. Years	-349	-1,432
Other adjustments to tax expense	1,245	-2,552
Tax Expense	32,065	14,868

The theoretical rate applied in 2020 is of 25%, just as in 2019. The Group uses this theoretical rate since most of its business takes places within Spain.

The line "Difference due to different rates" includes the effect of the difference in tax rates compared with the theoretical rate applied and which mainly concerns the subsidiaries located in Brazil, Poland, Colombia, Portugal, Russia, Italy, United Kingdom, India, Argentina and the United States.

In 2020 and 2019 exempt income and non-deductible expenses include permanent differences, such as provisions and non-deductible expenses as well as the differences deriving from the Group's consolidation process, mainly deriving from the elimination of transactions carried out among Group companies.

The line "Other adjustments to tax expense" relates to the provision recorded by the Group deriving from tax assessments raised this year that have been contested (Note 21).

In 2020 and 2019 the deductions applied mainly cover the deductions deriving from double domestic and international taxation arising on investments in the Environment, the reinvestment of extraordinary profits and amounts relating to job creation.

31.2 Tax consolidation

In accordance with the content of transitional provision twenty-five of Law 27/2014, the company Gonvarri Corporación Financiera, S.L., holding tax identification number B-28088045, from 1 January 2015, is the parent company of the tax group identified by number 0292/13 which, at 31 December 2019, consists of the following companies:

- Gonvauto, S.A.
- Gonvarri I Centro de Servicios, S.L.
- Gonvarri Tarragona, S.L.
- Gonvasolar, S.L.
- Gonvarri MS R&D SL
- Gonvarri Portfolio Internacional, S.L.
- Gonvauto Galicia, S.A.
- Hierros y Aplanaciones, S.A.
- Gonvauto Asturias, S.L.
- GRI R&D Engineering SL
- Flejes Industriales S.A
- Gonvarri Valencia S.A.
- GRI Renewable Industries, S.L.
- GRI Towers Galicia, S.L.
- GRI Towers Sevilla, S.L.
- Road Steel Engineering, S.L.
- Gonvarri Solar Steel, S.L.
- Gonvarri Material Handling, S.L.
- Suport Desarrollo y Soluciones, S.L.
- Laserboost, S.L

Holding Gonvarri, SL, domiciled in Vizcaya, is the parent company and Gonvarri Corporación Financiera, S.L. is the representative company of said consolidated Group and, as a result, is responsible for the presentation and payment of the taxes of said Group before the General Directorate of Taxes.

The companies Gonvarri Vizcaya, S.L., and Gonvarri MS Corporate, S.L. are also taxed on a consolidated basis under Basque Regional Legislation.



(a) Years open to inspection

In general terms, all tax returns for the years that have not lapsed in accordance with the various bodies of tax legislation applicable to each group company are open to inspection.

(b) Contentious-administrative proceedings:

Corporate income tax. 2004-2005

As a result of the verification and investigation procedure followed by the Technical Office of the Tax and Customs Control Unit of the Central Delegation of Large Companies in relation to corporate income tax for 2004 and 2005 against Gonvarri Corporación Financiera, S.L., as the parent company of tax group 27/92, on 1 December 2011 the company was notified of a Settlement Agreement in relation to the deduction of financial goodwill for corporate income tax for 2004 and 2005, which resulted in a tax liability of €6,106 thousand, comprising a tax liability of €4,632 thousand and €1,474 thousand in interest on arrears. An economic-administrative complaint was filed against this settlement with the TEAC (Royal Decree 600/2012), which dismissed it was appealed to the Spanish National Appellate Court which, in its judgment of 25 April 2019 (ECLI: ES:AN:2019:2529), now final, partially upheld the claims of this party on the understanding that res judicata applies to all the goodwill challenged by AEAT, except that attributable to Gonvarri Maroc, SA.

The National Court itself quantified in its ruling that this would have an impact of 192 thousand euros on the taxable income of each of the years affected (equivalent to 5% of the total goodwill of 3,859 thousand euros attributable to this subsidiary) However, as of the date of these accounts, the AEAT had not yet issued the final settlement by which it must carry out the aforementioned ruling of the National Court.

On May 25, 2020, the Technical Office of the Large Taxpayers Delegation of Madrid notified the execution of the judgment of the National High Court of April 25, 2019 (mentioned above), by virtue of which it was notified of the settlement payable for the years 2004 and 2005 for goodwill attributable to Gonvarri Maroc, SA, which amounted to a payment of € 135 thousand. This settlement was paid by the Company on June 23, 2020. Once the final settlement was received and paid, the Company claimed before the AEAT the reimbursement of all the costs incurred in providing the corresponding guarantees required at the time in order to suspend the previous settlements.

Having said this, on July 21, 2020, the Technical Office of the Madrid Large Taxpayers Delegation notified an agreement to request reimbursement of guarantee costs for the 2004-2005 period, under which a total of €531 thousand was reimbursed.

Corporate income tax. 2006-2008

As a result of the verification and investigation procedure followed by the Technical Office of the Tax and Customs Control Unit of the Central Delegation of Large Companies in relation to corporate income tax for 2006, 2007 and 2008 against Gonvarri Corporación Financiera, S.L., as the parent company of tax group 27/92, €8,924 thousand were incurred, consisting of a tax liability of €7,582 thousand and €1,342 thousand in interest on arrears. An economic-administrative complaint was filed against this settlement with the TEAC (Royal Decree 599/2012), which dismissed it, and was appealed to the Spanish National Appellate Court which, in its judgment of 25 April 2019 (ECLI: ES:AN:2019:2529), now final, partially upheld the claims of this party on the understanding that res judicata applies to all the goodwill challenged, except that attributable to Gonvarri Maroc, SA.

The National Court itself quantified in its ruling that this would have an impact of 192 thousand euros on the taxable income of each of the years affected (equivalent to 5 per cent of the total goodwill of 3,859 thousand euros attributable to this subsidiary) However, as of the date of these accounts, the AEAT had not yet issued the final settlement by which it must carry out the aforementioned ruling of the National Court.

Once the final settlements from both these proceedings have been received, Gonvarri Corporación Financiera will proceed to reclaim the full amount of the guarantees granted to the A.E.A.T. at the time for the suspension of these proceedings (2004-2005 and 2006-2008), for an amount of €989 thousand and interest on arrears accrued up to that date.



On May 25, 2020, the Technical Office of the Large Taxpayers Delegation of Madrid notified the execution of the judgment of the National High Court of April 25, 2019 (mentioned above), by virtue of which it was notified of the settlement payable for the years 2006 and 2008 for goodwill attributable to Gonvarri Maroc, SA, which amounted to a payment of € 188 thousand. This settlement was paid by the Company on June 23, 2020. Once the final settlement was received and paid, the Company claimed before the AEAT the reimbursement of all the costs incurred in providing the corresponding guarantees required at the time in order to suspend the previous settlements.

Having said the above, on July 21, 2020, the Technical Office of the Madrid Large Taxpayers Delegation notified the agreement to request reimbursement of guarantee costs for the 2006-2008 period, by virtue of which €563 thousand were reimbursed, and on July 24, 2020, the Company filed an appeal for reconsideration claiming an additional €98 thousand, without having received any response to date.

Corporate income tax. 2011-2014

As a result of the verification and investigation procedure followed by the Technical Office of the Tax and Customs Control Unit of the Central Delegation of Large Companies in relation to corporate income tax for 2011, 2012, 2013 and 2014 against Gonvarri Corporación Financiera, S.L., as the parent company of tax group 27/92, €12,472 thousand were incurred, consisting of a tax liability of €10,930 thousand and €1,542 thousand in interest on arrears.

An economic-administrative complaint was filed against this settlement with the TEAC (Royal Decree 599/2012), on 19 March 2019, requesting the suspension with guarantee. In these years, the goodwill arising from corporate income tax for 2003 is once again regularized.

Likewise, and in relation to the Statements "With agreement" corresponding to the years 2011-2014, an amount of €8,126 thousand was settled in adjustments for "Related Party Transactions" and which entitled the Company to recover these adjustments, in October 2018, the Company recovered 1,829 thousand euros from the partial verification procedure (2015-2017) relating to the application of the capitalization reserve and the negative tax bases prior to its incorporation into the Tax Group, which was notified to Gonvarri Corporación Financiera, as the parent company of the Tax Group, in a document signed in accordance with the terms of the agreement dated 27 February 2019, in which A. E.A.T. only permanently regularized the amount applied from the Capitalization Reserve in the amount of €329 thousand euros and temporarily €285 thousand euros in tax-loss carry forwards prior to the incorporation to the Tax Group, ultimately obtaining the company a refund of €1.214 thousand euros.

On August 7, 2020, the Company received notification of the Resolution of the TEAC corresponding to the economic-administrative claim filed on March 19, 2018.

The consequences of this Resolution have been:

- The TEAC accepts the allegations presented in relation to the goodwill attributable to Brazil and Portugal, and the amount recovered amounts to €992 thousand, since the principle of res judicata has been taken into account, as in the 2004-2008 period.
- The TEAC does not accept the allegations presented in relation to the goodwill attributable to Gonvarri Maroc, S.A., amounting to €46 thousand.
- The TEAC does not accept the allegations presented in relation to the goodwill attributable to Gonvarri Maroc, S.A., amounting to €46 thousand. The TEAC does not accept the allegations presented in relation to the exemption applicable to the income obtained in 2013 from the adjustment to the price of the transfer of 50% of AMG Brasil made in 2008, amounting to €9,891 thousand.

Consequently, on September 21, 2020, the Company filed a contentious-administrative appeal against the previous Resolution of the TEAC, having been notified on December 31, 2020 of the availability of the file for the presentation of the corresponding written arguments, which has been filed with the National Court on January 26, 2021.



Recovery State aid:

The Technical Office of the Tax and Customs Control Unit of the Central Delegation of Large Companies has similarly processed recovery proceedings for State aid for the indirect Financial Goodwill from the years 2003 to 2014, and 2015/2016. On 21 March 2018, the Settlement Agreement for the years 2003 to 2014 was communicated, for a total amount of €3,317 thousand, of which €2,724 thousand correspond to the payment and the remaining €592 thousand to interest on arrears. On 2 April 2018, the Settlement Agreement for the years 2015-2016 was communicated, for amount of €702 thousand, consisting of a €700 thousand payment and €2 thousand in interests on arrears. The corresponding economic-administrative complaints have been filed with the TEAC against these agreements, and their corresponding amounts have been paid within the voluntary payment period.

On August 31, 2020, the TEAC notified its Resolution, by virtue of which it did not accept the allegations presented by the Company, and on September 21, 2020, the Company filed the corresponding contentious-administrative appeal before the Audiencia Nacional, awaiting notification of the release of the file for the presentation of the written statement of allegations.

In addition, through a communication on 25 October 2019, the AEAT notified the Company it had initiated the procedure to recover state aid from the hypothetical indirect financial goodwill corresponding to the years 2017 and 2018, having formulated a settlement agreement on 22 January 2020, which comes to a discrepant amount of €572 thousand and €7 thousand in interests on arrears for 2017 and to a discrepant amount of €572 thousand and €2 thousand in interests on arrears for 2018.

On July 9, 2020, the AEAT issued a settlement, which was appealed on July 17, 2020, by filing the corresponding economic-administrative claim before the TEAC and paid on July 29, 2020.

On December 3, 2020, the Company was notified that the file had been made available to the Company for the presentation of the statement of allegations that was finally filed on December 29, 2020, on the grounds that the settlements for this concept are openly contrary to Decision (EU) 2015/314, of October 15, 2014, of the European Commission (Official Journal of the European Union of February 27, 2015) in the execution of which they are said to have been formulated. Consequently, a strictly legal analysis of the matter should conclude with a judicial decision annulling the settlement.

On the other hand, and in relation to fiscal years 2004 to 2008, on August 31, 2020, Gonvarri Corporación Financiera received notification of the beginning of a special procedure for the recovery of State Aid for Indirect Goodwill arising from the indirect acquisition of the shareholdings in Italy, amounting to €3,835 thousand.



31.3 Tax losses available for offset

At 31 December 2020, the Group's tax losses available for offset break down as follows:

Company	Originating period	Available until	Base amount	Status
Severstal Gonvarri Holding SL	2020	NO LIMIT	4	Capitalized
Laser Automotive Valencia, S.L.	2017	NO LIMIT	5	Capitalized
Laser Automotive Valencia, S.L.	2018	NO LIMIT	241	Capitalized
Laser Automotive Valencia, S.L.	2020	NO LIMIT	32	Capitalized
Addimen Bizkaia SL	2015	2045	50	Not Capitalized
Addimen Bizkaia SL	2016	2046	82	Not Capitalized
Addimen Bizkaia SL	2017	2047	4	Not Capitalized
Addimen Bizkaia SL	2018	2048	321	Not Capitalized
Addimen Bizkaia SL	2019	2049	208	Not Capitalized
Addimen Bizkaia SL	2020	2050	164	Not Capitalized
SOGEI, S.A.	2014	NO LIMIT	680	Capitalized
SOGEI, S.A.	2015	NO LIMIT	2,824	Capitalized
SOGEI, S.A.	2016	NO LIMIT	2,007	Capitalized
SOGEI, S.A.	2018	NO LIMIT	1,359	Capitalized
SOGEI, S.A.	2019	NO LIMIT	982	Capitalized
SOGEI, S.A.	2020	NO LIMIT	574	Capitalized
Gonvauto South Carolina, LLC.	2013	2033	5,152	Capitalized
Gonvauto South Carolina, LLC.	2014	2034	1,972	Capitalized
Gonvauto South Carolina, LLC.	2015	2035	1,197	Capitalized
Gonvauto South Carolina, LLC.	2017	2037	6,393	Capitalized
Gonvauto South Carolina, LLC.	2018	NO LIMIT	502	Capitalized
Gonvauto South Carolina, LLC.	2019	NO LIMIT	2,373	Capitalized
Gonvauto South Carolina, LLC.	2020	NO LIMIT	4,429	Capitalized
Gonvauto Thuringen, GMBH	2013	NO LIMIT	3,539	Capitalized
Gonvauto Thuringen, GMBH	2017	NO LIMIT	587	Capitalized
Gonvauto Thuringen, GMBH	2019	NO LIMIT	1,450	Capitalized
Gonvauto Thuringen, GMBH	2020	NO LIMIT	1,056	Capitalized
Gonvauto Laser Blanking Germany GmbH	2017	NO LIMIT	657	Not Capitalized
Gonvauto Laser Blanking Germany GmbH	2018	NO LIMIT	585	Not Capitalized
Gonvauto Laser Blanking Germany GmbH	2020	NO LIMIT	1,466	Not Capitalized
Gonvarri MS Colombia	2014	NO LIMIT	123	Capitalized
Gonvarri MS Colombia	2015	NO LIMIT	1,684	Capitalized
Gonvarri MS Colombia	2015	hasta 2020	226	Capitalized
Gonvarri MS Colombia	2016	NO LIMIT	2,262	Capitalized
Gonvarri MS Colombia	2016	2020	16	Capitalized
Gonvarri MS Colombia	2016	2021	284	Capitalized
Gonvarri MS Colombia	2017	2021	20	Capitalized
Gonvarri MS Colombia	2017	2022	231	Capitalized
Gonvarri MS Colombia	2017	2029	2,299	Capitalized
Gonvarri MS Colombia	2018	2022	125	Capitalized
Gonvarri MS Colombia	2018	2030	3,494	Capitalized
Gonvarri MS Colombia	2019	2031	2,291	Capitalized
Gonvarri Argentina	2020	2025	3,892	Not Capitalized
Constructor Group UK	Before 2017	NO LIMIT	5,626	Capitalized
Constructor Finland	2013	2023	580	Capitalized
Constructor Finland	2014	2024	1,803	Capitalized
Constructor Finland	2015	2025	298	Capitalized
Constructor Finland	2016	2026	2,037	Capitalized
Constructor Finland	2017	2027	1,853	Capitalized
Constructor Finland	2017	NO LIMIT	911	Capitalized
GMH AS	2018	NO LIMIT	1,995	Capitalized
GMH AS	2019	NO LIMIT	1,095	Capitalized
GMH AS	2020	NO LIMIT	465	Capitalized
Dexion GmbH	Before 2017	NO LIMIT	7,988	Not Capitalized
Gonvarri Statteknik	2020	NO LIMIT	612	Capitalized
Dexion SRO Czech	2016	2021	18	Not Capitalized
Dexion SRO Czech	2017	2022	10	Not Capitalized
Constructor Norge	Before 2017	NO LIMIT	2,273	Capitalized
Gonvarri Industrial Maroc SL	2016	NO LIMIT	159	Not Capitalized
Gonvarri Industrial Maroc SL	2016	2020	159	Not Capitalized
Gonvarri Industrial Maroc SL	2017	NO LIMIT	159	Not Capitalized
Gonvarri Industrial Maroc SL	2017	2021	71	Not Capitalized
Gonvarri Industrial Maroc SL	2018	NO LIMIT	159	Not Capitalized
Gonvarri Industrial Maroc SL	2018	2022	74	Not Capitalized
Gonvarri Industrial Maroc SL	2019	2023	255	Not Capitalized
Gonvarri Industrial Maroc SL	2020	2024	298	Not Capitalized
Gonvarri Solar Steel USA	2011	2031	1,129	Not Capitalized
Gonvarri Solar Steel USA	2012	2032	2,854	Not Capitalized
Gonvarri Solar Steel USA	2013	2033	3,005	Not Capitalized
Gonvarri Solar Steel USA	2017	2037	4,109	Not Capitalized
Gonvarri Solar Steel USA	2018	NO LIMIT	869	Not Capitalized
Gonvarri Solar Steel USA	2019	NO LIMIT	1,164	Not Capitalized
Gonvarri MS Baja California	2017	2027	1,550	Not Capitalized
Gonvarri MS Baja California	2018	2028	3,510	Not Capitalized
Çepas Galvaniz Demir Çelik AŞ	2014	NO LIMIT	1,387	Not Capitalized
Çepas Galvaniz Demir Çelik AŞ	2015	NO LIMIT	513	Not Capitalized
Çepas Galvaniz Demir Çelik AŞ	2018	NO LIMIT	2,244	Not Capitalized
Çepas Galvaniz Demir Çelik AŞ	2019	NO LIMIT	1,421	Not Capitalized



At 31 December 2019, the Group's tax losses available for offset break down as follows:

Company	Originating period	Available until	Base amount	Status
Laser Automotive Valencia, S.L.	2017	NO LIMIT	5	Capitalized
Laser Automotive Valencia, S.L.	2018	NO LIMIT	241	Capitalized
Addimen Bizkaia SL	2015	2045	50	Not Capitalized
Addimen Bizkaia SL	2016	2046	82	Not Capitalized
Addimen Bizkaia SL	2017	2047	4	Not Capitalized
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Gonvauto South Carolina, LLC.	2014	2034	1,972	Capitalized
Gonvauto South Carolina, LLC.	2015	2035	1,197	Capitalized
Gonvauto South Carolina, LLC.	2017	2037	6,393	Capitalized
Gonvauto South Carolina, LLC.	2018	NO LIMIT	502	Capitalized
Gonvauto South Carolina, LLC.	2019	NO LIMIT	2,373	Capitalized
Gonvauto Thuringen, GMBH	2013	NO LIMIT	3,539	Capitalized
Gonvauto Thuringen, GMBH	2017	NO LIMIT	587	Capitalized
Gonvauto Thuringen, GMBH	2019	NO LIMIT	1,450	Capitalized
Gonvauto Laser Blanking Germany GmbH	2017	NO LIMIT	657	Not Capitalized
Gonvauto Laser Blanking Germany GmbH	2018	NO LIMIT	585	Not Capitalized
Gonvarri MS Colombia	2014	NO LIMIT	123	Capitalized
Gonvarri MS Colombia	2015	NO LIMIT	1,684	Capitalized
Gonvarri MS Colombia	2015	2020	226	Capitalized
Gonvarri MS Colombia	2016	NO LIMIT	2,262	Capitalized
Gonvarri MS Colombia	2016	2020	16	Capitalized
Gonvarri MS Colombia	2016	2021	284	Capitalized
Gonvarri MS Colombia	2017	2021	20	Capitalized
Gonvarri MS Colombia	2017	2022	231	Capitalized
Gonvarri MS Colombia	2017	2029	2,299	Capitalized
Gonvarri MS Colombia	2018	2022	125	Capitalized
Gonvarri MS Colombia	2018	2030	3,494	Capitalized
Gonvarri MS Colombia	2019	2031	2,291	Capitalized
Constructor Group UK	Before 2017	NO LIMIT	5,626	Capitalized
Constructor Finland	2013	2023	580	Capitalized
Constructor Finland	2014	2024	1,803	Capitalized
Constructor Finland	2015	2025	298	Capitalized
Constructor Finland	2016	2026	2,037	Capitalized
Constructor Finland	2017	2027	1,853	Capitalized
Constructor Finland	2017	NO LIMIT	911	Capitalized
GMH AS	2018	NO LIMIT	1,995	Capitalized
GMH AS	2019	NO LIMIT	1,095	Capitalized
Dexion GmbH	Before 2017	NO LIMIT	7,988	Not Capitalized
Dexion SRO Czech	2016	2021	18	Not Capitalized
Dexion SRO Czech	2017	2022	10	Not Capitalized
Constructor Norge	Before 2017	NO LIMIT	2,273	Capitalized
Gonvarri Industrial Maroc SL	2016	2020	159	Not Capitalized
Gonvarri Industrial Maroc SL	2016	2020	159	Not Capitalized
Gonvarri Industrial Maroc SL	2017	NO LIMIT	159	Not Capitalized
Gonvarri Industrial Maroc SL	2017	2021	71	Not Capitalized
Gonvarri Industrial Maroc SL	2018	NO LIMIT	159	Not Capitalized
Gonvarri Industrial Maroc SL	2018	2022	74	Not Capitalized
Gonvarri Industrial Maroc SL	2019	2023	255	Not Capitalized
Gonvarri Solar Steel USA	2011	2031	1,129	Not Capitalized
Gonvarri Solar Steel USA	2012	2032	2,854	Not Capitalized
Gonvarri Solar Steel USA	2013	2033	3,005	Not Capitalized
Gonvarri Solar Steel USA	2017	2037	4,109	Not Capitalized
Gonvarri Solar Steel USA	2018	NO LIMIT	869	Not Capitalized
Gonvarri Solar Steel USA	2019	NO LIMIT	1,164	Not Capitalized
Gonvarri MS Baja California	2017	2027	1,550	Not Capitalized
Gonvarri MS Baja California	2018	2028	3,510	Not Capitalized
Çepas Galvaniz Demir Çelik AŞ	2014	NO LIMIT	1,387	Not Capitalized
Çepas Galvaniz Demir Çelik AŞ	2015	NO LIMIT	513	Not Capitalized
Çepas Galvaniz Demir Çelik AŞ	2018	NO LIMIT	2,244	Not Capitalized
Çepas Galvaniz Demir Çelik AŞ	2019	NO LIMIT	1,421	Not Capitalized



Deferred tax assets for tax-loss carry forwards are recognized to the extent that the corresponding tax benefit will probably be realized by way of future tax benefits.

At the end of 2020 and 2019 the Group has made projections of future tax base flows in order to evaluate the recovery of the tax-loss carry forwards that have been generated and these projections show a positive evolution of profits, the Directors have decided to recognize the tax credits deriving from the capitalization of the tax-loss carry forwards originating this year and in prior years.

The main assumptions used for the Company's cash flow projections were as follows:

	Gross Margin	
	2020	2019
Gonvauto South Carolina	2.60%	3.55%
Gonvauto Thüringen	2.54%	1.78%
Gonvarri Material Handling Group	-	6.11%

32 Commitments

32.1 Commitments for the purchase of assets (investment commitments)

At 31 December 2020, the Group has commitments to purchase property, plant and equipment amounting to €5,864 thousand (€6,346 thousand in 2019), mainly relating to machinery and buildings.

32.2 Contingent benefits

At 31 December 2020 and 2019 there are no contingent benefits whatsoever.

33 Business combinations

The following acquisitions of the companies and/or groups are part of the Group's strategy of diversifying into businesses with greater added value and with the aim of providing them with commercial and management synergies, as well as operating cost efficiency based on the GI Group's experience in the steel sector, with which it is believed that it will be possible to improve the results of these companies.

Business combinations in 2020

- **ArcelorMittal Gonvarri Nitra, S.R.O**

On January 1, 2020, the Group obtained control of the company ArcelorMittal Gonvarri Nitra, S.R.O., and the company is now consolidated using the full consolidation method.

In application of IFRS 3, both the assets delivered and the liabilities incurred or assumed by the acquirer, in exchange for control of the acquired entity, are valued at their fair values at the date of exchange. The result of the valuation has been a capital gain for the Group of €8,502 thousand, recorded under the heading "Other Profit/loss" in the accompanying consolidated income statement.

The fair value was calculated using the discounted cash flow method. As a result of this transaction, the Group did not have any goodwill to record.

As indicated in the table detailing the effects of the transaction, the transaction has been carried out without any economic consideration for this concept.



The net carrying amount of net assets at the date of the takeover was as follows:

Thousand euro	
Intangible assets	342
Tangible assets	26.241
Deferred tax assets	284
Non-current assets	26.867
Inventories	1.414
Trade receivables	240
Cash and other cash equivalents	84
Current assets	1.738
Total Assets	28.605
Trade payables	7.250
Total non-current liability	7.250
Trade payables	5.997
Other current liabilities	1.446
Total current liabilities	7.443
Total Liabilities	14.693

Taking into account the aforementioned premises, there has been no impact on the consolidated financial statements of the Company:

Thousand euro		
Consideration		-
Maturity at 01.01.2020		13.912
External Partners	(50%)	6.956
Gonvarri Industries	(50%)	6.956
Valuation	(100%)	13.912
Diff. initial carrying amount and market value		-

- **ArcelorMittal Gonvarri SSC Slovakia, S.R.O**

On January 1, 2020, the Group obtained control of the company ArcelorMittal Gonvarri S SC Slovakia, S.R.O., and the company is now consolidated using the full consolidation method.

In application of IFRS 3, both the assets delivered and the liabilities incurred or assumed by the acquirer, in exchange for control of the acquired entity, are valued at their fair values at the date of exchange. The result of the valuation has been a capital gain for the Group of €8,502 thousand, recorded under the heading "Other Profit/loss" in the accompanying consolidated income statement.

The fair value was calculated using the discounted cash flow method. As a result of this transaction, the Group did not have any goodwill to record.

As indicated in the table detailing the effects of the transaction, the transaction has been carried out without any economic consideration for this concept.



The net carrying amount of net assets at the date of the takeover was as follows:

	Thousand euro
Intangible assets	152
Tangible assets	41.266
Non-current assets	41.418
Inventories	33.280
Trade receivables	24.771
Cash and other cash equivalents	2.287
Current assets	60.339
Total Assets	101.757
Trade payables	13.893
Deferred tax liability	3.246
Total non-current liability	17.140
Trade payables	6.298
Provisions for current liabilities	43
Other current liabilities	14.008
Total current liabilities	20.349
Total Liabilities	37.489

Considering the aforementioned premises, the impact on the consolidated annual accounts has been as follows:

	Thousand euro
Consideration	-
Maturity at 01.01.2020	64.268
External Partners (50%)	32.134
Gonvarri Industries (50%)	32.134
Valuation (100%)	81.272
Diff. initial carrying amount and market value	17.004
Buildings	8.502
Other profit/loss - Income statement	8.502

The value assigned to the buildings corresponds to the difference between the net carrying amount at January 1, 2020 and the fair value of the buildings according to the valuation of an independent expert at the same date.

- **Sogei S.A**

On September 30, 2020, a capital increase of €850 thousand was carried out as part of a business combination in stages. As a result, Gonvarri Corporación Financiera, S.L. has increased its shareholding in this company from 49% to 70% and is now consolidated using the full consolidation method.



The fair value of assets and liabilities at the time of the capital increase were as follows:

	Thousand euro
Intangible assets	3
Tangible assets	10.379
Deferred tax assets	2.145
Non-current assets	12.527
Inventories	3.967
Trade receivables	1.939
Cash and other cash equivalents	173
Current assets	6.079
Total Assets	18.606
Deferred tax liability	10.438
Total non-current liability	10.438
Trade payables	1.549
Total current liabilities	2.571
Total Liabilities	4.120

The effect on the consolidated profit/loss has been as follows:

Description		Thousand euro
Total Attributable Net Assets (70%)		2.833
Fair Value of the consideration		2.833
Final net effect		-

This business combination did not generate goodwill. There are no significant costs associated with this transaction.

- **Complete Storage & Interiors (CSI)**

On June 1, 2020, the subsidiary Gonvarri Material Handling AS acquired 100% of the shares of Complete Storage & Interiors (CSI) for GBP 1,884 thousand (€2,091 thousand). This company's business is focused on material storage and logistics.

The fair value of CSI's assets and liabilities is as follows:

	Thousand euro
Intangible assets	98
Tangible assets	67
Non-current assets	165
Inventories	38
Trade receivables	696
Cash and other cash equivalents	1.019
Current assets	1.753
Total Assets	1.918
Deferred tax liability	11
Total non-current liability	11
Trade payables	643
Provisions for current liabilities	255
Other current liabilities	562
Total current liabilities	1.460
Total Liabilities	1.471



The effect on the consolidated profit/loss has been as follows:

Description	Thousand euro
Total Attributable Net Assets (100%)	447
Total consideration	2.091
Final net effect	1.644

This business combination generated a Goodwill totaling €1,644 thousand. (Note 7).

It is worth mentioning that there is a provisional accounting year for calculating the fair value of these acquired assets and liabilities.

There were no significant costs associated to this transaction.

- **Lampe Lagertechnik GmbH**

On March 1, 2020, the subsidiary Gonvarri Material Handling AS acquired 100% of the shares of Lampe Lagertechnik GmbH, for an amount of €3,537 thousand. This company provides services to system integrators offering warehouse automation, ranging from the design to the project management.

The fair value of the assets and liabilities is as follows:

	Thousand euro
Intangible assets	4
Tangible assets	16
Non-current assets	20
Inventories	2.457
Trade receivables	274
Cash and other cash equivalents	1.471
Current assets	4.202
Total Assets	4.222
Total non-current liability	-
Trade payables	861
Provisions for current liabilities	110
Other current liabilities	2.929
Total current liabilities	3.900
Total Liabilities	3.900

The effect on the consolidated profit/loss has been as follows:

Description	Thousand euro
Total Attributable Net Assets (100%)	322
Total consideration	3.537
Final net effect	3.215

This business combination generated a Goodwill totaling €3,215 thousand. (Note 7).

It is worth mentioning that there is a provisional accounting year for calculating the fair value of these acquired assets and liabilities.

There were no significant costs associated to this transaction.



- **Kaufmann**

On July 1, 2020, the subsidiary Gonvarri Material Handling AS signed a purchase agreement with Kaufmann, whereby it undertook to purchase 60% of the shares in 2020 for the amount of 8,495 thousand Swiss francs, 20% in 2021 for the amount of 2,453 thousand Swiss francs, and the remaining 20% in 2022 for the amount of 5,043 thousand Swiss francs.

100% of the shares will have a total value payable of 15,991 thousand Swiss francs (€14,804 thousand). This company's business is focused on the development and implementation of specific internal logistics plants and systems.

The fair value of the assets and liabilities is as follows:

	Thousand euro
Intangible assets	-
Tangible assets	231
Non-current financial assets	42
Non-current assets	273
Inventories	163
Trade receivables	12.081
Cash and other cash equivalents	3.113
Current assets	15.357
Total Assets	15.630
Deferred tax liability	19
Total non-current liability	19
Trade payables	513
Provisions for current liabilities	23
Other current liabilities	13.846
Total current liabilities	14.382
Total Liabilities	14.401

The effect on the consolidated profit/loss has been as follows:

Description	Thousand euro
Total Attributable Net Assets (70%)	1.229
Total consideration	14.804
Final net effect	13.575

This business combination generated a Goodwill totaling €13,575 thousand. (Note 7).

It is worth mentioning that there is a provisional accounting year for calculating the fair value of these acquired assets and liabilities.

There were no significant costs associated to this transaction.

- **Obratel Energy, S.L.**

On October 2, 2020, the subsidiary Gonvarri Solar Steel acquired 100% of the shares of Obratel Energy, S.L. for €1,900 thousand. This company was included in the consolidation scope by the full consolidation method. This company's business is focused on maintenance, industrial logistics and process engineering.



The fair value of the assets and liabilities is as follows:

	Thousand euro
Intangible assets	-
Tangible assets	7
Non-current financial investments	12
Non-current assets	19
Inventories	41
Trade receivables	1.280
Accruals	16
Cash and other cash equivalents	332
Current assets	1.669
Total Assets	1.688
Deferred tax liability	-
Total non-current liability	-
Current financial debt	-
Trade payables	561
Provisions for current liabilities	-
Other current liabilities	382
Total current liabilities	943
Total Liabilities	943

The effect on the consolidated profit/loss has been as follows:

Description	Thousand euro
Total Attributable Net Assets (100%)	745
Total consideration	1.900
Final net effect	1.155

This business combination generated a Goodwill totaling €1,155 thousand. (Note 7).

It is worth mentioning that there is a provisional accounting year for calculating the fair value of these acquired assets and liabilities.

There were no significant costs associated to this transaction.

- **Agromega**

On December 29, 2020, the subsidiary GMS Corporate, S.L. carried out a capital increase of €900 thousand in the company Agromega. With this disbursement, 56% of the shares of this company were obtained. It was also agreed that in 2021 an additional 2% of the shares will be purchased from the local partners for an amount of between 30 and 150 thousand euros depending on the sales of 2021 and that in 2022 an additional 2% of the shares will be purchased from the local partners for an amount of between 30 and 150 thousand euros depending on the sales and net result of the year, thus reaching 60% of the shares of the company in 2022. This company's business is focused on the design and implementation of agricultural projects using greenhouses.



The fair value of the assets and liabilities is as follows:

	Thousand euro
Intangible assets	-
Tangible assets	2
Non-current assets	2
Inventories	-
Trade receivables	5
Accruals	25
Cash and other cash equivalents	597
Current assets	627
Total Assets	629
Deferred tax liability	-
Total non-current liability	-
Trade payables	11
Provisions for current liabilities	31
Other current liabilities	-
Total current liabilities	42
Total Liabilities	42

The effect on the consolidated profit/loss has been as follows:

Description	Thousand euro
Total Attributable Net Assets (100%)	587
Total consideration	900
Final net effect	313

This business combination generated a Goodwill totaling €313 thousand. (Note 7).

It is worth mentioning that there is a provisional accounting year for calculating the fair value of these acquired assets and liabilities.

There were no significant costs associated to this transaction.

Business combinations in 2019

- **Kredit SRO Czech Republic**

On 5 September 2019, the company Gonvarri Material Handling AS acquired 100% of the shares of the company Kredit SRO Czech Republic, for a total amount of 344,400 Czech Korunas (€11,039 thousand) and obtained control over the company. The company's activity is focused on the material storage and logistics.

The Group, supported by independent experts, has conducted an analysis of all the net assets acquired in the company. Following the acquisition, the Group performed an analysis of the fair value calculation of the various assets and liabilities acquired in order to allocate the purchase price, concluding that the following had to be adjusted:

Trademarks: The Group valued the trademark owned by Kredit SRO Czech Republic in the transaction resulting in the activation of €2,459 thousand in consolidated trademarks. For the final valuation of these brands, the Group used the Relief from Royalty method, projecting sales to a certain number of years, based on the age of each brand (between 35 and 75 years old). Discounted, subsequently, at a rate associated with the risk of each of them.



The fair value of the assets and liabilities of Kredit SRO Czech Republic, is as follows:

	Thousand euro
Intangible assets	2.986
Tangible assets	6.043
Non-current assets	9.029
Inventories	4.515
Trade receivables	3.071
Cash and other cash equivalents	330
Current assets	7.916
Total Assets	16.945
Deferred tax liability	-473
Total non-current liability	-473
Trade payables	-5.755
Provisions for current liabilities	-104
Other current liabilities	-3.955
Total current liabilities	-9.814
Total Liabilities	-10.287

The effect on the consolidated profit/loss has been as follows:

Description	Thousand euro
Total Attributable Net Assets (100%)	6.658
Total consideration	11.039
Final net effect	4.381

This business combination generated a Goodwill totaling €4,381 thousand. (Note 7).

It is worth mentioning that there is a provisional accounting year for calculating the fair value of these acquired assets and liabilities.

There were no significant costs associated to this transaction.

34 Investment

34.1 Investments in joint ventures and associates

The interests maintained by the Group in joint ventures associates which it recognizes in the consolidated financial statements using the equity method are as follows:

Company		31.12.2020	31.12.2019
MAG Aliança Automóveis do Brasil SSC S.A.	(1)	25%	25%
Vama Gonvarri Group	(2)	50%	50%
Hierros Villaverde S.A		54.76%	54.76%
Gestamp Automotive India Private Ltd.		50%	50%
ArcelorMittal Gonvarri SSC Slovakia		-	50%
AMG Gonvarri Nitra		-	50%
Sogei S.A		-	49%

(1) The % interest that is given here will not match the percentages used in the following tables, as these use the % used by AMG Brazil to integrate this company to their balance sheet.

(2) The Vama Gonvarri Group includes the following companies: Vama Gonvarri Advance AASS, Vama Gonvarri AASS Shenyang, Vama Gonvarri AASS Changshu, Vama Gonvarri AASS Chongqing and Vama Gonvarri AASS Loudi.



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The breakdown and movements in investments in joint ventures and associates over which the Group does not hold control are set out in the following table:

Company	31.12.2019	Profit/loss 2020	Exchange differences	Other	31.12.2020
MAG Aliança Automóveis do Brasil SSC S.A.	13,737	-307	-4,301	-	9,129
Vama Gonvarri subgroup	30,944	9,561	-944	3,697	43,258
Hierros Villaverde, S.A.	1,714	-127	-	-	1,587
Gestamp Automotive India Private Ltd.	39,051	6,301	-4,457	-	40,895
AM Gonvarri Slovakia	32,132	-	-	-32,132	-
AM Gonvarri Nitra	6,956	-	-	-6,956	-
Sogei S.A	-971	-1,488	-	2,459	-
	123,563	13,940	-9,702	-32,932	94,869

The main movements in 2020 were the following:

- On April 10, 2020, Gonvarri Corporación Financiera made a capital increase to Vama Gonvarri Advance AASS in the amount of 29,500 thousand Renminbi, as did the other shareholder, Vama, maintaining the percentage of ownership of both in said company.
- On January 1, 2020, the Group demonstrated that it had control over ArcelorMittal Gonvarri Nitra S.R.O and ArcelorMittal Gonvarri SSC Slovakia and for such reasons, from that date, they have been consolidated under the full consolidation method. (see Note 4.7)
- On September 30, 2020, Gonvarri Corporación Financiera, S.L., through a capital increase, increased its ownership interest in Sogei, S.A. to 70%. This company has been consolidated under the full consolidation method as it is considered to have control of the company since that date. (see Note 1)

Company	31.12.2018	Profit/loss 2019	Exchange differences	Other	31.12.2019
MAG Aliança Automóveis do Brasil SSC S.A.	17,476	555	-360	-3,934	13,737
Vama Gonvarri subgroup	23,957	2,291	850	3,846	30,944
Hierros Villaverde, S.A.	1,168	7	-	539	1,714
Gestamp Automotive India Private Ltd.	32,926	6,763	-638	-	39,051
AM Gonvarri Slovakia	28,694	3,438	-	-	32,132
AM Gonvarri Nitra	7,433	-477	-	-	6,956
Sogei S.A	97	-1,142	-	74	-971
	111,751	11,435	-148	525	123,563

The main movements in 2019 were the following:

- The distribution of interim dividends by the company MAG Aliança Automóveis do Brasil.
- On 31 May 2019, the loan the Vama Gonvarri Subgroup had outstanding with Gonvarri Corporación Financiera was capitalized.
- In 2019 the Group decided to make an adjustment to Hierros Villaverde amounting to 539 thousand euros, which was a reclassification between the holdings in this company and its reserves.
- On 5 November 2019, there was a capital increase of €450,000 in the company Sogei, S.A. (Note 1) which caused a movement in the interest of €74 thousand.



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Summarized financial information regarding joint ventures and associates recognized using the equity method is set out below:

Summarized Balance Sheet 2020

Heading	Gestamp Automotive India Private Ltd.	MAG Aliança Automóveis do Brasil SSC S.A.	Hierros Villaverde	Vama Gonvarri Subgroup
Total non-current assets	43,085	12,596	1,224	137,314
Total current assets	98,819	10,332	2,461	136,233
Total non-current liabilities	2,972	387	189	84,271
Total current liabilities	57,143	4,283	597	102,761
NET ASSETS	81,789	18,258	2,899	86,515
% interest	50%	50%	54.76%	50%
Carrying amount	40,895	9,129	1,587	43,258

Summarized Balance Sheet 2019

Heading	Gestamp Automotive India Private Ltd.	MAG Aliança Automóveis do Brasil SSC S.A.	AM Gonvarri Slovakia	AMG Nitro	Hierros Villaverde	Vama Gonvarri Subgroup	Sogei S.A.
Total non-current assets	21,607	18,593	41,418	26,867	1,226	141,493	5,607
Total current assets	53,102	13,777	60,338	1,739	2,410	47,254	6,573
Total non-current liabilities	1,996	447	17,140	10,743	201	81,599	10,999
Total current liabilities	-5,389	4,451	20,348	3,952	306	45,263	3,163
NET ASSETS	78,102	27,472	64,268	13,911	3,129	61,885	-1,982
% interest	50%	50%	50%	50%	54.76%	50%	49%
Carrying Amount	39,051	13,736	32,134	6,956	1,713	30,943	-971

Summarized comprehensive income statement 2020

Heading	Gestamp Automotive India Private	MAG Aliança Automóveis do Brasil SSC S.A.	Hierros Villaverde	Vama Gonvarri Subgroup
Net revenue	48,508	21,254	3,570	159,062
Operating expense	-32,594	-19,369	-3,813	-132,761
Operating profit	15,914	1,885	-243	26,301
Financial income	3,263	-2,825	-2	-4,151
Exchange differences	-309	50	-	39
Impairment and other profit/loss	-	-	-	7
Profit before taxes	18,868	-890	-245	22,196
Tax expense	-6,266	276	13	-3,074
Total Profit/Loss	12,602	-614	-232	19,122
% interes	50%	50%	55%	50%
Profit/loss equity cons. Comp.	6,301	-307	-127	9,561



Summarized comprehensive income statement 2019

Heading	Gestamp Automotive India Private Ltd.	MAG Aliança Automóveis do Brasil SSC S.A.	AM Gonvarri Slovakia	AMG Nitra	Hierros Villaverde	Vama Gonvarri Subgroup	Sogei S.A.
Net revenue	67,128	23,788	241,560	105	4,296	44,523	9,742
Operating expenses	-52,168	-22,298	-232,619	-1,254	-4,323	-37,953	-11,933
Operating profit	14,960	1,490	8,941	-1,149	-27	6,570	-2,191
Financial income	3,416	154	-224	-56	-4	-3,189	-187
Exchange differences	57	-27	-	-	-	45	-
Impairment and other profit/loss	-	-	-	-	-	-7	-318
Profit before taxes	18,433	1,617	8,717	-1,205	-31	3,419	-2,696
Tax expense	-4,907	-507	-1,841	251	45	1,163	365
Total Profit/Loss	13,526	1,110	6,876	-954	14	4,582	-2,331
% interest	50%	50%	50%	50%	54.76%	50%	49%
Profit/loss equity cons. comp.	6,763	555	3,438	-477	8	2,291	-1,142

There are no contingent liabilities or commitments relating to the Group's interests in the joint ventures and associates.

34.2 Subsidiaries with significant non-controlling shareholders

The financial information for subsidiaries that have significant non-controlling shareholders is set out below:

Company	2020	2019
ArcelorMittal Gonvarri Brasil	50%	50%
Severstal Subgroup	50%	50%
ArcelorMittal Gonvarri Nitra S.R.O	50%	-
ArcelorMittal Gonvarri SSC Slovakia	50%	-

The accumulated balances for the outside shareholder classified as significant totals €96,228 thousand (€53,153 thousand in 2019) (Note 16).

The summarized information for the subsidiaries is set out below. This information is based on amounts before inter-company eliminations:

Summarized Balance Sheet 2020

Heading	Severstal Subgroup	AMG Brasil	ArcelorMittal Gonvarri Nitra S.R.O	ArcelorMittal Gonvarri SSC Slovakia
Total non-current assets	7,690	40,560	27,809	46,017
Total current assets	21,142	96,161	14,757	66,413
Total non-current liabilities	-52	-728	-12,841	-16,106
Total current liabilities	-4,650	-55,797	-14,306	-23,615
Total Net Assets	24,130	80,196	15,419	72,709
% interest	50%	50%	50%	50%
Total attributable to non-controlling shareholder	12,065	40,098	7,710	36,355



Summarized Balance Sheet 2019

Heading	Severstal Subgroup	AMG Brasil
Total non-current assets	12,522	49,468
Total current assets	25,695	61,002
Total non-current liabilities	-2,081	-1,120
Total current liabilities	-5,508	-33,672
Total Net Assets	30,628	75,678
% interest	50%	50%
Total attributable to non-controlling shareholder	15,314	37,839

Summarized comprehensive income statement 2020

Heading	Severstal Subgroup	AMG Brasil	ArcelorMittal Gonvarri Nitra S.R.O	ArcelorMittal Gonvarri SSC Slovakia
Net Revenue	46,123	199,306	213,153	40,537
Other operating income	158	23,941	8,555	7
Operating expense	-43,818	-194,526	-208,493	-38,714
Operating profit	2,463	28,721	13,215	1,830
Financial income	-13	17,669	-189	-184
Exchange differences	-488	-417	-	-
Impairment and other profit/loss	-	-307	-	-
Profit before taxes	1,962	45,666	13,026	1,646
Tax expense	-455	-14,867	-2,740	-346
Total Profit/loss	1,507	30,799	10,286	1,300
% interest	50%	50%	50%	50%
Profit/loss non-contr. shareholder (Note 16)	754	15,399	5,143	650

Summarized comprehensive income statement 2019

Heading	Severstal Subgroup	AMG Brasil
Net Revenue	73,900	283,086
Operating benefit	66,705	3,435
Operating expense	-135,626	-273,828
Operating profit	4,979	12,693
Financial income	-103	380
Exchange differences	726	128
Impairment and other profit/loss	-	555
Profit before taxes	5,602	13,756
Tax expense	-1,121	-3,098
Total Profit/loss	4,480	10,657
% interest	50%	50%
Profit/loss non-control. shareholder (Note 16)	2,240	5,329

35 Related party transactions

The Group is ultimately controlled by the company Acek Desarrollo y Gestión Industrial, S.L. (formerly Corporación Gestamp, S.L.), (Incorporated in Madrid), which holds 65% of the company's shares. The remaining 35% are held by ArcelorMittal Group through different companies.

The following transactions were carried out with related parties at market prices:

- Holding Gonvarri, S.L
- Grupo GRI Renewable Industries "GRI"
- Grupo Acek Desarrollo y Gestión Industrial, S.L and its shareholders



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- ArcelorMittal Group
- Associates
- Joint arrangements
- Key executives and their family members
- Directors and their families

Related party transactions are subject to the same time periods and conditions as other transactions with third parties outside of the Group, as well as the compensation deriving from those transactions.

No guarantee has been granted to, or received from, associated companies to guarantee the settlement of debts among them, except for the guarantees provided to Acek Desarrollo y Gestión Industrial, S.L. (formerly Corporación Gestamp, S.L.) Holding Gonvarri, S.L or GRI Renewable Industries S.L. (Note 38).

There is no amount payable to associated companies that must be covered by a provision at 31 December 2020.

(a) Sale of goods, rendering of services and interest received

	2020				
	Acek DGI, S.L. Group	Arcelor Mittal Group	Holding Gonvarri S.L.	Other associates	Total
Sales of Goods	1,211,144	133,095	-	235	1,344,474
Rendering of services	19,114	4,511	-	43	23,668
Financial income (Note 30)	1,297	20	-	190	1,506
Income from sundry services	6,694	2,786	21	5,243	14,745
	1,238,249	140,412	21	5,711	1,384,393

	2019				
	Acek DGI, S.L. Group	Arcelor Mittal Group	Holding Gonvarri S.L.	Other associates	Total
Sales of goods	1,558,901	10,064	-	3,048	1,572,013
Rendering of services	27,496	8,372	-	13	35,881
Financial income (Note 30)	1,557	29	-	83	1,669
Income from sundry services	6,903	3,540	21	4,795	15,259
	1,594,857	22,005	21	7,939	1,624,822

(b) Purchases of goods and services and interest paid

	2020				
	Acek DGI, S.L. Group	Arcelor Mittal Group	Holding Gonvarri S.L.	Other associates	Total
Purchases	35,653	1,214,748	-	313	1,250,714
Sundry service expense	3,858	475	162	254	4,749
Financial expense (Note 30)	95	8	497	-	600
	39,606	1,215,231	659	567	1,256,063

	2019				
	Acek DGI, S.L. Group	Arcelor Mittal Group	Holding Gonvarri S.L.	Other Associates	Total
Purchases	34,837	1,438,627	-	377	1,473,841
Sundry service expense	5,527	411	33	109	6,080
Financial expense (Note 30)	121	-	458	-	579
	40,485	1,439,038	491	486	1,480,500



(c) Remuneration of key management personnel and directors

In 2020 the members of the Board of Directors received wages and salaries totaling €1,860 thousand (€2,256 thousand in 2019) of which €960 thousand are attributable to the leasing of services of the members of the Board of Directors. At the end of the year the Group had not granted any loans to members of the Board of Directors.

Total remuneration paid in 2020 to Senior Management personnel amounts to €1,067 thousand (€1,025 thousand in 2019). There are no contributions to pension plans and insurance premiums just as in the previous year.

The Company did not grant any loans to senior management in 2020 nor 2019.

(d) Year-end balances arising from sales/purchases of goods/services

at 31.12.2020		Acekl DGI, S.L. Group	Arcelor Mittal Group	Holding Gonvarri S.L.	Other associates
Trade and other receivables	(Note 11)	343,164	15,985	2	7,384
Trade and other payables	(Note 22)	9,502	148,651	5	56

a 31.12.2019		Acekl DGI, S.L. Group	Arcelor Mittal Group	Holding Gonvarri S.L.	Other associates
Trade and other receivables	(Note 11)	238,148	1,996	2	7,522
Trade and other payables	(Note 22)	5,237	88,638	5	71

Since these balances are due and payable or accrue market interest, their fair value is similar to their carrying amount.

(e) Balances at the year-end for loans granted and received

in thousand euros	2020	2019
Gestamp Puebla	8,900	17,172
Sogei S.A	-	3,419
Holding Gonvarri, S.L.	618	1,530
Grupo Vama Gonvarri	6,446	4,496
Gestamp Aguascalientes	639	1,464
AMG Resende	-	260
Gestamp San Luis Potosi	610	149
Total loans granted	17,213	28,490

The breakdown of loans and credits granted to the company Grupo Vama Gonvarri, contains an amount of €6,429 thousand for a loan granted by Gonvarri Corporación Financiera, S.L. which accrues a market interest rate and is recorded as long-term because it matures in more than one year. During 2019 the amount of loans and credits granted that accrued a market interest rate and recorded as long-term because they matured in more than one year were €4,487 thousand to Grupo Vama Gonvarri and €3,419 thousand to Sogei, SA, both granted by Gonvarri Corporación Financiera. In the latter case, in 2020 the loan with this company is still in force; however, it is eliminated as this company is fully consolidated from this year onwards (see Note 1).

in thousand euros	2020	2019
Holding Gonvarri, S.L.	39,926	47,231
GRI Renewable Industries	2,216	4,329
Total loans received	42,142	51,560



(f) Dividends receivable

As of December 31, 2020, there are no active dividends receivable. (€260 thousand in 2019)

(g) Director conflict of interest situations

In order to avoid conflicts of interest with the parent company, during the year Directors that held positions on the Board of Directors complied with the obligations established in Article 229 of the Spanish Companies Act. Both they and persons associated with them have abstained from entering the conflicts of interest defined by Article 229 of that law, except in the cases in which the appropriate authorization has been obtained.

At 31 December 2020, the representative of the company ArcelorMittal España, S.A. and member of the Board of Directors of the parent company, Mr. Geert Maurice Van Poelvoorde reported the following transactions with companies pertaining to GI Group:

Director	Company	Description	Amount €
ArcelorMittal España, S.A.	Gonvarri I. Centro de Servicios, S.L.	Toll manufacturer	48.421
ArcelorMittal España, S.A.	Gonvarri I. Centro de Servicios, S.L.	Storage	26.789
ArcelorMittal España, S.A.	Gonvarri Valencia, S.A.	Scrap purchases	3.957
ArcelorMittal España, S.A.	Gonvarri Valencia, S.A.	Toll manufacturer	67.883
ArcelorMittal España, S.A.	Gonvarri Valencia, S.A.	Handling and transportation serv.	11.270
ArcelorMittal España, S.A.	Gonvauto, S.A.	Storage	951.157
ArcelorMittal España, S.A.	Gonvauto Navarra, S.A.	Storage	475.145
ArcelorMittal España, S.A.	Hierros y Aplanaciones, S.A.	Toll manufacturer	554.547
ArcelorMittal España, S.A.	Gonvauto Galicia, S.A.	Toll manufacturer	25.383

These transactions have not been made in a personal capacity but by the company ArcelorMittal España, S.A. These are transactions for ordinary operations and have been made at market price.

Directors Liability Insurance

The group paid €17 thousand for the premium for the directors' liability insurance covering any damages caused by actions or omissions when performing their duties.

36 Environment

a) Property, plant and equipment

Assets intended to minimize environmental impact and to protect and improve the environment at 31 December 2020 and 2019 are as follows:

Characteristics and utilization	2020		2019	
	Carrying amount	Accumulated depreciation	Carrying amount	Accumulated depreciation
Buildings	665	195	765	152
Machinery	6,798	6,607	6,838	6,508
Tooling	9	9	10	10
Other facilities	2,563	1,881	2,495	1,716
Furnishing	6	5	6	6
Furnishing under construction	3	-	-	-
Total	10,044	8,697	10,114	8,392

b) Expenses relating to environmental protection

During the year, the Group incurred certain ordinary environmental expenses totaling €960 thousand (€1,342 thousand in 2019) for materials and maintenance.



c) Provisions relating to environmental upgrades

During the year, no provision whatsoever was recorded to cover the risks and expenses relating to environmental action and only those recorded in prior years that had not been implemented were maintained.

d) Contingencies relating to environmental protection and improvement

As at 31 December 2020 and 2019 there were no contingencies related to environmental protection and improvement or risks that should be transferred to other entities. This year there has therefore been no need to establish a provision for environmental actions.

e) Environmental liabilities

The Group considers that there are no environmental liabilities.

f) Environmental grants received

In 2020 and 2019 no environmental grants were received.

37 Audit fees

The fees received by the auditors for audit services relating to the individual and consolidated annual accounts for Group companies are distributed as follows:

	2020	2019
Audit services	378	565
Other verification services	2	14
Tax advisory services	113	15
Other services	42	14
Total PriceWaterhouseCoopers	535	608
Audit services	541	488
Other verification services	72	57
Tax advisory services	605	350
Other services	201	62
Total Other auditors	1,419	957
Total	1,954	1,565

These fees are recognized under the heading "Other operating expense" in the accompanying income statement.

38 Third party guarantees and other contingent liabilities

At 31 December 2020, the Group has bank guarantees amounting to €116,626 thousand (€89,161 thousand at 31 December 2019), of which €33,863 thousand are financial guarantees and €82,763 thousand correspond to technical guarantees.

The Group has signed documentary loans with banks totaling €33,826 thousand to secure the payment of several financial liabilities recognized at the end of the year (€14,411 thousand in 2019).

39 Events after the end of the reporting period

There have been no additional post-closing events that could have a significant impact on the Company's financial statements for 2020.



40 Other information

STATEMENTS REFERRED TO BY ARTICLES 42BIS.4.B, 42 TER.4.B AND 54.BIS.6.B OF ROYAL DECREE 1065/2007 (27 JULY)

The information relating to compliance with Articles 42bis, 42ter and 54bis of the General Tax Management and Inspection Procedures and Actions and the development of common tax application procedures, approved by Royal Decree 1065/2007 (27 July), was provided in the notes to the individual annual accounts for the companies Gonvarri Corporación Financiera, S.L. GRI Renewable Industries, S.L. as the parent companies of their respective subgroups and with respect to the foreign subsidiaries.



Appendix 1: Consolidation scope

2020	Company	Domicile	% interest attributable to Parent Company of GI Group		Business	Auditor
			Direct	Indirect		
	Gonvarri MS Corporate, S.L.	Bilbao	100%		4	PWC
	Gonvarri MS Colombia, S.A.S, S.L.	Colombia		100%	2	PWC
	GMS Francia SAS	France		100%	9	N/A
	Çepas Galvaniz, Sanayi Anomin Sirketi	Turkey		100%	2	PWC
	Gonvarri Chile Estructuras Metálicas, Ltda.	Chile		100%	9	N/A
	Hiasa Montajes Guatemala, S.L.	Guatemala		100%	9	N/A
	Hiasa Montajes Honduras, S.A.	Honduras		100%	9	N/A
	Hierros y Aplanaciones, S.A.	Asturias		100%	2	PWC
	Road Steel Engineering, SL	Valladolid		100%	2	N/A
	Suports Desarrollo y Soluciones, SL	Valencia		100%	5	N/A
	Suports Energia Sustentable México S.A.P.I. de C.V	Mexico		100%	5	N/A
	Gonvarri MS Baja California S.A	Mexico		100%	5	N/A
	Gonvarri MS R&D, SL	Madrid		100%	10	N/A
	Agromega Projects Ltd	Israel		56%	12	N/A
	Gonvarri Solar Steel, S.L	Asturias		100%	2	N/A
	Gonvarri Solar Steel Brasil Ltd.	Brazil		100%	2	N/A
	Obratel	Spain		100%	2	N/A
	Gonvauto Asturias, SL	Madrid	100%		1	PWC
	Addimen Bizkaia, SL	Bilbao	93%		2	N/A
	Arcerlommittal Gonvarri SSC Slovakia, S.R.O	Slovakia	50%		1	Deloitte
	Arcerlommittal Gonvarri Nitra S.R.O	Slovakia		50%	1	N/A
	Flejes Industriales, SA	Alicante	100%		1	PWC
	Sogei S.A	Madrid	70%		5	N/A
	Gonvarri Argentina S.A.	Argentina	100%		2	SC
	ArcelorMittal Gonvarri Brasil, Pdtos. Siderúrg. S.A..	Brazil	50%		2	PWC
	MAG Aliança Automóveis do Brasil SSC S.A.	Brazil		25%	2	EY
	Bikostar International, S.A.	Uruguay	100%		3	N/A
	Gonvarri Aluminium, GMBH.	Germany	100%		1	N/A
	Gonvauto Thüringen, GMBH	Germany	100%		1	PWC
	Laser Blanking Germany, GMBH	Germany	100%		1	N/A
	Gestamp Automotive India Private Ltd	India	50%		2	EY
	Gonvarri Polska, SP, ZO O.	Poland	100%		2	EY
	Gonvarri Solar Steel US, Inc	USA		100%	9	N/A
	Gonvarri Czech, S.R.O.	Czech Rep.	100%		1	N/A
	Gonvauto Galicia, S.A.	Galicia	100%		2	PWC
	Gonvauto, S.A.	Barcelona	100%		1	PWC
	Gonvauto Puebla, S.A. de C.V.	Mexico		100%	2	PWC
	Gonvarri I.Centro de Servicios, S.L.	Madrid	100%		2	PWC
	Gonvarri Industrial Maroc, S.A.	Morocco	100%		5	AC
	Gonvarri Italia, S.p.A.	Italy	100%		5	N/A
	Gonvarri Portfolio Internacional, S.L.	Madrid	100%		10	N/A
	Gonvarri Ptos. Siderúrgicos,S.A.	Portugal	97%	3%	2	PWC
	Gonvarri Steel Services US, INC	(Delaware) USA	100%		4	N/A
	Gonvauto South Carolina LLC.	(South Carolina) USA		100%	1	N/A
	Gonvarri Valencia, S.A	Valencia	100%		2	PWC
	Gonvarri Tarragona, S.L.	Tarragona	100%		2	PWC
	Láser Automotive Barcelona, S.L.	Madrid	51%		1	N/A
	Láser Automotive Valencia, S.L.	Valencia	51%		1	N/A
	Láser Automotive Zaragoza, S.L.	Zaragoza	51%		1	N/A
	Gonvarri Material Handling, S.L.	Madrid	100%		4	N/A
	Gonvarri Vizcaya, S.L	Bilbao	100%		5	N/A
	Gonvasolar, S.L.	Madrid	100%		9	N/A
	Gonvauto Navarra, S.A.	Navarra	100%		1	PWC



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Company	Domicile	% interest attributable to Parent Company of GI Group		Business	Auditor
		Direct	Indirect		
Hierros Villaverde, S.A.	Toledo	55%		2	N/A
Severstal Gonvarri Holding, S.L.	Madrid	50%		4	N/A
Severstal Gonvarri Kaluga llc	Russia		50%	2	G. Thornton
Steel & Alloy Holding LTD.	(Birmingham) UK	100%		4	PWC
Steel & Alloy Procesing LTD	(Birmingham) UK		100%	1	PWC
Dongguan Gonvarri Summit Automotive Steel Processing Center CO. LTD	China	60%		2	N/A
Vama Gonvarri Automotive Solutions CO. LTD	China	50%		2	Deloitte
Vama Gonvarri Automotive Solutions (Shenyang) CO. LTD	China		50%	2	Deloitte
Vama Gonvarri Automotive Solutions (Changshu) CO. LTD	China		50%	2	Deloitte
Vama Gonvarri Automotive Solutions (Chongqing) CO. LTD	China		50%	2	Deloitte
Vama Gonvarri Automotive Solutions (Loudi) CO. LTD	China		50%	2	Deloitte
Laserboost	Spain	90%		5	N/A
Gonvarri Material Handling AS	Oslo, Norway	100%		11	KPMG
Constructor Finland OY	Finland		100%	11	KPMG
Constructor Rus	Russia		100%	11	KPMG
Dexion GMBH	Germany		100%	11	KPMG
Dexion KFT Hungary	Hungary		100%	11	Bergmann KONYVSZAKERTO kft
Dexion Nv/SA Belgium	Belgium		100%	11	KPMG
Constructor Norge AS Norway	Norway		100%	11	KPMG
Dexion Storage Solutions SRL, Romania	Romania		100%	11	KPMG
Constructor Sverige AS Sweden	Sweden		100%	11	KPMG
Constructor Shared Services AB Sweden	Sweden		100%	11	KPMG
Dexion Polska SP. Z.o.o Poland	Poland		100%	11	KPMG
Dexion Sro Czech Republic	Czech Rep.		100%	11	Proxy Audits SRO
Constructor Danmark A/S Denmark	Denmark		100%	11	KPMG
Dexion Spol Sro Slovakia	Slovakia		100%	11	Audit SK sro
Constructor Group UK Ltd	United Kingdom		100%	11	Hilliard Hopkins
Hi- Lo Storage Systems Ltd	United Kingdom		100%	11	N/A
Constructor Dexion Holland BV	the Netherlands		100%	11	216 Accountants BV
Dexion Österreich GmbH	Austria		100%	11	KPMG
Canrena System Aktiebolag	Sweden		100%	11	KPMG
Kredit SRO Czech Republic	Czech Rep.		100%	11	Mr Josef Sebak / KPMG Brno
Kaufmann Systems A G	Switzerland		60%	11	KPMG
Complete Storage & Interiors (CSI)	United Kingdom		100%	11	Hilliard Hopkins
Lampe Lagertechnik GmbH	Germany		100%	11	KPMG

Business of Gonvarri Group companies

1 Cutting of steel products	7 Manufacture of wind towers
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5 Service Delivery	11 Racking
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In case of discrepancy, Spanish version prevails



Consolidated financial statements 2020

2019	Company	Domicile	% interest attributable to Parent Company of GI Group		Business	Auditor
			Direct	Indirect		
	Gonvarri MS Colombia, S.A.S, S.L.	Colombia		100%	2	EY
	Gonvarri MS Corporate, S.L.	Bilbao	100%		4	PWC
	GMS Francia SAS	France		100%	9	N/A
	Çepas Galvaniz, Sanayi Anomin Sirketi	Turkey		100%	2	EY
	Gonvarri Chile Estructuras Metálicas, Ltda.	Chile		100%	9	N/A
	Hiasa Montajes Guatemala, S.L.	Guatemala		100%	9	N/A
	Hiasa Montajes Honduras, S.A.	Honduras		100%	9	N/A
	Hierros y Aplanaciones, S.A.	Asturias		100%	2	PWC
	Gonvauto Asturias, SL	Madrid		100%	1	Next
	Solar Steel Engineering, S.L	Asturias		100%	2	N/A
	GMS Solar Construction, SL	Asturias		100%	2	N/A
	Road Steel Engineering, SL	Valladolid		100%	2	N/A
	Suports Desarrollo y Soluciones, SL	Valencia		100%	5	N/A
	Suports Energia Sustentable México S.A.P.I. de C.V	Mexico		100%	5	N/A
	Gonvarri MS Baja California S.A	Mexico		100%	5	N/A
	Addimen Bizkaia, SL	Bilbao	67%		2	N/A
	Arcerlommittal Gonvarri Nitra S.R.O	Slovakia		50%	1	N/A
	Flejes Industriales, SA	Alicante	100%		1	GeAudit
	Sogei S.A	Madrid	25%		5	N/A
	Arcerlommittal Gonvarri SSC Slovakia, S.R.O	Slovakia	50%		1	Deloitte
	Gonvarri Argentina S.A.	Argentina	97%	3%	2	SC
	ArcelorMittal Gonvarri Brasil, Pdtos. Siderúrg. S.A..	Brazil	50%		2	EY
	Bikostar International, S.A.	Uruguay	100%		3	N/A
	Gonvarri Aluminium, GMBH.	Germany	100%		1	N/A
	Gonvarri Automotive GMBH	Germany	100%		1	N/A
	Gonvauto Thüringen, GMBH	Germany	100%		1	PWC
	Laser Automotive Branderburgo, GMBH.	Germany	100%		1	N/A
	Laser Automotive Thüringen, GMBH.	Germany	100%		1	N/A
	Gestamp Automotive India Private Ltd	India	50%		2	EY
	Gestamp Solar Steel US, Inc	USA		100%	9	N/A
	Gonvarri Czech, S.R.O.	Czech Rep.	100%		1	N/A
	Gonvauto Galicia, S.A.	Galicia	60%	40%	2	PWC
	Gonvarri I.Centro de Servicios, S.L.	Madrid	100%		2	PWC
	Gonvarri Industrial Maroc, S.A.	Morocco	100%		5	AC
	Gonvarri Italia, S.p.A.	Italy	100%		5	N/A
	Gonvarri Polska, SP, ZO O.	Poland	100%		2	EY
	Gonvarri Portfolio Brasil, S.L	Madrid	100%		10	N/A
	Gonvarri Portfolio Internacional, S.L.	Madrid	100%		10	N/A
	Gonvarri Ptos. Siderúrgicos,S.A.	Portugal	97%	3%	2	PWC
	Gonvarri Steel Services US, INC	(Delaware) USA	100%		4	N/A
	Gonvarri Valencia, S.A	Valencia	100%		2	PWC
	Gonvarri Tarragona, S.L.	Tarragona	100%		2	PWC
	Láser Automotive Barcelona, S.L.	Madrid	51%		1	N/A
	Láser Automotive Valencia, S.L.	Valencia	51%		1	N/A
	Láser Automotive Palencia, S.L.	Palencia	51%		1	N/A
	Láser Automotive Zaragoza, S.L.	Zaragoza	51%		1	N/A
	Gonvarri Material Handling, S.L.	Madrid	100%		4	N/A
	Gonvarri Vizcaya, S.L	Bilbao	100%		5	N/A
	Gonvasolar, S.L.	Madrid	100%		9	N/A
	Gonvauto, S.A.	Barcelona	100%		1	PWC
	Gonvauto Navarra, S.A.	Navarra	100%		1	PWC
	Gonvauto Puebla, S.A. de C.V.	Mexico		100%	2	PWC
	Gonvauto Pune India Private Limited Co.	India	100%		10	N/A
	Gonvauto South Carolina LLC.	(South Carolina) USA		100%	1	N/A
	Hierros Villaverde, S.A.	Toledo	55%		2	N/A
	MAG Aliança Automóveis do Brasil SSC S.A.	Brazil		25%	2	EY
	Severstal Gonvarri Holding, S.L.	Madrid	50%		4	N/A

GONVARRI CORPORACIÓN FINANCIERA, S.L. AND SUBSIDIARIES 99
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Consolidated financial statements 2020

Company	Domicile	% interest attributable to Parent Company of GI Group		Business	Auditor
		Direct	Indirect		
Severstal Gonvarri Kaluga llc	Russia		50%	2	G. Thornton
Steel & Alloy Holding LTD.	(Birmingham) UK	100%		4	PWC
Steel & Alloy Processing LTD	(Birmingham) UK		100%	1	PWC
Dongguan Gonvarri Summit Automotive Steel Processing Center CO. LTD	China	60%		2	N/A
Vama Gonvarri Automotive Solutions CO. LTD	China	50%		2	Deloitte
Vama Gonvarri Automotive Solutions (Shenyang) CO. LTD	China		50%	2	Deloitte
Vama Gonvarri Automotive Solutions (Changshu) CO. LTD	China		50%	2	Deloitte
Vama Gonvarri Automotive Solutions (Chongqing) CO. LTD	China		50%	2	Deloitte
Vama Gonvarri Automotive Solutions (Loudi) CO. LTD	China		50%	2	Deloitte
Gonvarri Material Handling AS	Oslo, Norway	100%		11	KPMG
Constructor Finland OY	Finland		100%	11	KPMG
Constructor Rus	Russia		100%	11	KPMG
Dexion GMBH	Germany		100%	11	KPMG
Dexion KFT Hungary	Hungary		100%	11	Bergmann KONYVSZAKERTO kft
Dexion Nv/SA Belgium	Belgium		100%	11	KPMG
Constructor Norge AS Norway	Norway		100%	11	KPMG
Dexion Storage Solutions SRL, Romania	Romania		100%	11	KPMG
Constructor Sverige AS Sweden	Sweden		100%	11	KPMG
Constructor Shared Services AB Sweden	Sweden		100%	11	KPMG
Dexion Polska SP. Z.o.o Poland	Poland		100%	11	KPMG
Dexion Sro Czech Republic	Czech Rep.		100%	11	Proxy Audits SRO
Constructor Danmark A/S Denmark	Denmark		100%	11	KPMG
Dexion Spol Sro Slovakia	Slovakia		100%	11	Audit SK sro
Constructor Group UK Ltd	United Kingdom		100%	11	Hilliard Hopkins
Hi- Lo Storage Systems Ltd	United Kingdom		100%	11	N/A
Constructor Dexion Holland BV	the Netherlands		100%	11	216 Accountans BV
Dexion Österreich GmbH	Austria		100%	11	KPMG
Canrena System Aktiebolag	Sweden		100%	11	KPMG
Kredit SRO Czech Republic	Czech Rep.		100%	11	Mr Josef Sebak / KPMG Brno

Business of Gonvarri Group companies

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Consolidated Directors' report for 2020

Business in 2020

2020 has been a very complicated year for the Gonvarri Industries (GI) Group, marked by the disease caused by the SARS-CoV-2 virus, which was declared by the World Health Organization (WHO) in March 2020 as a worldwide pandemic due to the large number of infections and deaths it has caused and which it continues to cause around the world.

As a result, especially in the first half of 2020, the spread of the virus forced the Gonvarri Group to temporarily close most of its production plants. Plant downtimes ranged from a minimum of 2 to 3 weeks to a maximum of 6 to 8 weeks. This had a very negative effect on the Group's activity, although this impact was offset during the last quarter of 2020, mainly due to a stronger than previously expected restart of the Automotive sector. With the final boost, indicators such as EBITDA or Sales reached highly satisfactory levels, although below budget and below the figures achieved in the previous year.

Due to the current situation at that time and the uncertainty in the immediate future, it was necessary to implement adjustment and cost containment policies adapted to each of the scenarios experienced in the different countries, which involved the application of a wide range of measures, from temporary layoffs to avoid permanently reducing the workforce and renegotiation of contracts with suppliers, to a lesser extent the postponement of efficiency initiatives and cancellation of planned investments. All these proactive management measures have had a great result, cushioning the impact of the reduction in sales on the Group's results.

Despite this global situation, the GI Group has achieved 85% compliance with the objectives set for the 2020 financial year, obtaining an EBITDA of 182.2 million euros and 94% compared to the previous year. It is worth mentioning that our Europe and Gonvauto Iberia Divisions, which are the divisions with the highest contribution to results (close to 62% of the Group's EBITDA), were the most directly affected by the production stoppage in the automotive market during the second and part of the third quarter. On the other hand, and once the effects of the pandemic have been largely overcome, there has been an increase in production activity in the Asian market, which has resulted in our ASIA division exceeding its expectations for 2020. It should also be noted that both the Metal Structures and Material Handling divisions, dedicated to the business of metal structures in different markets, have also been affected by the closure of markets and the slowdown of the global and particularly European economy, and although they have not been able to meet the agreed budget, they have recorded a great improvement compared to the figures provided in 2019.

Global passenger car production in 2020 has been directly affected by the COVID-19 pandemic, reaching 74.5 million units manufactured (88.7 million units in 2019), which represents a decrease of 16.04% compared to 2019. Spain continues to be positioned as the eighth largest vehicle manufacturer in the world, ahead of Brazil, and the second at European level after Germany, reaching the figure of 2.25 million units, which represents a decrease in units produced of 20.2% compared to the previous year. A recent estimate for 2021 points to a recovery of the automotive market, almost reaching the levels obtained in 2019, with 84.7 million units manufactured worldwide, and 2.63 million units manufactured in Spain.

During 2020, the GI Group increased its activity in other markets such as Metal structures to which it contributes its state-of-the-art technology, for the manufacture of road safety elements and structures for photovoltaic parks, in addition to the industrial market in general, after a strong commercial action.

Regarding the GI Group's evolution, in early 2020, the construction of a new Steel Service Center located in Nitra, Slovakia, in JV with the Arcelor Group, was fully completed to primarily supply support to the new Jaguar Land Rover plant located in that location. With the completion of this Plant and the new acquisitions made in 2020, dedicated to the steel structure business within the European market, the Group now has 45 Steel Service Centres in 19 countries and 26 Offices or Distribution Centres, in another 6 countries worldwide.



In terms of the Group's inorganic growth, it is worth highlighting the acquisitions made within the European market for the Gonvarri Material Handling Division (GMH), focusing on the manufacture of industrial storage solutions, such as Lampe Lagertechnik GmbH (Germany), Complete Storage & Interiors (UK) and Kaufmann (Switzerland), and for the Metal Structures Division (MS), focusing on the manufacture and assembly of metal structures, such as Obratel (Spain) and Agromega (Israel). All these acquisitions are part of the GI Group's development and diversification strategy.

The Group maintains its growth plans by studying new locations and new industrial possibilities both through the construction of new facilities and the acquisition of existing businesses in order to increase its presence and address new areas of diversification. It is worth mentioning that the projects that the Group's management had planned to pursue throughout 2020 have not been significantly affected by the pandemic. In some cases, the previously indicated development dates were delayed, but they were finally completed or are being planned.

In 2020, a CAPEX of €71.4 M has materialized, with €10.9 M of budgeted projects still pending execution.

Its main committed investments are:

In Spain: Improvement and development of computer applications in Gonvarri Corporación Financiera and as production capacity expansions in Gonvarri I. Service Centres, Hiasa, Tarragona and Gonvauto Asturias for a total of €9.3M.

In Europe: Expansion of production capacities in Thüringen, Germany, Senica and Nitra, both in Slovakia, as well as in the Laubach plant, Germany, belonging to the Material Handling Division for a total of €10 million.

In Asia: Expansion of production capacity at the India plant, along with Changshu and Shenyang in China in the amount of €39 million.

In LATAM: Expansion of production capacity in Brazil (€1.8 million), where a new greenfield has been started in Rio Grande do Sul.

In the financial area, the Group continues to keep a constant watch on the Market financing levels in order to adapt the costs of the bilateral financing lines that the Group maintains with its pool of Financial Institutions, with the purpose of achieving an adequate level of available financing at the lowest possible cost. In this sense, financing costs have been reduced, both in Spain and abroad, and the terms obtained are sufficiently long so that their amortization is reasonably accompanied by the cash generated in the operations of the Projects financed with them.

The decrease in the NFD within the GI Group, from €316.9 million at the end of 2019 to €201.3 million at the end of 2020 (including IFRS 16 in both cases), is particularly noteworthy. This reduction of €115.6 billion is mainly due to two factors: the reduction of inorganic growth due to not having incurred in major investment operations, and the reduction of working capital, which has been one of the priority objectives for the GI Group during this fiscal year 2020, where the renegotiation policies of payment conditions to suppliers implemented by the Group to manage the risks derived from the pandemic situation have had an important effect on this decrease.

The NFD/Ebitda ratio stood at 1.1 times, demonstrating the financial health of the GI Group.

It is worth highlighting, for yet another year, the impact on the Group of the volatility of the currencies of some of the countries in which it conducts business; particularly important have been the devaluations suffered by: the Argentine Peso of 51%, considered as of July 1, 2018 as a hyperinflationary economy, the Turkish Lira of 28%, the Brazilian Real of 37%, and the Russian Ruble of 16%, due to which the Group's Income Statement has deteriorated as a result of the exchange rate effect.

All these depreciations have been passed on to the Group's income statement, with an impact of € -7.38 million compared to the figure of € -7.89 million for this item in the 2019 results. The Group's policy continues to be to hedge commercial purchase or sale transactions which are carried out in currencies other than the Euro at the time they become known.



In the Tax area, it should be noted that the Company Gonvarri Corporación Financiera, S.L. (head company of the GI Group), received notification of the Resolution of the TEAC, dated August 7 and now final, partially upholding the allegations regarding the Goodwill, for the years 2011-2014. This ruling is once again in favor of the company Gonvarri Corporación Financiera, which had already obtained rulings in its favor by the Audiencia Nacional for the 2003 fiscal year and for the 2004-2008 period.

At the date of preparation of these consolidated financial statements, the inspection procedures were still in progress, although the Parent companies' directors consider that the aforementioned taxes have been properly settled and, therefore, even if discrepancies arose in the current legal interpretation of the tax treatment granted to the transactions, any resulting liabilities, if any, would not have a material effect on the accompanying consolidated financial statements.

Foreseeable evolution of the Group

The GI Group faces the year 2021 with skepticism as there are still many uncertainties and some macroeconomic risks, especially in Europe due to the effects of the COVID-19 pandemic, which could affect demand and the evolution of commodity prices or internal growth, and also due to the possible tightening of monetary conditions in the United States and its trade policy. In addition, the BREXIT posed a specific uncertainty to our operations in the United Kingdom, without any major risk of volume loss having been identified for the time being.

However, it is the economic impacts of the COVID-19 pandemic, still of unknown magnitude as it has not yet been definitively overcome in a large part of the planet, means that the expectations that the GI Group had for the 2021 financial year in terms of production volumes with respect to 2020, increase but do not reach the levels of 2019.

In terms of management lines during the 2021 fiscal year, the GI Group will prioritize:

- The consolidation of the in 2016 started management model DRIVE.
- The impact that vehicle electrification could have on our business will continue to be analyzed. In the short term this is not considered to be significant as the group is well positioned in the processing of Aluminium and high elastic limit steels that tend to reduce emissions and increase autonomy of electric vehicles by reducing their weight.
- Emphasis will be placed on consolidating the acquired businesses, as part of the diversification strategy, to bring them first to operational excellence through the implementation of the Group's production models, with subsequent geographical expansion of these businesses.
- A reflection on the 2019-2021 Strategic Plan that ends this coming year and the development of the next Strategic Plan for the years 2022-2024.

The revision project for the "Compliance Model", which was begun in 2018, should be noted. It has the purpose of improving the tracking, measuring and control mechanisms for related identified risks. As part of this project, the Compliance Committee was constituted in 2018 as the Delegate Body of the Board of Directors responsible for applying the Compliance Model, its revision and the Management of the Ethic Channel. Its implementation is being carried out in phases. It was started in 2018 and is expected to be completed in 2021, which includes the design process and the continuous improvement, diffusion, management, training and supervision. From the beginning, a thorough revision was conducted of the Code of Ethics and Conduct, as well as of different policies and norms highlighting some in the areas of anti-corruption, risks, trade sanctions and exchange of information, among many others. We should also highlight the important training effort made during the year to disseminate the principles contained in the Code.

In addition, the ethics channel has been updated, making it more versatile, multichannel and guaranteeing its users' anonymity. This channel allows, in addition to reporting events that go against the Group's rules of conduct or current legislation, to maintain fluid communication with all members of the Group who may express their concerns or consult any situation they deem appropriate.



Number of employees

In 2020 the workforce of GI Group has experienced an increase due to the acquisitions as well as due to aforementioned expansions, going from 4,663 employees at 31 December 2019 to 4,871 employees at 31 December 2020. Approximately 65% of GI's staff is based outside Spain.

Environmental activity

With regard to environmental matters, the Group maintains assets whose purpose is to minimize environmental impact and to protect and improve the environment that have a carrying amount of €1,347 thousand (€1,752 thousand in 2019). Environmental improvement expenses totaling €960 thousand were incurred (€1,342 thousand in 2019), but no grant relating to this area was received.

Given that the Group's Directors consider that there are no contingencies relating to the protection and improvement of the environment, or any environmental risks, no provision whatsoever has been allocated to cover this type of risk.

R&D Activities

In 2020 the Group made investments in R+D+i projects totaling €1,733 thousand (€1,228 thousand in 2019).

Occupational safety activity

The employment panorama has experienced a significant drop in the severity of accidents as a result of the intense prevention policy that the Group is implementing, and the decline in absenteeism is also notable, as are the efforts made with respect to training.

Acquisition of treasury shares

GI Group companies have not carried out any transactions involving treasury shares in 2020.

Risk management policy

The Group's activities are exposed to different undefinable factors related to the current environment that are conditioning the ordinary performance of the financial markets.

The GI Group's policy in this situation focuses on maintaining the highest liquidity level possible, minimizing the risks arising from its ordinary activities and its investment plans. This policy also allows it to remain within the market to take advantage of the opportunities and the favorable moments that arise, while avoiding difficult and unfavorable situations.

Within the aforementioned policy, the use of hedging instruments is a resource that is favorably considered within a policy of prudence that governs its actions.

Average payment period

The Company's average payment period for suppliers is within the legal limits established by law 3/2004 (29 December), amended by Law 5/2010 (5 July) and the calculation method was developed in the ICAC Resolution dated 29 January 2016. During 2020 the average payment period at the Spanish companies in the GI Division is 43 days.

Non-financial information

The non-financial information is presented in the consolidated directors' report of the final parent company of the Group, Acek Desarrollo y Gestión Industrial, S.L.



Relevant events after the reporting period

There have been no additional post-closing events that could have a significant impact on the Company's financial statements for 2020.

Madrid, 31 March 2021



Formulation of The Consolidated Annual Accounts for the Financial Year 2020

In accordance with the provisions of Article 253 of the Spanish Companies Act 2010, the Directors of Gonvarri Corporación Financiera, S.L., as the parent of the GI Group, hereby prepare and sign the Consolidated Annual Accounts and Directors' Report set out in this document.

Madrid, 31 March 2021

BOARD OF DIRECTORS

The President

Mr. Juan María Riberas Mera

The Secretary

Mr. Francisco Jose Riberas Mera

Members

Mr. Ramesh Kumar Kothari

ACEK DESARROLLO Y GESTION INDUSTRIAL, S.L.
Mr. Juan María Riberas Mera

Mr. Jesús Calvo Moreira

GONVAUTO, S.A.
Mr. Juan María Riberas Mera

AGRÍCOLA LA VEGUILLA, S.A.
Mr. Juan María Riberas Mera

Mr. Jose Manuel Arias García

Mr. Paul Stephan Brettnacher