

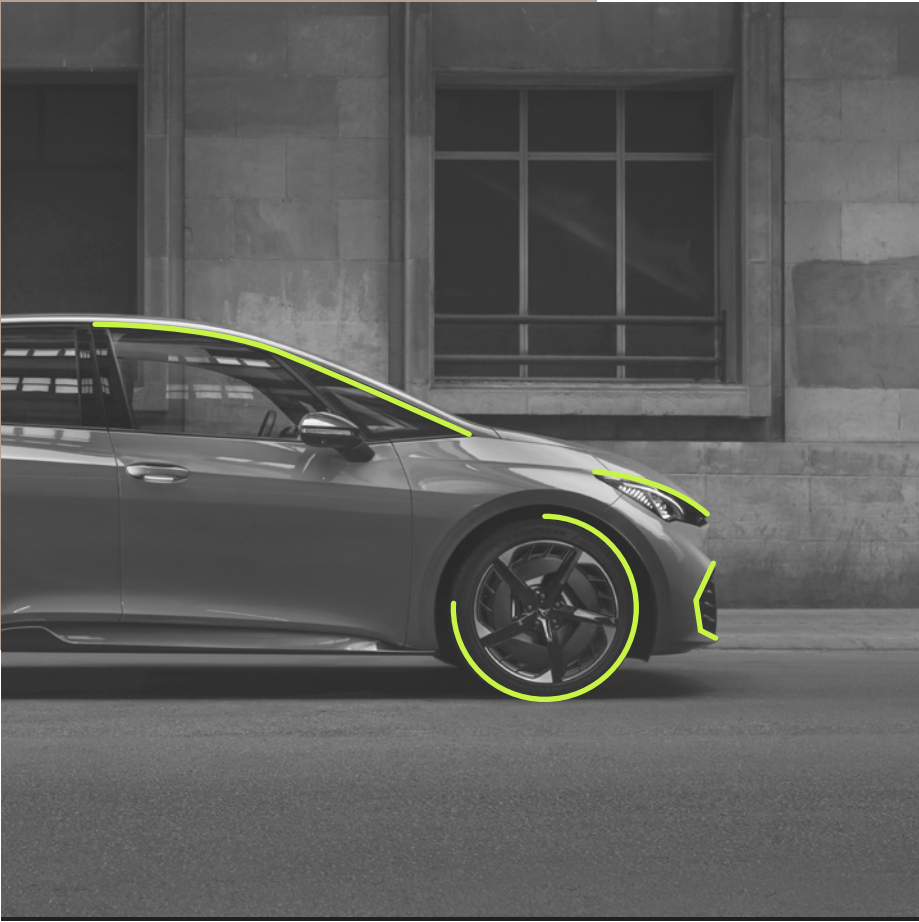
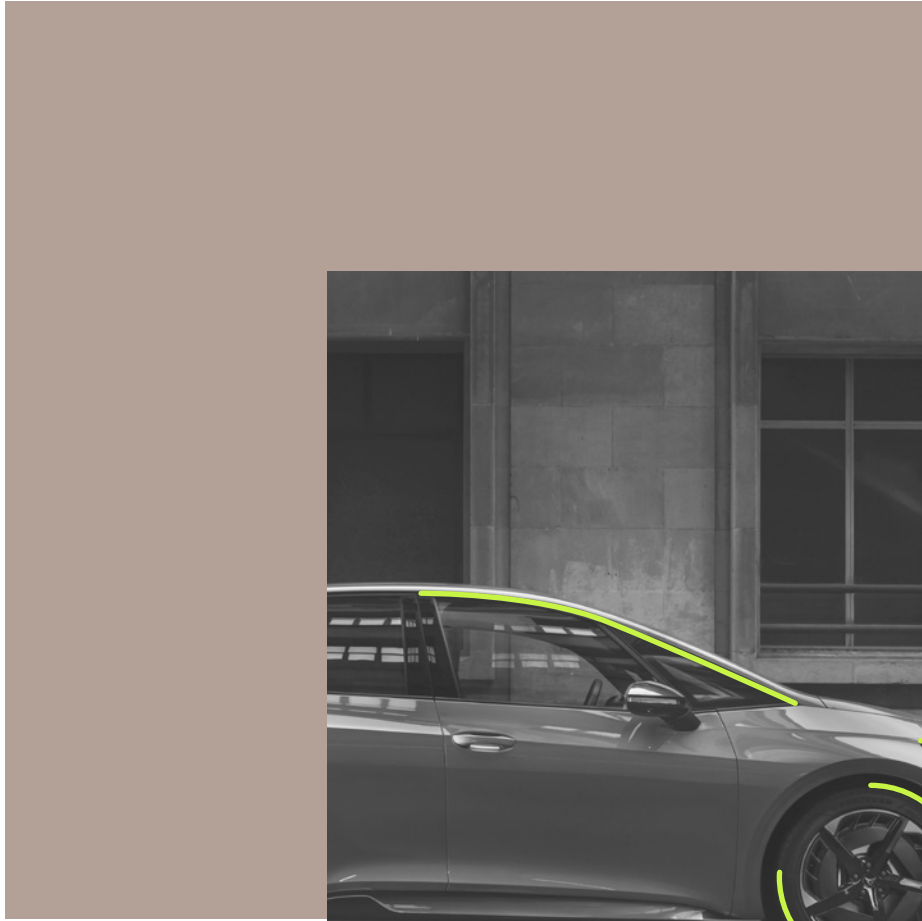


ANNUAL REPORT 2021

#UNSTOPPABLEIMPULSE



SEAT S.A.



ANNUAL REPORT 2021

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SEAT S.A.

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Publication available at: www.seat.com

01

MANAGEMENT REPORT



MANAGEMENT REPORT

ORGANISATIONAL STRUCTURE

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SEAT, S.A.

SEAT, S.A. was incorporated on 9 May 1950. In 1986, Volkswagen AG acquired 75% of the company's shares, increasing its stake to 99.9% in 1990 and becoming the sole shareholder in 1994. In 2010, Volkswagen AG transferred its 100% stake in SEAT, S.A.'s share capital to the company Volkswagen International Finance N.V. Finally, in 2014, Volkswagen Finance Luxembourg S.A. became the sole shareholder of the company.

The company is currently registered in the Barcelona Mercantile Register (Volume 23,662, Folio 1, Page B 56,855 with tax ID number A-28049161) and has its registered address at Autovía A2, Km 585 (E-08760 Martorell). The company's business aim is the manufacture, marketing and sale of motor vehicles, parts, spare parts and accessories, the rendering of R&D services, as well as any other related activities or complementary operations, including the provision of technical assistance and mobility services.

SEAT, S.A. is the only company that designs, develops, manufactures, markets and sells cars in Spain. Part of the Volkswagen Group, it sells its vehicles under the SEAT and CUPRA brands, while SEAT MÓ is the business unit which covers urban mobility products and solutions. It exports more than 80% of its cars and is present in 74 countries. It also employs around 15,000 professionals and has three production centres located in Barcelona, El Prat de Llobregat and Martorell. In this latter factory, the company produces the SEAT Ibiza, the SEAT Arona, the Leon family and the CUPRA Formentor. The company also produces the CUPRA Born and the SEAT Tarraco in Germany, the Ateca in the Czech Republic, and the SEAT Alhambra in Portugal. The company's operating centres also include SEAT:CODE, a software development hub, and CASA SEAT, located in the heart of Barcelona.



MANAGEMENT

BOARD OF DIRECTORS

Chairman

Thomas Schmall-von Westerholt

Board members

Dr. Ingrun-Ulla Bartölke

Dr. Oliver Blume

Daniela Cavallo

Luis Comas Martínez de Tejada

Dr. Stefan Piëch

Dr. Josep Piqué

Mark Porsche

Secretary and legal counsel

Marco Cortinovis

The Ordinary and Universal Shareholders' Meeting of SEAT, S.A., at its session held on 4 June 2021, appointed Thomas Schmall-von Westerholt as a new member and the chairman of the company's Board of Directors with effect from 5 June 2021, replacing Dr. Herbert Diess.

The Extraordinary and Universal General Shareholders' Meeting of SEAT, S.A., at its session held on 21 June 2021, appointed Daniela Cavallo as a new member of the company's Board of Directors with effect from the same day, replacing Bernd Osterloh.

At its session held on 30 September 2021, the Extraordinary and Universal General Shareholders' Meeting of SEAT, S.A. accepted the resignation submitted by Hiltrud Werner as a member of the company's Board of Directors, with effect from the same day.

AUDIT AND GOOD PRACTICES COMMISSION (AGPC)

The Audit and Good Practices Commission (AGPC) is the body under the remit of the SEAT, S.A. Board of Directors responsible for overseeing compliance with the Spanish Financial Audit Act, the Spanish Companies Act, the Penal Code, the recommendations of the Code of Good Governance, the regulations of the AGPC itself and the internal regulations relating to the risk management, compliance and integrity system.

Two major changes were implemented in 2021: the reorganisation of the AGPC and the amendment of its regulations.

At the organisational level, the Commission's former secretary and legal counsel, Luis Comas, took over as chairman of the AGPC. The other members are Dr. Josep Piqué (former chairman), Dr. Stefan Piëch and Mark Porsche. The new secretary, replacing Luis Comas, is Marco Cortinovis. These changes entered into force on 1 January 2021 and led to the number of members of the body being increased by one.

The amendment of the AGPC's regulations included a number of new developments:

- > The change of its name to the Audit and Good Practices Commission (AGPC), formerly known as the Audit, Compliance and Governance Committee (ACGC).
- > A simplification of the processes regulated in this document, bringing it in line with the contents of the Volkswagen Group's Audit Commission regulations as well as with Spanish regulations.

- > The extension of the Commission's functions to incorporate the oversight of the Environmental Compliance Management System (ECMS) and the Product Compliance Management System (PCMS).

During the course of the year, the AGPC met on eight occasions. The main topics discussed included the consequences of the COVID-19 pandemic, the analysis of the impact of the semiconductor shortage on the company's activities and the planning assumptions for the coming years, as well as the presentation of the Future: Fast Forward (F3) project, the financial status of SEAT Deutschland, and the monitoring of incidents related to diesel engines. Other aspects addressed included the progress in the Together 4 Integrity programme, the awarding of AENOR certifications for compliance in the fields of crime prevention and anti-corruption, and the first of the ad hoc training programmes for the F3 project. The company's quarterly operational risks, its internal audit processes, its financial information and the performance of the external auditors were also reviewed.

During 2021, the AGPC's meetings enabled it to fully meet its objective of collating all the necessary information on the key aspects of the company, ensuring full transparency for the responsible areas' decision-making processes.

EXECUTIVE COMMITTEE

Wayne Griffiths

Chairman

David Powels

Finance and IT

Xavier Ros

Human Resources and Organisation

Alfonso Sancha

Purchases

Herbert Steiner

Production and Logistics

Dr. Werner Tietz

Research and Development

Kai Vogler

Sales and Marketing

David Powels was appointed vice-president of Finance and IT, with effect from 1 September 2021, replacing Carsten Isensee.

Kai Vogler was appointed vice-president of Sales and Marketing, with effect from 1 October 2021, a position held up until that date by Wayne Griffiths alongside his roles as chairman of the Executive Committee and CEO of CUPRA.

MANAGEMENT REPORT

STRATEGY, SUSTAINABILITY AND GOVERNANCE

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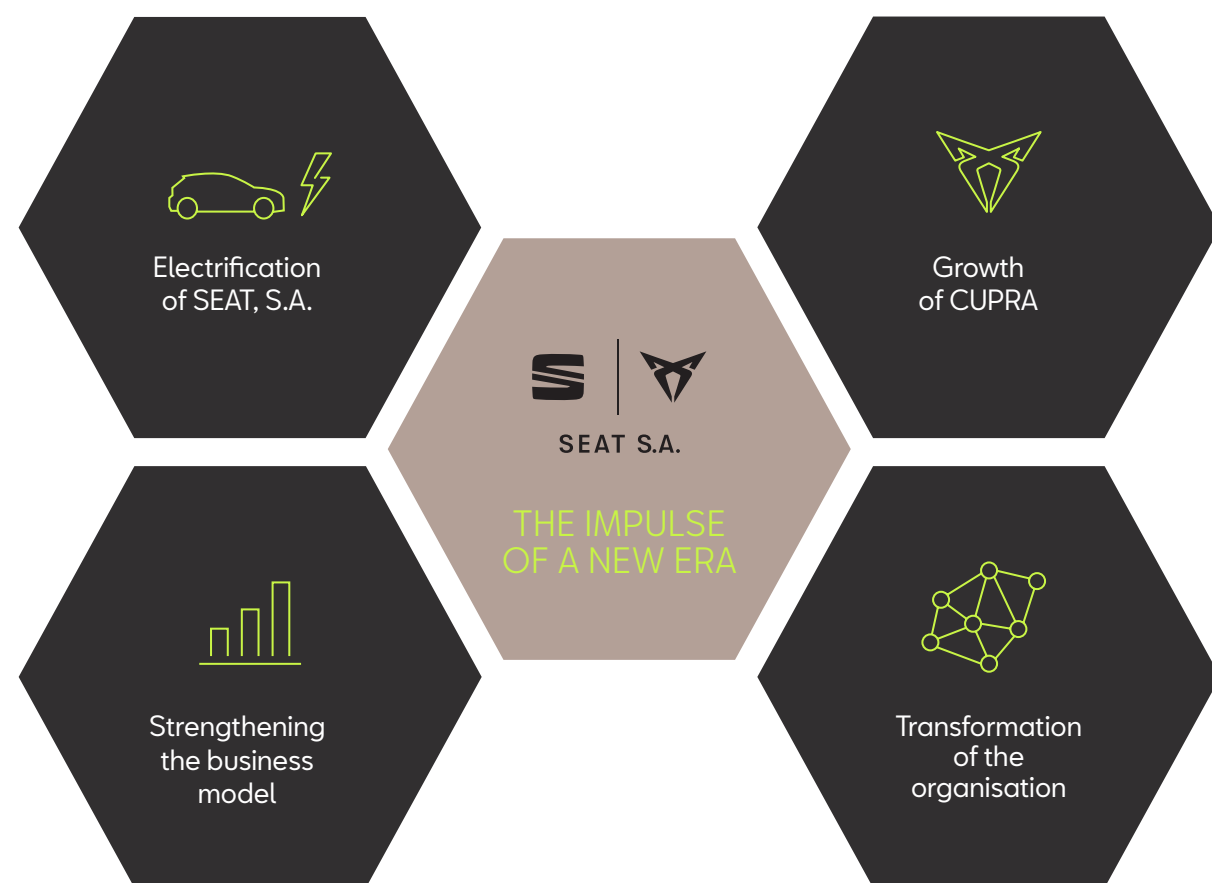


SUSTAINABLE GROWTH

The automotive industry is facing an unprecedented transformation which has been accelerated by the COVID-19 pandemic. Decarbonisation and sustainability policies, digitalisation and electrification, along with new business models and changing consumer preferences pose a major disruption for the industry.

At SEAT, S.A. we believe this period offers a unique opportunity, and we are approaching it with a sense of determination: the future is electric.

The company envisages its future based on four priorities which are materialised as concrete initiatives that will help to create the necessary conditions for its sustainable and competitive growth. Specifically, these initiatives were shared with and communicated to the company's entire management team on 28 September.



SEAT, S.A. – THE IMPULSE OF A NEW ERA

1. ELECTRIFICATION OF SEAT, S.A.

The global automotive industry is currently facing the transition to electric vehicles. This is a process that is expected to last a number of years and is one of the company's top priorities. The main initiatives in this sphere are summarised below:

> **Future: Fast Forward.** This is a project that aims to turn Spain into an electric mobility hub in Europe. One of its main features is the transformation of the automotive value chain in order for the country's own industry to play a bigger role, and this will have a direct impact on the economy and on employment. The project promotes innovation and investment in sustainable technologies, involving different players and nurturing cooperation between governments, companies and research and development centres.

> **Electrify Martorell.** The transformation of SEAT, S.A. begins with the electrification of the business itself, adapting the production and R&D centres to develop and manufacture electric cars and training staff to ensure they have the necessary skills. On the Iberian Peninsula, the Volkswagen Group has plans to manufacture electric compact cars at the multi-brand factory in Martorell and electric SUVs at the multi-brand factory in Pamplona beginning in 2025. The final decision will depend on the general conditions involved as well as public incentives.

2. GROWTH OF CUPRA

CUPRA is exceeding all expectations and is consolidating its position as a brand. Since its launch three years ago it has steadily expanded and is growing in all markets. The time has now come to maximise its potential in terms of product range, volume, market share and brand value.

> **Expanding the range.** The new products for CUPRA need to be selected according to their overall volume potential and high profitability, maintaining an efficient level of investment.

> **Exploitation EU.** This is an initiative aimed at boosting growth in order to achieve significant market share and thus ensure the brand's consolidation in the main European markets.

> **Globalisation.** The purpose of globalisation is to take advantage of economies of scale to increase project profitability, while simultaneously minimising the risk of overexposure to certain regions.

> **CUPRA brand value.** One of CUPRA's main objectives is to complement the Volkswagen Group's product range with an unequivocal positioning that ensures a high brand value.

3. STRENGTHENING THE BUSINESS MODEL

Only with a more robust business model that is adapted to the new needs of SEAT, S.A.'s stakeholders will the company's competitiveness and resilience in the face of crises or adverse external factors be guaranteed.

4. TRANSFORMATION OF THE ORGANISATION

A highly motivated, empowered and committed team is needed to enable the company's transformation in terms of its organisation, structure and processes, as well as its overall company culture. Under the slogan "Inspire boldness to succeed as one", SEAT, S.A. is committed to teamwork as a cornerstone for achieving success in this transformation.

DRIVING CHANGE

The mission of SEAT, S.A.'s sustainability strategy is to converge with the needs of its staff and customers, as well as those of its other stakeholders. The goal is to continue to consolidate its position as a company that does more than simply develop products by helping to improve society as a whole. This is the fundamental principle which underpins the company's sustainability strategy.

The transformation towards electric mobility provides SEAT, S.A. with a unique opportunity to implement the concept of "driving change". As an organisation with a significant social and economic impact on society – especially in Spain – the company supports this commitment and makes it its own, leading a public-private initiative to shift the entire automotive industry value chain towards sustainability.

SEAT, S.A. is a great company, which is why it also has a great responsibility towards its employees, customers, suppliers and other stakeholders. The company develops its social leadership role guided by the dual ambition of continuing to drive progress and sharing prosperity with society.

THE PILLARS OF SUSTAINABILITY

For SEAT, S.A., sustainability and its main pillars (social, environmental and governance) are a fundamental value and a key and overarching strategic element in the decision-making process. Each of these three areas has a framework for action which is clearly defined by a mission statement and a set of central spheres of action, which in turn are developed through a series of strategic projects and initiatives.

The social pillar is primarily based on action in the spheres of health, training/education, diversity and commitment to citizenship. The company is a pioneer in the development of tools and resources aimed at serving its workers and sharing its accumulated knowledge with wider society.

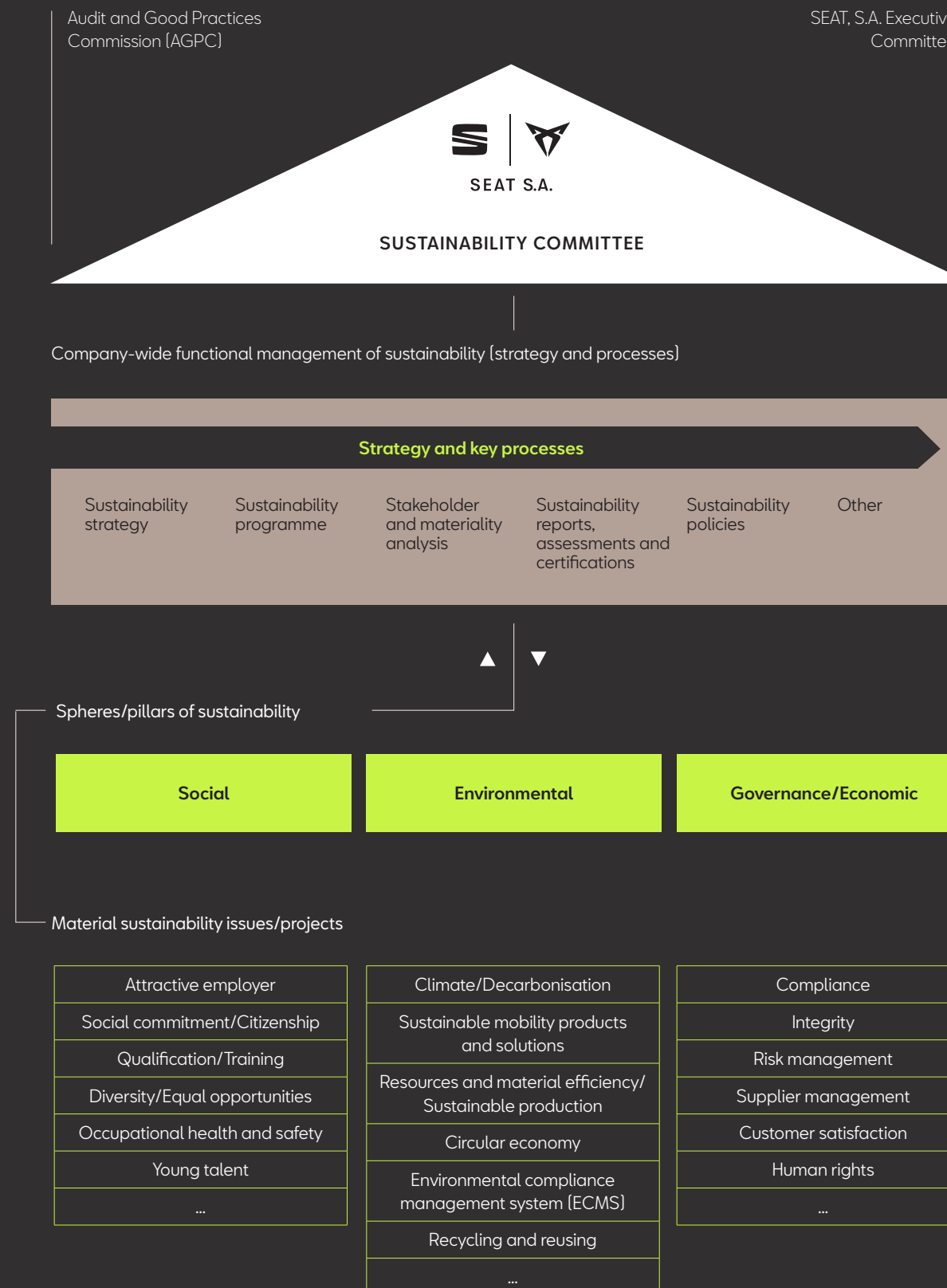
This priority took on a particular relevance in a year that was once again marked by the impact of the COVID-19 pandemic and the vaccination process. SEAT, S.A. has been a pioneer in this area, becoming the first Spanish company to offer its health resources to vaccinate the population against the coronavirus. The company once again offered its services to society to help alleviate the impact of the pandemic, as it had done during the first wave by manufacturing emergency respirators.

Given the nature of the company's activities, the environmental sustainability pillar focuses on SEAT, S.A.'s commitment to tackling climate change. The decarbonisation programme marks the roadmap through which the company will reduce its carbon footprint throughout the product life cycle and thus meet the objectives of the 2015 Paris Climate Agreement.

The launch of the first 100% electric CUPRA marks a decisive step in SEAT, S.A.'s decarbonisation process. The CUPRA Born is the brand's first vehicle to be produced in pursuit of a net zero concept, whereby energy from renewable sources is used in the supply chain. This model also includes seats made from sustainable materials sourced from the Mediterranean Sea thanks to a collaboration with SEAQUAL INITIATIVE. In this way, the new CUPRA Born will contribute to the goal of cutting CO₂ emissions and achieving European objectives.

Finally, the governance pillar brings together aspects related to the governance model, integrity, risk management, product compliance, supplier sustainability and customer satisfaction. These are all areas which lay the foundation for a sustainability model that advocates a "shared purpose".

Sustainability Committee - Governance Model



A SUSTAINABILITY STRATEGY ALIGNED WITH THE UNITED NATIONS' SDGS

The 17 Sustainable Development Goals (SDGs) defined by the United Nations for the period 2015-2030 reflect the global goals aimed at eradicating poverty, protecting the planet and ensuring prosperity for all. These goals have been adopted by governments and companies throughout the world as standard indicators for identifying the value they provide to society, as well as serving as a communication tool in their relations with different stakeholders.

SEAT, S.A.'s sustainability strategy aims to comply with the SDGs in their entirety. However, given its sphere of activity, it particularly identifies with the following goals:



DIALOGUE WITH STAKEHOLDERS

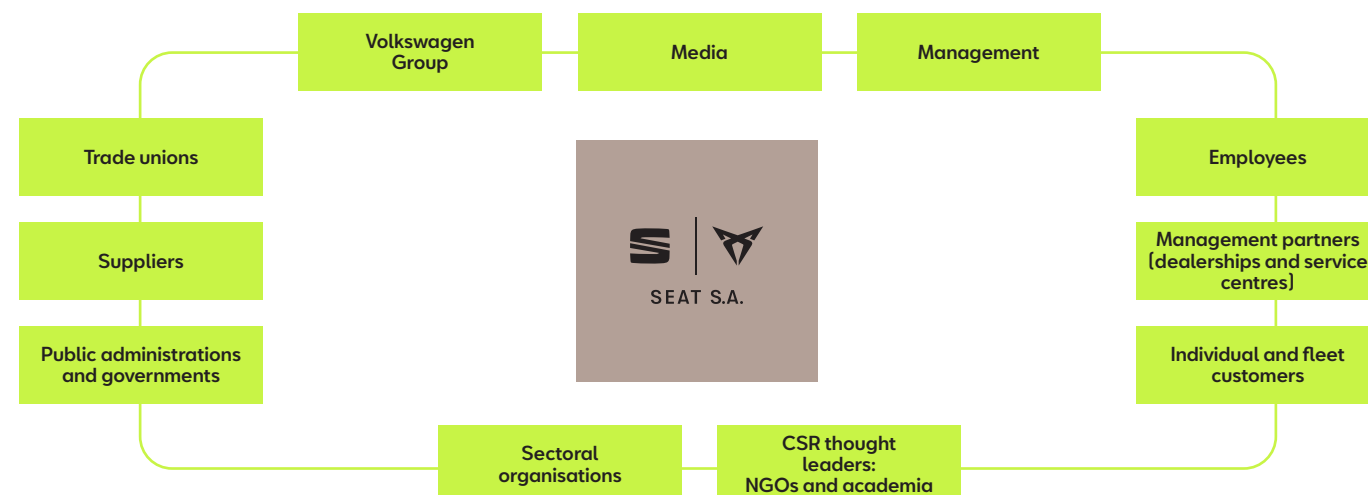
The stakeholder map and the materiality analysis are two key tools used to define and update the sustainability policy. The stakeholder map identifies and prioritises the main groups which the company deals with, while the materiality analysis identifies the issues that are of most concern to the stakeholders as well as what their impact is on the business model.

The complexity of the current environment requires these two indicators to be continuously reviewed using an internally developed three-phase methodology:

1. Identifying sustainability issues through an analysis of companies in the sector, as well as other relevant players in the sector and in the field of sustainability.
2. Consulting internal and external stakeholders to assess and prioritise corporate social responsibility issues.
3. Selecting material issues of interest to SEAT, S.A., prioritising those with a greater economic, social or environmental impact.

As a result of this process of constant dialogue and analysis, the company identifies the guidelines for moving towards a stakeholder relationship model based on trust and the creation of links, thus allowing the company to tackle the joint challenges it faces alongside society with greater precision.

Stakeholders involved in SEAT, S.A.'s materiality analysis



COMPLIANCE AND INTEGRITY

SEAT, S.A. operates on the premise that business and values go hand in hand to achieve success, so "how it is done" is just as important as "what is done". That "how" can be summarised as acting with integrity and complying with all applicable regulations, including both those of a legal nature and the commitments that have been assumed by the company internally.

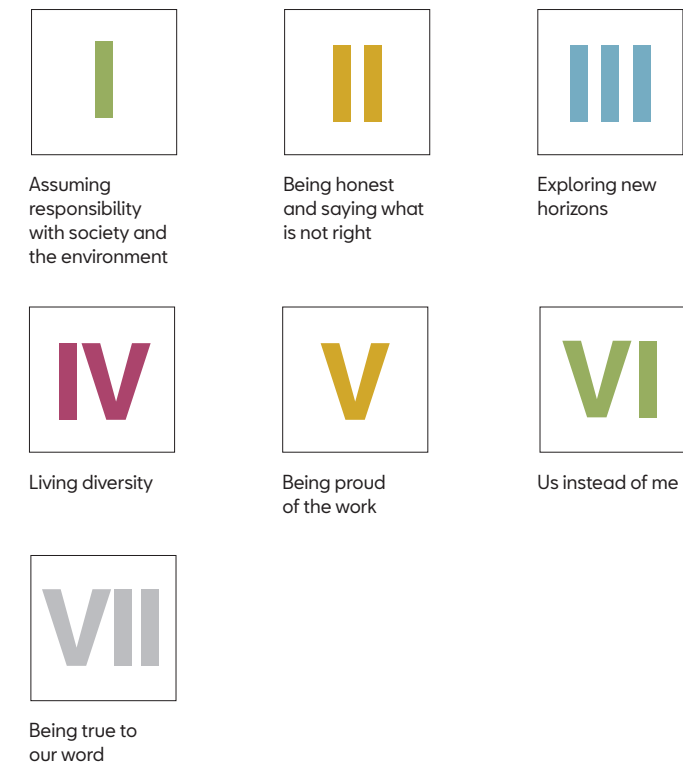
This general principle of action emanates from the Volkswagen Group Essentials, seven basic points that guide the conduct of all Group companies and the development of the various internal regulations.

Based on these principles, SEAT, S.A. has its own compliance and integrity management system (CIMS), consisting of seven elements.

The 7 elements of SEAT, S.A.'s Compliance and Integrity management model



Volkswagen Group Essentials

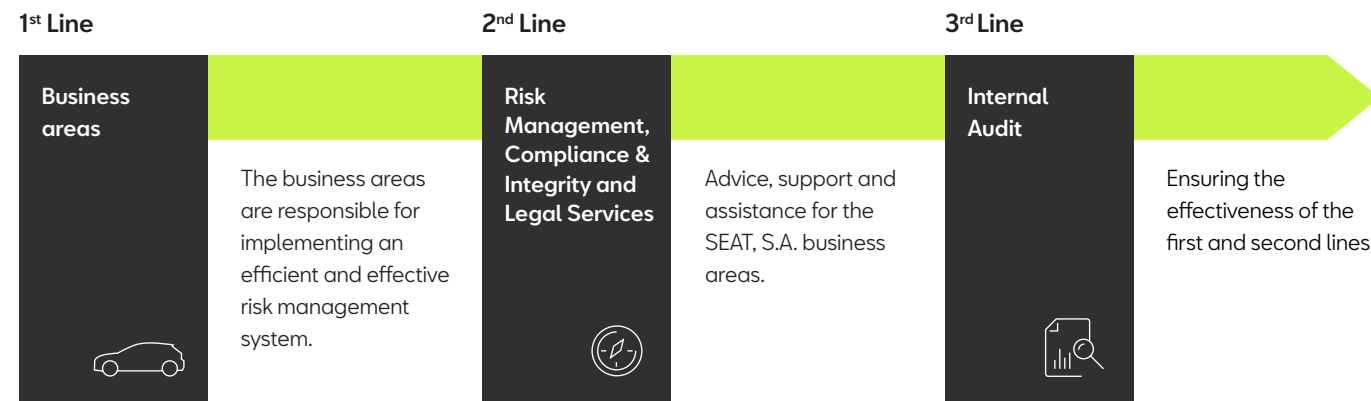


MANAGEMENT MODEL

As part of the Volkswagen Group, SEAT, S.A.'s risk management, compliance and integrity model is based on international standards and promotes early risk management and compliance with national and international legislation, as well as ethical principles that should be present in the company's daily operations.

This model is based on three lines, a widely used standard required by the European Confederation of Institutes of Internal Auditing (ECIA):

Risk Management, Compliance and Integrity Model: three lines



The areas directly involved in the implementation of the risk management and internal control system are the Compliance and Integrity department and the Risk Management department. In today's economic, legal and socio-political context, the three main functions of the Compliance and Integrity department are:

1. Raising awareness within the organisation of the importance of compliance with the applicable regulatory framework to ensure the success of all projects.
2. Anticipating potential risks in order to minimise them, adopting appropriate measures.
3. Underscoring the importance of compliance with ethical principles in the business sphere.

The department's actions are intended to convey to the whole company that the compliance function must be shared among all employees, regardless of their role or level of responsibility. To this end, compliance advisory is being integrated into the early stages of all new projects.

SEAT, S.A.'s commitment in this sphere was acknowledged in 2021 with the appointment of Sandra Olivera, Chief Compliance and Integrity Officer of the SEAT Group, to the governing board of the Institute of Compliance Officers (Instituto de Oficiales de Cumplimiento, IOC). This non-profit association brings together compliance officers from Spain's leading multinationals and aims to promote the development of a profession for which there is an increasing demand from different regulations, supervisory agencies and companies themselves.

In 2021, SEAT, S.A.'s compliance model was acknowledged with two official accreditations by AENOR, the leading entity in Spain in the certification of management systems, products and services:

- > ISO-UNE 37001 – Anti-Bribery Management System Certificate.
- > UNE 19601 – Crime Prevention Compliance Management System Certificate.

These certificates attest that the company has the financial and non-financial control management systems necessary to mitigate the risks of bribery (ISO-UNE 37001) and crime (UNE 19601) identified in the design, manufacture, marketing and sale of vehicles.

The culture of integrity is extended throughout the organisation by following a specific road map, initiated in 2018 and split into three stages. In 2021, efforts continued within the "Living integrity" phase, the aim of which is to consolidate the concepts of compliance and integrity within the company's strategy, as well as to gradually implement tools and processes to measure and evaluate progress.

Some of the actions carried out in 2021 included:

> **The Volkswagen Group's first Integrity and Compliance Survey**, intended to measure the 250,000 employees' perception of the progress made in recent years. The level of participation demonstrated SEAT, S.A. employees' high degree of engagement, as it was the company with the highest response rate.

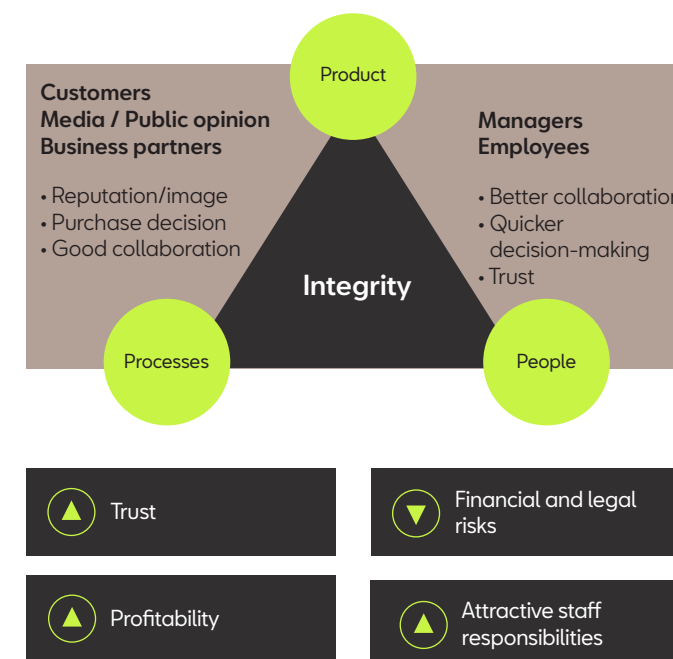
> **A new phase in the implementation of the Together 4 Integrity (T4I) programme**, the central pillar of the Volkswagen Group and SEAT, S.A. strategy which encompasses all activities related to integrity, culture, compliance, risk management and human resources management, creating a common path towards a new corporate culture. T4I is based on the five principles of the internationally recognised Ethics and Compliance Initiative (ECI). These principles are: integrity in strategy, risk management, culture, a speak-up environment and accountability. Both SEAT, S.A. and its subsidiaries are involved in this project.

EXTENSION OF THE CULTURE OF INTEGRITY

In the department's efforts to fulfil its three main functions, one of its key goals is to promote and entrench the culture of integrity and transparency throughout the company.

For the purposes of this goal, integrity is defined as "the internal attitude that leads people to act with conviction, responsibility and resolve". As an example, the main advantages of developing a comprehensive set of behaviours in all areas can be summarised as follows:

Why is integrity important?



> **Building a network of influencers in the field of compliance and integrity**, comprising a group of employees who are leading voices on these subjects and who lead the promotion of the culture of integrity and dialogue with a key role: to guide, act and improve. In 2021, meetings continued to be held in which these influencers shared experiences and activities conducted in their areas, in addition to addressing specific topics such as strategy, compliance and integrity within the business, the Whistleblower System and enquiries related to compliance and integrity.

Stages of extension of the Compliance and Integrity programme



In relationships with third parties, the process of assessing the integrity of the company's potential suppliers, distributors and other business partners, known as Business Partner Due Diligence (BPDD), continued.

This process is carried out using a consortium tool which is shared across all brands of the Volkswagen Group, ensuring that SEAT, S.A. only deals with business partners which comply with the Group's own compliance and integrity requirements in their operations.

Suspicious can be reported either through the Volkswagen Group channels or SEAT, S.A.'s own channels.

SEAT, S.A. whistleblower channels

| SEAT, S.A. | |
|--|--|
| Internal channel Analysis Office (Compliance) transparencia@seat.es | |
| External channel SEAT, S.A. Ombudsman david.velazquez@miombudsman.es Tel. +34 609 665 001 | |
| Volkswagen Group | |
| Internal channel io@Volkswagen.de +800 444 46300 +49 5361 94300 www.bkms-system.com/vw | Porschestraße 1 38436 Wolfsburg (Germany) |
| External channel Volkswagen Group Ombudsman www.ombudsmen-of-volkswagen.com | |

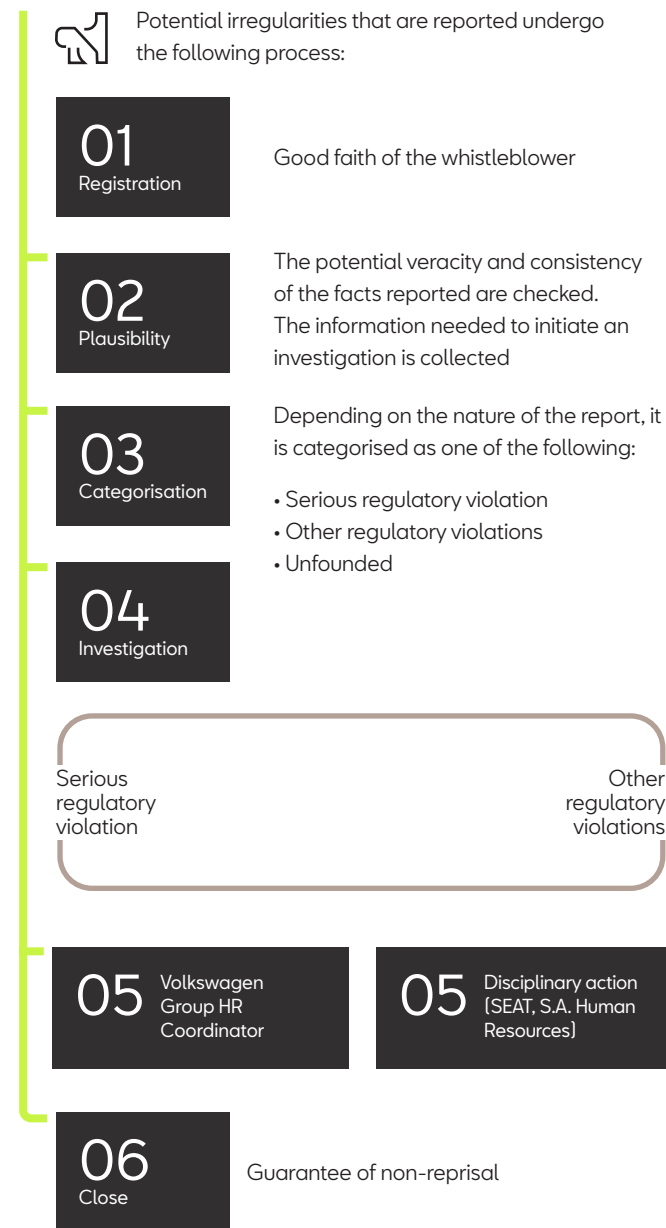
The whistleblower system is governed by the principles of fair procedure, presumption of innocence, proportionality and protection of whistleblowers, among others, so all hints received are treated with the utmost confidentiality.

In order to ensure the greatest possible protection for whistleblowers and affected persons, an investigation is only initiated after a very careful examination of the facts and when there is reasonable suspicion of a regulatory violation.

WHISTLEBLOWER SYSTEM

SEAT provides all its employees and third parties with a series of channels for reporting any reasonable suspicions of regulatory violations by staff within the framework of their employment contract with the company. Specifically, this includes violations of applicable laws and/or internal regulations (especially the Code of Conduct).

What happens to my hint after I send it?



In 2021, SEAT, S.A.'s internal channel (the Analysis Office) received 236 communications from potential whistleblowers (276 in 2020). Of these, 101 related to customer complaints (and thus were outside the scope of the whistleblower system), 18 related to enquiries and 117 referred to hints (135, 32 and 109, respectively, in 2020).

TRAINING, AWARENESS-RAISING AND CONSULTATION

Another of the Compliance and Integrity department's tasks is the coordination of training activities related to these areas. The main training and awareness-raising initiatives pursued in 2021 were as follows:

- > **A "Code of Conduct, Integrity and Whistleblower System" course:** update of the online course conducted in 2019 by the entire workforce. Major updates included the addition of the topic of prevention of money-laundering and terrorist financing, and the extension of the concept of integrity to encompass strategy and decision-making processes. The course was mandatory for all staff.
- > **Specific compliance training in relation to the Future: Fast Forward project,** focused on the electric transformation.
- > **A specific course on fraud and special investigations,** aimed at those who serve as contact persons for the whistleblower system.
- > **A guide to the Prevention of Money Laundering and Terrorist Financing.**

In addition, the department has permanent consultation channels which the company's professionals can use to get answers to any questions they may have regarding the corporate compliance policy, standards and processes.

Consultation channels

| | |
|---|--|
| Do you have questions about Compliance regulations or processes? compliance@seat.es | Do you have questions about integrity or conduct? integridad@seat.es |
|---|--|

Compliance and Integrity Portal
Direct access from the main Intranet page

| | | | | |
|---------|------|--------------------------|-----------------------|----------|
| Queries | Blog | Guidelines & regulations | Legal risk management | Training |
|---------|------|--------------------------|-----------------------|----------|

RISK MANAGEMENT

Ensuring SEAT, S.A.'s durability and sustainability is the main mission of the corporate risk management model, considered a fundamental pillar in the company's governance system. This model is based on three lines:

- > Identifying potential events that could harm the company.
- > Having a series of measures and controls in place to try to mitigate them.
- > Providing reasonable assurance of the achievement of objectives.

Responsibility for risk management lies directly with the management team, which has a series of pre-defined tools and protocols in place. The Risk Management department coordinates and supports the various business areas in managing the respective risks, based on the international COSO (Committee of Sponsoring Organizations of the Treadway Commission) standard. The main processes managed by this department are as follows:

> **The annual GRC (Governance, Risk & Compliance) process**, aimed at creating the organisation's systemic risk map and assessing the management of these risks. In 2021, more than 300 risks were reported. Because of their material nature, the most significant risks are those associated with business continuity and regulatory aspects related to CO₂ emissions, product and environmental standards.

> **The quarterly process of identifying imminent risks**, which serves to identify specific and material risks which could affect the company in the short term. It also includes the identification of risks which, although their effects may only materialise in the medium or long term, require the immediate definition of measures to be able to mitigate them in time. It also ensures that these risks and the status of the mitigating measures are reported to management as well as to the Volkswagen Group.

> **The Internal Control System**, designed to increase security in compliance with both internal regulations and external regulations (fraud prevention and environmental controls), thus reducing the probability of committing management errors. It also allows the effectiveness of the controls established for the risks identified in the company to be evaluated. In 2021, the implementation of this system within SEAT, S.A. was completed.

> **The business continuity model**, which encompasses the processes, procedures and measures in place to successfully and swiftly manage a business interruption caused by a serious incident. Its main objective is to ensure that the company's core processes and tasks can be kept running and be recovered. In 2021, specific plans were developed in the area of production.

> **The Root Cause Analysis process**, which is intended to identify the cause of significant incidents with an internal origin and establish mitigating measures in order to prevent their recurrence in the future. In addition, based on the experiences of the various Group companies, the Volkswagen Group periodically distributes a series of best practices that can contribute to the continuous improvement of business processes. In 2021, the most significant matters emerged from serious regulatory violations, so actions were taken to strengthen knowledge of internal regulations and raise awareness of the company's Code of Conduct.

Main risks faced by SEAT, S.A.

Economic, financial market and sales risks

Caused by external (non-company) factors, such as turbulence in the commodity markets, trade tensions between countries, monetary policies, etc.

EXAMPLES OF RISKS:

- Market risks: exchange rate or interest rate.
- Commodity price fluctuations.
- Risk of loss of sales.

Development and quality risks

Due to the challenges inherent to vehicle manufacturing, as products with highly complex technology and stringent quality demands in terms of safety, fuel consumption and connectivity.

EXAMPLES OF RISKS:

- Lack of knowledge in new technologies.
- Leaks of technical/confidential information.
- Loss of quality certifications.

Social and environmental risks

The COVID-19 pandemic has highlighted the importance of risks associated with the health of the workforce, such as interruptions in the production process due to the rapid spread of infection among workers.

Other social aspects to consider include the generational changes of potential customers. For instance, the incorporation of the millennial generation into the sales and marketing process has led to an increased number of people who prefer to be users of a vehicle rather than owners. This trend poses major challenges for an industry which must shift from being a manufacturer to being a provider of mobility services.

Also, the new European emissions regulations focused on environmental protection and the fight to curb climate change establish the regulatory framework for the design, development, manufacture and sale of vehicles in Europe.

EXAMPLES OF RISKS:

- Pandemics and other risks of a social and health-related nature.
- Unawareness or misinterpretation of stakeholders' expectations or demands.
- Compliance with CO₂ emissions standards.

Legal and compliance risks

SEAT, S.A. operates under a highly complex legal and regulatory framework, at both the national and the international levels. The opening of legal proceedings against the company in relation to its products or services may result in fines or other penalties being paid.

EXAMPLES OF RISKS:

- Payment of fines related to new legislation in areas such as data protection, the environment (prohibition of vehicles in large cities), CO₂ emissions, competition law, etc.

Production risks

Due to incidents that may affect production capacity. For instance, issues related to the power supply, the sourcing of parts, technical failures, system outages, etc. These risks could lead to downtime, loss of production, rejections and repetition of work. They can also be caused by short-term changes in customer demand that require the rapid adaptation of product characteristics.

EXAMPLES OF RISKS:

- Shortages or delays in the supply of production material.
- Fire in a workshop or at a supplier's facilities.
- Fluctuations in engine demand (type of engine).

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COMPANY
ACTIVITIES
PRODUCTION
AND LOGISTICS /
QUALITY

INDUSTRIAL ACTIVITY

I FLEXIBLE PRODUCTION SYSTEM

As a result of the COVID-19 pandemic, the major semiconductor manufacturers reallocated their production to other sectors such as consumer electronics. The rapid recovery of the automotive industry has led to global restrictions in the supply of these components since the beginning of 2021. As a result of this situation, SEAT, S.A. had to adjust its manufacturing levels by applying flexibility measures throughout the year.

In Martorell, production was reorganised between 25 January and 31 May through a furlough (ERTE) scheme, which reduced production on Line 2 from three to two shifts. Line 1, dedicated to the SEAT Ibiza and the SEAT Arona, was increased to 2.5 shifts, while Line 3 remained at 1.5 shifts. When the first ERTE came to an end, Line 1 switched to 3 shifts, Line 2 went up to 2.5 shifts and Line 3 remained at 1.5 shifts.

Through the implementation of a flexible planning system with a weekly review of supply, demand and staff, the activity quota was maintained up until mid-June. Since then, the lack of availability of electronic components has affected production.

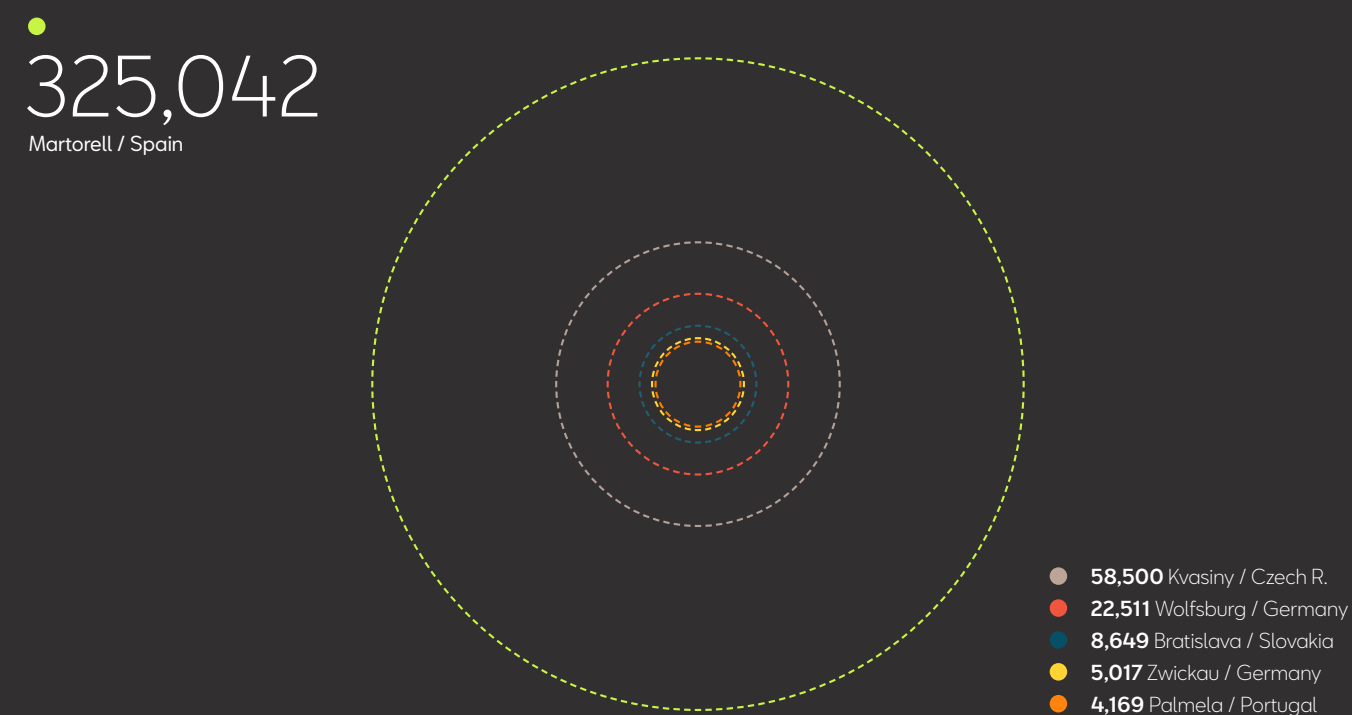
In August, an exceptional internal flexibility mechanism was put in place, in what was an unusual measure for the holiday season. Line 2 was reorganised and two shifts were established, and during the last week of the month Line 1 was working one shift in order to recover the first quarter's production.

From September, the global semiconductor crisis worsened due to high global demand and new outbreaks of COVID-19 in Asia which triggered the closure of manufacturing plants where these components are produced, forcing labour flexibility measures to be introduced once again. A second furlough scheme was agreed with the trade union representatives for the period from 27 September 2021 up until June 2022. As a result of this agreement, Line 1 was reduced from 2.5 to 2 shifts; Line 2 operated at 3, 2.5, or 2 shifts depending on semiconductor availability, and Line 3 remained at 1 shift.

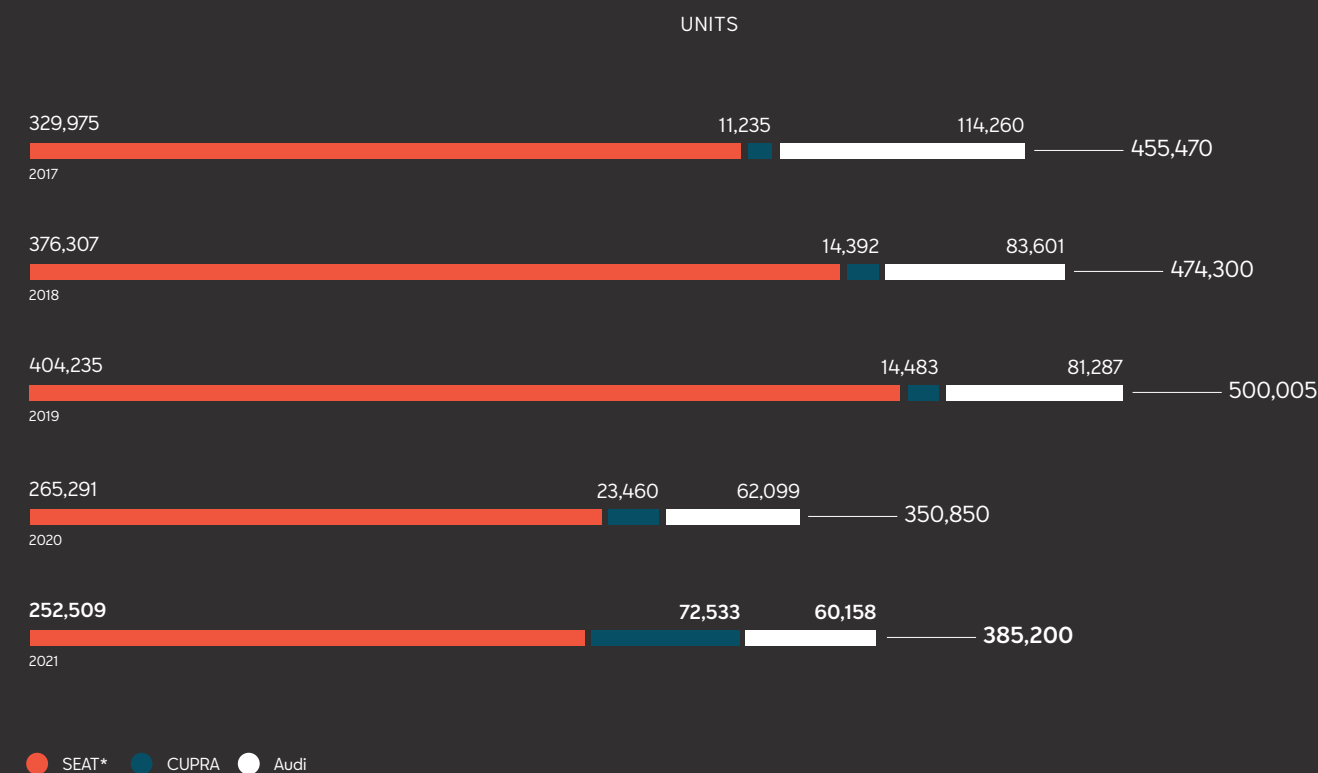
Despite these difficulties, and through flexible planning, the company closed the year with a total volume of 385,200 vehicles assembled at Martorell, 9.8% more than in 2020. At SEAT Barcelona, 44 million parts (+6.8%) were produced, while at SEAT Componentes 401,913 gearboxes (-5.2%) were manufactured.

The crisis triggered by the semiconductor shortage was also felt in the external production of SEAT, S.A. models at the various plants of the Volkswagen Group. In Kvasiny (Czech Republic), 58,500 units of the Ateca were manufactured; in Wolfsburg (Germany), 22,511 units of the Tarraco; in Bratislava (Slovakia), 8,649 of the Mii electric, which ceased production in June; in Zwickau (Germany), 5,017 of the new CUPRA Born; and in Palmela (Portugal), 4,169 of the Alhambra.

Production of SEAT and CUPRA models in Volkswagen Group plants in 2021



Production at the Martorell plant



[*] Does not include CUPRA versions.

Production at the Martorell plant

UNITS

| | 2021 | 2020 | VARIATION | |
|-----------------------------|----------------|---------|-----------|--------|
| | | | Absolute | % |
| SEAT/CUPRA MODELS | 325,042 | 288,751 | 36,291 | 12.6 |
| SEAT Ibiza | 83,710 | 74,564 | 9,146 | 12.3 |
| SEAT Arona | 98,656 | 78,823 | 19,833 | 25.2 |
| SEAT Leon | 70,143 | 111,904 | (41,761) | (37.3) |
| CUPRA Leon | 13,670 | 12,419 | 1,251 | 10.1 |
| CUPRA Formentor | 58,863 | 11,041 | 47,822 | - |
| AUDI MODELS | 60,158 | 62,099 | (1,941) | (3.1) |
| Audi A1 | 60,158 | 62,099 | (1,941) | (3.1) |
| TOTAL PRODUCTION (*) | 385,200 | 350,850 | 34,350 | 9.8 |

(*) Figures for 2021 and 2020 do not include 98,846 and 117,955 SEAT/CUPRA vehicles produced at other Volkswagen Group plants, respectively.

NEW MODELS AND VERSIONS

In 2021, SEAT, S.A. began manufacturing new models and versions at the Martorell factory and at the Volkswagen Group's plants in Germany:

- > The Wolfsburg plant (Germany) began production in January of the Tarraco 2.0 TSI 245 hp DSG 4 Drive, which was added to the existing range of this model, consisting of petrol (TSI) and diesel (TDI) engines, plus a plug-in hybrid version (e-HYBRID) with 245 hp (189 kW).
- > In February, production began for the new CUPRA Formentor e-HYBRID in two versions, 245 and 204 hp. The new variants of the first car to be designed and developed exclusively for the brand are produced in the new section of the production line created especially for electric hybrids and incorporated into Line 2 in Martorell, where the CUPRA Leon and its e-HYBRID version are manufactured, as well as the CUPRA Formentor.
- > The company's commitment to electrification was reinforced in March with the beginning of production of the CUPRA Leon e-HYBRID in its 204-hp (150-kW) version, which complements the 245-hp (180-kW) variant that went into production the previous year.

- > The new SEAT Ibiza and SEAT Arona entered production in July at the Martorell factory. Both models, which represent half the total volume of activity at this plant, received an update to their interior and exterior design which helps to maintain their relevance within the brand.
- > The CUPRA Born, the brand's new 100% electric model, entered series production in September in Zwickau (Germany). This plant is the first in the Volkswagen Group to produce 100% electric cars and is considered the biggest and most efficient electric vehicle factory in Europe.
- > Also in September, Line 2 in Martorell began series production of the Formentor VZ5, the most powerful and sophisticated variant of the CUPRA model. Equipped with a 390-hp (287-kW) engine, this crossover utility vehicle (CUV) embedded with the brand's DNA is also the most exclusive variant as its production is limited to 7,000 units.

LEADING THE WAY IN INNOVATION

DIGITAL TRANSFORMATION, ELECTRIFICATION AND SUSTAINABILITY

SEAT, S.A. continued to work on the deployment of the Smart Factory concept with the implementation of smart and connected technology solutions that ensure its competitiveness, improve its productivity and continue to reduce the environmental impact of its operations.

Immersed in a profound transformation process as it moves towards a digital and electric future, in 2021 the company introduced cutting-edge innovations into its factories, such as the implementation of predictive systems and the incorporation of new autonomous and collaborative mobile robots. These initiatives, combined with more efficient data management through the use of artificial intelligence, big data and blockchain technology, enabled more efficient, flexible and agile processes.

In the field of sustainability, the company made progress in its strategy focused on energy efficiency, circular economy and awareness-raising on its path towards achieving the objectives set for 2025. The ultimate goal is to reduce the environmental footprint of the company's production by 50% compared to 2010 levels, as part of its Move to ZERO strategy.

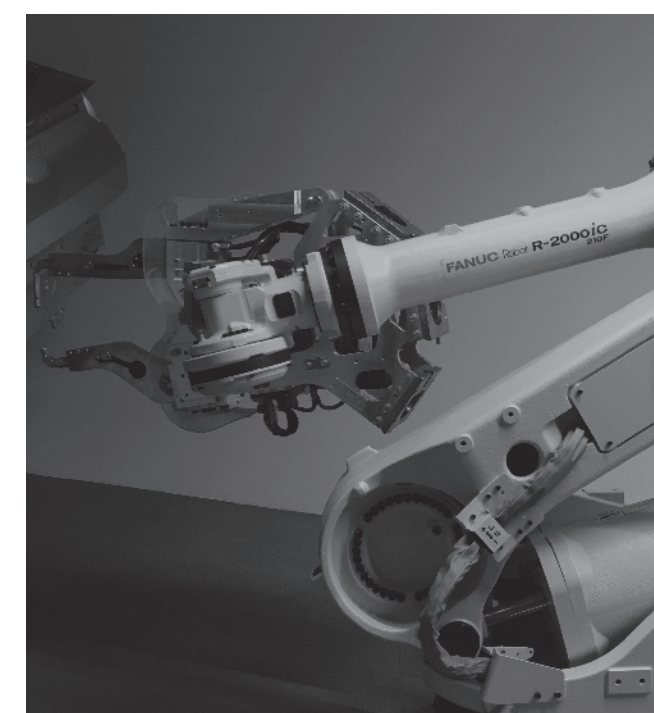
INDUSTRY 4.0: THE PATH TOWARDS THE SMART FACTORY

PREDICTION OF INCIDENTS TO OPTIMISE PRODUCTION

The Production division and the company's software development hub SEAT:CODE collaborated in the creation of a predictive robot maintenance system capable of detecting potential incidents in advance, avoiding outages and increasing process efficiency.

The use case, which consisted of a predictive maintenance solution for the welding clamps of certain robots, has the ability to collect, process and analyse the data that is generated and to apply algorithms. These make it possible to predict when the robots might fail, based on the behaviour of these variables. Using this information, potential production incidents can be avoided, while also boosting efficiency and productivity.

In 2021 this use case was also integrated into the Digital Production Platform (DPP), an industrial cloud which connects all the factories of the Volkswagen Group to form a global production network and which has been developed by the Group in collaboration with Amazon Web Services. This strengthened the company's position in the DPP and allowed it to be extended and applied to other factories within the Group.



INCORPORATION OF TWO AUTONOMOUS MOBILE ROBOTS

The Martorell factory incorporated two autonomous and collaborative mobile robots which adapt to employees' needs in assisting them with tasks such as transporting parts.

The incorporation of these two units makes the company the first automotive manufacturer in Spain to use this technology, which aims to adapt to the production processes and enable more efficient management of resources and communications between the different areas of the company.

NEW GIANT ROBOT AT THE MARTORELL FACTORY

Also in Martorell, two units of a new robot were added to the fleet. Measuring over two and a half metres in height and weighing three tons, it is the largest model in SEAT, S.A.'s history.

These technological giants, which join the more than 2,200 robots that collaborate in the assembly of the company's latest models, work in parallel in the sheet metal area and are capable of holding 400 kilos of weight as far as four metres away from their central axis. Together they assemble parts that are fundamental to the vehicles, such as the side panels, and because they can lift more weight they can perform two operations at the same time, thus increasing the quality of the parts. This also simplifies part of the manufacturing process and reduces the production line's footprint.

In addition, the robots are equipped with software that allows their operating data to be monitored remotely, such as the consumption of their motors, their temperature, their torque and acceleration. By analysing this data, unforeseen issues can be anticipated.

CUSTOMER DRIVEN SUPPLY CHAIN

In the field of inbound materials, in 2021 SEAT, S.A. developed a digital supplier platform, as part of the Customer Driven Supply Chain programme, which enables the exchange of information in order to provide greater transparency in the supply chain.

Production and inventory programmes are currently shared with suppliers at different levels of the supply chain, and work is being undertaken to turn this tool into a communication channel to provide customers direct contact with any of these suppliers. The company's logistics operators have also been digitalised, tracking the geolocation of their goods in transit in order to provide greater transparency in this regard, something in which SEAT, S.A. has been a pioneer within the Volkswagen Group.

Further progress was made in this regard with the digitalisation of the outbound vehicle distribution process, providing visibility over customer deliveries.

ENVIRONMENTAL COMMITMENT

The production processes are a fundamental pillar in the implementation of Move to ZERØ, the comprehensive strategy for reducing SEAT, S.A.'s environmental impact. This programme was born in 2019 as a follow-up to the Ecomotive Factory initiative, which the company had been developing since 2010.

Move to ZERØ puts into practice the principles set out in the Mission Statement. This is the document that establishes the foundations for the company's overall environmental commitment and strategy, in line with the objectives set by the Volkswagen Group at the global level.

With the goal of achieving a "carbon neutral" company by 2050, Move to ZERØ proposes an ambitious decarbonisation plan to cut emissions throughout the life cycle of the products, services and mobility solutions. The plan is thus applied at all phases, including in the product design, the procurement of raw materials, production and the products' end of life. To achieve this, it sets out four main areas of action:

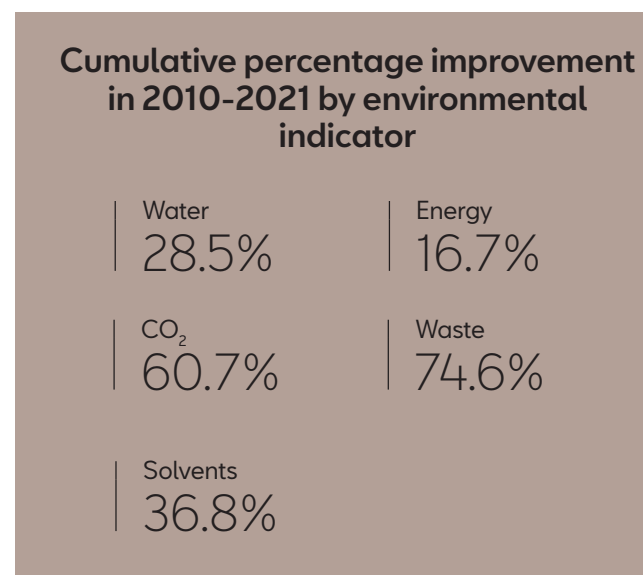
1. Decarbonisation to combat climate change.
2. Efficient resource management through the circular economy.
3. Promoting electric mobility to improve air quality.
4. Guarantee of environmental compliance.

Due to its central nature in the company's activities, the production processes play an active part in these four areas through the continuous implementation of new actions and best practices in their different phases.

REDUCTION OF ENVIRONMENTAL INDICATORS

The steady decline in the main environmental indicators demonstrates the effectiveness of the improvements implemented in the production processes in recent years. These actions are currently encompassed within Move to ZERØ, but their origin dates back to 2010 when the ambitious target was set to reduce these indicators by 25% by 2018, at which point the goal was extended to achieve a 50% reduction by 2025.

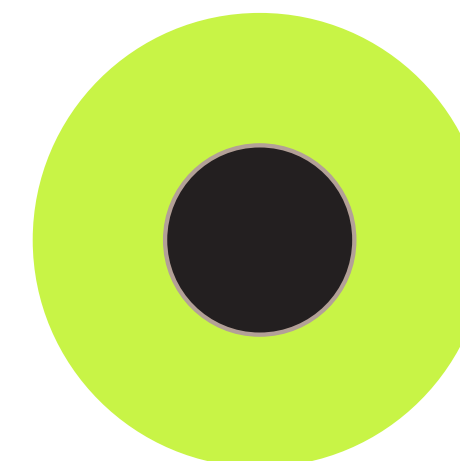
The programme continued in 2021 and, by the end of the year, reached an overall reduction of 41.9%. This figure represents the decrease achieved in water consumption, energy consumption, CO₂ emissions, waste disposal and the emission of volatile organic compounds.



Consumption in SEAT, S.A. production centres in 2021

ELECTRICITY

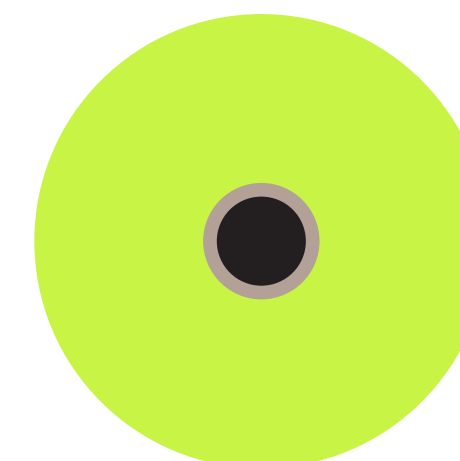
Total consumption
346,548 MWh



- 255,275 SEAT Martorell
- 46,389 SEAT Barcelona
- 44,884 SEAT Componentes

WATER

Total consumption
1,069,136 m³



- 968,257 SEAT Martorell
- 63,623 SEAT Barcelona
- 37,256 SEAT Componentes

Some of the best practices developed in 2021 included:

- > **Recycling paint sludge for use as raw material for roads:** a circular economy project consisting of the application of a thermal drying technique to the waste generated by Martorell's paint Workshop 5. The sludge is then mixed with other materials and transformed into raw material for road construction. With this treatment, over 90% of the waste generated in 2021 was successfully reused.
- > **Renovating paint robots to reduce volatile organic compounds (VOCs):** in 2021, the second phase of the paint robot replacement programme was also carried out in Workshop 5. This initiative was launched in 2020 and is expected to be completed in 2025. The greater scope and efficiency of the new machines makes it possible to reduce the total number of robots on the production lines and thus achieve an 18% reduction in painting times, as well as reducing varnish and solvent consumption. All this allows the emission of volatile organic compounds into the atmosphere to be reduced by around 1.5%.
- > **The first megatruck for vehicle transportation in Spain:** a pioneering initiative in the field of sustainable logistics, developed in collaboration with the company SETRAM. The megatruck measures 25.25 metres in length and has a loading capacity of 11 cars, compared to nine in the case of a traditional trailer. This allows it to achieve a capacity of 8,600 vehicles per year, which translates into a 12% improvement in daily productivity and a 10% reduction in CO₂ emissions per journey. The new vehicle has been used to transfer finished cars from the Martorell factory to the Port of Barcelona.
- > **New railway connection between the Martorell factory and the Volkswagen Auto Europa factory in Palmela (Portugal):** launched in November, the service operates once a week and is expected to transport over 20,000 vehicles a year. Its entry into operation will allow the company to keep 2,400 carrier lorries off the roads and to cut CO₂ emissions by 43%, thus contributing to its goal of reducing the carbon footprint of transporting vehicles.

As a result of its continuous commitment to energy efficiency, the company holds the ISO 50001 certification for Energy Management. In 2011, SEAT, S.A. became the first company in Spain to obtain this accreditation, which has been renewed every three years. The latest certification (corresponding to 2020) is exceptional as it falls under a new standard for the first time, which is much more demanding than the previous one since it incorporates the significant technical advances of recent years.

The ISO 50001 standard is a confirmation that SEAT, S.A.'s energy management system is robust, modern and geared towards continuous improvement. Together with the company's overall recognition, this accreditation has also been individually awarded to its three factories: SEAT Componentes (October 2019), SEAT Martorell (July 2020) and SEAT Barcelona (November 2020).

I PROTECTION OF BIODIVERSITY

SEAT, S.A.'s commitment to the environment and caring for the planet extends beyond the impact of its own activities. The company supports and promotes biodiversity protection initiatives in nearby environments, pursuing new projects year after year.

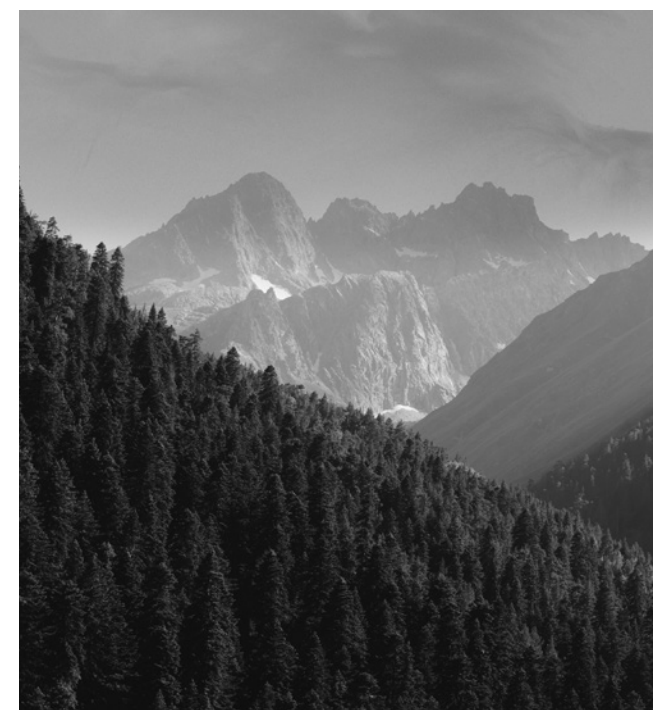
Among the initiatives pursued in 2021 was the project to restore and preserve the ecosystem of the Ebro Delta Natural Park, the most important wetland in the western Mediterranean. The area suffered significant damage at the hand of Storm Gloria in January 2020.

The initiative's goal is to help improve the conservation status of the coastal natural habitats and implement preventative actions to better prepare them for future extreme weather events. The rehabilitation of the area will also help to create green jobs and to secure the local economies. The project, which is being carried out in collaboration with the NGO SEO/BirdLife, involves an investment of one million euros and will last two years.

2021 also marked the third anniversary of Arboretum, another of the initiatives supported by SEAT, S.A. in the field of biodiversity protection. This has involved the creation of a botanical garden comprising 80 different species of trees, shrubs and scrub in a delimited area of the Can Casas park in Martorell. It has also included the publication of a guide covering the 80 species introduced, as well as the organisation of school visits to the space.

I ENVIRONMENTAL AWARENESS

Environmental awareness also extends to the workforce as a whole by conducting actions throughout the year that demonstrate the involvement of the staff in pursuit of this common objective.



ENSURING QUALITY

The Quality division continued to make progress during 2021 in adapting to the challenges of electrification and digitalisation in the production processes, using analysis, prediction and technological innovation as key tools to deliver agile and flexible service.

Thanks to the changes implemented in recent years, the division was able to continue to offer more efficient resource management in order to respond to new projects within the framework of Industry 4.0 and the electric and connected car.

I TOOLS FOR ELECTRIFICATION

The Materials Technology department, located in Workshop 3, incorporated a high-resolution computerised tomography and X-ray inspection machine into its laboratory.

With this new tool, which can delve down to the nanometre level and perform non-destructive analyses of any type of material, tests can be conducted to confirm the quality of each of the car's parts and components, especially in relation to the electronics, semiconductors or batteries.

By incorporating this new machinery into the laboratory, the company is taking measures to address the ever-increasing need to accurately analyse the electrical and electronic components of the vehicles in order to guarantee the final quality of the products.

PHOTOGRAMMETRY: SPEED, PRECISION AND CONNECTIVITY

The Technical Measurement and Meisterbock department continued to work on incorporating photogrammetry into the serial production process as a measurement technique for use on the SEAT Leon and CUPRA Formentor production lines. This ensures that all vehicles coming off the production line have the same level of quality throughout the life of the series, as if it were a perfect prototype.

Photogrammetry is a contactless optical measurement technology that is able to capture millions of points on an object by taking photos, marking the depth and thickness of each space. Once recorded, the points are then displayed on a colour map indicating whether there are any deviations from the ideal shape. Consequently, it is possible to ensure that all vehicles departing the production line have the right measurements, as well as certifying their safety and performance, and any deviations can be recalibrated where necessary.

The inclusion of photogrammetry as a series production measurement tool, adapted by and for SEAT, S.A., represents a pioneering innovation in industrial processes, as well as marking an improvement in the efficiency of measurements taken on the production line in terms of speed, precision and connectivity. In addition to cutting measurement times by up to 90% compared to conventional tactile technology, the adoption of this approach has led to staff receiving training in higher-skilled techniques. It has also resulted in an exponential increase in the volume of information that is gathered during the serial production process, ensuring that the customer receives the best car possible.

Thanks to tools and techniques such as big data and data science, the large volume of information gathered will be used in the future to detect certain adverse situations in the production process before they occur.

REAL-TIME CUSTOMER FEEDBACK

During 2021, the Quality division implemented the new Q-CONNECT application in a test phase among the company's employees.

This new tool, developed by SEAT:CODE, allows information to be collected on sporadic electronic defects and incidents recorded while electric vehicles are being charged, which are rarely reported to the official maintenance workshops.

Q-CONNECT includes a customer communication channel which can be used to ask the customer questions in order to assess the exact nature of the incident detected. This information, which can be shared with any relevant area of the company, allows corrective measures to be implemented more quickly, thus limiting repercussions in the market and improving the customer experience.





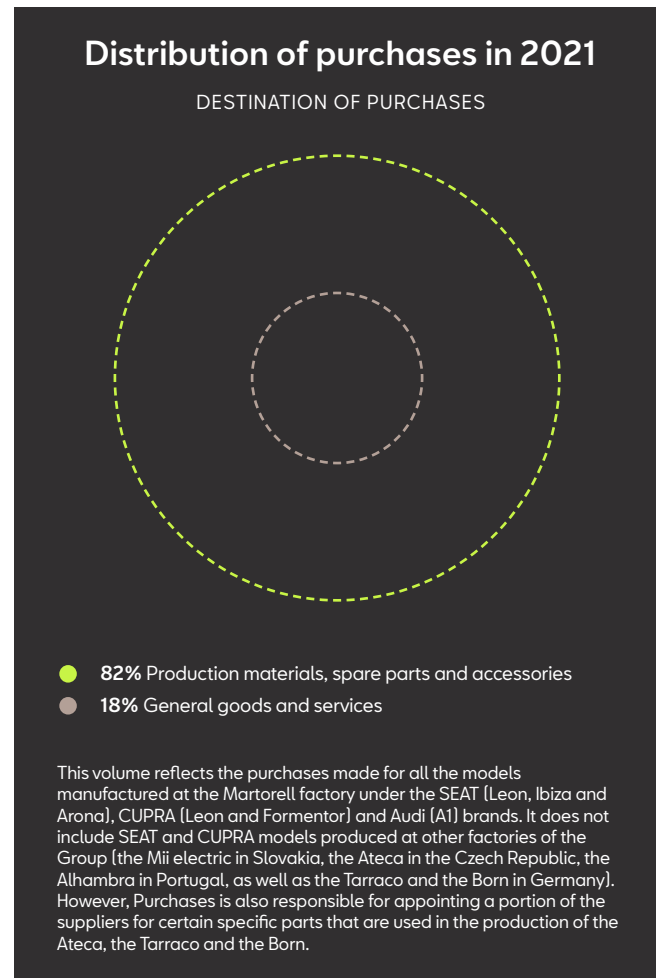
COMPANY
ACTIVITIES
PURCHASES

A HIGHLY DEMANDING YEAR

The Purchases division is responsible for managing the procurement of all the products, goods and services necessary for SEAT, S.A. to carry out its activities, including both the materials required for vehicle production and all the other resources which the company needs (General Purchases). In recent years, it has gradually assumed new responsibilities of great strategic value with the aim of maintaining a reliable, committed and sustainable supply chain capable of responding to the growing complexity of the market.

After a year in which supplier relationships were conditioned during 2020 by the impact of the COVID-19 pandemic, 2021 was once again a highly demanding year for Purchases. Its two priority lines of action were the management of the supply crisis caused by the semiconductor shortage and the launch of the ambitious Future: Fast Forward plan.

In addition, 2021 saw the consolidation of the extensive restructuring of the division carried out in the previous year, which had introduced new functions and methodologies in order to monitor the entire life cycle of the models. In this regard, during 2021 all the changes implemented were continuously monitored, culminating in a workshop to assess performance during the year and identify aspects for improvement.



Volume of purchases managed

MILLIONS OF EUROS



MANAGEMENT OF THE SEMICONDUCTOR SHORTAGE SUPPLY CRISIS

As the main point of contact with suppliers, the Purchases division took charge of managing the supply crisis triggered by the semiconductor shortage, which largely marked the company's activities throughout 2021. To this end, it was heavily involved in the two task forces specially created to analyse and tackle the crisis: one at the Volkswagen Group level and another specifically for SEAT, S.A.

Another measure implemented was the exchange of components between projects, based on criteria which were also set by the respective task forces in order to maximise semiconductor availability. In this sphere, the Purchases and the Production and Logistics divisions collaborated closely in implementing coordinated measures to adapt work on the production lines.



SPEARHEADING THE FUTURE: FAST FORWARD PROJECT

The Purchases division, together with the Strategy division, is responsible for spearheading and internally managing the ambitious Future: Fast Forward plan, which was presented to the public at the Annual Press Conference in March 2021. Its main objectives are to lead the electrification of the automotive industry in Spain by producing urban electric vehicles in the country beginning in 2025 and to turn the country into an electric mobility hub in Europe.

Purchases plays a critical role in this plan, as it is responsible for identifying the suppliers required to meet all of the project's needs. To this end, a series of workflows have been defined, led by professionals from the division. It is tasked with forming the cluster of suppliers that will join SEAT, S.A. in bidding for the investment available under the Electric and Connected Vehicle project convened by the Spanish government as a Strategic Project for Economic Recovery and Transformation (known as PERTE).

The ambition of the Future: Fast Forward project is to produce the new family of compact urban cars (Small BEVs) in Spain, based on a 100% electric vehicle platform developed by Volkswagen, for various brands of the Group. This family of vehicles will play a key role in the democratisation of electric mobility in Europe, helping to make it accessible to more customers.

Participation in the Small BEV project will also involve the development of a series of dedicated training courses for the division's professionals, both in aspects specifically related to electromobility and in new sales channels. These sessions will be conducted through the Purchases Academy, the unit responsible for anticipating and meeting training needs.

SUSTAINABLE DEVELOPMENT OF SUPPLIERS

Another principle which marks SEAT, S.A.'s relationship with its suppliers is its monitoring activities and the support it offers in aspects related to sustainability, with the common goal of maintaining a sustainable supply chain that is adapted to the market's new circumstances.

The tool used to manage this matter is the sustainability rating (S-Rating), which measures suppliers' degree of compliance with the compulsory Volkswagen Group standards. Since 2019, obtaining a positive S-Rating is an indispensable requirement for companies serving the Group.

With regard to the procurement of components required for vehicle production (Product Purchases), the objective in 2021 was to help suppliers that are already part of the supply chain to achieve an adequate S-Rating.

In the case of General Purchases, meanwhile, the priority was to extend the obligation to have a positive S-Rating to service providers that may involve some risk in terms of sustainability and compliance; in particular, work was undertaken with the group of logistics companies. Progress was also made in computerising the contracting process for lower-cost supply arrangements in order to facilitate the inclusion of these suppliers in the sustainability rating system.

Ever since its initial implementation, the S-Rating tool has been undergoing constant review and improvement. In 2021, a new resource was introduced to facilitate the internal Quality Management System. Under this methodology, each brand is responsible for reviewing its suppliers' processes and qualifications in order to detect potential deviations from internal processes and identify points for improvement.

In the sphere of human rights, SEAT, S.A. participates in a working group with all other Volkswagen Group companies to develop a Human Rights Management System. Several internal meetings were held in 2021 to collate knowledge relating to the most relevant aspects of the supply chain in this regard. As the first practical application of this system, in the last quarter of the year the first training sessions were developed for suppliers located in countries considered to involve a degree of risk in the field of human rights.

Key aspects of Future: Fast Forward

WHAT (OBJECTIVES)

To lead the electrification of the automotive industry in Spain through the production of urban electric vehicles in the country beginning in 2025.

To turn Spain into a hub for electric vehicles in Europe.

HOW (STRENGTHS)

Transversal and inclusive

- It presents a comprehensive view of the country: SEAT, S.A.'s initiative will generate positive externalities for all other socio-economic agents.

- It is inclusive:

- At the geographical level... There are synergies spread throughout the country that will have far-reaching benefits.

- At the sectoral level... It will have direct and cross-sector effects in the spheres of energy, digitalisation and tourism, bolstering the main pillars of the economy.

- At the organisational level... It involves everything from big, small and medium-sized enterprises, to startups, technology hubs, associations, public institutions and general government.

Transformative

- It represents a commitment to transformation (change through conviction) rather than restructuring (change by necessity), with repercussions throughout the value chain thanks to SEAT, S.A.'s traction in the industrial sphere.

- It focuses on technological innovation and enhancing collaboration with technology centres in order to establish knowledge hubs.

- It invests in training and qualification to increase industry's value added.

- It offers great potential to generate high-quality jobs, boosting the creation and retention of youth employment.

Sustainable

- It envisages a resilient future for new generations, both in terms of environmental preservation and in the economic sphere.

- It has a firm and public commitment, aligned with the UN's SDGs and 2030 Agenda.

- It enables the implementation of a more sustainable industrial model.

- It seeks new mechanisms and elements in the field of socially responsible financing which can help private enterprises to pursue the sustainable transition.

- It strengthens the connection with smart mobility and smart city design.





COMPANY
ACTIVITIES
SALES AND
MARKETING

ONE COMPANY, TWO BRANDS

COMMERCIAL ACTIVITY

GROWTH IN SALES AND MARKET SHARE

Despite the difficulties arising from the fall in production in the car industry due to the shortage of supplies, SEAT, S.A. closed the year with 470,531 vehicles delivered, 10% more than the previous year. Germany once again ranked as the company's leading market with 104,080 units sold, followed by Spain (81,776, +12%), the United Kingdom (50,723, +11%), France (31,238, +14%), Italy (27,649, +25%), Mexico (20,942, +39%), Austria (17,470, +7%), Turkey (12,742, +10%), Israel (12,591, +21%) and Switzerland (11,894, +7%). There was also significant sales growth in some Eastern European countries, such as the Czech Republic, Croatia, Slovakia and Romania, as well as in South America, notably in Peru, Colombia and Chile.

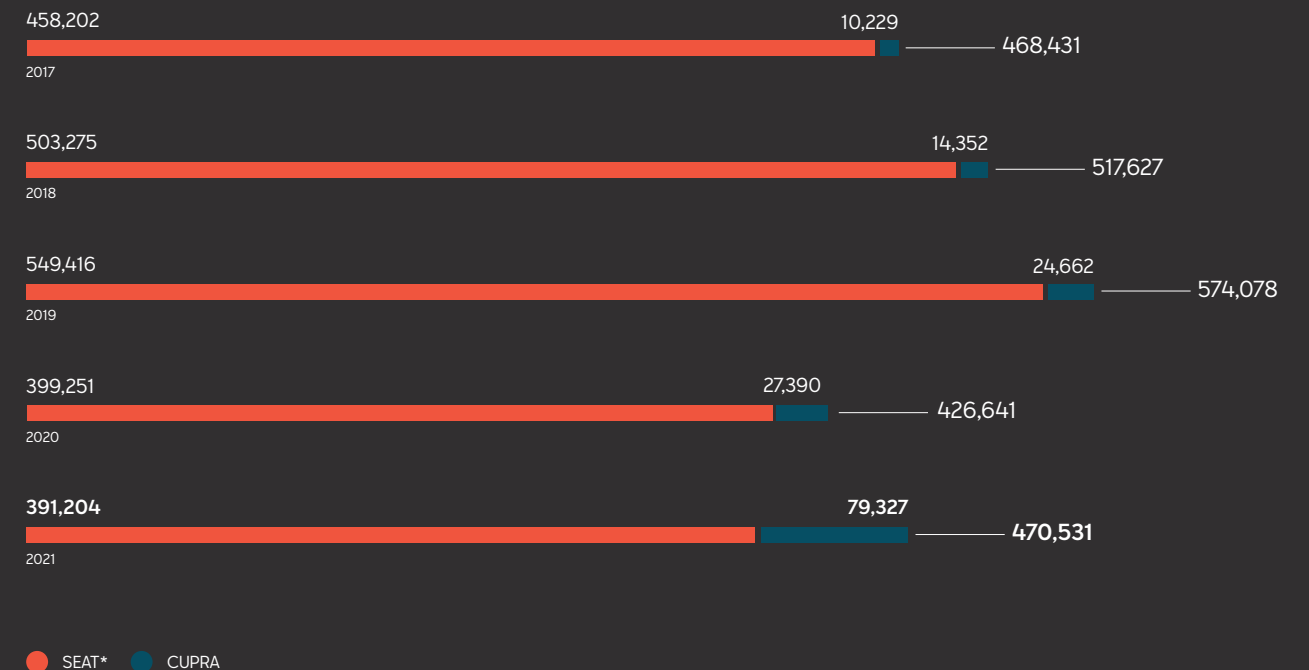
In addition to the increase in sales volume, SEAT, S.A. ended the year with a 0.3-point increase in market share in Western Europe, bringing the figure to 3.5%. By country, the company's market share was strongest in Spain, with 8.9% (+1.0), Austria (7.3%, +0.7) and Portugal (4.9%, +0.4). The results also show significant progress in some Eastern European countries, such as Slovakia (4.5%, +1.1), the Czech Republic (4.1%, +2.1) and Croatia (3.6%, +0.5), as well as in Scandinavia, where the market share in Finland grew by 1.0 point to 3.3% and in Denmark, by 0.5 points to 3.2%.

The good results obtained by SEAT, S.A. in 2021 reflect the sum of the success of its two brands, SEAT and CUPRA. The excellent reception of its models allowed it to become one of the fastest-growing car manufacturers in Europe, while also strengthening its position as the leader of the Spanish market for the fourth consecutive year, thanks to the most powerful range in its history and with two of its models ranking among the 10 top-selling models in the country: the SEAT Arona, in first position, and the SEAT Leon, in seventh. During the year, the company won 67 awards in various European countries, serving as a recognition of the dedication of both brands' teams.

CUPRA tripled its sales of the previous year, with 79,327 cars delivered. The brand, which represents the leading edge of the company's transformation towards electrification, became one of the most rapidly growing brands in Europe, and the fastest in Spain, thanks to the success of the CUPRA Formentor.

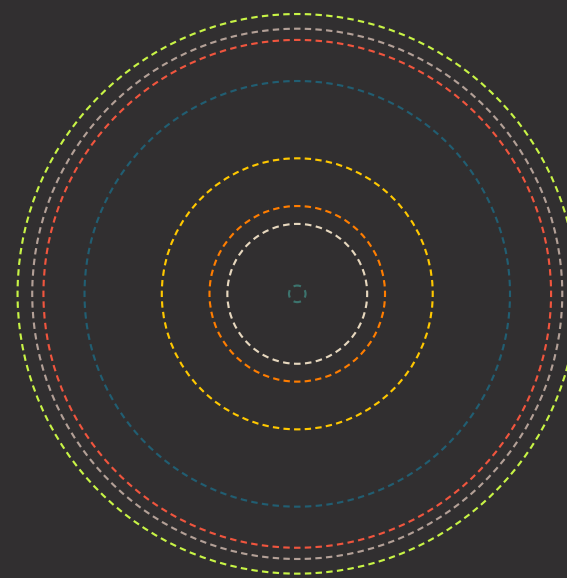
There was also notable growth among the plug-in hybrid electric versions, which are gaining prominence within the model ranges that feature these variants. Sales of the PHEV versions of the CUPRA Formentor, the CUPRA Leon, the SEAT Leon and the SEAT Tarraco reached 60,000 units, four times the number sold in 2020 (14,700).

Sales UNITS



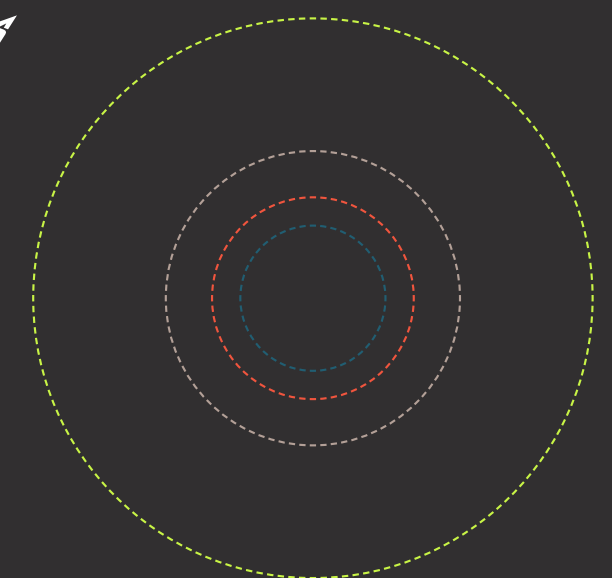
[*] Does not include CUPRA versions.

Sales in 2021 MODELS | UNITS



SEAT MODELS 391,204

- 106,875 SEAT Arona
- 95,764 SEAT Ibiza
- 87,678 SEAT Leon
- 61,117 SEAT Ateca
- 24,099 SEAT Tarraco
- 9,695 SEAT Mii
- 5,961 SEAT Alhambra
- 15 SEAT Toledo



CUPRA MODELS 79,327

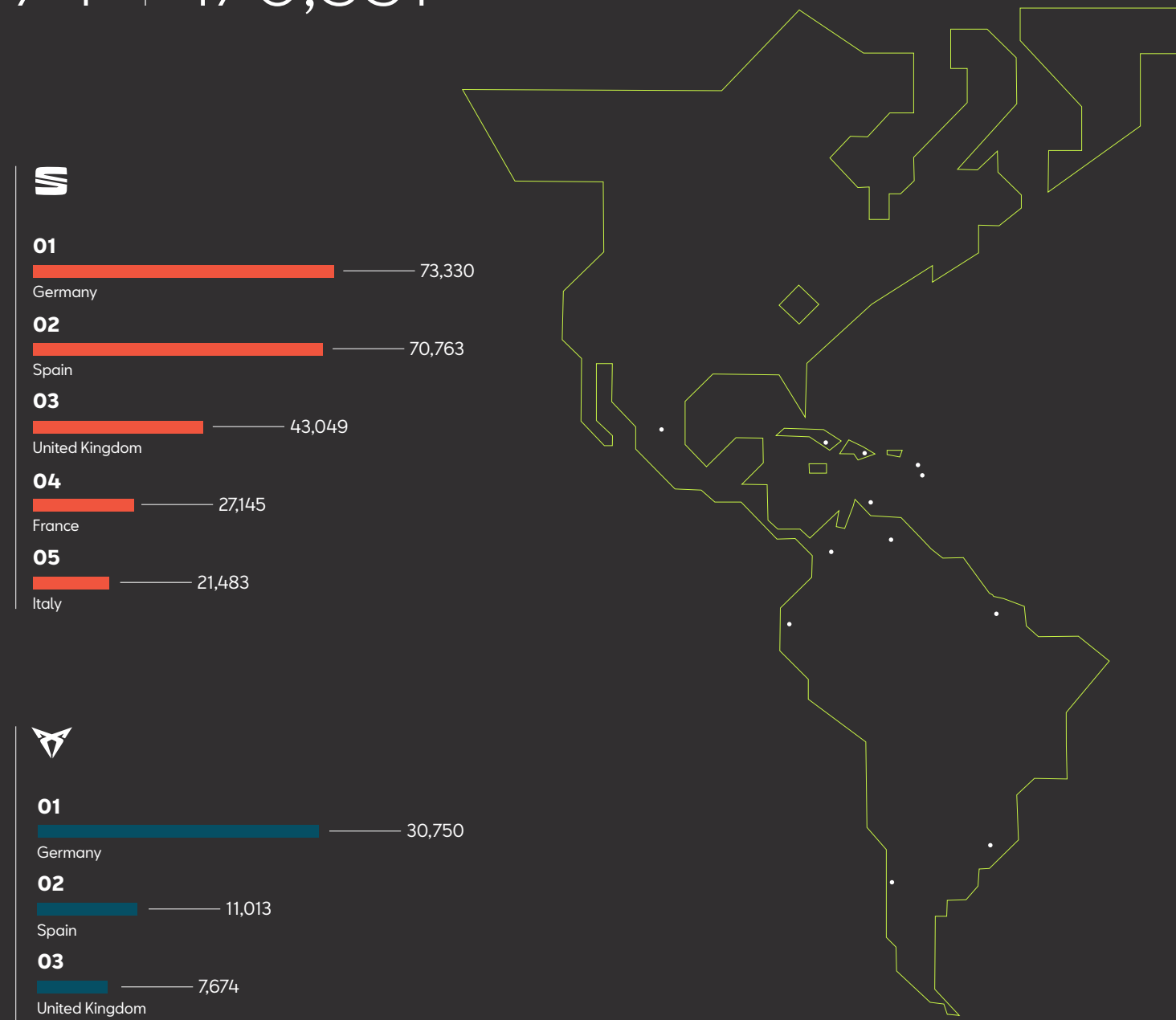
- 54,595 CUPRA Formentor
- 14,672 CUPRA Leon
- 6,708 CUPRA Ateca
- 3,352 CUPRA Born

Main markets of SEAT and CUPRA sales distribution in 2021



| | | | | |
|--------------------------------|-------------------------------|--------------------------------------|------------------------------|-----------------------------------|
| 01 Germany 104,080 | 02 Spain 81,776 | 03 United Kingdom 50,723 | 04 France 31,238 | 05 Italy 27,649 |
| 06 Mexico 20,942 | 07 Austria 17,470 | 08 Turkey 12,742 | 09 Israel 12,591 | 10 Switzerland 11,894 |

Countries | Total sales in 2021
74 | **470,531**



Markets in which the company has a presence

● SEAT BRAND ● CUPRA BRAND ● SEAT AND CUPRA BRANDS

- | | | | | | |
|--------------------|--------------------|-------------|-------------|-----------------------|----------------------|
| Albania | Croatia | Greece | Macedonia | Qatar | Syria |
| Algeria | Cuba | Guadeloupe | Malta | Republic of Mauritius | Tunisia |
| Andorra | Curaçao | Hungary | Martinique | Republic of Moldova | Turkey |
| Angola | Cyprus | Ireland | Mexico | Réunion | Ukraine |
| Austria | Czech Republic | Israel | Morocco | Romania | United Arab Emirates |
| Australia | Denmark | Italy | Netherlands | Saudi Arabia | United Kingdom |
| Bahrain | Dominican Republic | Ivory Coast | New Zealand | Serbia | Uruguay |
| Belgium | Egypt | Kuwait | Norway | Singapore | Venezuela |
| Bosnia-Herzegovina | Estonia | Latvia | Oman | Slovakia | Yemen |
| Bulgaria | Finland | Lebanon | Palestine | Slovenia | |
| Cape Verde | France | Libya | Peru | Spain | |
| Chile | French Guiana | Lithuania | Poland | Sweden | |
| Colombia | Germany | Luxembourg | Portugal | Switzerland | |

Sales network



I MOMENTUM IN THE FLEET CHANNEL

During 2021, around one third of all sales in the fleet channel were made in the True Fleet market, which grew by 13% compared to the previous year in lease contracts and transactions with large corporations, excluding deliveries to car rental companies.

The company's market share also increased, with significant figures in some consolidated fleet markets such as Austria (5.8%), the United Kingdom (4.6%), Germany (3.6%) and the Netherlands (3.5%).

RESIDUAL VALUE OF THE CUPRA BORN

Industry analysts confirm a promising future for the CUPRA Born in used electric car markets. Their ratings highlight its attractive, emotional and timeless design, its comprehensive technology features, as well as the high performance of its batteries and its charging times.

In the driving category, experts point out its direct and sporty response; its dynamic, fun and safe handling; a good balance between performance and comfort; as well as its rapid acceleration and excellent steering control.

GROWTH OF THE USED CAR BUSINESS PLAN

SEAT, S.A. launched a plan to grow its revenues from used vehicles in its main markets, as a strategic response to the macro-trends emerging in the car industry generated by the rise of leasing versus purchasing.

This programme involves specifically gathering and organising used cars (both at the company headquarters and in the market), planning their sale with set goals in mind, and offering advanced financial services and loyalty products to end customers through a professional network.

As a result of the implementation of the plan, in 2021 the company achieved an 11% increase in its sales volume of used vehicles.

SOLUTIONS ASSOCIATED WITH ELECTRIFICATION

In addition to its wide range of financial services, the fleet channel acted as a Mobility Service Provider (MSP) in offering various charging and payment solutions for the company's hybrid models. This was done through an application developed in collaboration with companies of the Volkswagen Group and connected to the majority of European charge points.

Also, in conjunction with SEAT:CODE, work began on the development of channel-specific utilities with the goal of optimising fleet parking. These included a scheme to reduce the total number of cars in the fleet by improving other forms of mobility through the introduction of SEAT MÓ subscription services and moped-sharing solutions.

I INTERNATIONAL EXPANSION

20 YEARS IN MEXICO

The company continued its expansion in Mexico coinciding with SEAT's 20th anniversary in the country and CUPRA's second, having chosen Mexico City as the location for the world's first CUPRA Garage in 2019.

In the Mexican market, which represents the company's largest outside Europe, SEAT is perceived as a high-quality brand with particularly good acceptance among young people, as well as being positioned as the leading brand imported from Europe. Since its arrival in the Latin American country, the company has sold more than 400,000 vehicles and has released around twenty models.

During 2021, SEAT, S.A. further consolidated its position in Mexico with the presence of the SEAT range of SUV models, as well as the new CUPRA Formentor, CUPRA Leon and CUPRA Ateca models.

CUPRA ARRIVES IN ISRAEL

In March, CUPRA landed in Israel with the presentation of the brand, the launch of the CUPRA Formentor and CUPRA Leon models, and the opening of a CUPRA pop-up store on the sixth floor of the iconic Champions Tower building in Tel Aviv.

The inauguration of the space, with more than 500 m² of surface area and 15 CUPRA Masters (specialised salespersons representing the brand's values and tending to customer), was attended by more than 50 journalists who generated significant media attention. The positive impact of the opening of the CUPRA pop-up store, reinforced by the comprehensive advertising campaign carried out in the country, resulted in the sale of over 300 vehicles in just one week.

CLOSER TO AUSTRALIA

During the year, the necessary activities were pursued in order to begin selling vehicles in Australia in 2022, when the Australian market will become the first in the world where the CUPRA brand will be introduced exclusively.

DIGITALISATION AND OPTIMISATION OF PROCESSES

In 2021, new sales platforms were implemented and developed that influenced the knowledge, purchase and sales strategy phases of SEAT, S.A., taking advantage of the potential offered by digital tools and artificial intelligence for process optimisation.

I DIGITAL IMMERSION AT THE DEALERSHIP

The company worked on the launch of the Automotive Visualization Platform (AVP), a new tool aimed at enhancing customers' digital experience at CUPRA dealerships.

This new technology gives CUPRA Masters access to high-quality videos and images in both two and three dimensions, which they can select from their iPad. By linking these devices to the dealerships' big screens, CUPRA Masters can modify and display the customer's selected vehicle configuration in real time, as well as sending them their preferences by email so they can view them or continue with the customisation process.

The AVP ecosystem, which is present throughout the customer's journey at the dealership, is managed from the corporate headquarters, where the multimedia content used in the tool is provided. In addition, images can be shown or videos streamed on the big screens located in CUPRA Garages, serving as supplementary communication and marketing tools.



BOOSTING THE DIGITAL EXPERIENCE

On the one hand, in addition to the traditional payment options (full payment, loan or lease), CUPRA's first fully electric car is offered through an online subscription plan. These subscription services offer flexible terms and exclusive vehicle configurations.

On the other hand, the CUPRA Born is also offered online for lease customers. This makes it possible to connect the online and offline worlds in order to offer customers the best purchase experience.

SETTING UP A NEW AGILE FRAMEWORK

Another important milestone was the implementation of SAFe (Scaled Agile Framework®), a set of organisational and workflow methodologies which enable agile practices to be introduced in order to adapt to customers' ever-changing needs.

SAFe is the most popular method used by followers of agile methodology practices. This is a tried and tested system which makes it possible to respond to change, take advantage of the potential offered by innovation and achieve commercial targets. This way of working offers various benefits: it lets organisations focus on flexibility and adaptability, deal with complexity, and shift responsibility to teams in order to boost collaboration and reduce the need to coordinate or even control them.

OPTIMISING SALES PROCESSES

The Digital division developed an internal tool capable of collecting, assessing and analysing market data in an automated manner in order to optimise sales processes. By applying multiple layers of artificial intelligence, this tool makes it possible:

- > To digitalise the pricing process through the automated acquisition and the consolidation of data from both internal and external sources, as well as through the automation of internal decision-making systems.
- > Intelligent pricing: to recommend campaigns and, consequently, transaction prices by applying algorithms based on business objectives.
- > Smart order: to optimise vehicle stocks and generate recommendations through the use of algorithms based on sales and business targets.

COMPLETING THE CUSTOMER EXPERIENCE

AFTER-SALES: CUSTOMER CARE AND QUALITY

MONITORING OF LAUNCHES

In the run-up to the release of a new product or model, the activities of the various business areas involved are monitored with the goal of ensuring a successful launch. This includes the After-sales division, which sends periodic status updates on its activities and key business indicators for evaluation. The analysis takes into account various aspects, such as the index which determines the annual cost of ownership of a vehicle and the insurance classification index.

In addition, After-sales sends a questionnaire to importers and distributors to confirm they have everything ready ahead of the launch. Various aspects are assessed in this questionnaire, including the in-car literature, the documentation available at the workshops, the level of training and the availability of parts and accessories.

EXCLUSIVE CUPRA SERVICES

CUPRA's after-sales network aims to offer customers a highly personalised service of the utmost quality, with exclusive solutions that exceed their expectations and reinforce their loyalty.

To this end, it offers them CUPRA CARE, a loyalty programme which includes an additional package of services associated with the brand's specialised workshops, such as free maintenance, extended warranty, accident insurance and mobility services.

In addition to the loyalty programme, and to ensure that CUPRA customers enjoy a differentiated experience, a series of added services known as CUPRA Promises were defined, guaranteeing customers maximum comfort and coverage when visiting the specialised CUPRA workshops.

Some of the new features of these services include:

- > Personalised customer care through a single point of contact in the figure of the CUPRA Master.
- > Mobility options: proactive offer of a courtesy car and a pick-up and delivery service available by appointment.

- > Additional services, such as a car wash, appointments available within 48 hours, and the two-hour maintenance service.

PARTS CENTRE LOGISTICS

Through the dealer and importer network, the Parts Logistics team supplies the company's customers with a wide range of spare parts and accessories to guarantee their continued mobility.

The service they provide complies with the quality standards established by the Volkswagen Group and ensures next-morning delivery, before the official service centre opens, for over 97% of the orders received before 6pm.

Each year, its activities entail an average of:

- > 200,000 m³ of material delivered to end customers in Spain.
- > 22 million kilometres travelled, only by road.
- > 2 million parts and 600,000 order lines delivered to customers.
- > 135,000 stock references.
- > 4 warehouses in Spain, supplying replacement parts to over 800 dealerships and 95 importers.

In addition, the team continued to pursue an internal transformation process in 2021 which will allow it to adapt to the needs generated by the hybrid and electric product range, while also minimising the carbon footprint associated with its activities.

NEW TELEVISION CONFERENCE FORMAT

The After-sales team launched the Aftersales Not-so-late Night Show as a disruptive evolution of its annual international conference, in a context in which it was not possible to hold face-to-face gatherings.

This innovative virtual event, which takes the format of a television show, is intended to inform importers of the most relevant business issues, the company's strategy, and examples of exceptional customer service, among other key aspects.

Inspired by American late night shows, the five editions of the Aftersales Not-so-late Night Show featured more than 600 participants from 51 countries. Each programme combined technology, content, interaction and humour.

The new format was bestowed the gold award for Best Convention of the Year 2021 at the annual gala organised by the Eventoplus Group. This award, considered the most important in Spain and Portugal, values the creativity, impact or innovation of initiatives in the meetings and events sector.

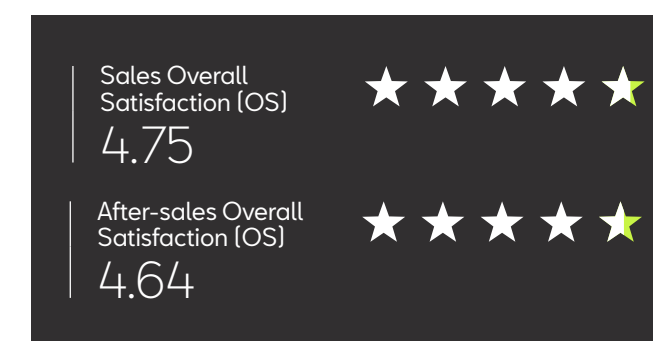
EXCELLENCE IN SERVICE

ADVANCED TOOLS FOR MEASURING SERVICE QUALITY

The new CEM 360° customer satisfaction programme makes it possible to measure and improve the customer experience in the sales and after-sales network. This new tool facilitates intelligent listening by incorporating innovative capabilities for analysing customer feedback, and offers reports summarising key results to help make the right decisions, as well as to generate action plans in order to improve customer satisfaction.

In addition, the CEM 360° programme makes it possible to assess and improve the network's online reputation, both on Google and on social networks, and to identify trending topics of interest. Finally, the tool's connection with various Group systems has enabled the processes involved to be automated, while also guaranteeing data integrity and ensuring transparency in real time.

Customer satisfaction in 2021



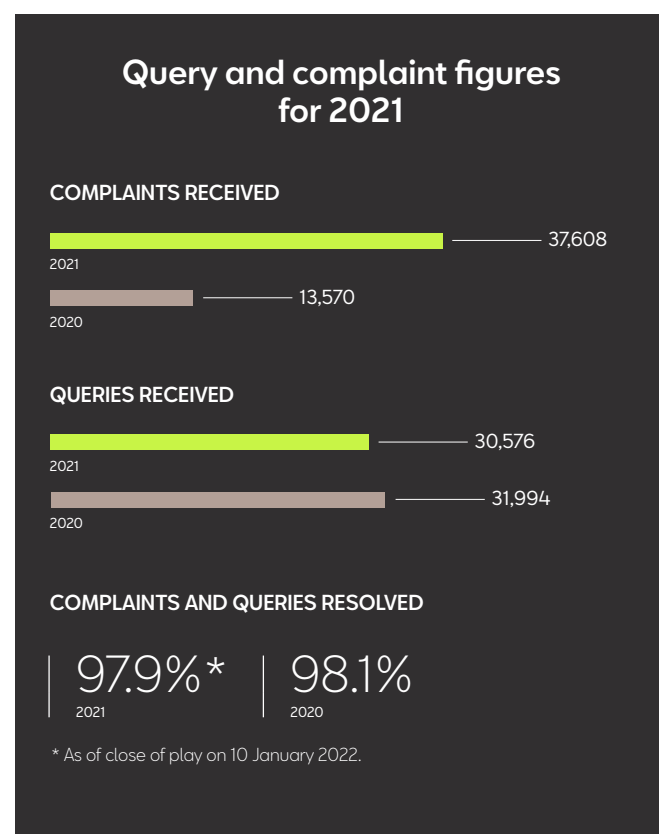
DECENTRALISED MODEL FOR DEALING WITH QUERIES AND COMPLAINTS

In recent years, SEAT, S.A. has worked on further improving its system for handling queries and complaints. In doing so, it has succeeded in adapting to the increased popularity of new communication channels used by customers to engage with companies, such as apps and social networks.

The company has a decentralised management model in which most incidents are handled and resolved directly by the importers and authorised service centres in each country, whom customers tend to contact in the first instance. This model allows the process to be simplified and streamlined.

The company also has a central department responsible for handling and resolving queries and complaints received via the corporate website www.seat.com, social networks or marketplaces. This department is also responsible for proactively responding to the opinions that users share via these channels.

Most of the queries received relate to the characteristics or release dates of new models, while most of the complaints concern issues related to digital products and services, such as car connectivity and SEAT and CUPRA apps.



CASA SEAT

I AN OPEN AND DYNAMIC SPACE

CASA SEAT consolidated its reputation in 2021 as the place to be in Barcelona. The brand space has become a must on the city's agenda thanks to a range of services and activities on offer that explore the intersection between mobility and urban culture.

There is a wide variety of reasons to visit CASA SEAT:

- > Learn about the latest developments from SEAT, CUPRA and SEAT MÓ.
- > Meet with the company's professionals and share knowledge.
- > Attend meetings with leaders in the field of mobility or the arts.
- > Participate in various artistic events such as concerts, talks, exhibitions or performances.
- > Work in its spaces open to the public.
- > Enjoy a seasonal and high-quality range of gastronomic delights at its restaurant by Ametller Origen Mercat d'Autors.

I CONNECTED TO THE CITY

Between 2020 and 2021, the building located at the confluence of paseo de Gracia and avenida Diagonal received 170,000 visits. The space, which offered more than 350 activities and 8 exhibitions, enhanced its integration into the cultural, artistic and business ecosystem through collaborations with various congresses and festivals in the city.

These included the Barcelona New Economy Week (BNEW), which in 2021 chose CASA SEAT as the venue for the BNEW Mobility congress. In addition, in the cultural sphere it supported and hosted part of the agendas of a number of festivals, including the BCN Film Fest (cinema), Serielizados (series), LOOP BCN (video art) and Barcelona Obertura (music), as well as Barcelona Design Week, and Women Z Fest, an initiative celebrating young female talent.

In addition, for the second consecutive year, CASA SEAT participated in the 48h Open House Barcelona architecture festival and was the second most visited space from among the 227 buildings that took part.

YEAR 0: A YEAR OF CHALLENGES AND ZERO EMISSIONS

CASA SEAT celebrated its first birthday under the slogan "Year 0" to highlight the exceptional nature of its first year of history and its commitment to the future of mobility, which through the SEAT and CUPRA brands is advancing towards "zero emissions".

The commemorative events lasted for a week and included live performances by Antonio Orozco and Bad Gyal; talks with artists such as the soprano Ainhoa Arteta and the flamenco dancer Sara Baras; the inauguration of the exhibition "Home Street Home" by the urban pop-artist Tvboy; the CUPRA Born displayed for the first time in the space, and the production of a commemorative book, *Donde la ciudad se mueve* (Where the city moves), recalling some of the highlights from CASA SEAT's first year of history.

I THE PAST AND FUTURE OF MOBILITY

The space served as a meeting point for the past, present and future of mobility through various exhibitions which invited citizens to reflect on the developments of recent decades and what the future might hold. The exhibition *Campaña: la estética de la modernidad mecánica* (Campaña: the aesthetics of mechanical modernity) brought together some of the Catalan artist's most iconic photographs of vehicles, allowing visitors to recall how the car was introduced onto Spain's roads in the middle of the last century. This exhibition was complemented by a sample of classic motorcycles which took visitors on a journey through the evolution of urban scooters in Spain from the 1950s to the present day.

Previously, CASA SEAT hosted the exhibition "Spectre: hacia un nuevo sonido de ciudad" (Spectre: towards a new city sound), in which the artist Edu Comelles created visual works based on the soundscapes of today's cities and proposed what those of the future could sound like when electric cars become widespread.

On the other hand, the promotion of road safety was one of the major features of the programme of events in the latter part of the year. Through the "Enjoy your drive" series, CASA SEAT offered citizens free training in first aid, which included tips on how to prevent accidents and reduce their consequences.

The year ended in December with two activities addressing gender equality in the field of mobility. On the one hand, the meeting "Women decision-making in urban Mobility", organised in collaboration with CARNET Barcelona, provided an opportunity to debate gender equality in this sphere. On the other hand, through the workshop "Designing the Mobility of the Future", the non-profit association Young IT Girls offered girls and boys aged 9 to 14 activities using the programming language Scratch to program robots.

I AN INTERNATIONAL PERSPECTIVE

The fully packed agenda also included various initiatives aimed at promoting dialogue, networking and entrepreneurship. One of them, held in May, turned the space into a meeting point between Barcelona and Milan, one of the protagonists of the Guest City series of events. For several weeks, the space hosted experts, artists and institutional representatives such as the mayor of Milan, Giuseppe Sala, with the aim of boosting relations between the two cities and establishing partnerships.

Other international experts who offered their experience at CASA SEAT included John Moavenzadeh, executive director of Urban Mobility at the Massachusetts Institute of Technology (MIT); Thierry Malleret, economist and co-author of the book *Covid-19: The Great Reset*; Bruno Giussani, writer and global curator of the TED platform, and Alice Charles, head of the City and Real Estate department at the World Economic Forum, among others. In relation to the leisure industry, a panel discussion was held entitled "SEAT Esports Talks: being a professional gamer", involving the international personalities from the sector Javier Prades "Elyoya" and Carlos "Axineas" Pérez.

A PLACE FOR MEETING CULTURAL LEADERS

The CASA SEAT auditorium served as the setting for some of the most important artists in the musical, literary and artistic scenes. Attendees had the opportunity to enjoy intimate concerts by the pianist Marco Mezquida, either in a solo recital or accompanied by the guitarist Chicuelo or the dancer Sol Picó; to attend a masterclass given by the reputed conductors Speranza Scappucci and Daniele Callegari; to listen to conversations and presentations given by important personalities from the national landscape, such as Santi Balmes, Carlos Sadness, El Kanka, Sopa de Cabra, Ferran Palau and Joan Garrido; to get to know the National Photography Prizewinner Alberto García-Alix and the National Cinematography Prizewinner Isabel Coixet; or to immerse themselves in the atmosphere of the inspiring series of literary coffee breaks involving writers such as Clara Usón, Martín Caparrós, Antonio Muñoz Molina, Jorge Carrión and Manuel Vilas, to name just a few.

Emerging musical talent was also promoted through the BCN Z Sessions, with the latest musical trends provided by artists from so-called "Generation Z" (Mercedes Cañas, Liz Forte, Lix Molina and Malmö 040), as well as through the Autumn Sessions series, which brought names such as Clara Gispert, María La Blanco, Ganges, The Crab Apples, Aiala and Jo, Jet i Maria Ribot to the stage, among others. CASA SEAT also hosted the presentation of Lluís Capdevila's latest record, as well as an emotional event in memory of the poet Jaime Gil

de Biedma on the occasion of World AIDS Day, in which Sílvia Comes sang and recited some of his poems.

In the field of gastronomy, the CASA SEAT restaurant offered cooking demonstrations by renowned chefs such as Max Colombo, Sofía Janer and Víctor Gonzalo, Alberto Gras and Rafa Antonín. In November, the artist Tatiana Blanqué presented a unique vision of gastronomy through the charitable “EXPO Metamorfosis” collection, which brought together photographs of prestigious Spanish chefs in a bid to acknowledge and support the catering sector, which has been hit so hard by the pandemic.

The pastry chefs Christian Escribà and Patricia Schmidt topped off a sweet 2021 at CASA SEAT with a Christmas decoration inspired by their world of pastry, which was distributed throughout the building. The Christmas activities on offer, grouped under the slogan “Merry Days”, also included an original Advent calendar on the building’s façade which gradually revealed the activities that were organised and a Christmas menu at the CASA SEAT Ametller restaurant.



SEAT BRAND

STRENGTH AND GROWTH

SEAT continued to grow in 2021 with a solid offering of products and services that are “created in Barcelona” and associated with an accessible, sustainable and optimistic style of mobility that is full of potential.

The brand, which has the youngest customer profile in Europe and represents the Volkswagen Group’s gateway to new customers, deployed the most comprehensive model range in its history during the year.

Some of the main new releases included the renovation of the Ibiza and the Arona, as well as the extension of the range of efficient versions. Additionally, SEAT continued to support urban mobility through SEAT MÓ, its business unit focused on electric products and services in the field of micro-mobility.

YOUTH, OPTIMISM AND ACCESSIBILITY FROM BARCELONA

Developed in collaboration with the marketing agencies 14agency and DDB Paris, SEAT’s television and digital campaigns presented unique experiences based on the optimistic and open mindset of the city of Barcelona:

- > **SEAT Ibiza: “#AllMyFriends”.** This campaign focuses on the Ibiza’s social and youthful character and stars the TikTok and Instagram influencer Jackson Myles, who meets up with his group of friends in a SEAT Ibiza, listening to music and enjoying the benefits that connectivity brings in the renovated version of the brand’s famous model.
- > **New SEAT Arona: “#GetCarriedAway”.** This is a campaign which illustrates the joy of letting yourself go with new passions in the here and now when you have the right partner by your side: the new SEAT Arona SUV with XP trim.

> **SEAT Leon: “It’s a whole other story”.** The narrative of this campaign reinforces the Leon’s potential to change things as we know them through connectivity, design and hybrid technology. To this end, it takes classic stories and gives them a new lease of life, adapting the characters, situations and scenarios as a reflection of today’s society.

> **SEAT SUV: “All Ready”.** This advert sends out an emotional and optimistic message connected with the SUV range, with the new versions of the Arona, the Ateca and the Tarraco e-HYBRID, and shows this range as the perfect companion to let yourself go and live experiences in a positive and playful way.

> **SEAT e-Mobility: “We move like you move”.** The brand celebrates perpetual movement in a seamless sequence shot, capturing the hustle and bustle of urban and neighbourhood life. Along with its range of plug-in hybrid vehicles (Leon, Leon Sportstourer and Tarraco), the advert features the SEAT MÓ electric kick scooters and electric moped in a visual ballet, powered by Motion Control technology and the soundtrack *Hang my head* by Dylan Cartlidge.

MODELS AND NEW RELEASES

SEAT has a complete range of models powered by everything from the most efficient traditional combustion propulsion systems to micro-hybrids or Mild Hybrids (eTSI), plug-in hybrids (e-HYBRID) and engines that run on compressed natural gas (TGI).

SEAT IBIZA. NOTHING BUT BENEFITS

Created to excite, the SEAT Ibiza represents the freedom to choose, to be, to go and to let yourself go. To enjoy the city and have fun in company, connected and worry-free.

NEW RELEASES

A renovated SEAT Ibiza

Designed, developed and manufactured at the Martorell plant in Barcelona, the SEAT Ibiza has been a key pillar of the brand’s success since it was first launched in 1984, with more than six million units sold since its introduction onto the market.

In 2021, the model made a leap to accompany users on the technological journey demanded from an increasingly digitalised world, improving its in-car functionality and quality. The new version also offers a more intuitive and comforting driving experience, thanks to the multitude of cutting-edge driving aids which bring it closer to higher-category models. All this is in addition to an improved design language, high levels of connectivity and an offering of new and more elegant materials that add further customisation possibilities to the model.

The fifth generation of the SEAT Ibiza reached dealerships in April, and it is available with five different engine and transmission options, with power ratings ranging from 80 hp (59 kW) to 150 hp (110 kW), powered by petrol and CNG (compressed natural gas), as well as four different trims.

SEAT ARONA. STYLE AND PERFORMANCE

The brand's most versatile SUV has been redesigned for those who choose to be more daring, live more freely and act on impulse. The SEAT Arona represents the new layer of urban versatility which invites you to let yourself go.

NEW RELEASES

New SEAT Arona

The Arona, the leading model in its segment in Spain in terms of sales and a benchmark in quality and safety, has become a pillar of the brand. Since its launch, this model, which is designed, developed and produced in Barcelona, has exceeded 420,000 units sold.

In April, the new SEAT Arona was introduced onto the market with a more pronounced image, especially in the new X-PERIENCE trim (replacing the Xcellence trim) which has an off-road aesthetic that adds a sense of robustness and safety thanks to the inclusion of fog lights, a new-look front grille and the addition of new bumpers.

Its five engine and transmission options, with power ratings ranging from 90 hp (66 kW) to 150 hp (110 kW), powered by petrol (TSI) and compressed natural gas (TGI), as well as the Reference, Style, FR and new X-PERIENCE trims (with the new Dark Camouflage colour), boost this model's standard features and widen the range of available options to suit every customer.

AWARDS

> "Best Small SUV" in Spain in the 12th Ecomotor Awards 2021, selected by the readers of the newspaper *El Economista*.

> "Best Small SUV" in Spain in the 2021 Motor Awards, awarded by readers and users of the websites and magazines of the publishing group Axel Springer.

SEAT LEON. BIGGER AND BOLDER

Radiant and optimistic, the fourth generation of the SEAT Leon offers a bold style, dynamic and sporty handling and seamless connection, allowing users to enjoy it worry-free and to move forward with confidence.

NEW RELEASES

New SEAT Leon TGI 130 hp

A leader in the compact segment, the SEAT Leon expanded its range of available propulsion technologies in March with the release of the compressed natural gas (CNG) variant, which qualifies for the ECO label.

The new five-door Leon 1.5 TGI 130 hp is available with both a six-speed manual gearbox and a seven-speed DSG version, certified as generating less than 120 g/km in CO₂ emissions. Available in the Style, Xcellence and FR trims, it has three CNG tanks and offers a range of up to 440 kilometres.

AWARDS

> "ABC Best Car of the Year 2021" in Spain, after tallying up the votes of a jury of representatives from 36 specialist motor-industry media outlets, as well as the readers and subscribers in Spain of the newspaper *ABC*.

> Estrella Luike del Motor 2021 award for "Top-Selling Compact Car among Individuals" in Spain during the last year, awarded by the publishing group Luike Iberoamericana de Revistas.

> Award for "Compact family hatchback of the year 2021" in France, chosen by the specialist automotive publication *L'Argus*.

> "Car of the year 2021" in Portugal in the 38th edition of the Seguro Directo Carro do Ano / Troféu Volante de Cristal awards. In the same awards, the 204-hp 1.4 PHEV version was recognised as "Hybrid of the year".

> "Best compact car" and "Best value model in the readers' vote" in Poland in the Best Cars awards, by the website *Auto Motor & Sport*.

> "Family Car of the Year" in the UK in the awards of the vehicle sales portal *What Car?*



SEAT LEON SPORTSTOURER. ROOM FOR ALL PLANS

This family-sized version of the SEAT Leon, with 620 litres of boot space and a spacious interior, offers its occupants spaciousness and comfort, as well as high-end technology and connectivity both inside and outside the car.

NEW RELEASES

New SEAT Leon Sportstourer TGI 130 hp

In March, the range of engines for the new SEAT Leon Sportstourer was expanded with the addition of the 1.5 TGI 130-hp version, powered by compressed natural gas and available with a seven-speed DSG transmission as well as a six-speed manual gearbox.

SEAT ATECA. DISCOVERING A NEW SUV

The SEAT Ateca incorporates the latest technology in a robust, sophisticated and bold design that invites you to live life to the full. Ready for any adventure, without losing touch with the world around you and equipped with the latest features in comfort and convenience.

NEW RELEASES

SEAT Ateca 2.0 TSI 190 hp

The first SUV in SEAT's history, renovated the previous year with a more modern and attractive look, added the new 190-hp 2.0 TSI petrol block to its range in March, equipped with a seven-speed DSG dual-clutch automatic transmission and 4Drive all-wheel drive.

SEAT TARRACO. TO DARE WITH EVERYTHING

So that you feel at ease wherever you go, the new SEAT Tarraco offers greater-than-ever comfort and incorporates the latest developments in technology, connectivity and safety in an even bigger space. It offers up to seven seats with a large, multi-purpose boot for maximum versatility.

NEW RELEASES

SEAT Tarraco e-HYBRID

In January, the SEAT Tarraco e-HYBRID hit the market. The brand's largest and most efficient SUV combines a petrol engine and an electric motor which together offer 245 hp (180 kW) and 400 Nm of maximum torque.

The new Tarraco e-HYBRID follows in the footsteps of the SEAT Leon e-HYBRID and is the brand's second plug-in

hybrid model. It comes with a range of advanced safety and comfort aids to ensure users always travel in the best conditions.

SEAT Tarraco 2.0 TSI 245 hp

Also in January, the Tarraco received an addition to its range of engines with the new 2.0 TSI 245 hp petrol block, equipped with seven-speed DSG dual-clutch automatic transmission and 4Drive all-wheel drive in its five- and seven-seat variants.

SEAT Tarraco 2.0 TSI 190 hp

In March, the model completed its offering of engines and transmissions with the addition of the new 2.0 TSI 190 hp DSG 4Drive petrol engine, available in the Xcellence and FR trims. This version comes with a high level of features as standard and an extensive range of customisation options, such as the incorporation of up to seven seats and a number of updates in its interior design.

AWARDS

> "Best Large SUV" of 2021 in the UK in the awards of the specialist publication *Auto Express*.

SEAT ALHAMBRA. FAMILY-FRIENDLY AND SAFE

The SEAT Alhambra is a smart and versatile MPV designed with sporty finishes for enjoying family trips. Safe and efficient, it comes with all the necessary in-car technology, exceptional finishes and the highest quality standards.

AWARDS

> "Firmenauto des Jahres" award in Germany in the imported "maxivans" category (over 4.60 metres), awarded by the magazine *Firmenauto*.



SEAT MÓ

100% ELECTRIC, SUSTAINABLE AND AFFORDABLE URBAN MOBILITY

SEAT MÓ completed a year of operations as the brand's new business unit set to respond to cities' mobility needs, with 100% electric, noise-free, emissions-free and accessible products and services. In 2021, the sales and after-sales network in Spain was expanded, and the international expansion strategy was kick-started with the entry into 11 new markets.

The business unit's mobility solutions based on publicly-shared mopeds and subscription services also grew, consolidating its position in 2021 as one of the main suppliers of shared urban mobility services in Barcelona. On the one hand, a new flexible subscription format was launched for the SEAT MÓ 125. On the other hand, the fleet and the coverage of its "motosharing" service offering publicly-shared mopeds were expanded, with a total of 732 electric mopeds between Barcelona and neighbouring L'Hospitalet de Llobregat, while the SEAT MÓtosharing app registered over 100,000 downloads.

SEAT MÓ also took a step further towards achieving its goal of helping cities become more sustainable by entering the corporate mobility business through collaboration agreements with companies such as MERLIN Properties, the Hotel Mandarin Oriental Barcelona and the Hotel ME Sitges Terramar.

FIRST GLOBAL URBAN E-MOBILITY CAMPAIGN

During 2021, SEAT's first major communication campaign around urban e-mobility was launched, achieving extensive coverage on television and social networks.

Under the slogan "We move like you move", the SEAT MÓ 125 electric moped and the electric kick scooter were presented as part of SEAT's global sustainability offering, together with the brand's plug-in hybrid models: the Leon, the Leon Sportstourer and the Tarraco.

I NATIONAL AND INTERNATIONAL EXPANSION

During 2021, SEAT MÓ expanded its sales and after-sales network to more than 70 specific points across Spain located at official SEAT dealerships. This provides customers with brand assurance both during the purchase process and in the maintenance of SEAT MÓ products.

After arriving at dealerships in late 2020, the SEAT MÓ 125 established its position in 2021 as a 100% electric, easy, fun to drive, and environmentally friendly solution for urban micro-mobility. The plan for the model's internationalisation began with sales in France, Italy, Germany, the United Kingdom, Austria, Sweden and Greece.

A GREEK ISLAND'S PATH TOWARDS ELECTRIFICATION

In June, the SEAT MÓ 125 was made available to private customers on Astypalaia, a Greek island that is on track to become a green and smart island thanks to an initiative led by the Volkswagen Group in conjunction with the Greek government.

Over the next few years, Astypalaia will undergo the transformation to electric mobility through the deployment of smart solutions and green energy, with the long-term goal of becoming a benchmark in the field of climate-neutral mobility and a future laboratory for Europe.

SHARED URBAN MICRO-MOBILITY SERVICES

EXTENDED COVERAGE OF THE "MOTOSHARING" SERVICE

Following its success in Barcelona, SEAT MÓ's "motosharing" service offering publicly-shared mopeds was launched in May in the neighbouring municipality of L'Hospitalet de Llobregat, providing 100 units of the 100% electric SEAT MÓ 125 moped model for use by its citizens.

With this expansion, SEAT MÓ consolidates its positions as one of the leading operators of such services in the city of Barcelona and its metropolitan area, while simultaneously making progress towards its goal of facilitating mobility in cities, especially among young people, in addition to responding to one of the great trends of the sector: the collaborative, shared and sustainable economy.

SUBSCRIPTION SERVICE FOR ELECTRIC MOPEDS AND KICK SCOOTERS

SEAT MÓ launched a new flexible subscription model for its SEAT MÓ 125 moped in Barcelona as part of the weekly and monthly options. The subscription includes comprehensive insurance for over-18s, roadside assistance, 24-hour customer service and the possibility for all close members of a family to use the vehicle within the same subscription fee.

SEAT EXPERIENCE

I SEAT WITH MUSIC

The brand continued to support the world of music with the third season of the SEAT Music Talks, an initiative consolidated with interviews with the main artists of the current scene such as Dorian, Fuel Fandango, Delafé, Zahara and Gabriela Richardson. In this third edition, the SEAT Music Talks were fully linked to the festivals which SEAT supports. As such, it was the organisers of Mad Cool (Madrid), Festival Jardins de Pedralbes (Barcelona) and White Summer (Girona) who proposed the artists to take part, presenting new emerging talents in order to give a boost and a voice to the Spanish music scene.

In Italy, a new edition of the SEAT Music Awards was sponsored in September, bringing together the best artists from the Italian music scene at the Verona Arena.

Support for music in Germany was reinforced with #SEATsounds LIVE, an initiative that presents stars and performers from the music scene through live broadcasts of exclusive concerts. In addition, the list of the brand's ambassadors in the country grew with the addition of the band Die Fantastischen Vier, which provided the soundtrack for an advert for the new SEAT Leon e-HYBRID in which the new model's sound equipment was tested, with a touch of humour.

I PROMOTION OF SPORT

The brand demonstrated its connection to sport by bolstering its "SEAT we are Football" strategy, a sponsorship programme that allows fans of the sport to enjoy unique promotions and experiences, such as attending tournament matches, accompanying the Spanish national team and wearing its colours.

Under the agreement with the Royal Spanish Football Federation, SEAT sponsored the Copa de S.M. el Rey (King's Cup) and the Copa de S.M. la Reina (Queen's Cup) for the eleventh and fifth consecutive year, respectively.

Also, as an Official Sponsoring Partner of the Men's National Football Team and through SEAT MÓ, SEAT provided a total of 30 units of the SEAT MÓ 65 electric kick scooter, complete with their names, to the players and coaches during the European Championship. In addition, it installed several points in the city of Seville offering 25 kick scooters and 30 SEAT MÓ 125 electric mopeds in order to facilitate mobility in the Andalusian capital during the sporting event.

In the Supercopa de España (Super Cup), SEAT once again sponsored the final of both the men's and the women's tournament. The brand also sponsored the Women's National Football Team and the Under-21s for yet another year.

I ESPORTS

During 2021, SEAT broke into the world of Esports by sponsoring the MAD Lions team with the desire to help boost the sector's growth, providing added value with its mobility products and exclusive content.

The sponsorship covers the League of Legends section, encompassing both its LEC team and the team competing in the Superleague. Thus, SEAT not only appears on the team shirts, but also on banners, in infographics, at trade fairs and at the entrances to competitions, as well as generating its own content through licensing (SEAT esports Talks and Car Testing).

I WORLD PREMIERE OF THE NEW IBIZA AND ARONA

The brand presented the updated versions of the new Ibiza and Arona in April, in a digital event streamed on its YouTube channel. The world premiere of the two models recapped their sales history and reviewed the main new updates related to their exterior and interior design, connectivity and safety.

I BARCELONA MOTOR SHOW

SEAT attended the Automobile Barcelona 2021 motor show to present its line-up of vehicles, with a wide range of sustainable versions.

The brand displayed its two plug-in hybrid electric models (e-HYBRID): the fourth-generation SEAT Leon e-HYBRID and the SEAT Tarraco. The SEAT Leon was also displayed in its eTSI and TGI variants, the latter being powered by compressed natural gas, a propulsion system which is also available for the new Ibiza and Arona models.

Visitors to the SEAT stand also had the opportunity to test SEAT MÓ's range of urban mobility products: the brand's first 100% electric moped –the SEAT MÓ 125– and the two electric kick scooters offering different ranges –the SEAT MÓ 25 and the SEAT MÓ 65–.

CUPRA BRAND

THE DRIVE TOWARDS A NEW ERA

With almost four years of existence in the market, CUPRA exceeded all expectations in 2021 and continued to grow as an independent, provocative and unconventional brand which inspires the world from Barcelona with cutting-edge vehicles and experiences.

Born to conquer car enthusiasts with a stimulating style and contemporary performance, the brand grew, driven by the success of the Formentor, which represented two out of every three CUPRA cars sold worldwide, as well as the launch of the CUPRA Born, its first 100% electric model.

With the arrival of this model on the market, the first step was taken in a new distribution strategy aimed at strengthening CUPRA's global presence, which in 2021 had a major impact in Europe in countries such as Germany, Spain, the United Kingdom and France, as well as expanding internationally in Mexico, Israel and Turkey.

In an effort to demonstrate that electrification is not incompatible with sporty performance, the brand also continued to expand its brand presence by offering its customers new experiences.

I RALLYING AND DARING

CUPRA connected with its audience through marketing campaigns that evoke the brand's emotional and unconventional spirit.

> **CUPRA Born and Ansu Fati – "Going Forward"**. CUPRA kicked off 2021 sending out a message of optimism alongside FC Barcelona player Ansu Fati, who shared his wishes for the new year in a bold and rallying campaign intended to encourage everyone to be the drive that the world needs to move forward.

> **CUPRA Formentor e-HYBRID – "7 Seconds"**. This campaign reflects on one of the claims of psychology, which states that it only takes seven seconds to create a first impression. After presenting different scenes that recreate this situation, the viewer is invited to forge an opinion on the brand's new hybrid model, which occupies the screen for the last seven seconds of the advert.

> **CUPRA and Primavera Sound 2022**. The CUPRA Born stars in the advert announcing the return of the Primavera Sound festival in 2022, together with one of the confirmed artists, María José Llergo. The campaign, launched in two phases, consists of an initial teaser and a full launch video revealing the line-up for the festival, which in 2022 will double both its audience capacity and the number of artists set to perform. The advert serves to convey the message that, sometimes, taking a step backwards allows you to make a great leap forward and reach further than ever.

> **CUPRA and RPM**. The presentation video for RPM, the science fiction series co-produced by CUPRA, depicts a dystopian world set in the year 2101, where emotions are forbidden. A group of rebels fight to awaken humanity and feel adrenaline again through racing competitions that feature the CUPRA e-Racer and the CUPRA UrbanRebel Concept car as protagonists.



MODELS AND NEW RELEASES

CUPRA FORMENTOR. ALL ADRENALINE

Thanks to the MQB EVO platform and its unique style, the CUPRA Formentor offers the perfect combination: the sportiness and dynamic handling of a hatchback coupled with the practicality and space of an SUV. It is a model that is making history and is a key part of the crossover SUV segment.

NEW RELEASES

CUPRA Formentor VZ 1.4 e-HYBRID 245 hp

CUPRA's drive to achieve electrification, key to the brand's growth in 2021, was reinforced in February with the launch of the CUPRA Formentor VZ 1.4 e-HYBRID 245 hp, the brand's second plug-in hybrid model after the Leon.

CUPRA's VZ acronym refers to the adjective "veloz" in Spanish, meaning "fast", and is reserved for the highest-power versions. In this case, these letters are earned through the combination of a 150-hp (110-kW) petrol engine and a 115-hp (85-kW) electric motor. The energy is stored in a set of batteries with a capacity of 13 kWh that allow it to travel up to 55 kilometres in electric mode.

CUPRA Formentor 1.4 e-HYBRID 204 hp

In March, CUPRA continued to demonstrate that high performance and electrification are a perfect combination with the expansion of the Formentor's e-HYBRID range, which added the 1.4 e-HYBRID 204-hp version.

With a range of 59 kilometres in electric mode, this new variant is fitted with a 115-hp (85-kW) electric motor as well as a 1.4 TSI 150-hp (110-kW) petrol engine, offering a combined power of 204 hp (150 kW).

The e-HYBRID versions of the CUPRA Formentor represent the essence of the brand. Their excellent reception in the market, which exceeded all expectations with 32% of this model's total deliveries, helped to double the sales of the Formentor compared to 2020 and provided a significant boost to a sector – that of plug-in hybrid electric vehicles – which continued to grow and will pave the way for electrification.

CUPRA Formentor 2.0 TSI 190 hp and CUPRA Formentor VZ 2.0 TSI 245 hp

In late March, it was announced that the range of engines available for the CUPRA Formentor would be broadened in order to adapt to the needs of all types of customers. In particular, four new versions were introduced: two petrol and two diesel.

The new petrol versions include the 2.0 TSI 190 hp (140 kW), with DSG-7 transmission and 4Drive all-wheel drive, and the 2.0 TSI 245 hp (180 kW), with DSG-7 transmission and front-wheel drive.

CUPRA Formentor 2.0 TDI 150 hp

The new diesel options are based on a 2.0 TDI engine with 150 hp (110 kW) available in two versions: one with a manual six-speed gearbox and front-wheel drive, and another with seven-speed DSG transmission with 4Drive all-wheel drive.

CUPRA Formentor VZ5 2.5 TSI 390 hp

In July, the most powerful version of the CUPRA Formentor saw the light: the VZ5, with a five-cylinder engine and 390 hp (287 kW). This is an exclusive model of which only 7,000 units will be produced and is inspired by racing vehicles in a tribute aimed at car enthusiasts.

It also incorporates a variety of elements that make it more exclusive and unique and directly evoke the racetrack. These include the new CUP Bucket wrap-around seats, Akebono copper brakes with six-piston calipers, carbon fibre diffuser and quadruple exhaust outlet in copper.

AWARDS

> "Golden Steering Wheel 2021" in Germany for the CUPRA Formentor VZ5 in the SUV category, awarded by *Auto Bild* magazine and the newspaper *Bild am Sonntag*. CUPRA scored a sensational hat-trick in these awards thanks to the Golden Steering Wheel also won by the CUPRA Leon and the CUPRA Born, making it the most successful manufacturer in one of the world's most important automotive prizes.

- > Finalist in the “Car of the Year 2021” award, given third place by a group of 60 journalists representing 23 European countries whose mission is to choose the best car released onto the market in Europe. This nomination is of unique value, as it is the first time that a brand has been selected as a finalist in its first year participating in the prize.
- > “Red Dot Award” for best Product Design 2021, chosen by a panel of 50 experts from various different countries.
- > “Car of the Year in Leasing and Fleets 2021” in Spain, awarded by the Automoción Press Group.
- > “Best Compact SUV” in Spain in the Best Cars 2021 awards, from the publishing group Motorpress Ibérica.
- > “Best Car of the Year” and “Best Compact SUV” in Spain at the Motor Awards 2021, chosen by the users of the specialised web portal www.coches.net.
- > “Best Plug-in Hybrid Car” in Spain for the CUPRA Formentor e-HYBRID in the 12th Ecomotor Awards 2021, selected by the readers of the newspaper *El Economista*.
- > “Readers’ Car of the Year 2021” in Spain, awarded by the readers of the newspapers of the Editorial Prensa Ibérica Group.
- > “Car and Driver Car of the Year 2021” in Spain, awarded by the readers of the titles of the Hearst group, editor of the specialist magazine *Car and Driver*.
- > “Best Medium-sized SUV in Spain” awarded to the CUPRA Formentor VZ5 in the 2021 Motor Awards, chosen by readers and users of the websites and magazines of the publishing group Axel Springer.
- > “Firmenauto des Jahres” award in Germany in the small and compact hybrids category, awarded by the magazine *Firmenauto*.
- > “Most beautiful car on the web” in Italy, awarded by the specialist portal Infomotori.com.
- > “Standout Sports Car 2021” in France awarded by the portal *La Revue Automobile*.
- > “Sports Car of the Year” in Portugal in the 38th edition of the Seguro Directo Carro do Ano / Troféu Volante de Cristal awards.

CUPRA LEON. THE JOURNEY CONTINUES

The exciting journey initiated by the CUPRA Leon in 2020 continued with new petrol and plug-in hybrid versions which continue to guarantee excitement and new sensations at the wheel.

NEW RELEASES

CUPRA Leon 2.0 TSI 300 hp

The first update of the year for the CUPRA Leon arrived in March, with the latest-generation 2.0 TSI petrol block engines added to the range, developed to become the benchmark for the sport compacts segment. Always equipped with seven-speed DSG dual-clutch automatic transmission, in the five-door body version, the new engine offers 300 hp (221 kW) with front-wheel drive and VAQ limited-slip differential.

CUPRA Leon e-HYBRID 204 hp

In April, CUPRA continued to electrify its range with the 204-hp (150-kW) plug-in hybrid variant of the CUPRA Leon. This new addition complements the 245-hp option released in 2020 and demonstrates the brand’s intention to implement alternative technologies and demonstrate that electrification and performance not only blend seamlessly, but also deliver the perfect balance between dynamism and efficiency.

The new variant’s 204 hp is the result of the combination of a 115-hp (85-kW) electric motor and a 1.4 TSI 150-hp (110-kW) petrol engine. The 13-kWh-capacity battery, meanwhile, allows it to travel up to 63 kilometres in electric mode.

CUPRA Leon 2.0 TSI 245 hp

The latest addition to the model’s line up was presented in May: the 2.0 TSI 245-hp (180-kW) version, also equipped with the seven-speed DSG automatic transmission and the front-wheel drive with VAQ differential. With this addition, the CUPRA Leon now has two plug-in hybrid versions and three petrol versions.

AWARDS

- > “Golden Steering Wheel 2021” in Germany, in the “Small and compact cars” category, awarded by *Auto Bild* magazine and the newspaper *Bild am Sonntag*.

CUPRA LEON SPORTSTOURER. DESIGNED TO STAND OUT

The family version of the CUPRA Leon surprises from any angle: innovative performance, a striking exterior and advanced technology for maximum comfort. All this, without sacrificing the sporting essence of the brand.

NEW RELEASES

CUPRA Leon Sportstourer 2.0 TSI 310 hp

Along with the five-door version, the 2.0 TSI engine for the Sportstourer body was also introduced in April. In this case, it offers a power rating of 310 hp (228 kW) and 4Drive all-wheel drive. Like the rest of the CUPRA Leon range, this engine is associated with the seven-speed DSG dual-clutch automatic transmission.

CUPRA ATECA. PERFORMANCE AND DYNAMISM

A pioneer in the CUPRA range and the brand’s flagship model in its early days, the Ateca is a compact, high-performance SUV. Its 2.0-litre, 300-hp TSI engine, the seven-speed DSG dual-clutch transmission and the 4Drive traction control ensure performance and dynamism in any situation.

CUPRA BORN. THE BRAND’S FIRST 100% ELECTRIC MODEL

Destined to change the market and spearhead the new era of electric mobility, the CUPRA Born leaves no room for doubt with its sophisticated design and generous features which defy the status quo of the urban electric segment.

NEW RELEASES

CUPRA Born 204 hp (150 kW) and 58-kWh battery version

Presented worldwide in late May, the CUPRA Born combines features and electrification to lead the brand’s expansion into new markets and develop alternative business models. True to the company’s principles, it bears the Barcelona brand in its DNA: the city’s El Born quarter gives this emblematic launch its name and has also inspired its design.

In its initial version, the CUPRA Born is equipped with a 204-hp (150-kW) electric motor and a 58-kWh battery, with a verified range of over 400 kilometres. The model is also a pioneer in the integration of new technologies, such as Head-Up Display with augmented reality, and unconventional sustainable materials, such as DINAMICA® (a recycled microfibre) and SEAQUAL® YARN (a polymer fibre fabric made from plastic waste extracted from the Mediterranean

Sea and other oceans, rivers and estuaries). This is thus the brand’s first vehicle to incorporate a net neutral CO₂ concept in its delivery to the customer.

AWARDS

- > “Golden Steering Wheel 2021” in Germany, in the “Small and compact electric cars” category, awarded by *Auto Bild* magazine and the newspaper *Bild am Sonntag*.
- > Finalist for the “Car of the Year 2022” award, shortlisted by a jury of 61 prestigious motor journalists from 23 European countries.
- > “Best Compact Car” in Spain in the 2021 Motor Awards, awarded by readers and users of the websites and magazines of the publishing group Axel Springer.

CUPRA TAVASCAN CONCEPT CAR. A DREAM COME TRUE

Originally presented at the Frankfurt Motor Show in 2019, the CUPRA Tavascan Concept car will become a reality in 2024. The model will become CUPRA’s second 100% electric vehicle after the Born and will develop a reinvented vision of sportiness.

The SEAT, S.A. 2021 Annual Press Conference, held in March, was the stage chosen to announce one of the most highly-anticipated developments of the year: the CUPRA Tavascan will join the brand’s range in 2024. This news was considered a dream come true, because of the values of sportiness, advanced design and sustainability that the proposal represents.

Based on the Volkswagen Group’s MEB platform, this new 100% electric model is being designed and developed in Barcelona. To this end, the Martorell R&D team is already working on the future serial production vehicle and has begun training the engineers in new electrified skills.

CUPRA URBANREBEL CONCEPT CAR. RADICAL URBAN ELECTRIC

Competition is in CUPRA’s DNA. For this reason, the brand decided to present its vision of a fully electric urban model based on a racing vehicle with an exciting and bold appearance.

After two weeks of anticipation, the CUPRA UrbanRebel Concept car was presented worldwide at the International Motor Show in Munich, held in September. The mission of this prototype is to inspire and offer a glimpse of the design language of the upcoming electric urban vehicle, which will be brought to market in 2025. At the same time, it represents

the brand's evolution towards a more progressive design language, while still maintaining the distinctive sportiness and character that make CUPRA a provocative and unconventional option.

The CUPRA UrbanRebel Concept car combines electrification, sustainability and performance with the exciting aesthetics of the virtual world. For instance, it incorporates elements from the world of video games, with a paint finish that uses kinetic particles to add motion to the surface as light moves across it. Another iconic element is the large rear spoiler, a clear nod to racing vehicles from the virtual world.

RACING

FIRST INTERNATIONAL TITLE: THE CUPRA E-RACER TAKES THE NEW PURE ETCR CHAMPIONSHIP

The biggest success of CUPRA Racing's still short history came in the first edition of PURE ETCR, the 100% electric multi-brand touring car championship which made its debut in 2021. The brand participated in the competition, together with the Zengő Motorsport Team, with two CUPRA e-Racers driven by Mikel Azcona, Jordi Gené, Mattias Ekström and Dániel Nagy.

The team members won three of the five races of the season. After an exciting final race, CUPRA won both the drivers' title, which went to Mattias Ekström, and the constructors' title, thanks to the excellent work of the entire team.

The victory in the PURE ETCR series represents the culmination of an ambitious project, the foundations of which began to be laid in 2017 when CUPRA Racing started to work on the creation of the first electric racing touring car in history. The result was the CUPRA e-Racer, a futuristic-looking model that offers 680 hp (500 kW) of maximum power, achieved thanks to its four electric motors located on the rear axle. Its victory in the PURE ETCR season is a demonstration of the power of electric technology, while also allowing the brand to gain its own experience and knowledge which it can apply to the electric CUPRA production models that will be released over the coming years.

EXTREME E: CUPRA TAKES PART IN THE MOST RADICAL ELECTRIC COMPETITION

CUPRA took part in 2021 in the first edition of Extreme E, a 100% electric SUV off-road competition that toured the world with five races held in natural spaces affected by climate change, a highlight of which was the first motorsport competition ever held in Greenland. The brand was thus part of a pioneering initiative which combined natural beauty, entertainment and the promotion of electrification, sustainability and equality (all teams were made up of a mixed pair of drivers).

The drivers of the CUPRA ABT XE team were Mattias Ekström and Claudia Hürtgen, who was replaced by Jutta Kleinschmidt due to illness. They competed at the wheel of the e-CUPRA ABT XE1, a model which stands out for its exceptional 400-kW electric power and its striking dimensions. The CUPRA ABT XE team achieved their best result in the stage held on the island of Sardinia, where they finished in second position, and ended the first season of the Extreme E championship in fifth position overall.

In September, before the end of the season, the brand presented the next step in the evolution of its 100% electric racing SUV: the CUPRA Tavascan Extreme E Concept car. This new version bears even more of the brand's character, with 3D-printed parts that provide more flexibility in the manufacturing and repair processes, and the use of flax fibres in the bodywork structure that make it more sustainable and environmentally friendly. In addition, it reflects the design language of the future CUPRA Tavascan, the brand's production SUV that will be available in 2024.

JORDI GENÉ AND MIKEL AZCONA, IN THE WTCR AT THE WHEEL OF THE CUPRA LEON COMPETITION

CUPRA was present for yet another year in the WTCR World Touring Car Racing Cup with the Hungarian team Zengő Motorsport, which had four units of the CUPRA Leon Competition. Two of the team's drivers were Jordi Gené and Mikel Azcona, members of the Tribe of CUPRA ambassadors in the racing world who also collaborate in the development of the brand's models for both series production and competitions.

PARTNERSHIP WITH VR46 RIDERS ACADEMY, BY VALENTINO ROSSI

In 2021 CUPRA took another step forward in its dual offensive to win over motor enthusiasts and support new talents in the world of motorsport. To this end, it signed a collaboration agreement with VR46 Riders Academy, which develops young motorbike drivers and was founded by Valentino Rossi.

The alliance positions the brand as VR46 Riders Academy's official automotive partner for three years. Through the agreement, both the academy's drivers and its management team will be able to enjoy use of the CUPRA Formentor, the first model designed and developed specifically for CUPRA.

CUPRA SPECIALISTS

I GLOBAL DISTRIBUTION NETWORK

As a way of reinforcing the expansion of the global distribution network, during 2021 CUPRA expanded its network of CUPRA City Garages. These spaces are located in iconic buildings in city centres, respecting their distinctive design and history while also incorporating elements and works of local designers.

All CUPRA City Garages are connected by the brand's DNA in terms of the colours, materials and textures of their design, as well as by common elements: an iconic artistic wall, a social area with a bar and lounge, an area dedicated to the configuration and sales process, and another for collaboration/networking through meetings and events.

These are unique, flexible and modular spaces that guarantee the best purchase experience for customers, with vehicles on display as well as cars available to test drive. In addition, they are open to all visitors, regardless of whether or not they are looking to buy a new car, and they act as a meeting point to host press events, business meetings, product launches and other activities.

Following the first CUPRA City Garages, inaugurated in 2019 and 2020 in Hamburg and Mexico City, respectively, the expansion of the CUPRA network in Europe was reinforced in September with the opening of two more such spaces in Munich and Milan.

The City Garage in Munich is inspired by a garage and is set in an emblematic and historical building on the Odeonsplatz. Prior to its opening, during the pre-launch campaign which coincided with the 2021 International Car Show in Munich, the CUPRA UrbanRebel Concept car made its first public appearance. The new CUPRA City Garage in Milan, meanwhile, is located on Corso Como in the heart of the Italian fashion capital, and was inaugurated during Milan Fashion Week.

In 2021 the brand also continued to build a strong global network of CUPRA Garages. To date, more than 90 such spaces have been opened around the world. In February, two Garage concept stores were opened in Warsaw, followed by two more in October in Valencia and Sant Cugat. At the end of the year, the third CUPRA Garage in Mexico was also opened, located in the city of San Luis Potosí, in the centre of the country.

I CUPRA MASTERS

The CUPRA Masters are carefully selected and trained specialists who, in addition to having a thorough understanding of the CUPRA models, embody the brand's values and philosophy, which includes exclusive experiences and events.

The team, which grew from 650 people in 2020 to 1,070 in 2021, is also responsible for advising customers throughout the purchase process and for handling any technical questions or issues that might arise.

I NEW CUPRA DISTRIBUTION MODEL

The launch of the CUPRA Born was accompanied, in most European markets, by a new distribution system: the agency model, which aims to make the sales strategy more efficient and increase the participation of the brand's importers.

With this disruptive model, the importers become the only sellers of the vehicles, while the agents (previously, the dealers) promote and close sales on their behalf.

With the launch of the CUPRA Born under the agency model, the first step was taken towards providing customers a unique and seamless experience, regardless of how they choose to interact with the brand. The new distribution model also led to efficiency improvements throughout the value chain. Since 2020, the introduction of the agency model has been an initiative of the Volkswagen Group led by CUPRA.

I CUPRA PRIORITY

CUPRA continued to make progress towards its goal of driving a new era in the automotive industry through new experiences with the launch of CUPRA Priority in April. This customisation and quick-delivery service allows customers to personalise their own vehicle, track its delivery process digitally and receive it at the dealership within 21 to 30 days, subject to the local administrative calendar.

CUPRA Priority improves the digitalisation and transparency of the purchase process through the CUPRA Tracking Tool. This is a digital tool integrated into the official brand website which allows the customer to track the progress of their order from their home in four simple steps: receipt of the production order, information on the production process, arrival at the dealership and vehicle delivery. In addition, the CUPRA Master has another digital tracking tool which provides them easy access to delivery information, as well as serving as a digital and transparent channel for communicating with the customer.

The CUPRA Priority service is available in Germany, Austria, Switzerland and Italy and will be gradually extended to other markets.

CUPRA EXPERIENCE

CUPRA continued to strengthen its identity with unique experiences aimed at inspiring enthusiasts of the automotive world and, in turn, all those seeking a brand with its own personality which champions a lifestyle based on originality, sophistication, passion and sportiness.

I CUPRA AND SPORT

CUSTOMISED CUPRA MODELS FOR THE PLAYERS OF FC BARCELONA

As the official automotive and mobility partner of FC Barcelona, CUPRA organised an event in January at the Ciutat Esportiva Joan Gamper training ground which was attended by 19 of the club's players. The footballers got to experience the brand's universe, discover the sophisticated design of its models and digitally customise their vehicles in an activity inspired by events in the fashion industry.

SPONSOR OF THE 68TH CONDE DE GODÓ TROPHY

CUPRA reaffirmed its commitment to sport by sponsoring the Barcelona Open Banc Sabadell - 68th Conde de Godó Trophy. This is an historic tennis tournament held in Barcelona which brings together the leading figures from the tennis scene, with the 2021 edition taking place between 17 and 25 April.

The brand offered a fleet of 22 plug-in hybrid cars, including the CUPRA Formentor, the CUPRA Leon and the CUPRA Leon Sportstourer, which transported the tennis players throughout the tournament.



CUPRA NEXT GEN CUP TOURNAMENT

In June, the brand continued to support the creation of experiences based around it by organising the first edition of the CUPRA Next Gen Cup, a unique football tournament held at the Camp Nou football stadium.

The competition brought together the four main social media football platforms: 433, Soccerbible, Bestoffootball and Freekickerz, with teams made up of members and supporters of the platforms, former players and football legends, fans, as well as CUPRA employees and ambassadors.

SPONSOR AND OFFICIAL VEHICLE OF THE SPANISH PADEL FEDERATION

In June, CUPRA bolstered its commitment to the world of padel tennis by sponsoring the Spanish Padel Federation (FEP) through a three-year agreement in which the brand will also be the FEP's official vehicle. With this agreement, CUPRA will have a prominent presence in the main tournaments organised by the federation, as well as on the Spanish National Team's kit in all official tournaments.

I CUPRA TRIBE

CUPRA EXPANDS ITS TRIBE IN THE WORLD OF PADEL TENNIS

Coinciding with the start of the 2021 season of the World Padel Tour (WPT), of which CUPRA is a sponsor, the brand grew its Tribe in February with the addition of four new ambassadors: Agustín Tapia, Paula Josemaría and the doubles team comprising Federico Chingotto and Juan Tello. These new additions join the four existing members of the Tribe: Alejandro Galán, Fernando Belasteguín, Pablo Lima and Ariana Sánchez, all of whom are among the best players in the world.

ANSU FATI, NEW CUPRA AMBASSADOR

In March, the brand incorporated FC Barcelona striker Ansu Fati as a new ambassador. The young star joins the CUPRA Tribe to promote its international recognition. Ansu Fati, the second player from the club to become a brand ambassador after the goalkeeper Marc ter Stegen, took advantage of his visit to Martorell to configure his own version of the CUPRA Formentor.

OLYMPIC CHAMPIONS IN THE CUPRA TRIBE

The team of CUPRA ambassadors grew in Great Britain with the addition of Adam Peaty in April. The swimmer, considered one of the best in the world, retained his gold medal in the 100-metre breaststroke at the 2021 Tokyo Olympic Games and also won gold in the 4 x 100-metre mixed relay and silver in the 4 x 100-metre men's relay.

In July, the brand expanded its team of ambassadors in France with the arrival of the handball player Melvyn Richardson, son of the sport's French legend Jackson Richardson and gold medal winner at the 2021 Tokyo Olympic Games as part of the French national team.

A CUPRA FORMENTOR E-HYBRID FOR SAÚL CRAVIOTTO

The kayaker Saúl Craviotto, who has five Olympic medals to his name (the last one, silver, won at the 2021 Tokyo Olympic Games) and has also been a CUPRA ambassador since 2018, received his new CUPRA Formentor e-HYBRID in May. Craviotto is backing the brand in order to drive a low-emission, sporty vehicle.

DANIEL ABT, NEW HOST FOR THE EXTREME E JOURNEY

In June, CUPRA added Daniel Abt as a new brand host in Germany. Abt, who has a decade of experience in international motorsport behind him, is an expert in electric racing, with 10 podiums and two victories in Formula E to his name.

CUPRA BORN, MARC TER STEGEN'S FIRST ELECTRIC CAR

In November, the goalkeeper of FC Barcelona's first male football team, Marc ter Stegen, received a CUPRA Born, which became the player's first 100% electric model. As he was delivered the keys, ter Stegen visited the CUPRA facilities and discovered the secrets of the brand's future from its CEO, Wayne Griffiths.

THE CUPRA TRIBE WELCOMES ALEXIA PUTELLAS, THE WORLD'S BEST FEMALE FOOTBALLER

Alexia Putellas, who plays for FC Barcelona and the Spanish Women's Football Team, joined the CUPRA Tribe in December as the brand's latest ambassador. The addition came just a few days after Putellas had received the Ballon d'Or award for best player in the world in 2021, becoming the first Spanish woman to receive this award. The footballer thus joins her FC Barcelona colleagues Ansu Fati and Marc ter Stegen as part of the brand's image.

OFFICIAL PARTNER OF THE PRIMAVERA SOUND FESTIVAL

CUPRA and Primavera Sound announced a new collaboration in May that will continue for the next three years. The brand and the music festival will inspire the world and explore new ways for people to experience music from Barcelona.

COLLABORATIONS AND EXCLUSIVE PRODUCTS

ENTRY INTO THE WORLD OF TELEVISION SERIES

CUPRA pursued an innovative way to convey its rebellious and unconventional spirit by co-producing the series *RPM* ("Revolutions per Minute"). The teaser of the production, which will consist of an initial season with 11 episodes, was presented exclusively at the digital event held in February to mark the brand's third anniversary.

PARTNERSHIP BETWEEN CUPRA AND WILSON IN THE WORLD OF PADEL TENNIS

In July, the brand presented its collaboration with Wilson Sporting Goods Co, which includes the creation of a special collection of padel tennis products such as the new Wilson Bela CUPRA padel racquet, available for sale since September with a limited run of 1,500 units, a shirt and a padel racquet case. The padel tennis legend Fernando Belasteguín played with the Wilson Bela CUPRA racquet in some tournaments of the World Padel Tour during 2021.

THE BRAND'S HIGH PERFORMANCE REACHES THE SEA

CUPRA brought its high-performance DNA to the sea through a collaboration with the Barcelona-based ship-building firm De Antonio Yachts. The two brands worked together on the design of the De Antonio Yachts D28 Formentor, a yacht that was presented in October at the Barcelona Boat Show. This showboat measures over eight metres in length, has a maximum power rating of 400 hp and a design inspired by the CUPRA Formentor.

UNIQUE EXPERIENCES

In 2021 CUPRA launched a package of unique experiences with benefits for its customers, who can book them through the brand's official website. Some of the most noteworthy options available include a stay at the CUPRA Wanderer Hotel, a nomadic hotel with a location that is constantly changing and unknown. This is an experience aimed at those seeking a break from the conventional, who want to try new experiences and live intensely.

Visits to this establishment, which is equipped with all the comforts of a luxury stay and with the added benefit of an exceptional location, are completed with weekend experiences at seaside, desert or mountain locations that include exclusive activities such as culinary lessons,

tastings, yoga workshops at sea or sports activities, among others.

For racing fans, the brand offers CUPRA Circuits, an activity that allows customers to push the models of the CUPRA range to their limits in terms of driving performance on various circuits around Spain. The programme, designed by the CUPRA ambassador and racing driver Jordi Gené, held its first edition at the Jarama Race circuit (Madrid), and the second at the Fast Parcmotor circuit in Castellolí (Barcelona).

I CUPRA EVENTS

CUPRA SUPPLIER DAY

The CUPRA Supplier Day, a digital event aimed at potential suppliers of the brand, was held in January on the CUPRA e-Garage virtual platform. Around 40 companies took part in the event to learn about the brand's future plans and explore potential avenues for collaboration as strategic partners.

CUPRA'S THIRD ANNIVERSARY: THE BEGINNING OF A NEW ERA

As part of the events held to mark the brand's third anniversary, the CUPRA Tribe gathered in February in an innovative digital event to reveal its future plans. The meeting was attended by prestigious guests such as the brand ambassadors Marc ter Stegen and Fernando Belasteguín; the racing drivers Mattias Ekström, Jordi Gené and Mikel Azcona, and the executive co-producer of *Game of Thrones*, Vince Gerardis, and it served as an opportunity to go over the brand's new product launches, as well as its new vision for electrification.

WORLD PREMIERE AND INTERNATIONAL PRESENTATION OF THE CUPRA BORN

On 25 May, the world premiere of the new CUPRA Born was held in an unconventional digital event streamed via YouTube Live, as well as via the brand's Twitter (@CUPRA) and LinkedIn (CUPRA) channels. In a cinema-esque production led by the producer, film director and screenwriter Kike Maíllo, the El Born quarter of Barcelona and the CUPRA Garage at CASA SEAT served as the stage for hosting the meeting between the CUPRA CEO Wayne Griffiths and the actor and brand ambassador Daniel Brühl, who was one of the first to try the CUPRA Born taking advantage of one of the scenes of the filming.

In October, an event was held to present the new model to the international press, attended by 400 media outlets from 26 countries. During the four-week event, the journalists, in groups of 25 per day, had the opportunity to drive the CUPRA Born for the first time and experience its high performance first-hand. Their journey began at CASA SEAT with workshops given by the designers and a press conference, followed

by a test drive along the coast to the town of Sitges, and culminating at the CUPRA Born House. The PR value obtained with this presentation was the highest in CUPRA's history, amounting to 17.3 million euros.

CUPRA DRIVING EXPERIENCE

Around 200 journalists participated in the CUPRA Driving Experience between 28 June and 9 July, in an event focused on the presentation of the Formentor VZ5 to the press. Organised into small groups and in two-day sessions, the journalists had the opportunity to test drive the CUPRA Leon and try their hand at being co-drivers alongside Mattias Ekström and Jutta Kleinschmidt, as well as to board the De Antonio Yachts D28 Formentor showboat for an excursion off the coast of Sitges and to drive a CUPRA Formentor on the Castellolí racing circuit.

CUPRA MASTER CONVENTION

In November, an event was held to mark the opening of the CUPRA Master Convention, an innovative virtual space for exchange which allowed attendees to learn about the brand's strategy and products. This initial opening event was attended by more than 800 CUPRA Masters from more than 40 countries.

For the next month, online training sessions were held on the Training Hub platform and through the CUPRA Tribe app to prepare for the grand final, another digital event held in December in which over 1,000 CUPRA Masters competed for the title of "CUPRA Master of the Year". The winner was Raúl Font Bohórquez, from the Maresme Lesseps dealership in Mataró (Barcelona).





COMPANY
ACTIVITIES
RESEARCH
AND
DEVELOPMENT

SEAT TECHNICAL CENTRE

The SEAT Technical Centre (CTS) continued to serve as the catalyst for innovation in the company's development of products and solutions that respond to the sector's new challenges.

One of the centre's main goals is to make headway in the electrification of the vehicles in order to create a range that is capable of meeting the CASE (Connected, Autonomous, Shared and Electric) paradigm. In this context, the company released the CUPRA Born, its first 100% electric car developed at the CTS. In addition, the CUPRA Tavascan was confirmed as the brand's next electric model, and work began on the urban electric vehicle project in which SEAT, S.A. will lead the development of this family of vehicles.

As part of the CTS's commitment to electrification, the eBoosters programme was also launched. This initiative opens the doors for young talent to join the team that is developing the electric car in Spain, providing an opportunity to experience the industrial transformation towards the new forms of mobility first-hand and, as the slogan displayed on one of the roundabouts near the R&D division states, make it clear that "Here we create the future".

CHANGES AT THE CTS

One of the most significant changes to the CTS in 2021 was the remodelling of its structure to address future challenges with the utmost guarantees. The new R&D Operations, Products & Concepts (EP) department is responsible for handling, coordinating and centralising the technical management of projects, concepts and budgets. In addition, it is responsible for coordinating cross-disciplinary activities within the division such as strategy, planning, innovation, micro-mobility, management of technical documentation, and processes and methods.

2021 was also a year of consolidation of the company's R&D&i strategy, with a new pillar, sustainability, added to the existing six pillars in order to address one of the key challenges facing the automotive industry and society in the coming years.

One of the initiatives with the most impact on the car development process is FUSE, the new system- and function-oriented approach which the R&D division is pioneering, with plans for it to be subsequently implemented across the rest of the company.

FUSE is a new paradigm which, instead of placing parts and hardware at the centre of the development process, focuses on functions and systems and how they are perceived by the customer. Thanks to FUSE, each one of the vehicle's more than 300 basic functions is the result of the combined activity of the rest, so both the design of and any changes to those

functions must be carried out taking into consideration their impact on the rest of the car's systems.

In a technology-intensive environment such as the present, elements such as cybersecurity management systems and software updates take on great importance.

The combination of these elements with the FUSE model allows for a more robust customer-focused development process, reducing errors and meeting all legal requirements. As such, it represents a set of factors that have been implemented in the urban electric vehicle project.

FACILITY IMPROVEMENTS

PROJECT HOUSE SMALL BEV

In 2021 the CTS created the Project House Small BEV, a physical space that allows all the representatives of the brands with which the company is developing the electric models of the AO segment based on the MEB platform to gather in a single location. The purpose of this initiative is to achieve greater agility in the day-to-day operations, reduce decision-making times and increase synergies among the participants.

The Project House Small BEV is led by SEAT, S.A., which is responsible for ensuring the integration of the various divisions and brands in the product development process. This new organisation, which follows a systems-based development approach, ensures a robust product development process throughout, from product definition to component and function validation. In this way, the products of each of the brands involved in the project are guaranteed to reflect a sense of maturity and the respective brands' DNA.

TEST CENTER ENERGY (TCE)

In 2021, the Test Center Energy (TCE), SEAT, S.A.'s research and development centre for batteries and charging systems located in Martorell, was opened. The TCE, which has involved an investment of seven million euros and covers 1,500 m² of floor space, has climatic chambers for conducting tests in extreme conditions, a high-tech electronics area and various facilities for testing batteries and charging systems.

The building includes various spaces for testing battery modules using the latest chemical technologies for cells, covering the entire range of voltages used in the automotive industry. The focus is currently on batteries for the MEB (electric) and MQB (hybrid) platforms, as well as different chargers used in all the electrified vehicles.

The TCE has a test capacity of 1.3 megawatts (equivalent to the power required by 100,000 mobile phones charging simultaneously). Up to 6,000 complete tests of functions related to the high voltage system (battery, charging, safety) can be performed annually at this centre. The batteries are tested over an average more than 17,500 hours, ensuring optimum performance under all circumstances throughout their life cycle.

The SEAT Technical Centre in figures

Surface area
200,000 m²

Kilometres of project durability tests
1,378,184

Number of prototypes
509

Number of engineers
1,114

Number of projects
374

Hours of engineering
4,190,000

Pillars of the R&D division



- 01**
Focused innovation

Driving the strategic innovation of SEAT and CUPRA.
- 02**
Strategic partner

Creating an ecosystem of strategic partnerships and allies for the company.
- 03**
Specialised expertise

Focused on vehicle development.
- 04**
Global R&D provider

Maximising synergies to pursue projects tailored to all markets.
- 05**
Team culture

The CTS is a fast-adapting environment that empowers and inspires each of its employees.
- 06**
Systems-oriented

FUSE methodology for the development of customer-centric product functions.
- 07**
Sustainability

Taking care of the environmental footprint of the products and development processes.

It also has several climatic chambers that allow tests to be conducted on the batteries and modules under extreme thermal conditions, ranging from -25 °C to +55 °C, thus simulating the different situations a car can experience during its life cycle. To design and manufacture prototypes and build interfaces for the testing systems, a specific research area has been created, equipped with cutting-edge technology.

EMISSIONS QUALITY LABORATORY AND WLTP STANDARD

The SEAT, S.A. emissions laboratory began the year ready for the entry into force of the new WLTP European emissions regulation, which changes the parameters for measuring vehicle gases.

The centre has capacity for 44 vehicles and three test cells to allow the company to respond to the new, stricter standard. The WLTP standard requires measurements to be taken in all configurations, rather than just one model per engine type, as different options and features influence emissions.

To ensure maximum accuracy in obtaining figures that are as close as possible to reality, the laboratory tests the models during the development phase before production begins, it repeats the tests when they are manufactured, and does so yet again with the cars already in circulation once they have accumulated at least 15,000 kilometres. In the case of electric vehicles, it measures the consumption per kilometre by monitoring the status of the battery.

TECHNOLOGICAL DEVELOPMENTS

I PRODUCT DEVELOPMENT

2021 was a successful year in terms of SEAT product launches, thanks to the update of the Ibiza and the Arona, and the expansion of the range of engines available in the Ateca, Leon and Tarraco models, including the hybridisation of the brand's largest SUV.

Things were no different for the CUPRA brand, which launched the most powerful model in its history, the CUPRA Formentor VZ5; the PHEV versions of the CUPRA Leon and Formentor, and its first 100% electric car: the CUPRA Born.

All of these models were designed and developed entirely in the CTS, where the future range of SEAT, S.A. vehicles is currently being conceived under the slogan "Here we create the future". The models under development include the CUPRA Tavascan and the Small BEV urban electric car, which is the key to the company's ambitious Future: Fast Forward project.

THE CUPRA TAVASCAN PROJECT, CONFIRMED

2021 marked the confirmation of the project to produce the CUPRA Tavascan, which will reach the markets in 2024. The brand's second 100% electric model after the CUPRA Born is based on the Volkswagen Group's MEB platform and is being designed and developed in Barcelona.

The CUPRA Tavascan is an SUV coupé with two motors, one located on each axle, providing a combined power of 225 kW and four-wheel drive. Its 77-kWh lithium-ion battery pack gives it a range of up to 450 kilometres.

CUPRA URBANREBEL CONCEPT CAR

In September at the Munich Motor Show, the company presented the CUPRA UrbanRebel Concept car, the most radical interpretation of the urban electric car, which is scheduled to go into series production and to be released in 2025.

This concept car provides a glimpse of the design language that will be adapted for the road version of this urban electric vehicle. In addition to its design, dynamics and performance will also play a key role in the development of this model with 100% CUPRA DNA. Based on the MEB platform, it will achieve power in excess of 160 kW, a range of 400 kilometres and an acceleration that will allow it to go from 0 to 100 km/hour in under seven seconds.

I CONNECTIVITY

WIRELESS FULL LINK SYSTEM

Full Link technology allows the user's phone to be linked to the vehicle using Apple CarPlay, Android Auto or Mirror Link (USB only in the latter case). In 2021, the R&D team incorporated Full Link wireless connectivity into the company's new ranges, allowing users to connect their smartphones to the in-car infotainment system without the need for cables.

This makes it possible to use WhatsApp or Skype safely from inside the vehicle via the car's display screen, without distracting the driver's attention.

ONLINE MOBILITY SERVICES

Thanks to SEAT CONNECT and CUPRA CONNECT, drivers can access a variety of remote functionalities. In addition to the traditional functions for remotely opening and closing the doors, locking the car and managing its maintenance, the system provides new features specifically designed for electric or hybrid cars.

These features include the e-Manager system, which allows the user to programme the vehicle's battery charge and check its range status remotely from their phone before starting their trip, as well as the remote climate control system, which allows the desired temperature to be set before departing by automatically switching on the air conditioning or heating.

PRODUCT COMPLIANCE MANAGEMENT SYSTEM (PCMS)

Guaranteeing a product's compliance involves ensuring that SEAT, S.A.'s vehicles and components comply with all technical requirements, including both those required by law and those set by the Volkswagen Group to ensure high quality standards. The sum of these requirements, together with the company's own commitments to customers, make up the binding obligations.

The R&D division leads the PCMS, a compliance system in which all areas of the company participate and which serves to establish or promote measures and processes to ensure these obligations are met.

During 2021, the key actions carried out included the establishing of a committee responsible for escalating product compliance issues (the PCMS committee), regular interaction with other management systems to avoid duplication, and the analysis of activities related to the PCMS undertaken by SEAT, S.A.'s subsidiaries.

In addition, employees were provided support, advice and training on product compliance issues, as well as on matters related to coordinating the deployment of the PCMS within the various business areas.

INNOVATION

I A STRATEGIC PILLAR OF THE CTS

Innovation is one of the pillars of the R&D strategy, and a diverse, cross-disciplinary team works day by day to drive innovation through two main lines of action:

1. FOSTERING INNOVATIVE THINKING

Promoting creativity is the goal of this line of action. Through communication actions, publications and events, visibility is given to innovative people and innovation projects.

Events such as the Expert Talks, Innovation Days and Future Mobility Days are a clear example of success stories where CTS employees are able to celebrate and share this innovative spirit, as well as taking inspiration from other companies and industries.

2. TOOLS AND PROCESSES TO CHANNEL IDEAS AND CREATIVITY

To ensure that creativity contributes to improving the end product for both the customer and the environment, the CTS follows a clear process of filtering and prioritising the innovation projects with the greatest potential impact. To this end, three main spheres of action have been established:

> **SEAT/CUPRA product.** Among the various innovative ideas proposed to improve the product, some of the most noteworthy include automatic air vents, which aim to regulate the car's climate control system automatically, and research into the application of sustainable materials, which help to increase the percentage of recycled material used in the vehicles' plastic parts. For instance, plastics recovered from the sea have been used to create the seat fabrics in the CUPRA Born, research is being conducted into animal-free materials using vegan fabrics, and rice husk waste is reused by mixing it into the material used in plastic parts.

> **Process.** The bodywork development team has integrated the concept of mixed reality into the project analysis phase. With this approach, the virtual model can be represented within a real environment on a 1:1 scale. Unlike with virtual reality, this allows the model to be evaluated with real people side by side, in the same way as with a physical model.

> **Mobility.** Under the CELESTE project, the future needs of cities and the key technologies needed for the autonomous and connected car are studied and analysed. A pilot test is currently being conducted in Barcelona with the DIANA prototype, a level 3 autonomous car which is participating in the European HI-Drive project in this field.

COMMITMENT TO UNIVERSITIES AND STUDENTS

For the CTS, universities are an important partner because they are where the cutting edge of science and technology is located and defined, as well as being where the centre's future professionals are trained.

For this reason, in 2021 the company has continued to support the SEAT-UPC Professorship at the Polytechnic University of Catalonia (Universitat Politècnica de Catalunya, UPC), as well as the UPC Formula Student teams and the CARNET project. The objective of these initiatives is to promote education, research and the transfer of technology in the field of innovation excellence and sustainable mobility related to the automotive sector, as well as facilitating talent acquisition.

ENVIRONMENT AND PRODUCT

MOVING TOWARDS DECARBONISATION

Reducing the carbon footprint of an electric car begins with improving the energy efficiency of the manufacturing processes and the use of renewable electricity. Through these measures, the Volkswagen Group is systematically reducing CO₂ emissions in the production process.

The CUPRA Born is the company's first model to be delivered to customers incorporating a "net zero CO₂" concept, which involves reducing and offsetting the CO₂ emissions generated by the vehicle's production and logistics up until its delivery to the customer. This process has been verified by the entity TÜV Nord, in accordance with its standard TN-CC020.

CUPRA BORN LIFE CYCLE ANALYSIS

SEAT, S.A. has set itself the goal of reducing the CO₂ emissions from its fleet of cars throughout their entire life cycle. One of the actions taken to fulfil this commitment is the performance of life cycle analyses (LCAs), one of the calculation tools which helps to quantify the cars' carbon footprint in order to establish reduction and offset measures.



An electric vehicle has higher emissions in the production phase than a conventional vehicle, above all due to the introduction of the electric battery. Although the production phase takes into account the extraction of raw materials, the manufacture of components and parts as well as the vehicle's assembly, the emissions of the CUPRA Born during the usage phase (200,000 kilometres) are reduced in comparison with petrol and diesel engines due to the use of electrical energy.

SEAT, S.A. incorporates the latest environmental innovations into all its new models, both in terms of engine efficiency and emissions and with regard to the composition of materials and the vehicles' everyday use. This approach has led to a number of innovations being incorporated into the company's new 100% electric model: the CUPRA Born.

CIRCULAR ECONOMY

The circular economy model is in a strategic consolidation phase in the company, with an approach encompassing concepts such as eco-design and eco-innovation, reuse or remanufacturing, maintenance and repair, as well as industrial symbiosis and collaborative consumption and the optimisation of product recycling.

In practice, projects have been introduced into the value chain such as the reuse of a protective foam from the vehicles' instrument panels during the assembly process on the production lines in place of a disposable plastic sheet. The use of this reusable protection avoids the generation of 16.5 m³ of plastic waste each day.

Other actions in the field of the circular economy include those which promote the eco-design of the vehicles, especially those involving the introduction of recycled plastic materials into new cars. The use of SEAQUAL-certified fabrics in the seats of the CUPRA Born is an example of the use of polymers from plastic waste which is collected from the sea and, therefore, has a post-consumer origin.

TREASURE

On 1 June, the TREASURE research and innovation project was launched, funded by the European Commission and with SEAT, S.A. as an official partner. Its purpose is to promote research and innovation for the testing of new technologies that can make the car sector more circular.

The project has proposed several objectives: to ensure the sustainable use of raw materials in the car industry; to adopt the paradigm of the circular economy in the sector; to deliver better financial, environmental and social results related to vehicles, and to create new supply chains around cars at the end of their life cycle.

ECLIPSE

In December, the national research project ECLIPSE (Research into New Technologies for the Recycling and Recovery of Complex Plastic Waste) was approved, within the framework of the invitation to apply for grants available as part of the "CDTi MISIONES" project.

The ECLIPSE project focuses on research into novel technological methods for recycling and recovering complex polymer waste that could represent a disruptive advance in terms of separation, recycling, purification and chemical synthesis to obtain reusable basic components. SEAT, S.A.'s role will be to improve the eco-design and potential to recycle the polymer parts contained in its vehicles, optimising the subsequent recycling of cars at the end of their life cycle and thus contributing to the sector's circularity.



COMPANY
ACTIVITIES
HUMAN
RESOURCES AND
ORGANISATION

COMMITTED TO THE NEW STRATEGIC CHALLENGES

The management of SEAT, S.A.'s human resources is focused on consolidating a human team that is fully prepared and motivated to face the ambitious transformation and growth strategy proposed by the company for the coming years.

2021 was a year marked by the impact of the COVID-19 pandemic and the semiconductor supply crisis, which tested the workforce's readiness and motivation. Both situations were successfully managed thanks to the experience and abilities of the Health, Safety and Emergencies department, as well as the strength of the company's processes for social dialogue with the union representatives.

SEAT, S.A. also bolstered its commitment to being a diverse and inclusive company based on the premise that differences in the workforce will give it a stronger and more engaged team in order to achieve new successes.

COMMITMENT TO DIVERSITY AND EQUALITY

In recent years, SEAT, S.A. has been openly committed to strengthening diversity and inclusion in all aspects – gender, nationality, age, identity, belief, sexual and affectional orientation, opinion or intellectual perspective – through specific policies and activities to support the various groups. In this way, the company has also responded to point IV of the Volkswagen Group Essentials, referring to the principle of "Living diversity".

This commitment was reinforced in 2021 with the publication of a manifesto and company-wide actions aimed at involving all levels of the organisation in this common objective.

The manifesto was presented in May, as part of European Diversity Month, under the title "Diversity takes us further". The text describes a set of principles for action that form part of the company's values, and it serves as a public, visible, supportive and comprehensive statement on the company's approach to diversity. The document was approved by the entire Executive Committee, demonstrating its explicit commitment to the principles set out therein. SEAT, S.A.'s viewpoint is that difference is key to its success as an organisation, as having different origins and views creates more competitive, innovative and engaged teams which recognise the value that each person contributes while rejecting exclusive and discriminatory behaviours.

Principles of the "Diversity takes us further" manifesto



Reject stereotypes

We must look inward, identify our unconscious prejudices, and abandon limiting assumptions. By rejecting prejudicial stereotypes, we create an environment in which every individual is free to grow and contribute.



Demand diversity

The diversity of backgrounds and perspectives creates more competitive, innovative and engaged teams. We promote inclusive groups, recognising the value that each person contributes while rejecting exclusive and discriminatory behaviours.



Take action

Diversity cannot be an empty corporate promise. We set clear objectives and make ourselves accountable. And we take real and meaningful action through training, education and mentoring.



Spread the word

We need to talk. Among ourselves. To our customers and shareholders. To the organisations we work with and the communities we live with. By promoting the value of diversity, we contribute to a better world for all.

Diversity adds up

14,590 people

69 nationalities who speak 26 different languages

It is estimated that 7% of the workforce belongs to the LGBTI+ community

4 generations working together in 8 different areas

NEW COMPANY-WIDE MEASURES TO PROMOTE DIVERSITY

In order to immediately implement the principles of the manifesto, a number of significant measures were launched in 2021 involving training and awareness-raising, mentoring, the adaptation or creation of processes and tools, as well as nurturing an inclusive approach to leadership.

Some of the main measures included the following:

- > **The integration of diversity and inclusion as a value that permeates the new company culture.** The team responsible for promoting this new culture is the Cultural Squad, made up of 19 representatives from all areas of the company and characterised by the diversity of their knowledge, experiences, nationalities, genders and ages.
- > **A series of awareness workshops,** which were mandatory for professionals in leadership positions of any category (from supervisors to top managers). The goal is to increase their awareness and knowledge of the benefits of a diverse and inclusive workforce. The initiative also involves experimentation and the analysis of unconscious biases and provides resources to help the leaders make more objective decisions in their day-to-day tasks.
- > **The organisation of sessions aimed at raising awareness of unconscious biases and their influence on decision-making.** Some of the most memorable sessions included an exclusive talk with the Executive Committee and top management, and a masterclass given to the management team by a medicine and neuroscience doctor who is an expert in these fields.

> **The implementation of a circular mentoring pilot project in the R&D division,** which involved pairing senior and junior profiles to promote intergenerational exchanges, the two-way flow of information and mutual learning. Pairs were also made of up mixed genders and nationalities to make this novel mentoring programme a powerful tool for inclusion.

> **The first inclusion survey conducted in SEAT, S.A.,** with the aim of finding out the degree of inclusion experienced by the staff and identifying aspects for improvement. The survey was carried out anonymously on 4,500 randomly selected individuals and will be repeated annually.

Furthermore, SEAT, S.A. made official its adherence to the CEOs for Diversity alliance and the Diversity Charter. CEOs for Diversity (CEO por la Diversidad) is an initiative spearheaded by the Adecco Foundation and the CEOE Foundation with the mission of uniting Spain's biggest companies around a common and innovative vision of diversity, equity and inclusion. The Diversity Charter is a European charter of principles aimed at giving greater visibility to companies' and organisations' commitment to diversity and inclusion in the workplace. It is backed by more than 1,000 signatory companies in Spain and more than 12,000 throughout the European Union.

All these company-wide measures complement other specific actions and policies which the company already pursues in various fields, including giving visibility and support to the LGBTI+ community and equal opportunities between men and women.

VISIBILITY AND SUPPORT FOR THE LGBTI+ COMMUNITY

The support for the LGBTI+ community is materialised primarily through actions that give its members visibility and promote their inclusion, as well as the continuous analysis of internal processes to avoid stereotypes and unconscious biases. At the corporate level, in February SEAT, S.A. joined the board of the Business Network for LGBTI Diversity and Inclusion (REDI), which works to ensure that management of the diversity of this group is considered by companies to be a common practice and a competitive advantage.

In May, coinciding with the International Day Against Homophobia, Biphobia and Transphobia (IDAHOBIT), employees participated in the #OutAtWorkVWgroup campaign, which aims to show the real diversity of the Volkswagen Group. The initiative was promoted and led by Volkswagen's "We Drive Proud" network, as well as by the Group's various LGBTI+ associations, including SEAT, S.A.'s Pride Moves Us.

Pride Moves Us was formed in June 2020 to give visibility to the LGBTI+ community within the company and to ensure an inclusive and respectful environment. In its first year of activity, it consolidated a team of ambassadors who lead the various initiatives and manage a very active Instagram profile, where much of the initiative's networking activity is focused.

Most of the activities aimed at supporting and giving visibility to the group were held in June, coinciding with Pride Month. These included the panel discussion on "Families, businesses and LGBTI+ diversity" held at CASA SEAT and organised by REDI. Other activities included a podcast published as part of the Moving Forward programme dedicated to the subject of LGBTI+ diversity, with the company's head of Governance & Legal, Thomas Meiers, and the president of the German Diversity Charter, Ana-Cristina Grohnert; and a series of masterclasses given by REDI director Óscar Muñoz together with the director of Mental Health from the Catalan regional government [Generalitat de Catalunya], Jordi Blanch Andreu.

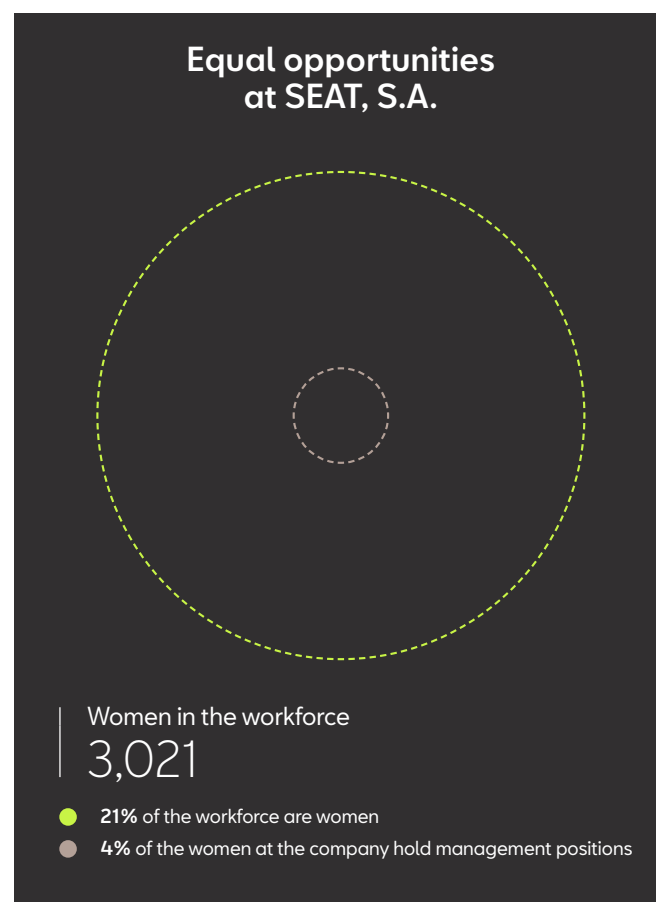
SEAT, S.A.'s message as a diverse and inclusive company was reinforced by other company-wide actions such as the installation of rainbow flags, totems and merchandising items at different locations around the company's facilities and at CASA SEAT. The "Diversity takes us further" Formentor, a special unit of the CUPRA Formentor presented on the occasion of World LGBTI+ Pride Day, was also exhibited.

I EQUAL OPPORTUNITIES

Another sphere that is central to the promotion of diversity is equal opportunities, both between men and women and in the integration of people with disabilities or affected by certain conditions.

The commitment to equality between men and women is of particular importance in a sector like the automotive industry, where women are traditionally a minority. SEAT, S.A. is a pioneer in this field, as one of the companies with the highest number of women in managerial positions in the automotive industry, among many other aspects.

Equal opportunities is one of the strategic principles of SEAT, S.A.'s Corporate and Human Resources Policy, developed specifically under the Equality Plan approved in 2012. This document sets out the company's commitment to developing policies that "integrate equal treatment and opportunities between women and men (...), as well as to the promotion of measures to achieve real equality". In 2021, work began on the drafting of a new Equality Plan with the aim of reflecting the new commitments that the company has assumed in this field and adapting them to the new working environment.



The commitment to equal opportunities extends to all areas of company's activities, such as the selection and promotion of staff, wage policy, working and employment conditions, occupational health, the organisation of working hours and work-life balance. In this regard, and in the current environment marked by the transformation of the sector, SEAT, S.A. also promotes the diversification of staff profiles and the development of female talent in technical and scientific sectors.

The Equality Plan also sets out the principles for actions in relation to promoting a balance between professional, family and personal life. In 2021, the new Smart Working model, which regulates the combination of remote and on-site working, and the digital disconnection policy were finally implemented. Both of these internal regulations provide employees with the resources they need to take their regulatory rest times and encourage work-time management.

The company's collective labour agreement, meanwhile, includes among its values and principles those of non-discrimination, equal opportunities and the categorical rejection of any behaviour suggestive of discrimination or

workplace, sexual or gender-based harassment. Therefore, the Equality Plan also includes the appropriate mechanisms for defending these values. Among others, these include:

- An action protocol against gender-based and sexual harassment which, through prevention measures, allows this type of action to be eradicated within the company.
- An Equality Committee made up of members of the company's management, the trade unions that have signed the Equality Plan and representatives from the SEAT, S.A. Intercentre Committee. The Equality Committee ensures that the established objectives are met, that the measures applied are effective, and that any modifications proposed to the contents of the plan are also adhered to. In 2021, the composition of this Committee was reviewed and updated to ensure the entire company was represented, as well as turning it into a diversity council. Its objectives are to ensure that gender diversity diagnoses include the perspectives and realities of all areas and that the measures defined by the Committee and in the Equality Plan reach all departments of the organisation.
- Different instruments that promote the employment of workers with disabilities, such as:
 - Identifying activities and job positions that lend themselves more easily to being covered by people with disabilities.
 - Establishing an equitable framework for developing the labour relations of people with disabilities.
 - Collaboration with special employment centres.
- The first protocol for the prevention of gender-based violence in the automotive sector, signed in November 2019, and which defined a framework of action to accompany and support victims, inform them of their labour rights and activate specific measures to create a balance between their work and their personal and/or family circumstances.
- The ASES (Social Assistance for SEAT Employees) programme, which offers a personalised and free service with face-to-face support available to those who need it.
- A system for relocating people with conditions to positions suited to their profile, as well as for defining the financial conditions, the steps to be followed to register a disability and the situations arising after the registration is granted or denied.

Along with the development of corporate policies, the company also contributes to promoting gender equality by organising actions and workshops to raise awareness and spread knowledge.

A large part of these activities in 2021 focused around International Women's Day [8 March]. These included a panel discussion held at CASA SEAT with the participation of six professionals from the company who debated the role of women at the different professional levels within a company.

Other key actions included the masterclass "Let's give ourselves permission to do things differently", given by Mercè Brey exclusively for employees, and various meetings at SEAT:CODE, the software development hub which is leading the company's digital transformation. These workshops focused on reflecting on the role and position of women in the development of new technologies. All of them were streamed live and subsequently made available to staff on the Always Learning I want It platform.

SEAT, S.A. was also heavily involved in the STEM Women Congress, held in November in Barcelona, with the goal of giving visibility to and promoting female talent in the STEM field (science, technology, engineering and mathematics) and attracting this kind of talent to the car industry.

In addition, SEAT, S.A. marked the International Day for the Elimination of Violence against Women [25 November], reaffirming its commitment to equal opportunities. The company used the opportunity to remind staff of the support channels available to them offering psychological and social assistance, as well as the whistleblower system.

STRUCTURE OF THE WORKFORCE

Basic workforce by function and centre

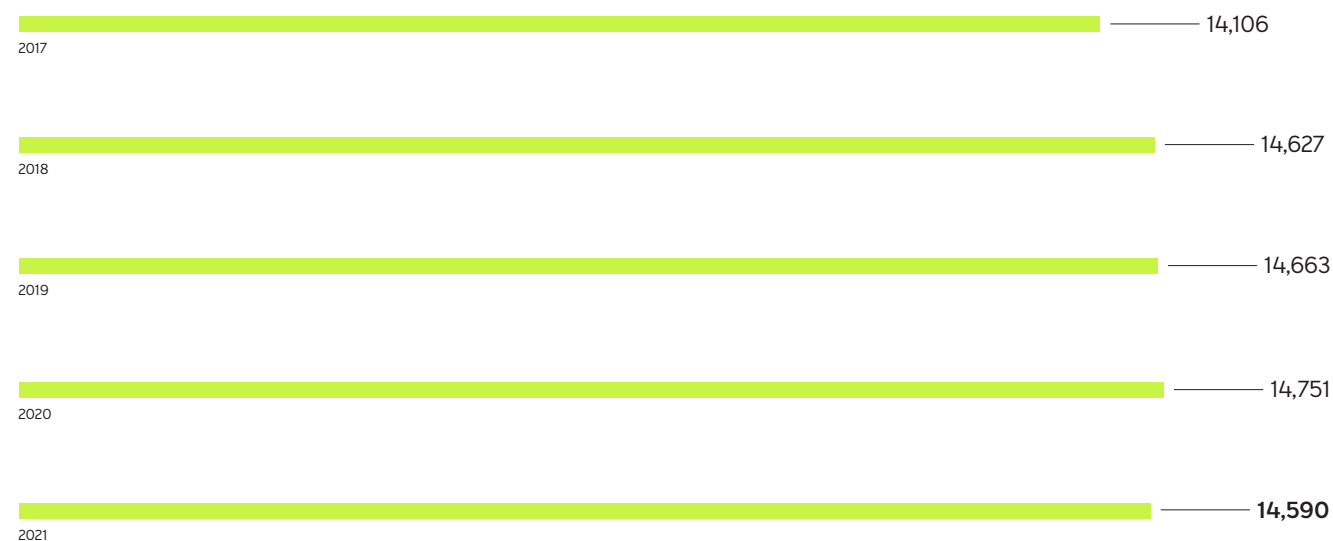
AT 31 DECEMBER

| | 2021 | 2020 | VARIATION | |
|----------------------------|---------------|--------|-----------|-------|
| | | | Absolute | % |
| DIRECT | 8,710 | 8,771 | (61) | (0.7) |
| Martorell | 7,123 | 7,226 | (103) | (1.4) |
| SEAT Barcelona | 848 | 797 | 51 | 6.4 |
| SEAT Componentes | 739 | 748 | (9) | (1.2) |
| INDIRECT | 5,880 | 5,980 | (100) | (1.7) |
| Martorell | 3,873 | 3,957 | (84) | (2.1) |
| SEAT Barcelona | 498 | 522 | (24) | (4.6) |
| SEAT Componentes | 251 | 255 | (4) | (1.6) |
| SEAT Technical Centre | 1,214 | 1,205 | 9 | 0.8 |
| Other centres | 44 | 41 | 3 | 7.3 |
| TOTAL WORKFORCE (*) | 14,590 | 14,751 | (161) | (1.1) |

(*) 2021 and 2020 exclude 264 and 226 employees in partial retirement, respectively. 2021 and 2020 also exclude 180 and 168 apprentices with an employment contract, respectively. All employees are located in Spain. Direct employees are those who perform duties directly linked to the production process.

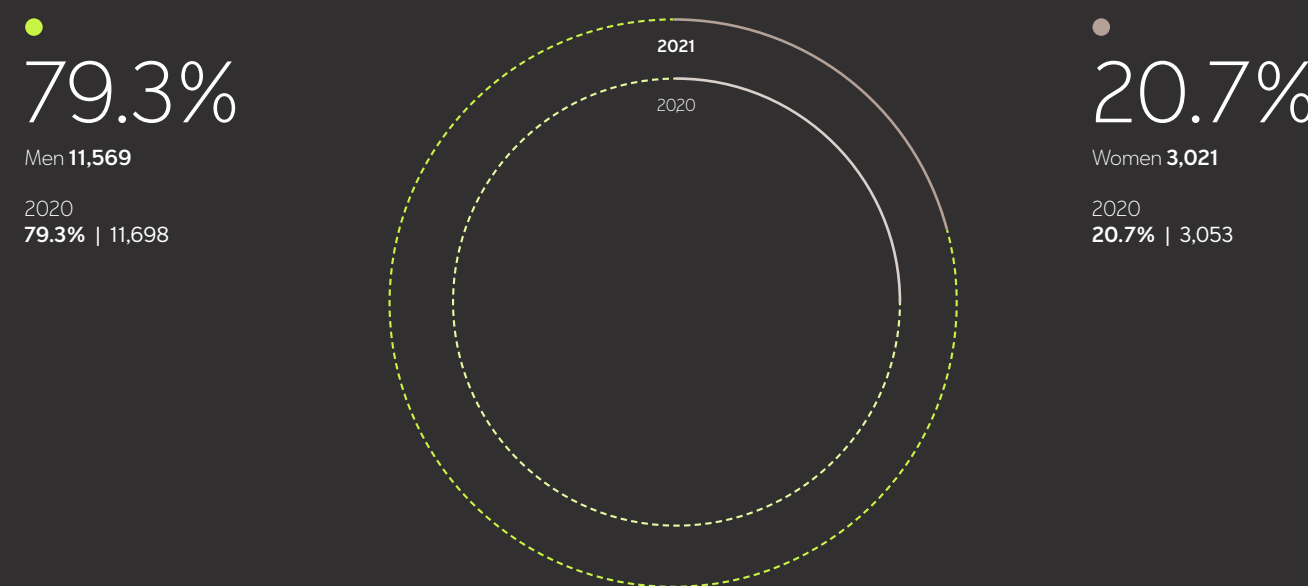
Basic workforce

AT 31 DECEMBER



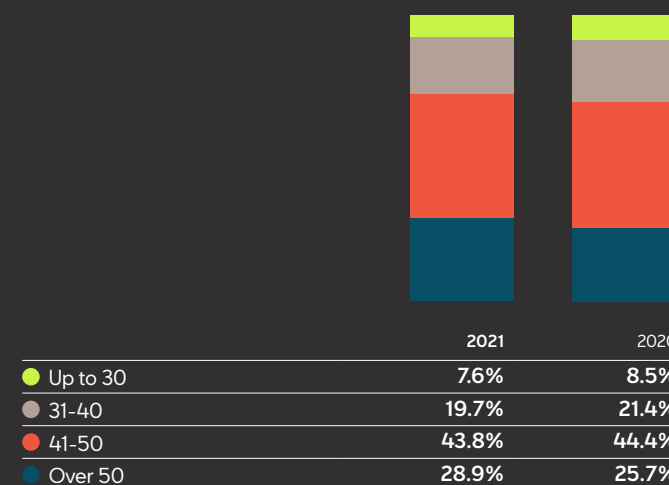
Structure of the basic workforce

AT 31 DECEMBER



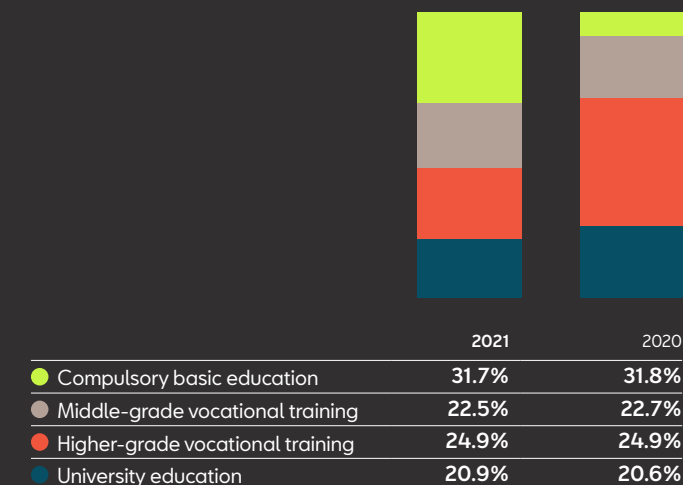
Structure by age

PERCENTAGE/YEARS



Structure by level of studies

PERCENTAGE



Average age of the workforce
44.9

Permanent contract
99.4%

Proportion of employees with disabilities
3.4%

Nationalities
69

Average length of service (years)
17.4

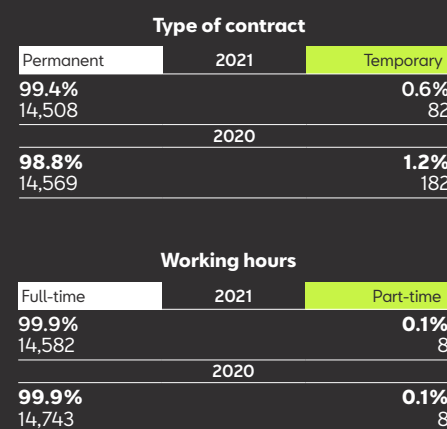
Proportion of foreign workers
5.6%

Proportion of employees included in training programmes
86.5%

Languages
26

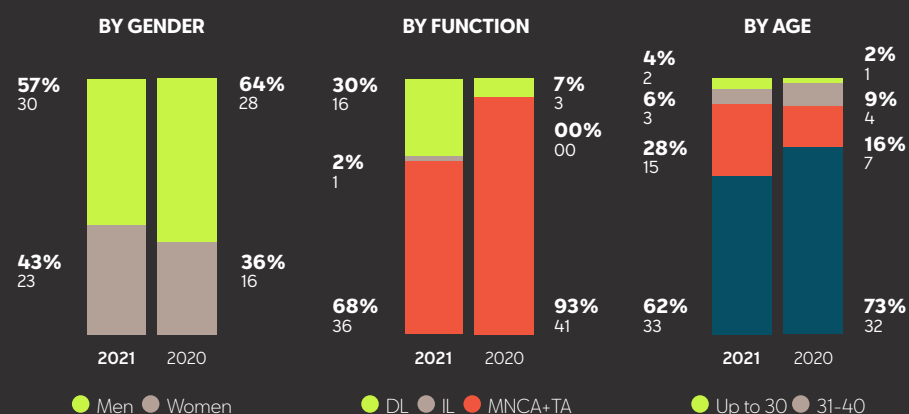
Types of employment contract

AT 31 DECEMBER



Number of dismissals

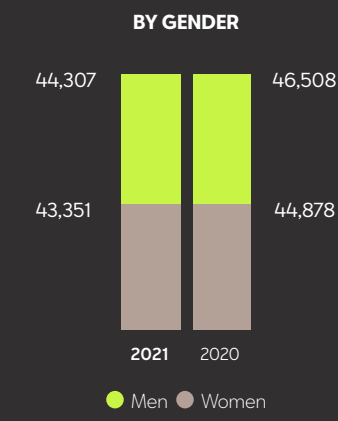
AT 31 DECEMBER



(DL: direct labour / IL: indirect labour / MNCA+TA: managers and non-collective agreement staff, technicians and administrative staff)

Average remuneration (€)*

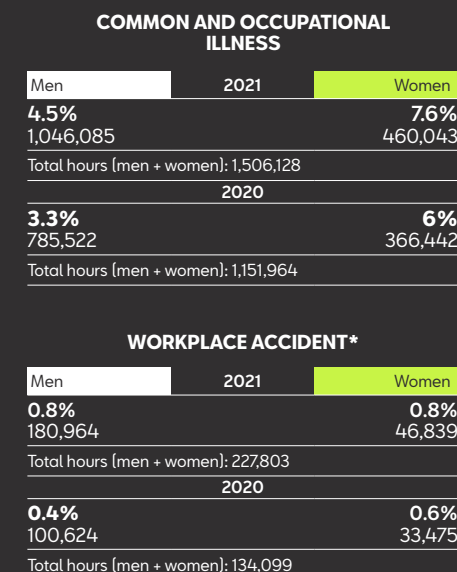
ANNUAL AVERAGE



(DL: direct labour / IL: indirect labour / MNCA+TA: managers and non-collective agreement staff, technicians and administrative staff)

Staff absenteeism

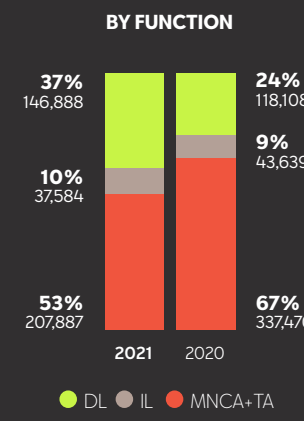
NUMBER OF INDUSTRIAL HOURS



*The figures for 2021 and 2020 include hours of absenteeism due to COVID-19. The emergence during 2021 of the much more contagious Delta variant, and particularly the Omicron variant, led to a considerable increase in sick leave and, therefore, in the total hours of absenteeism.

Hours of training

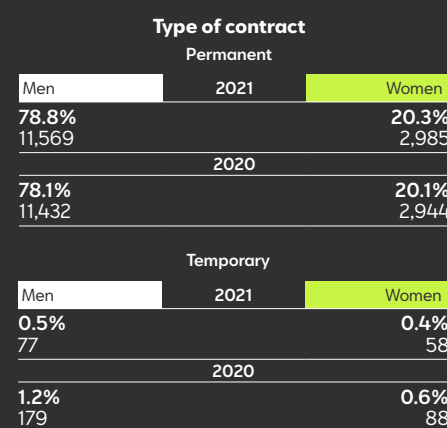
NUMBER OF HOURS



(DL: direct labour / IL: indirect labour / MNCA+TA: managers and non-collective agreement staff, technicians and administrative staff)

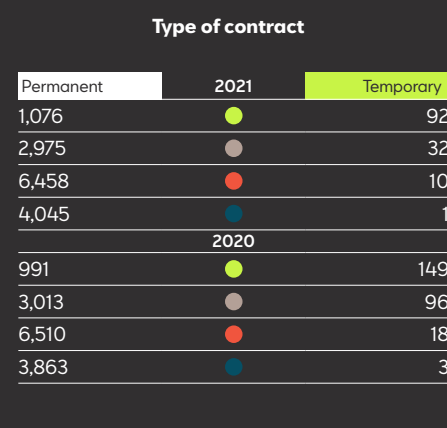
Types of employment contract by gender

ANNUAL AVERAGE*



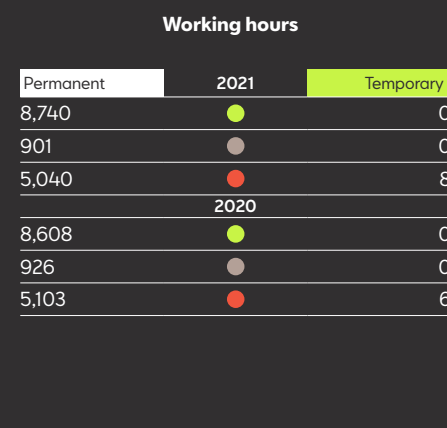
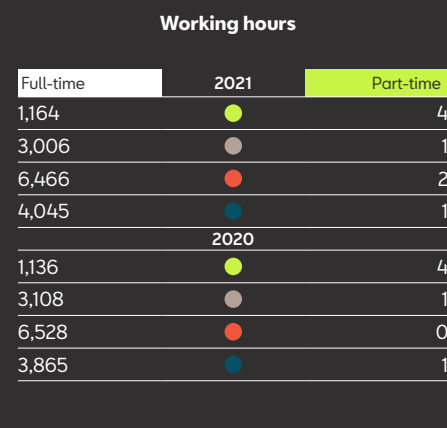
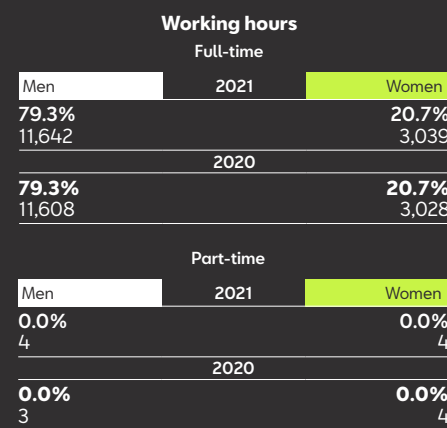
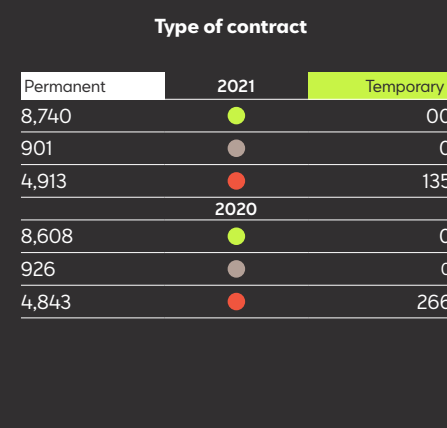
Types of employment contract by age

ANNUAL AVERAGE*



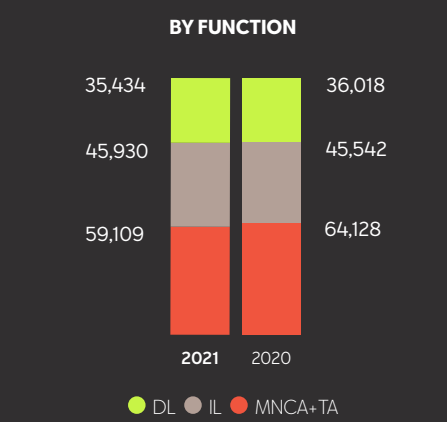
Types of employment contract by function

ANNUAL AVERAGE*



*The annual average number of contracts has been calculated based on the number of employees in the workforce at each month end. Employees affected by an ERTE furlough scheme continue to be counted as part of the SEAT workforce for all purposes.

(DL: direct labour / IL: indirect labour / MNCA+TA: managers and non-collective agreement staff, technicians and administrative staff)

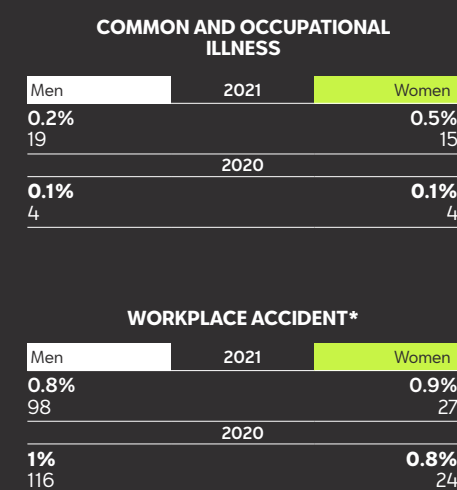


(DL: direct labour / IL: indirect labour / MNCA+TA: managers and non-collective agreement staff, technicians and administrative staff)

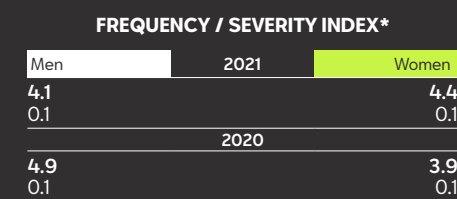
*The figures for the basic workforce of SEAT, S.A. at 31 December include all components of remuneration (fixed salary, variable salary and payments in kind), annualised and based on full-time working hours. Excludes the following groups: retirees, apprentices, and in-patriate and expatriate staff. The remuneration of the members of the Board of Directors and the Executive Committee is reported in the Notes to the Annual Accounts (Note 21b). For employees affected by an ERTE furlough scheme, the average remuneration and the salary gap has been calculated on the basis of the theoretical, annualised fixed salary corresponding to each employee working full-time, plus the variable salary and payments in kind received in the period. During the period affected by the ERTE furlough scheme, production-related variable remuneration was not paid out to affected employees, due to the inactivity.

Staff illness and accidents

NUMBER OF EMPLOYEES



* Accident with sick leave.



* Frequency index = (number of accidents with sick leave excluding those suffered while commuting / number of effective hours worked) x 10³. Severity index = (number of days lost due to accidents with sick leave excluding those suffered while commuting / number of effective hours) x 10³.

Salary gap

SEAT guarantees equality of wages and rights among its employees. Its remuneration policy follows the principle of gender equality, so there is no difference between the base salary received by men and women in the same job. The gap in percentage terms is calculated as the difference between the salary received by men and women, divided by the salary received by men. The salary gap in the company (2.2% in 2021 / 3.5% in 2020) is well below the average in Spain, which, according to the latest data available from the National Statistics Institute (INE), stands at 19.5%.

All data and figures for 2021 included in these tables and charts have been conditioned by the COVID-19 pandemic (as have those for 2020), as well as the production downtime suffered due to the lack of supplies as a result of the semiconductor shortage. The company and the union representatives agreed to implement two furlough (ERTE) schemes to protect employees' jobs.

ORGANISATION OF WORK AND SOCIAL DIALOGUE

ADAPTATION OF THE WORK MODEL

In a year still conditioned by the COVID-19 pandemic and its consequences, in 2021 the Smart Working hybrid work model and the digital disconnection policy, approved the previous year, were implemented. The two initiatives allow the company to promote a flexible and dynamic working environment which facilitates a better work-life balance.

SMART WORKING: IMPROVING WORK-LIFE BALANCE WITHOUT SACRIFICING PRODUCTIVITY

Smart Working is SEAT, S.A.'s new hybrid work model which seeks to balance work in the office and flexible work (from anywhere) in order to meet the needs of both employees and the company itself. This enables employees to achieve a better balance between their working and personal lives while maintaining efficiency and productivity.

The system was agreed with the trade union representatives in July 2020 with the intention of initiating its implementation in September of that same year. However, the deterioration in the pandemic forced the teleworking system to remain in place until May 2021.

When Smart Working was finally implemented, this was done on the basis of all the guarantees and allowances set out in the initial agreement. This is an optional system available to employees whose role is compatible with working remotely, provided they have their managers' express approval.

The model allows these workers to perform their tasks online from anywhere up to two days a week, organising their own timetable between 6:00am and 8:00pm. Outside the set timetable, the new digital disconnection policy, also approved in 2020, applies. The agreement also states that workers who have people under their care, who are breastfeeding or who are victims of gender-based violence are given priority.

In order to enjoy these conditions from May onwards, employees opting for Smart Working had to complete training in occupational risk prevention, as well as pass a medical fitness check conducted by the Health, Safety and Emergency division. This check included a COVID test conducted at the booths located in the Production workshops. At 31 December 2021, 3,941 employees eligible for this working arrangement were registered.

NEW DIGITAL DISCONNECTION POLICY

The definitive implementation of Smart Working in May also entailed the practical implementation of the company's new digital disconnection policy, agreed as part of the same initiative. In its first point, this regulation defines disconnection as the right of all SEAT, S.A. staff to "not make use of or connect to the telematic resources made available to them by the company [...] outside their working hours".

This policy also states that measures will be taken to train, provide information to and raise awareness among staff on the protection of and respect for their right to digital disconnection and on the proper use of telematic resources. To ensure compliance with the policy, a specific Monitoring Committee was established.

WORKING TIME IN THE COLLECTIVE LABOUR AGREEMENT

The rules concerning how employees' working hours are organised are set out in chapter V of the SEAT, S.A. collective labour agreement. As a general rule, the basic timetable consists of 1,712 hours per year, distributed across 214 working days.

For staff with rotating shifts, the working day consists of eight hours on site. There are 15 weekly shifts from Monday to Friday, and additional production shifts may be worked at weekends for product launches and during peaks in demand. At the most, additional shifts may be organised on 42 weekends.

Each employee has a log of hours which reflects any shortfall in the number of hours worked as a negative balance and any extra hours worked as a positive balance. The purpose of this computation is to allow the company and its staff to adapt the working hours to market demand and, therefore, production requirements, thereby helping to maintain employment and ensuring wage integrity.

Daytime shift workers (most office staff and some production staff) have an eight-hour working day, with flexibility in their start time within a maximum range spanning from 60 minutes earlier to 90 minutes later than the established start time. To implement this schedule change, the employee must submit a request and the corresponding manager must issue an approval.

All of this is handled through Smart Working, the system established in the company which combines on-site and remote working. This is a system based on mutual trust, transparency and accountability, without affecting the legal obligation to ensure that employees' daily schedule is logged, including the specific start and end time of each person's working day.

The SEAT, S.A. collective labour agreement applies to all its workers, with the exception of managerial staff and certain specific staff employed outside the agreement. The percentage of employees covered by the agreement is 92% (92% also in 2020). The company's entire workforce is located in Spain.

SOCIAL DIALOGUE AND WORKERS' RIGHTS

SOCIAL DIALOGUE

SEAT, S.A. has a series of joint committees, which are composed of company staff (from different divisions and levels) and trade union representatives. These committees define reporting procedures, handle consultations and negotiations, guarantee social dialogue and agree employees' working conditions.

Furthermore, the workforce representation includes an Intercentre Committee, which is comprised and operated in accordance with the applicable legislation and has powers extending across the full breadth of the company. This committee is entrusted with negotiating with the Management on any matters affecting more than one work centre, without affecting any negotiation powers that may be attributed to special committees or trade union representatives in certain specific cases.

STAFF PLANS ASSOCIATED WITH THE FURLOUGH SCHEMES IMPLEMENTED IN RESPONSE TO THE SEMICONDUCTOR CRISIS

The working conditions of SEAT, S.A.'s employees were affected in 2021 by the two furlough (ERTE) schemes applied during the year as a result of the reorganisation of the production activities in response to the restrictions in the global supply of semiconductors. The first furlough scheme was effective between 18 January and 30 June 2021, while the second came into force on 27 September 2021 and will be effective until 30 June 2022.



In both cases, the SEAT, S.A. management and the trade union representatives agreed on a plan to exclude all employees over the age of 55 from the furlough scheme, as well as those who had joined the company less than a year earlier and, therefore, would not be entitled to unemployment benefits. The company also improved the unemployment benefit received by staff on furlough and offered the possibility for those affected to undertake training courses and maintain 100% of their daily remuneration. It was also agreed that contract suspensions under the furlough schemes would not affect employees' holiday allowance, which could be enjoyed in full in the relevant period.

COMMITMENT TO HUMAN AND LABOUR RIGHTS

The corporate policies and standards which regulate the company's strategy and the work performed by its employees also cover the topic of respect for human and labour rights. This specific aspect is set out in two documents:

- > The Labour Relations Charter, with the commitment to apply the fundamental principles in the defence of human rights and to comply with the conventions of the International Labour Organization (ILO).
- > The SEAT Group's statement against slavery and human trafficking, which describes the actions taken to combat modern slavery.

Internally, and in accordance with the principles of integrity and compliance, the company has a series of permanent channels for the detection and reporting of any breach of these rights. The channels are articulated through the whistleblower system developed with the support of the Volkswagen Group.

On 10 December, on the occasion of International Human Rights Day, SEAT, S.A. explicitly reaffirmed its commitment – and that of the Volkswagen Group – to the respect, protection and promotion of human rights as fundamental premises for the company.

No complaints classed as human rights violations have been registered through the SEAT, S.A. compliance channels during 2021 (zero cases in 2020). The Equality Committee, meanwhile, received one complaint related to sexual harassment, which was investigated in accordance with the protocol established for such cases in the company's Equality Plan and the corresponding report was submitted to Human Resources (zero cases in 2020).

EMPLOYEE PARTICIPATION

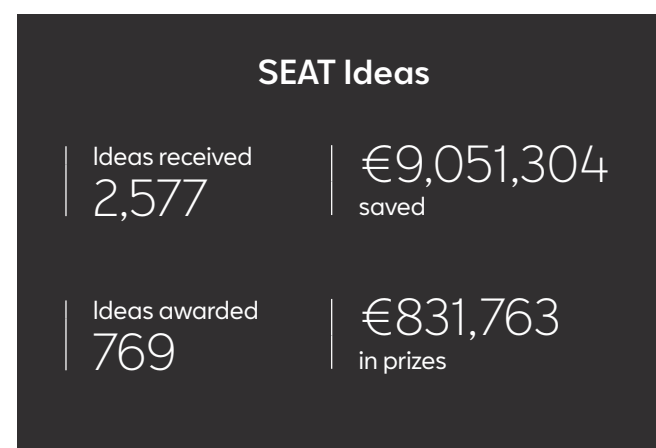
Along with the commitment to defend human rights, the Labour Relations Charter also explicitly includes the involvement of the staff in the company's strategic objectives and principles. To make this right effective, the company promotes tools that allow employees to actively participate in the proposal and development of new projects. These actions also help to reinforce the pride of belonging and to turn employees into ambassadors for the organisation in their daily lives.

One of the main ways in which employees get involved is by taking part in innovation programmes, which put their knowledge and experience to good use in the joint search for proposals to contribute to the company's growth. Some examples of these programmes include the SEAT Ideas programme, the Innovation Days and the new SEAT INNOVA platform.

SEAT IDEAS PROGRAMME

One of the most far-reaching and effective employee participation initiatives is the SEAT Ideas programme, which invites all members of staff to propose improvements in their day-to-day tasks which could help to optimise tasks, processes and any other aspect of their working environment. This initiative represents a decisive commitment to promoting innovation and internal talent, giving professionals a voice to make improvements that will affect their daily work.

The 2021 edition was held between May and December. To encourage employee participation and recognise their innovative attitude, a campaign was conducted and all ideas that met the programme requirements were entered into a raffle to win a week's use of a CUPRA Formentor. By the end of the year, over 300 employees had enjoyed this recognition.



INNOVATION DAYS

Another initiative that has achieved a high level of employee participation with only three editions is the Innovation Days. Held for the first time in 2019, these are workshops dedicated to recognising and promoting an innovative spirit through the presentation of projects, the proposal of challenges and the organisation of inspirational talks and demonstrations, among other activities.

In April 2021, the special event The Pitch was organised, providing an opportunity to present the projects selected in the hackathon held as part of the Innovation Days in 2020, which had taken place in a hybrid format due to the restrictions imposed in response to the coronavirus pandemic. The aim of The Pitch was to present the projects to the various business areas in search of sponsors and synergies to implement the pilot programmes.

The 2021 edition of the Innovation Days, meanwhile, was held on 27 and 28 October in the form of an in-person fair at the Logistics Training Centre and Electromobility Learning Centre in Martorell. Among the new features of this edition was the Immersive Box experience, a space for the rapid conception of ideas. Employees were able to book slots for the various activities through the new SEAT INNOVA platform.

SEAT INNOVA, ACCESS TO A NEW INNOVATION MODEL

Officially launched on 1 June 2021, SEAT INNOVA is a platform designed to encourage cross-disciplinary innovation among the company's employees. This new space is presented as an experience and knowledge hub, designed to connect people and projects and to foster new ways of working based on the concept of "going beyond day-to-day activities" and on co-creation. To this end, the platform proposes exclusive and inspirational content, presentations, podcasts, articles and other resources. In addition, it proposes real challenges which must be solved in a team, following a methodology typical of startups.

SEAT INNOVA was presented in a live presentation by David Aguilar – better known as "Hand Solo" – a bioengineering student who built a prosthetic hand out of Lego pieces and now manufactures them for other children around the world.

STIMMUNGSBAROMETER, WORK ENVIRONMENT SURVEY

SEAT conducts an annual work environment survey, known internally as the Stimmungsbarometer, in which employees are given the opportunity to express their opinions about the company.

The survey is conducted via an online platform and consists of a 24-point questionnaire that measures employees' satisfaction with their jobs and with the company.



HEALTH AND WELL-BEING

The management of the COVID-19 pandemic once again marked the activity of the Health, Safety and Emergencies division of SEAT, S.A. in 2021 at different levels. First and foremost, the division led the design and implementation of the internal de-escalation plans as restrictions were eased following the lockdowns, as well as managing the collaboration with the public authorities in the vaccination programmes.

These actions, together with the continuity of the work of the CARS (Healthcare and Rehabilitation Centre) and the development of health and well-being campaigns, maintain the company's position as an international benchmark in the field of occupational health and safety.

PIONEERS IN THE FIGHT AGAINST COVID-19

INVOLVEMENT IN THE PLAN TO VACCINATE STAFF AND THE REST OF SOCIETY

In accordance with the commitment to social service and engagement which it has demonstrated since the beginning of the pandemic, SEAT, S.A. offered the public authorities its infrastructures and health personnel to support the public health services in the roll-out of vaccines against coronavirus.

The company reached an agreement with the Ministry of Health of the Catalan regional government (Generalitat de Catalunya) authorising the company's medical services to vaccinate the entire workforce of SEAT, S.A. and the Volkswagen Group companies located in Catalonia at its own facilities.

Through this same partnership, the two organisations undertook to collaborate in the vaccination of the general population living in the surrounding area. The agreement was reached on 1 March on the occasion of a visit to the company's headquarters by Pere Aragonès and Alba Vergés, who at that time held the positions of vice-president and Health minister of the Generalitat de Catalunya, respectively.

Subsequently, in June, SEAT, S.A. reached a similar agreement with the regional government of the Balearic Islands to assist in the vaccination of citizens in this territory. Other companies also participated in the agreement, providing support in the form of transport and accommodation for professionals and equipment.

In the case of SEAT, S.A. employees, the vaccination campaign was carried out under the strict supervision of the Catalan Ministry of Health and following the same age group criteria established by the authorities for the population as a whole. By the end of the year, the medical services had vaccinated 96% of employees, contributing to the immunity of the population as a whole and thus helping to expedite the lifting of restrictions.

Vaccinations for the rest of the population in Catalonia were administered through various campaigns, according to the needs set out by the Generalitat throughout the year. To this end, fixed vaccination points were set up in CASA SEAT and in a building near the Martorell factory, and two CUPRA motor homes were adapted for the purpose. In the case of the Balearic Islands, three motor homes were sent to Majorca, Minorca and Ibiza, where they were used to tend to citizens in various areas around the islands. By the end of these two campaigns, more than 100,000 people had been vaccinated.

DE-ESCALATION PLAN: SEAT, S.A., ONE OF THE SAFEST COMPANIES TO WORK FOR IN EUROPE

In the first four months of the year, the medical services reinforced the measures implemented since the beginning of the pandemic to reduce the risk of infection among workers and their direct contacts.

Some of the new measures introduced since the beginning of the year included the implementation of the mass rapid testing plan, under which over 10,000 employees from all the work centres took antigen tests twice a week, with an average of 4,500 tests taken per day. To expedite the testing process, in the case of production-line staff the healthcare personnel performed site visits, allowing the workers to take the tests next to their workstations.

Finally, in early May the improvement in the pandemic incidence indicators in Spain and the progress in the vaccination roll-out made it possible to implement the de-escalation plan and begin to lift the measures that had been in place since March 2020.

In order to gradually return to what was defined as the “new normal”, the plan was split into four phases based on the gradual easing or lifting of the restrictions and, in parallel, with those who had been teleworking returning to on-site work. This return involved the teleworking arrangements finally coming to an end, with the Smart Working model being implemented in their place.

Subsequently, in accordance with the progress in the vaccination campaign, new measures were implemented in September to further ease the restrictions previously in place, allowing the company to practically return to the pre-

pandemic situation. With the design and implementation of this de-escalation plan, the company has become one of the safest companies to work for in Europe.

Finally, the Health, Safety and Emergencies division also made a significant contribution through its ongoing efforts to keep the staff and society as a whole updated on the evolution of the pandemic, its impact on society and the prevention measures to be followed. This information was disseminated through the usual internal channels, while the public communications were spread with the help of various initiatives. These included the new Moving Forward podcast, which hosted a talk between the director of the SEAT, S.A. Health, Safety and Emergencies division, Patricia Such, and the honorary member of the SEAT Healthy Company Scientific Committee (CCSES) and president of the Fight AIDS Foundation, Dr. Bonaventura Clotet.

Dr. Such also took part in a talk given in Barcelona as part of the Mobile World Capital initiative entitled “Social cooperation, the driver of health”. In her speech, she explained all the steps the organisation had taken since the beginning of the pandemic.

EXTRA SALARY PAYMENT TO EMPLOYEES FOR THEIR FLEXIBILITY DURING THE PANDEMIC

The engagement and flexibility shown by SEAT, S.A. staff during 2020 was recognised by the company with an exceptional payment of 400 euros.

The current collective labour agreement states that employees have the option to receive an annual benefit payment based on the operating profits achieved in the previous year. However, the negative result at the 2020 year end due to the impact of the pandemic on sales made it impossible to distribute this payment for the first time in five years. Therefore, as agreed with the majority unions, the company decided to maintain this extra remuneration of 400 euros.

RECOGNITION OF INITIATIVES TO COMBAT COVID-19

The various actions taken to combat the spread of COVID-19 since the beginning of the pandemic received several awards in 2021:

- > 2021 Sustainability Awards: “Best initiative related to the COVID-19 pandemic” for the manufacture of respirators and the efforts to help curb the spread of the virus.
- > 2021 Estrella Luike del Motor Awards: “Best CSR Project” for the initiative “Reinvention in times of pandemic: from producing cars to producing emergency respirators”.

A BENCHMARK IN OCCUPATIONAL HEALTH AND SAFETY

SEAT, S.A. is an international benchmark in preventive medicine and as a healthy company thanks to a model for the management of its staff’s health, safety and well-being which revolves around the Healthcare and Rehabilitation Centre (known as CARS). The company currently has two such centres: CARS Martorell, which opened in 2017, and CARS Alcobendas (Madrid), opened in 2020.

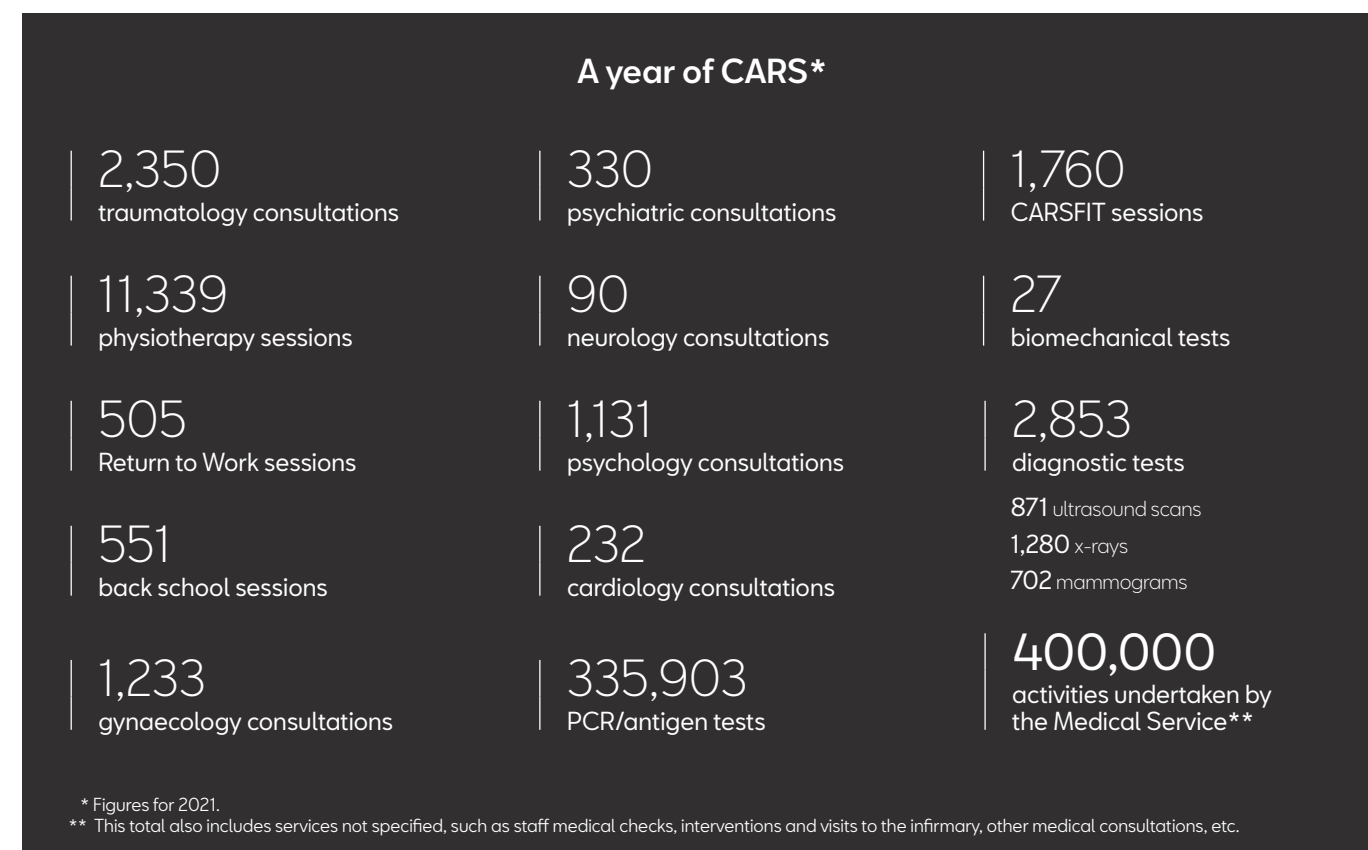
The health management model, coordinated through the CARS centres, involves three main areas of action:

- > Face-to-face healthcare.
- > Prevention activities, for both occupational illnesses and other conditions through diagnostic imaging tests (ultrasound, x-rays and mammograms), as well as gynaecology and cardiology services.
- > Well-being and the dissemination of healthy habits in all areas of life, with services such as yoga and emotional fitness, as well as specific campaigns.

At the same time, the company aligns itself with the commitments made in the current collective labour agreement, which sets out a concept for occupational health that takes into account “all working conditions and circumstances that contribute to the prevention of risks, encouraging healthy attitudes and adapting the work to the person”.

Article 112 of the SEAT, S.A. collective labour agreement recognises that occupational risk prevention goes beyond merely strict safety and hygiene to encompass occupational health in its broader sense. This includes preventing risks, fostering preventive attitudes and adapting the work to the individual. This article also expresses the company’s willingness to cooperate in detecting and assessing all the occupational risks that affect the automotive industry in particular, as well as in determining the most appropriate techniques to prevent them.

This work is conducted with the full participation of the health and safety committees, the trade union representatives and all staff at all levels. Each work centre has its own Health and Safety Committee, which carries out its functions in collaboration with the intercentre Health and Safety



Committee. In 2020, the development of special measures to curb the spread of COVID-19 led to the creation of new committees dedicated to monitoring the implementation of these measures. These committees continued to operate during 2021.

Furthermore, as part of the joint prevention service of the Volkswagen Group companies in Spain, SEAT, S.A. is a member and the chair of the intergroup committee which brings together representatives from the staff and management teams of the various companies that form this group.

In addition, article 112 of the collective labour agreement places particular emphasises on improving the practices for occupational risk prevention, especially in relation to psychosocial risks and occupational illnesses related to repetitive movements. Reference is also made to the problem of alcohol and drug consumption in the workplace, establishing programmes and measures to seek solutions to any such situations and the occupational risks that derive from them.

The company's commitment to occupational health and safety is recognised by the highest official certifications. SEAT, S.A. was the first company in the automotive sector in Spain to receive the Healthy Company certificate, and it is also certified under the international ISO 45001 standard. This latter accreditation specifies the requirements for an occupational health and safety management system and provides guidelines for its use.

PREVENTION CAMPAIGNS

As part of its role to develop preventative actions and to disseminate healthy habits, in 2021 CARS organised another edition of Healthy Week (from 26 to 30 April), which was once again held in a virtual format. Through the Health, Safety and Emergencies division's own platform, staff had access to various webinars and activities aimed at promoting a healthy lifestyle.

On this occasion, Healthy Week coincided with the first edition of Mental and Emotional Health Week, organised with the goal of offering staff new resources to help them deal with the uncertainty caused by the COVID-19 pandemic and its consequences. The specific content on the topics of mental health and managing emotions was hosted on the Always Learning I want it platform.

SEAT HEALTHY COMPANY SCIENTIFIC COMMITTEE (CCSES)

SEAT, S.A.'s commitment to health and well-being extends to the population as a whole through the work of the SEAT Healthy Company Scientific Committee (CCSES, as it is known in Spanish), which is involved in pioneering projects with some of the country's leading medical institutions.

As was the case in the previous year, the usual work of the CCSES was affected in 2021 by the COVID-19 pandemic, in view of the need for health centres and scientists collaborating in the various studies underway to focus their efforts and resources on combating the impact of the pandemic.

READY FOR THE NEW CHALLENGES

The key phase which SEAT, S.A. is currently facing requires a team of professionals committed to the new strategic challenges which must lead the company to become an international benchmark in electric mobility. Together with the engagement of the current workforce, this ambitious goal also requires new talent capable of responding effectively and flexibly to the challenges of a sector that is undergoing a unique transformation.

“BE THE IMPULSE”: STRATEGIC MEETING OF THE TOP MANAGEMENT

In view of the disruption the sector is currently experiencing and the scale of the short- and medium-term challenges, on 28 September a meeting was held with the top management of SEAT, S.A. at the CUPRA headquarters in Martorell. The purpose of the event, held under the slogan “Be the Impulse”, was to set out, share and discuss the company's strategic lines of action and the projects planned to implement them, as well as the key aspects of the transformation and cultural change that have already been set in motion.

The SEAT, S.A. chairman Wayne Griffiths recapped the changes experienced over the past three years and emphasised the need to tackle the challenges with a winning and courageous attitude. During the day, all the initiatives within the four main strategic axes were addressed: electrification of the company, growth of CUPRA, strengthening of the business model and transformation of the organisation to set it up for success.

CONTINUOUS ADAPTATION OF TRAINING PROGRAMMES

The new strategic challenges and the transformation of the market itself also require SEAT, S.A. to continuously adapt the training programmes it offers its employees in order to guarantee that their knowledge and skills are kept up to date.

In recent years, the company anticipated these needs and set up the platforms and resources needed to manage the dissemination of new knowledge. These include the comprehensive Always Learning programme and the Electromobility Learning Centre (eLC).

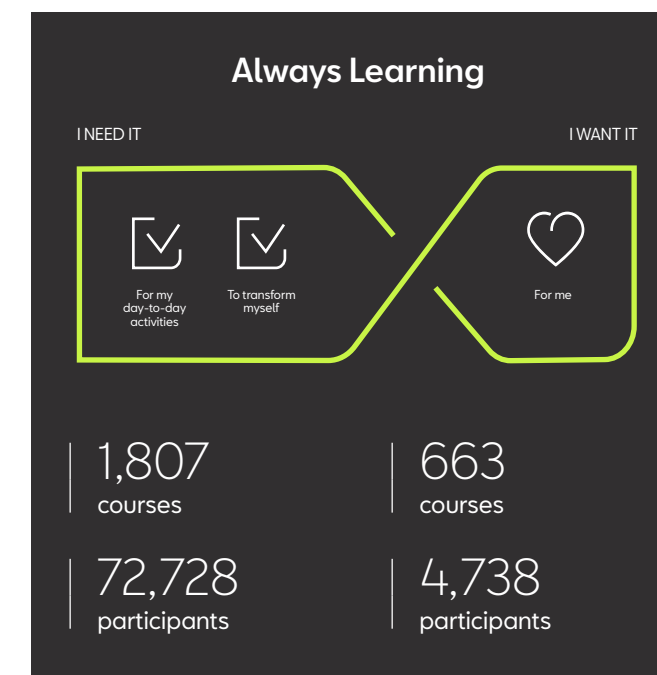
Innovation in training is also applied in analysing each employee's individual needs and giving them personalised treatment. The training path laid out for each employee is decided together with their manager as part of the performance evaluation process. This model is based on individual interviews which are conducted in order to document the employee's work and potential, identify talent and advise on their training programme and development actions.

NEW COURSES ON THE ALWAYS LEARNING PLATFORM

Launched in 2018, Always Learning is the programme that encompasses all staff training initiatives in order to ensure their training needs are met in a wide range of current and future areas of knowledge. The platform is divided into three modules:

- > **I need it for my day-to-day activities**, with the necessary training for each professional to perform their daily tasks, based on the specific requirements of each position and the personalised training itinerary defined.
- > **I need it to transform myself**, which brings together the knowledge necessary to discover and master new trends, especially those related to technology and digitalisation.
- > **I want it**, with all the programmes that SEAT, S.A. makes available to its employees to be performed outside of working hours, at any time and at no cost. This sphere is used to offer more inspiring training content, responding to personal concerns and not directly linked to work.

In 2020, much of the functionality of the Always Learning platform was adapted to ensure that staff had complete remote access to its content during the lockdown and while teleworking. In 2021, the main innovations on the platform focused on the I want it module, which received a makeover and saw its range of courses expanded. This included the integration of content produced by the online tailored training programme company GoodHabit, as well as content from the language course platform Busuu.



UPDATING KNOWLEDGE IN ELECTRIC MOBILITY AND INDUSTRY 4.0

As the main focus of SEAT, S.A.'s growth, one of the company's priority objectives is to ensure that the workforce is well trained in the field of electric mobility. Under this vision, the specialist Electromobility Learning Centre (eLC) was created in 2020 in Martorell. In its first full year of activity, the eLC developed the classroom course “The electric car”, focusing on knowledge of the characteristics of these vehicles, the operation of the drive system and their components.

Another priority area of training is Industry 4.0, with the aim of training the production line staff in the needs of the factory of the future. In 2021, the graduation ceremony for students of the first edition of the Industry 4.0 Academy training programme was held. Convened a year earlier, this training programme had a 91% successful pass rate.

Finally, another training initiative of note was the Driver 4.0 project, a course aimed at cabin drivers developed by the Paint Training Centre. This programme is designed to bolster the knowledge of drivers in dealing with the high demands of the electric car and the environmental responsibilities in relation to paints.

APPRENTICE SCHOOL

The Apprentice School, SEAT, S.A.'s specialist automotive training centre, trained its 57th year group of students in 2021. The 48 graduates began their new jobs in the Martorell, Componentes and Barcelona operating centres. As was the case in 2020, the open-door days for new students of the 2021-22 academic year were conducted via streaming.

I ATTRACTING AND RETAINING TALENT

The importance of updating the workforce's knowledge and developing new profiles, as well as factors such as digitalisation, innovation and globalisation, are what shape the processes for talent acquisition and retention. In view of this reality, in 2021 the company implemented a new employer branding strategy aimed at boosting its reputation among its employees and potential candidates.

The actions taken as part of this strategy complement other initiatives already fully consolidated within the company, such as the Kickstart, Trainee and Doctorate programmes, with the eBoosters initiative being added in the last year to attract experts in the development of the electric car.

NEW RECRUITMENT MODEL AND INTERNAL PROMOTION TOOLS

The Talent Acquisition department, part of the Human Resources division, is in charge of developing the new employer branding strategy. This strategy was fully deployed in 2021, with changes made in the way new talent is recruited as well as in the mechanisms for internal promotions.

In the case of the former, the recruitment procedures received an update, with each candidate being individually assigned a recruiter for the entire assessment process. Other new developments include a new model involving assessment centres which collaborate in the process and use an approach that assesses the candidate's potential based on their profile, and the choice of more proactive recruitment partners in the search for candidates.

With regard to internal promotions, the new Muévete (Move around) jobs board was launched, on which any employee can create a profile, view the offers available and submit an application.

PROGRAMMES TO IDENTIFY PROFESSIONALS OF THE FUTURE

In parallel, the company continues to pursue programmes with a proven track record for identifying new talent, which in recent years have enabled new professionals to join the workforce.

These programmes are Kickstart, under which university students are invited to apply for internships at the company; Trainee, aimed at recent graduates and offering a longer placement at the company, and Doctorate, which supports research projects that are considered strategic for the company. The main new development in 2021 was the launch of the eBoosters programme for attracting and recruiting experts in the development of the electric car.





COMPANY
ACTIVITIES
INSTITUTIONAL
RELATIONS

INSTITUTIONAL ACTIVITY

MEETINGS IN THE FRAMEWORK OF FUTURE: FAST FORWARD

SEAT, S.A. leads the Future: Fast Forward project, which aims to drive the transformation of the car industry in Spain. This initiative, based on close public and private collaboration, aims to turn Spain into an electric mobility hub for Europe and accelerate the country's economic recovery.

The project, which would involve government administrations, organisations and companies from various sectors and of different sizes, prioritises technological innovation, training and the creation of knowledge. The ultimate goal is to move towards an industrial model that is aligned with objectives such as decarbonisation, the reuse of resources and the development of the circular economy.

With Future: Fast Forward, SEAT, S.A. seeks to make Spain a strategic pillar within the Volkswagen Group's global electrification plans. It is in this context that the company aims to play a part in the Strategic Project for Economic Recovery and Transformation (PERTE) related to the electric and connected vehicle.

This plan, approved by the Spanish government in July, is expected to mobilise 24 billion euros over a three-year period, with a 4.3-billion-euro contribution from the public sector and a further 19.7 billion from the private sector in order to transform the country into a leading hub in the field of electric mobility. In addition, an alliance will be created with representation from the ministries involved and the Mesa de Automoción automotive industry panel, as well as associations from the sector, the unions and the autonomous community regional governments.

KING FELIPE VI AND THE PRESIDENT OF THE SPANISH GOVERNMENT VISIT MARTORELL

King Felipe VI and the president of the government, Pedro Sánchez, visited the Martorell headquarters in March to mark the company's 70th anniversary celebrations. The sovereign and the head of the government were accompanied by the minister for Industry, Reyes Maroto; the chairman of the SEAT, S.A. Board of Directors, Dr. Herbert Diess; the company Board members Stefan Piëch and Mark Porsche, and the company's chairman, Wayne Griffiths.

During the meeting, the executives conveyed to King Felipe VI their desire to collaborate in the development of the electrical mobility ecosystem and in the country's economic recovery through the sustainable transformation of the

automotive industry, a vision also shared by the Spanish government. The King and Pedro Sánchez learnt first-hand about the Future: Fast Forward project, with which the company intends to lead the electrification of the car industry in Spain by producing urban electric vehicles beginning in 2025.

AMBASSADOR VISITS

In May, the company received a visit from Germany's ambassador to Spain, Wolfgang Dold. The diplomat was received at CASA SEAT by Wayne Griffiths, chairman of SEAT, S.A., who explained to him the details of the Future: Fast Forward project. Mr. Dold underscored his willingness to support the electric transformation of the Spanish automotive industry spearheaded by the company. The German ambassador also visited the SEAT, S.A. Design Centre in Martorell before finishing his tour at the CUPRA facilities.

In September, it was Tunisia's ambassador to Spain, Fatma Omrani Chargui, who toured the Martorell factory together with the embassy's economic adviser and the Tunisian foreign investment agency's director for Spain and Portugal. The entourage was received by Wayne Griffiths and the director of Corporate Strategy and Institutional Relations of SEAT, S.A., Lourdes de la Sota. The visit ended with a meeting with the brand's purchasing and sales teams.

In October, the company's chairman received Hugh Elliott, the United Kingdom's ambassador to Spain and Andorra, at CASA SEAT, accompanied by the British consul-general in Barcelona, Lloyd Milen, and the consul director of trade and investment, Paul Clark. At the meeting, Mr. Griffiths and the diplomats discussed the sector, the future of CUPRA and the company's relations with Great Britain.

COMMITTEE ON INDUSTRY OF THE CONGRESS OF DEPUTIES

On 26 November, representatives from the Committee on Industry, Trade and Tourism of the Congress of Deputies visited the SEAT, S.A. headquarters in Martorell, where they had the opportunity to learn about Future: Fast Forward, the country-wide project which the company is leading to electrify the automotive industry in Spain.

The Committee, made up of deputies from seven parliamentary groups, was received by the SEAT and CUPRA CEO, Wayne Griffiths, and by Alfonso Sancha, executive vice-president of Purchases of SEAT, S.A. and head of the Future: Fast Forward project.

After the meeting, the members of the Committee visited the Healthcare and Rehabilitation Centre (CARS), where they acknowledged the work of SEAT, S.A. during the pandemic. The visit ended with a tour of Workshop 10 of the Martorell factory to see the production line for plug-in hybrid electric vehicles, where the Leon family and the CUPRA Formentor are manufactured.

WAYNE GRIFFITHS, AT "WAKE UP, SPAIN!"

SEAT, S.A. chairman Wayne Griffiths participated in the "Wake up, Spain!" symposium organised in April by the newspaper *El Español* and Invertia. The event was a meeting point for the discussion and exchange of ideas and was attended by politicians, business leaders, social stakeholders and representatives from the world of science and technology.

In his presentation, the head of the company explained that the electrification and digitalisation of the car represent an opportunity both for the industry and for SEAT, S.A.

THE MINISTER ROGER TORRENT, IN MARTORELL

The minister for Business and Work from the Catalan regional government (Generalitat de Catalunya), Roger Torrent, kick-started his new appointment to the role by visiting the Martorell facilities in May, in a show of the Catalan government's support for SEAT, S.A. in the current times marked by the country's transformation. Mr. Torrent addressed topics such as the electrification of the car sector and the mobility of the future with the company's chairman, Wayne Griffiths.

The reception ended with a meeting between Mr. Torrent, the chairman of the Works Council and general secretary of the UGT union at SEAT, S.A., Matías Carnero, and Rafael Guerrero, general secretary of the CC.OO. union at SEAT, S.A.

PARTICIPATION IN THE ANNUAL COTEC GALA

King Felipe VI presided in May over the presentation of the 2021 Yearbook of the COTEC Foundation for Innovation, which was held in Madrid and attended by some 300 guests.

The event featured a display of nine respirators designed and manufactured during the pandemic to respond to the shortage of these devices at the beginning of the health crisis. Among them was OxyGEN, which was the first to be manufactured on a large scale thanks to the adaptation of one of the SEAT Leon production lines in Martorell.



VISIT BY THE MINISTER FOR INDUSTRY TO CASA SEAT

In July, the minister for Industry, Trade and Tourism of the Spanish government, Reyes Maroto, was received at CASA SEAT by Wayne Griffiths. At the meeting, the SEAT, S.A. chairman confirmed the company's support for the government's plans to turn Spain into an electric mobility hub.

Mr. Griffiths reiterated the need to boost aid incentives in order to increase both sales of electrified vehicles and the expansion of charging infrastructure. Other topics addressed during the meeting included the evolution of vehicle production and of the car market, and Spain's progress in the electrification process which is helping to consolidate the country's position as Europe's second largest producer in this field.

GUNNAR KILIAN AND DANIELA CAVALLO, RECEIVED AT CASA SEAT

SEAT, S.A. chairman Wayne Griffiths and the vice-president of Human Resources and Organisation, Xavier Ros, hosted a visit to CASA SEAT in July by Gunnar Kilian, member of the Volkswagen AG Executive Committee and head of Human Resources, together with Daniela Cavallo, in what was her first visit as chairwoman of the Volkswagen Group Works Council.

Mr. Kilian and Ms. Cavallo met with Matías Carnero, chairman of the SEAT, S.A. Works Council and member of the Volkswagen Group Supervisory Board, as well as with executives from the Human Resources division of SEAT, S.A. and Wayne Griffiths, to address topics such as the challenges the company will face on the path to electrification.

INSTITUTIONAL PRESENCE AT THE AUTOMOBILE BARCELONA MOTOR SHOW

SEAT, S.A. participated in the 41st edition of the Automobile Barcelona motor show, held in October in the Catalan capital.

The event was opened by King Felipe VI, who was accompanied by the president of the government, Pedro Sánchez; Spain's minister for Industry, Trade and Tourism, Reyes Maroto; the Catalan minister for Business and Work from the regional government [Generalitat de Catalunya], Roger Torrent; the CEOE president Antonio Garamendi and the ANFAC president José Vicente de los Mozos.

CHAMBER OF COMMERCE MOBILITY COMMISSION

The Mobility Commission of the Spanish Chamber of Commerce, chaired by SEAT S.A. and led by the managing director of SEAT MÓ, Lucas Casanovas, concluded the first tasks in which it had been immersed for the last year and a half.

To present the project's conclusions, a series of meetings with the main stakeholders was kick-started. The first took place on 2 November and was held at the Ministry of Transport, Mobility and Urban Agenda to present the content of the work performed to the new secretary of state, Isabel Pardo de Vera Posada, and her team.

This meeting will be followed by others with the city councils of Spain's major cities, as well as with the technical teams from the various government administrations, so that the work can have a practical application in the sphere of urban mobility.

RECOGNITION FOR THE CHAIRMAN OF SEAT, S.A.

In November, the International Organization of Human Capital Managers (DCH), in collaboration with IESE Business School, awarded SEAT, S.A. chairman Wayne Griffiths the 7th DCH CEO Award for Excellence in People Management. This award recognises chairpersons or CEOs who stand out for their work in the field of human resources.

MEETINGS WITH AENA

At the end of the year, representatives from SEAT, S.A. and Aena, the public company in charge of managing Spain's airports, held two meetings with the aim of exchanging experiences in the field of new technologies and exploring potential collaborations and synergies.

At the first meeting, a delegation from SEAT, S.A. visited Barcelona airport. Later, a delegation from Aena went to the CUPRA headquarters, where SEAT IT and SEAT:CODE shared their experiences in the development of mobility software, the digital transformation, the implementation of 5G and Industry 4.0 applications. The Aena delegation was led by Ángel Sanz, director of the Office of Presidency, Regulation and Public Policy, and was received by David Powels, vice-president of Finance and IT at SEAT, S.A.

INAUGURATION OF THE COMPANY'S TEST CENTER ENERGY (TCE)

The Spanish minister for Science and Innovation, Diana Morant, and the Catalan minister for Business and Labour from the regional government [Generalitat de Catalunya], Roger Torrent, participated in the opening ceremony of SEAT, S.A.'s Test Center Energy (TCE) on 15 December. Accompanied by company chairman Wayne Griffiths and vice-president of R&D Werner Tietz, the two representatives visited the facilities of this research and development centre which focuses on batteries for electric and plug-in hybrid vehicles.

Located in the company's Technical Centre, the TCE forms part of the Volkswagen Group's global R&D network and is the Group's first centre of its kind in Europe outside Germany. Its inauguration marks a further step in SEAT, S.A.'s electrification strategy.

COLLABORATION WITH ANFAC

SEAT, S.A. worked tirelessly during 2021 with the Spanish Association of Car and Lorry Manufacturers (ANFAC) with a dual objective: to implement measures to facilitate the recovery of demand following the COVID-19 crisis and to boost progress in the achievement of the sustainable mobility and decarbonisation objectives set by Europe.

With this dual purpose in mind, actions were intensified in three key pillars. The first pillar covers incentive measures aimed at boosting sales of hybrid and electric vehicles, in addition to the installation of related infrastructure, through the MOVES III Programme, which was published in April with a substantial increase in its budget allocation.

The second pillar is the improvement in the deployment of charging infrastructure which must accompany the penetration of the electric vehicle. In this regard, through the association's working groups, SEAT, S.A. spearheaded what was defined as the Map of Public-Access Charging Stations in Spain, an essential tool for identifying barriers and establishing deployment targets.

Thirdly, work continues on the proposal of measures to ensure the tax system favours the sector, with both short-term measures (such as a freeze on vehicle registration tax) and medium/long-term measures (tax incentives for companies that convert their fleets to electric vehicles, reduced VAT rates for electric vehicles, etc.).

In this same context, ANFAC organised a conference entitled "The challenges of the electrification of mobility", at which Lourdes de la Sota, director of Corporate Strategy and Institutional Relations at SEAT, S.A., represented the company in a panel discussion on the topic of "Electrification in Industry 4.0. Challenges in the value chain".

INSTITUTIONAL EVENTS

GASNAM CONGRESS

During 2021, SEAT, S.A. continued to participate in the sustainable transport association Gasnam, once again contributing its efforts to make compressed natural gas (CNG) a viable and compatible fuel alternative in the transition to sustainable and electric mobility. Efforts focused on biogas, seeking to develop the use of biomethane to ensure the survival of this technology.

The company continued to offer the most complete range of CNG models on the market, which was updated this year with the new generation of the Leon and the new Ibiza and Arona models, available with TGI technology. These models were displayed at the 11th edition of the Green Gas Mobility Summit, the annual congress organised by Gasnam.

SUM BILBAO'21 SUSTAINABLE MOBILITY CONGRESS

SEAT, S.A. was present at the second edition of SUM Bilbao'21, the sustainable mobility congress organised by Bilbao city council and Petronor in October. The company's delegation showed its ideas for achieving cleaner, more accessible and healthier cities through electric and multi-modal micromobility solutions such as SEAT MÓ.

The event also served as an opportunity to present Giravolta, the mobility platform developed by SEAT:CODE that will allow government administrations to improve efficiency in public transport services. The company ended its participation at the congress by signing up to the "Bilbao Declaration".

BUSINESS COOPERATION

PARTNERSHIP BETWEEN SEAT, S.A., THE VOLKSWAGEN GROUP AND IBERDROLA

SEAT, S.A., Iberdrola and the Volkswagen Group reinforced their commitment to electric mobility in March with the signing of a strategic partnership to give new impetus to the electrification process in Spain. The agreement, signed as part of the Power Day organised by the Volkswagen Group, has a dual objective: on the one hand, to supply renewable energy to the electric vehicle value chain, and on the other hand, to collaborate in the creation and development of a network of public charging stations.

In this regard, the strategic plan envisages the Volkswagen Group's facilities on the Iberian Peninsula being powered by renewable energy, representing another step towards achieving the goal of becoming a carbon neutral company by 2050.

With regard to the promotion of electromobility, SEAT, S.A., the Volkswagen Group and Iberdrola estimate that some 350,000 urban and interurban public charging points will need to be installed by 2030. Under the agreement, Iberdrola is set to develop a public charging infrastructure plan that ensures a sufficient distribution of locations, including fast and ultra-fast (HPC) charging stations. The aim is also to serve the country's main transport corridors and cities and to turn Spain into a true electric mobility hub in Europe.



COMPANY
ACTIVITIES
FINANCE
AND IT

ECONOMIC RECOVERY

I GLOBAL ECONOMY

In 2021, the global economy was subject to great uncertainty related to the evolution of the COVID-19 pandemic. In the health sphere, there were fears about the risk of new outbreaks and the speed at which the vaccines could be produced and distributed. In the economic sphere, meanwhile, there were doubts over the necessary coordination of central banks and governments to maintain the stimulus for demand and the aid to productive sectors.

The rate of vaccination, which was slower than expected; the rapid spread of the much more contagious Delta and Omicron variants, and the greater difficulties experienced by developing countries in accessing the vaccines made achieving uniform growth in the global economy more difficult, with the figure ultimately standing at 5.9%.

This uneven growth widened the gaps between regions, countries, sectors and population groups, such that the global recovery was divided into two blocks. On the one hand were the advanced economies which, thanks to their mass vaccination campaigns, achieved a greater normalisation of their activity. On the other hand were the emerging economies which, due to a lack of resources, are still engrossed in the fight to curb the pandemic, and this could pose a significant setback to their development.

The effectiveness of the vaccines, the abundance of financial liquidity and a highly expansive fiscal policy favoured a strong surge in demand, especially in the second and third quarters of the year. The recovery began to lose some steam in the last quarter due to the supply crisis, which affected companies all around the world. The lack of supply to meet the rising demand led to an inflationary spiral, which was also fuelled by higher commodity and energy prices.

The rise in energy prices was not only due to the reduction in supply but also due to the increase in the cost of CO₂ emission rights introduced to combat climate change. The lack of supplies and the high price of energy forced many industries to halt or slow down their activities. With this production paralysis, the health crisis was accompanied by an energy crisis.

I EUROPEAN UNION

The improved health situation resulting from the progress in the vaccination campaigns, and the consequent easing of measures aimed at containing the virus, enabled European Union (EU) member states to reopen their economies. The return to a certain normality succeeded in restoring industrial activity and reviving the services sector, thanks to the upturn in consumption and the rebound in tourism.

The implementation of the National Recovery and Resilience Plans, supported by the "European Recovery Funds" (NextGenerationEU) designed to facilitate member states' development, also helped average annual EU GDP (gross domestic product) to grow, bringing it to 5.2%. However, the speed of the recovery varied significantly among EU partners, proving more pronounced and rapid in some cases, while in others it was more gradual and slower.

The rise in energy prices, combined with the production bottlenecks due to component and commodity shortages, as well as the limitations on productive capacity in the face of rising demand, triggered a rally in EU inflation up to 5%. This situation is considered transitory, as it is the result of reversible factors associated with the tensions arising due to the rapid increase in economic activity.

I SPAIN

Spain deployed a rapid and efficient vaccination programme during the first and second quarters which allowed it to end the third quarter with more than 80% of its population immunised. The easing of restrictions made it possible to resume many economic activities linked to the services sector, especially in the sphere of leisure and tourism. This return to normality enabled GDP to increase beginning in the second quarter of the year thanks to the upturn in consumption, investment and exports. All this had a positive impact on the economy, which registered an average annual growth of 5.5%

One of the main problems was the high rate of inflation generated by the mismatch between supply and demand. The CPI (consumer price index) rallied beginning in the second half of the year, ending up at 6.5%, as a result of higher electricity and fuel tariffs. This hampered the economic rebound, as it reduced companies' competitiveness and undermined households' purchasing power. The unprecedented state intervention to alleviate the effects of the pandemic helped to maintain the economic and social fabric, but it was also reflected in a sharp increase in public debt, which exceeded 120% of GDP.

The arrival of the first "European Recovery Funds" enabled work to commence on the implementation of an investment plan aimed at improving the economy's productive fabric, environmental sustainability and social cohesion. This Recovery, Transformation and Resilience Plan, agreed between the Spanish government and the European Commission, contains 110 investments and 102 reforms with the aim of attracting 140 billion euros in direct European aid and soft loans. The programme also includes the reforms agreed with Brussels for the period up until 2026, including measures relating to the labour market, pensions and taxation.

The way in which these reforms are carried out, and the government's capacity to do so, will determine how the major structural risks which the Spanish economy faces will evolve. These include the high levels of debt, unemployment and the small average size of companies, which detracts from the economy's ability to compete by restricting its productivity.

A BOOST FOR ALTERNATIVE VEHICLES

I GLOBAL SECTOR

2021 was a year of great challenges for the sector, both because of the impact of the pandemic and because of the so-called "semiconductor crisis". During the first half of the year, car sales grew due to strong demand in the major geographic areas, fuelled by the improved economic outlook. In the second half, however, the supply of vehicles was reduced by the impact the semiconductor shortage had on production volumes.

This difficulty was exacerbated by logistical problems arising as a result of stock shortages in various components and problems in just-in-time supply chains, which particularly affected production plants in the sector. This situation led to difficulties in meeting the growing demand for vehicles and reduced the expected growth potential, which did not match the pre-pandemic levels achieved in 2019.



Another challenge which the automotive industry faced as a result of the restrictions related to the COVID-19 pandemic was improving the digital experience in different areas. Most manufacturers accelerated their connectivity programmes in order to optimise the in-vehicle, purchase and service experience. In addition to implementing the technology needed to digitalise the sales networks, progress was made in developing new data platforms that enable faster and smarter decisions to be made in order to anticipate customers' ever-changing preferences.

The heightened environmental awareness among the population arising as a result of the pandemic also acted as a catalyst for change in customers' preferences, as well as for the development and sale of electric and plug-in hybrid vehicles, the latter being an intermediate step for some buyers of internal combustion vehicles.

EUROPEAN UNION

After a year with the most pronounced fall in car sales in the European Union (EU), 2021 marked the beginning of the path to recovery. The market experienced a revival during the second quarter as the vaccination programmes progressed and member states' economies stabilised.

However, in the second half of the year, the shortage of microchips and the interruption of supplies led to a decline in production which had a negative impact on sales volumes. Finally, passenger car registrations in the EU ended the year at 9.7 million, a decrease of 2.4% compared to 2020.

Driven by increased investment and the support measures introduced to stimulate demand, the market share of the main rechargeable electric and hybrid vehicles (BEV, PHEV and HEV) grew considerably, reaching 37.6% (compared to 22.4% in 2020). The EU's largest markets (Germany, France, Italy and Spain) registered 2- and 3-digit increases, representing 63.4% growth over 2020.

SPAIN

The situation in Spain was also hampered by the fall in production as a result of the component shortage, as well as the lack of stock in the sales networks in order to meet the growing customer demand.

Vehicle production reached 2.10 million cars, 7.5% less than in 2020, while exports decreased by 6.7% to 1.82 million units. Furthermore, the 0.86 million passenger cars registered in the Spanish market represent 1.0% growth over the previous year.

Although the improvement experienced in total volumes was not sufficient to match the pre-pandemic figures of 2019, it should be noted that registrations of vehicles fuelled by alternative propulsion technologies (electrified, hybrid and gas-driven vehicles) increased by 55.2%, reaching 312,925 units and an historic 30.2% share of the total market.



ADAPTING TO A NEW ENVIRONMENT

COMPANY TRANSFORMATION

Like all the other car manufacturers, SEAT, S.A. is immersed in a new environment marked by the adaptation to the profound technological and sociocultural changes that are taking place in the sector. The new paradigm which defines the path for this transformation is delimited by multiple variables that generate uncertainty, as well as by new opportunities for organisations that are able to reinvent themselves and take advantage of their flexibility.

This transformation involves following a sustainable growth pattern which reconciles economic, social and environmental development with an economy that is based on five key factors: productivity, competitiveness, efficiency, innovation and development.

SEAT, S.A. began preparing its adaptation to this new environment in 2018 with the launch of CUPRA, the new brand that is helping to ensure the company's profitability and sustainability. In 2021 it took another important step by leading the project Future: Fast Forward, which aims to turn Spain into an electric mobility hub in Europe.

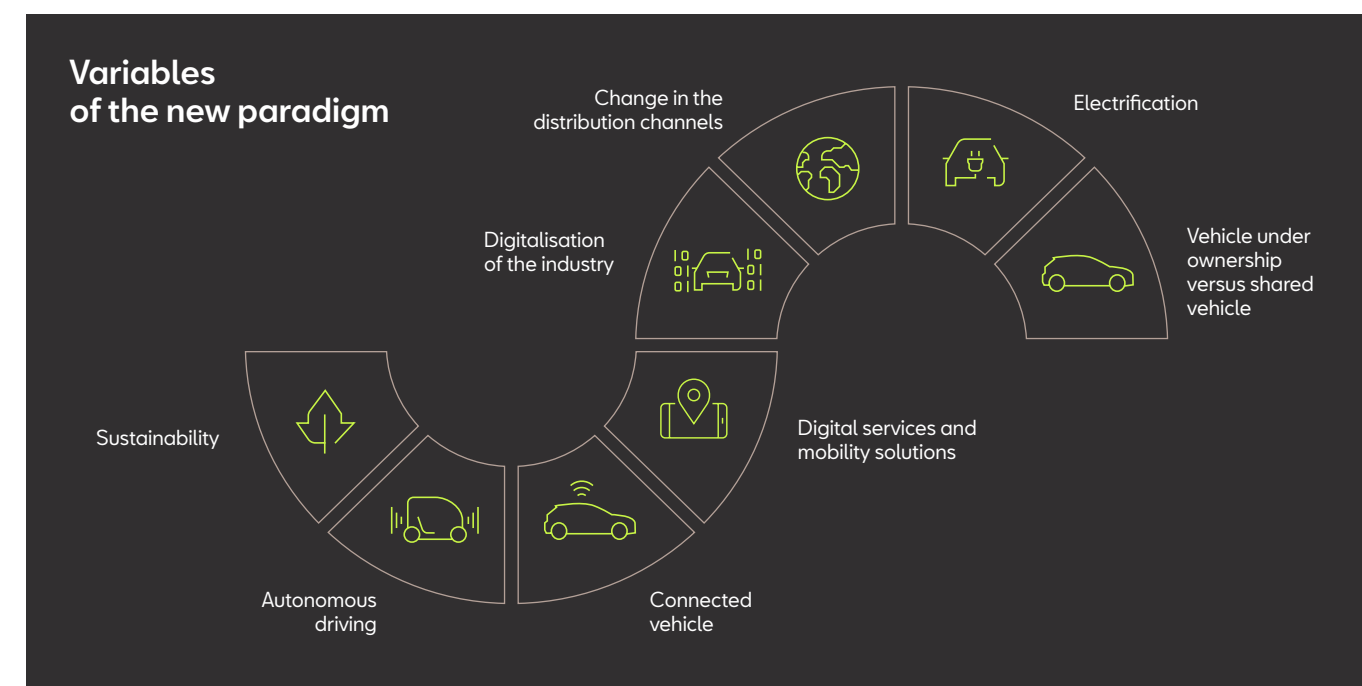
AMBITIOUS INVESTMENT PROGRAMME

Investing in the future remains one of the company's priorities in order to pursue its strategy focused on four areas: electrification, growth of the CUPRA brand, strengthening the business model and organisational transformation.

This is also a necessary effort in order to continue developing new models, to equip the production plants (Martorell, Barcelona and Componentes) with the best equipment and facilities and to maximise the innovative activity of the company's Technical Centre.

In 2021, investments amounted to 741.1 million euros (8% of turnover), bringing the total for the last five years to almost 4 billion. Operating cash flow, meanwhile, stood at 378.2 million euros (4.1% of turnover).

The generation of sufficient internal resources in order to meet the ambitious investment programme makes it necessary to consolidate a sound and sustainable economic and financial structure. For this reason, improving profitability by increasing revenues and



controlling costs is a key task which involves all areas of the company through the renewal and adaptation of their processes.

ANOTHER YEAR OF GREAT CHALLENGES

2021 was once again a year of great challenges due to the effects of the pandemic and the semiconductor shortage, which had a negative impact on the company's activities and on production and sales volumes. The restrictions on production hampered the company's ability to meet the growing demand for models of the SEAT and CUPRA brands.

Despite these difficulties, new vehicle sales to the network stood at 474,401 units and registered an increase of 1.3% over 2020. In addition, the company registered sales revenues of 9,256.5 million euros, a 5.4% increase over the previous year. In the Spanish market, turnover amounted to 1,703.3 million euros [+8.2%], while exports reached 7,553.2 million euros [+4.8%].

The growth in revenues, the higher contribution margins generated by the CUPRA model range, as well as the efficiencies obtained through the application of a rigorous programme to optimise the cost structure (especially in materials, external services and fixed expenses) were insufficient to offset the sharp fall in volumes. The production restrictions, resulting from the semiconductor shortage, had a significant impact on the Profit and Loss Statement and resulted in post-tax losses of 256.3 million euros.

Note: The company does not conduct and has not conducted any operations with its own shares during the financial year. Transactions involving foreign currency hedging derivative instruments were carried out. The weighted average payment period to company suppliers was 35 days. There were no events having an impact on the financial statements after the closure of the financial year.

Wholesales of new vehicles to the commercial network

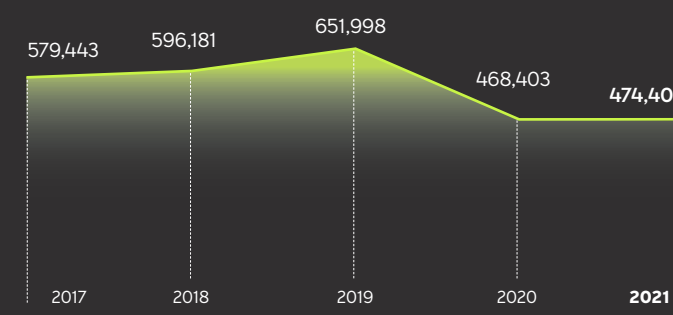
UNITS

| | 2021 | 2020 | VARIATION | |
|--------------------------|----------------|---------|-----------|--------|
| | | | Absolute | % |
| SEAT/CUPRA MODELS | 413,461 | 406,358 | 7,103 | 1.7 |
| SEAT Mii | 8,691 | 7,803 | 888 | 11.4 |
| SEAT Ibiza | 80,598 | 74,682 | 5,916 | 7.9 |
| SEAT Arona | 94,013 | 79,630 | 14,383 | 18.1 |
| SEAT Leon / CUPRA Leon | 84,169 | 122,871 | (38,702) | (31.5) |
| SEAT Toledo | 0 | 39 | (39) | — |
| SEAT Ateca / CUPRA Ateca | 57,752 | 77,786 | (20,034) | (25.8) |
| SEAT Tarraco | 22,182 | 19,195 | 2,987 | 15.6 |
| SEAT Alhambra | 4,167 | 14,663 | (10,496) | (71.6) |
| CUPRA Formentor | 57,421 | 9,689 | 47,732 | — |
| CUPRA Born | 4,468 | 0 | 4,468 | — |
| AUDI MODELS | 60,940 | 62,045 | (1,105) | (1.8) |
| Audi A1 | 60,940 | 62,045 | (1,105) | (1.8) |
| TOTAL SALES[*] | 474,401 | 468,403 | 5,998 | 1.3 |

[*] 2021 and 2020 exclude 13,468 and 10,889 used vehicles, respectively.

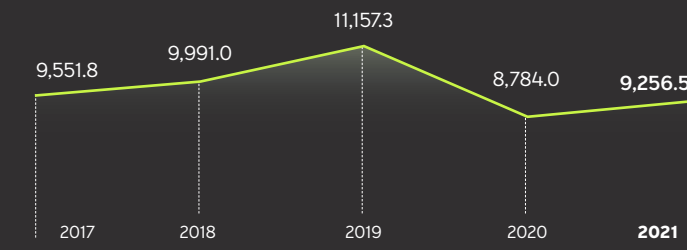
Wholesales of new vehicles to the commercial network

UNITS



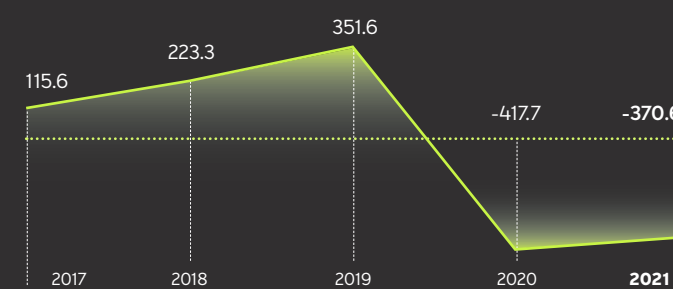
Net sales

MILLIONS OF EUROS



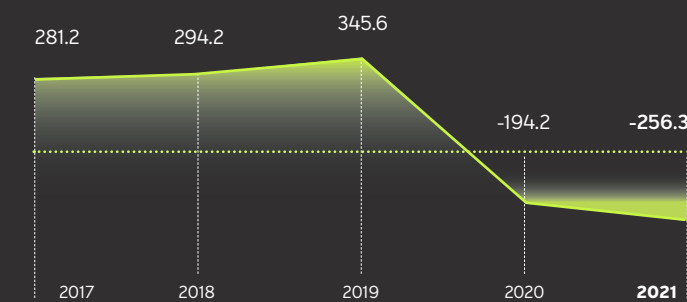
Operating result

MILLIONS OF EUROS



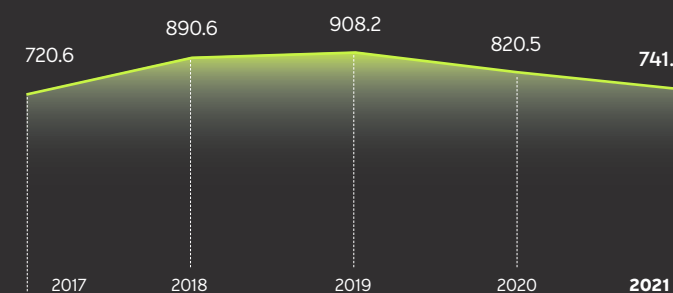
Result for the year

MILLIONS OF EUROS



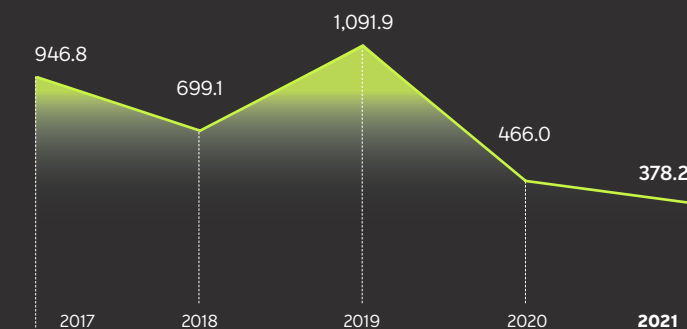
Investments

MILLIONS OF EUROS



Operating cash flow

MILLIONS OF EUROS



SEAT:CODE

After two years in operation, in 2021 SEAT:CODE consolidated its position as the driving force behind the development of digital solutions for the SEAT and CUPRA brands, the SEAT MÓ business unit and the other brands of the Volkswagen Group. Over the past year, the company's digital centre of excellence continued its work in creating software-as-a-service (SaaS) products that have been sold to third parties and have become a new revenue stream for the company.

The goal of SEAT:CODE is to leverage technology in order to create new business models, to lead projects within the Volkswagen Group and to produce profits that allow for reinvestment in innovation. To achieve this, the centre has grown to exceed 170 developers spread across the Barcelona headquarters and remote sites. It is a multidisciplinary team that has successfully completed more than 50 projects and has brought a new business unit to the company by generating revenues through the provision of digital services.

SEAT:CODE's work is based on three broad pillars:

> **The customer's digital journey.** As the business unit responsible for ensuring a good customer experience both offline and online, the centre is responsible for developing and maintaining the SEAT and CUPRA websites, the car configuration tools, part of the company's mobile applications, the websites of CASA SEAT, SEAT ID and SEAT Media Center, as well as the online tools used by dealerships such as the cost calculator tool, the range tool and the charge time tool.

> **Production, logistics and engineering.** SEAT:CODE is responsible for developing and maintaining the customer services and platforms.

> **Mobility and micromobility.** Its role is to help SEAT, S.A. become a provider capable of offering value-added services to mobility hubs, fleet operators, cities wishing to optimise their public transport systems, facilities managers and companies seeking to improve their employees' mobility.

I GIRAVOLTA, ON THE MARKET

The first SaaS product from SEAT:CODE is Giravolta, a multi-modal mobility platform which has already begun to be marketed and has been used to launch various kinds of projects in Spain and other countries.

Giravolta, which is used in the SEAT MÓ moped-sharing service offering more than 800 connected mopeds in



Barcelona, has also been implemented in bike-sharing services in Finland and Ireland, where they are experiencing strong growth.

Other projects carried out with SEAT:CODE products include the optimisation of the Wolfsburger Rufbus on-demand bus services in Germany, the mobility project of the Greek island of Astypalaia and the launch of MOBICO in the Conca d'Òdena area (Barcelona), offering mobility services to 80,000 citizens and improving public transport across seven towns with more than 60 electric vehicles.

SEAT:CODE is also involved in Volkswagen MOVE, the corporate car rental and sharing solution which will provide Volkswagen employees access to 450 cars for private and professional use, 100 of which will be made available in 2021. The service will be complemented by ByBus and an electric bike service.

I SEAT CORPORATE MOBILITY

In March, SEAT:CODE launched SEAT Corporate Mobility, a platform allowing employees to move with ease around the Martorell factory site or to travel to other company sites for work. The service, which in the future will integrate ByBus, operates with the participation of SEAT MÓ and the Vehicle Park, and has 90 cars of the SEAT and CUPRA brands as well as 20 units of the SEAT MÓ 125.

The system allows reservations to be made up to 15 minutes in advance and uses a mobile app (available for Android and iOS) which turns the user's smartphone into the key to the vehicle.

I SEAT DATA OFFICE

The new SEAT Data Office handles the data that reaches the company with a dual goal in mind. On the one hand, it collects and analyses the increasing amount of information that connected car sensors offer in order to create added value. Processing this data provides almost real-time information on various aspects related to the vehicle's movements in order to offer new products and services.

Its second major goal is to use the data to improve internal processes, reduce costs, define future strategies and devise new business models in order to have ever closer contact with customers. In this regard, the team works to optimise the company's operations by analysing the data that is handled by the company's more than 1,000 IT systems.

SEAT IT IN MARTORELL

I SYSTEMS AND PROCESSES

AGILE CENTER OF EXCELLENCE

After two years of operation, the Agile Center of Excellence (ACE) continues to support the company's transformation in order to offer agile responses to new forms of collaboration arising thanks to the growing complexity in the context of digitalisation.

During 2021, the ACE supported more than 15 strategic projects of the company, as well as implementing the Agile Training Path in collaboration with SEAT Training. This is an initiative based on customised training plans, design thinking and Agile management programmes that complement the department's traditional work in providing consulting and coaching to all divisions, thus training more than 190 employees.

The ACE also guided the first-time implementation of the Scaled Agile Framework® (SAFe) in the company. SAFe® is a framework for establishing Agile practices at the enterprise level, identifying potential for improvement and implementing tools that optimise cross-department collaboration within SEAT, S.A.

XR SHOWROOM

In 2021 the XR Showroom was inaugurated. This is a room where the software team can create solutions using augmented reality and virtual reality technologies in order to solve use cases specific to other divisions. As an example, a tool was developed that allows users to generate courses in augmented reality without programming knowledge, thus eliminating the need for physical manuals.

One of the projects carried out during the year was the development of the Automatic Vehicle Assembly Simulations Tool, which allows assembly simulations to be analysed in order to assess their feasibility in the early stages of development. It also participated in the implementation of a GPU (Graphics Processing Unit) cluster to calculate and render the physical aspects of lights, thus streamlining the design decision-making process.

IMPLEMENTATION OF WORKPLACE AND INFRASTRUCTURE PROJECTS

As part of the company's digitalisation project, the IT division worked to improve mobile communications with the installation of the 5G service on the telephone antenna located on the Bodywork Workshop. This technology, which enables device navigation speeds between 10 and 20 times faster than current ones, will be gradually deployed across all the mobile antennas located at the factory.

On the other hand, the IT Digital Workplace team launched a new app to customise employees' experience: Service Desk SEAT. The application, which is installed on the company's computers, makes it easier for staff to log support enquiries and requests.

Also available beginning in 2021 is a new personal phone service that allows employees to use their corporate mobile phones to make calls and use their data plans for personal purposes.

Finally, the IT team, in collaboration with Human Resources, deployed Office 365, Microsoft's suite of cloud applications that allows users to work from anywhere, on any device. With this initiative, the company is promoting new ways of working that boost productivity, communication, project management and collaboration between employees.



02

SEAT, S.A.
ANNUAL
ACCOUNTS

AUDITOR'S REPORT ON THE ANNUAL ACCOUNTS

Audit Report on Financial Statements
issued by an Independent Auditor

SEAT, S.A.
(SOCIEDAD UNIPERSONAL)
Financial Statements and Management Report
for the year ended December 31, 2021



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España

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AUDIT REPORT ON FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the Sole Shareholder of SEAT, S.A., Sociedad Unipersonal:

Report on the financial statements

Opinion

We have audited the financial statements of SEAT, S.A., Sociedad Unipersonal (the Company), which comprise the balance sheet as at December 31, 2021, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company as at December 31, 2021 and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 3.a) to the accompanying financial statements) and, specifically, the accounting principles and criteria contained therein.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. 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 in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.



2

Recoverability of non-current non-financial assets

Description At December 31, 2021 the net carrying amount of intangible assets and tangible assets amounts to 1,610.7 and 1,631.7 million euros, respectively. Additionally, at that date the Company has recognized deferred tax assets amounting to 435.8 million euros. Determining the recoverable amount of the said assets, which account for 66% of the Company's total assets at that date, requires Company Management to make complex estimates of projections of results and future cash flows, which entails the use of judgments in the determination of the assumptions considered in those estimates. Given this circumstance, together with the relevance of the amounts mentioned above, we have considered this issue a key audit matter.

Our response

Our audit procedures consisted, among others, in:

- ▶ Understanding the procedures established by Company Management in the preparation of projections of results and future cash flows, and assessing the design and implementation of relevant controls.
- ▶ Analyzing the consistency of the data used in the projections made with the budgets approved by the Management of the Company and of the Volkswagen Group it belongs to.
- ▶ Assessing the reasonableness and consistency of the key assumptions considered in the determination of the Company's future cash flows, as well as the projections of results of the tax group it belongs to, based on historical information, economic forecasts for the industry and other supporting documentation.
- ▶ Conducting an analysis by our valuations experts of the reasonableness of the methodology used to estimate future cash flows and, specifically, the discount rate and long-term growth rate considered by Company Management.
- ▶ Analysis of the existence of potential impairment indicators of capitalized development projects and, if any, review of the reasonableness of their recoverable amount.
- ▶ Reviewing the disclosures included in the accompanying notes to the financial statements in accordance with the applicable regulatory framework for financial information.

Recording and quantification of provisions and contingencies

Description As detailed in Note 14 to the accompanying financial statements, at December 31, 2021 the Company has recognized provisions amounting to 1,371.2 million euros to face commercial, production and legal risks, among others. The said provisions have been recorded in the "Long-term provisions" and "Short-term provisions" captions in the liabilities side of the balance sheet. The recording of these provisions requires Company Management to make complex estimates of the probability of future cash outflows and their quantification, which entails the use of judgments in the determination of the assumptions considered in those estimates. Given this circumstance, together with the relevance of the amount mentioned above, which accounts for 31% of the Company's total liabilities at that date, we have considered this issue a key audit matter.



3

Our response

Our audit procedures consisted, among others, in:

- ▶ Understanding the procedures for identifying and quantifying the risks established by Company Management, and assessing the design and implementation of relevant controls.
- ▶ Assessing the reasonableness of the judgments made by Company Management for estimating the amounts to be set aside in the provisions, based on past experience, specific risks identified and other supporting documentation.
- ▶ Obtaining written confirmation from the Company's legal department and external advisors of the assessment and quantification of litigations and contingencies risks.
- ▶ Reviewing the minutes of the meetings held by the Company's managing and administration bodies.
- ▶ Reviewing the disclosures included in the accompanying notes to the financial statements in accordance with the applicable regulatory framework for financial information.

Other information: management report

Other information refers exclusively to the 2021 management report, the preparation of which is the responsibility of the Company's directors and is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. Our responsibility for the management report, in conformity with prevailing audit regulations in Spain, entails:

- a) Checking only that the non-financial information statement was provided as stipulated by applicable regulations and, if not, disclose this fact.
- b) Assessing and reporting on the consistency of the remaining information included in the management report with the financial statements, based on the knowledge of the entity obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the management report is consistent with that provided in the 2021 financial statements and its content and presentation are in conformity with applicable regulations.



4

Responsibilities of the directors and the audit and good practices commission for the financial statements

The directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity, financial position and results of the Company, in accordance with the regulatory framework for financial information applicable to the Company in Spain, identified in Note 3.a) to the accompanying financial statements, and for such internal control as they determine 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, the directors are responsible for assessing the Company'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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The audit and good practices commission is responsible for overseeing the Company's financial reporting process.

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 prevailing audit regulations 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 financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, 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 Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



5

- ▶ Conclude on the appropriateness of the 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 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 fair presentation.

We communicate with the audit and good practices commission of the Company 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.

We also provide the audit and good practices commission of the Company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit and good practices commission of the Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

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

Report on other legal and regulatory requirements

Additional report to the audit and good practices commission

The opinion expressed in this audit report is consistent with the additional report we issued to the audit and good practices commission of the Company on March 15, 2022.

Term of engagement

The extraordinary general shareholders' meeting held on March 17, 2020 appointed us as auditors for 3 years, commencing on December 31, 2020.

ERNST & YOUNG, S.L.
(Registered in Spain's Official Register of Auditors under No. S0530)

(Original in Spanish signed by Xavier Pujol Pamies, registered in Spain's Official Register of Auditors under No. 18302)

March 15, 2022

BALANCE SHEET

At December 31 (millions of euros)

| Assets | Note | 2021 | 2020 |
|---|------|----------------|----------------|
| Non-current assets | | 4,440.8 | 4,397.7 |
| Intangible assets | 6b | 1,610.7 | 1,511.4 |
| Tangible assets | 6c | 1,631.7 | 1,749.3 |
| Long-term investments in Group and associate companies | 6d | 756.2 | 761.5 |
| Long-term financial investments | 8a | 6.4 | 16.2 |
| Deferred tax assets | 18 | 435.8 | 359.3 |
| Current assets | | 1,121.6 | 1,103.2 |
| Inventories | 9 | 453.9 | 479.2 |
| Trade and other receivables | 10 | 593.0 | 553.1 |
| Short-term investments in Group and associate companies | 11 | 64.7 | 55.3 |
| Short-term financial investments | 11 | 4.4 | 11.8 |
| Short-term prepaid expenses | | 5.6 | 3.8 |
| Cash and cash equivalents | | 0.0 | 0.0 |
| Total | | 5,562.4 | 5,500.9 |

| Equity and liabilities | Note | 2021 | 2020 |
|---|------|----------------|----------------|
| Equity | | 1,207.7 | 1,511.9 |
| Shareholders' equity | 12 | 1,245.2 | 1,501.4 |
| Valuation adjustments | | (39.4) | 9.0 |
| Grants | 13 | 1.9 | 1.5 |
| Non-current liabilities | | 692.9 | 704.0 |
| Long-term provisions | 14 | 425.6 | 430.8 |
| Long-term liabilities | 15 | 69.2 | 61.3 |
| Long-term liabilities with Group and associate companies | 15 | 0.0 | 0.0 |
| Deferred tax liabilities | 18 | 8.2 | 12.4 |
| Long-term prepaid income | 5f/i | 189.9 | 199.5 |
| Current liabilities | | 3,661.8 | 3,285.0 |
| Short-term provisions | 14 | 945.6 | 963.2 |
| Short-term liabilities | 15 | 137.0 | 102.6 |
| Short-term liabilities with Group and associate companies | 15 | 497.5 | 198.1 |
| Trade and other payables | 16 | 1,960.9 | 2,006.4 |
| Short-term prepaid income | 5f/i | 120.8 | 14.7 |
| Total | | 5,562.4 | 5,500.9 |

PROFIT AND LOSS STATEMENT

January 1 to December 31 (millions of euros)

| Continuing operations | Note | 2021 | 2020 |
|--|------|----------------|----------------|
| Net sales | 19a | 9,256.5 | 8,784.0 |
| Change in inventories of finished goods and work in progress | 19b | (24.3) | (33.4) |
| Materials, wages and overheads capitalized as assets | 5a | 376.5 | 376.1 |
| Supplies | 19c | (7,052.4) | (6,364.2) |
| Other operating income | 19d | 307.4 | 215.2 |
| Personnel costs | 19e | (899.1) | (861.8) |
| Other operating expenses | 19f | (1,729.1) | (2,005.5) |
| Depreciation of fixed assets | 6a | (642.5) | (581.4) |
| Change of grants from non-financial fixed assets and others | 13 | 0.9 | 0.5 |
| Excess of provisions | | 39.0 | 62.5 |
| Impairment and result on disposal of fixed assets | 6a | (3.5) | (9.7) |
| Operating result | | (370.6) | (417.7) |
| Financial income | 19g | 0.3 | 98.7 |
| Financial expenses | 19h | (2.6) | (4.5) |
| Exchange rate differences | 17 | 3.7 | 2.5 |
| Impairment and result on disposal of financial instruments | 19i | (4.5) | (3.0) |
| Financial result | | (3.1) | 93.7 |
| Result before tax | | (373.7) | (324.0) |
| Corporation tax | 18 | 117.4 | 129.8 |
| Result for year | | (256.3) | (194.2) |

STATEMENT OF CHANGES IN EQUITY

At December 31 (millions of euros)

| Statement of recognized income and expenses | Note | 2021 | 2020 |
|--|------|----------------|----------------|
| A) Result of Profit and Loss statement | | (256.3) | (194.2) |
| For valuation of financial instruments | | (87.0) | 47.8 |
| <i>Financial assets at fair value through changes in equity</i> | | 0.0 | 0.0 |
| <i>Other income and expenses</i> | | (87.0) | 47.8 |
| For coverage of cash flow | | 0.0 | 0.0 |
| Grants | 13 | 1.2 | 0.2 |
| For actuarial gains and losses and other adjustments | | 0.0 | 0.0 |
| For non-current assets and linked liabilities, maintained for sale | | 0.0 | 0.0 |
| Conversion differences | | 0.0 | 0.0 |
| Taxation effect | | 21.5 | (12.0) |
| B) Total income and expenses entered directly to equity | | (64.3) | 36.0 |
| For valuation of financial instruments | | 22.6 | (12.8) |
| <i>Financial assets at fair value through changes in equity</i> | | 0.0 | 0.0 |
| <i>Other income and expenses</i> | | 22.6 | (12.8) |
| For coverage of cash flow | | 0.0 | 0.0 |
| Grants | 13 | (0.7) | (0.5) |
| For non-current assets and linked liabilities, maintained for sale | | 0.0 | 0.0 |
| Conversion differences | | 0.0 | 0.0 |
| Taxation effect | | (5.5) | 3.4 |
| C) Total transfers to Profit and Loss statement | | 16.4 | (9.9) |
| D) Total recognized income and expenses (A+B+C) | | (304.2) | (168.1) |

| Statement of total changes in equity | Subscribed capital | Share premium | Reserve | Profit/loss from prev. years | Profit/loss for year | Valuation adjustments | Subventions | Total |
|---|--------------------|----------------|--------------|------------------------------|----------------------|-----------------------|-------------|----------------|
| Final balance 2019 | 0.1 | 1,008.1 | 653.2 | 0.0 | 345.6 | (17.3) | 1.7 | 1,991.4 |
| Adjustments for changes of criterion | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Adjustments for errors | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Adjusted balance beginning 2020 | 0.1 | 1,008.1 | 653.2 | 0.0 | 345.6 | (17.3) | 1.7 | 1,991.4 |
| Total recognized income and expenses | 0.0 | 0.0 | 0.0 | 0.0 | (194.2) | 26.3 | (0.2) | (168.1) |
| Operations with partners or owners | 0.0 | 0.0 | (138.5) | 0.0 | (172.8) | 0.0 | 0.0 | (311.3) |
| <i>Capital increase</i> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>Capital reduction</i> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>Conversion of financial liabilities into equity</i> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>Distribution of dividends</i> | 0.0 | 0.0 | (138.5) | 0.0 | (172.8) | 0.0 | 0.0 | (311.3) |
| <i>Operations with own shares or participations (net)</i> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>Changes in equity due to business combinations</i> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>Other operations with partners or owners</i> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other variations in equity | 0.0 | 0.0 | 172.7 | 0.0 | (172.8) | 0.0 | 0.0 | (0.1) |
| Final balance 2020 | 0.1 | 1,008.1 | 687.4 | 0.0 | (194.2) | 9.0 | 1.5 | 1,511.9 |
| Adjustments for changes of criterion | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Adjustments for errors | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Adjusted balance beginning 2021 | 0.1 | 1,008.1 | 687.4 | 0.0 | (194.2) | 9.0 | 1.5 | 1,511.9 |
| Total recognized income and expenses | 0.0 | 0.0 | 0.0 | 0.0 | (256.3) | (48.3) | 0.4 | (304.2) |
| Operations with partners or owners | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>Capital increase</i> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>Capital reduction</i> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>Conversion of financial liabilities into equity</i> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>Distribution of dividends</i> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>Operations with own shares or participations (net)</i> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>Changes in equity due to business combinations</i> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>Other operations with partners or owners</i> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other variations in equity | 0.0 | 0.0 | 0.1 | (194.2) | 194.2 | (0.1) | 0.0 | 0.0 |
| Final balance 2021 | 0.1 | 1,008.1 | 687.5 | (194.2) | (256.3) | (39.4) | 1.9 | 1,207.7 |

CASH FLOW STATEMENT

January 1 to December 31 (millions of euros)

| | Note | 2021 | 2020 |
|---|------|--------------|--------------|
| A) Cash flow from operating activities | | 378.2 | 466.0 |
| Result before tax | | (373.7) | (324.0) |
| Adjustment of result | | 621.6 | 619.8 |
| <i>Depreciation of fixed assets</i> | 6a | 642.5 | 581.4 |
| <i>Valuation corrections due to impairment</i> | | (1.1) | 2.2 |
| <i>Variation of provisions</i> | | (21.5) | 128.4 |
| <i>Accounting entry of grants</i> | 13 | (2.9) | (3.0) |
| <i>Results of disposal of fixed assets</i> | | 3.5 | 9.7 |
| <i>Results of disposal of financial instruments</i> | | (2.3) | 0.0 |
| <i>Financial income</i> | 19g | (0.3) | (98.7) |
| <i>Financial expenses</i> | 19h | 2.6 | 4.5 |
| <i>Exchange rate differences</i> | 17 | (0.3) | (1.3) |
| <i>Valuation at fair value in financial instruments</i> | | 0.0 | 0.0 |
| <i>Other income and expenses</i> | | 1.4 | (3.4) |
| Changes in working capital | | 88.3 | (50.8) |
| <i>Inventories</i> | 9 | 25.1 | 76.4 |
| <i>Trade and other receivables</i> | 10 | (37.0) | 0.4 |
| <i>Other current assets</i> | | (1.7) | (0.5) |
| <i>Trade and other payables</i> | 16 | 5.4 | (56.9) |
| <i>Other current liabilities</i> | | 77.8 | (70.2) |
| <i>Other long-term assets and liabilities</i> | | 18.7 | 0.0 |
| Other cash flows from operating activities | | 42.0 | 221.0 |
| <i>Payment of interests</i> | | (2.4) | (2.5) |
| <i>Collection of dividends</i> | | 0.0 | 98.4 |
| <i>Collection of interests</i> | | 0.3 | 0.2 |
| <i>Collection [payment] for corporation tax</i> | | 44.1 | 124.9 |

| | Note | 2021 | 2020 |
|---|---------|----------------|----------------|
| B) Cash flow from investment activities | | (313.6) | (322.0) |
| Payments for investments | | (318.4) | (842.1) |
| <i>Group and associate companies</i> | | (2.1) | (1.9) |
| <i>Intangible assets</i> | 6 | (68.1) | (420.4) |
| <i>Tangible assets</i> | 6 | (247.7) | (419.4) |
| <i>Other financial assets</i> | | (0.5) | (0.4) |
| Collection for disinvestments | | 4.8 | 520.1 |
| <i>Group and associate companies</i> | | 2.9 | 519.0 |
| <i>Intangible assets</i> | 6 | 0.0 | 0.4 |
| <i>Tangible assets</i> | 6 | 1.3 | 0.1 |
| <i>Other financial assets</i> | | 0.6 | 0.6 |
| C) Cash flow from financing activities | | (64.6) | (144.8) |
| Collection and payments for equity instruments | | 3.6 | 2.6 |
| <i>Acquisition of own equity instruments</i> | | 0.0 | 0.0 |
| <i>Disposal of own equity instruments</i> | | 0.0 | 0.0 |
| <i>Grants</i> | | 3.6 | 2.6 |
| Collection and payments for financial liability instruments | | (68.2) | 163.9 |
| <i>Issue</i> | | 0.0 | 185.5 |
| <i>Borrowing from credit institutions</i> | | 0.0 | 0.0 |
| <i>Borrowing from Group and associate companies</i> | | 0.0 | 185.4 |
| <i>Other liabilities</i> | | 0.0 | 0.1 |
| <i>Repayment and depreciation of</i> | | (68.2) | (21.6) |
| <i>Borrowing from credit institutions</i> | | 0.0 | 0.0 |
| <i>Borrowing from Group and associate companies</i> | | (50.2) | 0.0 |
| <i>Other liabilities</i> | | (18.0) | (21.6) |
| Payments for dividends and remuneration of other equity instruments | | 0.0 | (311.3) |
| <i>Dividends</i> | 12, 21a | 0.0 | (311.3) |
| <i>Remuneration of other equity instruments</i> | | 0.0 | 0.0 |
| D) Effect of exchange rate variations | | 0.0 | 0.0 |
| E) Net increase/decrease in cash or equivalents (A+B+C+D) | | 0.0 | (0.8) |
| Cash or equivalents at beginning of year | | 0.0 | 0.8 |
| Cash or equivalents at end of year | | 0.0 | 0.0 |

NOTES

Notes to the annual accounts (financial year ending December 31, 2021)

1. Company activity

a) Registered offices and legal form

SEAT, S.A. was legally incorporated on May 9, 1950, and is currently included in the Barcelona Mercantile Register, Volume 23,662, Folio 1, Page B 56,855, CIF A-28049161. On June 7, 2006, the Shareholders' meeting changed the company's registered offices, with effect the same day, to its present site at: Autovía A2, Km 585 [E-08760 Martorell].

b) Business aim and activities

The company's business aim is the manufacture and sale of cars, parts, spare parts, accessories, R&D services, and any other complementary or related services, including technical assistance and service. Through its subsidiaries SEAT also undertakes commercial sales and marketing activities.

On January 1, 2014 and January 1, 2016, the company merged the subsidiaries SEAT Componentes, S.A. and Centro Técnico de SEAT, S.A., respectively. Under Article 84 of the Corporation Tax Act, the absorbing company may benefit from the assets acquired that are indicated in the merger Balance Sheets included in the company's Annual Accounts for 2014 and 2016, respectively.

2. Exemption from presenting Consolidated Annual Accounts

The General Shareholders' Meeting, held on June 20, 1991, voted for the exemption of the companies making up the SEAT Group, pursuant to the terms of Article 43 of the Code of Commerce, from presenting Consolidated Annual Accounts.

In accordance with the provisions of the above-mentioned Article 43, SEAT, S.A. (Single Shareholder Joint Stock Parent Company of the SEAT Group) is exempt from the obligation of presenting Consolidated Annual Accounts, as it is a wholly-owned subsidiary of Volkswagen Finance Luxemburg S.A. (its sole shareholder, with registered offices in Luxembourg) and an indirect subsidiary of VOLKSWAGEN AG (with registered offices in Wolfsburg, Germany). The pertinent financial statements, together with those of its subsidiaries, are included in those of the Volkswagen Group, of which VOLKSWAGEN AG is the parent company.

Following on from the aforementioned agreement, Spanish translations of the Consolidated Annual Accounts of VOLKSWAGEN AG, as well as of the Consolidated Management Report and the Group's Auditors' Report, are filed in the Barcelona Mercantile Register.

3. Presentation basis of Annual Accounts

a) True and fair view

The Annual Accounts — comprising the Balance Sheet, Profit and Loss Statement, Statement of Changes in Equity, Cash Flow Statement and Notes — have been prepared on the basis of the company's accounting records, and are presented in accordance with current mercantile legislation and the financial reporting framework applicable to the company, namely that which is established in the Spanish General Accounting Plan approved by Royal Decree 1514/2007 of November 16, in addition to subsequent modifications to said Plan by Royal Decree 1159/2010 of September 17, by Royal Decree 602/2016 of December 2, by Royal Decree 1/2021 of January 12 and by the standards which expand on them.

The Annual Accounts give a true and fair view of the company's equity, its financial situation and results of business, cash flow and changes in equity.

The figures contained in the Annual Accounts are expressed in millions of euros.

b) Grouping of headings

In order to present the figures clearly, the headings are grouped together in the Balance Sheet and the Profit and Loss Statement and broken down in the Notes (Article 256 of Capital Company Act).

c) Items appearing under several headings

There are some items whose amounts are shown under different headings of the Balance Sheet, due to them being credits or liabilities whose settlement arises in different financial years, with the items receivable or payable in the next year shown as short-term items, while amounts that will fall due in the forthcoming years are shown as long-term.

d) Measurement and estimation of uncertainty

In preparing the Annual Accounts, company management was required to make judgments, estimates and assumptions that may affect the accounting policies finally adopted as well as the value of assets, liabilities, income, expenditure and breakdowns related thereto.

Estimates and hypotheses are based, inter alia, on past experience or other factors considered reasonable in view of the factors or circumstances considered at the Balance Sheet date, the result of which constitutes the basis for decisions concerning the book value of the assets and liabilities which cannot be determined immediately in any other fashion. Actual results may differ from initial estimates.

Some judgments, accounting estimates and assumptions are considered material, due to their nature and because their impact on the company's financial position or operating performance is material. Below is a list of the main judgments and estimates made:

- Useful lives of fixed assets (see Notes 5a, 5b and 6). The company's management determines the estimated useful lives and the corresponding depreciation and amortization charges for tangible and intangible assets on the basis of their expected life cycles. These could change as a result of factors such as technical modifications, obsolescence or changes in the demand for the products sold by the company.
- Assessment and quantification of any possible impairment of the tangible and intangible assets (see Note 6). The company assesses whether there are any signs of impairment of its Cash Generating Units (hereinafter, CGUs) at the end of each financial year. Where appropriate, it then determines the amount of the impairment on the basis of their recoverable value, taking into consideration the projections of expected cash flows, which are subject to significant estimates and judgment.
- Assessing the economic and financial viability of the development projects, for the purposes of recognizing the related costs as an intangible asset on the Balance Sheet, involves significant judgment and estimates on sales projections and the expected profitability of their CGUs (see Note 6b).
- The calculation of taxes on profits requires interpretations of tax legislation applicable to the company. The company evaluates the recoverability of deferred tax assets on the basis of the probable existence of future taxable profits within its tax group against which such assets can be offset (see Notes 5k and 18).
- Provisions are recognized when it is probable that a current obligation, the result of past events, will give rise to an outflow of resources and the amount of the obligation can be estimated in a reliable fashion. To comply with the requirements of accounting standards, significant estimates are necessary. The company makes estimates by evaluating all information and relevant events concerning the probability of occurrence of the contingencies as well as the amount of the liability to be settled in the future (see

Notes 5h and 14).

- Determining the CGUs for the purposes of the impairment test of tangible and intangible assets (see Notes 5c and 6). Determining the CGUs requires significant judgments regarding the dependency of the company's various businesses. Up until 2018, the company considered that its different model ranges constituted separate CGUs.

In the 2019 financial year, the company and the Volkswagen Group reassessed the definition of these CGUs on the basis of the applicable accounting standards and considering the changes affecting the technology, market and regulations of the automotive industry, as well as their impact on the businesses and management models. These changes include, for example, the development of technologies that are increasingly common across different models and regulatory requirements in the European Union on CO₂ emissions.

The company concluded that at the 2019 year end, the cash flows arising from its activities, and particularly from the different models it sold, were not significantly independent. Therefore, for the purposes of the impairment test, its activities are grouped into a single CGU.

- In response to the COVID-19 pandemic and the restrictions in the global supply of semiconductors at the end of the 2021 and 2020 financial years, the net book value of the company's assets, particularly those related to tangible and intangible assets and deferred tax assets, was reviewed (see Notes 6 and 18). At the year end, the company currently assumes that these uncertainties are temporary and will not have any significant long-term negative impact on the commercial performance of its SEAT and CUPRA brands. The company has adjusted its projections between 2022 and 2026 in order to conduct asset impairment tests in line with current expectations in terms of overall developments in the market and the estimated sales volumes resulting from them, as well as the associated costs.

e) Comparison of information

In accordance with mercantile law, for comparative purposes the Company has included the 2020 figures in addition to those of 2021 for each item of the Balance Sheet, the Profit and Loss Statement, the Statement of Changes in Equity and the Cash Flow Statement. The notes thereto also include quantitative information for the prior year, except where disallowed by an accounting standard.

On January 30, 2021 RD 1/2021, of January 12, was published, amending Spanish GAAP passed by RD 1514/2007, of November 16. The changes in Spanish GAAP are effective from the years beginning on or after January 1, 2021 and mainly focus on principles for recognizing, measuring and disclosing income and financial instruments. Additionally, on February 13, 2021 the Resolution dated February 10, 2021 issued by the Spanish Accounting and Audit Institute was published, enacting the regulations for recognizing, measuring and preparing the recognition of revenue from the delivery of goods and rendering of services in the financial statements.

The amendments introduced have not had any relevant effect on these financial statements, since they mainly consisted in changes in nomenclature and inclusion of more disclosures in the notes thereto.

4. Application of results

At its meeting on February 18, 2022, the Board of Directors submitted a proposal to the General Shareholders' Meeting for the losses incurred in 2021 (256.3 million euros) to be allocated to losses from previous years.

In compliance with the Capital Company Act, dividends which reduce the balance of reserves below the balance of R&D expenses pending amortization may not be distributed.

5. Recognition and measurement standards

a) Intangible assets

Research costs are recognized as an expense when incurred. Development projects that are specifically individualized and that demonstrate grounds for technical success and economic and commercial viability are capitalized as intangible assets. Projects are amortized on a straight-line basis according to the useful life of the model they refer to. Other development costs are recognized as an expense when incurred. Development costs previously recognized as an expense may not be recognized as an asset in a subsequent financial year.

Software applications are valued at their acquisition cost and are amortized on a straight-line basis over a three-year period. Expenditure related to software maintenance, meanwhile, is recognized as an expense when incurred.

The estimated useful lives of the assets that make up the other intangible assets are five years.

The costs related to SEAT's participation in the manufacturing of tooling needed for the production of shared parts for the platforms of the Volkswagen Group, which incorporate the new models of the Group's different brands, are shown under this heading and will have a linear amortization over a maximum period of five years from the date of the model's launch.

b) Tangible assets

Tangible assets are valued at their acquisition price or production cost. Assets acquired before December 31, 1983 were revalued in accordance with the provisions of Act 76/1961, Decree 12/1973, Act 1/1979, Act 74/1980 and Act 9/1983.

Repair and maintenance expenses are posted as expenses when incurred. Expenses that represent an improvement or lengthening of the useful life of assets are capitalized and depreciated over the new estimated useful life. Depreciation is calculated using the straight-line method, based on the estimated useful life of the assets (see Note 6c).

c) Losses due to impairment of non-financial assets

When the carrying amount of an asset is higher than its estimated realizable value, its net book value is immediately reduced to its recoverable amount. Assets subject to amortization are tested for impairment whenever events or changes in the circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the excess of the asset's carrying amount over its recoverable amount, where the latter is understood as the greater of the asset's fair value less costs to sell, or its value in use. For the purposes of assessing impairment losses, assets are grouped into CGUs, which are the smallest identifiable group of assets capable of generating cash inflows that are largely independent of the cash inflows produced by other assets or groups of assets.

The impairment test of non-financial assets is carried out at each financial year end, on the basis of the CGUs identified at the date on which this test is performed (Note 3d). In accordance with the accounting standards, in the event of changes arising in the circumstances and in the dependency of the cash flows generated by the different assets, and where these changes require a modification of the CGUs, this modification is considered to apply prospectively starting from the moment when it occurs.

An impairment loss recognized in prior periods would only be reversed if there has been a change in the estimates used to determine the recoverable amount of the asset or CGU (see Note 3d) since the last impairment loss was recognized. If this were the case, the net book value of the asset or CGU should be increased up to its recoverable value, where this may not exceed the net book value that would have been recognized, net of depreciation or amortization, had the impairment loss not been recorded in previous years. This reversal is recognized in the Profit and Loss Statement for the period in which it arises.

d) Leases

I. When the company is lessee

Leases of tangible assets in which the company substantially has all the risks and rewards deriving from ownership are classified as finance leases. They are capitalized at the beginning of the lease period at the fair value of the property leased or the current value of the minimum payments agreed for the lease, whichever is the lesser. The interest rate implicit in the contract is used to calculate current value; failing that, the company's usual interest rate in similar transactions is applied. Each lease payment is distributed between liabilities and financial charges. Total financial charges are distributed over the duration of the lease operation and are booked to the Profit and Loss Statement of the financial year in which they accrue, applying the method of effective interest rate. Contingent quotas are costs of the financial year in which they are incurred. The corresponding obligations for the lease operation, net of financial charges, are included under liabilities in the Balance Sheet. The fixed assets acquired under finance leases are depreciated over their useful life.

Those leases in which the lessor maintains a substantial part of the risks and rewards of ownership are classified as operating leases. Payments for operating leases (net of any incentive received from the lessor) are booked to the Profit and Loss Statement during the financial year when they accrue, on a straight-line basis for the duration of the leasing period.

II. When company is lessor

When assets are leased under operating leases, the asset is entered on the Balance Sheet in accordance with its nature. Income deriving from leases is recognized on a straight-line basis for the duration of the lease operation.

e) Financial instruments

I. Financial assets at cost

This heading includes the investments in group companies, joint ventures and associates. They are measured at cost, which is equivalent to the fair value of the consideration paid plus directly attributable transaction costs, less any accumulated impairment losses. However, when an investment exists prior to classification as a group company, joint venture or associate, the carrying amount of that investment prior to its new classification is taken as the cost of that investment.

If there is objective evidence that the carrying amount is not recoverable, the appropriate impairment losses for the difference between the carrying amount and the recoverable amount are recognized. The recoverable amount is the higher of fair value less costs to sell and present value of cash flows from the investment. Unless better evidence is available, impairment of this type of asset is estimated taking into account the equity of the investee, adjusted by any unrealized capital gain existing on the measurement date. Impairment losses and any subsequent reversals are recognized in the Profit and Loss Statement in the year in which they arise.

II. Financial assets at amortized cost

The company classifies a financial asset in this category if the investment is kept under a management model whose purpose is to receive the cash flows derived from the execution of the agreement.

In general, trade receivables and non-trade receivables are included in this category.

These financial assets are measured initially at fair value, including directly attributable transaction costs, and subsequently at amortized cost recognizing accrued interest at the effective rate. The effective interest rate is the rate that equates the carrying amount of the instrument with the total estimated cash flows to maturity. Nevertheless, trade receivables which mature within less than one year are carried at nominal value both at initial and subsequent measurement, when the effect of not discounting cash flows is not significant.

Loans and receivables are tested for impairment at least at each reporting date and the corresponding impairment losses are recognized when there is objective evidence that all amounts due will not be collected.

Impairment loss is the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the effective interest rate at initial recognition. Impairment losses and any subsequent reversals are recognized in the Profit and Loss Statement in the year in which they arise.

Financial assets are derecognized when the contractual rights to the related cash flows have expired or when the risks and rewards incidental to ownership of the assets are substantially transferred. Otherwise, they are not derecognized and a financial liability at an amount equal to the consideration received is recorded.

If the Company has not substantially transferred or retained the risks and rewards incidental to ownership of the financial asset, it derecognizes the financial asset when control over it is not retained. If control over the asset is retained, the Company continues to recognize it to the extent to which it is exposed to changes in the value of the transferred asset, i.e., due to its continuing involvement, recognizing the associated liability as well.

III. Financial liabilities at amortized cost

This heading includes trade and non-trade payables. These payables are classified as current liabilities, except when the Company has the unconditional right to defer their settlement for at least 12 months from the balance sheet date.

They are initially recognized at fair value less directly attributable transaction costs, and are subsequently recorded at amortized cost using the effective interest method. The effective interest rate is the discount rate that equates the carrying amount of the instrument to the expected flow of future payments until the maturity of the liability.

Nevertheless, trade payables which mature within less than one year with no contractual interest rate are carried at nominal value both at initial and subsequent measurement when the effect of not discounting cash flows is not significant.

The Company derecognizes a previously recognized financial liability when the obligation under the liability is extinguished.

IV. Financial derivatives and accounting hedges

Financial derivatives are measured at fair value, both on initial recognition and in subsequent valuations. The method for recognizing the resulting gains or losses depends on whether the derivative has been designated as a hedging instrument or not and, where applicable, the type of hedge in question. The company uses derivatives undertaken by the Volkswagen Group to hedge foreign exchange rate fluctuations, which are designated as cash flow hedges. In addition, future commodity prices are hedged through operations undertaken by the Volkswagen Group (see Note 8b).

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized temporarily within equity. These amounts are then released to the Profit and Loss Statement in the periods in which the operation to be hedged affects profits.

The nominal principal of all the fixed-term contracts denominated in foreign currency pending at December 31, 2021 amounted to 6,131.5 million euros (4,214.4 in 2020).

At December 31, 2021, the value of long-term and short-term assets recognized as derivative financial instruments amounted to 3.7 and 4.4 million euros, respectively (13.5 and 11.6 in 2020). The value of long-term and short-term liabilities, meanwhile, amounted to 27.9 and 35.1 million euros (5.0 and 7.5 in 2020).

V. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer or cancel a liability in an orderly transaction between market participants at the measurement date. Fair value shall be determined without deducting any transaction costs that may be incurred as a result of derecognition or disposal.

Fair value is generally calculated by reference to a reliable market value. The fair value of the items for which there is no active market is obtained by applying valuation methods and techniques.

Thus, a hierarchy in the inputs used in determining fair value is deducted and a fair value hierarchy is established in order to classify estimates into three levels:

- Level 1: estimates that use unadjusted quoted prices in active markets for identical assets or liabilities that the company can access at the measurement date.
- Level 2: estimates that use quoted prices in active markets for similar instruments or other valuation methods for which the relevant inputs are based on directly or indirectly observable market data.
- Level 3: estimates in which significant inputs are not based on observable market data.

A fair value estimate is classified into the same level of the fair value hierarchy as the lowest level input that is significant to the results of the valuation. To that effect, a significant input is an input that has decisive influence on the results of the estimate. When assessing the significance of a specific input to the estimate, specific conditions of the asset or liability being measured are considered.

f) Inventories

Inventories are valued at cost or net realizable value, whichever is less, with the pertinent value corrections being made. The following methods are used to determine the cost of inventories:

- Raw materials: at acquisition cost, applying the FIFO method (first in, first out).
- Work in progress, vehicles, gearboxes and spare parts produced by the company: at raw material cost, according to the method described previously, adding labor costs and other direct and indirect manufacturing expenses of production.
- Acquired spare parts: at acquisition cost as per invoice (plus customs, insurance and transport costs), applying the FIFO method.

The vehicle fleet utilized by the company for its own use, whose useful life or sales period is considered lower than one year, is maintained within the year's inventory and is not shown under tangible assets, registering the corresponding valuation correction.

Vehicles handed over to rental car companies with a purchase commitment are recorded in this section with the corresponding depreciation applied. The amount of the consideration received at the time of initial delivery of the vehicles is booked on the liability side of the Balance Sheet within long- and short-term prepaid income. The difference between the amount received and the agreed repurchase price is transferred to the Profit and Loss Statement on a straight-line basis in the period ranging between the initial delivery and the repurchase date.

g) Grants

Capital grants are posted to equity, at the amount granted when they are not repayable. These grants are transferred to the Profit and Loss Statement based on the depreciation of the assets associated with the subsidized projects. Non-repayable grants related to specific costs, meanwhile, are recognized in the Profit and Loss Statement in the same financial year in which the corresponding costs accrue, with those granted to offset an operating loss being recorded in the financial year in which they are granted, except when given to offset an operating loss in future years, in which case they are entered during said financial years.

h) Provisions and risks

Provisions are recognized when the company has a present obligation, whether legally or implicitly, as a result of past events, it is probably that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are valued at the present value of the payments that are expected to be necessary to settle the obligation, using a pre-tax discount rate that reflects the current market's assessments of the time value of money and the specific risks of the obligation. Adjustments to the provision to unwind the discount are recognized as a finance cost as and when they accrue.

i) Short and long-term prepaid income

This heading mainly includes the amount relating to warranty extensions that the company offers its customers. This amount is recognized in the Profit and Loss Statement according to the type of contract in question, which is usually linked to an additional period of one or more years beginning at the end of the contractual warranty period.

j) Foreign currency transactions

The conversion into euros (functional currency) of the cost of fixed assets and inventory items whose original value was expressed in foreign currency is conducted at the going exchange rate on the date of acquisition.

Positive and negative differences which may arise between payables and receivables and their corresponding exchange rates in force on the closing date are recorded in the Profit and Loss Statement in the year in which they arise.

k) Corporation tax

The company is subject to corporation tax under the consolidated tax regime, which is applicable to the companies of the Volkswagen Group in Spain that fulfill the requirements required by current legislation.

The Profit and Loss Statement includes as corporation tax income or expenses attributed to the company arising from tax consolidation, calculated according to the criteria established for groups of companies with consolidated taxation [see Note 18].

The expense (income) for taxes on profits is the amount that accrues under this item in the financial year, and which comprises both the expense (income) for current as well as deferred tax.

The expense (income) for both current and deferred taxes is recorded in the Profit and Loss Statement. This notwithstanding, the tax effect related to items directly recorded in equity is recognized in equity.

Deferred taxes are calculated in accordance with the liability method, based on timing differences arising between the tax bases of assets and liabilities and their net book values within the company's tax group.

Deferred taxes are determined by application of the rules and tax rates approved or about to be approved at the Balance Sheet date, and which are expected to be applied when the corresponding deferred tax asset is realized or when the deferred tax liability is settled.

Deferred tax assets are recognized insofar as it is probable that there will be future taxable income which can be used to offset timing differences.

l) Income and expenses

For revenue recognition, the company follows a process comprising the following successive steps:

- Identify the contract (or contracts) with the customer, understood as an agreement between two or more parties which gives rise to enforceable rights and obligations for each of them.
- Identify the obligation or obligations established in the contract which represent the commitments to transfer goods or provide services to a customer.
- Determine the price of the transaction, or the consideration which the company expects to be entitled to, according to the contract, in exchange for the goods transferred or the services provided to the customer.
- Assign the price of the transaction to the obligations to be fulfilled, based on the individual sale prices of each distinct item or service committed in the contract, or, where appropriate, based on an estimate of the sale price when it cannot be independently observed.
- Recognize income from ordinary operations when the company fulfills an obligation assumed through the transfer of a good or the provision of a service, this fulfillment occurs when the customer acquires control of that good or service, such that the amount of revenue from ordinary operations that is recognized will be that which is assigned to the contractual obligation that has been fulfilled.

The company recognizes the income derived from a contract when control over the goods or services committed (i.e., the obligation(s) to be fulfilled) is transferred to the customer.

For each obligation to be fulfilled that is identified, the company determines at the beginning of the contract whether the commitment undertaken is fulfilled over time or at a particular moment.

Income from commitments met over time are recognized based on the stage of completion towards complete fulfillment of contractual obligations provided that reliable information is available to the company for measuring stage of completion.

In the event of contractual obligations that are met at a given point in time, income from their execution is recognized at that date. The costs incurred in the production or manufacture of a product are accounted for as inventory.

Ordinary income arising from the sale of goods and the provision of services is valued at the monetary amount or, where appropriate, the fair value of the consideration that is received or is expected to be received. The consideration is the agreed price for the assets to be transferred to the customer, deducting: the amount of any discount, price reduction or other similar concepts that the company may grant, as well as any interest charges incorporated into the nominal amount of receivables due.

In accordance with the accruals principle, income is recognized when control is transferred and expenses are recognized when they arise, regardless of when actual payment or collection occurs.

Specifically, income from the sale of vehicles, spare parts, gearboxes and other goods is recognized when control is transferred, which occurs based on the delivery terms agreed with each customer.

Additionally, the company recognizes income from services (R&D and other) over time as associated costs are incurred.

The company offers warranties that cover overall repair of defects already existing at the time of sale, as required by law. These warranties are accounted for as provisions for warranties. Additionally, the company also offers warranties beyond those required by law. These warranties are sold together with the vehicle, and are a separate performance obligation, with the corresponding income being recognized on a straight-line basis based on the additional period covered by the warranty.

Income related to dividends is recognized in the Profit and Loss Statement when the right to receive them is established. In the event that distributed dividends are derived from profit generated prior to the date of acquisition, they are recognized as a decrease in the carrying amount of the investment.

m) Severance payments and pension commitments

Severance payments are paid by the company to employees as a result of the decision to terminate their labor contract. The company recognizes this compensation when it has committed itself demonstrably to terminating the contracts of employees in accordance with a formal detailed plan.

The Company makes fixed contributions to a defined contribution pension scheme contracted with a separate entity. It has no legal, contractual or implicit obligation to make additional contributions if this entity were to have insufficient assets to honor the commitments assumed. These contributions are recorded in the Profit and Loss Statement when they are accrued.

n) Environment – related assets

Expenses deriving from business activities aimed at protecting and improving the environment are posted as expenses in the financial year in which they are incurred. Said expenses are posted as an increase to the value of fixed assets when involving additions to tangible assets whose objective is minimizing environmental impact and protecting the environment.

o) Related party transactions

As a general rule, transactions between Group companies are initially recorded at their fair value. In the event that the agreed price is different from the fair value, the difference is recorded with consideration for the economic reality of the operation. Subsequent valuation is carried out in accordance with the applicable standards.

In the case of merger, demerger or non-monetary contribution operations of a business between Group companies, once the transaction has been completed the constituent elements of the acquired business are valued at their corresponding amounts in the consolidated annual accounts of the Group or subgroup.

When the transaction does not involve the parent company of the Group or subgroup and its subsidiary, the annual accounts in which such assets are recognized for these purposes will be those of the largest Group or subgroup into which the assets and liabilities are incorporated and which has a Spanish parent company.

In such cases, any difference arising between the net book value of the assets and liabilities of the acquired company is recognized in reserves.

In the event that these accounts are not prepared, based on any of the grounds for exemption set out in the consolidation standards, the values that appear in the individual annual accounts of the contributing company before the transaction was carried out will be taken.

p) Business combinations

Merger, demerger and non-monetary contribution operations of any deal between Group companies are accounted for in accordance with the criteria established for related party transactions [Note 5o].

Merger and demerger operations other than the above, as well as business combinations arising from the acquisition of all the assets and liabilities of a company or of a part that constitutes one or more business, are accounted for in accordance with the acquisition method.

In the case of business combinations arising as a result of the acquisition of shares or holdings in the share capital of a company, the company recognizes the investment in accordance with the criteria established for investments in group, multigroup and associate companies [Note 5e].

q) Greenhouse gas emission rights

I. Facilities:

Greenhouse gas emission rights obtained for consideration are valued at acquisition price. Rights received via the National Allocation Plan are valued at the beginning of the calendar year they correspond to, in line with a Group-wide uniform single policy.

As gas emissions are generated, the company reflects the cost deriving from the obligation to return the corresponding rights by establishing a balance within a short-term provision. The rights have been received gratis by the company, so the amount of the subsidy posted should be applied, in general, as the emissions associated with the rights received gratis are booked against costs.

On December 9, 2020, the cabinet of the Spanish government approved the adjustment of the allocation of greenhouse gas emission allowances for the period 2021-2030. In accordance with European Union regulations, the allocation is divided into two periods, with SEAT, S.A. being assigned a total free allocation of 61,068 tons of CO₂ for the first period spanning 2021-2025.

During the financial year, 77,000 emission rights (EUAs) were acquired for a sum of 3.9 million euros [58,000 emission rights (EUAs) for 1.7 million in 2020].

II. New vehicles:

The company operates in various markets that are subject to regulations governing CO₂ emissions for manufacturers of new vehicles. With effect from January 1, 2020, a European Union regulation came into force which set an emissions target of 95 g CO₂/km for all vehicles that are registered for the first time in member states.

Under the regulations currently in force, manufacturers can form clusters. SEAT is part of one such cluster, together with all the other manufacturers of the Volkswagen Group. For the purposes of meeting its obligations, this allows the Group to be considered a single manufacturer. This makes it possible for the companies of the Group to trade CO₂ emissions internally among one another [see Note 9].

6. Non-current assets

a) Evolution of non-current assets

Movements of the items included in non-current assets are detailed in Appendix 1 of these Notes.

b) Intangible assets

In 2021 and 2020, there is no correction due to impairment. To assess whether or not there is any impairment, the value in use at the year end is calculated using discounted cash flows under the budgets approved by the company for the next five years, plus a terminal value calculated with a perpetual growth rate of 1.0%. The discount rate (after taxes) used was 4.9% in 2021 (5.3% in 2020). Any reasonable and possible change in the hypotheses considered in determining the cash flows or the discount rate would not cause the book value of the CGU to exceed its value in use.

R&D investments that are capitalized are either acquired from Group companies or developed internally. In 2021 the investment in intangible assets acquired from VW Group companies amounted to 241.7 million euros (285.1 in 2020). Thus, the gross and amortized value of the assets acquired from Volkswagen Group companies amounts to 1,691.7 and 725.8 million euros, respectively (1,862.8 and 973.4 million in 2020).

In addition to the impairment test on the CGUs mentioned, at year end the company analyzes whether any capitalized R&D project has been discontinued, and the corresponding loss is recorded, if any.

The value of fully depreciated assets amounts to 293.7 million euros (966.6 in 2020). The reduction in fully depreciated assets corresponds to assets derecognized during 2021.

At the end of the financial year, the company has firm commitments for the purchase of goods to the amount of 0.3 million euros (0.6 in 2020).

In 2021 and 2020 no grants for the acquisition of R&D assets were received.

c) Tangible assets

The estimated useful life of the items comprising tangible assets are as follows: buildings and other constructions, from 10 to 50 years, technical equipment and machinery, from 4 to 18 years, other facilities, tooling and office equipment, and other assets, from 1.3 to 35 years.

In 2021 and 2020, there is no correction due to impairment. The main hypotheses used in the impairment test are set out in Note 6b.

The land and buildings heading includes the gross value of both in a single section. Of the total amount, 6% corresponds to land, and the remaining 94% to buildings (6% and 94% respectively in 2020).

In 2021, assets unrelated to operations amount to 3.3 million euros at cost value with 1.6 million euros of accumulated depreciation (3.5 and 1.8 respectively in 2020). The value of assets fully depreciated amounts to 3,966.9 million euros (4,059.3 in 2020). Of these, 171.0 million euros relate to buildings (171.1 in 2020).

On the other hand, in 2021 investment in tangible assets acquired from VW Group companies amounted to 12.9 million euros (38.2 in 2020).

The principal amounts of assets (listed according to origin, utilization and location) are as follows:

| Millions of euros | 2021 | | 2020 | |
|--|-------------|--------------|-------------|--------------|
| | Gross Value | Depreciation | Gross Value | Depreciation |
| Tangible assets acquired from VW Group companies | 643.7 | 488.6 | 633.5 | 449.4 |
| Tangible assets used by VW Group companies | 66.8 | 36.4 | 64.2 | 33.9 |
| Tangible assets used by non-Group suppliers | 1,991.1 | 1,694.5 | 1,861.5 | 1,580.0 |
| Tangible assets located abroad | 531.3 | 401.4 | 449.7 | 329.3 |

The company has taken out various insurance policies to cover risks to which tangible assets are subject. The coverage of these policies is considered sufficient.

At the year end the company had firm commitments to purchase capital goods to the value of 65.9 million euros (237.5 in 2020).

In 2021 and 2020, no significant grants have been received for the acquisition of tangible assets.

d) Long-term Group company investments

The companies in which SEAT, S.A. has an investment of 20% or more in the share capital are listed in Appendix 2 of these Notes. None of the companies are quoted on the Stock Exchange.

7. Leases and other similar operations

a) Finance leases

The company did not hold any assets under finance leases at the 2021 and 2020 year ends.

b) Operating leases

The company has operating leases. The amounts paid for rent to other Group companies or third parties, excluding those already mentioned in the previous paragraph, and comprising mainly information technology, land, buildings, fork-lift trucks, containers, fields and warehouses, total 21.2 million euros (27.1 in 2020).

Rents received, mainly for buildings, fields and warehouses, amounted to 5.3 million euros (5.4 in 2020).

The total amount of the minimum future payments under non-voidable operating leases subscribed by the company, distributed by maturity date, is as follows: 20.3 million euros in 2022, 48.8 million euros in the period 2023-2026 and 19.4 million euros in subsequent years (19.9, 32.0 and 24.1 million respectively in 2020).

8. Financial instruments

a) Impact on financial situation and results

I. Balance Sheet

The categories of financial assets and liabilities appearing on the company's Balance Sheet can be broken down thus:

| Millions of euros | Equity instruments | | Borrowing securities | | Loans, derivatives, others | |
|---|--------------------|--------------|----------------------|------------|----------------------------|--------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Long-term financial assets | 756.2 | 761.5 | 0.0 | 0.0 | 6.4 | 16.2 |
| Financial assets at cost | 756.2 | 761.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>Investments in Group and associate companies (Note 6d)</i> | 756.2 | 761.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial assets at amortized cost | 0.0 | 0.0 | 0.0 | 0.0 | 2.7 | 2.7 |
| <i>Other</i> | 0.0 | 0.0 | 0.0 | 0.0 | 2.7 | 2.7 |
| Hedging derivatives | 0.0 | 0.0 | 0.0 | 0.0 | 3.7 | 13.5 |
| Short-term financial assets | 0.0 | 0.0 | 0.0 | 0.0 | 620.6 | 585.0 |
| Financial assets at amortized cost | 0.0 | 0.0 | 0.0 | 0.0 | 616.2 | 573.4 |
| <i>Trade and other receivables (Note 10)</i> | 0.0 | 0.0 | 0.0 | 0.0 | 551.5 | 517.9 |
| <i>Investments in Group and associate companies (Note 11)</i> | 0.0 | 0.0 | 0.0 | 0.0 | 64.7 | 55.3 |
| <i>Other</i> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 |
| Hedging derivatives (Note 11) | 0.0 | 0.0 | 0.0 | 0.0 | 4.4 | 11.6 |

| Millions of euros | Borrowing from credit institutions | | Bonds and other tradable securities ^a | | Derivatives, others | |
|---|------------------------------------|------------|--|------------|---------------------|----------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Long-term financial liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 69.2 | 61.3 |
| Financial liabilities at amortized cost or cost | 0.0 | 0.0 | 0.0 | 0.0 | 41.3 | 56.3 |
| <i>Liabilities with Group and associate companies (Note 15)</i> | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>Third-party liabilities (Note 15)</i> | 0.0 | 0.0 | 0.0 | 0.0 | 41.3 | 56.3 |
| <i>Hedging derivatives (Note 15)</i> | 0.0 | 0.0 | 0.0 | 0.0 | 27.9 | 5.0 |
| Short-term financial liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 2,536.7 | 2,254.9 |
| Financial liabilities at amortized cost or cost | 0.0 | 0.0 | 0.0 | 0.0 | 2,501.6 | 2,247.4 |
| <i>Liabilities with Group and associate companies (Note 15)</i> | 0.0 | 0.0 | 0.0 | 0.0 | 497.5 | 198.1 |
| <i>Third-party liabilities (Note 15)</i> | 0.0 | 0.0 | 0.0 | 0.0 | 101.9 | 95.1 |
| <i>Trade and other payables (Note 16)</i> | 0.0 | 0.0 | 0.0 | 0.0 | 1,902.2 | 1,954.2 |
| Hedging derivatives (Note 15) | 0.0 | 0.0 | 0.0 | 0.0 | 35.1 | 7.5 |

The hedging derivatives measured at fair value held at December 31, 2021 and 2020 correspond to level 2 of the hierarchy. No transfers have been made between levels 1 and 2 during the 2021 and 2020 financial years.

With regard to their presentation, no financial liabilities have been offset against other assets of the company, nor have any financial assets been offset against other liabilities of the company.

During the financial year, SEAT did not hold any own shares, and therefore carried out no related operations, neither was this the case in 2020.

II. Profit and Loss Statement and equity

The net amount of corrections due to the impairment of stakes in Group companies totaled 6.8 million euros (3.0 in 2020).

III. Other information

SEAT has formalized various commercial surety contracts jointly with other companies within the Group, for the issue of guarantees covering the refundable advances made by government bodies, and covering third parties, to a maximum total amount of 51.3 million euros (244.7 in 2020) (see Note 15).

b) Nature and level of risk

The company's activities are exposed to various financial risks: market risks (including exchange rates, interest rates and prices), as well as credit and liquidity risks. The company's global risk management program centers on managing the uncertainty of financial markets and aims to minimize potential adverse effects on financial profitability.

Risk management is under the purview of company Management, which identifies, assesses and covers financial risks in accordance with the policies approved by the Board of Directors. The Board provides guidelines for global risk management, as well as for more specific areas such as exchange rate risk, interest rate risk, liquidity risk, the use of derivatives and non-derivatives as well as investment of excess liquidity.

I. Market risk**I.I. Exchange rates**

As an operator with global reach, the company is exposed to exchange rate risk via currency operations, especially with the US dollar, pound sterling, Swiss franc, Japanese yen, Polish zloty, Mexican peso, Russian rouble, Chinese yuan, Israeli shekel, as well as Czech, Danish, Swedish and Norwegian crowns. The exchange rate risk emerges from future commercial transactions and recognized assets and liabilities. This notwithstanding, both the company and the Volkswagen Group manage these foreign currency operations to mitigate this risk.

I.II. Price

The company is not exposed to the risk of the price of securities since it does not hold on its balance sheet any financial investments either at fair value through profit or loss or at fair value through changes in equity. The company limits its risk exposure to the price of commodities by participating in hedging operations applied at a Volkswagen Group level so as to ensure the price of certain metals such as aluminum, copper and lead. The company does not have any open positions at the year end.

I.III. Interest rates

Since the company does not possess any significant interest-bearing assets or liabilities, the income, expenses and cash flows from its operating activities are substantially unaffected by fluctuations in market interest rates.

II. Credit risk

Credit risk arises out of cash and equivalents, deposits with banks and financial institutions, and clients. With regard to banks and financial institutions, independent creditworthiness scales are used. If clients have been assessed independently, the resulting scale is used; failing an independent creditworthiness check, credit control assesses the client's creditworthiness, taking into account their financial situation, previous experience and other factors.

Individual credit limits are established on the basis of internal and external credit qualifications, with regular monitoring of the use of said limits.

The company has a contract in place for factoring without recourse with a financial entity of the Volkswagen Group. The customer balances that are assigned remain recognized until the risks and rewards associated with them are substantially transferred.

III. Liquidity risk

Precaution in the management of liquidity risk involves maintaining sufficient cash and tradable securities as well as financing availability via a sufficient amount of committed credit facilities. Management undertakes close scrutiny of forecasts of the company's liquidity reserves on the basis of expected cash flows.

The existence of a negative working capital balance is inherent to the company's financing policy. The company has the necessary financing for its business operations through the financial support provided to it by the Group (see Note 15).

9. Inventories

| Millions of euros | 2021 | 2020 |
|--|--------------|--------------|
| Acquired products | 110.6 | 121.0 |
| Raw materials and other supplies | 162.8 | 156.4 |
| Work in progress and partly-finished goods | 58.1 | 39.1 |
| Finished goods | 122.4 | 162.7 |
| Total | 453.9 | 479.2 |

At the year end the impairment of inventory amounted to 126.6 million euros (126.4 in 2020) and an expense amounting to 0.2 million euros has been recognized in the Profit and Loss Statement during the fiscal year (income of 8.8 in 2020).

Within the "Finished goods" category, the company has registered a purchase commitment of the cars invoiced to rental car companies (see Note 5f) to the value of 72.3 million euros (0.7 million in 2020).

Within the category "Raw materials and other supplies", the company holds a total of 78.0 million euros (78.0 in 2020) relating to CO₂ emission rights purchased from the Group (see Note 5q).

The company has taken out various insurance policies to cover risks to which inventories are exposed. Coverage provided by these policies is deemed sufficient.

10. Trade and other receivables

| Millions of euros | 2021 | 2020 |
|---------------------------|--------------|--------------|
| Trade receivables | 44.0 | 43.2 |
| Group company receivables | 474.1 | 467.5 |
| Other receivables | 32.5 | 6.4 |
| Personnel | 0.9 | 0.8 |
| Current tax assets | 2.6 | 0.0 |
| Government bodies | 38.9 | 35.2 |
| Total | 593.0 | 553.1 |

Impairment of the value of receivables from commercial operations totals 0.5 million euros (13.3 in 2020). The impact on the Profit and Loss Statement of the impairment of trade receivables amounted to an income of 8.1 million euros (expense 7.9 in 2020).

Trade receivables are short term.

11. Short-term investments

| Millions of euros | 2021 | 2020 |
|-------------------------------|-------------|-------------|
| Group and associate companies | 64.7 | 55.3 |
| Loans | 1.4 | 1.3 |
| Other financial assets | 63.3 | 54.0 |
| Third-party | 4.4 | 11.8 |
| Loans | 0.0 | 0.0 |
| Derivatives | 4.4 | 11.6 |
| Other financial assets | 0.0 | 0.2 |
| Total | 69.1 | 67.1 |

The heading "Loans in Group and associate companies" includes loans at market interest rates, while "Other financial assets in Group and associate companies" includes mainly the net value of the balances generated each year by the taxable profits/losses of the subsidiary companies that are subject to corporation tax under the consolidated tax regime applicable to SEAT (see Note 18).

During the fiscal year the company has maintained loans and deposits with Group companies and credit institutions at a weighted average interest rate of 0.1% (0.1% in 2020).

12. Shareholders' equity

The breakdown and evolution of company equity may be found in the Statement of Changes in Equity.

On February 25, 2010, the sole shareholder of SEAT, S.A., the German company Volkswagen AG, transferred its shareholding (100%) in SEAT's share capital to the Dutch company Volkswagen International Finance N.V. On May 13, 2014, Global VW Automotive B.V. became sole shareholder of SEAT, by means of a partial division ('split-off') from VW International Finance N.V. Later, on June 28, 2014 Volkswagen Finance Luxembourg S.A. became sole shareholder of SEAT, by means of cross-border absorption of its subsidiary Global VW Automotive B.V.

The share capital amounts to 120,200 euros which represents 20,000 shares at 6.01 euros per share, entirely subscribed and paid up by the sole shareholder Volkswagen Finance Luxembourg S.A. Share premium totals 1,008.1 million euros and legal reserves, recognized in full in compliance with current legislation, total 24,040 euros.

The "Reserves" category includes a capital reserve with a balance of 79.2 million euros at December 31, 2021 (79.2 million euros at December 31, 2020), in accordance with Article 25 of the Corporation Tax Act. A sum of 62.0 million euros was allocated to this capital reserve in 2017, followed by a further 17.2 million euros in 2018, and it will be unavailable for use for a 5-year period from the date the funds were allocated.

The company does not have any treasury shares.

13. Grants

Non-repayable capital grants appearing on the Balance Sheet in this section have been provided by central and autonomous regional governments for projects in production process improvement as well as new product development. The movement is as follows:

| Millions of euros | 2021 | 2020 |
|--|------------|------------|
| Initial balance | 1.5 | 1.7 |
| Additions | 0.9 | 0.1 |
| Transferred to Profit and Loss Statement | (0.5) | (0.3) |
| End balance | 1.9 | 1.5 |

The company has also received operating grants, essentially to cover costs associated with R&D projects as well as activities relating to training, commercial development and energy efficiency (see Note 19d).

The total of operating grants amounts to 2.0 million euros (2.5 in 2020).

14. Provisions and risks

| Millions of euros | Balance 01.01.21 | Addition 2021 | Disposal 2021 | Balance 31.12.21 |
|--------------------------|------------------|---------------|----------------|------------------|
| Trade operations | 572.1 | 140.2 | (193.1) | 519.2 |
| Personnel benefits | 43.2 | 37.1 | (38.3) | 42.0 |
| Environmental activities | 7.1 | 2.3 | (0.4) | 9.0 |
| Other provisions | 771.6 | 206.8 | (177.4) | 801.0 |
| Total | 1,394.0 | 386.4 | (409.2) | 1,371.2 |

At the year end, provisions amounted to 1,371.2 million euros, of which 425.6 million euros were long-term (discounted at a market interest rate) and 945.6 million euros were short-term (1,394.0, 430.8 and 963.2 respectively in 2020).

The "Trade operations" section includes mainly provisions for vehicle warranties. The estimated cost of warranties has been calculated on the basis of historic ratios held by the company on vehicles sold, as well as according to any specific risks identified.

The "Environmental activities" section includes those provisions aimed at recycling vehicles based on the 2000 European directive on end-of-life vehicles (see Note 20b), as well as those provided for concerning facilities emission rights (see Note 5q). The estimated cost for the provision of vehicle recycling has been based on two factors – the average useful life of vehicles per country and cost of scrapping. The provision for emission rights is calculated on the basis of their annual consumption.

The "Other provisions" category traditionally includes provisions for commercial, production and legal responsibilities. The estimated cost of these provisions has been calculated on the basis of the probable payments that are expected to arise for the claims received, as well as the risks likely to be assumed by the company. The European Union's CO₂ emissions regulation, which came into force in January 2020, requires vehicle manufacturers to comply with specific emissions quotas (see Note 5q). This line item includes the provision necessary in order to contribute to the Volkswagen Group the premiums that correspond to the SEAT and CUPRA brands.

15. Liabilities

| Millions of euros | 2021 | 2020 |
|---|--------------|--------------|
| Group companies | 497.5 | 198.1 |
| Third-party | 206.2 | 163.9 |
| Financial institutions | 0.0 | 0.0 |
| Derivatives | 63.0 | 12.5 |
| Other financial liabilities | 142.0 | 150.0 |
| <i>Official loans with granted interest</i> | 59.3 | 74.2 |
| <i>Bonds, deposits received and other liabilities</i> | 0.5 | 0.5 |
| <i>Suppliers of fixed assets</i> | 82.2 | 75.3 |
| Rest | 1.2 | 1.4 |
| Total | 703.7 | 362.0 |

At the year end liabilities amounted to 703.7 million euros (362.0 in 2020), comprising 497.5 million euros with Group companies (short-term), (198.1 in 2020) and 206.2 million euros with third parties (69.2 long-term and 137.0 short-term), (163.9, 61.3 and 102.6 respectively in 2020).

Liabilities are distributed according to maturity date as follows: 634.5 million euros in 2022, 68.8 million euros for 2023-2026 and 0.4 million euros in later financial years (300.7 in 2021, 58.9 for 2022-2025 and 2.4 in later financial years in 2020).

At December 31, 2021, liabilities with Group companies include R&D costs amounting to 353.0 million euros.

The amount of loans and credit lines granted to the company by Group companies totaled 760 million euros at December 31, 2021, of which 135.3 million euros were used (800 and 185.5 respectively in 2020).

Interest rates applied to liabilities with Group companies are subject to market conditions.

16. Trade and other payables

| Millions of euros | 2021 | 2020 |
|-----------------------------------|----------------|----------------|
| Trade payables | 897.5 | 1,064.5 |
| Group companies payables | 852.5 | 776.0 |
| Other payables | 40.8 | 19.2 |
| Personnel (remunerations pending) | 111.4 | 94.5 |
| Current tax liabilities | 0.1 | 0.1 |
| Government bodies | 58.6 | 52.1 |
| Total | 1,960.9 | 2,006.4 |

Payment periods to suppliers comply with limits established by Act 15/2010 of July 5, modifying Act 3/2004 concerning late payments in commercial operations.

This law stipulates a limit for payment of 75 days for 2012, and 60 days from January 1, 2013 onwards. At the year end, payments made within the legally established time-frame totaled 9,500.9 million euros and pending payments totaled 811.5 million euros (9,345.8 and 859.3 respectively in 2020). Furthermore, the weighted average payment period to company suppliers was 35 days, with the ratio of transactions paid being 33 days and the ratio of transactions pending payment, 49 days (38, 38, and 37 respectively in 2020).

17. Foreign currency

The net value of balances in foreign currency totaled a debit balance of 66.8 million euros on December 31, 2021 (debit balance of 76.2 million euros in 2020), held mainly in the US dollar, pound sterling, Swiss franc, Mexican peso, Japanese yen, Polish zloty, Russian rouble, South Korean won, Chinese yuan, Israeli shekel, as well as Czech, Danish, Swedish and Norwegian crowns. Of this total, 19.2 million euros correspond to credit balances with Group companies and other suppliers, and 86.0 million euros to debit balances with Group companies and other customers (33.8 and 110.0 respectively in 2020). The amounts attributed to income and expenses due to exchange rate differences during the year total 25.9 and 22.2 million euros, respectively (33.8 and 31.3 in 2020).

Amounts (in millions of euros) of the main transactions carried out in foreign currency are as follows:

| Millions of euros | 2021 | 2020 |
|-------------------|---------|---------|
| Purchases | 225.7 | 166.5 |
| Sales | 1,806.2 | 1,583.8 |
| Services received | 56.8 | 51.9 |
| Services rendered | 4.8 | 4.6 |

18. Tax situation

a) Corporate fiscal policy of the SEAT Group

I. Introduction

Within the framework of tax risk management, of the Volkswagen Group's guidelines on Governance, Risk and Compliance (GRC) and of the Code of Good Tax Practices signed with the Spanish Tax Agency in 2010 (hereinafter, the CGTP), SEAT's Board of Directors considers it necessary to have a governance framework covering tax and customs-related matters that ensures that its actions and operations are governed by a clear set of principles, values and rules that allow any employee, any person or any entity that has a relationship with the company, as well as the Board of Directors itself, to take appropriate decisions in order to comply with tax law.

On the basis of the above, SEAT's corporate fiscal and customs policy provides a regulatory framework, with which compliance is considered compulsory. This regulatory framework complements the Code of Conduct and the existing corporate governance system, with the aim of establishing the principles for action that govern SEAT's corporate behavior, ensure that the tax compliance function operates properly and mitigate the occurrence of tax and customs risks.

Within the framework of corporate social responsibility, SEAT is committed to maintaining a cooperative relationship with the various public administrations and to ensuring compliance with applicable tax regulations.

In this context, and in order to promote continuous improvement in the company's governance on tax and customs-related matters, in 2020 SEAT updated its corporate fiscal and customs policy. The changes introduced aim to increase legal certainty in fiscal matters, as well as reducing and avoiding tax risks.

II. General Principles and Fiscal and customs strategy

The fundamental objective of SEAT's corporate fiscal and customs policy is to ensure compliance with tax and customs regulations, as well as all tax and customs obligations in each of the jurisdictions in which the company operates, all within a framework of respect for the corporate principles of integrity, transparency and for the benefit of society. In this regard, its actions are marked by compliance with the following basic principles:

One. - Respecting tax regulations at all times:

- Promoting and implementing both processes and practices aimed at the prevention, reduction and elimination of tax and customs risks across the company at the global level.
- Informing the Board of Directors about the tax and customs implications of all operations and/or matters requiring its approval.

► Taking tax-related decisions on the basis of a reasonable interpretation of the rules and, where appropriate, avoiding potential conflicts of interpretation through:

- I) the use of tools established by the relevant tax authorities, such as prior consultations, valuation agreements, etc., and,
- II) where appropriate, making use of the services of independent and reputable tax experts.

- Avoiding the use of structures of an opaque or artificial nature, as well as the acquisition of companies resident in tax havens aimed at avoiding the relevant tax burdens.
- Evaluating in advance any investments and/or operations involving a notable tax risk or particular tax implications detailed by SEAT in the Audit and Good Practices Commission (hereinafter, the Audit Committee).
- Having a specific procedures manual in place for the management and control of the tax function and the supervision of the company's internal reporting and control systems for tax and customs-related matters.

Two. - SEAT's relations with the tax authorities shall be governed by the principles of transparency, mutual trust and good faith. Specifically, the following good tax practices shall be implemented:

- Collaborate with the relevant tax authority in detecting and seeking solutions with respect to fraudulent tax and customs practices in the countries in which SEAT operates.
- Provide information and documentation that is relevant for tax purposes upon request by the relevant tax authorities, in the shortest time frame and the most complete manner possible.
- Strengthen agreements with the competent tax authorities insofar as possible.

III. Reporting to the Board of Directors

SEAT's Board of Directors assumes powers such as approving the fiscal strategy, supervising the internal control system for tax risks integrated into the company's general risk control system, as well as approving investments and/or operations which involve a particular tax risk due to their nature.

The principles mentioned throughout this section, which shall govern the SEAT Group's activity in tax and corporate matters, shall be drawn up and implemented by SEAT's tax department, establishing control mechanisms and internal standards as required to ensure compliance with them.

The tax department will report to the Audit Committee on the results of the actions carried out in relation to the control and management of tax risks, in order for this committee to then report to the Board of Directors.

IV. Dissemination of the corporate fiscal policy and good tax practices

As part of its functions related to the organization, management and coordination of the Group, the Board of Directors undertakes to disseminate this internal standard.

Furthermore, SEAT's corporate fiscal and customs policy will be disseminated in the following ways:

- By including it in the SEAT annual report.
- By incorporating it into SEAT's corporate website or any other communications it may issue to third parties (external dissemination).
- By posting it on the SEAT intranet (internal dissemination).

b) Corporation tax

Corporation tax and the result for the year correspond to SEAT, S.A., a company with its registered office and tax domicile in Spain.

SEAT, S.A., has been integrated in the SEAT Group since 1988, under the consolidated tax system of corporation tax, with No. 2/88.

In the 2015 financial year, as a result of the application of the new Corporation Tax Act, the Tax Group of which SEAT was the parent company was expanded to include all of the Spanish companies in which Volkswagen AG holds an investment that meet the requirements established by this Act, with SEAT having been named its representative.

In the 2021 financial year, the SEAT Group's tax loss derived from its consolidated tax return amounts to 139.9 million euros, while the tax loss of the company amounts to 129.5 million euros (both 244.8 in 2020).

The reconciliation between the accounting result of SEAT, S.A. and its assessment base for corporation tax purposes, including eliminations and adjustments from tax consolidation, is as follows:

| Millions of euros | Profit and Loss Statement | | | Equity | | Total |
|--------------------------------------|---------------------------|----------------|----------------|------------|------------|------------|
| | Increase | Decrease | Total | Increase | Decrease | |
| Result for year | (256.3) | 0.0 | (256.3) | 0.0 | 0.0 | 0.0 |
| Corporation tax | 0.0 | (117.4) | (117.4) | 0.0 | 0.0 | 0.0 |
| Permanent differences | 13.8 | (2.6) | 11.2 | 0.0 | 0.0 | 0.0 |
| Specific to the company | 13.8 | (2.6) | 11.2 | 0.0 | 0.0 | 0.0 |
| From consolidation adjustments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Temporary differences | 305.4 | (285.0) | 20.4 | 0.0 | 0.0 | 0.0 |
| Specific to the company | 301.6 | (282.6) | 19.0 | 0.0 | 0.0 | 0.0 |
| <i>Originating in the year</i> | 301.1 | (0.6) | 300.5 | 0.0 | 0.0 | 0.0 |
| <i>Originating in previous years</i> | 0.5 | (282.0) | (281.5) | 0.0 | 0.0 | 0.0 |
| From consolidation adjustments | 3.8 | (2.4) | 1.4 | 0.0 | 0.0 | 0.0 |
| <i>Originating in the year</i> | 0.0 | (2.4) | (2.4) | 0.0 | 0.0 | 0.0 |
| <i>Originating in previous years</i> | 3.8 | 0.0 | 3.8 | 0.0 | 0.0 | 0.0 |
| Tax assessment base | 62.9 | (405.0) | (342.1) | 0.0 | 0.0 | 0.0 |

The reconciliation between the corporation tax income and the result of multiplying the applicable tax rate by the total of the income and expenses recognized in the period is as follows:

| Millions of euros | 2021 |
|---|--------------|
| Tax rate (25%) applied to the accounting result | 93.4 |
| Permanent differences | (2.8) |
| Capitalization of deductions | 27.1 |
| Other differences | (0.3) |
| Corporation tax income | 117.4 |

The breakdown of the corporation tax income is as follows:

| Millions of euros | 2021 |
|----------------------------|-------------|
| Current tax income | 52.7 |
| Deferred tax income | 64.7 |

As a consequence of consolidated taxation, the total reciprocal debts and loans between the Group companies amount to 53.1 million euros.

At December 31, 2021, the accumulated deferred tax assets amounted to 435.8 million euros, of which 263.6 million euros relate to timing differences, 63.5 million relate to tax deductions, 93.6 million to tax losses and 15.1 million to items classified within equity.

Deferred tax liabilities, meanwhile, amount to 8.2 million euros, of which 5.6 million euros arise from timing differences, essentially due to the tax depreciation of assets acquired under the system of finance leases, and 2.6 million euros to items classified within equity.

The variation in the financial year of the net balance of deferred tax assets and liabilities amounts to 76.5 and 4.2 million euros, respectively. The detailed breakdown of the net movement of the same is as follows:

| Millions of euros | 2021 | 2020 |
|--|--------------|--------------|
| Initial balance | 346.9 | 270.7 |
| Deferred taxes entered directly to Profit and Loss Statement | 64.7 | 84.8 |
| Deferred taxes entered directly to equity | 15.8 | (12.0) |
| Deferred taxes transferred to Profit and Loss Statement | 0.2 | 3.4 |
| End balance | 427.6 | 346.9 |

As of December 31, 2021, SEAT, S.A. has tax losses carried forward and yet to be applied for the following amounts:

| Millions of euros | 2021 | 2020 | Total |
|-----------------------------------|--------------|--------------|--------------|
| Tax losses carried forward | 129.5 | 244.8 | 374.3 |

Tax losses do not expire.

At December 31, 2021, SEAT, S.A. had tax credits or tax incentives for the following items and amounts yet to be applied:

| Millions of euros | Balance 31.12.21 | Maturity date | | | | |
|-----------------------------|------------------|---------------|------|------|------|-------|
| | | 2022 | 2023 | 2024 | 2025 | Later |
| R&D | 187.8 | 0.0 | 0.0 | 0.0 | 0.0 | 187.8 |
| Export companies | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Environmental investment | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other deductions | 3.8 | 0.0 | 0.0 | 0.0 | 0.0 | 3.8 |
| Pension plans contributions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

These tax credits and incentives will be applied in accordance with consolidated settlements of the Group, within the legal period established for each one.

The company considers the recovery of the deferred tax assets held on the Balance Sheet at December 31, 2021 over a time horizon of less than 10 years to be probable, based on the future taxable profits that have been budgeted and approved by the management for the coming years, including both those of the company itself and those of the tax group to which it belongs.

The company is open to an administrative audit of taxes for the period 2013-2021, with the exception of corporation tax which extends to the period 2012-2020.

19. Income and expenses

a) Net sales

The distribution of items is as follows:

| Millions of euros | 2021 | 2020 |
|--------------------------------|----------------|----------------|
| Vehicles | 8,221.3 | 7,844.7 |
| Spare parts | 603.7 | 508.6 |
| Gearboxes | 162.5 | 172.7 |
| Other sales | 269.0 | 258.0 |
| Materials | 143.3 | 143.9 |
| By-products and reusable waste | 31.9 | 20.6 |
| R&D services | 55.9 | 60.7 |
| Hedging | (17.8) | 14.7 |
| Digital services | 18.6 | 1.0 |
| Other services | 37.1 | 17.1 |
| Total | 9,256.5 | 8,784.0 |

The geographical distribution by market is as follows:

| Millions of euros | 2021 | 2020 |
|--|----------------|----------------|
| Spain | 1,703.3 | 1,574.4 |
| Rest of European Union (includes UK in 2020) | 5,751.3 | 6,349.9 |
| Rest of world | 1,801.9 | 859.7 |
| Total | 9,256.5 | 8,784.0 |

All income from the sale of goods is recognized when control of the goods is transferred.

The breakdown of asset balances relating to customer contracts is detailed in Note 10.

The table below shows the movement of the liabilities relating to customer contracts:

| Millions of euros | 2021 | 2020 | 2021 | 2020 |
|----------------------------|--------------|--------------|--------------|--------------|
| | Short-term | | Long-term | |
| Opening balance | 14.7 | 111.9 | 199.5 | 172.7 |
| Collections and billing | 215.3 | 51.0 | 55.8 | 43.1 |
| Prepaid income recognition | (59.7) | (21.2) | 0.0 | 0.0 |
| Prepaid income disposal | (114.9) | (127.0) | 0.0 | 0.0 |
| Other movements | 65.4 | 0.0 | (65.4) | (16.3) |
| Closing balance | 120.8 | 14.7 | 189.9 | 199.5 |

The liabilities relating to customer contracts are distributed by maturity date as follows: 120.8 million euros in 2022, 189.9 million euros in the period 2023-2026 (14.7 in 2021 and 199.5 for 2022-2025 in 2020).

b) Change in inventories of finished goods and work in progress

| Millions of euros | 2021 | 2020 |
|--------------------------------|-------------|-------------|
| Decrease/increase of inventory | 27.1 | 47.8 |
| <i>Work in progress</i> | (21.2) | (0.7) |
| <i>Partly-finished goods</i> | 3.0 | (3.3) |
| <i>Finished goods</i> | 45.3 | 51.8 |
| Impairment of inventory | (2.8) | (14.4) |
| Total | 24.3 | 33.4 |

c) Supplies

| Millions of euros | 2021 | 2020 |
|---|----------------|----------------|
| Acquired products | 2,146.3 | 2,320.8 |
| <i>Purchases</i> | 2,129.4 | 2,270.5 |
| <i>Decrease/increase of inventory</i> | 16.9 | 50.3 |
| Raw materials and other supplies | 4,895.4 | 4,019.2 |
| <i>Purchases</i> | 4,914.4 | 4,040.9 |
| <i>Decrease/increase of inventory</i> | (19.0) | (21.7) |
| Other external expenses | 7.6 | 18.6 |
| Impairment of acquired products, raw materials and others | 3.1 | 5.6 |
| Total | 7,052.4 | 6,364.2 |

The purchases managed during the year are distributed geographically as follows: Spain 56% and rest of the world 44% [57% and 43% respectively in 2020].

During the financial year, the company used an estimated total of 472,620 tons of different materials in the process of producing its vehicles at the Martorell factory. These included: 335,560 tons of metals (steel, iron, alloys, castings and others), 99,250 tons of polymers and plastics, 23,631 tons of materials intended for the vehicles' operation and 14,179 tons consisting of a mixture of various different materials. [420,053, 298,237, 88,211, 21,003 and 12,602 respectively in 2020].

d) Other operating income

| Millions of euros | 2021 | 2020 |
|--------------------------------|--------------|--------------|
| Sundry income | 292.9 | 207.2 |
| Operating grants (see Note 13) | 2.0 | 2.5 |
| Discounted provisions | (0.1) | (1.1) |
| Other income | 12.6 | 6.6 |
| Total | 307.4 | 215.2 |

The "Sundry income" section includes, among others, income from the rendering of services to Group companies and personnel.

e) Personnel costs

| Millions of euros | 2021 | 2020 |
|--------------------------------------|--------------|--------------|
| Wages, salaries and similar concepts | 686.4 | 639.1 |
| Social costs | 216.6 | 222.8 |
| <i>Social security</i> | 197.0 | 205.5 |
| <i>Others</i> | 19.6 | 17.3 |
| Provisions | (3.9) | (0.1) |
| Total | 899.1 | 861.8 |

f) Other operating expenses

| Millions of euros | 2021 | 2020 |
|--|----------------|----------------|
| External services | 1,690.5 | 1,681.6 |
| Taxes | 12.8 | 15.2 |
| Losses, impairment and variation in provisions due to trade operations | 12.7 | 29.1 |
| Greenhouse gas emission rights (Note 14) | 11.0 | 267.6 |
| Other expenses | 2.1 | 12.0 |
| Total | 1,729.1 | 2,005.5 |

g) Financial income

| Millions of euros | 2021 | 2020 |
|---|------------|-------------|
| For participations | 0.0 | 98.4 |
| <i>Group companies</i> | 0.0 | 98.4 |
| <i>Third-party</i> | 0.0 | 0.0 |
| For other investments and financial instruments | 0.3 | 0.3 |
| <i>Group companies</i> | 0.0 | 0.0 |
| <i>Third-party</i> | 0.3 | 0.3 |
| Total | 0.3 | 98.7 |

h) Financial expense

| Millions of euros | 2021 | 2020 |
|---------------------------------|------------|------------|
| For Group company debts | 1.8 | 1.9 |
| For third-party debts | 2.1 | 1.9 |
| Discounted provisions and debts | (1.3) | 0.7 |
| Total | 2.6 | 4.5 |

i) Impairment and result on disposal of financial instruments

This heading primarily contains impairments and reversals of stakes in Group and associate companies (see Note 8a).

In 2021, SEAT, S.A. sold the companies SEAT Portugal, Unipessoal, LDA and SEAT Center Arrábida Automovéis, LDA, generating a profit of 2.3 million euros.

20. Environment

a) Environment-related assets

Under the "Tangible assets" section, the company possesses a waste water treatment facility, plus a heat and power co-generation plant, at the Martorell factory, as well as other environment-related assets. The combined gross value of these facilities amounts to 229.5 million euros, and accumulated depreciation stands at 166.0 million euros (223.8 and 158.4 respectively in 2020).

In the wide-ranging investment program implemented in 2021, a sum of 11.2 million euros has been capitalized relating to capital goods which can be devoted entirely to environmental protection-related activities, with a further 3.4 million euros corresponding to firm commitments for the purchase of such items (15.1 and 4.0 respectively in 2020).

b) Environment-related liabilities

In compliance with the "European Union directive on end-of-life vehicles", approved in 2000, the company set up a provision to cover risks deriving from end-of-life vehicle recycling (see Note 14).

c) Environment-related expenses

Expenses for materials and third-party services have been identified. Said expenses, earmarked for protection and improvement of the environment, can be broken down as follows:

| Millions of euros | 2021 | 2020 |
|---|-------------|-------------|
| Control and monitoring of air pollution | 6.0 | 3.2 |
| Waste water treatment and management | 2.5 | 2.5 |
| Industrial waste treatment and management | 3.5 | 6.6 |
| Energy savings | 1.6 | 0.3 |
| Visual impact improvement | 0.4 | 0.3 |
| Communication management | 0.0 | 0.0 |
| Environmental process management | 0.9 | 1.1 |
| End-of-life vehicles management | 1.0 | 1.3 |
| Miscellaneous | 0.3 | 0.2 |
| Total | 16.2 | 15.5 |

Expenses incurred for the financial year, regarding amortization of environment-related assets, amount to 13.1 million euros (12.2 in 2020).

The overall estimated staff costs of SEAT employees devoted to total or partial implementation of environmental protection-related activities amount to 2.2 million euros (2.4 in 2020).

d) Environment-related income

Income deriving from the sale of by-products and reusable waste totaled 31.9 million euros (20.6 in 2020).

21. Related party transactions

a) Group and associate companies

The following transactions were carried out with Volkswagen Group companies. In addition to the companies included in Appendix 2 of these Notes, the most noteworthy Group companies include: Audi AG; Audi Hungaria Motor Kft.; Skoda Auto a.s.; VW AG; VW de México, S.A.; VW Group UK Ltd.; VW Slovakia a.s.; VW Sachsen GmbH; Porsche Austria GmbH & Co.; VW Group Italia s.p.a. and VW Group Polska Sp. z o.o.:

| Millions of euros | 2021 | 2020 |
|----------------------------|---------|---------|
| Purchases | 3,361.0 | 3,274.4 |
| Net sales | 6,304.6 | 6,086.5 |
| Services received | 685.8 | 648.9 |
| Services rendered | 104.5 | 120.8 |
| Dividends paid | 0.0 | 311.3 |
| Accrued financial income | 0.0 | 0.0 |
| Dividends received | 0.0 | 98.4 |
| Accrued financial expenses | 1.8 | 1.9 |

The breakdown of the amounts of the main transactions with related parties carried out in foreign currencies is as follows:

| Millions of euros | 2021 | 2020 |
|-------------------|---------|---------|
| Purchases | 12.9 | 17.1 |
| Net sales | 1,429.4 | 1,186.4 |
| Services received | 46.3 | 37.4 |
| Services rendered | 3.5 | 3.8 |

Purchases refer mainly to the acquisition of vehicles, parts, accessories and machinery. Sales corresponded mainly to vehicles produced in Spain for export markets. Services received comprise, among others, R&D, transport of sales, maintenance of equipment, logistics, marketing, consulting services and training. Services rendered refer mainly to transport, warranties, advertising, technical assistance, training, vehicle rental and leasing of buildings. Financial income and expenses stem from loans and current account operations between Group companies.

The margin generated by sales operations with Group companies is broken down by business lines as follows: 38.7% in materials (38.2% in 2020), 31.6% in spare parts (30.7% in 2020), 7.6% in vehicles (13.2% in 2020) and 30.1% in gearboxes (29.0% in 2020). Purchases made from Group companies were carried out under normal market conditions.

In the Notes, other transactions with Group companies are referenced: Notes 6b and 6c, additions of assets; and Note 18, net charges for tax consolidation.

Transactions carried out with the parent entity of the Volkswagen Group are: purchases 1,380.9 million euros (1,345.3 in 2020); net sales 174.3 million euros (188.1 in 2020); services received 366.9 million euros (345.2 in 2020); services rendered 30.9 million euros (36.8 in 2020); there is no accrued financial income or expenses in the current or prior year. Likewise, balances at the year end with the parent entity of the Volkswagen Group are: trade and other receivables 55.5 million euros (43.8 in 2020), and trade and other payables 793.2 million euros (495.8 in 2020).

At December 31, 2021, SEAT, S.A. (Single Shareholder Company) and Volkswagen Finance Luxemburg S.A., sole shareholder of the company (see Note 12), have no agreements in force.

b) Board of Directors and Senior Management

The total amount of remuneration received under all headings by former and current members of the Board of Directors and by Senior Management in the exercise of their functions during 2021 was as follows:

| Millions of euros | 2021 | 2020 |
|--|------------|-------------|
| Board of Directors (2 women and 6 men) | 0.5 | 2.3 |
| Senior Management (7 men) | 6.5 | 13.6 |
| Total* | 7.0 | 15.9 |

* The average remuneration was 0.5 million (1.1 million in 2020). The reduction in the amount is primarily due to the reorganization of the company's Management bodies (Board of Directors and Executive Committee), members joining and leaving these bodies, as well as the reduction in the Senior Management's variable remuneration (bonus). The gender breakdown is not presented because the members of the Board of Directors with executive positions within the Group, including 2 women, are not assigned a specific remuneration for the performance of this function and there are no women in the Senior Management.

No advances or credits have been accorded to either members of the Board of Directors or Senior Management, nor other commitments made vis-à-vis pensions, insurance policies, guarantees or similar items during the 2021 and 2020 financial years.

During 2021, public liability insurance premiums amounting to 0.3 million euros (0.2 in 2020) were paid, covering possible damages caused to the members of the Board of Directors and Senior Management in the performance of their duties.

Members of the Board of Directors make no declaration of interest concerning Article 229 of the Capital Company Act, referring to posts or responsibilities which Board Members hold or discharge in companies outside the Group of which SEAT is a member, concerning activities similar, analogous or complementary to the stated business aims of the company.

Fulfilling their duty to avoid conflicts with the company's interests during the financial year, the members of the Board of Directors have complied with the obligations provided for in Article 228 of the consolidated text of the Capital Company Act. Likewise, they and their affiliates have not entered into the conflicts of interest set out in Article 229 of said act, except in cases where authorization has been given.

22. Other information

a) Workforce

The breakdown by function of the total average basic workforce of SEAT, S.A. is as follows:

| | 2021 | 2020 |
|---|---------------|---------------|
| Direct labour | 8,740 | 8,608 |
| Indirect labour | 901 | 926 |
| Managers and non-collective agreement staff, technicians and administrative staff | 5,041 | 5,103 |
| Members of the Executive Committee | 7 | 6 |
| Total* | 14,689 | 14,643 |

* The estimated average number of people/year, calculated with the working hours undertaken during the two "ERTE" furlough schemes implemented during 2021, amounts to 1,031 people (1,942 in 2020).

The average number of employees with a disability greater than or equal to 33% amounts to 512 people: 425 direct labour, 13 indirect labour and 74 managers and non-collective agreement staff, technician and administrative staff (456, 369, 13 and 74 respectively in 2020).

The breakdown of SEAT, S.A.'s basic workforce at December 31 is as follows:

| | 2021 | | | 2020 | | |
|---|---------------|--------------|---------------|---------------|--------------|---------------|
| | Men | Women | Total | Men | Women | Total |
| Direct labour | 6,971 | 1,739 | 8,710 | 7,018 | 1,753 | 8,771 |
| Indirect labour | 847 | 21 | 868 | 890 | 24 | 914 |
| Managers and non-collective agreement staff, technicians and administrative staff | 3,744 | 1,261 | 5,005 | 3,784 | 1,276 | 5,060 |
| Members of the Executive Committee | 7 | 0 | 7 | 6 | 0 | 6 |
| Total | 11,569 | 3,021 | 14,590 | 11,698 | 3,053 | 14,751 |

SEAT, S.A.'s Board of Directors comprises eight members (two female and six male).

b) Auditors

At the General Shareholders' meeting held on March 17, 2021, Ernst & Young, S.L. (hereinafter, EY) was appointed as the company's auditor for a 3-year period from the 2021 financial year, replacing PricewaterhouseCoopers Auditores, S.L. (PwC).

The fees accrued by EY in the 2021 financial year for audit services provided to the company amounted to 0.3 million euros (0.3 million euros in 2020). In addition, the fees charged in 2021 by EY as well as by other companies of the EY network for other services (primarily IT system security services) and for tax advisory services amounted to 0.5 and 0 million euros, respectively (1.1 and 0 million euros in 2020).

The non-audit services which EY has provided to the company include the following: review of financial information for consolidation with the Volkswagen Group and services related to IT systems.

The non-audit services which EY has provided to subsidiary and other investee companies include the following: review of financial information for consolidation with the Volkswagen Group and services related to IT systems.

c) Emissions

In relation to the issue detected in September 2015 in some of Volkswagen's EA189 diesel engines, during 2021 the implementation of the appropriate technical solutions approved by the competent oversight authorities in the SEAT vehicles equipped with these engines has continued. The cost of this implementation is being and will continue to be assumed by Volkswagen AG. All the vehicles are technically safe and roadworthy.

The Volkswagen Group remains in permanent contact with the various European authorities in this matter, acting quickly and transparently.

The directors have assessed the possible risks that may arise as a result of this situation and have acted consequently considering all existing circumstances with impact in the Annual Accounts.

d) Measures applied by the company to mitigate the effects of the COVID-19 pandemic and the semiconductor shortage

During 2021, various savings programs were successfully implemented to reduce fixed costs. Cash management has also been prioritized in order to preserve the company's liquidity and that of its entire value chain (suppliers, importers, dealerships, etc.). As part of the Volkswagen Group, the company has sufficient financial support (credit lines and guarantees) to overcome any negative and temporary shock such as the current one resulting from the pandemic. In addition, the company's management report contains various sections which provide further details of the aforementioned measures.

In addition, the SEAT Management team and representatives of the UGT and CCOO unions agreed on measures to reorganize the production operations in response to the restrictions in the global supply of semiconductors which are affecting the entire automotive industry.

The furlough [ERTE] schemes, for which applications were filed with the Catalan regional government (Generalitat de Catalunya), cover the following dates: the first between January 18 and June 30, 2021 and the second between September 27, 2021 and June 30, 2022.

In addition, the company's management report includes various sections in which further details of the aforementioned measures can be found.

23. Post-Balance Sheet events

There were no events having an impact on the financial statements after the closure of the financial year.



APPENDIX 1. EVOLUTION OF NON-CURRENT ASSETS

| 2020 | Cost of acquisition or manufacture | | | | | End balance 31.12.20 | Depreciation / Impairment | | | | | End balance 31.12.20 | Net book value | | |
|--|------------------------------------|--------------|----------------|--------------|------------|-------------------------|-----------------------------|--------------|----------------|------------|------------|-------------------------|-----------------------------|-------------------------|--|
| | Initial balance 01.01.20 | Additions | Disposals | Transfers | Impairment | | Initial balance 01.01.20 | Additions | Disposals | Transfers | Impairment | | Initial balance 01.01.20 | End balance 31.12.20 | |
| Millions of euros | | | | | | | | | | | | | | | |
| Intangible assets | 2,653.4 | 425.0 | [86.3] | 0.1 | 0.0 | 2,992.2 | 1,343.3 | 223.4 | [85.9] | 0.0 | 0.0 | 1,480.8 | 1,310.1 | 1,511.4 | |
| Development | 1,363.2 | 192.5 | [86.0] | 594.8 | 0.0 | 2,064.5 | 909.9 | 163.2 | [85.9] | 0.0 | 0.0 | 987.2 | 453.3 | 1,077.3 | |
| Software | 59.7 | 7.7 | 0.0 | 0.2 | 0.0 | 67.6 | 47.7 | 7.9 | 0.0 | 0.0 | 0.0 | 55.6 | 12.0 | 12.0 | |
| Other intangible assets | 570.2 | 37.8 | [0.3] | 9.8 | 0.0 | 617.5 | 385.7 | 52.3 | 0.0 | 0.0 | 0.0 | 438.0 | 184.5 | 179.5 | |
| Intangible assets in progress | 660.3 | 187.0 | 0.0 | [604.7] | 0.0 | 242.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 660.3 | 242.6 | |
| Tangible assets | 6,641.1 | 383.2 | [80.7] | [0.1] | 0.0 | 6,943.5 | 4,916.5 | 358.0 | [80.3] | 0.0 | 0.0 | 5,194.2 | 1,724.6 | 1,749.3 | |
| Land and buildings | 880.7 | 14.7 | 0.0 | 0.1 | 0.0 | 895.5 | 473.3 | 19.8 | 0.0 | 0.0 | 0.0 | 493.1 | 407.4 | 402.4 | |
| Technical equipment and machinery | 2,818.5 | 85.4 | [18.4] | 35.6 | 0.0 | 2,921.1 | 2,067.0 | 141.3 | [18.0] | [0.5] | 0.0 | 2,189.8 | 751.5 | 731.3 | |
| Other facilities, tools and office equipment | 2,760.4 | 273.0 | [62.2] | 96.0 | 0.0 | 3,067.2 | 2,343.6 | 192.3 | [62.2] | 0.5 | 0.0 | 2,474.2 | 416.8 | 593.0 | |
| Other tangible assets | 44.2 | 4.2 | [0.1] | 0.1 | 0.0 | 48.4 | 32.6 | 4.6 | [0.1] | 0.0 | 0.0 | 37.1 | 11.6 | 11.3 | |
| Tangible assets in progress | 137.3 | 5.9 | 0.0 | [131.9] | 0.0 | 11.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 137.3 | 11.3 | |
| LT investments in Group and associate companies | 771.7 | 1.9 | [0.3] | 0.0 | 0.0 | 773.3 | 8.8 | 0.0 | 0.0 | 0.0 | 3.0 | 11.8 | 762.9 | 761.5 | |
| Participations | 771.4 | 1.8 | 0.0 | 0.0 | 0.0 | 773.2 | 8.8 | 0.0 | 0.0 | 0.0 | 3.0 | 11.8 | 762.6 | 761.4 | |
| Loans | 0.3 | 0.1 | [0.3] | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | 0.1 | |
| Other financial assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| LT financial investments | 8.3 | 10.4 | [2.5] | 0.0 | 0.0 | 16.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 8.3 | 16.2 | |
| Participations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Loans | 3.9 | 0.3 | [2.5] | 0.0 | 0.0 | 1.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 3.9 | 1.7 | |
| Derivatives | 3.5 | 10.0 | 0.0 | 0.0 | 0.0 | 13.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 3.5 | 13.5 | |
| Other financial assets | 0.9 | 0.1 | 0.0 | 0.0 | 0.0 | 1.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.9 | 1.0 | |
| Deferred tax assets | 278.6 | 80.7 | 0.0 | 0.0 | 0.0 | 359.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 278.6 | 359.3 | |
| Total | 10,353.1 | 901.2 | [169.8] | 0.0 | 0.0 | 11,084.5 | 6,268.6 | 581.4 | [166.2] | 0.0 | 3.0 | 6,686.8 | 4,084.5 | 4,397.7 | |

| 2021 | Cost of acquisition or manufacture | | | | | | Depreciation / Impairment | | | | | Net book value | | |
|--|------------------------------------|--------------|----------------|--------------|------------|----------------------|---------------------------|--------------|----------------|------------|------------|----------------------|--------------------------|----------------------|
| | Initial balance 01.01.21 | Additions | Disposals | Transfers | Impairment | End balance 31.12.21 | Initial balance 01.01.21 | Additions | Disposals | Transfers | Impairment | End balance 31.12.21 | Initial balance 01.01.21 | End balance 31.12.21 |
| Millions of euros | | | | | | | | | | | | | | |
| Intangible assets | 2,992.2 | 484.0 | [785.7] | 0.0 | 0.0 | 2,690.5 | 1,480.8 | 270.7 | [671.7] | 0.0 | 0.0 | 1,079.8 | 1,511.4 | 1,610.7 |
| Development | 2,064.5 | 74.5 | [583.7] | 229.3 | 0.0 | 1,784.6 | 987.2 | 208.5 | [494.6] | 0.0 | 0.0 | 701.1 | 1,077.3 | 1,083.5 |
| Software | 67.6 | 5.1 | 0.0 | 0.1 | 0.0 | 72.8 | 55.6 | 8.6 | 0.0 | 0.0 | 0.0 | 64.2 | 12.0 | 8.6 |
| Other intangible assets | 617.5 | 13.0 | [202.0] | 2.5 | 0.0 | 431.0 | 438.0 | 53.6 | [177.1] | 0.0 | 0.0 | 314.5 | 179.5 | 116.5 |
| Intangible assets in progress | 242.6 | 391.4 | 0.0 | [231.9] | 0.0 | 402.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 242.6 | 402.1 |
| Tangible assets | 6,943.5 | 254.6 | [82.6] | 0.0 | 0.0 | 7,115.5 | 5,194.2 | 371.8 | [82.2] | 0.0 | 0.0 | 5,483.8 | 1,749.3 | 1,631.7 |
| Land and buildings | 895.5 | 4.3 | [0.3] | 0.0 | 0.0 | 899.5 | 493.1 | 19.9 | [0.3] | 0.0 | 0.0 | 512.7 | 402.4 | 386.8 |
| Technical equipment and machinery | 2,921.1 | 63.4 | [36.3] | 4.1 | 0.0 | 2,952.3 | 2,189.8 | 146.3 | [35.9] | 0.0 | 0.0 | 2,300.2 | 731.3 | 652.1 |
| Other facilities, tools and office equipment | 3,067.2 | 171.7 | [45.8] | 6.9 | 0.0 | 3,200.0 | 2,474.2 | 200.8 | [45.8] | 0.0 | 0.0 | 2,629.2 | 593.0 | 570.8 |
| Other tangible assets | 48.4 | 6.7 | [0.2] | 0.0 | 0.0 | 54.9 | 37.1 | 4.8 | [0.2] | 0.0 | 0.0 | 41.7 | 11.3 | 13.2 |
| Tangible assets in progress | 11.3 | 8.5 | 0.0 | [11.0] | 0.0 | 8.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 11.3 | 8.8 |
| LT investments in Group and associate companies | 773.3 | 2.1 | [0.6] | 0.0 | 0.0 | 774.8 | 11.8 | 0.0 | 0.0 | 0.0 | 6.8 | 18.6 | 761.5 | 756.2 |
| Participations | 773.2 | 2.1 | [0.6] | 0.0 | 0.0 | 774.7 | 11.8 | 0.0 | 0.0 | 0.0 | 6.8 | 18.6 | 761.4 | 756.1 |
| Loans | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 |
| Other financial assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| LT financial investments | 16.2 | 0.4 | [9.8] | [0.4] | 0.0 | 6.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 16.2 | 6.4 |
| Participations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Loans | 1.7 | 0.4 | 0.0 | [0.4] | 0.0 | 1.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.7 | 1.7 |
| Derivatives | 13.5 | 0.0 | [9.8] | 0.0 | 0.0 | 3.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 13.5 | 3.7 |
| Other financial assets | 1.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.0 | 1.0 |
| Deferred tax assets | 359.3 | 101.0 | [24.5] | 0.0 | 0.0 | 435.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 359.3 | 435.8 |
| Total | 11,084.5 | 842.1 | [903.2] | [0.4] | 0.0 | 11,023.0 | 6,686.8 | 642.5 | [753.9] | 0.0 | 6.8 | 6,582.2 | 4,397.7 | 4,440.8 |

APPENDIX 2. SUBSIDIARY COMPANIES

| 2020 | Location | Holding [**] | | Gross value 31.12.20 | Depreciation 31.12.20 | Book value 31.12.20 | Equity 31.12.20 | Profit/Loss for year 2020 | Dividend received 2020 |
|---|-------------------------|-----------------|----------|----------------------------|--------------------------|---------------------------|--------------------|---------------------------------|------------------------------|
| | | Direct | Indirect | | | | | | |
| Millions of euros | | | | | | | | | |
| Production | | | | | | | | | |
| SEAT Cupra, S.A. [*] | Martorell (Barcelona) | 100 | | 0.1 | | 0.1 | 2.6 | 1.2 | |
| Volkswagen Navarra, S.A. [*] | Arazuri (Navarre) | 100 | | 668.6 | | 668.6 | 707.3 | 66.2 | 78.0 |
| Distribution and Marketing SEAT | | | | | | | | | |
| SEAT Center Arrábida Automovéis, LDA | Setúbal (Portugal) | 2 | 98 | | | | 2.3 | 0.1 | |
| SEAT Deutschland GmbH | Weiterstadt (Germany) | 100 | | 51.1 | | 51.1 | 136.1 | 24.5 | |
| SEAT Motor España, S.A. [*] | Barcelona | | 100 | | | | (1.4) | (2.2) | |
| Distribution and Marketing VW/Audi/Skoda | | | | | | | | | |
| Volkswagen Group España Distribución, S.A. [*] | Prat de Ll. (Barcelona) | 100 | | 24.4 | | 24.4 | 141.2 | 24.4 | 20.4 |
| Volkswagen Group Retail Spain, S.L. [*] | Prat de Ll. (Barcelona) | | 100 | | | | 24.0 | (3.7) | |
| Wagen Group Retail España, S.A. [*] | Barcelona | | 100 | | | | 10.1 | (12.1) | |
| Services [***] | | | | | | | | | |
| SEAT Portugal, Unipessoal, LDA | Lisbon (Portugal) | 100 | | 0.6 | | 0.6 | 2.5 | 0.0 | |
| SEAT Metropolis Lab Barcelona, S.A. [*] | Barcelona | 100 | | 5.0 | | 5.0 | 5.5 | 1.8 | |
| Connected Mobility Ventures, S.A. [*] | Barcelona | 100 | | 21.6 | (11.8) | 9.8 | 9.8 | (3.8) | |
| Mobility Trader Spain, S. L. [****] | Barcelona | 24.9 | | 1.8 | | 1.8 | 3.1 | (4.4) | |

[*] Companies subject to corporation tax under the consolidated tax regime.

[**] Voting rights do not differ from the percentage shareholding.

[***] In 2020, SEAT, S.A. carried out the dissolution and liquidation of the company Respiro, S. L.

[****] Company set up in 2020.

| 2021 | Location | Holding (**) | | Gross value 31.12.21 | Depreciation 31.12.21 | Book value 31.12.21 | Equity 31.12.21 | Profit/Loss for year 2021 | Dividend received 2021 |
|---|-------------------------|--------------|----------|-------------------------|--------------------------|------------------------|--------------------|---------------------------------|------------------------------|
| | | Direct | Indirect | | | | | | |
| Millions of euros | | | | | | | | | |
| Production | | | | | | | | | |
| SEAT Cupra, S.A. (*) | Martorell (Barcelona) | 100 | | 0.1 | | 0.1 | 2.4 | [0.2] | |
| Volkswagen Navarra, S.A. (*) | Arazuri (Navarre) | 100 | | 668.6 | | 668.6 | 767.3 | 60.3 | |
| Distribution and Marketing SEAT (***) | | | | | | | | | |
| SEAT Deutschland GmbH | Weiterstadt (Germany) | 100 | | 51.1 | | 51.1 | 159.2 | 23.1 | |
| SEAT Motor España, S.A. (*) | Barcelona | | 100 | | | | [1.6] | [0.2] | |
| Distribution and Marketing VW/Audi/Skoda | | | | | | | | | |
| Volkswagen Group España Distribución, S.A. (*) | Prat de Ll. (Barcelona) | 100 | | 24.4 | | 24.4 | 164.8 | 23.6 | |
| Volkswagen Group Retail Spain, S.L. (*) | Prat de Ll. (Barcelona) | | 100 | | | | 20.0 | [3.4] | |
| Wagen Group Retail España, S.A. (*) | Barcelona | | 100 | | | | 4.2 | [5.8] | |
| Services (***) | | | | | | | | | |
| SEAT Metropolis Lab Barcelona, S.A. (*) | Barcelona | 100 | | 5.0 | | 5.0 | 6.9 | 1.6 | |
| Connected Mobility Ventures, S.A. (*) | Barcelona | 100 | | 21.6 | [15.4] | 6.2 | 6.5 | [3.6] | |
| Mobility Trader Spain, S. L. | Barcelona | 24.9 | | 3.9 | [3.2] | 0.7 | 3.1 | [8.3] | |

(*) Companies subject to corporation tax under the consolidated tax regime.

(**) Voting rights do not differ from the percentage shareholding.

(***) In 2021, SEAT, S.A. sold the companies SEAT Portugal, Unipessoal, LDA and SEAT Center Arrábida Automovéis, LDA.

TABLE OF COMPLEMENTARY NON-FINANCIAL INFORMATION

| Areas | Contents | Material issue (Yes/No) | GRI Standards | Section |
|------------------------------------|---|-------------------------|---|--|
| | Sustainable use of resources | | | |
| Environmental issues | Consumption of raw materials. | Yes | 301-1 | Annual Accounts / Notes / 19. Income and expenses / c) Supplies |
| | Actions to combat food waste. | No | --- | ---- |
| | Employment | | | |
| | Total number and distribution of employees by gender, age, country and professional classification. | Yes | 103 Management approach – Employment 102-8 / 405-1 | |
| | Total number and distribution of types of employment contract. | Yes | 102-8 | |
| | Annual average of permanent contracts, temporary contracts and part-time contracts by gender, age and professional classification. | Yes | 102-8 / 405-1 | Management Report / Human Resources and Organisation / Structure of the workforce Annual Accounts / Notes / 22. Other information / a) Workforce |
| | Number of dismissals by gender, age and professional classification. | Yes | 401-1 | |
| | The average remunerations and their evolution disaggregated by gender, age and professional classification or equal value; salary gap, the remuneration of equal or average positions in the company. | Yes | 103 Management approach – Diversity and equal opportunity 405-2 | |
| | The average remuneration of directors and executives, including variable remuneration, allowances, severance pay, payment to long-term savings schemes and any other items of remuneration disaggregated by gender. | Yes | 103 Management approach – Diversity and equal opportunity | Management Report / Management / Executive Committee: 7 men; Board of Directors: 6 men and 2 women (the remuneration by gender is not disclosed for confidentiality reasons) Annual Accounts / Notes / 21. Related party transactions / b) Board of Directors and Senior Management |
| | Implementation of labor disconnection policies. | Yes | 103 Management approach - Employment | Management Report / Human Resources and Organisation / Commitment to diversity and equality |
| | Employees with disabilities. | Yes | 405-1 | Annual Accounts / Notes / 22. Other information / a) Workforce |
| | Organization of work | | | |
| Social and employee-related issues | Organization of working time. | Yes | 103 Management approach - Employment | Management Report / Human Resources and Organisation / Organisation of work and social dialogue |
| | Number of hours of absenteeism. | Yes | 403-2 | Management Report / Human Resources and Organisation / Structure of the workforce |
| | Health and safety | | | |
| | Workplace accidents, in particular their frequency and severity, occupational diseases, disaggregated by gender. | Yes | 403-2 / 403-3 | Management Report / Human Resources and Organisation / Structure of the workforce |
| | Social relations | | | |
| | Organization of social dialogue, including procedures for informing and consulting staff and negotiating with them. | Yes | 103 Management approach - Labor/Management relations | Management Report / Human Resources and Organisation / Organisation of work and social dialogue |
| | Percentage of employees covered by collective labor agreement by country. | Yes | 102-41 | Management Report / Human Resources and Organisation / Organisation of work and social dialogue |
| | The balance of collective agreements, particularly in the field of health and safety at work. | Yes | 403-4 | Management Report / Human Resources and Organisation / Health and well-being |
| | Training | | | |
| | The total amount of training hours by professional category. | Yes | 404-1 | Management Report / Human Resources and Organisation / Structure of the workforce |
| | Equality | | | |
| | Equality plans (Chapter III of Organic Law 3/2107 of March 22, for effective equality of women and men), measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and the universal accessibility of people with disabilities. | Yes | 103 Management approach - Employment | Management Report / Human Resources and Organisation / Commitment to diversity and equality |
| Human rights | Complaints about cases of violation of human rights. | Yes | 406-1 | Management Report / Human Resources and Organisation / Organisation of work and social dialogue |
| | Consumers | | | |
| | Claims systems, complaints received and their resolution. | Yes | 103 Management approach - Customer health and safety, marketing and labeling and customer privacy | Management Report / Sales and Marketing / One company, two brands / Completing the customer experience |
| | Tax information | | | |
| Society | Profits obtained country by country. Taxes paid on profits. | Yes | 103 Management approach - Economic performance | Annual Accounts / Profit and Loss Statement Annual Accounts / Notes / 4. Application of results Annual Accounts / Notes / 18. Tax situation / b) Corporation tax |
| | Public subsidies received. | Yes | 201-4 | Annual Accounts / Notes / 13. Grants |

On December 28, Act 11/2118 was approved, amending the Code of Commerce, the revised text of the Capital Companies Act approved by Royal Legislative Decree 1/2110 of July 2, and Act 22/2115 of July 21 on the Auditing of Accounts, regarding the reporting of non-financial and diversity-related information. In accordance with the exemption established in article 262.5 of the revised text of the Capital Companies Act, SEAT, S.A. has opted not to prepare a full statement of non-financial information, given that the company and its subsidiaries are included in the "Sustainability Report" of the Volkswagen Group, through which it complies with this obligation. Volkswagen AG, parent company of the Group to which SEAT, S.A. and its subsidiaries belong, is a company incorporated in Germany, with registered address at Berliner Ring 2, D-38436 Wolfsburg, Germany, and inscribed in the Companies Register of the Wolfsburg City Court under entry number HRB 215. The "Sustainability Report" of the Volkswagen Group can also be found on the corporate website <https://www.volkswagenag.com>.

In order to comply with the commercial obligations regarding the publication of non-financial information currently in force, SEAT, S.A. has carried out an analysis to identify the additional information required by article 49.6 of the Code of Commerce. This included a comparison between the contents required by article 49.6 of the Code of Commerce and the non-financial information included in the "Sustainability Report" of the Volkswagen Group, with the aim of identifying the contents that are required by the Spanish commercial regulations in force which are not covered at the Group level and, therefore, which SEAT, S.A. must include as part of its Management Report. In this regard, the Volkswagen Group includes in the "Sustainability Report" information concerning the business model, non-financial risks, policies in place in the non-financial sphere and the results of their application, as well as all of the contents regarding anti-corruption and anti-bribery measures and part of the contents related to environmental matters, social matters and those relating to the staff, the respect for human rights and society. The remaining contents are presented in the Table of Complementary Non-financial Information of the 2021 Annual Report for SEAT, S.A. and form an integral part of the company's Management Report. This table links the complementary information with the various Global Reporting Initiative (GRI) standards and with the corresponding section of the 2021 Annual Report where it is included.

INDEPENDENT VERIFICATION REPORT ON THE COMPLEMENTARY NON-FINANCIAL INFORMATION

Independent Limited Assurance Report on the Complementary Non-Financial Statement for the year ended December 31, 2021

SEAT, S.A., Sociedad Unipersonal



Ernst & Young, S.L.
Edificio Sarrià Fórum
Avda. Sarrià, 102-106
08017 Barcelona

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Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

INDEPENDENT LIMITED ASSURANCE REPORT ON THE COMPLEMENTARY NON-FINANCIAL STATEMENT

To the Sole Shareholder of SEAT, S.A., Sociedad Unipersonal:

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Complementary Non-Financial Statement (hereinafter complementary NFS) for the year ended December 31, 2021, of SEAT, S.A., Sociedad Unipersonal (hereinafter, the Company), which is part of the accompanying Management Report of the Company.

As indicated in the footnote to "Table of Complementary Non-Financial information", the Company has taken the exception included in article 262.5 of the consolidated text of the Corporate Enterprises Act for integrating part of its non-financial information into the NFS of the Volkswagen Group based in Germany, to which it belongs. In order to comply with mercantile obligations regarding the publication of non-financial information in force, the Company has prepared the complementary NFS with partial information included in the accompanying Management Report, which includes, in accordance with the analysis carried out by the Company described in the footnote to "Table of Complementary Non-Financial information", the complementary information required by article 49.6 of the Commercial Code in comparison with that required in articles 19. Bis 1 and 29. Bis 1 of the Directive 2013/34/UE. Our work has been limited exclusively to the verification, based on the aforementioned analysis of contents, of the complementary NFS included in the accompanying Management Report, without having carried out any verification procedure on the information integrated into the consolidated NFS of the Volkswagen Group.

Responsibility of the Board of Directors

The Directors of the Company are responsible for the approval and content of the complementary NFS included in the Management Report of SEAT, S.A., Sociedad Unipersonal. The complementary NFS has been prepared in accordance with the content established in prevailing mercantile regulations and the criteria of the selected Sustainability Reporting Standards of Global Reporting Initiative (GRI standards), as well as other criteria described in accordance with that indicated for each subject in "Table of Complementary Non-Financial information" of the aforementioned Management Report.

The directors are also responsible for the design, implementation and maintenance of such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

The Directors of SEAT, S.A., Sociedad Unipersonal, are further responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the complementary NFS is obtained.



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Our independence and quality control procedures

We have complied with the independence and other Code of Ethics requirements for accounting professionals issued by the International Ethics Standards Board for Accountants (IESBA), which are based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our Firm applies International Standard on Quality Control 1 (ISQC 1), and consequently maintains a comprehensive quality control system which includes documented policies and procedures relating to compliance with ethical requirements, professional standards, and the applicable legal and regulatory provisions.

The engagement team consists of experts in the review of Non-Financial Information and, specifically, information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. Our review has been performed in accordance with the requirements established in prevailing International Standard on Assurance Engagements (ISAE) 3000 (revised) "Assurance Engagements Other than Audits and Review of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and in accordance with the Guidelines on non-financial statement assurance engagements issued by the Spanish Institute of Chartered Accountants.

The procedures carried out in a limited assurance engagement vary in nature and timing and are less in scope than reasonable assurance engagements, and therefore, the level of assurance obtained is substantially lower.

Our work consisted in requesting information from Management and the various Company units participating in the preparation of the complementary NFS, reviewing the process for gathering and validating the information included in the complementary NFS, and applying certain analytical procedures and sampling review tests as described below:

- ▶ Meeting with Company personnel to know the business model, policies and management approaches applied, the main risks related to these matters and obtain the necessary information for our external review.
- ▶ Analyzing the scope, relevance and integrity of the content included in the 2021 complementary NFS based on the materiality assessment performed by the Company and described in the section "Dialogue with stakeholders", in the light of the content required by prevailing mercantile regulations.
- ▶ Analyzing the processes used to compile and validate the data presented in the 2021 complementary NFS.
- ▶ Reviewing the disclosures relating to the risks, policies and management approaches applied with respect to the material aspects presented in the 2021 complementary NFS.
- ▶ Checking, via tests of a selected sample, the information underlying the contents of the 2021 complementary NFS and the satisfactory compilation of the complementary NFS based on data taken from information sources.
- ▶ Obtaining a representation letter from the Directors and Management.



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Conclusion

Based on the procedures performed in our verification and the evidence obtained, no matter came to our attention that would cause us to believe that the Company's complementary NFS for the year ended December 31, 2021 has not been prepared, in all material respects, in accordance with the contents required by prevailing mercantile regulations and the criteria established by the selected GRI standards, as well as other criteria described in accordance with that indicated for each subject in "Table of Complementary Non-Financial information" of the aforementioned Management Report. The content of the complementary NFS has been determined by the Company in accordance with the analysis carried out by comparison between the non-financial information required by article 49.6 of the Commercial Code and that required in articles 19. Bis 1 and 29. Bis 1 of the Directive 2013/34/UE. The Company has determined that this last information will be included in the consolidated NFS of the Volkswagen Group to which it belongs, so the complementary NFS included in the accompanying Management Report does not include all the contents required in prevailing mercantile regulations.

Other matters

On February 23, 2021, other assurance providers issued their independent verification report on the Complementary Non-Financial Statement of SEAT, S.A., Sociedad Unipersonal, for the year 2020, in which they expressed an unqualified opinion.

Use and distribution

This report has been prepared as required by prevailing mercantile regulations in Spain and may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Antonio Capella Elizalde

March 15, 2022

SEAT, S.A. KEY FIGURES (2017/2021)

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---------|---------|----------|---------|----------------|
| Retail sales (units) | 468,431 | 517,627 | 574,078 | 426,641 | 470,531 |
| Wholesales of new vehicles (units) | 579,443 | 596,181 | 651,998 | 468,403 | 474,401 |
| Wholesales of used vehicles (units) | 15,072 | 14,435 | 15,911 | 10,889 | 13,468 |
| Production in Martorell plant (units) | 455,470 | 474,300 | 500,005 | 350,850 | 385,200 |
| Production of SEAT brand in Group plants (units) | 138,092 | 137,594 | 173,301 | 117,955 | 98,846 |
| Basic workforce at 31.12 | 14,106 | 14,627 | 14,663 | 14,751 | 14,590 |
| Martorell (includes Spare Parts Centre) | 10,592 | 10,977 | 11,070 | 11,183 | 10,996 |
| SEAT Barcelona | 1,183 | 1,185 | 1,179 | 1,319 | 1,346 |
| SEAT Componentes | 1,075 | 1,153 | 1,079 | 1,003 | 990 |
| SEAT Technical Centre | 1,210 | 1,264 | 1,294 | 1,205 | 1,214 |
| Other centres | 46 | 48 | 41 | 41 | 44 |
| Partial retirement workforce at 31.12 | 141 | 210 | 232 | 226 | 264 |
| Apprentices with labor contract at 31.12 | 173 | 160 | 174 | 168 | 180 |
| Net sales (millions of euros) | 9,551.8 | 9,991.0 | 11,157.3 | 8,784.0 | 9,256.5 |
| Spain | 1,805.8 | 2,045.9 | 2,143.4 | 1,574.4 | 1,703.3 |
| <i>Vehicles</i> | 1,235.1 | 1,427.4 | 1,543.0 | 1,123.6 | 1,188.3 |
| <i>Spare parts</i> | 322.8 | 338.5 | 349.2 | 275.6 | 321.7 |
| <i>Gearboxes</i> | 83.5 | 73.4 | 60.0 | 25.0 | 20.7 |
| <i>Other sales</i> | 164.4 | 206.6 | 191.2 | 150.2 | 172.6 |
| Export | 7,746.0 | 7,945.1 | 9,013.9 | 7,209.6 | 7,553.2 |
| <i>Vehicles</i> | 7,251.6 | 7,392.2 | 8,507.4 | 6,721.1 | 7,033.0 |
| <i>Spare parts</i> | 246.1 | 269.9 | 270.9 | 233.0 | 282.0 |
| <i>Gearboxes</i> | 148.5 | 154.6 | 110.1 | 147.7 | 141.8 |
| <i>Other sales</i> | 99.8 | 128.4 | 125.5 | 107.8 | 96.4 |
| Shareholders' equity (millions of euros) | 1,512.1 | 1,661.4 | 2,007.0 | 1,501.4 | 1,245.2 |
| Result before tax (millions of euros) | 231.7 | 286.0 | 453.4 | (324.0) | (373.7) |
| Result after tax (millions of euros) | 281.2 | 294.2 | 345.6 | (194.2) | (256.3) |
| Depreciation (millions of euros) | 460.9 | 422.0 | 395.1 | 581.4 | 642.5 |
| Investments (millions of euros) | 720.6 | 890.6 | 908.2 | 820.5 | 741.1 |



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This version sets forth the Management Report, the Auditor's Report and the Annual Accounts of SEAT, S.A. (Balance Sheet, Profit and Loss Statement, Statement of Changes in Equity, Cash Flow Statement, Notes and Appendices 1 and 2) for the 2021 financial year, compiled according to the criteria and rules established by Spanish law [*].

This version of the Annual Report is a translation of the Spanish original. Once approved by the General Shareholders' Meeting, the Annual Accounts and Management Report will be deposited in the Barcelona Mercantile Register together with the Auditor's Report. These reports are authoritative.

The Consolidated Annual Accounts of VOLKSWAGEN AG, together with its Management Report and Auditor's Certificate, will be deposited at the same Registry [**].

Approved by the Board of Directors at the meeting of 18 February 2022.

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[*] Publication available
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[**] Art. 43 of the Spanish
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