Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode:	01.01.2022 - 31.12.2022

Konsern

Morselskap 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:	28.06.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

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, 20.07.2024

Resultatregnskap

Beløp i: EUR	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Utbytte	2	348 000	1 474 000
Sum inntekter		**348 000**	**1 474 000**
Kostnader			
Lønn	3	598 000	187 000
Administrasjon	3	257 000	328 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	3,4	8 461 000	
Sum kostnader		**9 316 000**	**515 000**
Driftsresultat		**-8 968 000**	**959 000**
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	5	285 000	171 000
Annen renteinntekt		15 000	
Netto agio	5	510 000	
Sum finansinntekter		**810 000**	**171 000**
Rentekostnad til foretak i samme konsern	5	834 000	267 000
Annen rentekostnad	5	97 000	41 000
Annen finanskostnad	5	24 000	135 000
Netto agio	5		114 000
Sum finanskostnader		**955 000**	**557 000**
Netto finans		**-145 000**	**-386 000**
Ordinært resultat før skattekostnad		**-9 113 000**	**573 000**
Endring utsatt skatt	6		92 000
Ordinært resultat etter skattekostnad		**-9 113 000**	**481 000**
Årsresultat		**-9 113 000**	**481 000**
Overføringer og disponeringer			
Overføring til annen egenkapital	10	-9 113 000	481 000
Sum overføringer og disponeringer		**-9 113 000**	**481 000**

Resultatregnskap

Beløp i: EUR	Note	2022	2021

Balanse

Beløp i: EUR	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	6	737 000	737 000
Sum immaterielle eiendeler		**737 000**	**737 000**
Finansielle anleggsmidler			
Investering i datterselskap	4,7	78 403 000	86 658 000
Lån til foretak i samme konsern	2	4 023 000	3 630 000
Andre fordringer			648 000
Sum finansielle anleggsmidler		**82 426 000**	**90 936 000**
Sum anleggsmidler		**83 163 000**	**91 673 000**
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer	8	59 000	186 000
Deposit group bank	9	13 417 000	8 731 000
Konsernfordringer	2	3 400 000	2 551 000
Sum fordringer		**16 876 000**	**11 468 000**
Bankinnskudd, kontanter og lignende			
Bank	9	187 000	4 187 000
Sum bankinnskudd, kontanter og lignende		**187 000**	**4 187 000**
Sum omløpsmidler		**17 063 000**	**15 655 000**
SUM EIENDELER		**100 226 000**	**107 328 000**

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital

Balanse

Beløp i: EUR	Note	2022	2021
Kapital	10	228 000	228 000
Annen innskutt egenkapital	10	39 457 000	39 457 000
Sum innskutt egenkapital		**39 685 000**	**39 685 000**
Opptjent egenkapital			
Annen EK	10	-3 707 000	5 413 000
Sum opptjent egenkapital		**-3 707 000**	**5 413 000**
Sum egenkapital		**35 978 000**	**45 098 000**
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	12	291 000	335 000
Sum avsetninger for forpliktelser		**291 000**	**335 000**
Annen langsiktig gjeld			
Langsiktig konserngjeld	2,11	27 870 000	28 003 000
Annen gjeld			648 000
Sum annen langsiktig gjeld		**27 870 000**	**28 651 000**
Sum langsiktig gjeld		**28 161 000**	**28 986 000**
Kortsiktig gjeld			
Kortsiktig konserngjeld	2,11	1 357 000	1 100 000
Annen kortsiktig gjeld	2,9	1 328 000	613 000
Trukket Group bank	9	33 402 000	31 531 000
Sum kortsiktig gjeld		**36 087 000**	**33 244 000**
Sum gjeld		**64 248 000**	**62 230 000**
SUM EGENKAPITAL OG GJELD		**100 226 000**	**107 328 000**

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	06.12.2017	14.12.2017
Telefon	Deres referanse	Vår referanse
22078139	Henrik Plaum	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*

Postadresse	Besøksadresse:	Sentralbord
Postboks 9200 Grønland	Se www.skatteetaten.no	800 80 000
0134 Oslo	Org.nr: 996250318	Telefaks
	E-post: skatteetaten.no/sendepost	22 17 08 60

Gonvarri Corporación Financiera, S.L. and subsidiaries

Auditor´s report
Consolidated annual accounts at 31 December 2022
Consolidated management report

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation

Independent auditor´s report on the consolidated annual accounts

To the partners of Gonvarri Corporación Financiera, S.L.:

Opinion

We have audited the consolidated annual accounts of Gonvarri Corporación Financiera, S.L. (the Parent company) and its subsidiaries (the Group), which comprise the balance sheet as at December 31, 2022, and the income statement, comprehensive income statement, statement of net changes in equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at December 31, 2022, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated annual accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the consolidated annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

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

Most relevant aspects of the audit

The most relevant aspects of the audit are those that, in our professional judgment, were considered to be the most significant risks of material misstatement in our audit of the consolidated annual accounts of the current period. These risks were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

PricewaterhouseCoopers Auditores, S.L., Torre PwC, Pº de la Castellana 259 B, 28046 Madrid, España
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R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290

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Gonvarri Corporación Financiera, S.L. and subsidiaries

Most relevant aspects of the audit	How our audit addressed the most relevant aspects of the audit
Recoverability of goodwill	
The Group has recorded goodwill at December 31, 2022, as indicated in note 8 of the attached consolidated annual accounts, amounting to 67.880 thousand euros. As mentioned in notes 3.9 and 5.2 to the accompanying consolidated annual accounts, goodwill is tested annually for impairment. This evaluation entails estimating the recoverable amount of the assets, grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). These recoverable amounts are determined based on calculations of value in use and require the use of significant estimates. The most significant assumptions used by the Group's management and the sensitivity analysis performed are summarized in note 8 of the attached consolidated annual accounts. Deviations in these variables and management estimates can determine important variations in the calculations made and, therefore, in the analysis of the recovery of goodwill. This fact, together with the relevance of the financial statement line item, makes it a most relevant aspect of the audit.	In the first place, we have proceeded to understand the relevant processes and controls linked of the Group in the evaluation of goodwill impairment, including those related to the preparation of budgets and the analysis and monitoring of projections, which constitute the basis for the main judgments and estimates made by the Group. In relation to the goodwill recoverable amount, we assessed the methodology used by the Group and reviewed the projections, corroborating the significant assumptions and areas of critical judgement. As a result of our procedures, we consider that the approach of the Group is consistent and is supported by available evidence. Lastly, we assessed whether the disclosures of information included in note 8 to the accompanying consolidated annual accounts in relation to this matter are adequate with respect to those required under applicable accounting regulation.
Assessment of control over joint ventures	
At 31 December 2022 investments defined as joint ventures and therefore accounted for using the equity method amount to 162.646 thousand euros, as detailed in note 34.1 to the accompanying consolidated annual accounts. The volume of assets and net revenue contributed by those investments over which it has been determined that the Group has control, that are considered to be subsidiaries and are therefore consolidated by the global integration method, amounts to 408.982 thousand euros and 1.108.052 thousand euros, respectively, as detailed in note 34.2 to the accompanying consolidated annual accounts.	We analysed the joint arrangements and assessed management's significant judgements to determine the existence or otherwise of control by the Group. Through interviews of management, we corroborated and obtained an understanding of the purpose and significant activities of the investees and how decisions are taken concerning these activities. We verified the analysis carried out by the Group with financial and management information, the minutes of the meetings of the governance bodies, the functional organisation charts of the investees and other documentation of interest.

Most relevant aspects of the audit	How our audit addressed the most relevant aspects of the audit
As indicated in notes 3.3.a and 3.3.e to the consolidated annual accounts, the Group controls an investee when it is exposed or has the rights to obtain variable returns as a result of its involvement with the investee and has the ability to affect those returns through its power over the investee. Those subsidiaries over which the Group has control are fully consolidated. Those companies in which the Group has assessed the nature of its joint arrangements and has determined that the Group does not have control and are joint ventures, are accounted for using the equity method. We considered this area a most relevant aspect due to the relevance of the figures and because of the fact that determining control in these circumstances involves management applying significant judgement.	Finally, we verified the accounting treatment applied for each investment over which the Group has full or joint control and we assessed the sufficiency of the information disclosed in note 34 to the accompanying consolidated annual accounts. As a result of our procedures, we consider that the classification by the Group of the investees over which it has full or joint control is consistent with the information in effect within the context of each transaction.
Revenue recognition The Group's activity, as indicated in note 1 of the attached consolidated annual accounts, consists mainly of the manufacture, transformation and sale of flat steel products and metals related to the steel industry. As detailed in note 3.22 to the accompanying consolidated annual accounts, the Group recognises revenues on sales of goods at the time the control of the asset has been transferred. Additionally, the Group provide mainly services for the maquila which revenue is recognized when the services is rendered. We focused on revenue recognition on account of its relevance with respect to the Group's consolidated annual accounts	We assessed the adequate application of the revenue recognition policy and the design and implementation and operational effectiveness of the relevant controls that underpin revenues. Additionally, we obtained confirmation of the balance for the year for a selection of customers and verified, also for a sample, the correct revenue recognition in the year and the operations cut-off. Also, we analysed a sample of journal entries, selected according to certain characteristics. The results of our procedures are consistent with the recording criteria applied by the Group and the information included in the consolidated annual accounts relating to this area.

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2022 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility regarding the consolidated management report, in accordance with legislation governing the audit practice, is to:

a) Verify only that the consolidated statement of non-financial information has been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

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b) Evaluate and report on the consistency between the rest of the information included in the consolidated management report and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2022 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the Parent company's directors for the consolidated annual accounts

The Parent company´s directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the aforementioned directors determine necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated annual accounts

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

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

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group´s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent company´s directors.

- Conclude on the appropriateness of the Parent company´s directors´ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor´s report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor´s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent company´s 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.

From the significant risks communicated with the directors of the Parent company, we determine those risks that were of most significance in the audit of the consolidated annual accounts of the current period and are, therefore, considered to be the most significant risks.

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

PricewaterhouseCoopers Auditores, S.L. (S0242)

Original in Spanish signed by
Esteban Cobo Vallés (22852)

March 31, 2023

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

Consolidated annual accounts at 31 December 2022 and Consolidated Directors´ Report

Index

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

Consolidated Balance Sheet at 31 December

Thousand euros	Note	2022	2021
A) Non-Current Assets		**955,863**	**926,832**
Intangible assets		97,740	100,153
Goodwill	Note 8	67,880	69,226
Other intangible assets	Note 9	29,860	30,927
Property, plant and equipment	Note 6	546,109	558,901
Land and buildings		346,811	356,551
Plants and other property, plant and equipment		184,506	178,184
Assets under construction and prepayments		14,792	24,166
Investment property	Note 7	44,814	50,083
Right of use assets	Note 10	34,621	30,768
Investment by equity method	Note 34	162,646	134,356
Financial receivables		295	942
Loans granted to related parties	Note 11	295	942
Derivative financial instruments	Note 18	10,781	-
Other financial assets	Note 11	1,473	2,484
Deferred tax assets	Note 19	57,384	49,145
B) CURRENT ASSETS		**2,313,593**	**2,077,350**
Inventories	Note 14	992,719	1,106,519
Assets from contracts with customers	Note 25	61,052	54,724
Trade and other receivables		1,046,648	825,417
Trade receivables	Note 12	994,199	777,342
Trade receivables for sales and serv. Rendered		539,733	450,673
Trade receivables from related parties	Note 35	447,872	318,769
Receivables from related parties	Note 35	6,594	7,900
Other receivables		52,449	48,075
Public entities	Note 24	43,076	40,822
Other receivables	Note 12	9,373	7,253
Current tax assets	Note 24	5,545	3,894
Financial receivables	Note 13	11,525	18,819
Financial receivables from related parties		9,599	14,910
Loans granted to third parties		423	439
Derivative financial instruments	Note 18	297	2,882
Bank deposits and other financial accounts		1,206	588
Cash and cash equivalents	Note 15	196,104	67,977
TOTAL ASSETS (A+B)		**3,269,456**	**3,004,182**

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

Thousand euros	Note	2022	2021
A) EQUITY		**1,728,561**	**1,556,665**
Equity attributable to the Parent Company	**Note 16**	**1,586,293**	**1,432,532**
Share Capital		201,538	201,538
Share Premium		15,699	15,699
Legal Reserve		40,308	40,308
Retained earnings		1,223,659	1,082,138
Profit/Loss for the year		217,441	171,521
Exchange differences		-59,053	-74,531
Interim dividend		-60,000	-
Adjustments for changes in values cons. Comp.		6,701	-4,141
Non-controlling shareholdings	**Note 17**	**142,268**	**124,133**
B) NON-CURRENT LIABILITIES		**361,145**	**416,957**
Non-current deferred income	Note 20	7,003	7,450
Non-current provisions	Note 21	21,039	19,311
Non-current tax liabilities	Note 22	25,835	28,912
Financial debt	Note 18	213,092	266,868
Bank borrowings		208,654	260,355
Financial lease payables		3,908	6,094
Other financial liabilities		530	419
Lease liabilities	Note 18	27,762	22,958
Deferred tax liabilities	Note 19	66,414	64,364
Derivative financial instruments	Note 18	-	7,094
C) CURRENT LIABILITIES		**1,179,750**	**1,030,560**
Financial debt	Note 18	372,263	315,188
Bank borrowings		267,822	249,693
Loans from related parties		100,598	61,985
Derivative financial instruments		1,700	1,238
Financial lease payables		2,143	2,272
Lease liabilities	Note 18	8,235	8,983
Liabilities from contracts with customers	Note 23	46,988	48,307
Trade and other payables	Note 23	735,570	635,195
Third party suppliers		342,983	329,812
Related party suppliers	Note 35	179,632	166,981
Public entities	Note 24	65,053	40,448
Other payables		147,902	97,954
Current tax liabilities	Note 24	13,483	14,677
Other current liabilities	Note 18	3,211	8,210
TOTAL EQUITY AND LIABILITIES (A+B+C)		**3,269,456**	**3,004,182**

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

Thousand euros	Note	2022	2021
Ordinary revenue from contracts with customers	Note 25	5,978,880	4,244,590
Revenue from other operating contracts	Note 26	24,825	23,578
Changes in inv. of finished products and W.I.P.	Note 14	45,742	60,939
Raw material and other consumables	Note 14	-5,163,562	-3,563,015
Personnel expenses	Note 29	-239,529	-218,683
Amortization/Depreciation	Note 6,7,9	-71,519	-68,170
Other operating expense	Note 30	-263,632	-211,796
Other income/expense	Note 28	-19,275	-10,228
OPERATING PROFIT		**291,930**	**257,215**
Financial income	Note 31	9,346	3,171
Financial expense	Note 31	-17,719	-17,939
Impairment and profit/loss from financial instruments	Note 31	-3,107	-303
Exchange differences	Note 31	-10,547	-12,186
Changes in fair value financial instruments	Note 31	-	3,164
Share of profit from investments - Equity method	Note 34	31,897	26,763
PROFIT BEFORE TAXES FROMCONT. OPERATIONS		**301,800**	**259,885**
Income tax	Note 32	-70,174	-61,173
CONSOLIDATED PROFIT/LOSS	Note 16	**231,626**	**198,712**
Non-controlling shareholdings	Note 17	-14,185	-27,191
PROFIT ATTRIBUTABLE TO THE COMPANY SHAREHOLDERS		**217,441**	**171,521**

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

Thousand euros	2022	2021
Profit for the year	**231,625**	**198,712**
Other comprehensive income:		
Items that subsequently may be reclassified to income statement	**34,819**	**35,422**
Exchange differences (Note 2, 16 and 17)	23,977	30,379
Net change in cash flow hedges (Note 18)	10,842	5,043
Total comprehensive income for the year		
Attributable to	**266,444**	**234,134**
a) Shareholders of the parent company	243,761	205,513
b) Non-controlling shareholders	22,683	28,621

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 Statement of Net Changes in Equity in 2022

	Attributable to shareholders of the Parent Company									
Thousand euros	Share Capital	Share Premium	Legal Reserve	Retained earning	Interim dividend	Exchange differences	Profit/loss for the year	Measurement adjustments	Non-controlling shareholdings	Equity
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**
Distrubution of 2020 profits	-	-	-	74,356	-	-	-74,356	-	-	-
Dividends (Note 3.21 and 16)	-	-	-	-	-	-	-	-	-10,468	-10,468
Inclusions to consolidation scope (Note 17)	-	-	-	5,432	-	-	-	-	2,339	7,771
Exclusions from consolidation (Note 17)	-	-	-	-	-	-	-	-	-7,270	-7,270
Other movements (Notes 16 and 17)	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for 2021	-	-	-	-	-	28,949	171,521	5,043	28,621	234,134
Balance at 31 December 2021	**201,538**	**15,699**	**40,308**	**1,082,138**	**-**	**-74,530**	**171,521**	**-4,141**	**124,132**	**1,556,665**
Distrubution of 2021 profits	-	-	-	171,521	-	-	-171,521	-	-	-
Dividends (Note 3.21 and 16)	-	-	-	-30,000	-60,000	-	-	-	-6,170	-96,170
Inclusions to consolidation scope (Note 17)	-	-	-	-	-	-	-	-	2,090	2,090
Exclusions from consolidation (Note 17)	-	-	-	-	-	-	-	-	-468	-468
Other comprehensive income for 2022	-	-	-	-	-	15,477	217,441	10,842	22,684	266,444
Balance at 31 December 2022	**201,538**	**15,699**	**40,308**	**1,223,659**	**-60,000**	**-59,053**	**217,441**	**6,701**	**142,268**	**1,728,561**

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

Consolidated Cash flow statement at 31 December

Thousand euros	Note	2022	2021
A) Cash flows from operating activities		**266,333**	**-268,050**
Profit for the year before taxes		**301,800**	**259,885**
Adjustments to profit/loss		**91,629**	**71,693**
Asset depreciation/amortization	Note 6, 7 and 9	71,519	68,170
Impairment adjustments	Note 12 and 14	22,243	26,269
Change in provisions	Note 20 and 21	1,349	-19,016
Grants released to income	Note 19	-2,065	-2,429
Profit/loss from write-offs, disposals and impairment of assets	Note 28	8,453	1,368
Financial income	Note 31	-9,346	-3,171
Financial expense	Note 31	17,719	17,939
Exchange differences	Note 31	10,547	12,187
Profit/loss from equity-consolidated companies	Note 34	-31,897	-26,763
Change in fair value of financial instruments	Note 31	-	-2,861
Other adjustments to profit/loss	Note 31	3,107	-
Changes in working capital		**-36,945**	**-547,213**
Inventories	Note 14	93,186	-615,367
Trade and other receivables	Note 12	-223,629	-38,610
Other current assets		-5,559	-9,438
Trade and other payables	Note 13	100,375	103,263
Other current liabilities		-1,318	12,939
Other cash flows from operating activities		**-90,151**	**-52,415**
Interest payments		-16,994	-20,237
Interest received		2,182	3,280
Corporate income tax payments mad/received		-75,339	-35,458
B) Cash flows from investment activities		**-34,057**	**-68,100**
Payments for investments		**-46,381**	**-80,234**
Changes in scope	Note 1	-2,585	-21,919
Group companies and associates	Note 2	-	-4,126
Intangible assets	Note 9	-4,147	-4,622
Property, plant and equipment	Note 6	-39,027	-49,502
Investment property	Note 7	-4	-
Other financial assets		-618	-65
Amounts received from divestments		**12,324**	**12,134**
Changes in scope	Note 2	-	1,350
Group companies and associates		5,311	6,429
Intangible assets	Note 9	165	37
Property, plant and equipment	Note 6	2,836	1,718
Investment property	Note 7	2,339	1,469
Other financial assets		1,673	1,131
C) Cash flows from financing activities		**-110,101**	**275,257**
Proceeds and payments for equity instruments		**-446**	**929**
Subsidies, donations and bequests received		-446	929
Proceeds and payments for financial liability instr.		**-13,085**	**284,796**
Issue			
- Bank borrowings	Note 18	185,737	312,583
- Borrowings from group companies and associates	Note 18	38,662	19,843
- Other borrowings	Note 18	14,045	5,161
Return and repayments of:			
- Bank borrowings	Note 18	-225,131	-49,185
- Borrowings from group companies and associates	Note 18	-8,139	-
- Other borrowings	Note 18	-18,259	-3,606
Payment of dividends and yields from other equity instr.		**-96,570**	**-10,468**
Dividends	Note 3.21	-96,570	-10,468
D) Effect of fluctuations in exchange rates		**2,839**	**3,640**
E) Cash flows from changes in scope	Note 2	**3,113**	**1,019**
NET INCREASE/DECREASE OF CASH AND CASH EQV. (A+B+C)		**128,127**	**-56,234**
Cash equivalents at beginning of the year		67,977	124,211
Cash equivalents at year-end		196,104	67,977

1. General information

Gonvarri Corporación Financiera, S.L.(the Company), at the end of 2022, 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 entities being 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 3, 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 Vincente, 8, Edificio Albia, No. 3 in Bilbao. The company Acek Desarollo 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 20 March 2023, 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 2022:

- Inclusions to the consolidation scope:

a) On 31 March 2022, the company Dexion Storage Solutions Unipessoal LDA was incorporated with a share capital of € 5 thousand, in which the subsidiary Gonvarri Material Handling AS holds 100% of the shares. This company is included in the consolidation perimeter by full consolidation method and is dedicated to the commercialisation of products of the Dexion division in Portugal.

b) On 6 May 2022, the company Riera Tutó Valencia, S.L. was incorporated with a share capital of 100 thousand euros, in which the subsidiary Gonvarri Corporación Financiera, S.L. holds 51% of the shares. Subsequently, on 22 September 2022, a capital increase of €2,900 thousand was carried out. This company is included in the consolidation perimeter under full consolidation. The effect on minority interests due to not holding 100% of this company amounted to € 1,470 thousand. During 2022 work has been carried out on the start-up of this new company, which is expected to commence operations in mid-2023. The company will be dedicated to the manufacture of metal tools and finished articles, as well as the handling, welding, bending, and cutting of iron.

c) On 1 January 2022, GMS Perú was incorporated with a share capital of € 0.232 thousand, in which the subsidiary Gonvarri MS Corporate, S.L. holds 99% of the shares and Road Steel Engineering, SL holds 1% of the shares. This company is included in the scope of consolidation through full consolidation. This company markets the products of the GMS division in Peru.

d) On 24 June 2022, Gonvarri Agrotech SL was incorporated with a share capital of €50 thousand, in which the subsidiary Gonvarri MS Corporate, S.L. holds 99.98% of the shares and Gonvarri MS R&D, SL holds 0.02% of the shares. This company was included in the consolidation perimeter by full consolidation. The company is focused on the provision of technical engineering services and other advisory activities.

e) On 7 June 2022, the subsidiary Gonvarri Corporación Financiera, S.L. acquired 51% of the shares of H2green Global Solution SL for €1,000 thousand. This company was included in the consolidation perimeter using the full consolidation method. The effect on non-controlling shareholdings, due to not holding 100% of this company, amounts to €620 thousand. This company is active in the development and manufacture of hydrogen generators.

- Changes in equity %:

No changes in equity have been recorded in any Group companies during the year 2022.

- Exclusions from the consolidation scope:

a) On 12 April 2022, the company Hiasa Montajes Honduras, S.A. was liquidated. This company had been included in the consolidation perimeter using the full consolidation method. Hierros y Aplanaciones S.A. held 100% of the shares of this company. This liquidation has had a significant impact on the consolidated financial statements.

b) On 29 August 2022, Agromega Projects Ltd was sold for €37. GMS Corporate held 56% of the shares of this company. This sale has no significant impact on the Consolidated Financial Statements.

c) On 31 December 2022, Gonvarri Solar Steel Brasil LTSA was liquidated. This company was included in the scope of consolidation using the full consolidation method. Gonvarri Solar Steel SL held 100% of the shares of this company. This liquidation has had a significant impact on the Consolidated Annual Accounts.

Changes in the consolidation scope in 2021:

- Inclusions to the consolidation scope:

a) On 14 August 2021, the subsidiary company GMS Corporate S.L. acquired Gonvarri MS Deutschland GMBH, with a share capital of €28 thousand, of which it holds 100% of the shares. This company is active in the design and development of telecommunication towers, and the import of telecommunication devices for landline and mobile networks manufactured abroad.

b) On 25 June 2021 the company Riera Tutó SL was acquired for an agreed amount of € 10,483 thousand, in which the company holds 51% of the shares. This company manufactures tools and finished metal products, as well as the manipulation, welding, folding and cutting of steel, sheet metal, tubes and mechanical work in general.

c) On 25 June 2021 20% of the shares of the company Rejillas Calibradas SL was acquired for an amount of € 6,000 thousand. This company manufactures tools and finished metal products, as well as the manipulation, welding, folding and cutting of steel, sheet metal, tubes and mechanical work in general.

- Changes in equity %:

a) On 27 July 2021, Gonvarri Corporación Financiera, S.L. acquired the remaining 40% of the shares of the company Dongguan Gonvarri Summit Automotive Steel Processing Center Co., Ltd. for an amount of €2,147 thousand. Through this operation, Gonvarri Corporación Financiera, SL increased its stake in the company from 60% to 100%.

b) On 1 June 2021, the subsidiary Gonvarri Material Handling A.S. acquired 20% of the shares of the company Kaufmann, for a total amount of €3,261 thousand Swiss francs. Through these operations Gonvarri Material Handling increased its stake in the company from 60% to 80%.

- Exclusions from the consolidation scope:

a) On 1 January 2021 the company Bikostar International S.A. was dissolved and liquidated. The company Gonvarri Corporación Financiera owned 100% of the shares of this company.

b) On 2 August 2021 the company Hiasa Montajes Guatemala SL. was dissolved and liquidated. The subsidiary Hierros y Aplanaciones SA owned 100% of the shares of this company.

c) On 6 April 2021 the company Hierros Villaverde, SA was sold for an amount of €1.350 thousand. The company Gonvarri Corporación Financiera owned 55% of the shares of this company.

2 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 2022

- **H2green Global Solution SL**

On 7 June 2022, the subsidiary Gonvarri Corporación Financiera, S.L. acquired 51% of the shares of H2green Global Solution for €1,000 thousand, thereby taking control of the company. This company's business is focused on the development and manufacture of hydrogen generators based on PEM technology.

The net turnover and the result attributable to the business combination from the date of incorporation until 31 December 2022 amounted to a loss of € 398 thousand and € 101 thousand, respectively.

There were no significant costs associated to this transaction.

	Thousand euro
Intangible assets	4
Tangible assets	139
Non-current financial assets	6
Non-current assets	**149**
Trade receivables	102
Cash and other cash equivalents	1,099
Current assets	**1,201**
Total Assets	**1,350**

Trade payables	85
Total current liabilities	**85**
Total Liabilities	**85**

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

	Thousand euro
Consideration	1,000
Carrying amount at transaction date	1,265
External Partners (49%)	620
Gonvarri Industries (51%)	645
Difference NCV to % acquired and consideration	**355**

This business combination generated a Goodwill totalling €355 thousand. There were no significant costs associated to this transaction No payments relating the acquisition of this company remain pending at the closing of 2022.

The effect on non-controlling shareholdings due to not holding 100% of this company amounted to 620 thousand euros.

Business combinations in 2021

- **Riera Tutó, SL**

On 25 June 2021 the company Riera Tutó SL was acquired for an agreed amount of € 10,483 thousand, in which the company holds 51% of the shares. This company manufactures tools and finished metal products, as well as the manipulation, welding, folding and cutting of steel, sheet metal, tubes and mechanical work in general.

The carrying amount of the assets and liabilities is as follows:

	Thousand euro
Intangible assets	15
Tangible assets	1,792
Non-current financial assets	28
Non-current assets	**1,835**
Inventories	838
Trade receivables	5,197
Cash and other cash equivalents	1,679
Current assets	**7,714**
Total Assets	**9,549**
Trade payables	324
Deferred tax liabilities	160
Total non-current liability	**484**
Trade payables	1,314
Trade payables	2,698
Other current liabilities	281
Total current liabilities	**4,293**
Total Liabilities	**4,777**

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

		Thousand euro
Consideration		10,483
Carrying amount at transaction date		4,773
External Partners	(49%)	2,339
Gonvarri Industries	(51%)	2,434
Difference NCV to % acquired and consideration		**8,049**

This business combination generated goodwill of € 8,049 thousand (Note 7) and after analysing the value of the assets, no goodwill arising from the transaction was detected, leading to the conclusion that the company's NCV is equal to its market value.

There were no significant costs associated to this transaction.

- **Gonvarri MS Deutschland GMBH**

On 14 August 2021, the subsidiary company GMS Corporate S.L. acquired Gonvarri MS Deutschland GMBH, for €28,140 thousand. This company is active in the design and development of telecommunication towers, and the import of telecommunication devices for landline and mobile networks manufactured abroad.

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

Description	Thousand euro
Total Attributable Net Assets (100%)	28
Total consideration	28
Final net effect	-

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

3. Summary of the main accounting policies applied

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

3.1 Comparability

As is indicated in Note 1, in 2022 there were changes in the scope of consolidation, which must be considered when comparing the figures for 2022 and 2021.

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

3.2 Basis of presentation

The group's consolidated annual accounts at 31 December 2022 and 2021 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 2022.

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 5 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 2022 at the latest:

a) New standards and amendments entering into force in 2022.

- IAS 16 (Amendment) 'Property, plant and equipment: amounts received before intended use': Prohibits deducting from the cost of an item of property, plant and equipment any revenue arising from the sale of items produced while the entity is preparing the asset for its intended use. Revenue from the sale of such samples, together with production costs, is now recognised in profit or loss. The amendment also clarifies that an entity is testing whether the asset is functioning properly when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Therefore, an asset might be capable of operating as intended by management and be subject to depreciation before it has reached the level of operating performance expected by management.

  These amendments did not have an effect on the Group´s Consolidated Annual Accounts.

- IAS 37 (Amendment) 'Onerous contracts: costs of fulfilling a contract': The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to the fulfilment of contracts. It also clarifies that before making a separate provision for an onerous contract, an entity shall recognise any impairment loss that has occurred on the assets used to fulfil the contract, rather than on the assets dedicated to that contract.
  These amendments did not have an effect on the Group´s Consolidated Annual Accounts.

- IFRS 3 (Amendment) "Reference to the Conceptual Framework": IFRS 3 has been updated to refer to the 2018 Conceptual Framework for determining what constitutes an asset or liability in a business combination (previously it referred to the 2001 Framework). In addition, a new exception has been added in IFRS 3 for liabilities and contingent liabilities.

  These amendments did not have an effect on the Group´s Consolidated Annual Accounts.

- Annual Improvements to IFRS Standards 2018-2020 Cycle: These modifications amend IFRS 1, IFRS 9, IFRS 16 and IAS 41. The main amendments are:

  - IFRS 1 "First-time adoption of IFRS": IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. This amendment allows entities that have taken this exemption to also measure cumulative translation differences using the parent's carrying amounts, based on the date of the parent's transition to IFRS.
  - IFRS 9 "Financial instruments": The amendment addresses which costs should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to third parties or to the lender. According to the amendment, costs or fees paid to third parties shall not be included in the 10% test.
  - IAS 41 "Agriculture": This amendment removes the requirement to exclude cash flows for taxation when measuring fair value under IAS 41.

  These amendments did not have an effect on the Group´s Consolidated Annual Accounts.

b) Standards and interpretations not yet adopted

- IFRS 17 "Insurance contracts": IFRS 17 replaces IFRS 4 "Insurance contracts", which allowed for a wide variety of accounting practices. The new standard fundamentally changes accounting for all entities issuing insurance contracts and investment contracts with discretionary participation features. In June 2020, the IASB amended the standard, developing specific amendments and clarifications aimed at facilitating the implementation of the new standard, although the fundamental principles of the standard remained unchanged.

The standard applies for annual periods beginning on or after 1 January 2023 and earlier application is permitted if IFRS 9 Financial Instruments is applied on or before the date of initial application of IFRS 17.

- IFRS 17 (Amendment) "Initial Application of IFRS 17 and IFRS 9 - Comparative Information": The IASB has published an amendment to IFRS 17 that introduces limited changes to the transition requirements of IFRS 17 "Insurance Contracts" and has no impact on any other requirements of IFRS 17. IFRS 17 and IFRS 9 "Financial Instruments" have different transition requirements. For some insurers, these differences may result in one-off accounting asymmetries between financial assets and insurance contract liabilities in the comparative information they present in their financial statements when they apply IFRS 17 and IFRS 9 for the first time. The amendment will help insurers to avoid these asymmetries and therefore improve the usefulness of comparative information for investors.
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- IAS 1 (Amendment) "Disclosure of accounting policies": IAS 1 has been amended to improve disclosures about accounting policies to provide more useful information to investors and other primary users of financial statements.

- IAS 8 (Amendment) 'Definition of accounting estimates': IAS 8 has been amended to help distinguish between changes in accounting estimates and changes in accounting policy.

- IAS 12 (Amendment) "Deferred tax relating to assets and liabilities arising from a single transaction": In certain circumstances under IAS 12, companies are exempt from recognising deferred taxes when they first recognise assets or liabilities ("initial recognition exemption"). Previously, there was some uncertainty as to whether the exemption applied to transactions such as leases and decommissioning obligations, transactions for which both an asset and a liability are recognised at initial recognition. The amendment clarifies that the exemption does not apply and that there is therefore an obligation to recognise deferred taxes on such transactions.

  These amendments are effective for periods beginning on or after 1 January 2023. The Group does not expect to have significant impacts from the application of the new standards and interpretations not yet adopted.

3.3 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 unrealised 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 "Minority Interests" 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 subsequent to acquisition is recognised in the income statement, and its share of the post-acquisition changes is recognised 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.

3.4 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

Since all the inflation indicators for Argentina and Turkey show a cumulative inflation in three years of more than 100%, and there are no qualitative issues to mitigate the situation, Argentina should be considered as a hyperinflationary economy as from 1 July 2018, and Turkey as from 1 April 2022, therefore IAS 29 "Financial Reporting in Hyperinflationary Economies" is applicable, which requires that the Consolidated Financial Statements have to be expressed in terms of the measuring unit current at the date of the reporting period. Such 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 and Turkish Liras, including assets from contracts with customers. Non-monetary items are intangible assets, property, plant and equipment, and other similar assets. The income statement and equity items are also considered non-monetary items for purposes of calculating hyperinflation.

- Non-monetary assets and liabilities: These assets were recognised 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 profit and loss account of the Argentinean and Turkish companies in the Consolidated Financial Statements has been translated into Euro at the closing rate.

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

A synthetic index was used for the restatement of the Argentine companies. For the restatement of balances prior to 31 December 2016, the wholesale price index was used and, as from 1 January 2017, the National Consumer Price Index was used.

The index used for the restatement of Turkish companies has been the New Consumer Price Index (2003=100) published by the Turkish Statistical Institute.

The comparative figures in the Consolidated Financial Statements as at 31 December 2018 in respect of the companies in Argentina were those of the previous year, i.e. they were not adjusted for hyperinflation and are also not adjusted for subsequent changes in price levels or exchange rates in subsequent years. This resulted in differences between 2017 year-end equity and 2018 opening equity and, as an accounting policy choice, these changes were presented under Translation differences.

Similarly, the comparative figures in the Consolidated Financial Statements as at 31 December 2022 in respect of the companies in Turkey are those of the previous year, i.e. they have not been adjusted for hyperinflation and will also not be adjusted for subsequent changes in the price level or exchange rates in subsequent years. This results in differences between the 2021 closing equity and 2022 opening equity and, as an accounting policy choice, these changes were presented under Exchange differences.

The effect on the Consolidated Financial Statements at 31 December 2022 of the adjustment for inflation applied in the manner described in the preceding paragraphs was as follows:

Heading	2,022		2,021
	Gonvarri Argentina	Çepas Galvaniz	Gonvarri Argentina
Other intangible assets	-	537	-
Plants machinery and other property, plant and equipment	2,065	6,587	1,079
Deferred tax assets	253	-1,896	-233
Inventories	1,445	1,552	1,075
Liabilities from contracts with customers	-	-60	-
Trade payables	-57	-	-
EFFECT ON NONMONETARY ASSETS/LIABILITIES	**3,706**	**6,721**	**1,922**
Net turnover	-20,017	-6,141	-7,208
Operating income	-	-17	-
Raw materials and other consumables	20,847	6,227	8,666
Personnel expenses	554	696	335
Amortization fixed assets	282	595	216
Other operating expense	1,306	1,092	444
Other income/expense	-	-11	4,338
OPERATING PROFIT/LOSS	**2,972**	**2,441**	**6,792**
Financial income	765	-6	394
Financial expense	-1,546	-1,290	-394
Exchange differences	5,171	90	-2,130
FINANCIAL PROFIT/LOSS	**4,390**	**-1,206**	**-2,130**
PROFIT/LOSS BEFORE TAX	**7,361**	**1,235**	**4,662**
Income tax	-270	1,392	481
EFFECT ON PROFIT/LOSS FINANCIAL YEAR	**7,091**	**2,627**	**5,142**
EFFECT ON RESERVES (retained earnings)	**9,242**	**-**	**4,100**
EFFECT BEFORE EXCHANGE DIFFERENCES	**-20,039**	**-9,347**	**-11,164**

For balance sheet accounts the positive sign corresponds to debit balances and the negative sign to credit balances. For profit and loss accounts the positive sign corresponds to expenses and the negative sign to income.

The conversion to euros of the Income statements of the companies in hyperinflationary economies was made at the closing exchange rate.

3.5 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´ carrying amount is written down immediately to its recoverable amount if the asset´ carrying amount is greater than its estimated recoverable amount (Note 3.9).

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 declining balance method
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 5) includes additional information regarding the useful lives of buildings and machinery.

The asset´ 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 digressive method consist of applying 30% to the carrying amount in the previous year, respecting the maximum useful life that has been established.

3.6 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 3.5). 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.

3.7 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, subsequent to 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 8).

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).

a) 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 2022 nor 2021.

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 valuated at fair value.

Trademarks are not amortised; 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 3.9).

3.8 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.

3.9 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.

The Group deems there to be evidence of impairment when there is a significant decrease in the value of the asset, significant changes in the legal, economic, or technological sphere that may affect the valuation of assets, obsolescence or physical deterioration, idle assets, low returns on assets, discontinuation or restructuring plans, continuing losses at the entity or substantial deviation from the estimates made. In other words, both external sources of information (technological changes, significant changes in market interest rates, market values of assets, etc.) and internal sources (evidence of obsolescence) are considered when determining whether there is evidence of impairment.

3.10 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 (FVLP), at amortised 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 other receivables/payables
Financial derivatives	FVOCI (*)	FVOCI (*)

(*) Fair Value through Other Comprehensive Income

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 amortised 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 12 and 13, 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¨. With regard to 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 on the basis of 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 totalling €11,799 thousand (2021: €12,867 thousand) (Note 18).

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 3.11)

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 of 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 2022 is of €2,115 thousand (€1,113 thousand in 2022) (Note 4 and 12).

3.11 Derivative financial instruments

The Group recognizes derivatives (Note 18) that are initially stated at their fair value at the date on which the relevant derivative contract is concluded. Subsequent to 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 2021 and 2022 most of the derivative financial instruments contracted by the Group qualify for hedge accounting (Note 18).

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 18. 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 2022 is as follows:

Categories	Fair Value (thousand euro)			
	Asset		Liability	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Fair value hedge	-	-	-	-
Cash flow hedge	11,078	2,882	1,700	8,322
Net investment hedges	-	-	-	-
Total	11,078	2,882	1,700	8,322

3.12 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 labour, 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.

During the financial year 2021, due to the profound changes that occurred in the steel market, it has become necessary to make a new accounting estimate regarding the calculation that the Group makes for the provision for obsolescence. The purpose of this new accounting estimate is to ensure that all these new market events are reflected in the Group's inventories and give a true and fair view of the situation of the market.

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.

3.13 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.

3.14 Share capitalised

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.

3.15 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.

3.16 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.

3.17 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 of 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 payables	Amortized cost	Loans and other payables/receivables
Bank borrowings	Amortized cost	Loans and other payables/receivables
Other financial liabilities	Amortized cost	Loans and other payables/receivables
Financial derivatives	FVOCI (*)	FVOCI (*)

(*) Fair Value through Other Comprehensive Income

3.18 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.

3.19 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.

3.20 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 3.2. 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 recognised 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 so as 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 amortised 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 amortised over the life of the underlying asset.

While the Group revaluates 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.

3.21 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 2022 the Group's parent company distributed €90,000 thousand in dividends to its shareholders (€0 thousand in 2021) (Note 16.1).

3.22 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 recognised when it is probable that the conditions for granting them will be met and are recognised 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 and 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" of 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.

3.23 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 or when the expenses relate to prior years and 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.

3.24 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.

3.25 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.

3.26 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.

4. Financial risk management

4.1 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, channelled 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 favourable moments that arise, while avoiding difficult and unfavourable situations.

Within the aforementioned policy, the occasional use of hedging instruments is a resource that is favourably 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 due to fluctuations in the price of equity securities due to investments held by the Group and classified in the consolidated balance sheet at fair value through profit or loss is not significant because of the limited significance of these investments with respect 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 retail network that allows final customers to be continuously supplied and through which it has attained significant market share with respect to final customers, which allows sales to be stabilized 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 2022 and 2021, 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 2022 would have been €100,611 thousand higher/lower, and €70,829 thousand was the figure for 2021, 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 2022 and 2021 the Group recognized interest rate hedges totalling €170,000 thousand and €170,000 thousand, respectively (Note 18).

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 on the basis of the notional principals contracted.

At 31 December 2022 and 2021, 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 2022 would have been €1,772 thousand higher/lower, and €1,794 thousand was the figure for 2021, 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 analysed, 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:

		2022		2021	
	Changes in exchange rate	Effect on Profit before tax	Effect on Capital and Reserves	Effect on Profit before tax	Effect on Capital and Reserves
BRL / EUR	5%	565	2,369	747	1,863
	-5%	-565	-2,369	-747	-1,863
RUB /EUR	5%	-1,037	1,212	504	1,881
	-5%	1,037	-1,212	-504	-1,881
PLN /EUR	5%	587	3,416	489	3,009
	-5%	-587	-3,416	-489	-3,009
GBP / EUR	5%	552	4,112	370	3,861
	-5%	-552	-4,112	-370	-3,861
USD / EUR	5%	1,064	8,430	122	7,416
	-5%	-1,064	-8,430	-122	-7,416
CNY / EUR	5%	61	501	99	537
	-5%	-61	-501	-99	-537
COP/EUR	5%	81	424	-15	378
	-5%	-81	-424	15	-378
ARS /EUR	5%	30	1,179	-79	970
	-5%	-30	-1,179	79	-970
RON /EUR	5%	98	437	87	379
	-5%	-98	-437	-87	-379
TRY / EUR	5%	58	726	-594	354
	-5%	-58	-726	594	-354

At the end of 2022 and 2021 the Group recognized exchange hedges yet to mature totalling €96,897 thousand and €112,297 thousand, respectively (Note 18).

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 18) and cash and cash equivalents (Note 15) based on expected cash flows.

At the end of 2022 and 2021, the Group had lines of credit and discounting facilities that had not been utilized in the amount of €494,590 thousand in 2022, and €351,143 thousand in 2021 (Note 18).

Notes 18 and 21 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 these notes 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 23) 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 2022 and 2021 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) War in Ukraine

The conflict between Russia and Ukraine began on the 24th of February 2022. It has still not concluded at the date of these consolidated financial statements. The attack has been condemned by the European Union, the United States and the majority of the nations in the NATO. A range of economic sanctions were put in place against the Russian economy as a deterrence. These sanctions are having an impact on economies all around the world.

The deriving macroeconomic landscape translates to widespread price increases, mainly in energy and raw material prices.

In some cases, there have also been supply problems and difficulties in the distribution chain for certain materials. In response, interest rates are rising, affecting the banking and financing market.

The Group is mainly exposed to the conflict in SGK LLC and the Gonvarri Material Handling subgroup. All this exposure has had an impact on the Group's income statement resulting from impairment of inventories and property, plant and equipment following the recoverability analysis of these assets. As a result, the impact on the Group's EBITDA in 2022 was €-20,663 thousand.

In order to present the overall impact of the Russian-Ukrainian conflict, this note provides an explanation of its impact on the financial statements, an impact analysis of the conflict on the possible impairment of assets and an evolution of the possible impact on the main financial risks.

4.2. 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 analysed by the Board of Directors to comply with growth and yield targets.

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

		2022	2021
Non-current financial accounts	(Note 11)	295	942
Non-current financial instruments	(Note 18)	10,781	-
Other financial assets	(Note 11)	1,474	2,484
Current financial accounts	(Note 13)	11,525	18,819
Cash and other cash equivalents	(Note 15)	196,104	67,977
	Total (I)	**220,179**	**90,222**
Non-current financial debt	(Note 18)	240,854	289,826
Non-current derivative financial	(Note 18)	-	7,094
Current financial debt	(Note 18)	383,708	332,380
	Total (II)	**624,562**	**629,300**
Net Financial Debt	(II-I)	404,383	539,078
Equity	(Note 16, 17)	1,728,561	1,556,665
	Leveraging ratio	**23%**	**35%**

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 2022 is 1.11. The performance of this ratio is analysed on on-going basis and future estimates are made of it 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 on 2022, amounts to €35,997 thousand (€31,941 thousand in 2021).

4.3 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 on the basis of 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.

5. 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 in 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 analysed 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.

5.1 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 recognising 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.

5.2 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 3.9. The recoverable amounts of the cash generating units have been determined on the basis of the calculation of value in use. These calculations require the use of estimates (Note 8). A sensitivity analysis of such calculations in the event of variations in the parameters taken into account is set out in Note 8.

In 2022, as a result of said verification, the Group has proceeded to amortize goodwill(see Note 8). In 2021 the Group also amortized Goodwill as a result of this verification.

5.3 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.

5.4 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 with respect to which the ultimate calculation of the tax 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.

5.5 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 analysed.

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 8.

5.6 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.

5.7 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. Therefore, 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.

At 31 December 2022, shares defined as joint ventures, and therefore recognized using the equity method, amount to €162,646 thousand (€134,356 thousand in 2021). (Note 34.1).

The volume of assets and turnover contributed by those shareholdings in which the Group has determined to have control, which are Group subsidiaries and are thus consolidated by the full consolidation method, total €408,982 thousand and €1,108,052 thousand, respectively (€434,889 thousand and €787,724 thousand respectively in 2021). (Note 34.2).

6 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 31.12.2021	Changes in scope	Additions	Disposals	Transfers	Exchange differences	Balance at 31.12.2022
Gross values							
Land and buildings	605,168	-	4,282	-2	3,204	9,294	621,946
Plants and other property, plant and equipment	803,588	140	12,466	-12,465	29,840	16,435	850,004
Assets under constructions and prepayments	24,164	-	24,006	-788	-33,089	496	14,790
Total Gross Values	**1,432,920**	**140**	**40,754**	**-13,254**	**-45**	**26,225**	**1,486,740**
Amortizations and provisions							
Buildings	236,643	1	16,237	-9	-316	2,488	255,044
Plants and other property, plant and equipments	625,143	-	37,821	-10,409	-31	11,705	664,228
Impairment losses	12,233	-	9,875	-	-260	-488	21,359
Total Amortizations and Provisions	**874,019**	**1**	**63,933**	**-10,418**	**-608**	**13,704**	**940,631**
Total Net Fixed Assets	**558,901**						**546,109**

	Balance at 31.12.2020	Changes in scope	Additions	Disposals	Transfers	Exchange differences	Balance at 31.12.2021
Gross values							
Land and buildings	604,213	-	5,920	-2,930	-6,306	4,271	605,168
Plants and other property, plant and equipment	779,630	4,086	14,079	-12,264	7,527	10,530	803,588
Assets under constructions and prepayments	13,992	-	20,622	-282	-10,117	-51	24,164
Total Gross Values	**1,397,835**	**4,086**	**40,621**	**-15,476**	**-8,896**	**14,750**	**1,432,920**
Amortizations and provisions							
Buildings	220,918	-	15,343	-931	-9	1,322	236,643
Plants and other property, plant and equipment	590,134	2,294	36,195	-11,246	-253	8,019	625,143
Impairment losses	13,138	-	-	-839	-	-66	12,233
Total Amortizations and Provisions	**824,190**	**2,294**	**51,538**	**-13,016**	**-262**	**9,275**	**874,019**
Total Net Fixed Assets	**573,645**						**558,901**

a) Changes in scope

The column "changes in scope" details the tangible fixed assets of the company H2Green Global Solutions S.L.., which has been included to the Group's consolidation scope in 2022 (Note 1). Also detailed is the exclusion of the company Agromega Project Ltd. from the consolidation scope, which was sold during 2022 (Note 1).

In 2021, this column details the tangible fixed assets of the company Riera Tutó S.L., which was included in the Group´s consolidation scope in 2021 (Note 1).

b) Additions

The main changes in 2022 relate mainly to the investments of the following companies:

- AMG Brazil (€11,907 thousand): mainly due to investments in the Rio Grande do Sul plant (Glorinha) for the new greenfield (land, cranes and constructions) and the new blanking line in Campinas with the extension of the warehouse.
- GMH (€ 3,854 thousand): for individually insignificant investments (most relevant € 446 thousand in Rasnov (Laser for sheets cutting) and € 301 thousand for a new press in the Russian plant.
- Gonvauto South Carolina (€ 2,874 thousand): Investment in a new Blanking Line for Chattanooga.
- Laser Blanking Germany, GmbH (€2,153 thousand): mainly for the acquisition of a new Laser Line and Straker Robot in Thüringen.

The main changes in 2021 relate mainly to the investments of the following companies:

- AMG Brazil (€11,502 thousand): mainly due to investments in the greenfield (land, cranes and constructions) in Rio Grande do Sul (Glorinha) (€4,500 thousand) and new blanking line in Campinas involving the extension of the warehouse (€4,900 thousand).
- Gonvauto South Carolina (€ 5,849 thousand): Investment in a new Blanking Line for Chattanooga.
- Laser Blanking Germany, GmbH (€4,837 thousand): mainly for the acquisition of a new Laser Line and Straker Robot in Thüringen.
- GMH (€ 3,565 thousand): for separately insignificant investments (most relevant € 450 thousand in Mini load punch).

Property, plant and equipment under construction at 31 December 2022 relates mainly to investments and machinery upgrades, as well as advances on fixed assets of the subsidiaries ArcelorMittal Gonvarri Nitra S.R.O. (€ 2,549 thousand), Hierros y Aplanaciones, S.A. (€ 1,745 thousand) and Gonvarri Portugal (€ 1,600 thousand).

Assets under construction at 31 December 2021 primarily relate to investments and the updating of machinery by the subsidiaries Laser Automotive Germany GmbH (€9,677 thousand), AMG Brasil (€6,572 thousand) and ArcelorMittal Gonvarri Nitra, S.R.O (€2.180 thousand).

c) Disposals

The main disposals in 2022 relate mainly to the investments of the following companies:

- Dongguan Gonvarri Suhomitomo (€5,295 thousand): sale of all fixed assets as it is in liquidation.
- Gonvarri Valencia, S.A. (€ 3,157 thousand): primarily for the write-off of fully amortized machinery.
- GMH (€ 942 thousand): primarily in divestments and machinery, vehicles and transportation equipment after lease agreements.
- AMG Brasil (€840 thousand): for the sale of fully amortized machinery and tooling.
- SGK (€529 thousand): Divestment in IT equipment.

The main disposals in 2021 relate mainly to the investments of the following companies:

- Gonvauto S.A. (€3,447 thousand): for the sale of the fully amortised Skin Pass.
- Steel & Alloy Processing LTD (€2,480 thousand): for the write-off of fully amortised machinery.
- Sogei, S.A. (€1,978 thousand): for the sale of a warehouse and a plot of land in Cuenca.
- GMH (€1,468 thousand): in Germany and Russia, fully amortised machinery was retired. In Sweden, divestments in vehicles and transport equipment mainly due to derecognition at the end of leasing agreements.
- Gonvarri Valencia, S.A. (€ 1,156 thousand): divestment of IT equipment.

In 2022 the Group sold property, plant and equipment and incurred a net profit on that sale totalling €2,901 thousand, which was recognized under the heading "Other income/expense" in the accompanying consolidated income statement for 2021 (€120 thousand in profit at the end of 2021).

d) Transfers

The most significant transfers during 2022 are between property, plant and equipment and investment property in Sogei, SA as a result of the rental of a warehouse previously used for material storage in Algete, Aranda and Segovia.

In 2021, there were significant transfers of property, plant and equipment and fixed assets resulting from the lease of a plot of land in Algete and the lease of a plot and warehouse in Segovia by Sogei, S.A. for the amount of €7,912 thousand.

e) Asset revaluation

As is indicated in Note 3.5, 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 2022 and 2021 the total revaluation in the consolidated result of the Group is as follows:

	2022					
	Total revaluation	Accumulated amortization	Amortization	Accumulated impairment	Impairment	Total
Land	101,564	-	-	-7,206	-	94,358
Buildings	159,777	-105,725	-5,275	-	-	48,777

	2021					
	Total revaluation	Accumulated amortization	Amortization	Accumulated impairment	Impairment	Total
Land	101,564	-	-	-7,206	-	94,358
Buildings	159,777	-100,328	-5,397	-	-	54,052

f) Impairments

In 2022, as a result of the war in Ukraine and the instability in Russia, all fixed assets of the subsidiaries located in Russia were impaired, with SGK (€ 7,793 thousand) and GMH Russia (€ 2,082 thousand) being affected.

As mentioned in Note 3.9, the Group identifies those CGUs in loss or with other indications of impairment and impairment tests are performed for these assets. The companies that the Group considers should be tested for impairment are Gonvarri MS Colombia, Çepas Galvaniz, SGK LLC and Kredit.

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 2% 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 2022 are as follows:

	Margin Ebitda s/sales (1)	Growth rate	Discount rate
Gonvarri MS Colombia	8.47%	1.00%	13.98%
Çepas Galvaniz	9.79%	1.00%	20.28%
Kredit SRO - GMH Group	6.90%	2.00%	9.70%

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

The recoverability of SGK LLC has been assessed by analysing the fair value of the company rather than by discounted cash flows and the conclusion has been reached that the total tangible fixed assets need to be impaired.

The key assumptions used in the calculations of value-in-use in 2021 are as follows:

	Margin Ebitda s/sales (1)	Growth rate	Discount rate
Gonvarri MS Colombia	8.57%	1.00%	11.95%
Çepas Galvaniz	7.86%	1.00%	21.17%

(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 2022 and 2021, the Group did not capitalize interest costs deriving from the outside financing obtained to build the facilities.

i) Fully amortized assets

At 31 December 2022 and 2021 there are fully depreciated assets recognized under property, plant and equipment in the consolidated balance sheet totalling €332,284 thousand (€304,060 thousand in 2021).

7 Investment Property

Details and movements in investment properties are as follows:

	Balance at 31.12.2021	Additions	Disposals	Transfers	Exchange Differences	Balance at 31.12.2022
Gross Values						
Land and natural assets	19.868	-	-	-	-34	19.833
Buildings	68.783	4	-4.175	1	-564	64.049
Total Gross Values	**88.651**	**4**	**-4.175**	**1**	**-598**	**83.882**
Amortizations and provisions						
Buildings	26.324	2.307	-1.836	308	-294	26.809
Impairment losses	12.244	-	-	260	-245	12.259
Total Amortizations and provisions	**38.568**	**2.307**	**-1.836**	**568**	**-540**	**39.068**
Total Net Investment Property	**50.083**					**44.814**

	Balance at 31.12.2020	Additions	Disposals	Transfers	Exchange Differences	Balance at 31.12.2021
Gross Values						
Land and natural assets	13.209	-	-	6.636	23	19.868
Buildings	74.869	-	-7.717	1.288	343	68.783
Total Gross Values	**88.078**	**-**	**-7.717**	**7.924**	**366**	**88.651**
Amortizations and provisions						
Buildings	26.363	3.021	-3.248	-	188	26.324
Impairment losses	7.010	5.600	-	-	-366	12.244
Total Amortizations and provisions	**33.373**	**8.621**	**-3.248**	**-**	**-178**	**38.568**
Total Net Investment Property	**54.705**					**50.083**

In 2022, disposals relate entirely to the sale of real estate assets in Gonvarri Czech in the amount of € 4,175 thousand. Disposals in 2021 related in full to the sale of real estate assets in Gonvarri Czech in the amount of € 7,717 thousand.

There are no significant transfers in 2022. Transfers in 2021 mainly relate to land and buildings of Sogei, S.A. amounting to € 7,912 thousand resulting from the lease of the facilities.

During the financial year 2022, the Group has disposed of items of property, plant and equipment, having incurred a net profit as a result of such sale of €392 thousand, recorded under "Other income and expenses" in the consolidated income statement for the year. The main transaction that generated net profit in the income statement was in Gonvarri Czech for the sale of fixed assets for 392 thousand euros with a carrying amount of €4,175 thousand.

As is indicated in Note 3.5, 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 2022 and 2021 the total revaluation in the consolidated result of the Group is as follows:

	2022					
	Total revaluation	Accumulated amortization	Amortization	Accumulated impairment	Impairment	Total
Land	11,994	-	-	-7,831	-	4,163
Buildings	9,319	-5,281	-341	-2,133	-	1,564

	2021					
	Total revaluation	Accumulated amortization	Amortization	Accumulated impairment	Impairment	Total
Land	11,994	-	-	-7,831	-	4,163
Buildings	9,319	-4,940	-341	-795	-1,338	1,905

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 2022 and 2021, 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 corrective factor to each of the samples obtained depending on the particularities of the property subject to valuation; the general uniformity factors we have considered are: built surface areas, qualities and finishes, age, location and typologies and uses. On this basis, an impairment of € 1,338 thousand was considered for the land in Italy (Parma) during the 2021 financial year. In addition, Gonvarri Industrial Maroc, S.A. was impaired for €3,669 thousand in land and €593 thousand in buildings as a result of the receipt of an administrative resolution from the public body "Dominios del Estado" whereby failure to comply with the agreements of the C-V of the land in 1997 could result in the expropriation of the land.

At 31 December 2022 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 2022, just as in 2021, 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:

	2022	2021
Lease income (1)	4,683	5,218
Operating expense for leased properties (2)	3,029	3,651
Total	**1,654**	**1,567**

(1) Included under the heading "Revenue from other Operating Contracts"
(2) Included under the heading "Amortization" and "Other operating expense"

In addition, there are non-leased properties within the Group that generate operating expenses in the income statement. These expenses amount to €362 thousand (€531 thousand in 2021).

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.

8 Goodwill

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

	31.12.2021	Additions	Disposals	Exchange diff.	31.12.2022
Lampe	3,215	-	-	-	3,215
Kaufmann	14,194	-	-	698	14,892
CSI	1,759	-	-	-93	1,666
Kredit SRO Czech Republic	4,381	-	-1,738	-	2,643
Gonvarri Material Handling	24,733	-	-	-150	24,583
GMS Colombia	4,876	-	-	-418	4,458
FLINSA	8,019	-	-	-	8,019
H2green Global Solution	-	355	-	-	355
Riera Tutó	8,049	-	-	-	8,049
Total Goodwill	**69,226**	**355**	**-1,738**	**37**	**67,880**

	31.12.2020	Additions	Disposals	Exchange diff.	31.12.2021
Agromega	313	-	-313	-	-
Obratel	1,155	-	-1,155	-	-
Lampe	3,215	-	-	-	3,215
Kaufmann	13,575	-	-	619	14,194
CSI	1,644	-	-	115	1,759
Kredit SRO Czech Republic	4,381	-	-	-	4,381
Gonvarri Material Handling	24,545	-	-	188	24,733
GMS Colombia	5,258	-	-	-382	4,876
Çepas	2,368	-	-1,996	-372	-
Addimen	296	-	-296	-	-
Suports España	76	-	-76	-	-
FLINSA	8,019	-	-	-	8,019
Riera Tutó	-	8,049	-	-	8,049
Total Goodwill	**64,845**	**8,049**	**-3,836**	**168**	**69,226**

a) Changes for the year

The most important change in 2022 was the impairment of Kredit's goodwill as a result of the annual review in accordance with the accounting policy detailed in Note 3.9. This impairment is mainly due to the poor market expectations and insufficient results of these companies to recover this goodwill (Note 16.7). In addition, it is important to mention the new goodwill arising in the Group as a result of the acquisition of H2green Global Solution (see Note 1 and 2). Also during the year, goodwill generated in currencies other than the euro, such as GMS Colombia, Kaufmann, CSI and Gonvarri Material Handling (goodwill generated in local currency as a result of the acquisition of Constructor Group UK), has changed due to the translation differences generated.

The most significant change in 2021 was the acquisition of Riera Tutó (see notes 1 and 2), which increased the Group's goodwill. In 2021, the goodwill of Agromega, Çepas, Adimen, Obratel and Suports España was impaired as a result of the annual review in accordance with the accounting policy detailed in Note 3.9. This impairment is mainly due to the poor market expectations and the insufficient results of these companies to recover this goodwill (Note 16.7). On the other hand, also during the current year, goodwill generated in currencies other than the euro, such as that of GMS Colombia, Kaufmann, CSI and Gonvarri Material Handling (goodwill generated locally due to the acquisition of the company Constructor Group UK), shows variations due to the translation differences generated.

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 2% 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 2022 are as follows:

	Sales	Growth rate	Discount rate
Gonvarri MS Colombia	8.57%	1.00%	13.98%
Gonvarri Material Handling Group	5.55%	2.00%	9.80%
CSI	3.40%	2.00%	10.20%
Lampe - GMH Group	9.10%	2.00%	9.30%
Kredit SRO - GMH Group	6.90%	2.00%	9.70%
Kaufmann - GMH Group	7.00%	2.00%	9.50%
Flejes Industriales SA (FLINSA)	11.80%	0.50%	10.17%
Riera Tutó	19.19%	0.50%	10.17%

(1) Ebitda margin on average sales estimated for the next 5 years. Only for Gonvarri Colombia the estimate is for a period of 9 years.

The key assumptions used in the calculations of value-in-use in 2021 are as follows:

	Margen Ebitda s/Sales (1)	Growth rate	Discount rate
Gonvarri MS Colombia	8.57%	1.00%	11.95%
Gonvarri Material Handling Group	6.79%	1.72%	7.92%
CSI	2.80%	1.50%	7.70%
Lampe - GMH Group	8.90%	1.50%	8.60%
Kredit SRO - GMH Group	7.30%	2.00%	7.90%
Kaufmann - GMH Group	14.40%	2.00%	8.00%
Flejes Industriales SA (FLINSA)	11.91%	0.50%	6.25%
Riera Tutó	16.70%	0.50%	6.25%

(1) Ebitda margin on average sales estimated for the next 5 years. Only for Gonvarri Colombia the estimate is for a period of 9 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. In the case of Gonvarri MS Colombia and Kredit, this would mean that the value in use would be lower than the value of the goodwill and, as a result, an impairment of € 2,036 thousand and € 1,446 thousand, respectively, would be generated. In no case would this value in use be less than the goodwill of Flejes Industriales SA, Riera Tutó, Gonvarri Material Handling Group, CSI, Lampe and Kaufmann.

- A decrease in the EBITDA margin s/sales of 5%, as detailed in the table above, used in the calculations would result in a decrease in the value in use. In the case of the companies Gonvarri MS Colombia and Kredit, this would mean that the value in use would be lower than the value of the goodwill and, as a result, an impairment of € 5,619 thousand and € 2,732 thousand, respectively, would be generated. In no case would this value in use be less than the goodwill of the companies Flejes Industriales SA, Riera Tutó, Gonvarri Material Handling Group, CSI, Lampe and Kaufmann.

- 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. In the case of the companies Gonvarri MS Colombia and Kredit, this would mean that the value in use would be lower than the value of the Goodwill and, as a result, an impairment of € 366 thousand and € 2,295 thousand, respectively, would be generated. In no case would this value in use be less than the goodwill of Flejes Industriales SA, Riera Tutó, Gonvarri Material Handling Group, CSI, Lampe and Kaufmann.

- A joint variation of the variables would mean that the value in use would be lower than the value of the goodwill in the companies Gonvarri MS Colombia and Kredit and, as a result, would generate an impairment of € 7,047 thousand and € 4,435 thousand, respectively. In no case would this value in use be less than the value of the goodwill of Flejes Industriales SA, Riera Tutó, Gonvarri Material Handling Group, CSI, Lampe and Kaufmann.

9 Other intangible assets

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

Computer software	35.772	5	871	-417	4.015	-20	40.226
Assets under constructions and prepayments	2.243	-	1.510	-	-3.454	-	300
Other intangible assets	2.714	-	1.747	-7	-668	-46	3.740
Total Gross Values	**59.030**	**5**	**4.147**	**-423**	**-107**	**359**	**63.009**
Amortizations and provisions							
Licenses and patents	126	-	133	-	-	159	418
Computer software	27.325	-	4.670	-258	-1	40	31.776
Other intangible assets	652	-	459	-	-110	-46	955
Total Amortizations / Provisions	**28.103**	**-**	**5.262**	**-258**	**-111**	**152**	**33.149**
Total net assets	**30.927**						**29.860**

	Balance at 31.12.2020	Changes in scope	Additions	Disposals	Transfers	Exchange diff.	Balance at 31.12.2021
Gross Values							
Licenses and patents	352	-	79	-	263	-64	630
Trademarks	17.671	-	-	-	-	-	17.671
Computer software	31.224	128	277	-230	4.457	-84	35.772
Assets under constructions and prepayments	-	-	2.889	-	-646	-	2.243
Other intangible assets	5.962	-	1.376	-75	-4.325	-224	2.714
Total Gross Values	**55.209**	**128**	**4.621**	**-305**	**-251**	**-372**	**59.030**
Amortizations and provisions							
Licenses and patents	116	-	71	- -	12	-49	126
Computer software	24.262	104	3.982	-262	-840	79	27.325
Other intangible assets	485	-	311	-6	-109	-29	652
Total Amortizations / Provisions	**24.863**	**104**	**4.364**	**-268**	**-961**	**1**	**28.103**
Total net assets	**30.346**						**30.927**

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 2022 is the strategic decision taken by the Group to implement SAP HANA through an IaaS agreement (Infrastructure as a Service). 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 2022. (Note 2).

c) Fully amortized assets

As at 31 December 2022 there are fully depreciated assets under the heading of computer software amounting to € 25,836 thousand (31 December 2021: € 24,081 thousand).

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 3.7).

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

10 Right of use assets

The Group adopted IFRS 16 effective January 1, 2019. The movement in right-of-use assets as of December 31, 2022 has been as follows:

	31.12.2021	Additions	Disposals	Contract revisions	Exchange diff.	31.12.2022
Cost						
Port concessions	12,970	-	-	3,639	-	16,609
Land and buildings	18,290	6,973	-416	1,977	-391	26,433
Plants and other buildings	30,118	5,879	-6,987	1,591	-391	30,210
Total cost	**61,378**	**12,851**	**-7,402**	**7,208**	**-782**	**73,252**
Amortization and Impairment						
Port concessions	7,130	426	-	4,111	-	11,666
Land and buildings	6,622	3,440	-1,954	1,720	-152	9,676
Plants and other buildings	16,858	6,026	-2,174	-3,285	-137	17,288
Accumulated amortization	**30,610**	**9,892**	**-4,127**	**2,545**	**-289**	**38,631**
Net Value	**30,768**	**2,959**	**-3,275**	**4,663**	**-494**	**34,621**

	31.12.2020	Additions	Disposals	Exchange diff.	Changes in scope	31.12.2021
Cost						
Port concessions	6,660	-	-	-	-	12,970
Land and buildings	20,854	1,335	-6,112	476	798	18,290
Plants and other buildings	22,289	7,059	-414	76	10	30,118
Total cost	**49,803**	**8,394**	**- 6,526**	**552**	**808**	**61,378**
Amortization and Impairment						
Port concessions	842	471	-	-	-	7,130
Land and buildings	5,968	3,222	-721	6	-	6,622
Plants and other buildings	9,021	5,555	-548	34	-	16,858
Accumulated amortization	**15,831**	**9,248**	**-1,270**	**40**	**-**	**30,610**
Net Value	**33,972**	**-854**	**-5,256**	**511**	**808**	**30,768**

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, a recent interest rate applied in a financial transaction of similar short-term conditions with a third party is used as the basis for the calculation. For contracts maturing in more than 7 years, the quotation for the 7-year Gestamp bond (3.20%) has been used as the basis. 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 recognised 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.

11 Non-current financial assets

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

	2022	2021
Loans granted to third parties	295	942
Non-current derivative fin. Instr.	10,781	-
Other financial assets	1,474	2,484
Total non-current financial assets	**12,550**	**3,426**

As far as loans granted to third parties are concerned, these are mainly loans granted by Gonvauto Thüringen. In 2021, a large part of the amount corresponded to the GMH guarantee funds provided for the purchase of Kredit.

The non-current derivative financial instruments during 2022 are the result of the Group's long-term interest rate derivatives starting to have a positive valuation caused by the rise in market rates.

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

12 Trade and other receivables

The balance of this heading is analysed below:

			31.12.2022	31.12.2021
Trade receivables for sales and serv. Rendered			559,034	468,512
Provision for impairment of trade receivables			-19,301	-17,839
Trade receivables - net			**539,733**	**450,673**
Trade receivables - rel. parties	**(Note 35)**	(*)	**447,872**	**318,769**
Other receivables - rel. parties	**(Note 35)**	(*)	**6,594**	**7,900**
Sundry receivables		(*)	5,192	3,805
Accrual accounts			4,172	3,448
Personnel			9	-
Other receivables			**9,373**	**7,253**
Total trade and other receivables			**1,003,572**	**784,595**

(*) Current trade receivables € 999.391

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

Current trade receivables at 31 December 2022	Not due	Debt due since 0-3 months	3-6 months	+6 months	Total
(1) Customers and trade receivables	860,667	134,981	4,256	18,788	**1,018,692**
(2) Impairment provisions	(2,532)	(139)	(249)	(16,381)	**(19,301)**
Total	**858,135**	**134,842**	**4,007**	**2,407**	**999,391**

Partidas comerciales a cobrar a CP a 31 de diciembre de 2021	Not due	Debt due since 0-3 months	3-6 months	+6 months	Total
(1) Clientes y deudores comerciales	621,089	146,941	8,574	22,383	**798,987**
(2) Provisiones por deterioro de Valor	(785)	(678)	(201)	(16,175)	**(17,839)**
Total	**620,304**	**146,263**	**8,373**	**6,208**	**781,148**

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

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

Market	31.12.2022	31.12.2021
Gestamp	424,882	294,710
OEM	87,399	74,721
Automobil aux. industry	103,526	55,709
Industry	202,508	213,093
Solar	63,377	22,357
Road Steel	17,656	19,376
Other	119,344	119,021
Total	**1,018,692**	**798,987**

- 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 4.1.b, the Group's policy is to obtain credit insurance that covers practically all of these trade receivable balances.

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

		Impairment provision for customers and trade receivables
Balance at 31.12.2020		**16,500**
Allocations	(Note 30)	5,174
Excess	(Note 30)	-3,521
Applications		-1,503
Changes in scope		773
Exchange differences		415
Balance at 31.12.2021		**17,839**
Allocations	(Note 30)	4,041
Excess	(Note 30)	-1,642
Applications		-1,361
Exchange differences		424
Balance at 31.12.2022		**19,301**

In 2018 the Group adopted IFRS 9 Financial Instruments, recognising a new expected credit loss model that allows for the early recognition of losses. The amount of the impairment provision, which includes expected and incurred loss at 31 December 2022 is € 19,301 thousand (31 December 2021: € 17,839 thousand). (see Note 3.10 and 4)

As at 31 December 2022, receivables of € 268,769 thousand (31 December 2021: € 177,898 thousand) were past due, but not impaired in addition to the impairment loss recognised.

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.

69% of customer balances and receivables are denominated in euro (63% as at 31 December 2021).

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.

13 Current financial receivables

13.1 Classification by category

Amortized cost		31.12.2022	31.12.2021
Loans grated to related parties	(Note 13.2)	9,599	14,910
Loans granted to third parties		423	439
Bank deposits and other financial assets	(Note 13.3)	1,206	588
Derivative financial instruments	(Note 18)	297	2,882
Total		**11,525**	**18,819**

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

The composition of the balance of this heading in the consolidated balance sheet is mainly the trade credit line with the associated company Gestamp Puebla amounting to € 9,548 thousand (€ 13,442 thousand in 2021), due and uncollected at 31 December 2022, considered as a credit and accruing financial interest in line with the market. In 2021 this heading also included the dividend receivable from Rejillas Calibradas, S.L. amounting to €400 thousand.

All of 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.

13.3 Bank deposits and other financial assets

The breakdown of this heading in 2022 and 2021 is as follows:

	31.12.2022	31.12.2021
Bank deposits and other financial assets	1,176	560
Current accounts with shareholders and directors	30	28
Total Bank deposits and other financial assets	**1,206**	**588**

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.

14 Inventories

The breakdown of this heading in 2022 and 2021 is as follows:

	31.12.2022	31.12.2021
Goods purchased for resale	623,247	721,532
Raw materials and other consumables	206,503	250,330
Finished products and work in progress	216,767	171,025
Prepayments	6,190	4,418
Impairment	-59,988	-40,786
Total Inventories	**992,719**	**1,106,519**

The movements in provisions for impairment during 2022 and 2021 were as follows:

	Provisions for inventory impairment
Balance at 31.12.2020	**16,086**
Allocations	26,193
Exchange differences	84
Excess	-1,577
Balance at 31.12.2021	**40,786**
Allocations	21,990
Exchange differences	-642
Excess	-2,146
Balance at 31.12.2022	**59,988**

The provisions for impairment relate mainly to damages and defects affecting materials and obsolescence. The allocations and excess amounts recognized by the Group in 2022 are recognized under the headings "Raw materials and other consumables" in the accompanying consolidated income statement totalling €21.990 thousand and €2,146 thousand, respectively (€26,193 thousand and €1,577 thousand, respectively, in 2021).

The most significant impact during 2022 on the impairment allocation for inventories is in the company SGK of € 10,788 thousand as a result of the war in Ukraine, its decrease in sales and the consequent increase in time on its inventory stock.

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 totalled €-142,112 thousand (€569,659 thousand in 2021), and the purchases of those goods recognized as an expense totalled € 5,041,288 thousand (€,4157 thousand in 2021).

The heading "other supplies" includes spare parts amounting to € 20,684 thousand (€ 17,886 thousand in 2021) which are expected to be used in the short term.

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

15 Cash and cash equivalents

This heading contains the following items:

	31.12.2022	31.12.2021
Cash and bank deposits	171,075	61,946
Current bank deposits	25,029	6,031
Total cash and cash equivalents	**196,104**	**67,977**

Current deposits that credit institutions are considered to be those cash deposits maturing within three months. These bank accounts accrue a financial market interest rate.

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

16 Total equity attributable to the parent company

16.1 Share capital

At 31 December 2022 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 2021), 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.

	31.12.2022	31.12.2021
Holding Gonvarri, S,.L.	99,99%	99,99%
Gonvarri I. Centro de Servicios, S.L.	0,01%	0,01%
Total	**100,00%**	**100,00%**

16.2 Share premium

At December 31, 2022, the share premium amounted to €15,699 thousand as at December 31, 2019. This reserve is freely distributable.

16.3 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 2022 (€40,308 thousand at 31 December 2021) and is in compliance with the aforementioned stipulation.

16.4 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 2022 and 2021 is of €22,134 and €19,441 thousand respectively.

16.5 Retained earnings

This heading consists of:

	31.12.2022	31.12.2021
Reserves of the Parent Comp. (Distributable and non-Distributable)	751,067	725,471
Reserves in Fully Consolidated Companies	398,124	308,962
Reserves in Equity Consolidated Companies	74,468	47,705
Total Retained earnings	**1,223,659**	**1,082,138**

16.6 Distribution of results

The distribution of 2022 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:

	2022	2021
Available for distribution		
Profit and Loss	89,697	55,595
	89,697	**55,595**
Distribution		
To Legal Reserve	7,767	2,693
Interim Dividend	60,000	-
To Voluntary Reserve	21,930	52,902
	89,697	**55,595**

In 2022, the parent company distributed a dividend charged to reserves of EUR 30,000 thousand and an interim dividend on current year results of EUR 60,000 thousand (no dividend charged to reserves and no interim dividend on results in 2021).

The amount of the interim dividend out of the profit for the year 2022 does not exceed the profit at that date, less the estimated corporate income tax payable on such profit, in line with the provisions of article 277 of the Capital Companies Act (Consolidated Text) of Royal Decree 1/2010 of 2 July 2010, in accordance with the forecast liquidity statement prepared for this purpose.

	Thousand euro
Expected profit/loss after taxes	91,730
Cash - Flow generated in this period	93,325
Liquidity	Higher than dividend

16.7 Consolidated profit/(loss)

The contribution, in thousand euros, of each company to the consolidated profit/loss in 2022 and 2021 is given next:

Gonvauto Navarra, S.A.	6,289	5,000
Gonvauto Thüringen, GMBH	4,834	4,751
Gonvarri Vizcaya, S.L	4,059	2,471
Gonvarri Corporación Financiera, S.L.	3,646	-12,853
Flejes Industriales, SA	3,458	6,255
Gonvauto Asturias, SL	2,885	2,541
Gonvarri Valencia, S.A	1,796	5,161
Arcerlomittal Gonvarri Nitra S.R.O	1,772	1,023
Gonvarri MS Colombia, S.A.S, S.L.	1,687	328
Riera Tutto, SL	1,374	646
Gonvarri Czech, S.R.O.	1,172	1,749
Gonvarri MS Corporate, S.L.	984	-533
Gonvarri Argentina S.A.	821	-3,300
Dongguan Gonvarri Summit Automotive Steel Processing Center C	713	1,492
Rejillas Calibradas, SL	697	272
Suports Desarrollo y Soluciones, SL	633	190
Suports Energia Sustentable México S.A.P.I. de C.V	546	418
Láser Automotive Zaragoza, S.L.	306	199
Hierros y Aplanaciones, S.A.	280	6,547
Láser Automotive Valencia, S.L.	206	114
Sogei S.A	132	258
Gonvasolar, S.L.	98	123
Laser Blanking Germany Gmbh	91	11
Gonvarri Aluminium, GMBH.	80	250
Gonvarri Chile Estructuras Metálicas, Ltda.	45	-596
Gonvarri Tarragona, S.L.	2	1,788
Gonvauto South Carolina LLC.	-38	794
H2green Global Solution SL	-52	-
Road Steel Engineering	-75	-16
Addimen Bizkaia, SL	-101	-407
Laserboost	-148	-127
Obratel	-238	-2,594
Agromega Projects, LTD	-244	-372
Gonvarri Industrial Maroc, S.A.	-337	-4,304
Gonvarri Italia, S.p.A.	-721	-2,503
Çepas Galvaniz, Sanayi Anomin Sirketi	-1,001	-9,417
Gonvarri MS Baja California S.A	-2,246	-3,862
SGK	-10,234	2,942
Other	35	-58
Total Consolidated Profit/Loss	**217,441**	**171,521**

16.8 Measurement adjustments

This consolidated balance sheet heading records the net amount of changes in the fair value of certain derivative instruments (Notes 3.10, 3.11 and 18), due to the application of IAS 32 and IFRS 9.

17 Non-controlling shareholdings

Movements in, and the composition of, this heading in 2022 and 2021, respectively, are as follows:

	Balance at 31.12.2021	Profit/Loss 2022	Distribution of dividends	Changes in scope	Exchange diff.	Balance at 31.12.2022
Arcelormittal Gonvarri Brasil	44,655	8,875	-4,945	-	6,085	54,670
SGK	15,822	-10,235	-	-	2,413	8,000
Laser Automotive Barcelona	1,006	28	-245	-	-	789
Laser Automotive Valencia	198	198	-	-	-	396
Laser Automotive Zaragoza	533	294	-245	-	-	582
Addimen Bizkaia	9	-7	-	-	-	2
Agromega	468	-	-	-468	-	-
H2green	-	-50	-	620	-	570
Grupo GMH - Kaufmann	3,427	161	-	-	-	3,588
AMG Slovakia	45,157	11,788	-	-	-	56,945
AMG Nitra	8,733	1,772	-	-	-	10,505
Sogei S.A	1,890	57	-	-	-	1,947
Laserboost	11	-16	-	-	-	-5
Riera Tutó Valencia	-	-	-	1,470	-	1,470
Riera Tutó	2,224	1,320	-735	-	-	2,809
Total	**124,133**	**14,185**	**-6,170**	**1,622**	**8,498**	**142,268**

	Balance at 31.12.2020	Profit/Loss 2021	Dividends	Changes in scope	Exchange diff.	Balance at 31.12.2021
Arcelormittal Gonvarri Brasil	40,098	13,458	-9,461	-	560	44,655
Dongguan Gonvarri Sumitomo	3,606	-	-	-3,606	-	-
SGK	12,065	2,940	-	-	817	15,822
Laser Automotive Barcelona	1,035	-29	-	-	-	1,006
Laser Automotive Valencia	89	109	-	-	-	198
Laser Automotive Zaragoza	342	191	-	-	-	533
Addimen Bizkaia	17	-8	-	-	-	9
Agromega	460	-46	-	-	54	468
Grupo GMH - Kaufmann	7,329	34	-272	-3,664	-	3,427
AMG Slovakia	36,355	8,802	-	-	-	45,157
AMG Nitra	7,710	1,023	-	-	-	8,733
Sogei S.A	1,779	111	-	-	-	1,890
Laserboost	25	-14	-	-	-	11
Riera Tutó	-	620	-735	2,339	-	2,224
Total	**110,910**	**27,191**	**-10,468**	**-4,931**	**1,431**	**124,133**

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

The main changes in non-controlling interests during 2022 include the acquisition of H2green Global Solution (Note 2). This transaction generated minority interests of €620 thousand. On the other hand, during 2022 the sale of Agromega was completed and therefore the reduction of non-controlling shareholdings that arose in the Group for this company in the amount of 468 thousand euros. Also noteworthy is the dividend distribution in 2022 of ArcelorMittal Gonvarri Brasil, Laser Automotive Barcelona, Laser Automotive Zaragoza and Riera Tuto.

The main changes in non-controlling interests in 2021 include the acquisition of Riera Tutó. Meanwhile, the Group's stake in Dongguan was increased to 100%; this transaction generated a transfer of minority shareholders to Group reserves and did not generate a change of control of the company (as shown in the "changes in scope" column). Similarly, the Group's stake in Kaufmann was increased from 60% to 80%; this transaction generated a transfer of minority shareholders to the Group's consolidated reserves (as shown in detail in the "changes in scope" column). Also noteworthy is the dividend distribution in 2021 of ArcelorMittal Gonvarri Brazil, Kaufmann and the recently acquired Riera Tuto. In addition, AMG Brazil and Kaufmann distributed dividends against reserves amounting to €8,069 thousand and €272 thousand respectively. AMG Brasil also distributed an interim dividend for the year amounting to € 1,392 thousand and Riera Tutó also distributed an interim dividend for the year amounting to € 735 thousand.

18 Financial debt

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

	31.12.2022	31.12.2021
Bank borrowings	146,117	106,741
Credit facilities	62,537	153,614
Financial lease payables	3,908	6,094
Lease liabilities (IFRS 16)	27,762	22,958
Derivative financial instruments	-	7,094
Other financial liabilities	530	419
Total non-current borrowings (I)	**240,854**	**296,920**
Bank borrowings	102,957	54,150
Credit facilities	151,910	182,118
Discounting facilities	11,799	12,867
Loan interest	1,155	557
Other financial liabilities	3,211	8,210
Loans from Group comp. and rel. parties	100,598	61,985
Financial lease payables	2,143	2,272
Lease liabilities (IFRS 16)	8,235	8,983
Derivative financial instruments	1,700	1,238
Total current borrowings (II)	**383,708**	**332,380**
Total borrowings (Gross Debt) (I + II)	**624,562**	**629,300**

	31.12.2021	Additions	Disposals	Changes in scope	Exchange diff	31.12.2022
Bank borrowings	160,892	105,157	-18,424	-	1,448	249,073
Credit facilities	335,733	12,106	-129,434	-	-3,958	214,447
Discounting facilities	12,867	4,450	-5,518	-	-	11,799
Loan interest	557	924	-129	-	-70	1,282
Other financial liabilities	8,628	120	-6,052	-	1,045	3,741
Loans with Group comp. and rel. parties	61,985	38,662	-49	-	-	100,598
Financial lease payables	8,366	-	-2,315	-	-	6,051
Lease liabilities (IFRS 16)	31,940	13,925	-9,892	-	-102	35,871
Derivative financial instruments	8,332	1,700	-8,089	-	-243	1,700
Total borrowings	**629,300**	**177,044**	**-179,902**	**-**	**-1,880**	**624,562**

	31.12.2020	Additions	Disposals	Changes in scope	Exchange diff.	31.12.2021
Bank borrowings	155,337	43,732	-37,351	1,032	-1,858	160,892
Credit facilities	75,765	263,796	-4,206	-	378	335,733
Discounting facilities	15,302	4,631	-7,156	90	-	12,867
Loan interest	618	425	-472	-	-14	557
Other financial liabilities	3,619	5,161	-669	490	27	8,628
Loans with Group comp. and rel. parties	42,142	19,843	-	-	-	61,985
Financial lease payables	11,303	-	-2,937	-	-	8,366
Lease liabilities (IFRS 16)	35,110	3,469	-7,839	659	541	31,940
Derivative financial instruments	12,899	1,051	-5,617	-	-1	8,332
Total borrowings	**352,095**	**342,108**	**-66,247**	**2,271**	**-927**	**629,300**

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 totalling €1,155 thousand is recognized (€557 thousand in 2021).

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:

2022	Less than 1 year	1-5 years	More than 5 years	Total
AMG Brasil	721	7,892	-	8,614
Gonvarri MS Colombia	5,855	-	-	5,855
Gonvarri Thuringen	15,000	20,000	-	35,000
Gonvarri I. Centro de Servicios, S.L.	220	835	487	1,542
Gonvarri Valencia	242	284	214	740
Gonvauto, S.A.	2	-	-	2
Gonvauto Navarra	41	160	131	332
Hierros y Aplanaciones, S.A.	298	427	-	725
Gonvarri Tarragona	1	-	-	1
Gonvarri Galicia	95	380	428	903
Gonvarri Corporación Financiera, S.L.	54,430	89,304	24	143,758
Addimen	13	68	39	120
Flejes Industriales, SA	213	565	128	906
Laserboost	1	-	-	1
Sogei S.A	456	2,874	1,075	4,405
Obratel	3	-	-	3
Rierra Tutto	780	336	-	1,116
Grupo Material Handling	2,835	1,086	120	4,041
Gonvauto Puebla, S.A. de C.V.	18,751	-	-	18,751
AMG Slovakia	1,500	5,902	3,566	10,968
AMG Nitra	1,500	9,792	-	11,292
Total	**102,957**	**139,905**	**6,212**	**249,074**

As a general comment, Gonvarri Industries has different business lines and activities in different sectors, mainly related to metal processing. Due to its customers' requests, Gonvarri needs to maintain a significant safety stock (between 60 to 90 days of sales) to guarantee customer demand and avoid occasional supply breaks. At December 2022, Gonvarri's stock amounts to €992,719 thousand (approx. 763 thousand tonnes), while Net Financial Debt totalled €404,383 thousand. As of December 2021, Gonvarri's stock amounted to € 1,106,519 thousand (approx. 920 thousand tonnes), while Net Financial Debt amounted to €539,078 thousand. There has been a significant increase in debt during 2021 accompanied by a growth in inventory and stock as a consequence of the Covid-19 crisis during 2020 and its subsequent increase in production during 2021, accompanied by a general increase in metal prices.

2021	Less than 1 year	1-5 years	More than 5 years	Total
AMG Brasil	6	5,042	-	5,048
Gonvarri MS Colombia	6,267	-	-	6,267
Gonvarri Czech	-	352	-	352
Gonvarri Thuringen	-	35,000	-	35,000
Gonvarri I. Centro de Servicios, S.L.	318	912	630	1,860
Gonvarri Valencia	147	284	284	715
Gonvauto, S.A.	126	-	-	126
Gonvauto Navarra	43	124	45	211
Hierros y Aplanaciones, S.A.	377	536	190	1,103
Gonvarri Tarragona	1	-	-	1
Gonvarri Galicia	48	903	-	951
Gonvarri Corporación Financiera, S.L.	16,333	26,572	-	42,905
Láser Automotive Barcelona, S.L.	249	210	-	459
Laser Automotive Valencia, S.L	467	-	-	467
Laser Automotive Zaragoza	733	367	-	1,100
Addimen	-	88	-	88
Flejes Industriales, SA	269	694	148	1,112
Laserboost	1	-	-	1
Sogei S.A	372	2,623	1,884	4,879
Obratel	1,426	-	-	1,426
Rierra Tutto	836	196	-	1,032
Grupo Material Handling	2,481	2,018	-	4,498
Gonvauto Puebla, S.A. de C.V.	18,176	-	-	18,176
SGK	-	1,232	-	1,232
AMG Slovakia	-	5,902	5,041	10,943
AMG Nitra	1,500	6,000	5,250	12,750
Steel & Alloy Processing	-	4,215	-	4,215
Gonvauto South Carolina	3,973	-	-	3,973
Total	**54,150**	**93,269**	**13,472**	**160,891**

(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 €609,336 thousand (€629,193 thousand in 2021), of which at the year-end it had drawn down €214,447 thousand (€335,733 thousand in 2021).

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

	31.12.2022	31.12.2021
USD	25,736	71,291
Euro	145,042	194,788
Pound Sterling	20,210	35,480
Argentine Peso	-	8,223
Turkish Lira	8,333	7,663
Colombian Peso	4,259	7,994
Polish Zloty	10,867	10,294
Total	**214,447**	**335,733**

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

Year	Upto 1 year	1-5 years	More than 5 years	Total
2022	151,910	62,537	-	**214,447**
2021	182,119	153,614	-	**335,733**

The Group has the following credit lines available at year-end 2022 and 2021:

Year	Limit	Drawn down	Available
2022	609,336	214,447	394,889
2021	629,193	335,733	293,460

(c) Discounting facilities

The discount rate for bills discounted at banks is in line with the applicable rate on the financial market. As at 31 December 2022, the Group has discount lines of € 111,500 thousand (€ 70,550 thousand in 2021), of which an amount of € 11,799 thousand (€ 12,867 thousand in 2021) has been drawn down at year-end.

The Group has the following discount lines available at year-end 2022 and 2021:

Year	Limit	Drawn down	Available
2022	111,500	11,799	99,701
2021	70,550	12,867	57,683

(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 6).

	31.12.2022	31.12.2021
Less than 1 year	2,112	2,241
Between 1 and 5 years	3,527	5,093
More than 5 years	188	751
	5,827	**8,085**
Future financial liabilities from finance leases	224	281
Present value of liabilities	**6,051**	**8,366**

The present value of finance lease liabilities is as follows:

	31.12.2022	31.12.2021
Less than 1 year	2,142	2,272
Between 1 and 5 years	3,703	5,264
More than 5 years	206	830
	6,051	**8,366**

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 10. The breakdown of these obligations, as well as the future financial costs at 31 December 2022 are as follows:

	31.12.2022	31.12.2021
Present value of lease obligation	35,871	31,852
Accrued costs	126	89
Amount payable for lease	**35,997**	**31,941**

	Less than 1 year	Between 1 and 5 years	More than 5 years
Present value of lease obligations	8,235	18,534	9,228

(f) Loans of Credit Lines with related companies

At 31 December 2021, this heading amounts to €100,598 thousand (€61,985 thousand at 31 December 2021), which mainly relates to:

1. The parent company, Gonvarri Corporación Financiera, recorded a liability to the company Holding Gonvarri totalling €96,457 thousand (€57,847 thousand at 31 December 2021).
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 totalling €2,824 thousand (€3,268 thousand at 31 December 2021).
3. The company Gonvarri Vizcaya recorded a liability to the company Holding Gonvarri totalling €1,273 thousand (€778 thousand at 31 December 2021).
4. The company GMS Corporate SL recorded a liability to the company Holding Gonvarri totalling €42 thousand (€90 thousand at 31 December 2021).

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 2022 and 2021, as well as the maturity dates of the notional amounts to which they are associated.

	Fair Value		Notional Maturity Date					
Instrument type	**31.12.2022**	**31.12.2021**	**2023**	**2024**	**2025**	**2026**	**2027 and after**	**TOTAL**
ASSET BALANCES	**11,078**	**2,882**	**29,512**	**-**	**85,000**	**85,000**	**-**	**199,512**
Hedge								
Exchange rate derivatives	297	2,882	29,512	-	-	-	-	**29,512**
Interest rate derivatives	10,781	-	-	-	85,000	85,000	-	**170,000**
LIABILITY BALANCES	**1,700**	**8,332**	**67,385**	**-**	**-**	**-**	**-**	**67,385**
- Hedge:								
Exchange rate derivatives	1,700	1,238	67,385	-	-	-	-	**67,385**
Interest rate derivatives	-	7,094	-	-	-	-	-	-
NET BALANCES	**9,378**	**-5,450**	**96,897**	**-**	**85,000**	**85,000**	**-**	**132,127**

Exchange rate derivatives

The notional principal on currency forwards outstanding at 31 December 2022 amounted to €96,897 thousand (€112,297 thousand at 31 December 2021). These contracts mainly cover the Group's exposure to changes in the US dollar rate.

The exchange rate swaps contracted by the Group in force at 31 December 2022 are as follows:

Company	Hedge	Due	Notional	Fixed rate
Gonvarri Solar Steel, SL	EUR/USD	January 2023	18,936	1,0294-1,1597
Gonvarri Solar Steel, SL	EUR/USD	February 2023	3,831	1,0351-1,0477
Gonvauto, SA	EUR/USD	February 2023	1,880	1.064
Gonvarri Solar Steel, SL	EUR/USD	March 2023	3,173	1,0360-1,0500
Gonvarri Solar Steel, SL	EUR/USD	July 2023	1,692	1,0454
TOTAL NOTIONAL DERIVATIVE ASSETS			**29,512**	

Company	Hedge	Due	Notional	Fixed rate
Gonvarri I. Centro de Servicios, SL	EUR/USD	January 2023	7,248	1,0266-1,1441
Hierros y Aplanaciones, SA	EUR/USD	January 2023	8,106	1,0264-1,1601
Gonvarri I. Centro de Servicios, SL	EUR/USD	February 2023	769	1.1456
Hierros y Aplanaciones, SA	EUR/USD	February 2023	2,552	1,0383-1,0385
Gonvarri Ptos Siderurgicos	EUR/USD	February 2023	2,755	1.0602
Flejes Industriales, SA	EUR/USD	March 2023	379	0.9895
Gonvarri I. Centro de Servicios, SL	EUR/USD	March 2023	4,924	0.9898
Hierros y Aplanaciones, SA	EUR/USD	March 2023	3,179	1,0405-1,0414
Gonvarri Ptos Siderurgicos	EUR/USD	March 2023	7,750	0,9893-1,0670
Gonvarri Valencia	EUR/USD	March 2023	1,184	0.9893
Hierros y Aplanaciones, SA	EUR/CLP	April 2023	1,700	963.4
Hierros y Aplanaciones, SA	EUR/USD	April 2023	450	1,0491-1,0728
Flejes Industriales, SA	EUR/USD	May 2023	99	1.0504
Gonvarri I. Centro de Servicios, SL	EUR/USD	May 2023	9,536	1,0497-1,0544
Gonvarri Ptos Siderurgicos	EUR/USD	May 2023	2,760	1,0510-1,0553
Gonvarri Valencia	EUR/USD	May 2023	85	1.0497
Flejes Industriales, SA	EUR/USD	June 2023	204	1.0724
Gonvarri I. Centro de Servicios, SL	EUR/USD	June 2023	13,068	1,0723-1,0730
Gonvarri Valencia	EUR/USD	June 2023	636	1.0723
TOTAL NOTIONAL DERIVATIVE LIAB.			**67,385**	

Gains and losses recognised in the hedging reserve in equity in respect of foreign currency forward contracts at 31 December 2022 shall be recognised in the income statement in the period(s) during which the hedged transaction affects the income statement.

Interest rate derivatives

At 31 December 2022, the hedging derivatives contracted by the subsidiary Gonvarri Corporación Financiera, S.L. are IRS swaps, which give rise to variable amounts payable during a calculation period by the customer or by the financial institutions, depending on whether or not the variable rate is higher than the contract rate. The maturities for the loans covered will take place between 2025 and 2026.

The interest rate swaps contracted by the Group in force at 31 December 2022 are as follows:

Contract	Effective date	Due	Variable rate	Fixed rate
Contract 1 - 85.000 mil euros	June 2020	June 2025	Euribor 3 months	0,78%-079%
Contract 2 - 85.000 mil euros	June 2021	June 2026	Euribor 3 months	1,05%-1,06%

The years in which interest rate hedge settlements are expected to affect the Consolidated Profit and Loss Account are as follows:

Year	Thousand euros
2,023	3,764
2,024	3,923
2,025	2,394
2,026	700
Total	**10,781**

The Company complied with the requirements described in Note 3.11 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 2022, as in 2021, there were no inefficiencies in the derivatives contracted by the Group.

19 Deferred taxes

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

	31.12.2022	31.12.2021
Deferred tax assets to be recovered in more than 12 months	57,383	49,145
Deferred tax liabilities reversible in more than 12 months	-66,414	-64,365
Net Deferred taxes	**-9,031**	**-15,220**

19.1 Deferred tax assets

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

	31.12.2021	Allocations	Reversals	Changes in scope	Transfers	Exchange diff.	31.12.2022
Assets for deductible temp. Differences	**17,773**	**10,965**	**-4,638**	**-**	**-433**	**-329**	**23,339**
Settlement for set-up costs	12	-	-	-	-17	5	-
Fair value property, plant and equip.	-276	-	-	-	382	3	109
Non-deductible provisions	8,578	9,653	-102	-	3,358	-399	21,088
Freedom to amortize	683	197	-	-	311	-37	1,154
Differences amortization criteria	143	-	-	-	-113	2	32
Non-deductible unrealized exchange rate	63	73	-59	-		-1	75
Derivatives	2,084	221	-2,039	-	159	-	425
Impact IFRS-9	243	270	-28	-	-	1	486
Impact IFRS-16	267	65	-27	-	-	-2	303
Impact hyperinflaction Çepas	-	486	-1,896		-233		-1,643
Other	5,976	-	-486	-	-4,280	101	1,311
Right to rebates and deductions yet to be applied	**37**	**8,279**	**-6,326**	**-**	**10,572**	**400**	**12,962**
Credits to offset losses for the year	**31,335**	**1,044**	**-721**	**60**	**-10,139**	**-496**	**21,083**
Total deferred tax assets	**49,145**	**20,287**	**-11,685**	**60**	**-**	**-425**	**57,383**

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.

19.2 Deferred tax liabilities

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

	31.12.2021	Allocations	Reversals	Changes in scope	Transfers	Exchange diff.	31.12.2022
Portfolio provisions individual companies	6,420	-	-	-	-15	-	6,405
Freedom to amortize	7,039	1,904	-837	-	1,854	131	10,091
Derivative	-	3,387	-236	-		-	3,151
Subsidies	-	224	-84	-	189	-	329
Non-deductible provisions	-	-	-32	-	1,471	-	1,439
Revaluation land and buildings	46,406	-	-2,388	-	-	-	44,018
Deferred impact IFRS-15	488	371	-97	-	-	-10	752
Other	4,012	716	-1,191	-	-3,499	193	231
Total Deferred tax liabilities	**64,365**	**6,602**	**-4,866**	**-**	**-**	**314**	**66,414**

Deferred tax liabilities relate mainly to those deriving from the measurement at fair value of 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.

20 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 2022 and 2021 were as follows:

At 31 December 2020		**8,949**
Attributed to profit/loss	(Note 26)	-2,429
Additions		929
At 31 December 2021		**7,450**
Attributed to profit/loss	(Note 26)	-2,065
Additions		1,377
Inclusions to scope		241
At 31 December 2022		**7,003**

During financial year 2022, the companies Gonvarri MS R&D, Gonvarri I. Centro de Servicios and Gonvarri Corporación Financiera received grants. In 2021, Laser Blanking Germany, Gonvarri MS R&D, Hierros y Aplanaciones, Gonvauto Asturias, Gonvarri Tarragona and Road Steel Engineering received 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.

21 Non-current provisions

The movements of non-current provisions are as follows:

At 31 December 2020	**14,051**
Allocations	5,069
Applications	-742
Excess	-9
Transfers	384
Exchange differences	559
At 31 December 2021	**19,312**
Allocations	2,263
Applications	-151
Excess	-873
Exchange differences	488
At 31 December 2022	**21,039**

Provisions in 2022 mainly correspond to provisions at Gonvarri Corporación Financiera amounting to € 575 thousand for labour remuneration to personnel and at Sub consolidated Gonvarri Material Handling amounting to € 847 thousand for an open antitrust investigation. Provisions in 2021 mainly relate to provisions of € 3,237 thousand at Hiasa to cover customer claims due to problems in the completion of projects. In addition, €502 thousand have been provided for at Gonvarri Corporación Financiera and €243 thousand at Gonvarri Galicia in respect of employee severance indemnities.

The excess in the year 2022 corresponds to restatements of existing provisions for pensions and similar items in the Gonvarri Material Handling sub-consolidation in Germany.

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.

22 Non-current tax liabilities

At 31 December 2020	**15,157**
Allocations	13,755
At 31 December 2021	**28,912**
Allocations	3,517
Applications	-5,126
Excess	-1,468
At 31 December 2022	**25,835**

The main provisions and reversals made under non-current provisions for taxes in 2022 are as follows:

- Provision for tax amortisation of goodwill for the year 2022 amounting € 1,919 thousand.
- Provision for liabilities of € 1,483 thousand.
- Application as payment to the AEAT regarding the liquidation (2004-2008) corresponding to the State aid recovery procedure for State aid for the Indirect Goodwill for an amount of €5,126 million.
- Excess goodwill provisions amounting to € 1,468 thousand.

The main provisions and reversals made under non-current provisions for taxes in 2021 are as follows:

- Provision for tax litigation for the sale of 50% of AMG Brazil amounting to € 11,784 thousand.
- Provision for tax amortisation of steel goodwill for the year 2021 amounting € 1,967 thousand.

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.

23 Trade and other current payables

The breakdown of this heading in 2022 and 2021 is as follows:

	31.12.2022	31.12.2021
Third party suppliers	342,983	329,812
Related party suppliers (Note 35)	179,632	166,981
Public entities (Note 24)	65,053	40,448
Payable for services rendered	114,941	70,646
Liabilities from contract with customers	46,988	48,307
Accrued wages and salaries	19,779	18,253
Suppliers of fixed assets	2,669	3,690
Other payables	10,514	5,365
Total trade and other payables	**782,559**	**683,502**

(*) 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:

	2022	2021
Average payment period to suppliers (days)	48	39
Ratio of operations paid	49%	40%
Ratio of operations pending payments	28%	20%
Total payments made (in thousand euros)	1,839,580	1,598,575
Total payments pending (in thousand euros)	141,799	130,596

Invoices paid in a period shorter than the maximum period established in the default regulations:	2022	% of total paid
Monetary volume (in thousand euros)	1,509,502	82%
Number of invoices	61,035	68%

24 Current balances with public entities

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

	Debit balances		Credit balances	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Tax auth. Debit/Credit from VAT and other concepts	40,403	35,763	55,657	32,807
Tax auth. Withholdings applied	1,887	4,473	4,046	3,134
Social Security Agencies	786	586	5,350	4,507
Current tax	5,545	3,894	13,483	14,677
	48,621	**44,716**	**78,536**	**55,125**

25 Ordinary Income from contracts with customers

The net amount of ordinary income classified by type for the years 2022 and 2021:

	31.12.2022	31.12.2021
Sales of goods	5,885,277	4,163,723
Rendering of services	93,603	80,867
	5,978,880	**4,244,590**

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

	2022	2021
Gonvarri I.Centro de Servicios, S.L.	1,108,163	802,480
ArcelorMittal Gonvarri Brasil, Pdtos. Siderúrg. S.A..	596,925	384,328
Gonvauto Thüringen, GMBH	412,787	224,390
ArcelorMittal Gonvarri SSC Slovakia	409,502	288,610
Gonvauto Puebla, S.A. de C.V.	374,874	225,315
Gonvarri Material Handling AS (Constructor Group)	371,211	294,737
Gonvauto, S.A.	339,563	264,755
Steel & Alloy Procesing LTD	328,060	245,220
Gonvauto South Carolina LLC.	309,875	230,396
Gonvarri Valencia, S.A	232,813	184,781
Gonvarri Ptos. Siderúrgicos,S.A.	219,797	143,373
Gonvarri Polska, SP, ZO O.	217,724	147,380
Gonvauto Galicia, S.A.	181,883	129,326
Hierros y Aplanaciones, S.A.	178,725	162,657
Gonvauto Navarra, S.A.	141,192	94,058
Gonvarri Solar Steel	120,459	36,636
Gonvarri Argentina S.A.	88,325	47,940
ArcelorMittal Gonvarri Nitra	80,596	59,564
Flejes Industriales, SA	67,031	51,057
Gonvarri MS Colombia, S.A.S, S.L.	46,285	35,678
Çepas Galvaniz, Sanayi Anomin Sirketi	36,434	37,711
Gonvauto Asturias, SL	33,916	22,689
SGK	20,916	55,029
Riera Tutó S.L.	19,839	10,188
Sogei, S.A.	15,433	14,170
Dongguan Gonvarri Summit Automotive Steel Processing Center	4,611	26,366
Suports Desarrollo y Soluciones, SL	4,402	1,818
GMS Francia SAS	3,895	4,551
Suports Energia Sustentable México S.A.P.I. de C.V	3,047	1,963
Láser Automotive Zaragoza, S.L.	2,767	2,336
Láser Automotive Barcelona, S.L.	2,750	2,668
Láser Automotive Valencia, S.L.	2,192	1,770
Adimen	585	401
Ginvarri Tarragona, SL	488	324
Agromega	433	126
Gonvasolar S.L.	422	476
Obratel S.L.	3	8,648
Other	957	675
Total ordinary income from contracts with customers	**5,978,880**	**4,244,590**

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

2022

	Auto	Industry	Road Steel	Solar structures	Other structures	TOTAL
At a point in time	3,995,747	1,297,188	-	-	-	5,292,935
Over time	-	-	59,168	147,674	479,103	685,945
TOTAL	**3,995,747**	**1,297,188**	**59,168**	**147,674**	**479,103**	**5,978,880**

2021

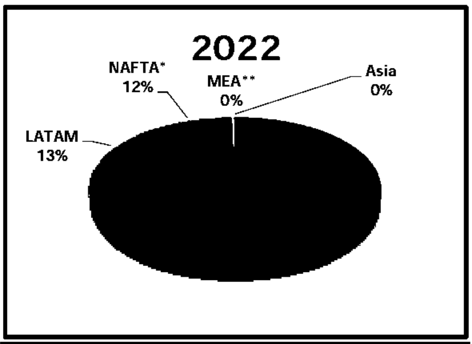
	Auto	Industry	Road Steel	Solar structures	Other structures	TOTAL
At a point in time	1,608,256	1,125,142	73,902	-	400,297	3,207,596
Over time	989,855	-	-	47,139	-	1,036,993
TOTAL	**2,598,111**	**1,125,142**	**73,902**	**47,139**	**400,297**	**4,244,590**

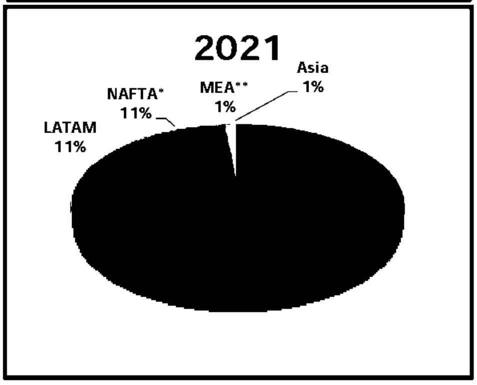
The ordinary income comes from the ¨manufacturing and transport¨, and from the ¨delivery and installation¨ of flat steel, aluminium, solar structures, and other system structures, both for their use in industry and in homes.

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

	31.12.2022	31.12.2021
Spain	1,981,838	1,425,435
Europe	2,525,073	1,802,122
LATAM	741,720	474,299
NAFTA*	704,541	473,042
MEA**	10,508	34,878
Asia	15,200	34,813
Total ordinary income from contracts with customers	**5,978,880**	**4,244,590**

*North America Free Trade Agreement
**Middle East and Africa





Total ordinary income from contracts with customers by business line

2022

Country	AUTO	INDUSTRY	ROAD STEEL	SOLAR STRUCTURES	OTHER STRUCTURES	TOTAL
Germany	403,513	9,274	-	-	72,164	484,951
Argentina	87,953	371	-	-	-	88,325
Belgium	-	-	-	-	9,468	9,468
Brazil	353,286	243,639	-	-	-	596,925
Chile	-	-	-	-	186	186
China	4,611	-	-	-	-	4,611
Colombia	-	7,672	14,525	8,706	15,382	46,285
Denmark	-	-	-	-	17,523	17,523
USA	309,875	-	-	-	-	309,875
Spain	1,432,493	793,824	25,462	125,800	75,701	2,453,279
Finland	-	-	-	-	27,465	27,465
France	-	-	3,895	-	-	3,895
Israel	-	-	-	-	488	488
Hungary	-	-	-	-	11,774	11,774
Mexico	374,784	-	-	3,111	90	377,985
Norway	-	-	-	-	10,311	10,311
Netherlands	-	-	-	-	26,039	26,039
Poland	194,785	22,917	-	-	11,476	229,177
Portugal	169,031	50,764	-	-	1	219,797
Czech Republic	-	-	-	-	26,435	26,435
Romania	-	-	-	-	18,884	18,884
Russia	15,310	675	-	630	19,304	35,919
Slovakia	342,160	147,938	-	-	2,444	492,542
Sweden	-	-	-	-	42,227	42,227
Switzerland	-	-	-	-	15,841	15,841
Turkey	-	-	15,287	9,427	11,721	36,434
United Kingdom	307,946	20,114	-	-	64,178	392,238
	3,995,748	**1,297,188**	**59,168**	**147,674**	**479,101**	**5,978,880**

2021

Country	AUTO	INDUSTRY	ROAD STEEL	SOLAR STRUCTURES	OTHER STRUCTURES	TOTAL
Germany	217,988	6,402	-	-	48,859	273,249
Argentina	47,275	665	-	-	-	47,940
Belgium	-	-	-	-	9,224	9,224
Brazil	166,312	218,016	-	-	-	384,328
Chile	-	-	-	-	26	26
Colombia	-	5,708	15,090	4,323	10,557	35,678
Denmark	-	-	-	-	12,166	12,166
USA	230,396	-	-	-	-	230,396
Spain	968,860	674,058	31,535	40,590	76,777	1,791,819
Finland	-	-	-	-	21,450	21,450
France	-	-	4,551	-	-	4,551
Israel	-	-	-	-	126	126
Hungary	-	-	-	-	5,267	5,267
Mexico	225,315	-	-	51	1,963	227,328
Norway	-	-	-	-	13,305	13,305
Netherlands	-	-	-	-	22,421	22,421
Poland	132,712	14,668	-	-	8,733	156,112
Portugal	100,273	42,937	-	-	164	143,373
Czech Republic	-	-	-	-	23,994	23,994
Romania	-	-	-	-	14,960	14,960
Russia	51,657	452	-	1,939	16,693	70,741
Slovakia	244,320	103,655	-	-	2,284	350,259
Sweden	-	-	-	-	36,309	36,309
Switzerland	-	-	-	-	16,705	16,705
Turkey	-	-	22,726	235	14,750	37,711
United Kingdom	186,639	58,581	-	-	43,564	288,785
	2,598,111	**1,125,142**	**73,902**	**47,139**	**400,297**	**4,244,590**

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

	2022	2021
Asset through contract with customers	61,052	54,724
Total	**61,052**	**54,724**

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

The Group has evaluated the expected loss on assets from contracts with customers, which was immaterial the end of 2022 and 2021.

There are no performance obligations derived from long-term contracts that have not been satisfied.

26 Revenue from other Operating Contracts

¨Revenue from other Operating Contracts¨ for 2022 and 2021 relates mainly to the following items:

	2022	2021
Leases	5,177	5,653
Capital grants (note 20)	2,065	2,429
Storage	4,109	4,459
Transport	4,292	4,062
Sundry services	4,113	3,429
Management Fee GRI	5,069	3,547
Total revenue from operating contracts	**24,825**	**23,579**

The line "leases" mainly includes the income from property leases detailed in Note 7, €4,683 thousand (€5,218 thousand in 2021). The remaining rental income mainly relates to one-off rentals of machinery.

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

27 Transactions denominated in foreign currency

Transactions carried out by Group companies in currencies other than the euro in 2022 and 2021 are as follows:

	2022	2021
Purchses	2,356,347	1,402,275
Sales	2,660,434	1,566,629
Services Received	95,178	69,890
Services Rendered	62,823	49,297

During the year, 45% of transactions were carried out in currencies other than the euro (38% in 2021), with the dollar, the Brazilian real and the pound being the predominant non-euro currencies in these transactions.

28 Other income/expense

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

	2022	2021
Excess provisions for risks, taxes and other	5	501
Profit/loss on trans. involving fixed assets (Notes 6, 7 and 8)	-8,453	-8,604
Other ordinary profit/loss	-10,827	-2,125
Total net Other income/expense	**-19,275**	**-10,228**

Impairment of fixed assets of the SGK and GMH Russia plants in Russia amounting to € 9,875 thousand was mainly recognised under " Profit/(loss) on non-current assets" in 2022, due to the unstable situation resulting from the war in Ukraine. In addition, Kredit's goodwill of € 1,738 thousand was impaired in 2022 as a result of the annual review in accordance with the accounting policy detailed in Note 3.9 (see Note 8). In addition, gains on the sale of fixed assets amounting to € 3,160 thousand were recognised, primarily arising from the sale of all fixed assets in Dongguan.

Lastly, in "Other current operating profit/loss" in 2022, the extraordinary losses due to PIS and COFINS taxes at ArcelorMittal Gonvarri Brazil (€ -5,420 thousand), due to the impairment of net assets at Gonvarri Baja California (€ -2,169 thousand) and customer guarantee and anti-trust expenses at GMH (€1,595 thousand) are noteworthy.

29 Personnel expenses

Personnel expenses break down as follows:

	2022	2021
Wages and salaries	185,439	168,694
Termination benefits	2,127	2,846
Social Security contributions	41,008	37,899
Other employee benefits	10,955	9,244
Total personnel expenses	**239,529**	**218,683**

GI Group's average payroll in 2022 and 2021, broken down by category is as follows, and does not significantly differ from the number at the end of each of the years:

	2022		
	Male	**Female**	**Total**
Directors/Management	10	3	13
Administration, Finance and IT	880	214	1,094
Purchasing dept.	115	26	141
Technical dept.	648	125	773
Productions and maintenance dept.	3,159	431	3,590
Other	123	18	141
Total average payroll	**4,935**	**817**	**5,752**

	2021		
	Male	**Female**	**Total**
Directors/Management	17	4	21
Administration, Finance and IT	873	213	1,086
Purchasing dept.	108	24	132
Technical dept.	596	109	706
Productions and maintenance dept.	3,134	408	3,542
Other	132	19	151
Total average payroll	**4,860**	**778**	**5,637**

The average headcount of the GI Group in 2022 shows an increase of 115 people compared to the previous year, mainly as a result of increased activity in 2022.

Of the Group's total number of employees, 28% are working in Spain and 72% outside Spain in 2022 (in 2021, 32% in Spain and 69% outside Spain).

At 31 December 2022 the number of employees with a disability exceeding 33% was 85(71 in 2021).

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

30 Other operating expenses

The breakdown of this heading in 2022 and 2021 is as follows:

	2022	2021
Change in provisions for insolvencies (Note 12)	2,399	1,953
Research and development expenses	1,987	2,099
Lease and Royalty payments	2,835	2,515
Repairs and maintenance	46,921	40,539
Independent professional services	7,315	6,368
Transport	84,439	64,187
Insurance premiums	8,734	7,735
Banking services	804	778
Advertising and public relations	4,129	2,858
Utilities	48,699	31,598
Other taxes	8,149	6,633
Work done by third parties	32,912	29,603
Other services	14,307	14,928
Total Otros gastos de explotación	**263,632**	**211,796**

The most significant variations compared to 2021 are a consequence of increased activity during 2022, as well as increased transport and supply costs related to the increase in electricity, gas and oil prices related to the war in Ukraine.

The heading "Other Services" mainly includes travel expenses, system maintenance expenses and expenses for legal advice.

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.

31 Financial income and expenses

The breakdown of this heading in 2022 and 2021 is as follows:

	2022	2021
Financial income		
On receivables from related parties (Note 35)	1,785	1,387
Marketable securities and other fin. Instruments	2,294	475
Other Financial income	5,267	1,309
	9,346	**3,171**
Financial expense		
On payables to related parties (Note 35)	-1464	-515
Bank borrowings	-10,696	-8,303
On payables to third parties	-2,020	-663
Interest on discounted bills	-1,644	-1,088
Interest on discounted bills IFRS 16	-1,416	-1,234
Other Financial expense	-479	-6,136
	-17,719	**-17,939**
Impairment and results from fin. Instruments		
Profit/loss from equity investments	-297	-303
Other profit/loss on financial instruments	-2,810	-
	-3,107	**-303**
Exchange differences		
Gains on exchange	58,519	33,406
Losses on exchange	-69,068	-45,592
	-10,549	**-12,186**
Measurement at fair value of financial instruments		
Gains on measurement at fair value of financial instruments	-	3,164
	-	**3,164**

Within financial income, the line "Marketable securities and other financial instruments" mainly includes interest on levies and time deposits arranged by the Group. On the other hand, the line "Other financial income" mainly includes the restatement of tax credits relating to PIS and COFINS. On the other hand, during 2022

regarding financial expenses in the line "Other Financial Expenses¨ are included loan origination fees and bank charges.

The exchange differences arising in 2022 and 2021 derive from fluctuations in the various currencies the Group uses in its operations.

The line "profit/loss from equity investments" includes the result arising in 2022 from the sale and liquidation of the companies Gonvarri Solar Steel Brasil, Gonvarri Honduras and Agromega.

Included in the line "Gains on valuation of financial instruments at fair value" in 2021 was the restatement of the payment for the remaining 20% of the Kaufmann shareholding to be made in 2022.

32 Income tax

32.1 Tax expense

The breakdown of corporate income tax expense for 2022 and 2021 is as follows:

	2022	2021
Current tax	75,991	78,787
Deferred tax for the year (Note 19)	-6,866	-14,694
Other adjustments to tax expense	1,049	-2,920
Total Income taxes	**70,174**	**61,173**

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

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:

	2022	2021
Profit before taxes	301,800	259,885
Adjustment for equity cons. Companies	-31,898	-26,763
Adjusted profit	**269,902**	**233,122**
Theoretical tax rate	68,887	58,281
Differences due to different taxes	-1,411	-511
Exempt income or non-deductible expenses	1,209	8,691
Negative tax bases and diff. Between acc/tax bases	-4,252	-745
Deductions applied	-4,563	-1,987
Adj. For changes in tax rates without deductions	5,980	-20
Other tax expense adjustments	4,325	-2,536
Tax expense	**70,174**	**61,173**

The theoretical rate applied in 2022 is of 25%, just as in 2021. The Group uses this theoretical rate due to the fact that most of its business takes place 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 2022 and 2021 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 tax expense adjustments" relates to the provision recorded by the Group deriving from tax assessments raised this year that have been contested (Note 22).

In 2022 and 2021 the deductions applied mainly cover the deductions deriving from double domestic and international taxation arising on investments in the Environment, on the reinvestment of extraordinary profits and on amounts relating to job creation.

32.2 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 2022, 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 I. Trading, S.L.
- Gonvauto Galicia, S.A.
- Hierros y Aplanaciones, S.A.
- Gonvauto Asturias, S.L.
- GRI R&D Engineering SL
- Obratel Energy, 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.
- Gonvarri Agrotech, 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:

Spain

Corporate income tax. 2011-2014

At present and as a result of the inspection procedure brought by the Spanish Tax Agency (A.E.A.T.) against the Company, relating to the periods 2011-2014, there is a contentious-administrative procedure pending before the National High Court for an amount of €9,891 thousand, which corresponds to the taxation of the sale of 50% of AMG Brasil in 2008. This amount was provisioned during the year 2021 (see note 22).

Recovery State aid 2003 to 2014, 2015-2016 and 2017-2018:

On 9 March 2022, the Company received the settlement, which put an end to the State aid recovery procedure for indirect goodwill from 2004 to 2008 (€ 3,835 thousand) that had been initiated on 31 August 2020. This settlement was paid and appealed by means of an economic-administrative claim before the T.E.A.C. on 4 April 2022.

Mexico

On 6 October 2022, Gonvarri MS Baja California SA de CV filed an appeal against the tax assessment issued by the Mexican tax authority corresponding to the IS for the 2018 tax year, the amount in dispute totalling €1,556 thousand. The company is currently awaiting the final resolution.

(c) Inspection procedures

Spain

- At present, the general inspection procedure initiated by the A.E.A.T. against the Tax Group represented by the Company, relating to the periods 2016-2019 and to the concepts (Corporate Income Tax.- V.A.T.-P.I.T.- Non-residents income tax), is still open and pending conclusion.

- Likewise, on 11 January 2022, the A.E.A.T. notified the initiation of a general inspection procedure for the companies Gonvarri I. Centro de Servicios, S.L. and Gonvauto, S.A., in relation to the periods 2016-2019 (Corporate Tax) and 2018-2019 (V.A.T..-P.I.T.).

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.

32.3 Tax losses available for offset

At 31 December 2022 the Group's tax losses available for offset break down as follows:

Company	Originating period	Available until	Base amount	Status
Addimen Bizkaia SL	2015-2020	2045-2050	835	Capitalized
Canrena System Aktiebolag	2020	No limit	437	Capitalized
Çepas Galvaniz Demir Çelik AŞ	2021	2026	4,317	Capitalized
Constructor Finland	2013-2018	2025-2028	5,220	Capitalized
Constructor Group UK	2017-2021	No limit	2,841	Capitalized
Constructor Group UK	2013-2016	No limit	1,691	Not Capitalized
Constructor Norge	Anterior 2013	No limit	1,286	Capitalized
GMH AS	2018-2022	No limit	3,132	Capitalized
GMH AS	2018-2022	No limit	4,029	Not Capitalized
Gonvarri Aluminium	2022	No limit	197	Capitalized
Gonvarri Chile Estructuras Metálicas, Ltda.	2013-2021	No limit	2,112	Not Capitalized
Gonvarri Industrial Maroc SL	2020-2022	No limit	1,925	Not Capitalized
Gonvarri Italia	2015-2016	No limit	282	Capitalized
Gonvarri MS Baja California	2017-2021	2027-2031	12,239	Not Capitalized
Gonvarri MS Colombia	2014-2018	No limit	5,384	Capitalized
Gonvarri MS Colombia	2018-2022	2030-2032	5,624	Not Capitalized
Gonvarri Solar Steel USA	2012-2019	2032-No limit	12,644	Not Capitalized
Gonvarri Steel Services US Inc	2013-2020	2033-No limit	25,805	Capitalized
Gonvauto Laser Blanking Germany GmbH	2017-2021	No limit	2,675	Not Capitalized
Gonvauto Thuringen, GMBH	2017-2020	No limit	5,161	Capitalized
H2Greem Global Solutions, S.L.	2022	No limit	244	Capitalized
Severstal Gonvarri Holding SL	2020-2022	No limit	12	Capitalized
Severstal Gonvarri Kaluga llc	2022	No limit	4,914	Capitalized
SOGEI, S.A.	2015-2020	No limit	7,595	Capitalized
Total			**110,600**	

At 31 December 2021 the Group's tax losses available for offset break down as follows:

Company	Originating period	Available until	Base amount	Status
Addimen Bizkaia SL	2015-2021	2045-2051	1.037	Capitalized
Agromega	2021	No limit	348	Capitalized
Arcerlomittal Gonvarri Nitra S.R.O	2018-2019	2023	1.063	Not Capitalized
Canrena System Aktiebolag	2020	No limit	551	Capitalized
Çepas Galvaniz Demir Çelik AŞ	2018-2021	2023-2026	8.639	Capitalized
Constructor Finland	2015-2018	2024-2028	4.188	Capitalized
Constructor Finland	2013-2014	2024-no limit	2.389	Not Capitalized
Constructor Group UK	2017-2021	No limit	2.999	Capitalized
Constructor Group UK	2013-2016	No limit	2.544	Not Capitalized
Constructor Norge	Anterior 2013	No limit	1.808	Capitalized
Dexion GmbH	Anterior 2013	No limit	4.644	Not Capitalized
Dexion Spol Sro Slovakia	2018	2028	90	Capitalized
GMH AS	2018-2020	No limit	3.132	Capitalized
Gonvarri Argentina	2020	until 2025	2.928	Capitalized
Gonvarri Chile Estructuras Metálicas, Ltda.	2013-2021	No limit	2.225	Not Capitalized
Gonvarri Czech, S.R.O.	2021	2026	326	Capitalized
Gonvarri Industrial Maroc SL	2019-2021	2022- No limit	1.603	Not Capitalized
Gonvarri MS Baja California	2017-2020	2027-2030	9.988	Not Capitalized
Gonvarri MS Colombia	2018-2020	2030-2032	6.017	Capitalized
Gonvarri MS Colombia	2014-2018	2023-No limit	6.680	Not Capitalized
Gonvarri Solar Steel Brasil Ltd.	nteriores 2020-202	No limit	44	Not Capitalized
Gonvarri Solar Steel USA	2012-2019	2032- No limit	12.764	Not Capitalized
Gonvarri Steel Services US Inc	2013-2020	2033-No limit	26.751	Capitalized
Gonvauto Laser Blanking Germany GmbH	2017-2020	No limit	2.697	Not Capitalized
Gonvauto Thuringen, GMBH	2013-2020	No limit	3.430	Capitalized
Laser Automotive Barcelona, S.L.	2021	No limit	77	Capitalized
Laser Automotive Valencia, S.L.	2018-2020	No limit	67	Capitalized
Severstal Gonvarri Holding SL	2020	No limit	9	Capitalized
SOGEI, S.A.	2014-2020	No limit	8.282	Capitalized
Total			**117.320**	

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 2022 and 2021 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 Group companies with capitalised tax credits have been analysed and it has been concluded that none of them show signs of impairment.

33 Commitments

33.1 Commitments for the purchase of assets (investment commitments)

At 31 December 2022 the Group has commitments to purchase property, plant and equipment amounting to €33,440 thousand (€19,184 thousand in 2021), mainly relating to machinery and buildings.

The fixed asset purchase commitments at 31 December 2022 include mainly investments in Vama Gonvarri Automotive Solutions (Changshu) amounting to € 12,400 thousand for the expansion of Phase 5, € 2,600 thousand in Gonvarri Portugal for investment in a new transversal line and € 1,000 thousand in Gonvarri Poland for investment in a smart raw material warehouse.

33.2 Contingent benefits

At 31 December 2022 and 2021 there are no contingent benefits whatsoever.

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		31.12.2022	31.12.2021
MAG Aliança Automóveis do Brasil SSC S.A.	(1)	25%	25%
Group Vama Gonvarri	(2)	50%	50%
Gestamp Automotive India Private Ltd.		50%	50%
Rejillas Calibradas, S.L		20%	20%

(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.

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:

The main movements in 2022 were the following:

Company	31.12.2021	Profit/loss 2022	Exchange differences	Dividends	31.12.2022
MAG Aliança Automóveis do Brasil SSC S.A.	9,269	809	1,864	-	11,942
Subgroup Vama Gonvarri	70,523	24,102	-2,497	-	92,128
Gestamp Automotive India Private Ltd.	48,892	6,290	-2,575	-	52,607
Rejillas Calibradas, S.L	5,672	697	-	-400	5,969
	134,356	**31,898**	**-3,208**	**-400**	**162,646**

The main movements in 2021 were the following:

Company	31.12.2020	Profit/loss 2021	Exchange differences	Other	31.12.2021
MAG Aliança Automóveis do Brasil SSC S.A.	9,129	277	-137	-	9,269
Subgroup Vama Gonvarri	43,258	21,040	6,225	-	70,523
Hierros Villaverde, S.A.	1,587	-	-	-1,587	-
Gestamp Automotive India Private Ltd.	40,895	5,174	2,823	-	48,892
Rejillas Calibradas, S.L	-	272	-	5,400	5,672
	94,869	**26,763**	**8,911**	**3,813**	**134,356**

- On 25 June 2021 20% of the shares of the company Rejillas Calibradas SL were acquired for an amount of € 6,000 thousand. This company manufactures tools and finished metal products, as well as the manipulation, welding, folding and cutting of steel, sheet metal, tubes and mechanical work in general. The Group does not hold control over this company which is therefore integrated through the equity method.

- On 6 April 2021, Gonvarri Corporación Financiera sold its 55% stake in Hierros Villaverde, SA for €1,350 thousand.

Summarized financial information regarding joint ventures and associates recognized using the equity method is set out below:

Summarized Balance Sheet 2022

Heading	Gestamp Automotive India Private Ltd.	MAG Aliança Automóveis do Brasil SSC S.A.	Rejillas Calibaras, SL	Subgroup Vama Gonvarri
Total non-current assets	44,275	14,114	21,395	171,891
Total current assets	83,215	21,715	17,027	253,712
Total non-current liabilities	2,927	933	1,499	37,718
Total current liabilities	19,350	11,013	7,077	203,630
NET ASSETS	**105,213**	**23,883**	**29,846**	**184,255**
% interest	50%	50%	20%	50%
Carrying amount	**52,607**	**11,942**	**5,969**	**92,128**

Summarized Balance Sheet 2021

Heading	Gestamp Automotive India Private Ltd.	MAG Aliança Automóveis do Brasil SSC S.A.	Rejillas Calibaras, SL	Subgroup Vama Gonvarri
Total non-current assets	48,494	14,690	20,392	154,934
Total current assets	111,260	10,746	22,321	198,210
Total non-current liabilities	2,729	-	880	49,422
Total current liabilities	59,241	6,899	13,472	162,677
NET ASSETS	**97,784**	**18,537**	**28,361**	**141,045**
% interest	50%	50%	20%	50%
Carrying amount	**48,892**	**9,269**	**5,672**	**70,523**

Summarized comprehensive income statement 2022

Heading	Gestamp Automotive India Private	MAG Aliança Automóveis do Brasil SSC S.A.	Rejillas Calibradas, SL	Subgroup Vama Gonvarri
Net revenue	120,764	45,260	44,412	262,064
Operating expense	-105,675	-42,085	-40,015	-200,527
Operating profit	**15,089**	**3,175**	**4,397**	**61,537**
Financial income	2,248	-738	357	-2,454
Exchange differences	25	4	84	79
Impairment and other profit/loss	-	-18	-300	-
Profit before taxes	**17,362**	**2,423**	**4,538**	**59,162**
Tax expense	-4,782	-806	-1,051	-10,959
Total profit/loss	**12,580**	**1,617**	**3,487**	**48,203**
% interest	50%	50%	20%	50%
Profit/loss eq. cons. Comp	**6,290**	**809**	**697**	**24,102**

Summarized comprehensive income statement 2021

Heading	Gestamp Automotive India Private	MAG Aliança Automóveis do Brasil SSC S.A.	Rejillas Calibradas, SL	Subgroup Vama Gonvarri
Net revenue	72,939	25,331	21,981	284,352
Operating expense	-61,359	-24,412	-19,960	-231,261
Operating profit	**11,580**	**919**	**2,021**	**53,091**
Financial income	1,802	-167	615	-3,544
Exchange differences	-269	-	32	600
Impairment and other profit/loss	-	-	-450	-
Profit before taxes	**13,113**	**752**	**2,218**	**50,147**
Tax expense	-2,766	-198	-859	-8,068
Total profit/loss	**10,347**	**554**	**1,359**	**42,079**
% interest	50%	50%	20%	50%
Profit/loss eq. cons. Comp	**5,174**	**277**	**272**	**21,040**

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	2022	2020
ArcelorMittal Gonvarri Brasil	50%	50%
SGK	50%	50%
ArcelorMittal Gonvarri Nitra S.R.O	50%	50%
ArcelorMittal Gonvarri SSC Slovakia	50%	50%

The accumulated balances for the outside shareholder classified as significant total €130,120 thousand (€114,366 thousand in 2021) (Note 17).

The summarized information for the subsidiaries is set out below. This information is based on amounts before inter-company eliminations:

Summarized Balance Sheet 2022

Heading	SGK	AMG Brasil	ArcelorMittal Gonvarri Nitra S.R.O	ArcelorMittal Gonvarri SSC Slovakia
Total non-current assets	3,152	78,575	26,329	42,815
Total current assets	14,472	109,425	27,204	107,010
Total non-current liabilities	61	8,770	10,371	12,928
Total current liabilities	1,563	69,890	22,152	23,008
Total Net Assets	**16,000**	**109,340**	**21,010**	**113,889**
% interest	50%	50%	50%	50%
Total non-contr. shareholders	**8,000**	**54,670**	**10,505**	**56,945**

Summarized Balance Sheet 2021

Heading	SGK	AMG Brasil	ArcelorMittal Gonvarri Nitra S.R.O	ArcelorMittal Gonvarri SSC Slovakia
Total non-current assets	7,439	58,572	26,793	44,091
Total current assets	30,597	118,930	39,513	108,954
Total non-current liabilities	2,519	5,760	11,489	14,872
Total current liabilities	3,874	82,434	37,352	47,860
Total Net Assets	**31,643**	**89,308**	**17,465**	**90,313**
% interest	50%	50%	50%	50%
Total non-contr. shareholders	**15,822**	**44,654**	**8,733**	**45,157**

Summarized comprehensive income statement 2022

Heading	SGK	AMG Brasil	ArcelorMittal Gonvarri Nitra S.R.O	ArcelorMittal Gonvarri SSC Slovakia
Net turnover	20,914	597,042	80,614	409,482
Other operating income	554	5,698	2	47
Operating expense	-44,301	-580,641	-75,844	-379,346
Operating profit	**-22,833**	**22,099**	**4,772**	**30,183**
Financial income	421	-530	-281	-235
Exchange differences	-424	205	-	-
Impairment and other profit/loss	-	809	-	-
Profit before taxes	**-22,836**	**22,583**	**4,491**	**29,948**
Tax expense	2,366	-4,834	-948	-6,372
Total Profit/loss	**-20,470**	**17,749**	**3,543**	**23,576**
% interest	50%	50%	50%	50%
Profit/loss ext. partner (Note 16)	**-10,235**	**8,875**	**1,772**	**11,788**

Summarized comprehensive income statement 2021

Heading	SGK	AMG Brasil	ArcelorMittal Gonvarri Nitra S.R.O	ArcelorMittal Gonvarri SSC Slovakia
Net turnover	55,029	384,328	59,577	288,790
Other operating income	157	4,559	8	38
Operating expense	-47,637	-359,626	-56,793	-266,263
Operating profit	**7,549**	**29,261**	**2,792**	**22,565**
Financial income	107	45	-201	-185
Exchange differences	-141	-10	-	-
Impairment and other profit/loss	-	277	-	-
Profit before taxes	**7,515**	**29,573**	**2,591**	**22,380**
Tax expense	-1,635	-2,659	-545	-4,777
Total Profit/loss	**5,880**	**26,914**	**2,046**	**17,603**
% interest	50%	50%	50%	50%
Profit/loss ext. partner (Note 16)	**2,940**	**13,457**	**1,023**	**8,802**

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
- 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, with the exception of 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 covered by a provision at 31 December 2022.

(a) Sale of goods, rendering of services and interest received

	2022				
	Group Acek DGI, S.L.	Group Arcelor Mittal	Holding Gonvarri S.L.	Other associates	Total
Sales of goods	2,232,036	242,948	-	10,384	2,485,368
Rendering of services	8,724	10,433	-	16	19,173
Financial income (Note 31)	1,785	-	-	-	1,785
Income from sundry services	11,922	2,532	23	5,613	20,090
	2,254,467	**255,913**	**23**	**16,013**	**2,526,416**

	2021				
	Group Acek DGI, S.L.	Group Arcelor Mittal	Holding Gonvarri S.L.	Other associates	Total
Sales of goods	1,454,912	178,073	-	7,806	1,640,791
Rendering of services	11,666	13,142	-	57	24,865
Financial income (Note 31)	1,306	-	-	81	1,387
Income from sundry services	5,333	3,009	21	3,896	12,259
	1,473,217	**194,224**	**21**	**11,840**	**1,679,302**

(b) Purchases of goods and services and interest paid

	2022				
	Group Acek DGI, S.L.	Group Arcelor Mittal	Holding Gonvarri S.L.	Other associates	Total
Purchases	266,015	2,438,779	-	946	2,705,740
Sundry service expense	4,069	846	50	199	5,164
Financial expense (Note 31)	16	340	1,107	1	1,464
	270,100	**2,439,965**	**1,157**	**1,146**	**2,712,368**

	2021				
	Group Acek DGI, S.L.	Group Arcelor Mittal	Holding Gonvarri S.L.	Other associates	Total
Purchases	178,182	1,981,885	-	583	2,160,649
Sundry service expense	4,506	631	47	70	5,255
Financial expense (Note 31)	43	17	455	-	515
	182,731	**1,982,533**	**502**	**653**	**2,166,419**

(c) Remuneration of key management personnel and directors

In 2022 the members of the Board of Directors received wages and salaries totalling €2,100 thousand (€1,750 thousand in 2021) of which €1,200 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. At the closing of the year, the Group did not grant any loans nor prepayments to any of the Directors.

Total remuneration paid in 2022 to Senior Management personnel amounts to €1,961 thousand (€1,128 thousand in 2021). 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 2022 nor 2021.

(d) Year-end balances arising from sales/purchases of goods/services

at 31.12.2022		Group Acek DGI, S.L.	Group Arcelor Mittal	Holding Gonvarri S.L.	Other associates
Trade and other receivables	(Note 12)	424,882	23,120	2	6,461
Trade and other payables	(Note 23)	5,691	173,531	215	195

at 31.12.2021		Group Acek DGI, S.L.	Group Arcelor Mittal	Holding Gonvarri S.L.	Other associates
Trade and other receivables	(Note 12)	294,710	22,190	2	9,759
Trade and other payables	(Note 23)	47,055	119,653	51	220

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

Thousand euros	2022	2021
Gestamp Puebla	9,548	13,442
Gestamp Aguascalientes	51	925
Rejillas Calibradas, S.L.	-	400
AMG Resende	-	136
Gestamp San Luis Potosi	-	7
Total loans granted	**9,599**	**14,910**

The detail of loans and credits granted to the companies Gestamp Puebla and Gestamp Aguascalientes, corresponds entirely to a current account in dollars financed by Gonvauto Puebla which accrues interest at market rates and is recorded in the short term as it has a maturity of less than one year.

in thousand euros	2022	2021
Holding Gonvarri, S.L.	97,773	58,716
GRI Renewable Industries	2,825	3,269
Total loans received	**100,598**	**61,985**

(f) Dividends receivable

As of December 31, 2022, there are no active dividends receivable.(there neither were active dividends receivable in 2021)

(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 into 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 2022, the representatives of the company ArcelorMittal España, S.A., member of the Board of Directors of the parent company, Mr. Ramesh Kumar Kothari, Mr. Jose Manuel Arias García and Mr. Stephan Paul Brettnacher 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	7,516
ArcelorMittal España, S.A.	Gonvauto, S.A.	Storage	816,847
ArcelorMittal España, S.A.	Gonvauto Navarra, S.A.	Storage	525,551
ArcelorMittal España, S.A.	Hierros y Aplanaciones, S.A.	Toll manufacturer	1,774,944
ArcelorMittal España, S.A.	Gonvauto Galicia, S.A.	Toll manufacturer	3,947

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.

<u>Directors Liability Insurance</u>

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 (€20 thousand in 2021).

36 Environment

a) Property, plant and equipment

Assets intended to minimize environmental impact and to protect and improve the environment at 31 December 2022 and 2021 are as follows:

Characteristics and utilization	2022 Carrying amount	2022 Accumulated depreciation	2021 Carrying amount	2021 Accumulated depreciation
Buildings	709	305	672	259
Machinery	6,846	6,726	6,798	6,673
Tooling	11	11	11	10
Other facilities	2,724	2,229	2,619	2,055
Furnishing	6	6	6	5
Furnishing under constr.	5	-	50	-
Total	**10,301**	**9,277**	**10,156**	**9,004**

b) Expenses relating to environmental protection

During the year the Group incurred certain ordinary environmental expenses totalling €1,183 thousand (€992 thousand in 2021) 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 2022 and 2021 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 2022 and 2021 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:

	2022	2021
Audit services	477	432
Other verification services	17	2
Tax advisory services	40	95
Other services	10	44
Total PriceWaterhouseCoopers	**544**	**572**
Audit services	765	681
Other verification services	117	73
Tax advisory services	364	713
Other services	188	230
Total Other auditors	**1,434**	**1,697**
Total	**1,978**	**2,269**

These fees are recognized under the heading "Other operating expense" in the accompanying income statement.

Total fees for the audits of PWC's individual and consolidated companies in Spain amount to € 277 thousand in 2022 (€ 274 thousand in 2021).

38 Third party guarantees and other contingent liabilities

At 31 December 2022 the Group has bank guarantees amounting to € 119,019 thousand (€ 107,212 thousand in 2021), of which € 26,605 thousand are financial guarantees (€ 33,172 thousand in 2021) and € 92,414 thousand correspond to technical guarantees (€ 74,039 thousand in 2021).

The Group has signed documentary loans with banks totalling €66,160 thousand to secure the payment of several financial liabilities recognized at the end of the year (€53,011 thousand in 2021).

39 Events after the end of the reporting period

On 19 July 2022, Grupo Gonvarri signed a sale and purchase agreement for the acquisition of a 40.18% stake in the share capital (equivalent to 42.55% of the voting rights) of H & R d.d. Druzba za upravljanje z nalozbami (Hidria). Subject to a number of conditions precedent, the acquisition of the shares was closed on 9 January 2023.

Simultaneously to the sale and purchase agreement, Gonvarri signed a shareholders' agreement to regulate the shareholders' relationship, the governance of the entity, the economic and political rights of the shares and the terms and conditions of the transfer of the shares; an option agreement with the remaining shareholders granting the remaining shareholders a put option and Gonvarri a call option on the shares owned by the remaining shareholders representing 53.01% of the share capital (equivalent to 56.09% of the voting rights).

Group management understands that the agreements reached give the Group joint control over a business at the closing date of the transaction. However, the powers granted to Gonvarri under the agreements and, in particular, its potential voting rights will give it control of the business from the first anniversary of the closing date.

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

2022

Company	Domicile	% equity 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	Gran Thornton
Gonvarri Chile Estructuras Metálicas, Ltda.	Chile		100%	9	N/A
Hierros y Aplanaciones, S.A.	Asturias		100%	2	PWC
Road Steel Engineering, SL	Valladolid		100%	2	PWC
Suports Desarrollo y Soluciones, SL	Valencia		100%	5	N/A
Suports Energía Sustentable México S.A.P.I. de C.V.	México		100%	5	N/A
Gonvarri MS Baja California S.A	México		100%	5	N/A
Gonvarri MS Deustchland. GMBH	Germany		100%	9	N/A
Gonvarri MS Perú, S.A.C.	Perú		100%	10	N/A
Gonvarri MS R&D, SL	Madrid		100%	9	PWC
Gonvarri Agrotech, S.L.	Asturias		100%	12	N/A
Gonvarri Solar Steel, S.L	Asturias		100%	2	PWC
Obratel	Spain		100%	2	N/A
Gonvarri Solar Steel US, Inc	EEUU		100%	9	N/A
Gonvauto Asturias, SL	Madrid	100%		1	PWC
Addimen Bizkaia, SL	Bilbao	93%		2	PWC
Arcerlomittal Gonvarri SSC Slovakia, S.R.O	Slovakia	50%		1	Deloitte
Arcerlomittal Gonvarri Nitra S.R.O	Slovakia		50%	1	Deloitte
Flejes Industriales, SA	Alicante	100%		1	PWC
Sogei S.A	Madrid	70%		5	MAG Aud.
Gonvarri Argentina S.A.	Argentina	100%		2	SC
Arcelormittal Gonvarri Brasil, Ptos. Siderurg. S.A.	Brazil	50%		2	KPMG
MAG Aliança Automóveis do Brasil SSC S.A.	Brazil		25%	2	KPMG
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 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.	México		100%	2	KPMG
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 I. Trading, S.L.	Madrid	100%		10	N/A
Gonvarri Ptos. Siderúrgicos,S.A.	Portugal	100%		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.	Barcelona	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 Vizcaya, S.L	Bilbao	100%		5	N/A

Company	Domicile	% equity to parent company of GI Group		Business	Auditor
		Direct	Indirect		
Gonvasolar, S.L.	Madrid	100%		9	N/A
Gonvauto Navarra, S.A.	Navarra	100%		1	PWC
Joint SGH, SL	Madrid	50%		4	N/A
SGK LLC	Russia		50%	2	Baker Tilly
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	100%		2	N/A
Vama Gonvarri Automotive Solutions CO. LTD	China	50%		2	EY
Vama Gonvarri Automotive Solutions (Shenyang) CO. LTD	China		50%	2	EY
Vama Gonvarri Automotive Solutions (Changshu) CO. LTD	China		50%	2	EY
Vama Gonvarri Automotive Solutions (Chongqing) CO. LTD	China		50%	2	EY
Vama Gonvarri Automotive Solutions (Loudi) CO. LTD	China		50%	2	EY
Laserboost	Spain	90%		5	N/A
Riera Tutó, S.L.	Barcelona	51%		2	PWC
Riera Tutó Valencia, S.L.	Valencia	51%		2	N/A
Rejillas Calibradas S.L.	Barcelona	20%		2	PWC
H2Greem Global Solutions, S.L.	Madrid	51%		9	N/A
Gonvarri Material Handling AS	Oslo, Norway	100%		11	KPMG
Constructor Finland OY	Finland		100%	11	KPMG
Constructor Rus	Russia		100%	11	Kept
Dexion GMBH	Germany		100%	11	KPMG
Dexion KFT Hungary	Hungary		100%	11	Bergmann KONYVSZAK
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	Polska Grupa Audytorska
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	UK		100%	11	Hilliard Hopkins
Constructor Dexion Holland BV	the Netherlands		100%	11	216 Accountans
Dexion Österreich GmbH	Austria		100%	11	KPMG
Gonvarri Stålteknik AB	Sweden		100%	11	KPMG
Kredit SRO Czech Republic	Czech Rep.		100%	11	KPMG
Kaufmann Systems AG	Switzerland		80%	11	KPMG
Complete Storage & Interiors Ltd	UK		100%	11	Azets
Lampe Lagertechnik GmbH	Germany		100%	11	KPMG
Dexion Storage Solution Unipessoal LDA	Portugal		100%	11	N/A
Gonvarri Material Handling, S.L.	Madrid		100%	4	N/A

Business of Gonvarri Group companies

1	Cutting of steel products	7	Manufacture of wind towers
2	Steel Services Centre	8	Manufacture of flanges
3	Financial	9	Renewables
4	Holding	10	Without activity
5	Service Delivery	11	Racking
6	Transport	12	Greenhouses

2021

Company	Domicile	% equity 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	Gran Thornton
Gonvarri Chile Estructuras Metálicas, Ltda.	Chile		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	México		100%	5	N/A
Gonvarri MS Baja California S.A	México		100%	5	N/A
Gonvarri MS Deustchland. GMBH	Germany		100%	9	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	PWC
Gonvarri Solar Steel Brasil Ltd.	Brazil		100%	2	N/A
Obratel	Spain		100%	2	N/A
Gonvarri Solar Steel US, Inc	USA		100%	9	N/A
Gonvauto Asturias, SL	Madrid	100%		1	PWC
Addimen Bizkaia, SL	Bilbao	93%		2	N/A
Arcerlomittal Gonvarri SSC Slovakia, S.R.O	Slovakia	50%		1	Deloitte
Arcerlomittal Gonvarri Nitra S.R.O	Slovakia		50%	1	Deloitte
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.	Brazil	50%		2	PWC
MAG Aliança Automóveis do Brasil SSC S.A.	Brazil		25%	2	EY
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.	Polan	100%		2	EY
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.	México		100%	2	KPMG
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	100%		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

Company	Domicile	% equity to Parent company of GI Group		Business	Auditor
		Direct	Indirect		
Joint SGH, SL	Madrid	50%		4	N/A
SGK LLC	Russia		50%	2	G.
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	100%		2	N/A
Vama Gonvarri Automotive Solutions CO.	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
Riera Tutó, SL	Barcelona	51%		2	EY
Rejillas Calibradas SL	Barcelona	20%		2	EY
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 KONYVSZ AKERTO
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
Constructor Danmark A/S Denmark	Denmark		100%	11	KPMG
Dexion Spol Sro Slovakia	Slovakia		100%	11	Audit SK
Constructor Group UK Ltd	UK		100%	11	Hilliard
Hi- Lo Storage Systems Ltd	UK		100%	11	N/A
Constructor Dexion Holland BV	the Netherlands		100%	11	216 Accountan
Dexion Österreich GmbH	Austria		100%	11	KPMG
Canrena System Aktiebolag	Sweden		100%	11	KPMG
Kredit SRO Czech Republic	Czech Rep.		100%	11	Mr Josef
Kaufmann Systems AG	Switzerland		80%	11	KPMG
Complete Storage & Interiors (CSI)	UK		100%	11	Hilliard
Lampe Lagertechnik GmbH	Germany		100%	11	KPMG

Business of Gonvarri Group companies

1	Cutting of steel products	7	Manufacture of wind towers
2	Steel Services Centre	8	Manufacture of flanges
3	Financial	9	Renewables
4	Holding	10	Without activity
5	Service Delivery	11	Racking
6	Transport	12	Greenhouses

Consolidated Directors´ report for 2022

Business in 2022

In 2022, the Gonvarri Industries (GI) Group has concluded a complicated financial year, in the context of great uncertainty in the markets, with significant increases in all energy, production and labour costs, and with major logistical and supply problems for certain materials, steel being one of them, derived to a large extent from the war in Ukraine.

This financial year has had two distinct semesters. In the first six months of the year, the trend of increased activity that began in the 2021 financial year continued, which helped to achieve very good margins and results, but from July and August onwards, the trend turned downwards, which led to a reduction in expected results.

Despite this instability in the market, the involvement, performance and efficiency of our teams have allowed the Group to adapt constantly in the best possible way to act in the face of constant uncertainty, and, also thanks to the rise in the price of steel, the GI Group has achieved an EBITDA of €363MM, which represents 6.08% of sales. All divisions of the GI Group have met expectations in terms of results, although it is worth highlighting the Europe & Americas Division as the largest contributor to the Consolidated result, and the Gonvauto and ASIA Divisions as the divisions with the highest growth, derived from the increase in activity and material prices in the automotive sector.

In terms of activity, the Group has recorded a slight increase in volume compared to the previous year but is still far from the just over 5 million tonnes sold in 2019.

The automotive world, which remains the Group's reference market worldwide (around 65% of total Group sales), saw a slight recovery in the volume of production in 2021, thanks to the improvement in supply and logistics flows, which were severely affected during the pandemic and 2 years after, as well as the increased availability of semiconductors.

Global passenger car production has reached 80.1 million units produced (up 4% year-on-year and down 9% compared to 2019, the last year before the pandemic). In Europe, Germany and Spain continue to be the main producers, although this market is suffering more than the rest. Spain, which is the second largest European producer, has increased its vehicle production by 5.8% to 2.2 million vehicles, which continues to position the country as the ninth largest manufacturer in the world, behind Brazil. These figures for Spain are far from the expectations set years ago of reaching 3 million vehicles produced, figures that were close to being achieved in 2019.

During 2022, the GI Group continued to develop other markets such as Metal Structures, to which it contributes its high technology in the manufacture of Road Safety elements, the market for structures for Photovoltaic Parks, and the Storage or handling market with the contribution of synergies to the GMH subgroup, acquired in 2018, after carrying out a strong commercial action. All these markets, where the Group diversifies its activity, have improved both in terms of activity and results.

The Group now has 46 Production Centres and 29 Offices or Distribution Centres in a total of 27 countries worldwide.

In terms of inorganic growth, it is worth highlighting the effort made to enter a new market such as electric mobility, a transaction which, however, took place in January 2023 and therefore did not provide figures in 2022. This acquisition is part of the Group's development and diversification strategy and will help us to reach different markets and products, but complementary and always attached to the Steel chain.

The Group maintains its growth plans studying new locations and new industrial possibilities through the construction of new facilities as well as by the acquisition of already established businesses aiming to increase its presence and approach new areas of diversification.

In 2022, €72 million in CAPEX has materialised, with €33 million of budgeted projects still to be executed. The main investments undertaken are:

In Spain: Improvement and development of IT applications at Gonvarri Corporación Financiera, as well as expansions of production capacity at Gonvarri I. Service Centres, Hiasa, Solar Steel and Flinsa for a total of €11 million.
In Europe: Expansion of production capacities in Thuringen, Germany with the completion of a new LaserBlanking line (€2 million) and in Portugal for a new transversal line (€2 million).
In NAFTA: Start-up of the new South Carolina press (€3 million).
In Asia: expansion of production capacity at the Changshu and Shenyang plants in China(€28 million).
In LATAM: Expansion of production capacity in Brazil with the new production plant being built in Rio Grande do Sul (5MM€) and a new press in Campinas (5MM€).

In the financial area, constant monitoring of market financing levels is maintained in order to adapt the costs of the bilateral financing lines that the Group maintains with its pool of financial institutions, for the purpose of ensuring an adequate availability of financing at as low a cost as possible. In this sense, financing costs have been reduced, without taking into account the implicit increase due to the rise in interest rates, both in Spain and abroad, and sufficiently long terms have been obtained so that their amortisation is reasonably accompanied by the cash generated in the operations of the Projects financed with them.

The Group's Net Financial Debt (NFD) decreased from €539 million in 2021 to €404 million at the end of 2022 (including IFRS 16 in both cases). This reduction, which is more significant when considering the adverse effect of price increases, is mainly driven by the good results achieved in the year. The 2022 results bring the DFN/EBITDA ratio to 1.11x, which reinforces and demonstrates the message that the Group maintains strict control of its indebtedness and reflects the good and healthy situation of its balance sheet.

Once again, this year, the volatility of the currencies of some of the countries in which the Group does business had a significant impact on the Group; particularly important were the devaluations suffered by: the Argentine Peso of 63%, considered as of 1 July 2018 as a hyperinflationary economy, the Turkish Lira with 31%, which was also declared a hyperinflationary economy as of 1 April 2022, and the Colombian Peso with 13%. These deteriorations have been counterbalanced to some extent by appreciations of the USD Dollar by 6% and the Brazilian Real by 12%.

All these depreciations have been passed on to the Group's income statement, with an impact of € -10 million compared to the figure of € -10 million for this item in the 2021 results. The Group's policy continues to be to hedge commercial purchase or sale transactions at the time they become known, and which are carried out in currencies other than the Euro.

It should also be noted that, due to the war in Ukraine, the plant dedicated to the automotive sector in Russia has stopped its operations, and as a result the Group has recorded in the consolidated balance sheet an impairment of its assets in the amount of €20 million.

In the tax area, it should be noted that the company Gonvarri Corporación Financiera, S.L. (parent company of the GI Group), is still in the open procedure according to the notification received on 19 July 2021, where verification and exchange of general information corresponding to the Tax Group of which it is the representative company, and to the 2016-2019 financial years, is still ongoing.

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 2023 with scepticism as there are still many uncertainties and some macroeconomic risks, especially in Europe due to the effects of the Russia-Ukraine war, which could affect the demand and price evolution of raw materials, as well as the supply chain of certain goods.

Globally, and focusing on the automotive sector, initial forecasts are for a total of 85 million vehicles to be assembled worldwide, which would be a continuation of the growth trend since the pandemic (2020). However, these forecasts do not take into account how the Russian invasion of Ukraine and other effects of this situation may develop.

As for the estimated figures for the GI Group, the goal is to increase production volumes compared to 2022 and 2021, reaching the levels of 2019, where just over 5 million tonnes were sold.

However, the estimated material price reductions in 2023 will cause trading in 2023 to be lower than in 2022 and this, added to the increase in all energy, labour and production costs, means that the Group's EBITDA and Net Income estimates for 2023 are lower than the results presented for 2022.

With regard to management areas, it should be noted that the GI Group continues and will continue to develop the 2022-2024 Strategic Plan, prioritising the following main areas

- At Gonvarri Industries, health and safety has always been a priority that we must continue to reinforce within our Health & Safety System.
- In addition, competitiveness, based on the extensive use of all the advances of recent years in the field of digitisation, innovation and efficiency, as well as Industry 4.0, continues to be the focus, as well as the training and capacitation of professionals in digital competences and up-skilling and re-skilling.
- ESG (Environmental, Social and Corporate Governance) is a priority within our corporate culture. We are focused on the long term and see sustainability as both an obligation and an opportunity to provide greater added value to our customers. In this regard, in 2021 we reinforced our commitment by incorporating a specific area of Sustainability into our management and adding specific emission reduction targets, and so for 2030 the Board has approved the following:
    - 50% reduction in scope 1 emissions (fossil fuels)
    - 100% reduction of scope 2 (Electricity) emissions. In this regard, the Group is making progress so that the entire electricity supply of our plants comes from renewable energy sources, signing PPA agreements like the agreement that has just entered into operation for Spain, and promoting the use of solar panels on the roofs of all those plants where it is feasible to install them.

  The electrification and decarbonisation process of supply chains is unstoppable. There are more and more programmes, which are more demanding both locally and globally. This shows that the automotive sector will be key to decarbonisation in the coming years, and we must continue to support and accompany our customers.
  The GI Group believes it is well positioned in the processing of high yield strength steels for vehicle weight reduction, as well as in the development and distribution of the new Green Steel market, which, although still a nascent market, we have no doubt will be fundamental to the future decarbonisation of the entire Company.

- 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.
- Continuity of the Compliance Model, started in 2018, which includes improvement objectives in the mechanism for monitoring, measuring and controlling identified risks.

Number of employees

During 2022 the headcount of the GI Group increased by 2%, from 5,637 employees as at 31 December 2021 to 5,752 employees as at 31 December 2022, mainly linked to the increase and complexity of operations in this year. GI has approximately 65% of its workforce outside Spain.

Environmental activity

With regard to environmental issues, the Group maintains fixed assets aimed at minimising environmental impact and protecting and improving the environment for a net carrying amount of €1m (€1m in 2021). Environmental improvement expenditure of €1m (€1m in 2021) has been incurred and no related grants have been 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

During the 2022 financial year, the Group has made investments in R&D&I projects amounting to 2MM€ (2MM€ 2021)

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 2022.

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 favourable moments that arise, while avoiding difficult and unfavourable situations.

Within the aforementioned policy, the use of hedging instruments is a resource that is favourably 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 2022 the average payment period at the Spanish companies in the GI Division is 48 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

On 19 July 2022, Grupo Gonvarri signed a sale and purchase agreement for the acquisition of a 40.18% stake in the share capital (equivalent to 42.55% of the voting rights) of H & R d.d. Druzba za upravljanje z nalozbami (Hidria). Subject to a number of conditions precedent, the acquisition of the shares was closed on 9 January 2023.

Simultaneously to the sale and purchase agreement, Gonvarri signed a shareholders' agreement to regulate the shareholders' relationship, the governance of the entity, the economic and political rights of the shares and the terms and conditions of the transfer of the shares; an option agreement with the remaining shareholders granting the remaining shareholders a put option and Gonvarri a call option on the shares owned by the remaining shareholders representing 53.01% of the share capital (equivalent to 56.09% of the voting rights).

Group management understands that the agreements reached give the Group joint control over a business at the closing date of the transaction. However, the powers granted to Gonvarri under the agreements and, in particular, its potential voting rights will give it control of the business from the first anniversary of the closing date.

Madrid, 20 March 2023

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To the General Meeting of Gonvarri Material Handling AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Gonvarri Material Handling AS (the Company), which comprise the balance sheet as at 31 December 2022, 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 financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, 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 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 relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

KPMG

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view 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 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 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.

KPMG

Drammen, 12th of July 2023
KPMG AS

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

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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Kjetil Kristoffersen
Statsautorisert revisor
Serienummer: 9578-5998-4-1007631
IP: 80.232.xxx.xxx
2023-07-12 15:28:13 UTC

bank ID

Penneo Dokumentnøkkel: 0V40B-ZWQZO-UCU02-4H0YV-2FN1D-Y03TQ

Gonvarri Material Handling AS 2022
Annual accounts and notes

Notes to the company accounts:

.Information is marked as Restricted and belongs to GMH.

Gonvarri Material Handling AS (GMH)
Organization number 918 858 903

Board of Director's report 2022

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 2022. Services are handled within accounting from Constructor Shared Services AB, Sweden. The working environment is satisfactory. The company had 6 days of sickness absence in 2022. 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.

Board liability insurance

The board members and the managing director are covered by a group liability insurance up to an amount of 10.000.000 EUR.

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 2.553 tEUR in 2022 vs. 2.320 tEUR in 2021.

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 2022, net unrealized exchange profit is recorded by 510 tEUR, vs. net unrealized exchange loss -114 tEUR in 2021.

Cash flow through the year is negative by -3.999 tEUR with cash flow from operating, investment and financing activities respectively -7.868 tEUR, 7.203 tEUR and -3.334 tEUR.

The company's short-term debt amounted to 56% of total debt per 31.12.2022 (53% 2021). This year's equity ratio amounts to 36%, down from 42% in 2021.

Impact of the war in Ukraine

We are closely following the extraordinary situation in Russia due to the Russia-Ukraine war and sanctions on Russia over its Ukraine invasion, starting late February 2022. The situation is mainly affecting the Russian entity (Constructor RUS), but this also affects other group entities and intra-group transactions with Constructor RUS. The Russian entity will continue as a standalone unit within the GMH Group, there will be no interaction between Russia and the rest of the group, and all intercompany sales ended second half of 2022. Based on this GMH decided to write down the shares in the Russian unit with 8.460 tEUR.

Transparency act

The company will publish the report to meet the requirements of the Transparency Act on its website https://www.gonvarri-mh.com/our-commitment within 30. June 2023.

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

The company's equity is recorded at 35.978 tEUR. The corresponding figure for 2021 was 45.098 tEUR. The company's subsidiaries were above the 2022 budget and well above 2021 turnover and result.

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. As stated above, GMH wrote down the value of the shares in the Russian entity with 8.460 tEUR. It has not been found necessary to write down any other assets as of 31.12.2022.

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. The pandemic spread of Covid-19 virus has affected all markets and the Ukrainian war brings further uncertainty to the market, both in Russia but also generally throughout Europe. 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 35.978 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)	-9.113
To retained earnings	9.113
Total	0

Oslo, 28.06.2023
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

Gonvarri Material Handling AS
Profit and loss account

in thousands of EUR	Note	1.1-31.12.2022	1.1-31.12.2021
Dividend received	2	348	1,474
Operating income		**348**	**1,474**
Wages and other personnel expenses	3	-598	-187
Administration cost	3	-257	-328
Exceptional operating items / write downs	3.4	-8,460	-
Operating profit before depreciation and amortisation		**-8,968**	**959**
Operating profit		**-8,968**	**959**
Financial income	5	810	57
Financial expenses	5	-955	-442
Profit before tax		**-9,113**	**573**
Deferred tax expense	6	-	-93
Net profit/(loss) from ordinary activities		**-9,113**	**481**

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

Net profit/(loss) from ordinary activities		-9,113	481
Retained earnings	10	9,113	-481
Total		-	-

.Information is marked as Restricted and belongs to GMH.

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Gonvarri Material Handling AS
Balance sheet

in thousands of EUR	Note	31/12/2022	31/12/2021
Assets			
Deferred tax asset	6	737	737
Long term receivable group companies	2	4,022	3,630
Other Financial assets		-	648
Shares in subsidiaries	4.7	78,403	86,658
Total financial assets		**83,163**	**91,673**
Total non-current assests		**83,163**	**91,673**
Short.term receivable group companies	2	3,400	2,552
Other Short-term receivable	8	59	186
Deposit Group Bank	9	13,417	8,731
Cash and cash equivalents	9	187	4,187
Total current assets		**17,063**	**15,656**
Total assets		**100,226**	**107,329**
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		-3,707	5,414
Total retained earnings		**-3,707**	**5,414**
Total equity	10	**35,978**	**45,098**
Other financial payable		-	648
Long-term debt related parties	2.11	25,922	25,922
Long-term debt to group companies	2.11	1,948	2,081
Total non-current liabilities		**27,870**	**28,650**
Pension liability	12	291	335
Total pension liabilities		**291**	**335**
Short-term debt related parties	2.11	1,261	1,029
Short-term debt to group companies	2.11	96	71
Other short-term debt	2.9	1,328	614
Drawn Group Bank	9	33,402	31,531
Total current liabilities		**36,087**	**33,245**
Total equity and liabilities		**100,226**	**107,329**

Oslo, 28. June 2023
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

in thousands of EUR	Note	1.1-31.12.2022	1.1-31.12.2021
Profit before tax		-9,113	573
Net interest expenses		-654	-271
Changes in other net operating assets		499	-1,178
Net cash flow from operating activities		**-9,268**	**-876**
Dividend received from Group companies		348	1,474
Change in shares in subsidiaries - write down & repayment		8,460	3,266
Change in shares in subsidiaries - purchase shares		-205	-2,970
Net cash flow from investing activities		**8,603**	**1,770**
Change in Group Bank		-2,814	-4,265
Change in interest-bearing debt Group Companies		-1,168	-541
Change in interest-bearing debt related party		-0	500
Change in other financial assets		648	-24
Net cash flow from financing activities		**-3,334**	**-4,330**
Net change in cash and cash equivalents		**-3,999**	**-3,436**
Cash and cash equivalents as of 1 January		4,187	7,622
Cash and cash equivalents as of 31 December	9	**187**	**4,187**

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, 2022. 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.

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.

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Note 2: Transactions and agreements with related parties

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

The company has received dividend of 348 thousand EUR in 2022, and 4.605 thousand EUR in 2021
For the year 2022 348 thousand is recognized and reported as operating income
For the year 2021 1.474 thousand is recognized and reported as operating income
The other part, 3.131 thousand EUR is booked as return on investment and reduced the shares in subsidiaries

Dividend is received from following units in 2022:

Constructor Dexion Holland BV	184 thousand EUR
Dexion Polska Sp. Z.o.o	164 thousand EUR

Dividend is received from following units in 2021:

Constructor Norge AS	3.247 thousand EUR
Constructor Dexion Holland BV	595 thousand EUR
Dexion Polska Sp. Z.o.o	355 thousand EUR
Kaufmann Systems AG	408 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;

In thousands of EUR	2022	2021
Management fee to Group Companies	2,657	2,411
Management fee from Owner / related parties	-670	-668
Recharges from Owner / related parties	-435	-320
Recharges from subsidiaries (included in Management fee to Group companies)	-1,689	-990
Recharges from CSS (Group cost to Gonvarri Material Handling AS)	-42	-69
Net P&L transactions with Group companies and related parties	**-179**	**365**

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

Receivables from group companies comprise of the following items:

In thousands of EUR:	2022	2022	2021	2021
Currency	LC (1000)	EUR (1000 kr)	LC (1000)	EUR (1000 kr)
EUR	4,022	4,022	3,630	3,630
Long-term receivable from group companies		**4,022**		**3,630**

Current receivable from group companies comprise of the following items:

In thousands of EUR:	2022	2022	2021	2021
Currency	LC (1000)	EUR (1000 kr)	LC (1000)	EUR (1000 kr)
EUR	3,401	3,401	2,551	2,551
Short-term receviable from group companies		**3,401**		**2,551**
Total recievables from group companies		**7,423**		**6,181**

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

In thousands of EUR:	2022	2022	2021	2021
Currency	LC (1000)	EUR (1000 kr)	LC (1000)	EUR (1000 kr)
EUR	1,948	1,948	2,081	2,081
Long-term debt to group companies		**1,948**		**2,081**

Debt to related parties comprise of the following items:

In thousands of EUR:	2022	2022	2021	2021
Currency	LC (1000)	EUR (1000 kr)	LC (1000)	EUR (1000 kr)
EUR	25,922	25,922	25,922	25,922
Long-term debt related parties		**25,922**		**25,922**
Total long-term debt to group companies and related parties		**27,870**		**28,003**

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

In thousands of EUR:	2022	2022	2021	2021
Currency	LC (1000)	EUR (1000 kr)	LC (1000)	EUR (1000 kr)
EUR	96	96	71	71
Short-term debt to group companies		**96**		**71**

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

In thousands of EUR:	2022	2022	2021	2021
Currency	LC (1000)	EUR (1000 kr)	LC (1000)	EUR (1000 kr)
EUR	1,261	1,261	1,029	1,029
Short-term debt to related parties		**1,261**		**1,029**
Total short-term debt to group and related parties		**1,357**		**1,100**

Related parties is to the mothercompany Gonvarri Corporacion Financiera, denominated in EUR.
Liabilities to group companies are denominated in EUR, and other currencies are translated to EUR with closing rates 31.12.2022.

Note 3: Wages and Administration cost

Wages and personnel expense comprise of the following items:

in thousands of EUR	2022	2021
Wages and salaries	-263	-249
Social securities	-31	-29
Pension cost	-63	-58
Total wages and personnel expense	**-358**	**-336**
Management fee invoiced from owner	-1,105	-988
Wages and personnel costs recharged from group companies	-1,689	-1,183
Management fee invoiced subsidiaries	2,553	2,320
Net wages and personnel expense	**-598**	**-187**

Administration cost comprise of the following items;

Rent and leasing cost	-10	-10
Consultants and hired services	-270	-254
Other cost	-50	-87
Net recharged costs to group companies	-42	-69
Net Management fee invoiced subsidiaries without salaries/wages	115	91
Administration cost	**-257**	**-328**
Total	**-855**	**-515**

Exceptional operating items / Write down comprise of the following items;

Shares in Constructor RUS	-8,460	-
Total	**-8,460**	**-**

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:

in thousands of EUR	2022	2021
Audit	120	121
Other advisory services	73	87
Total	**193**	**208**

Note 4: Impact of the war in Ukraine

We are closely following the extraordinary situation in Russia due to the Russia-Ukraine war and sanctions on Russia over its Ukraine invasion, starting late February 2022. The situation is mainly affecting the Russian entity (Constructor RUS), but this also affects other group entities and intra-group transactions with Constructor RUS. The Russian entity will continue as a standalone unit within the GMH Group, there will be no interaction between Russia and the rest of the group, and all intercompany sales ended second half of 2022. Based on the precautionary principle, GMH decided to write down the shares in the Russian unit with 8.460 tEUR.

Note 5 : Financial items

Financial items comprise of the following items;

in thousands of EUR	2022	2021
Interest income	300	171
Net foreign exchange	510	-114
Financial income	**810**	**57**
Interest expense	-931	-307
Other financial expenses	-24	-135
Financial expenses	**-955**	**-442**
Total Financial items	**-145**	**-385**

Note 6: Tax

Deferred tax asstes comprise of the following items:

in thousands of EUR	2022	2021	2020
Loss carried forward	-7,168	-4,279	-5,841
Other temporary differences	-291	-335	-208
Total temporary differences	**-7,459**	**-4,614**	**-6,048**
Not recognised temporary differences	4,108	1,263	2,284
Basis for deferred tax asset	**-3,352**	**-3,352**	**-3,764**
Tax rate	22%	22%	22%
Total deferred tax asset	**-737**	**-737**	**-830**

Current Tax expense comprise of the following items:

in thousands of EUR	2022	2021	2020
Profit/(loss) before tax	-9,113	573	322
Translation differences due to EUR/NOK conversion	-1,892	1,765	-1,699
Permanent differences	8,143	-894	-1,117
Change temporary differences	-28	118	13
Taxable profit	**-2,889**	**1,562**	**-2,482**
Tax rate	22%	22%	22%
Current Tax expense	-	-	-

Deferred tax expense comprise of the following items:

in thousands of EUR	2022	2021	2020
Change in deferred tax asset	-0	93	-44
Deferred tax expense	**-0**	**93**	**-44**

Reconciliation of effective tax rate:

Expected tax from nominal tax rate	-2,005	126	71
Effect of translation differences due to EUR/NOK conversion	-420	386	-372
Effect permanent differences	1,785	-171	-246
Effect Not recognized temporary differences	640	-249	502
Total tax expense/ income in income statement	**-0**	**93**	**-44**

Note 7: Shares and voting rights

Shares in subsidiaries as per 31.12.2022 comprise of the following items:

in thousands of euro	Owner share %	Registered office	Equity per 31.12.22 1)	Profit after financial items 2022 1)	Book value
Dexion Spol sro	88.7	Slovakia	419	49	-
Constructor Sweden AS	100.0	Sweden	6,304	912	3,177
Dexion GmbH	100.0	Germany	32,969	7,969	22,763
Dexion Austria	100.0	Austria			35
Dexion NV/SA	99.9	Belgium	1,731	414	826
Dexion SRO	100.0	Czech Republic	730	110	151
Dexion Kft	96.7	Hungary	198	66	1,016
ConstructorDexion Holland BV	100.0	Netherland	2,216	846	542
Dexion Polska Sp. Z.o.o	100.0	Poland	2,606	489	1,207
Dexion Storage Solutions SRL	100.0	Romania	8,739	1,166	5,616
Constructor Denmark A/S	100.0	Denmark	1,503	548	920
Constructor Norge AS	100.0	Norway	974	242	2,001
Constructor Finland	100.0	Finland	7,138	1,335	9,000
Constructor RUS	100.0	Russia	9,157	1,386	-
O.S.KREDIT	100.0	Czech Republic	6,469	452	11,313
Constructor Group UK Ltd	100.0	United Kingdom	10,659	778	8,482
Kaufmann Systems AG	80.0	Switzerland	2,675	822	11,148
Gonvarri Material Handling SL	100.0	Spain	199	-	200
Dexion PT	100.0	Portugal	-137	-142	5
Total shares in subsidiaries					**78,403**

1) 100% of the company's equity and profit after financial items (before tax) pr 31.12. 2022.
The company's voting rights equals owner share.

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Note 8: Other short-term receivables

Other short-term receivables comprise of the following items:

in thousands of EUR	2022	2021
Prepayments	59	143
Other short-term receivables	-	43
Total other short-term receivables	**59**	**186**

Note 9: Cash and cash equivalents, Group Bank

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

in thousands of EUR	2022	2021
Cash	187	4,187
Other overdraft facilities	-448	-
Net drawn Group Bank	-19,985	-31,530
Total cash and cash equivalents	**-20,246**	**-27,343**

Gonvarri Material Handling AS (GMH AS) is part of a Group cash pool with Skandinaviska Enskilda Banken AB (SEB)
Gonvarri Corporacion Financiera (Owner) is Guarantor for a limited general guarantee in SEB of total value 120 MSEK
GMH AS has an overdraft facility with SEB and the facility has a total value 100 MSEK
By 31.12.2022 the overdraft facility has 95.019 MSEK available.

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

Note 10: Equity and shareholders information

Changes in equity comprise of the following items::

in thousands of EUR	Paid in capital	Share premium	Total paid in capital	Retained earnings	Total equity
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**	**44,690**
Profit/(loss) for the year				**481**	**481**
OCI - Pension cost				**-73**	**-73**
Equity as of 31.12.2021	**228**	**39,457**	**39,685**	**5,413**	**45,098**
Profit/(loss) for the year				**-9,113**	**-9,113**
OCI - Pension cost				**-8**	**-8**
Equity as of 31.12.2022	**228**	**39,457**	**39,685**	**-3,707**	**35,978**

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 31.12.22 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 11: Total liabilities

Short-term liabilities comprise of the following items:

in thousands of EUR	Note	2022	2021
Short-term debt related parties	12	1,261	1,029
Short-term interest-bearing debt to group companies	12	96	71
Accounts payables		142	163
Other short-term liabilities		1,186	450
Total short-term liabilities		**2,685**	**1,713**

Long-term libilities comprise of the following items:

in thousands of EUR	Note	2022	2021
Long-term liabilities related parties	12	25,922	25,922
Long-term interesting-bearing debt to group companies	12	1,948	2,081
Other financial payable		-	648
Total long-term liabilities		**27,870**	**28,651**

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Note 12: 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 2021 included in the pension scheme arrangements in the company.

Economic assumptions for defined benefit plans	2022	2021
Expected return	3.20%	1.50%
Discount rate	3.20%	1.50%
Wage growth	3.75%	2.50%
Social security base adjustment / inflation	3.50%	2.25%
Pension adjustment	1.70%	0.00%

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

Change in pension liability comprise of the following items:

in thousand of EUR	*2022*	2021
Opening balance	335	208
Net periodic pension cost	69	62
Employer contribution	-106	-60
Prepaid cost	-	40
Exchange	-16	14
OCI	8	72
Net pension liabilities recognised in the balance sheet end of year	**291**	**335**

Net pension funds and liabilities by 31.12:

in thousands of EUR	2022	2021
Defined benefit obligation funded plans (secured)	838	833
Fair value of plan assets	-547	-498
Net liabilities recognised in the balance sheet	**291**	**335**

Note 13: Number of employees

Number of employees comprise of the following items:

Number of employees:	2022	2021
Average total year	2.0	2.0
As of 31 December	2.0	2.0

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Note 14: Subsequent events

There are no significant events after the end of the reporting period.