

IF WE CAN DREAM IT,
WE CAN CREATE IT



ANNUAL
REPORT
2023



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MANAGEMENT REPORT

01

ORGANISATIONAL STRUCTURE



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 Luxemburg S.A. became the sole shareholder of the company.

SEAT, S.A. 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 72 countries. It also employs over 13,600 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 and the Ateca in the Czech Republic. The company's operating centres also include SEAT CODE, a software development hub, and CASA SEAT, located in Barcelona.

MANAGEMENT

Board of Directors

Chairman

Thomas Alexander Schäfer

Board members

Daniela Cavallo

Luis Comas Martínez de Tejada

Patrik Andreas Mayer

Dr. Stefan Piëch

Mark Porsche

Dr. Christian Vollmer

Secretary and legal counsel

Víctor Manuel Sánchez

At its session held on 24 February 2023, the Extraordinary and Universal General Shareholders' Meeting of SEAT, S.A. appointed Dr. Christian Vollmer as a new member of the company's Board of Directors with effect from 2 March 2023.

Dr. Josep Piqué was a member of the SEAT, S.A. Board of Directors until 6 April 2023, the date of his death.

Víctor Manuel Sánchez has held the position of non-member secretary and legal counsel since 24 April 2023, replacing Marco Cortinovis.

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 (the Board) which is responsible for overseeing compliance-related matters for the company, its management bodies and employees, as well as matters related to the Spanish Financial Audit Act, the Spanish Companies Act and the Penal Code, in addition to the recommendations of the Code of Good Governance, the regulations of the AGPC itself and the internal regulations relating to the risk management system, compliance and integrity, among others.

As such, the AGPC directly advises the Board, as well as supervising and monitoring the processes involved primarily in the elaboration and reporting of: (i) financial information; (ii) non-financial information; (iii) the independence of the statutory auditor; (iv) the effectiveness of the internal control systems; (v) risk management; (vi) compliance and integrity; (vii) the Environmental Compliance Management System (ECMS); (viii) the Product Compliance Management System (PCMS); (ix) taxes, and (x) legal services and corporate affairs.

The AGPC supervises not only SEAT, S.A. but also its subsidiaries (Connected Mobility Ventures, S.A.; SEAT Metropolis Lab Barcelona, S.A.; SEAT Cupra S.A. and SEAT Deutschland GmbH), as well as Volkswagen Group España Distribución.

As of 31 December 2023, the Commission's members are Luis Comas, who holds the position of chairman, Dr. Stefan Piëch and Mark Porsche. Dr. Josep Piqué was a member of the AGPC until 6 April 2023, the date of his death. Víctor Manuel Sánchez has held the position of secretary since 24 April, replacing Marco Cortinovis.

In 2023, the Commission met on four occasions and held a total of 44 pre-meetings for SEAT, S.A. at which all the necessary information applicable to it was discussed:

/ The main topics addressed at the pre-meetings included the tax inspection that is being carried out on SEAT, S.A., the monitoring of the Environmental Compliance Management System (ECMS) and the Product Compliance Management System (PCMS), security and cybersecurity, as well as ESG Bonus, Heycar, CUPRA NAR and the new Good Practices and Governance Office.

/ Some of the topics addressed at the Commission's meetings included details of the matters discussed in the pre-meetings, the state of the company, financial information, external audit information, internal audit information, the Future: Fast Forward project, the Whistleblower System and SEAT MÓ.

In 2023, the AGPC fully met its objective of analysing all the necessary information on the key aspects of the company, ensuring full supervision and transparency for the responsible areas' decision-making processes at all times.

Executive Committee

Wayne Griffiths

Chairman

Dra. Laura Carnicero

People and Organisation

Markus Haupt

Production and Logistics

David Powels

Finance and IT

Marc Riera

Purchases

Dr. Werner Tietz

Research and Development

Kai Vogler

Sales and Marketing

Marc Riera was appointed vice-president of Purchases, with effect from 1 July 2023, replacing Alfonso Sancha.

02

CORPORATE STRATEGY, SUSTAINABILITY AND GOVERNANCE

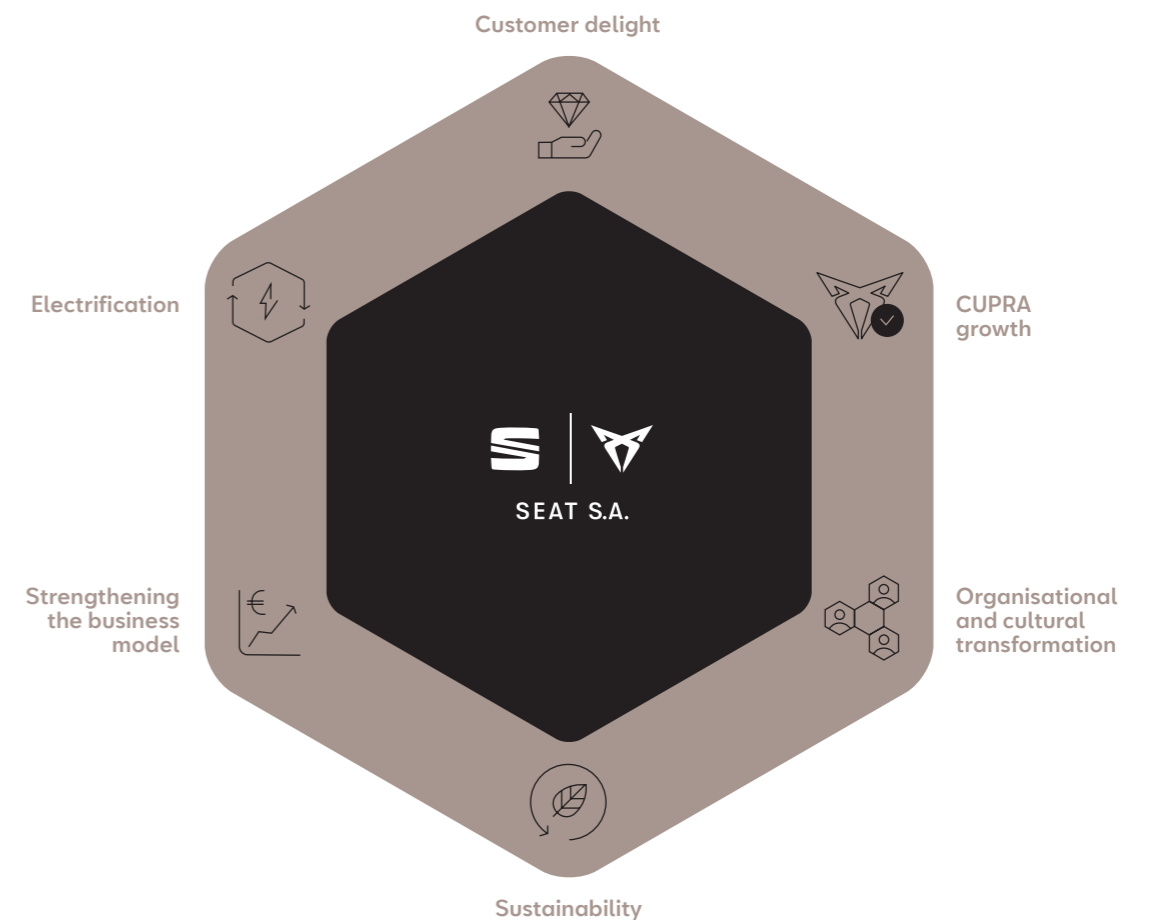


CORPORATE STRATEGY

In recent years, awareness of the need for a new mobility model has accelerated the profound transformation that the automotive sector is currently immersed in. Decarbonisation and sustainability policies, digitalisation and electrification, along with new business models and changing consumer preferences pose a major disruption for the industry.

SEAT, S.A. considers this transformation to be a unique opportunity and is tackling it with determination and a clear commitment to electrification. The company's corporate strategy is based on six pillars which are materialised as concrete initiatives that will help to create the necessary conditions for its sustainable and competitive growth.

Strategic pillars of SEAT, S.A.



Pillars of the corporate strategy

1. CUSTOMER DELIGHT

This pillar seeks to position SEAT and CUPRA as the most sought-after brands among customers with respect to the competition. To this end, a plan has been defined to boost quality with a view to increasing customer delight throughout their experience with the company's products and services.

2. CUPRA GROWTH

CUPRA is exceeding all expectations and is consolidating its position as a brand. Since its launch in 2018, 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.

/ Expansion in Europe. 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.

/ 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.

/ 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 Tribe. The CUPRA Tribe is a concept which goes beyond just customers, as it also includes employees, CUPRA Masters and the brand's fan community. This initiative aims to guarantee customer loyalty and thus ensure future purchases.

/ Differentiation of new product generations. The goal is to establish CUPRA as a relevant performance brand at the global level that is capable of translating customer satisfaction into technical requirements, with unique characteristics and differentiation with respect to the competition.

3. ORGANISATIONAL AND CULTURAL TRANSFORMATION

A highly motivated, empowered and committed team is needed to enable the transformation of the company's organisation, structure and processes, as well as its overall company culture, nurturing diversity and inclusion as drivers of change. Under the slogan "Inspire boldness to succeed as one", SEAT, S.A. is committed to the values of inspiration, boldness, excellence and teamwork as fundamental factors for achieving success in this transformation.

4. SUSTAINABILITY

SEAT, S.A. has a firm commitment to the planet which begins with sustainable mobility and also covers other areas: the company works on reducing the carbon footprint of its vehicles throughout their life cycle, on projects related to the circular economy, on ensuring that the entire supply chain complies with minimum sustainability standards, as well as on initiatives that have a positive impact on society.

5. 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.

For this reason, the company has launched a programme to equip itself with an even more robust and sustainable financial structure over time. This initiative includes cost improvements, along with efficiencies in all key business processes and operations, as well as optimisation in revenue management. It also has the ambition of incorporating a second vehicle platform into the Martorell factory and working on new mobility solutions.

6. ELECTRIFICATION

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

/ Future: Fast Forward. This project aims to turn Spain into an electric mobility hub in Europe. One of its objectives 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 government institutions, 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 will manufacture electric vehicles at the factories in Martorell and Navarre beginning in 2025.

Future: Fast Forward

In order to stimulate the strategic transformation of the Spanish automotive industry and its entire value chain, in 2021 the Spanish government approved the Strategic Project for Economic Recovery and Transformation (PERTE) relating to the Electric and Connected Vehicle (ECV). That same year, the Future: Fast Forward project was announced, spearheaded by the Volkswagen Group and SEAT, S.A. Its aims are to guide the electrification of the automotive industry in Spain and convert the country into an electric mobility hub for Europe.

This initiative, which involves the largest consortium of companies in the automotive sector in Spain and a record industrial investment of 10 billion euros, has been one of SEAT, S.A.'s strategic priorities in the last two years:

/ In 2022 the project was formalised in order to bid for the funding available from the Spanish government under the ECV PERTE project. In parallel, the methodology and organisational structure for its internal management were consolidated. In December, the definitive resolution relating to the PERTE project was confirmed, which assigned a total of 357 million euros to the Future: Fast Forward project: 217 million in direct aid and 140 million in loans. Of this total, which is allocated to the consortium of companies as a whole, SEAT, S.A. will receive 38 million euros (25 million in direct aid and 13 million as a loan). Furthermore, the Catalan regional government (Generalitat de Catalunya) issued the final resolution regarding the granting of the direct subsidy to SEAT, S.A. for the Future: Fast Forward project, amounting to 89 million euros.

/ In 2023, Future: Fast Forward consolidated its governance model and surpassed important milestones in justifying to the government the public aid it is receiving. In addition, a number of institutional events were held to publicise the scope of the project.

Within the framework of the company's commitment to electric mobility, in 2023 SEAT, S.A. also obtained one of the grants provided by the Spanish Ministry of Industry, Trade and Tourism in the second part of the ECV PERTE project.

In its application for this grant, the company presented the project to build a battery cell assembly plant in Martorell, which will cover an area of 64,000 square metres and will ensure more than 400 direct jobs and over 100 indirect jobs. The budget of this project that is eligible for funding amounts to 238.6 million euros, and of this amount a grant under the 2nd ECV PERTE project of 47.7 million has been approved.

A PROJECT-SPECIFIC MANAGEMENT MODEL

The Future: Fast Forward project is being pursued through a cluster comprising over 50 companies and entities from 11 autonomous community regions around Spain known as the F3 Cluster (Agrupación F3) and led by the Volkswagen Group and SEAT, S.A. A delegated commission chaired by the company holds regular meetings and monitors the cluster's activities to ensure that the PERTE project's requirements are being complied with. In parallel, the cluster's PMO (Project Management Office) is responsible for managing the projects carried out by the partners. The governance model is complemented by three independent committees: Audit and Oversight, Risks and Compliance, and Financial.

For the internal management of this project within SEAT, S.A., the SEAT F3 PMO was created within the Governance and Legal Services division. This task group is responsible for ensuring the execution of the projects that are submitted by the company in applying for the various public grants for electric mobility projects (grants under the ECV PERTE project, from the Catalan regional government, under the 2nd ECV PERTE project, etc.). In this context, the team, together with the Production and Logistics division, assumed responsibility for preparing the project relating to the battery assembly plant in Martorell, which was presented as part of the 2nd ECV PERTE project.

In the specific case of Future: Fast Forward, the SEAT F3 PMO is responsible for reporting and justifying the project's expenses, as well as ensuring the link with the F3 Cluster and the implementation of the necessary control and risks mechanisms internally. The projects that are managed can be classified into the following areas: development and localisation of electric vehicles, manufacturing of essential components, assembly, batteries and cell manufacturing, digitalisation, circular economy, smart cities and training.

START OF CONSTRUCTION OF THE BATTERY CELL GIGAFACTORY

In 2023, construction began on one of the core pieces of infrastructure for the Future: Fast Forward project: the PowerCo gigafactory for electric vehicle battery cells in Sagunto (Valencia).

PowerCo is a company belonging to the Volkswagen Group and the gigafactory will provide unified cells to the electric vehicle plants in Martorell and Pamplona. Production of unified cells is expected to begin in 2026 and this will directly employ over 3,000 people in the future, in addition to creating up to 30,000 indirect jobs among suppliers and partners in Spain, according to a recent study. The new facilities will be an example of the circular economy: 100% of the electricity will come from renewable energies, it will have a local focus and it will reuse raw materials.

SUSTAINABILITY

Sustainability is one of the main pillars of the SEAT, S.A. corporate strategy and its mission is to converge with the needs and demands of all stakeholders. The aim 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, while also striving for a better environment and good governance.

The transition towards electric mobility provides SEAT, S.A. with a unique opportunity to pursue this goal. As an organisation with a significant social and economic impact on society – especially in Spain – the company supports and assumes this commitment to driving change and aims to lead the transformation of the entire automotive industry value chain towards sustainability.

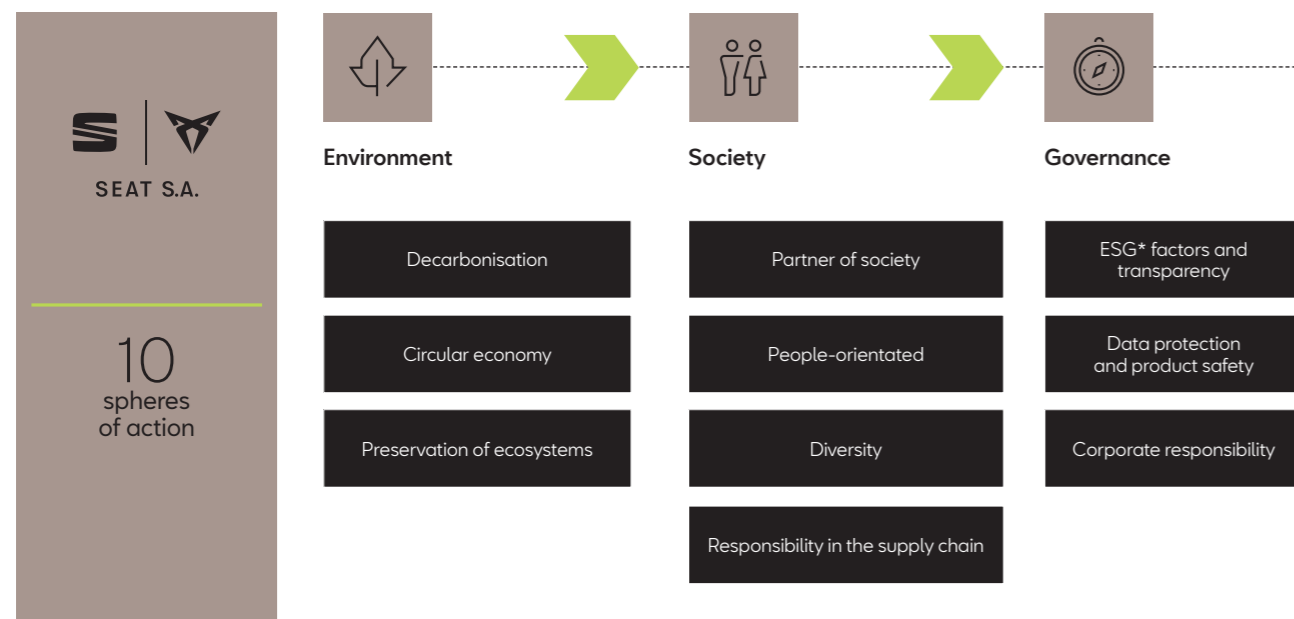
Although the company's sustainability strategy aims to comply with the Sustainable Development Goals (SDGs) defined by the United Nations for the period 2015-2030 in their entirety, given its sphere of activity it particularly identifies with the following goals:

SEAT, S.A. considers sustainability and its ESG (environmental, social and governance) pillars to be a fundamental value and a key and universal strategic element in decision-making process. These three pillars are developed through 10 spheres of action, which have been defined based on the conclusions of the dual materiality analysis carried out in 2023. This analysis is based on consultation with the company's stakeholders, thus ensuring their involvement in the corporate sustainability strategy.

United Nations SDGs on which SEAT, S.A. has an impact



Spheres of action of SEAT, S.A.'s three sustainability pillars



*ESG: environmental, social and governance.

The stakeholder map and the materiality analysis are two tools which serve as the basis for defining and updating 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 their impact 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 and other relevant players (in the sector and in the field of sustainability).
2. Consulting internal and external stakeholders to assess and prioritise issues related to sustainability.
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 new challenges that society is facing.

Environmental pillar

Given the nature of SEAT, S.A.'s activities, the environmental sustainability pillar focuses on the company's commitment to tackling climate change through three spheres of action: decarbonisation, circular economy and the preservation of ecosystems.

DECARBONISATION

The decarbonisation programme establishes the roadmap for reducing CO₂ emissions throughout the entire value chain of the cars, taking into account their full life cycle: production (supply chain and production plants), use (energy supply and vehicle usage) and end of life. The goal is to reduce these emissions by 50% by 2030 (compared to 2018 levels), with a view to achieving neutrality by 2050, following the company's commitment to the 2015 Paris Agreement.

The main way for the company to achieve its decarbonisation goals is through the electrification of its products, which will reduce emissions in the use phase. Electrification results in an approximately 30% reduction in the total CO₂ equivalent emissions of the car throughout the entire value chain compared to a vehicle with a TSI engine. If, in addition, this vehicle is recharged using green electricity, the percentage reduction rises to 60%. For this reason, the commitment to renewable energies is very important, which is why the Volkswagen Group participates in projects that support the increase of their use in Europe, such as the construction of solar power plants and wind farms.

In order to reduce CO₂ emissions in the rest of the value chain of the vehicle, during 2023 the company pursued several specific initiatives, particularly relating to the production and logistics processes:

/ SEAT al Sol project. This initiative turned the Martorell factory into the largest photovoltaic solar plant in the automotive industry anywhere in the world. Inaugurated in 2013, the first phase of SEAT al Sol consists of 53,000 solar panels located on the roof of the production workshops and covering the outdoor vehicle storage areas. In 2023, the agreement was signed for SEAT al Sol 2, marking a second phase of the project that will begin in 2024 and which will entail the installation of over 39,000 new solar panels at the Martorell, El Prat and Barcelona factories. In this way, SEAT al Sol 2 will generate some 29 million kWh per year in a self-sufficient way, which is enough to fully charge 500,000 units of the CUPRA Born.

/ New CED electric oven. In Martorell's Workshop 4, a cathodic electrodeposition (CED) oven for drying paint coatings was installed, due to be commissioned in 2024. This new addition, which is the first of its kind in the Volkswagen Group, is 100% electric, meaning it is free of CO₂ emissions and it combines the latest technology with the utmost respect for the environment. This is a highly efficient oven: it minimises heat loss and cuts energy consumption by 25%, saving 2,500 tons of CO₂ each year. This is equivalent to the amount of CO₂ absorbed by 170,000 trees or the annual emissions generated by 1,700 homes.

During the year the company also continued to pursue its strategy of reducing emissions from road transportation by commissioning the first lorry to use liquefied biomethane as its main fuel, which is used exclusively by the company on the route between Maçanet and Martorell. This vehicle makes two trips per day and cuts CO₂ emissions by 90%. The third duotrailer was also brought into operation on the route between Llíria and Martorell, cutting net CO₂ emissions by up to 90% through the use of biodiesel, a fuel from renewable sources.

Moreover, the dealership network continues to pursue the Go to Zero Retail programme, initially launched in 2021 with the aim of reducing CO₂ emissions by 45% by 2025 compared to 2010 levels. In 2023, a number of initiatives were launched focused on achieving objectives and implementing planned measures in this field. These included a pilot test to give five dealerships an environmental certification, training courses related to the European Green Deal and the implementation of a digital tool for monitoring CO₂ emission in the dealership network, among others.

CIRCULAR ECONOMY

The circular economy plays a crucial role in the company's environmental sustainability strategy. Its most important objective is to reduce the use of raw materials, and to this end the company is pursuing the following three courses of action.

Circularity in products

The company ensures that a minimum of 95% of the weight of its vehicles is reusable and/or recoverable, while also seeking to increase the percentage of circular materials (i.e. recycled or of a natural origin) in its new vehicles.

During 2023, the SEAT brand continued its collaboration with SEAQUAL INITIATIVE to drive innovation and promote circular-economy practices in its products, while also contributing to the preservation of marine natural resources. The Marina Pack version of the Ibiza and Aroña models offers seats and doors upholstered with the new SEAQUAL® YARN textile material, made from recycled plastics from the Mediterranean Sea.

SEAT also began a collaboration with the company Autoneum and became the first car manufacturer to use a material produced with recycled plastics collected from the sea called Blue LABEL by BORGERS®, specifically

in the flooring and the floor mats of the Ibiza and the Arona. This initiative will help to extract more than two million plastic bottles from the ocean each year.

Circularity in the production processes

In order to achieve a waste-free production and logistics chain, work is being done on its gradual reduction through reuse, recycling and recirculation. One of the main initiatives pursued in this area is Zero Waste Logistics, which aims to gradually reduce plastic and cardboard waste in the supply of materials.

In 2023, the focus was on circularity, including both the reuse of the protective packaging used in the transportation of goods and the creation of reverse logistics circuits to return the packaging to the supplier. These initiatives resulted in a saving of 8.4 tons of plastic and 19.6 tons of cardboard. Furthermore, in collaboration with the Quality and Purchases divisions, a task group was created to identify ways to eliminate packaging in the production of new models.

Second life and recycling projects

During the year, several projects were carried out involving second-life applications and recycling, which are essential for reducing the use of raw materials. These included the following:

/ RELOAD, an initiative that forms part of the Future: Fast Forward project and which is led by SEAT, S.A. and is being pursued together with other Spanish entities. Its purpose is to develop technologies for the recovery of high-value metals in the electric vehicle industrial chain, creating a circular model and avoiding problems in the supply of these materials.

/ ECLIPSE, a project focused on investigating new technological routes that facilitate the recycling and recovery of complex polymeric waste derived from the end of the vehicles' life. In 2023 a study on the different types of plastic was carried out and published in the scientific journal *Vehicles*.

/ TREASURE, which is developing computer simulation tools to evaluate different circular economy scenarios in the automotive sector. During the year, a study was conducted on the recyclability of some electronic parts which are considered high-value due to their rare metal content, published in the scientific journal *Sustainability*.

PRESERVATION OF ECOSYSTEMS

In order to guarantee an environmentally sustainable future, SEAT, S.A. contributes to ensuring the protection and conservation of natural systems by minimising the impact of its activity. To this end, the company strives to reduce water consumption at its production centres, it monitors and mitigates emissions into the atmosphere, water and earth, and projects aimed at improving biodiversity are implemented at the local level.

Measures for reducing water consumption

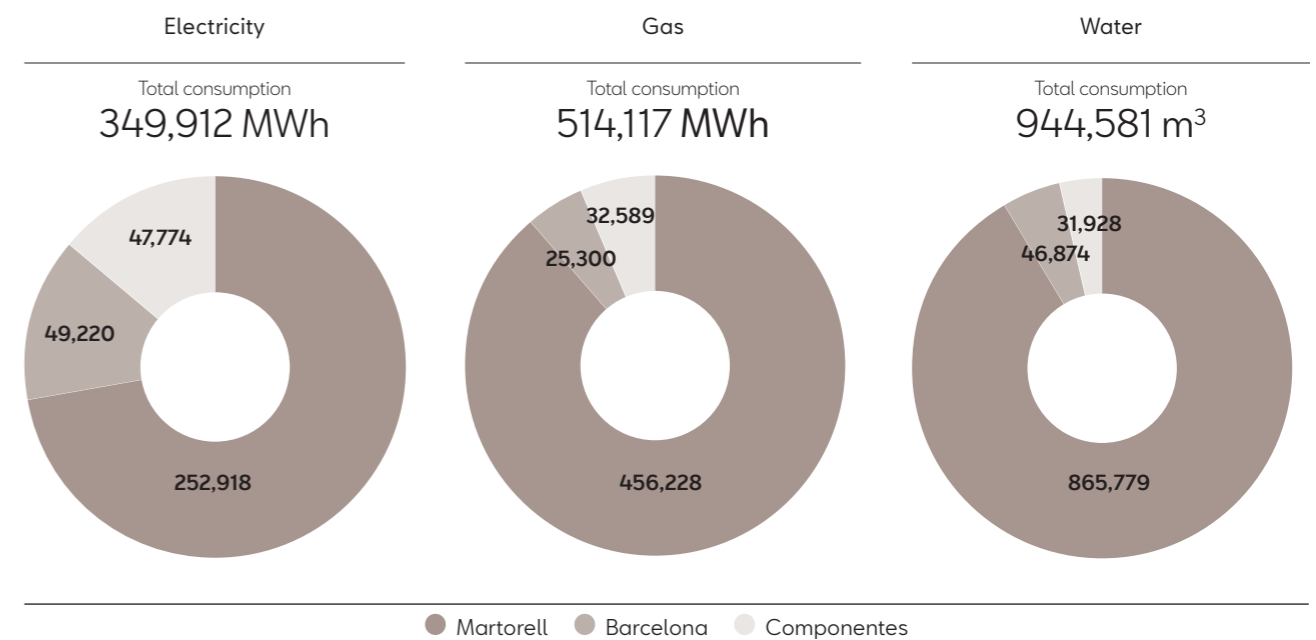
Catalonia has been enduring a major drought for the past three years. Between 2010 and 2022, SEAT, S.A. reduced its water consumption by 27%, but this special situation required exceptional measures in order to reduce consumption at its factories even further.

In May, a workshop was held in which short-term measures were identified, and these were implemented during the second half of the year. They included a change of parameters in the painting booths and a partial stoppage of the tightness test in the assembly area. Thanks to these and other actions, a saving of more than 234,907 m³ of water per year was achieved. In addition, a water audit was carried out to identify potential opportunities for harnessing water recirculation in the medium and long term.

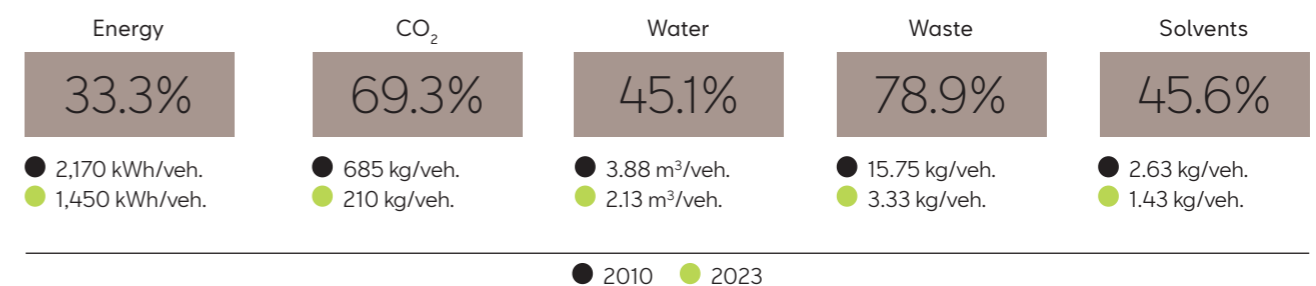
Environmental indicators

The initiatives undertaken in each of the three spheres of action related to environmental sustainability have allowed progress to be made in the key indicators referring to operations at SEAT, S.A.'s production centres. These indicators also reflect the effectiveness of the company's energy management system, which is focused on achieving continuous improvements and reductions in the consumption of natural resources.

Consumption in SEAT, S.A. production centres in 2023



Cumulative percentage improvement in 2010-2023 by environmental indicator



Social pillar

The social pillar focuses on enhancing the positive impact that SEAT, S.A. has on both its staff and society as a whole. To this end, the company pursues four strategic spheres of action: Partner of society, people-orientated, diversity and responsibility in the supply chain.

PARTNER OF SOCIETY

The goal of this sphere of action is to strengthen the company's commitment to Spanish society, thus contributing to the development and progress of the country with a particular focus on people, health and well-being. To this end, in 2023 a number of actions were carried out, including a collaboration agreement with the Hospital Clínic in Barcelona, under which three vehicles were given to the medical centre to bolster its home hospitalisation service. Collaboration also continued with the Fight against Infectious Diseases Foundation (Fundación Lucha contra las Enfermedades Infecciosas), led by Dr. Bonaventura Clotet, who is a company ambassador and a member of honour of the SEAT Healthy Company Scientific Committee (CCSES), as well as with the Blood and Tissues Bank (Banc de Sang i Teixits) through the organisation of blood donation campaigns at the company's facilities.

In addition, the company continued to prioritise the physical and mental health of its workforce through the services provided by the Healthcare and Rehabilitation Centre (known as CARS) and through its mental health programmes.

PEOPLE-ORIENTATED

For SEAT, S.A., its people are what makes the organisation what it is. For this reason, it pursues various initiatives aimed at nurturing their commitment to the company. This sphere of action includes initiatives such as promoting the Smart Working model to improve people's work-life balance, the digital disconnection policy, the commitment to labour rights and social dialogue, the staff benefits programme, the Social Assistance for SEAT Employees (ASES) service and staff training programmes.

It also includes initiatives that promote staff participation, such as the Let's Do Ideas programme, a 360° sustainability project integrated into the SEAT, S.A. Ideas programme; the presentation at the Innovation Days of projects undertaken by staff with a focus on environmental impact, and the E-Go! programme, which provides support to people in leadership positions in the transformation towards electromobility.

DIVERSITY

The company is made up of a diverse range of people in terms of gender, origin, age, culture and sexual and affectional orientation. Therefore, it strives to ensure that everyone feels included, respected and listened to, so that they can develop themselves freely and grow while respecting their individuality and authenticity. The SEAT, S.A. *Practical Guidelines for Inclusive Communication*, the inclusion survey and awareness-raising workshops on unconscious biases are just some examples of the company's actions to promote diversity.

RESPONSIBILITY IN THE SUPPLY CHAIN

For SEAT, S.A. it is important that sustainability is present in its business relations throughout the supply chain. For this reason, and through a three-pronged approach (prevention, detection and mitigation of risks), suppliers must have a positive sustainability score, as measured by the S-rating indicator. This rating evaluates suppliers' performance in criteria such as human rights, the environment, the responsible procurement of raw materials, decarbonisation and the fight against corruption, among others. In this way, the company ensures that its business partners comply with the necessary sustainability standards. In addition, in 2023 the company strengthened its collaboration with companies which, through their activities, pursue projects with social purposes.

Governance pillar

The governance pillar encompasses aspects related to transparency, the governance model, integrity, risk management, product compliance and customer satisfaction.

ESG FACTORS AND TRANSPARENCY

In the sphere of governance and transparency, continuous efforts are made to strengthen the governance structure and improve communication relating to sustainability.

DATA PROTECTION AND PRODUCT SAFETY

The company ensures that its products comply with safety and compliance regulations by implementing preventive programmes such as Production Conformity (CoP) and Service Compliance (ISC). It also guarantees data protection through vehicular cybersecurity measures, systems privacy and compliance with the General Data Protection Regulation (GDPR), as well as maintaining strong data governance practices in order to allow users to access and manage their data at all times.

CORPORATE RESPONSIBILITY

One of the key elements in the governance of the company is having effective risk management and compliance systems. The risk and internal control processes are the foundation that allow the company to identify and manage both material and immaterial risks that could have consequences for the achievement of its environmental and social objectives defined within the sustainability strategy, among others.

The company's compliance and integrity system fosters a culture of compliance and provides the various divisions and departments with tools to prevent and manage legal and corporate compliance risks, such as the prevention of corruption and money laundering and the integrity analysis of business partners, among others.

Since 2021, SEAT, S.A. has been certified by AENOR in relation to its criminal compliance and anti-bribery management systems (UNE 19601 and ISO-UNE 37001), demonstrating the robustness of the company's compliance and integrity system.

Moreover, the company's tax and customs policy focuses on adopting best tax practices, promoting transparency in its tax information and promoting cooperative relations with the tax administration. For this reason, the company is part of the Large Companies Forum, it adheres to the Code of Best Tax Practices of the State Tax Administration Agency and it presents its Tax Transparency Report each year.

GOVERNANCE

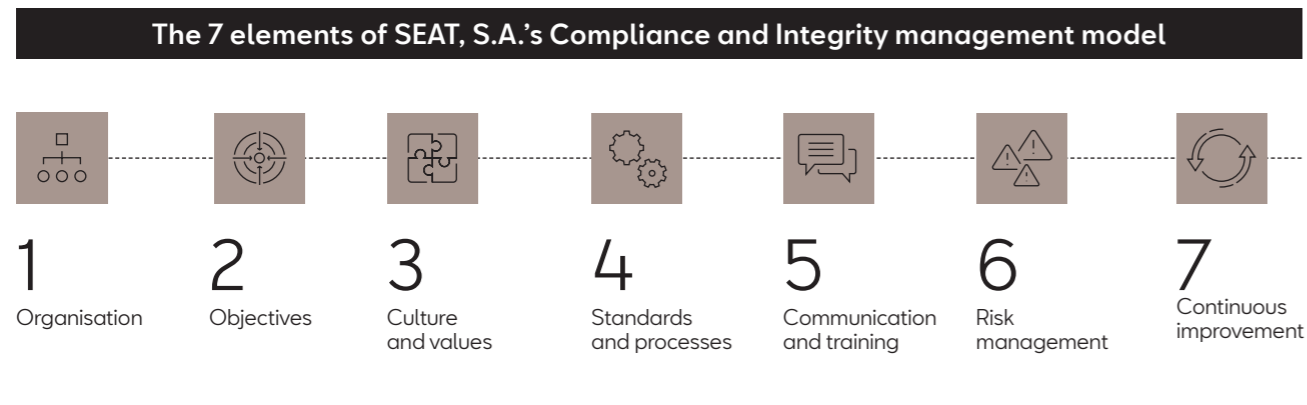
Compliance and Integrity

SEAT, S.A. operates on the premise of acting with integrity and complying with all regulations in force, including both those of a legal nature and the commitments which it assumes internally. In this way, the company ensures that business and values go hand in hand to achieve success ("how it is done" is just as important as "what is done").

This idea is realised through the compliance and integrity model, which addresses risks that might affect the organisation and provides specific resources for offering advice, training, raising awareness and consultation in order to ensure that everyone in the workforce is aware of them.

SEAT, S.A.'s general principle of action emanates from the Volkswagen Group Essentials, which consist of seven basic points that guide the conduct of all companies in the Group and the development of the various internal regulations.

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



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 (ECIIA).

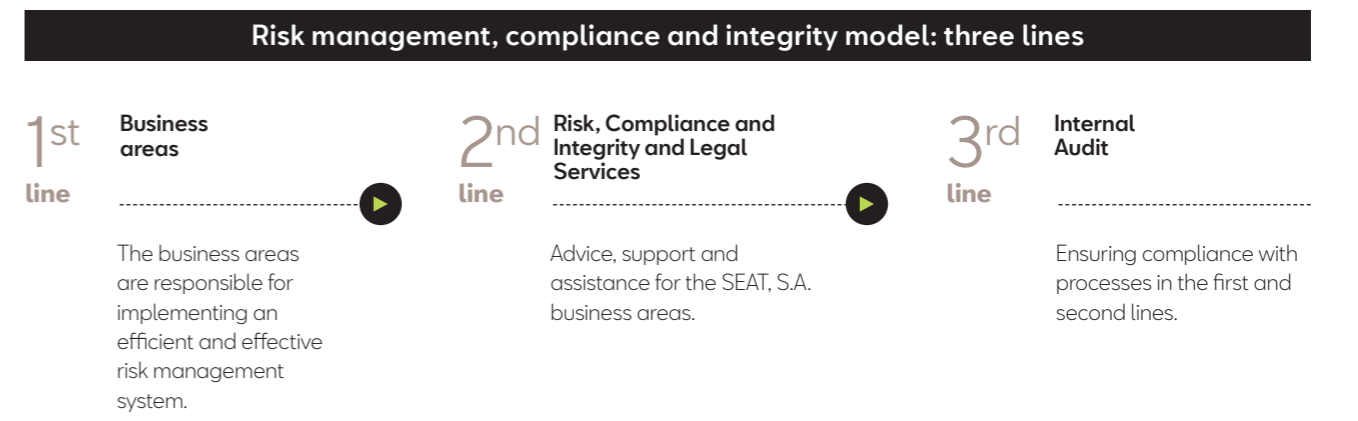
The area directly involved in the implementation of the risk management and internal control system is the Risk, Compliance and Integrity department. In today's economic, legal and socio-political context, its main functions are:

- 1. To implement and monitor a system for the prevention and management of legal risks within SEAT, S.A.** This function includes the provision of independent advice to executives, managers and employees on issues related to anti-corruption, the investigation of internal violations, fraud, money laundering, the criminal responsibility of legal entities and of management itself, and human rights in business.
- 2. To promote the culture of risk prevention and management,** through the development of resources such as computer tools for monitoring and controlling risks, communication campaigns and actions, as well as training programmes, manuals, processes and guides relating to risk management and regulatory compliance. To ensure this function is fulfilled, the department also actively participates in the meetings of SEAT, S.A.'s decision-making committees.

A shared responsibility

The department's actions are intended to convey to the company as a whole that the compliance function must be shared among all employees, regardless of the work they do and their level of responsibility. To this end, the advice provided on compliance-related matters is integrated into the incipient stages of all new projects that are developed. The early identification of risks in projects allows the Risk, Compliance and Integrity department to advise on the actions needed to protect both project members and the company from potential legal and reputational risks.

The compliance and integrity model places particular emphasis on the responsibility of the company executives and managers to promote a culture of compliance in order to instil in the workforce an appropriate way to think and act within the organisation. Among other functions, management must identify, assess and manage legal risks and assume responsibility for compliance in relation to them. In this regard, each division of SEAT, S.A. is responsible for the legal risks associated with its particular activities, as well as their consequences. To successfully manage these risks, the Risk, Compliance and Integrity department provides the various divisions with resources such as advice, information and training, as well as IT tools for responsible risk management.



Accreditation of the compliance and integrity model

In 2021, SEAT, S.A.'s firm commitment to an ethical and compliance-focused business culture allowed it to become the first company in the automotive sector in Spain to obtain the Criminal Compliance Management System (UNE 19601) and Anti-Bribery Management System (ISO-UNE 37001) certificates issued by the certification entity AENOR. In 2023, follow-up audits were carried out for the maintenance of both certificates.

CULTURE OF INTEGRITY

In the department's efforts to fulfil its 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". Some of the key initiatives carried out in 2023 in this field included the following:

/ Training in integrity skills for ethical decision-making. In line with the Volkswagen Group, the company launched the new mandatory integrity training which forms part of the personal development processes for those in management, leadership and supervisory positions. The main goals of this training are to help those who will hold leadership positions in the future to recognise and deal with potential dilemmas, to reflect on the impact of actions and decisions and their influence on the team, as well as to nurture a culture of learning and a tolerance of errors.

/ Update of the course on the Code of Conduct, integrity and the whistleblower system. The contents of this course, which is mandatory for all staff, have been revised and updated, including the chapters on environmental protection and compliance, product safety and human rights, in this case to bring them into line with the German Supply Chain Due Diligence Act (known as the LkSG). The topic of occupational health and safety has also been incorporated.

/ Completion of the implementation phase of the Together 4 Integrity (T4I) programme. This is the central pillar of the Volkswagen Group and SEAT, S.A. strategy, and it encompasses all activities related to integrity, culture, compliance, risk management and human resources management. With the company and all its subsidiaries having completed this phase, the necessary mechanisms have been put in place to ensure the programme's sustainability and continua-

tion under the supervision of the company's Audit and Good Practices Committee (AGPC).

In relationships with third parties, the company continued to apply the two usual processes for assessing the integrity of potential business partners: Business Partner Due Diligence (BPDD) and Business Partner Check (BPC).

The former serves to verify the integrity of the company's potential suppliers, distributors and other business partners, and it is carried out using a common tool that is shared across all brands of the Volkswagen Group in order to ensure that SEAT, S.A. only deals with business partners which comply with the Group's own compliance and integrity requirements in their operations. The main activities launched in 2023 in this regard included the following:

/ Compliance Dialogues. Following a selection process based on risk assessment, business partners from different countries were selected to hold a meeting on compliance-related matters. The objective was to raise awareness among partners about the importance of the existence of compliance structures in their organisation and to improve them where necessary.

/ External audits. As part of the monitoring process, external audits were carried out on several business partners to review their compliance structures, among other aspects.

With regard to the Business Partner Check, this is an integrity assessment performed by the Risk, Compliance and Integrity department on any business partners that fall outside the scope of the Volkswagen Group's BPDD process. It is also a mandatory step prior to establishing commitments with either individuals or legal entities, such as potential donors or sponsored, new marketing partners, influencers, bloggers or speakers, among others.

WHISTLEBLOWER CHANNELS

In 2023, the company adapted its whistleblower system, which has been in place since 2017, to the requirements established by Act 2/2023, of 20 February, on the protection of people who report regulatory infringements and the fight against corruption. After consulting with the legal representatives of the workforce, the SEAT, S.A. Board of Directors, previous consultation

with the legal representation of the staff, ratified the system already implemented, approved the internal procedure for handling hints and appointed a person in charge of the whistleblower system.

The company also has an internal policy which regulates this system and includes key principles such as the protection of whistleblowers from possible reprisals.

Description and operation

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

Without prejudice to the external channels available, hints can be sent through SEAT, S.A.'s own channels, as well as through those of the Volkswagen Group. The

whistleblower system is governed by the principles of fair procedure, presumption of innocence, proportionality and protection of whistleblowers, among others, and 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.

Hints handled

In 2023, the SEAT, S.A. Analysis Office handled 233 communications from potential whistleblowers (175 in 2022). Of these, 123 related to customer complaints (and thus were outside the scope of the whistleblower system), 26 related to enquiries and 84 referred to hints (91, 18 and 66 respectively in 2022).

Whistleblower channels

SEAT, S.A.

Analysis Office

Email: transparencia@seat.es

Telephone no.: +34 900 103 220 (weekdays 8am - 3pm)

At the informant's request, concerns can also be reported by means of a face-to-face meeting, to be held within no more than seven days.

Ombudsman

Email: david.velazquez@miombudsman.es

Telephone no.: +34 609 665 001

Volkswagen Group

Email: io@volkswagen.de

Telephone no.: +800 444 46300 (24/7) / +49 5361 946300

BKMS: <https://www.bkms-system.com/bkwebanon/report/clientInfo?cin=22vwgroup16&c=-1&language=spa>

Postal address: Volkswagen AG, Central Investigation Office
Mailbox 1717

Berliner Ring 2

38436 Wolfsburg, Germany

Face-to-face meeting: request an appointment in writing by sending an email to: io@volkswagen.de

Ombudsman

<https://www.ombudsmen-of-volkswagen.com/>

External whistleblower channel in Spain

Reports of potentially inappropriate conduct can be submitted to the **Independent Whistleblower Protection Authority** (Autoridad Independiente de Protección del Informante, or A.A.I.), which is the body designated as the external whistleblower channel under Act 2/2023 of 20 February.

External whistleblower channel in Catalonia

Reports can be submitted to the **Anti-Fraud Office of Catalonia** (Oficina Antifraude de Catalunya), which is the body provisionally designated as the external whistleblower channel under Act 3/2023 of 16 March.

Risk Management and Internal Control

Ensuring SEAT, S.A.'s sustainability is the main mission of the corporate risk management model, which is considered a fundamental pillar of the company's governance system. This model is primarily based on three lines: identifying potential events that could harm the company; having measures and controls in place to try to mitigate them; and providing reasonable assurance on the achievement of objectives.

Responsibility for risk management lies directly with the management team, which has pre-defined tools and protocols in place. The SEAT 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 are as follows:

/ Quarterly risk process. aimed at identifying specific, imminent and significant risks that could impact the company in the short term. It also includes the identification of risks which, although they may only affect the company in the medium or long term, require measures to be immediately defined in order to ensure they can be mitigated in time.

/ Internal control system, designed to increase security in compliance with both internal and external regulations (fraud prevention and environmental controls), thus reducing the likelihood of committing errors in their management. It also allows the effectiveness of the controls established for the risks identified in the company to be evaluated.

/ Annual GRC (Governance, Risk & Compliance) process. aimed at creating the systemic risk map for SEAT, S.A.'s subsidiary companies and assessing the management of these risks.

/ Business continuity, which aims to ensure that the company's critical processes and tasks can be kept up and running and recovered successfully and quickly in the event of a serious disruption.

/ 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 each of the companies, the Volkswagen Group periodically distributes a series of best practices that can contribute to the continuous improvement of business processes.

Key risks faced by SEAT, S.A. in 2023

Main types	Examples of the key risks
Economic risks	Price fluctuations and scarcity of commodities and energy resources.
Production risks	Supply issues related to key parts needed for vehicle manufacturing and transport capacity problems (sea and land).
Quality risks	Vehicle recalls.
Development risks	Electronic complexity (software).
Compliance risks	Risks associated with new requirements derived from the new European regulation on vehicle cybersecurity (UNECE) and the EU7 emissions regulation.

03

COMPANY ACTIVITIES





3.1 — PRODUCTION AND LOGISTICS

INDUSTRIAL ACTIVITY

Seven decades producing models

In 2023, SEAT, S.A. celebrated two important milestones in its trajectory as a leading company in the automotive sector: 70 years of history producing vehicles and 30 years since the inauguration of the Martorell factory.

The first model produced and sold was the SEAT 1400, which was manufactured at the factory in Barcelona's Zona Franca district and released onto the market in November 1953. Forty years later, in 1993, the Martorell factory was inaugurated, with the second-generation SEAT Ibiza and the SEAT Cordoba as the first models to leave its production lines. Since then, over 12 million vehicles of a total of 45 models have been produced in Martorell.

Coinciding with this 30th anniversary, the company is immersed in the biggest transformation in its history: the transition from combustion to electrification, with an investment of 3 billion euros, the involvement of all areas of the company and actions at every one of the company's production plants.

Gradual recovery of activity

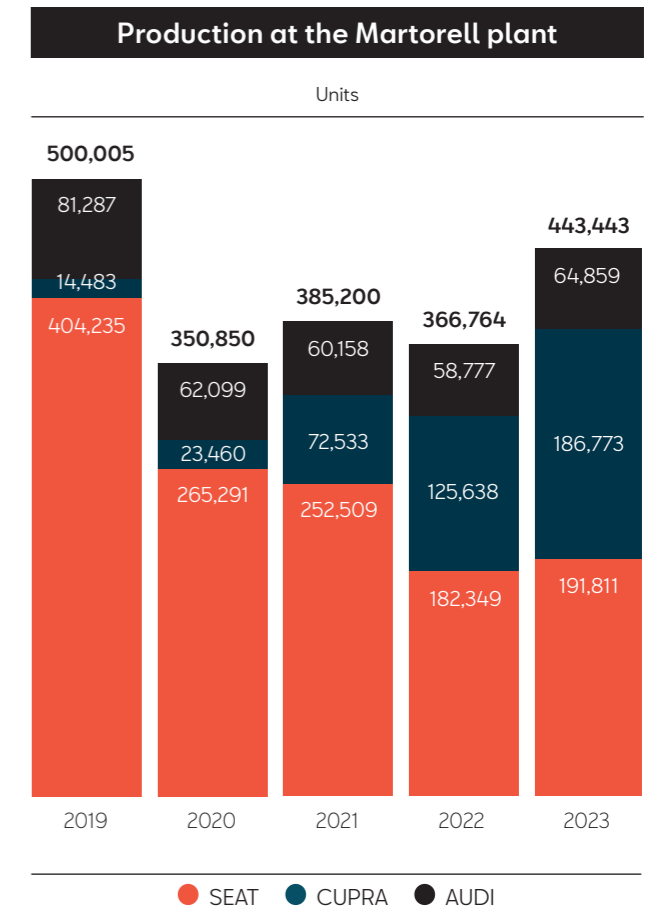
The normalisation of the supply of semiconductors and other essential components allowed the company to gradually recover its production activity during the course of 2023, returning it to pre-pandemic levels. This return to normality was achieved following three years of intermittent activity, as the company was affected by factors of a global nature such as the COVID-19 pandemic and the semiconductor supply crisis, among others.

The year began with the workforce on furlough, following the agreement reached between the company and the union representatives to extend the previous ERTE furlough scheme between 24 December 2022 and 30 June 2023. However, the improvement in the supply of semiconductors in the first quarter allowed the company to bring forward the end of the ERTE furlough scheme to 14 April and to resume ordinary activity levels earlier than expected.

EVOLUTION OF ANNUAL PRODUCTION

SEAT, S.A. closed 2023 with a total of 443,443 vehicles assembled in Martorell, 20.9% more than in 2022. In addition, the Barcelona factory produced 50.2 million parts (+12.4%), while at the Componentes factory 389,165 gearboxes (-5.7%) were produced.

In the case of the external manufacturing, the company maintained its activity at the various plants of the Volkswagen Group: the Kvasiny plant (Czech Republic) produced 83,714 units of the Ateca family; Zwickau (Germany), 45,875 of the CUPRA Born, and Wolfsburg (Germany), 25,568 of the SEAT Tarraco.



Production of SEAT and CUPRA models in Volkswagen Group plants in 2023

Units

Martorell / Spain:
378,584

- Kvasiny / Czech R.: **83,714**
- Zwickau / Germany: **45,875**
- Wolfsburg / Germany: **25,568**

Production at the Martorell plant

Units

	2023	2022	Variation	
			Absolute	%
SEAT/CUPRA models	378,584	307,987	70,597	22.9
SEAT Ibiza	74,355	60,385	13,970	23.1
SEAT Arona	76,594	85,717	-9,123	-10.6
SEAT Leon	40,862	36,247	4,615	12.7
CUPRA Leon	62,103	20,070	42,033	209.4
CUPRA Formentor	124,670	105,568	19,102	18.1
Audi models	64,859	58,777	6,082	10.3
Audi A1	64,859	58,777	6,082	10.3
Total production (*)	443,443	366,764	76,679	20.9

(*) Figures for 2023 and 2022 do not include 155,157 and 112,190 SEAT/CUPRA vehicles produced at other Volkswagen Group plants, respectively.

ELECTRIFICATION PROCESS

The transformation of the Martorell factory begins

The 30th anniversary of the Martorell factory marked the symbolic launch of the ambitious process to transform its facilities into one of the production centres for the Volkswagen Group's family of Small BEV models and a key element of the electric vehicle value chain in Spain.

This SEAT S.A. factory will begin producing fully electric vehicles for CUPRA and Volkswagen beginning in 2025. With this objective in mind, a strategic plan was designed consisting of five main pillars: people and organisation, electrification and product, end to end (E2E) production, digitalisation and sustainability.

Among the projects initiated or in progress during 2023, the following five stand out:

/ New battery systems assembly plant. Located next to the SEAT Technical Centre (CTS), this new plant will host the assembly of the entire battery system and will supply the production line via direct access to assembly Workshop 10. In 2023, work began to relocate the CTS facilities and earthworks for the future construction of the plant got underway.

/ Renovation of the press facilities. Between April 2022 and September 2024, the company is undertaking the project to install and commission the new PXL press. Designed to manufacture large parts, this tooling will increase the factory's production capacity and efficiency while maintaining the company's rigorous standards in terms of design and quality.

/ Changes to the bodywork production line. The work being undertaken in the bodywork facilities focuses on connectivity and efficiency improvements.

As a result of this work, the new Small BEV platform will be distributed in free spaces among the existing facilities and no new buildings will be built. Another new development concerns the Finish line, where five boxes will be created to enable the simultaneous assembly of moving parts, instead of the current sequential process.

/ Expansion of the painting workshop. In 2023, work began on the expansion of the painting facilities in Workshop 4, which in the second quarter of 2024 will incorporate a new 100% electric cathodic electrodeposition (CED) oven, which produces no CO₂ emissions. Other significant actions include the replacement of the painting robots and the increased capacity for matt painting.

/ Reconfiguration of the assembly lines. The integration of the Small BEV platform will involve the reconfiguration of several lines used in the assembly process. In parallel, other initiatives will be pursued to boost efficiency, including the incorporation of skillets, which allow the height of the vehicle to be adjusted in order to mount parts more ergonomically. The SmartTAKT data management project will also be pursued, which will ensure traceability and will unify the systems involved in the vehicle assembly process.

Another initiative that is being pursued across the company, affecting multiple teams, is the Zero Defects project, which aims to guarantee the final quality of the models through the complete absence of defects in the production process. To this end, work is being undertaken to allow the autonomous and connected processes to self-regulate themselves, through a process of constant learning and improvement. There are also plans to install artificial vision tunnels in the bodywork, assembly and painting areas, which will enable the precise detection of any potential defects.

Five projects at SEAT Componentes

The SEAT, S.A. factory located in the town of El Prat de Llobregat (SEAT Componentes) will participate in the transition to the electric vehicle through the development of five new projects to manufacture components for the Small BEV family of vehicles.

Specifically, SEAT Componentes has been awarded the production of the following parts for the new platform: the differential, pivot bearing, battery E-Box (a switchboard that manages the energy flow between the battery and the motor, in addition to the battery actuators and the charging and discharging operations), KMM (a battery cooling module) and the aluminium of the electric motor.

3.2 — CORPORATE QUALITY

A SHARED RESPONSIBILITY

The two main objectives of the Corporate Quality division are to strive for customer satisfaction and to ensure conformity of the company's products and services. Although coordinated by this department, quality management is a universal responsibility shared by all areas of the company, comprising a key strategic function to go beyond customer satisfaction while always seeking to exceed their expectations by maximising agility and efficiency.

Improving customer satisfaction

Corporate Quality leads the development of one of SEAT, S.A.'s six strategic pillars – customer delight – which aims to strengthen and improve customers' experience with the company. In 2023 two initiatives that are key to achieving this goal were launched in collaboration of other departments of the company.

/ Quality Boost (Q-Boost) focuses on the basic elements that are needed to meet customers' demands. With an emphasis on the short and medium term, this initiative includes the development of an action plan to guarantee the utmost quality in both the company's products (including digital ones) and its services. Two aspects which set this initiative apart are the fact that it is addressed from the customer's perspective and that it also covers customers' satisfaction with the distributors (Sales and After-sales).

/ Future Customer Experience is focused on the design of an experience that satisfies and surprises the customer in an omni-channel environment (while using the vehicle, through digital channels and in the service provided at dealerships). This initiative is based on a six-point action plan, designed on the basis of customer and distributor opinions and the analysis of global and industry trends. Some of the services which already offer this differential value include the CUPRA Masters and the CUPRA Garages, which allow customers to feel part of the CUPRA Tribe.

COMPLEMENTARY, CUSTOMER-FOCUSED ACTIONS

In parallel with the development of Q-Boost and Future Customer Experience, other initiatives were also implemented in 2023 which place the customer at the heart of all processes, with the aim of gaining a better understanding of their expectations and thus being better equipped to meet them:

/ Product satisfaction survey. Using the 360° CEM tool, a satisfaction survey was launched with the aim of gathering customers' opinions about the models they had purchased. This new and direct source of information complements the feedback received through other channels (claims and complaints, social networks, dealerships, etc.).

/ Top 10+. This programme brings together customer-focused initiatives from various areas of SEAT, S.A. in order to promote them and give them greater visibility, with the direct involvement of the company's Executive Committee.

/ Customer experience validation. This is a new process for testing and validating the more than 300 functions that are incorporated into the new models in order to meet customers' expectations regarding how the vehicles' technology operates. The function testing process is based on assessing how the technological elements interact with other components and with the control units that manage them, rather than an isolated analysis of each separate part.

Using artificial intelligence to interpret customer feedback

As part of the process of integrating new sources of information on customers' opinions, another key initiative is the Q-Feedback HUB project, which uses artificial intelligence to gather and interpret customer feedback received through internal and external channels. The first phase of this project focused on data obtained from Internet forums.

The use of artificial intelligence allows information on customer opinions to be obtained in real time, as well as making it possible to analyse key trends and to streamline the process of detecting incidents and measuring their impact. The information gathered should help all areas of the company to prioritise their actions with an approach focused on customer satisfaction.

New resources for quality control in the production processes

The increasing technological complexity of the new vehicles also requires the traditional quality control procedures employed in the production processes to be supplemented with new systems and resources. In 2023, a function-oriented strategy for testing the cars' electronic components was developed.

This integrated analysis adapts the quality tests to the way customers interact with the vehicles on a day-to-day basis, combining the various check points in order to cover both the production volume and the depth of the tests. To this end, the tests and checks performed in the various phases of the production process were expanded, including those performed on the internal track, at the Test Center and in other internal audit processes. For example, tests were added for functions such as operating the climate control systems and heated seats through the display screen and the HMI (human-machine interface), voice commands, smartphone connectivity (including checks performed with the Connect app) and automatic calls to 112 in the event of an emergency, among many others.

DIMENSIONAL CHECKS DIRECTLY ON THE PRODUCTION LINE

During the year a new methodology was developed for performing dimensional checks on the vehicles – a concept which involves verifying the geometry of the parts. The main novelty of this system, which will begin to be implemented in the production of the CUPRA Raval, is that for the first time it incorporates technologies that allow various vehicle parameters to be analysed directly on the production line, without the need to move the vehicle to other spaces. In this way, besides achieving greater efficiency and agility, 100% of the vehicles manufactured can be checked and information is generated in real time in order to anticipate potential incidents.

Some of the key actions implemented in 2023 within the framework of this new methodology include the incorporation of a dual-robot system for performing checks on stamping parts and welded assemblies in the AT-Line measurement centre and the development of the Q Lant software, which makes it possible to visualise and interconnect the data generated in the car body and assembly workshops of production line 2 in real time.



3.3

PURCHASES

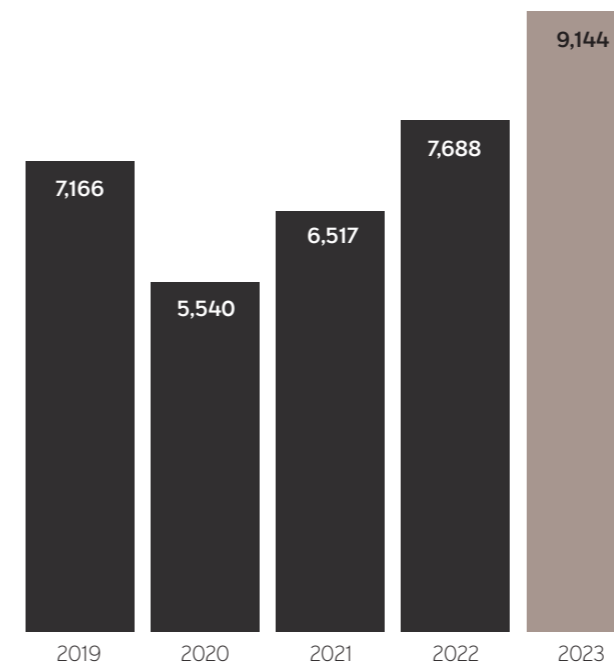
A STRATEGIC BOOST

The main function of the Purchases division is to manage the procurement of all the products, goods and services needed in order for SEAT, S.A. to conduct its operations, including both the materials required for vehicle production and all the other resources the company needs (General Purchases). As a result of this wide scope, in recent years the division has steadily assumed new responsibilities with the goal of maintaining a reliable, committed and sustainable supply chain.

The stabilisation in 2023 of the external factors that had conditioned the company's operations in previous years (the COVID-19 pandemic, the semiconductor crisis, the war in Ukraine, etc.) has made it possible to focus the division's general objectives on cost management and on two of its key milestones: on the one hand, the creation of working groups specifically focused on developing the company's key strategic pillars and, on the other, the management of all purchases linked to the Small BEV project for the entire Volkswagen Group.

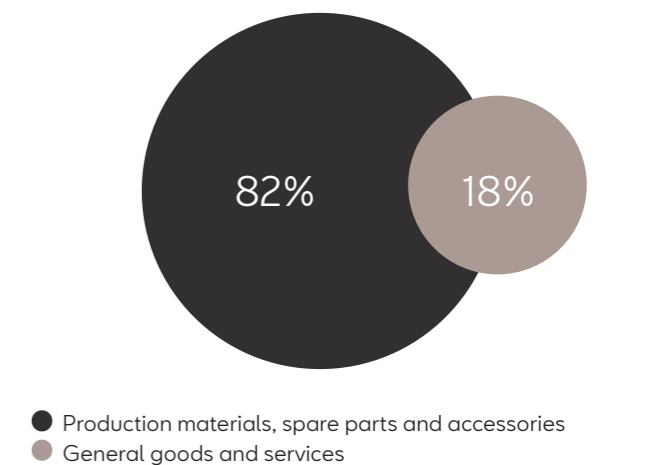
Volume of purchases managed

Millions of euros



Distribution of purchases in 2023

Destination of purchases



This volume reflects the purchases made for all the models manufactured at the Martorell factory under the SEAT (Ibiza, Arona and Leon), CUPRA (Formentor and Leon) and Audi (A1) brands. It does not include SEAT and CUPRA models produced at other factories of the Group (the Ateca in the Czech Republic, and the Tarraco and the Born in Germany). However, Purchases is also responsible for appointing a portion of the suppliers for certain specific parts that are used in the production of the Ateca, the Tarraco and the Born.

Creation of specialised working groups

In order to adapt the company's purchasing processes to the major challenges the sector is facing (electrification, sustainability and supply market instability, among others), in 2023 the division defined and developed a strategy of its own. This new framework is based on the creation of nine specialised working groups with objectives that are fully aligned with the six pillars of SEAT, S.A.'s general strategy.

A STRATEGY ALIGNED WITH THE CORPORATE PILLARS

The nine groups developed by the Purchases division and their respective priorities are as follows:

1. Decarbonisation: promoting decarbonisation and reducing emissions in the supply chain through the use of renewable energies and calculating the carbon footprint.

2. Digitalising the supply chain: comprehensive digitalisation of processes in order to ensure maximum transparency, anticipate incidents and minimise their impact.

3. Digitalising purchasing processes: identifying processes that can be digitalised and promoting a digital mindset in order to steer the division towards data management and accelerate assessment and decision processes.

4. Internal innovation: introducing new technologies into the models' interior design in order to achieve a more sustainable production process and greater customisation.

5. External innovation: introducing new technologies into the vehicles' exterior elements (lighting, roof, paints and finishes, etc.).

6. Circular economy: increasing the use of sustainable and recycled materials in the cars' components and encouraging the reuse of waste in the production process in order to integrate it back into vehicle parts.

7. Reducing bureaucracy: a focus on processes that provide added value in order to be a more agile and competitive organisation, which entails a cultural and structural transformation of the division.

8. Communication: improving communications within Purchases and with the other divisions of SEAT, S.A. through new channels and relationship-building activities.

9. Cultural transformation: proactively integrating the company's values into the day-to-day activities within the division in order to lead change processes.

Each group is made up of a team of collaborators from the Purchases division, who were chosen through an open application process. With a large number of applications received, the best professionals were then selected for each field based on their profile and ensuring that the division's various departments were suitably represented. This way of working allows the company to give its strategy a boost, while also developing talent and providing greater visibility to the work of the division's collaborators.

Centralised procurement management for the Small BEV project

The SEAT, S.A. Purchases division is also responsible for managing the procurement of components and services for the Small BEV cluster, which comprises the core participating brands of the Volkswagen Group. This project is part of the Future: Fast Forward initiative.

The division took on this function in 2022 and during the course of 2023, on behalf of the Volkswagen Group, it has awarded the vast majority of the components needed to kick-start the cluster's project. In doing so, it has continued to rise to the challenge of increasing the number of suppliers and technologies located in Spain. In accordance with the planned schedule, the phase comprising the development of the various related processes has also begun, in collaboration with the relevant suppliers. In this regard, in addition to the Small BEV cluster itself, the two major challenges associated with the project are the transformation of the Martorell and Navarre factories for the manufacture of electric vehicles and the construction of the PowerCo battery factory in Sagunto (Valencia).

The key to the project lies in the centralisation of negotiations and in the allocation of all purchases associated with the development of four vehicle models for three brands of the Volkswagen Group: on the one hand, CUPRA and ŠKODA, with one Small BEV model each, and on the other hand, Volkswagen, which will have two. This procedure is considered somewhat exceptional and of great strategic importance, given that ordinarily each brand would manage the purchases linked to its own models, with the Group only being involved in the case of parts that are common to all of them.

Contribution of Purchases to SEAT, S.A.'s general strategy





3.4

SALES AND MARKETING

ONE COMPANY, TWO BRANDS

Sales activity and network

GLOBAL SALES

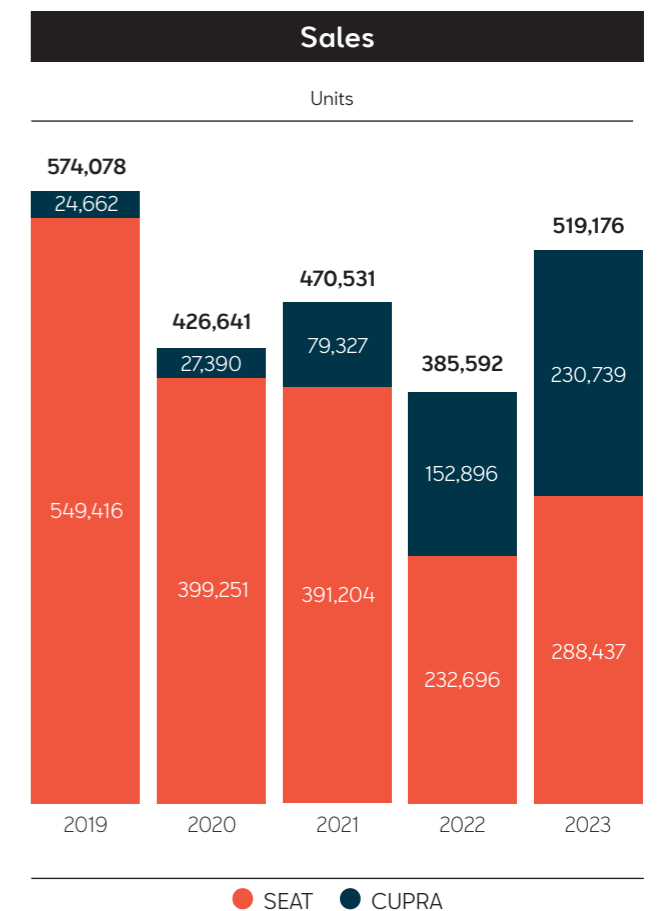
SEAT, S.A. closed 2023 with global sales of 519,176 units, marking an increase of 34.6% compared to 2022 and a market share of 2.9%. Sales were driven by the high demand for SEAT and CUPRA models, as well as the gradual recovery of production to pre-pandemic levels, thanks largely to the normalisation of the supply of semiconductors and other essential components.

Among the company's top 10 markets, Germany once again ranked first with 129,133 units sold, followed by Spain (79,223), the United Kingdom (57,818), France (33,149), Italy (31,596), Mexico (21,159), Turkey (20,844), Austria (20,226), Poland (14,284) and Belgium (11,676).

CUPRA's results broke records again with the delivery of a total of 230,739 units, 50.9% more than in the previous year, becoming one of the fastest growing car brands in Europe, where it ended the year with a market share of 1.6%. By country, it achieved significant market share in Denmark (3.8%), Austria (3.2%), Malta (2.6%), Germany (2.5%), Switzerland (2.5%) and Spain (2%). On the other hand, the recovery of production levels allowed the SEAT brand to recover the path of growth, with an increase of 24% compared to 2022 and 288,437 units delivered.

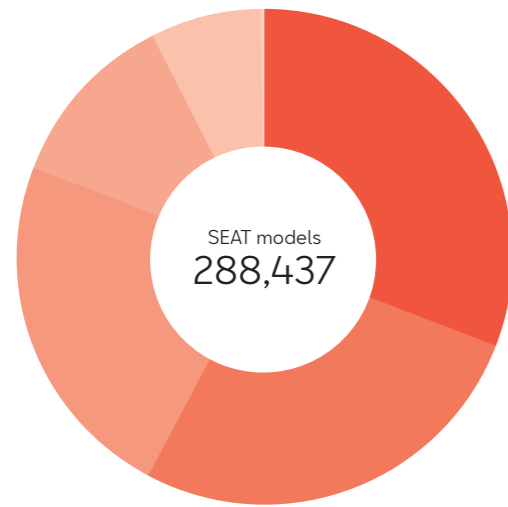
Between the SEAT and CUPRA brands, the company achieved an all-time record in its market share in Germany, Italy, Austria, Denmark, Cyprus and Croatia, and record sales in Austria, Denmark, Malta, Poland, Bosnia, Turkey, Morocco and Australia. In this latter country, moreover, CUPRA has been among the brands to achieve the milestone of surpassing 5,000 units sold in the shortest amount of time.

The company's best-selling model was the CUPRA Formentor, with 120,113 units and an increase of 23% compared to the previous year, making it the European leader in terms of sales in its segment (A-CUV). The CUPRA Born also achieved significant sales volumes (45,333 units and annual growth of 44.4%), as did the SEAT Arona, which was the latter brand's best-selling model (89,003 units and an annual increase of 25.3%).

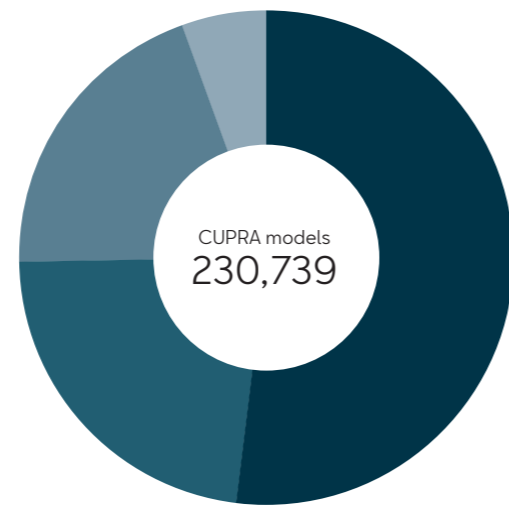


Sales in 2023

Units per model



- SEAT Arona: **89,003**
- SEAT Ibiza: **77,740**
- SEAT Ateca: **66,756**
- SEAT Leon: **33,545**
- SEAT Tarraco: **20,969**
- SEAT Alhambra: **424**



- CUPRA Formentor: **120,113**
- CUPRA Leon: **52,500**
- CUPRA Born: **45,333**
- CUPRA Ateca: **12,793**

Sales network

SEAT | CUPRA



[*] SEAT service centres also serve CUPRA. [**] CUPRA specialists.

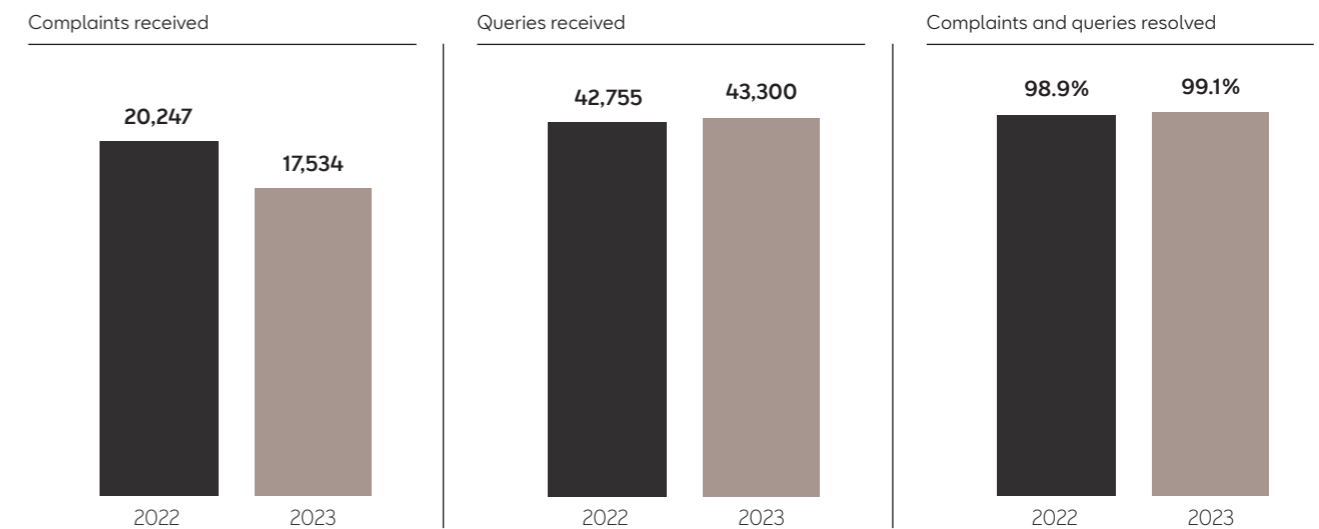
Customer service

SEAT, S.A. uses the most advanced methodologies for gathering and handling enquiries and feedback from its customers, adapted to new communication channels such as apps and social networks. The company has a decentralised management model that allows customers to contact either each country's importers and authorised service centres or the Customer Interaction Center in the first instance in order to address matters related to connectivity. With this mechanism, the resolution process is simplified and streamlined, allowing the greatest number of incidents to be resolved as quickly as possible.

The company also has a central department which receives, manages and resolves queries and complaints communicated through the corporate website www.seat.com, social networks and marketplaces. In addition, the department proactively responds to opinions that customers share through these channels.

In 2023, most of the enquiries received through SEAT, S.A.'s queries and complaints channels related to the characteristics and release dates of new models. Issues related to the products, to the service provided in the repair workshops and to vehicle deliveries were the top topics among the queries and complaints received.

Query and complaint figures for 2023*



[*] As of close of play on 10 January.

SEAT BRAND

Solutions for the mobility of the future

SEAT maintains its brand essence with a young spirit and a future-focused vision, and it currently has the best range of products in its history, as well as growth plans aimed at providing solutions to the new forms of mobility.

The brand plans to update the Ibiza, Arona and Leon models in order to continue offering plug-in hybrid and efficient combustion cars until the end of the combustion era. In parallel, it is intensely preparing the arrival of the new era of electrification, in which it is seeking to position itself with a differential and unique value proposition. The opportunities for the future will come primarily from the new forms of mobility spearheaded by young people, such as vehicle fleet sharing, subscription services and micromobility, a sphere in which it is already a leading brand thanks to the experience of SEAT MÓ.

The SEAT world

MODEL RANGE

SEAT Arona: urban versatility

A versatile urban SUV for those who choose to be more daring. Designed for enjoying the city in style and safety and with connectivity.

AWARDS

/ Best ranked model in the “Crossover” segment according to the 2023 Vehicle Reliability Study of Mexico [Estudio de Confiabilidad de Vehículos de México, VDS] – The company J.D. Power.

SEAT Ibiza: innovation, technology and design

SEAT’s most youthful model, and one of the most popular among customers, includes the latest in technology and connectivity. This is an urban car for getting around and enjoying oneself in good company with the utmost safety and comfort on board.

AWARDS

/ “Best small, urban and compact car” in Slovenia in the Prima 2023 Awards – A group of nine Slovenian automotive media publications.

SEAT Ateca: strength and dynamism

Equipped with the latest technology, it dazzles with its robust, modern and striking design. With agile handling at the wheel, it offers highly efficient engines and the very best in comfort, safety and connectivity.

SEAT Leon: tempting and fascinating

A compact car with bold lines and a sporty look with an advanced lighting system and larger dimensions. Ready for the future: spacious, comfortable, fully connected and safe. The brand’s first electrified model, with hybrid and plug-in hybrid options currently available.

AWARDS

/ “Small + compact car” award in Austria in the Österreich Auto 2023 - Wahl awards - Mediengruppe Österreich GmbH.

SEAT Leon Sportstourer: spaciousness and comfort

On-board features, space and comfort. The family-sized version has great appeal due to its spacious interior, its connectivity both inside and outside the vehicle and its cutting-edge technology and safety systems. Also available in hybrid and plug-in hybrid versions.

AWARDS

/ “Family car of the year 2023” in Germany in the “Family car of the year: design” category – The publication *AUTO Straßenverkehr*.

SEAT Tarraco: versatile and practical

A large SUV with up to seven seats, it has an innovative design and comes equipped with the latest technology. Built for getting around with more space and comfort. Its plug-in hybrid version is the brand’s most powerful electrified option.

AWARDS

/ “Best fleet large SUV” in the United Kingdom in the Fleet World Great British Fleet Awards 2022 – The publication *FleetWorld*.

SEAT Alhambra: family-friendly and safe

A smart and versatile MPV designed with sporty finishes for enjoying family trips. Safe and efficient, it offers all the necessary on-board technology, exceptional finishes and the highest quality standards. Production of the model ceased in 2022.

PRODUCT UPDATES

Among the product updates in 2023, one of the highlights was the launch of the Marina Pack version of the Ibiza and Arona models, which uses recycled materials and marks a milestone in the company’s ambition to develop innovative solutions in order to achieve its sustainability goals.

The Marina Pack version uses recycled materials in the door lining, the seat upholstery, the vehicle flooring and the floor mats. The new materials are the result of a collaboration with the companies SEAQUAL® YARN and BORGERS®, which specialise in the development of new textile technologies using recycled marine waste. This initiative will help to extract more than two million plastic bottles from the ocean each year.

In Spain, the brand also introduced the new SEAT Flex vehicle purchasing model, whereby the entire range of vehicles are made available for a very competitive monthly fee (either with or without an initial down payment), which includes warranty and maintenance. This purchasing format stands out for the flexibility it offers users in aspects such as the contract duration, the annual mileage and options at the end of the contract (purchase, exchange or return of the vehicle).

CORPORATE AWARDS

Together with the awards obtained by the brand’s various models, in 2023 SEAT also received the following corporate awards:

/ Business Trajectory award in Spain at the 40th anniversary gala of Motor 16 magazine.

/ Brand Trajectory award in Spain in the 2023 Axel Springer Motor Awards – The publishing group Axel Springer.

/ Kvdbil’s Consumer Survey award in Sweden in the category “Most satisfied car owners” – The online platform Kvdbil.

SEAT MÓ

PRODUCTS

SEAT MÓ is the business unit of SEAT, S.A. focused on 100% electric micromobility products and services that is committed to a more sustainable environment, free of noise and emissions.

SEAT MÓ model range



SEAT MÓ 65:
strength
and durability

Advanced technology, higher performance and maximum safety. The SEAT MÓ 65 kick scooter allows you to move freely with a long-lasting battery that offers a range of 65 kilometres. Robust and hard-wearing, it is designed for everyday and frequent use.



SEAT MÓ 50:
performance
and safety

A model which allows users to enjoy the best moped equivalent to 50 cubic centimetres on the market, with the best performance, space for two helmets and a range of 172 kilometres.



SEAT MÓ 125:
convenience
and freedom

The new electric way to get around the city with ease. An eco-friendly solution with no noise or emissions, great functionality and a range of up to 133 kilometres with performance equivalent to a 125-cubic-centimetre combustion engine moped.



**SEAT MÓ 125
Performance:**
more powerful,
dynamic and
attractive

Comfort and safety, a new design and better capabilities. The Performance version of the SEAT MÓ 125 offers 7.5 kW of power and the e-Boost function, with a maximum speed of 99 kilometres per hour and an acceleration from 0 to 50 kilometres per hour in 2.9 seconds.

MARKETS

Just three years after its launch, SEAT MÓ is already present in 15 markets in Europe, Latin America and North Africa: Germany, Austria, Chile, Colombia, Spain, France, Greece, Réunion Island, Italy, Morocco, Martinique, Mexico, Portugal, the United Kingdom and Sweden.

SERVICES

In pursuit of its mission to develop 100% electric solutions, SEAT MÓ offers a wide range of possibilities for a more sustainable form of urban mobility that is accessible for all. Its range of vehicles consists of an electric kick scooter (SEAT MÓ 65) and three electric mopeds (SEAT MÓ 50, SEAT MÓ 125 and SEAT MÓ 125 Performance), which can be either purchased or enjoyed as a rental or with a subscription service, whether by the hour, day, week or month.

The SEAT MÓtosharing service ranked in the top 3 in the shared moped fleet category during 2023, with a 20% market share in the city of Barcelona. Furthermore, the app amassed over 75,000 downloads during the course of the year, giving users access to the most powerful electric moped among its competitors.

On the other hand, specific services were offered to companies and public entities, in the form of both sharing services and subscription models (rentals by the week, month or year). In these cases, SEAT MÓ customises the vehicles according to their use case, for instance by adding lights, sirens, telecommunications systems and applying vinyl covers for those used in police fleets.

AWARDS

La apuesta de SEAT MÓ por una movilidad urbana 100% eléctrica fue reconocida en 2023 con los siguientes galardones:

! “Best Mobility Solution” award in Spain, presented at the Neomotor Gala – The publishing group Prensa Ibérica.

! “Be Mobility” award in Spain in the 14th edition of the Automobile Barcelona Awards – Fira de Barcelona and the newspaper *El Periódico*.

CUPRA BRAND

Breaking records

In 2023, CUPRA achieved important milestones in its efforts to consolidate itself as a disruptive and emotional brand that challenges the status quo and aims to inspire the new generation of car enthusiasts. With only five years of history behind it, CUPRA is already regarded throughout the world as an innovative proposition that leads the latest trends in the sector in aspects such as design and electric mobility, and which seeks to inspire and attract new generations through digital formats. In addition, the brand's CUPRA Tribe concept has evolved into a broader concept of "One of us", such that those who are part of the Tribe can feel even more involved in CUPRA and its new developments.

CUPRA made great strides throughout the year in all its spheres of activity: the constant renewal of its range of vehicles with new versions and features; its commercial expansion into new markets and the opening of new CUPRA Garages; the development of services for the continuous improvement of the customer experience; and the consolidation of channels and spaces for interacting with the market and with wider society, especially in the new digital era.

FUTURE PLANS

CUPRA revealed its main plans for the coming years at the "Exponential Impulse" event, held in April in Berlin on the occasion of the brand's fifth anniversary. The event served as the stage for the world premiere of the CUPRA Tavascan, the brand's first all-electric coupé SUV, due to be launched in 2024. It also included the presentation of METAHYPE, an open and collaborative space in the metaverse; the CUPRA DarkRebel project was launched as a fully digital approach to designing a new sports car, and the Exponential Experience was revealed, offering a unique racing concept that merges the virtual and physical worlds.

Following the launch of the CUPRA DarkRebel at the "Exponential Impulse" event, the brand invited the CUPRA Tribe to configure the model in the Hyper Configurator virtual laboratory, which is an immersive experience in METAHYPE that allows users to influ-

ence the car's future design. After gathering 270,000 configuration proposals, the result was the concept car unveiled in September at the 2023 IAA Mobility show in Munich. The CUPRA DarkRebel Concept car is a two-seater sports car with all-electric propulsion and a shooting brake body shape (a combination of a coupé and an estate) which reflects the next big dream for CUPRA and the direction in which the brand wants to move. Other distinctive elements include a mercury-like exterior liquid body colour and the use of light as a tangible material.

A BRAND WITH A GLOBAL VISION

CUPRA's ambition and character are reflected in the commercial sphere through the brand's goal to continue to expand its international presence and become a truly global Spanish brand. To this end, it continues to work on consolidating its presence in the countries in which it already operates by expanding its range of vehicles and its points of sale, as well as expanding into new markets on every continent.

One of the major milestones of 2023 was the CUPRA Born going on sale in Australia, where the brand began operating in 2022, and the opening of new CUPRA Garages to serve as points of sale offering a unique customer experience. The first one opened in Germany in 2020 and by the end of 2023 there were already 736 of them located in 41 different countries, with the symbolic inauguration of the 500th such space in Tunisia in September. In parallel, the brand continued to expand its network of CUPRA City Garages, with the opening of two new spaces in Berlin and Paris.

COMMUNICATION AND SPONSORSHIP, UNIQUE EXPERIENCES

CUPRA's disruptive spirit also has a differential expression in its marketing and communication campaigns, as well as in the cultural and sporting events which it sponsors.

One of the highlights of 2023 was the collaboration with the singer Rosalía in a campaign with posters and billboards in Madrid, Barcelona and Mexico City, as well as a video in which she performed a version of her song "Abcdefg" listing the attributes of CUPRA. Another key campaign was "I CUPRA BCN", in which the brand

reaffirmed its special relationship with Barcelona. The connection with the city was also expressed through the collaboration with FC Barcelona as the club's official automotive and mobility partner, as well as through the brand's participation in the city's Primavera Sound music festival, the festivities of La Mercè, the 70th Conde de Godó tennis trophy. A new development in 2023 was the announcement of the strategic alliance with the 37th edition of the America's Cup in the sport of sailing, which was one of the main events held in the city in 2024 and for which the CUPRA Cube countdown clock was installed in the portside district of Barceloneta in anticipation of the start of the race.

The brand's support for culture and sport also materialises through its involvement in events which share the brand's DNA and revolutionary spirit. The best example of this is its participation in Formula E, the first FIA-certified 100% electric vehicle world championship, in which it will continue to compete in 2024. The brand also renewed its support for the KOI eSports team as its official automotive partner, it participated as an official sponsor in the Kings League and provided sponsorship to the World Padel Tour for the fourth consecutive year.

In the field of culture, the brand also participated in the Madrid edition of the Primavera Sound festival and in the Spotify EQUAL FEST, as well as beginning a new collaboration with the Sitges International Fantastic Film Festival as official automotive partner, where visitors were also offered an exclusive virtual reality experience and the opportunity to see the CUPRA DarkRebel on display. Moreover, in 2023 the prestigious film director Juan Antonio Bayona joined the team of CUPRA ambassadors in order to provide a boost to both creativity and innovation. The brand also sponsored the concert "The universe of J.A. Bayona" at the Gran Teatre del Liceu in Barcelona, with performances of the soundtracks from his films, and the launch of two competitions was announced in collaboration with the Cinema and Audiovisual School of Catalonia (Escola Superior de Cinema i Audiovisuals de Catalunya, ESCAC) to nurture young talent.

Ready for the future

MODEL RANGE AND NEW RELEASES

CUPRA Formentor: inspired by motor racing

A perfect combination of the sporty and dynamic performance of a compact vehicle with the spaciousness and practicality of an SUV, this model is a key component of the crossover SUV segment.

CUPRA Formentor VZ Tribe Edition. Orders for this special edition began to be accepted at the beginning of the year. It stands out for the differentiated approach in its design, which conveys the essential qualities of the CUPRA Tribe: imagination, performance and contemporaneity. Available in the VZ versions: e-HYBRID with 245 hp and TSI petrol with 245 and 310 hp.

CUPRA Formentor VZ5 BAT. Considered the ultimate expression of the brand's combustion-engine sports cars, this limited edition of 500 units was launched in late August. It came equipped with the iconic 2.5 TSI five-cylinder and 390-hp engine, along with exterior and interior elements that enhance its emotional character.

AWARDS

- / "Sports Car of the Year 2023" in Spain in the Motor Mundial Awards – *Motor Mundial* magazine.
- / "Best plug-in hybrid C-SUV" in Spain for the CUPRA Formentor e-HYBRID in the 2nd Electric Car of the Year Awards – The website *movilidadelectronica.com*.
- / "Best combustion car design" in Spain in the 2nd Car Design.es Awards – The online magazine *Cardesign.es*.
- / "Company Car 2023" award in Germany in the "SUV and Crossover" category – The publication *ETM Verlag*.
- / Best cars 2023 award in Germany in the "Import compact SUV/off-road vehicle" category – The publication *Auto Motor und Sport*.
- / Die Besten Marken award in Germany in the "Medium SUV – overall winner" category – *Auto Bild* magazine.

/ Allradauto des Jahres award in Germany in the “Off-road vehicles and SUVs” category – *Auto Bild Allrad* magazine.

/ Auto Bild Sportscars des Jahres Awards 2022 award in Germany in the “SUV (standard version)” and “Import SUV (standard version)” categories – The publication *Auto Bild Sportscars*.

/ “Best SUV from 30,000 to 60,000 euros” in Germany in the Auto Trophy 2023 awards – Auto Zeitung/Bauer Media Group.

/ “Best Hot SUV” in the United Kingdom in the Car Buyer Best Car Awards 2024 – The website carbuyer.co.uk.

/ “RTÉ’s Best Performance Car” award in Ireland – The public service broadcaster RTÉ.

/ “Best Hot Car” in Greece for the CUPRA Formentor VZ5 in the Car and Driver 10 Best 2023 awards – The publication *Car and Driver*.

/ “Best of the Best 2023” and “Best SUV 2023” in Chile in the Los Mejores awards – The online platform MT La Tercera.

/ Los Recomendados de Autocosmos 2023 award in Chile – The digital platform Autocosmos.

/ “Best Premium Crossover” in Mexico in the Autoshow Awards – Autoshow.

CUPRA Born: the impulse of a new generation

The brand’s first fully electric vehicle is bold and unconventional, with a design that incites emotion and a high performance, all while challenging the status quo.

It comes with improved features and cutting-edge technological innovations. Launched in March, some of its highlights include the updated Travel Assist function, which in its version 2.5 allows the driver to perform autonomous overtaking manoeuvres; the addition of Intelligent Park Assist, which memorises up to five different autonomous parking manoeuvres, and the 360° Top View Camera, which uses the cameras located around the model to provide a 360° view. These elements are included optionally in the PRO, TOP and EXCLUSIVE packages.

AWARDS

/ “Best electric compact car” in Spain in the 2nd Electric Car of the Year Awards – The website movilidadeléctrica.com.

/ Company Car 2023 award in Germany in the “Compact class”, “Compact electric car”, “Import car” and “Overall rating” categories – The publication *ETM Verlag*.

/ Auto Trophy Elektro 2023 award in Germany in the “Electric, small and compact urban cars” category – Auto Zeitung magazine/Bauer Media Group.

/ “Best urban electric car – small and compact car” in Germany in the Auto Trophy 2023 awards – Auto Zeitung/Bauer Media Group.

/ “Best small company car” in the United Kingdom in the Car Buyer Best Car Awards 2023 – The website carbuyer.co.uk.

/ “Which? Best Buy Medium Car for March 2023” in the United Kingdom in the Which? Best Buy Medium Car awards – Which? Consumers’ Association.

/ “Melhores Talentos Publicidade Digital” award in Portugal for the launch of the CUPRA Born in the SAPO Awards 2023 – The website sapo.pt.

/ Car of the year in Luxembourg in the “Compact SUV and crossover” category – Mediahuis Luxembourg S.A. Group.

/ First place in the professional fleet race in Poland in the Best fleet BEV awards – Fleet managers’ association.

CUPRA Leon: a unique driving experience

Thanks to its combination of sportiness and sophistication, its extensive range of engines and a connected and digitalised user experience, this is one of the most attractive models in the high-performance compact car segment.

AWARDS

/ Die Besten Marken award in Germany in the “Compact car design” and “Compact car (overall winner)” categories – *Auto Bild* magazine.

/ “Best small, urban and compact car” in Germany in the Auto Trophy 2023 awards – Auto Zeitung/Bauer Media Group.

/ “Best Hot Hatch” in Mexico in the Autoshow Awards – Autoshow.

CUPRA Leon Sportstourer: striking design

The family version of the CUPRA Leon continues to reinforce the brand’s sporty essence, standing out for its dynamic handling, interior space and advanced technology to achieve maximum comfort.

AWARDS

/ Allradauto des Jahres award in Germany in the “Import” category – *Auto Bild Allrad* magazine.

CUPRA Ateca: the high-performance compact SUV, a pioneer in the brand’s model range

This is a compact SUV which offers high performance, thanks to the power of its 300-hp engine and through technological innovation, with six versatile driving modes, a DSG automatic gearbox and 4Drive technology.

CUPRA Ateca 2.0 TSI 190 CV DSG 4Drive. The CUPRA Ateca’s range of engines was expanded in June with the addition of a more accessible version. The new 190-hp (140-kW) 2.0 TSI engine with seven-speed DSG transmission and 4Drive all-wheel drive is designed to live up to the brand’s dynamic requirements.

AWARDS

/ “Best Used Hot SUV” in the United Kingdom in the Car Buyer Best Car Awards 2024 – The website carbuyer.co.uk.

CUPRA Tavascan: a dream come true

This is the brand’s first all-electric coupé SUV and its second fully electric model after the CUPRA Born. It represents CUPRA’s electrified vision and remains true to the 2019 prototype, demonstrating that it is not a response to change, but a vehicle that creates it. Its world premiere took place at the “Exponential Impulse” event held in Berlin.

Its dynamic and sporty handling are based on DCC Sport adaptive chassis control technology, sports suspension and progressive steering. It will be available with two power levels: 286 hp (210 kW) and 340 hp (250 kW), and the more powerful version will feature

two motors, one on each axle, to offer all-wheel drive. Its battery with a net capacity of 77 kWh guarantees a maximum range of around 562 kilometres.

Designed and developed in Barcelona, the CUPRA Tavascan will be manufactured at the Volkswagen Group factory in Anhui (China), a leading global innovation centre in electric mobility, and will be launched in 2024.

AWARDS

/ Award in the “Automotive Design” category in the *Car and Driver Awards 2023* – Car and Driver magazine.

CUPRA Terramar: the first electrified SUV

With its sporty and emotional spirit, the CUPRA Terramar is the brand’s first electrified SUV and is designed to stand out in a segment that is booming in Europe. At 4.5 metres long, it combines bold proportions and a striking design that evokes the CUPRA DNA, with an elongated bonnet and a front section with shark-like features representing the determination to win.

Following its worldwide presentation in 2022, the new model was shown at an event held in Győr (Hungary), which is the location of the Audi Hungary factory where it will be produced. The vehicle’s production in Győr marks a continuation of the collaboration between the companies SEAT, S.A. and Audi, since Audi Hungary already hosts the production of the engines for the CUPRA Formentor VZ5.

The CUPRA Terramar will see the light in 2024 and will be available with combustion engines and a new generation of plug-in hybrid propulsion systems that will offer around 100 kilometres of range in fully electric mode. The name “Terramar” – an emblematic space in the town of Sitges – pays tribute to the place where the brand began its journey five years ago.

CUPRA Raval: the revolution in sustainable urban mobility

Formerly known as the UrbanRebel Concept car, the CUPRA Raval is conceived as a high-performance vehicle that will take the brand far beyond traditional boundaries. Driven by emotion, it has been designed and developed for a radical electric world. It features sustainable materials in order to offer a more environmentally friendly driving experience.

CUPRA revealed the name of its new urban electric car, which is inspired by the world of motor racing, at the Automobile Barcelona motor show held in May. Its final name is a tribute to the Raval district, located in the heart of the city of Barcelona. The CUPRA Raval will be produced at the SEAT, S.A. factory in Martorell beginning in 2025, following a 3-billion-euro investment in the production plant.

CORPORATE AWARDS

Together with the awards obtained by the various models of the range, the actions pursued in the spheres of brand design and communication, user and customer experience, as well as digital solutions, also earned the brand major awards at the European level.

/ “National Marketing Grand Prix” award in Spain in the 15th edition of the National Marketing Awards – Marketing Association of Spain.

/ Mujer Hoy award in Spain in the “Best technology” category – *Mujer Hoy* magazine.

/ “Business Strategy” award in Spain in the 32nd edition of the Ejecutivos Awards – Ejecutivos magazine.

/ Award in the “Brand positioning” category in Spain in the seventh edition of the Premios Empresariales Vocento awards – The communications group Vocento.

/ “Award for innovation” in Spain for the CUPRA Easy Charging app in the Premios Moveo La Vanguardia 2023 awards – Grupo Godó.

/ “Gold Cup” award in Spain for the CUPRA brand in the AutoBello 2023 contest – *Car* magazine.

/ “Best advertiser” in Spain in the Best!N Auto 2023 awards for the advertising campaign conducted in collaboration with the singer Rosalía – Spanish Branding Association (Aebrand).

/ “Best advertiser of the year” in Spain in the APCP awards – Spanish Advertising Producers’ Association (APCP).

/ “Grand Prize for Effectiveness” and Gold award in the “Brand building” category in Spain in the Premios a la Eficacia 2023 awards – Spanish Advertisers’ Association (AEA).

/ “Most sustainable car brand” in Germany in the Auto Trophy Elektro Awards 2023 – *Auto Zeitung* magazine/Bauer Media Group.

/ If A MarkenMonitor award in Germany in the “Distributor satisfaction” category – Instituts für Automobilwirtschaft (IfA).

/ Berlin Commercial 2023 award in Germany in the “Edition” category for the video of the campaign with Rosalía – Festival für Schöpfer*innen visueller Kultur.

/ “National Award for Advertising and Corporate Communication” in Catalonia in the National Communication Awards 2022 – Catalan regional government (Generalitat de Catalunya).

/ Top Qualità-Prezzo 2023 award in Italy – Istituto Tedesco Qualità (ITQF) – La Repubblica Affari&Finanza 2023.

/ “Crowd favourite of the year” in Norway in the Palmesus Awards – Palmesus Festival.

/ Fastest growing brand in 2022 award in Turkey – Automotive Distributors and Mobility Association (ODMD).

Global distribution network

In 2023, the brand continued to expand the network of CUPRA City Garages, which have become key components of the corporate strategy. Through these spaces, CUPRA aspires to connect with cities and their culture, hosting events and exhibitions, as well as contributing to the development of new talent and establishing local collaborations. Located in exclusive and iconic sites in some of the world’s most important cities, CUPRA City Garages offer a unique customer experience by placing people at the heart of the distribution strategy.

The growth of the CUPRA City Garage network also reflects the brand’s globalisation. After Mexico City (2020), Munich and Milan (2021), followed by Lisbon, Rotterdam and Sydney (2022), in 2023 the CUPRA City Garages in Berlin (September) and Paris (November) opened their doors, and other spaces in Madrid, Manchester, Istanbul and Vienna are expected to open in 2024.

Located in the central Am Tacheles district and designed by the prestigious architecture studio Herzog & de Meuron, the Berlin CUPRA City Garage combines the city’s urban art and music in an open space with 500 square metres spread across two floors. The Paris space, meanwhile, is located on Boulevard de la Madeleine, a hub for fashion and design in the French capital. Its opening ceremony involved the renowned pastry chef and CUPRA ambassador Jeffrey Cagnes.

CUPRA MASTERS

A genuine and disruptive brand like CUPRA needs professionals with an attitude of their own. The CUPRA Masters sales team was established with the ambition to create experiences that make people feel special, leveraging technology to generate emotions. They are specialists who know the models inside out, who embody CUPRA’s values and who accompany customers to make them feel part of the brand.

CUPRA Masters are the cornerstone of the brand’s distribution strategy, as they allow it to offer a differential factor in terms of customer experience. In 2023 there were approximately 2,058 of these specialists operating worldwide.

EXPANSION OF THE AGENCY DISTRIBUTION MODEL

CUPRA also continued the expansion of its direct sales system – the agency model – to market its models through its dealership network. This distribution method boosts the efficiency of the sales strategy and increases the participation of importers, who become the only sellers of the vehicles. Under this system, agents (previously dealerships) promote and close sales on their behalf.

In 2023, Poland was added to the list of countries where this disruptive model is now implemented, alongside Germany, Australia, Austria, Belgium, Spain, Finland, France, Portugal, the United Kingdom and Sweden. At present the model is used for sales of the CUPRA Born, with the aim of gradually extending it to other CUPRA models. The only countries in which it applies to the whole range are Belgium and Australia.

In 2023, CUPRA’s distribution strategy earned the recognition of its dealership network in Spain as the most valued brand, in a study conducted by the Federation of Automotive Dealership Associations (Faconauto). The report analyses distributors’ satisfaction with the brands they represent in key aspects of the business. CUPRA obtained excellent results in profitability, return on investment, commercial policy, process digitalisation and approach to electrification.

AFTER-SALES SERVICES

CUPRA also brought innovation to its after-sales service by launching a new online appointment request service at its service workshops for its models. Since the first quarter of 2023, customers have been able to request an appointment through the official website www.cupraofficial.es, by clicking on the “Request appointment” shortcut.

The development of this service forms part of CUPRA’s strategy to incorporate new functionalities that guarantee agile, efficient and automated management of service appointments in its workshops, which are the starting point for the after-sales processes. This project is part of the brand’s goal to achieve a 100% digital appointment cycle and thus to offer its customers greater convenience and a differential experience.

3.5 — RESEARCH AND DEVELOPMENT

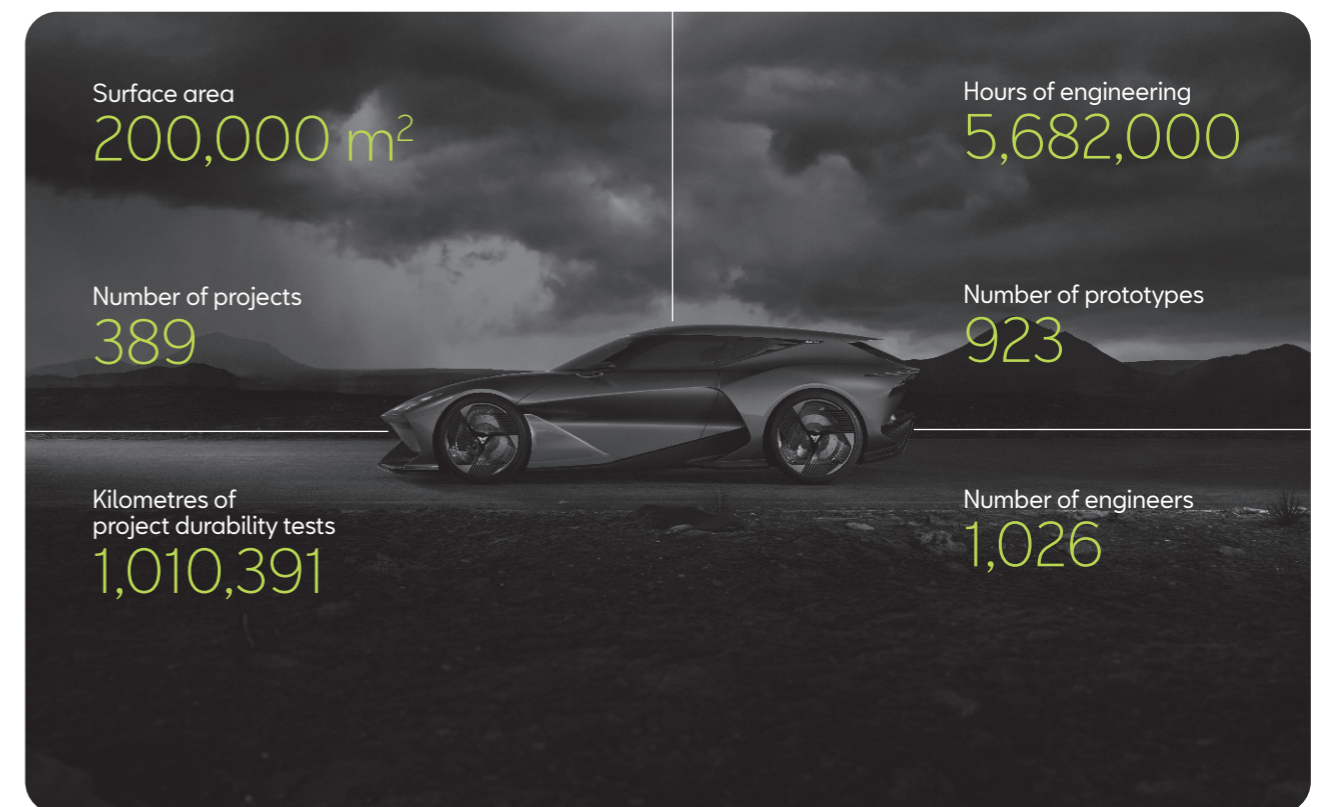
SEAT TECHNICAL CENTRE (CTS)

Functions

The SEAT Technical Centre (CTS) brings together the talent, experience and technology needed to develop vehicles from start to finish, thus playing a central role in the company's innovation and advancement strategy as it transitions towards electrification.

After almost 50 years in existence, the CTS has seen its importance grow, becoming a fundamental component for the development of innovations that tackle the new challenges of the automotive industry. One such initiative is its leadership role in the Small BEV cluster for all the core brands of the Volkswagen Group, which is key to the future of the company.

The SEAT Technical Centre in figures



New structure of the R&D division

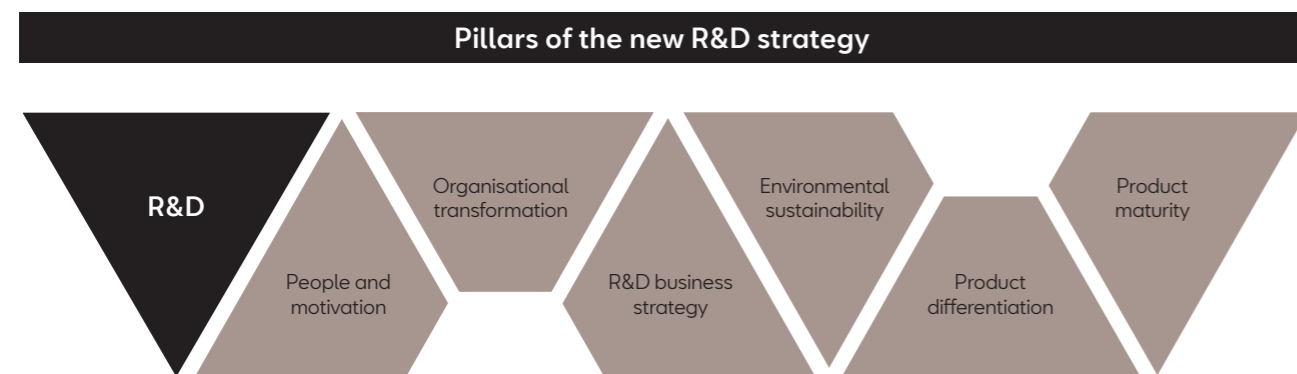
In 2023 a new structure was implemented, adopting the LRS (Logical Reference System Architecture) model, which is already in use across the rest of the Volkswagen Group. This change allows the processes, roles and responsibilities of each division to be defined with greater precision in order to facilitate the transition towards a consistent, agile and efficient research and development organisation.

With this restructuring, the R&D division is now equipped with the necessary resources to make headway in its ambition to produce products capable of offering customers even more added value. In addition, the new organisational structure connects the various systems and functions that are involved in vehicle development in order to effectively meet all the requirements necessary to bring them to market in the shortest possible timeframe.

Evolution of the R&D strategy

Based on its new structure, the division has spearheaded an evolution of its R&D strategy based on six key pillars that give it the ability to quickly adapt to market changes. Each pillar is formed by an inter-departmental team responsible for undertaking various actions:

- 1. People and motivation:** seeking, attracting and nurturing talent; creating a team culture, and motivating, inspiring and empowering the workforce.
- 2. Organisational transformation:** using FuSE (Function Orientation & System Engineering) methodology, fostering new skills and ensuring the transfer of expert knowledge within the division.
- 3. R&D business strategy:** increasing operational efficiency and profitability through factors such as digitalisation, artificial intelligence, and data and supplier strategy.
- 4. Environmental sustainability:** increasingly promoting the use of recycled materials and developing the circular economy, decarbonisation and preserving ecosystems in order to improve the carbon footprint of products and processes.
- 5. Product differentiation:** responding to brand priorities and offering emotional experiences to the end customer, with the support of collaborations with new technology partners.
- 6. Product maturity:** improving the symbiosis between SEAT, S.A. and Volkswagen Group processes, and adopting new methodologies that guarantee the maturity of new product launches.



3.6 — PEOPLE AND ORGANISATION

DIVERSITY AND INCLUSION

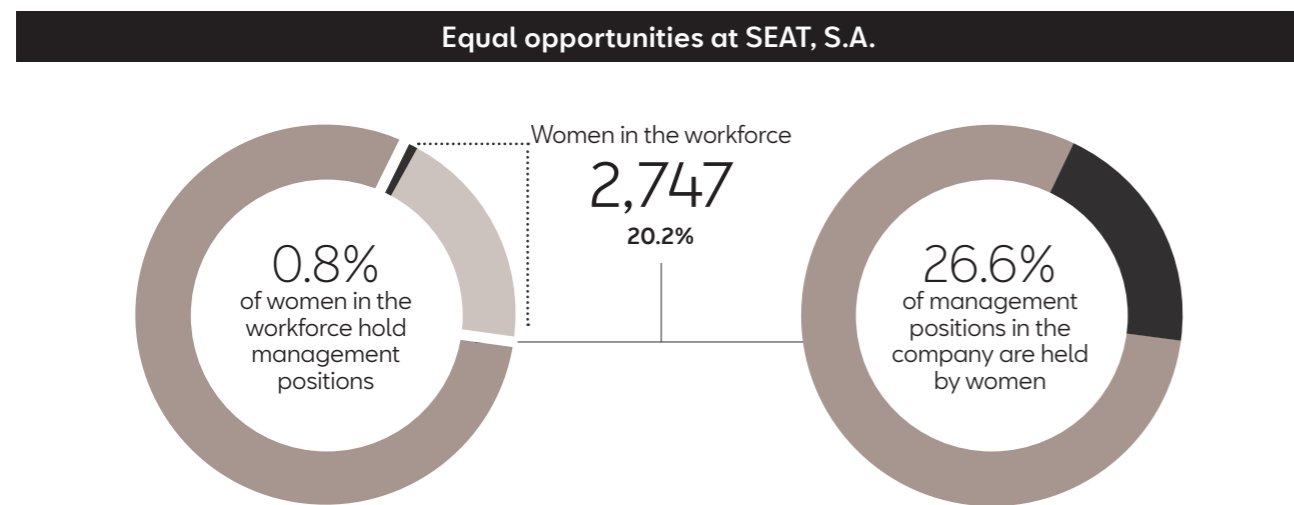
SEAT, S.A. understands diversity as the incorporation of people with different origins and personal characteristics: gender identity, sexual orientation, age, nationality and ethnicity, among other factors. The concept of inclusion entails that these diverse people can express themselves, grow and be valued with all their authenticity, as well as that their ideas and opinions are heard and taken into account, all in an environment of psychological security and equal opportunities that promotes a sense of belonging to the organisation.

“Living diversity” is one of the seven points of the Volkswagen Group Essentials, which form the guidelines for the conduct of all Group companies, as well as the basic principles for the definition of internal policies. SEAT, S.A. develops this point in its strategic pillar “Organisational and cultural transformation”, which includes the objective of promoting diversity and inclusion as drivers of change.

In this way, both of these values permeate all areas and processes throughout the company and play a fundamental role in the current transformation process. Following the presentation of the “Diversity takes us further” manifesto (2021) and the design and implementation of a diversity and inclusion strategy (2022), in 2023 this strategy continued to be implemented and deployed and key milestones were achieved.

Equal opportunities

An important aspect in the inclusion of diversity is equal opportunities for all people, regardless of their gender, sexual orientation, age, nationality, etc. The commitment to equality between men and women is of particular importance in a sector like the automotive industry, where women have traditionally been a minority. SEAT, S.A. is a pioneer in this field, as one of the companies with the highest percentage of women in managerial positions in the automotive industry, among other aspects.



The commitment to equal opportunities extends to all areas of the 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.

SIGNING OF THE NEW EQUALITY PLAN

Equal opportunities is a fundamental value for SEAT, S.A. and the company approved its first Equality Plan all the way back in 2012. In 2022 a new plan was drawn up, adapted to the changing attitudes in society in this area and to the new legal requirements, going beyond what is specified by the law. A joint negotiating committee, composed of 13 people from the workforce and 13 from the company, represented most areas of the company during the negotiation process.

In February 2023, this committee signed the 2nd Equality Plan, which consolidates diversity and inclusion as values that are built into the company’s daily activities and as fundamental principles for responsible and competitive growth.

Main measures of the 2nd Equality Plan

The new Equality Plan is valid for four years and its implementation began in 2023. It includes over 60 measures, including the following key initiatives:

- The revision and update of the protocol for violence against women** in order to guarantee the labour rights of women who are victims of male violence.
- The update and revision of the current protocol for the prevention of – and the response to – sexual and gender-based harassment.**
- The review of the employer branding strategy** from a gender perspective, specifically related to the Apprentice School and the Trainee programme.
- The extension of the possibility to request a reduction of hours for legal custody of children aged 12 to 14 years** for those who can prove their status as a **single parent.**
- A pilot test for the annual grouping of working hours**, specifically during the summer period between June and September, both inclusive.
- The extension of the maximum duration of family care leave** from two years (statutory provision) to a maximum of three.
- Dissemination and publicity of the Inclusive Communication Guide.**
- Conducting awareness-raising workshops on equality between women and men** for all staff involved in selection and other relevant processes within the company.

As explicitly stated in the 20th Collective Labour Agreement, the plan should reflect “a clear commitment to achieving true equality between women and men through concrete measures and action protocols, as well as a culture that is neither sexist nor discriminatory based on gender and/or sex”. In this regard, the plan ensures workspaces that are free of sexual harassment, it reduces the factors that can lead to segregation in selection and promotion processes, it improves the care available to women who are victims of male violence and it incorporates new measures for achieving a better work-life balance. It also includes revised and updated versions of both the protocol for combating gender-based violence and the protocol for sexual and gender-based harassment, which encompasses other diversities such as the LGBTI+ collective, as well as other forms of harassment not previously covered.

The Equality Plan also sets out the principles for actions in promoting a better work-life balance, with two key new developments: the extension of the leave available for caring for family members from two to three years, on the one hand, and the implementation of a pilot scheme for grouping together annual working hours at the production plants, on the other. A particularly important initiative in the sphere of work-life balance is the implementation, since 2021, of the new Smart Working model, which regulates the combination of remote and on-site working, as well as the digital disconnection policy. Both of these internal regulations provide the resources needed to help staff take regulatory rest times and encourage work-time management. The Collective Labour Agreement currently in force also touches on this topic by including a specific clause which states that the company’s management and trade union representatives will assess the possibility of increasing the number of permitted teleworking days.

The Collective Labour Agreement includes among its values and principles those of non-discrimination, equal opportunities and the categorical rejection of any form of discrimination or workplace, sexual or gender-based harassment. In the same vein, the Equality Plan also includes the appropriate mechanisms for defending these values:

/ An action protocol against gender-based and sexual harassment which, through prevention measures, allows this type of conduct to be eradicated within the company. The new protocol will expand this con-

sideration to encompass “sexual harassment on the basis of sex, sexual and affectional orientation, or gender identity and/or expression at work”, in order to include other diversities and eradicate harassment as a behaviour.

/ A protocol for the prevention of workplace harassment, signed by the SEAT, S.A. Intercentre Committee in 2022. This protocol applies to all company staff and is intended to promote the adoption of specific measures to prevent harassment and, in the event such situations occur, to investigate them and take appropriate corrective measures.

/ The Monitoring Committee of the 2nd Equality Plan, composed of representatives from the company and from the majority unions. This is a joint committee which strives to promote gender equality within SEAT, S.A., ensuring that the measures envisaged in the 2nd Equality Plan are properly applied.

/ 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 such profiles, establishing an equitable framework for developing the labour relations of people with disabilities and collaborating with special employment centres.

/ The first protocol for the prevention of gender-based violence in the automotive sector, signed in November 2019, which sets out various informative, occupational, economic and preventive measures, as well as assistance, training and awareness-raising measures with the aim of combating gender-based violence in the workplace. This protocol will be revised and updated in 2024, as part of one of the measures agreed in the 2nd Equality Plan.

/ 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 reassigning 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 with the social security authorities and the company, and the situations arising after the registration is granted or denied.

Development of diversity and inclusion

The company and its Executive Committee took a firm and decisive step in their commitment to diversity and inclusion through the 2021 “Diversity takes us further” manifesto, in which these values were identified as key components for the organisation’s success and the development of its people. Similarly, as part of the cultural transformation process, diversity and inclusion were fully integrated into the company’s values and leadership principles.

A number of actions were pursued in 2023 to continue developing this commitment to diversity and inclusion, including the following:

/ **The holding of awareness-raising workshops**, aimed at groups of professionals with responsibilities relating to the selection, recruitment, evaluation and promotion of people, as well as other teams who have a particularly important impact on key company processes, such as the team responsible for training and assessment relating to the SEAT Production System (SPS) in the Production and Logistics division.

/ **The launch of the *Practical Guide to Inclusive Communication***, which offers guidance on the use of inclusive language in Spanish and English, taking into account the socio-cultural nature of the SEAT, S.A. working environment. The six modules of the guide cover inclusive language relating to social groups that are considered minorities and/or vulnerable: women, the LGBTI+ collective, people from different cultures and ethnicities, the young and the elderly (age discrimination), people with disabilities and those with mental health problems.

/ **The dissemination of the results of the 2022 inclusion survey and a new edition of the survey for 2023**. Conducted for the first time in 2022 across the entire SEAT, S.A. workforce, the survey achieved a high participation rate and its results generated an inclusion index of 3.93 out of 5. The information collected will enable the development of specific measures in order to increase this score. The internal campaign to disseminate the results of the survey was conducted in May, coinciding with European Diversity Month. The 2023 edition of the inclusion survey was carried out at the same time as the Stimmungsbarometer (work environment survey), as was the case in the previous

year, although on this occasion there was a combined communication and dissemination campaign.

/ **Participation in Pride! BCN 2023**. For another year, SEAT, S.A.’s commitment to the LGBTI+ community materialised through its involvement in Pride! BCN as one of the main sponsors of the event and by taking part in the parade with its very own bus. Among other actions, the people who make up the Pride Moves Us team – a network created by the staff to promote the community’s visibility and inclusion – were in attendance at the celebration to share their experiences. The proceeds generated through the sale of CUPRA T-shirts were donated to the ACATHI association, which provides support to LGBTI+ migrants and refugees.

/ **Other actions aimed at supporting the LGBTI+ collective and increasing its visibility**: throughout the year, other actions were carried out involving the Pride Moves Us team and other company departments to support, organise and participate in events, discussions and conferences in order to increase the visibility of LGBTI+ people, promote their full inclusion and ensure their well-being. SEAT, S.A. is also working on the development of a Diversity Plan for this group, in accordance with one of the measures set out in the Collective Labour Agreement.

STRUCTURE OF THE WORKFORCE

Basic workforce by function and centre

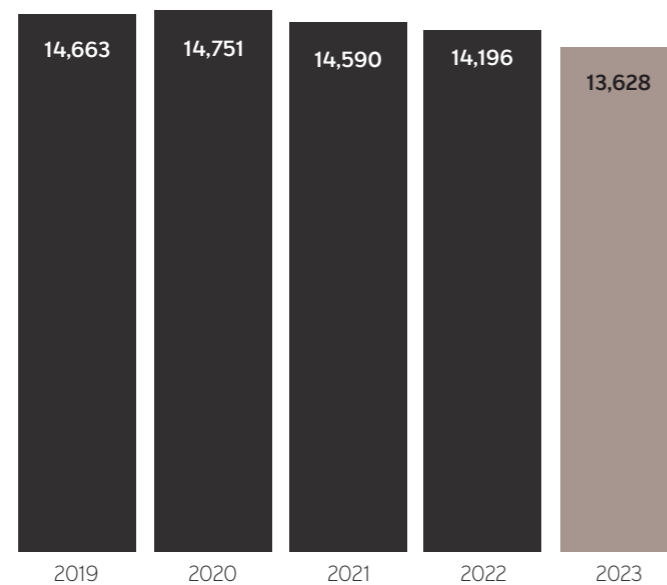
At 31 December

	2023	2022	Variation	
			Absolute	%
Direct	8,315	8,567	(252)	(2.9)
Martorell	6,913	7,036	(123)	(1.8)
Barcelona	842	879	(37)	(4.2)
Componentes	560	652	(92)	(14.1)
Indirect	5,313	5,629	(316)	(5.6)
Martorell	3,420	3,688	(268)	(7.3)
Barcelona	429	464	(35)	(7.5)
Componentes	247	231	16	6.9
SEAT Technical Centre	1,174	1,205	(31)	(2.6)
Other centres	43	41	2	4.9
Total workforce [*]	13,628	14,196	(568)	(4.0)

[*] 2023 and 2022 exclude, respectively, 142 and 209 employees in partial retirement; 231 and 193 people adhered to the contract suspension plan, and 174 and 112 apprentices with an employment contract.

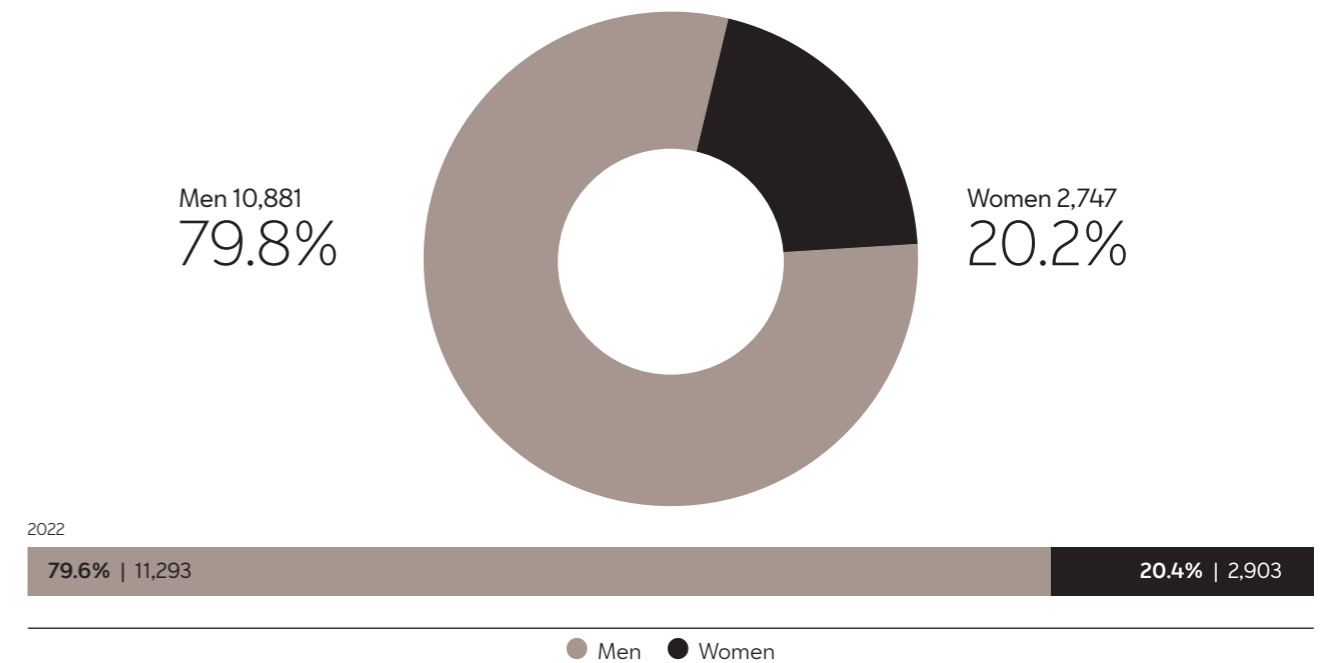
Basic workforce

At 31 December



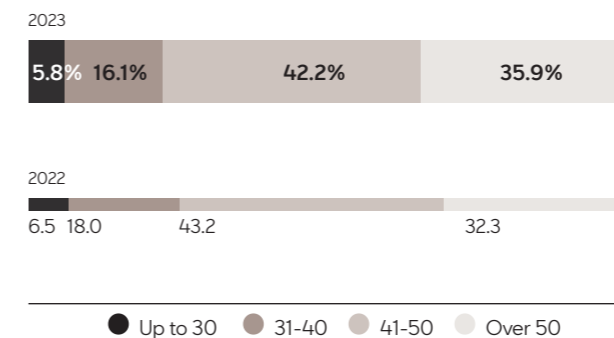
Structure of the basic workforce

At 31 December



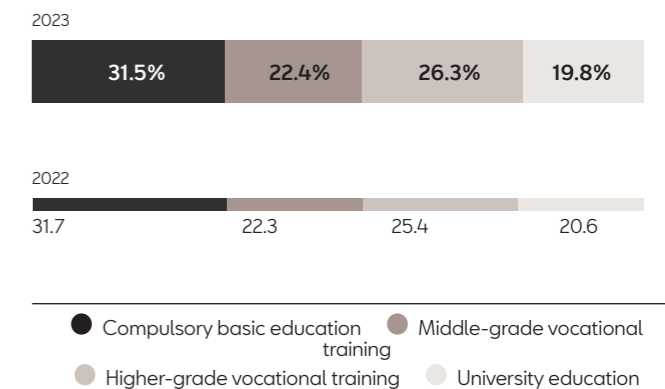
Structure by age

Percentage/years



Structure by level of studies

Percentage



Average age of the workforce
46.4

Permanent contract
99.5%

Proportion of employees with disabilities
4.0%

Nationalities
65

Average length of service (years)
19.1

Proportion of foreign workers
5.4%

Proportion of employees included in training programmes
75.0%

Languages
25

Types of employment contract

At 31 December

Type of contract

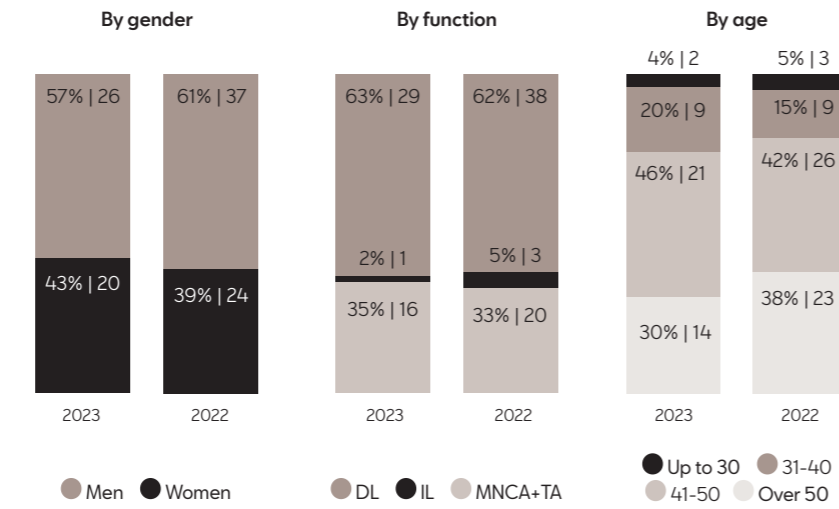
Permanent	2023	Temporary
99.5%	13,555	0.5% 73
Permanent	2022	Temporary
99.6%	14,145	0.4% 51

Working hours

Full-time	2023	Part-time
100.0%	13,623	0.0% 5
Full-time	2022	Part-time
100.0%	14,192	0.0% 4

Number of dismissals

At 31 December



[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*

Type of contract

PERMANENT		
Men	2023	Women
79.5%	11,031	20.1% 2,785
Men	2022	Women
79.2%	11,444	20.3% 2,941

TEMPORARY		
Men	2023	Women
0.2%	32	0.2% 27
Men	2022	Women
0.3%	36	0.2% 35

Working hours

FULL-TIME		
Men	2023	Women
79.7%	11,060	20.3% 2,808
Men	2022	Women
79.4%	11,478	20.6% 2,971

PART-TIME		
Men	2023	Women
0.0%	2	0.0% 4
Men	2022	Women
0.0%	2	0.0% 5

*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.

Types of employment contract by age

Annual average*

Type of contract

Permanent	2023	Temporary
789	Up to 30	43
2,342	31-40	10
5,925	41-50	5
4,759	Over 50	2

Permanent	2022	Temporary
963	Up to 30	51
2,692	31-40	14
6,257	41-50	5
4,473	Over 50	1

Working hours

Full-time	2023	Part-time
830	Up to 30	3
2,353	31-40	0
5,926	41-50	2
4,760	Over 50	1

Full-time	2022	Part-time
1,013	Up to 30	2
2,705	31-40	2
6,258	41-50	2
4,473	Over 50	1

Types of employment contract by function

Annual average*

Type of contract

Permanent	2023	Temporary
8,432	DL	0
772	IL	0
4,611	MNCA+TA	60

Permanent	2022	Temporary
8,656	DL	0
842	IL	0
4,887	MNCA+TA	71

Working hours

Full-time	2023	Part-time
8,432	DL	0
772	IL	0
4,665	MNCA+TA	6

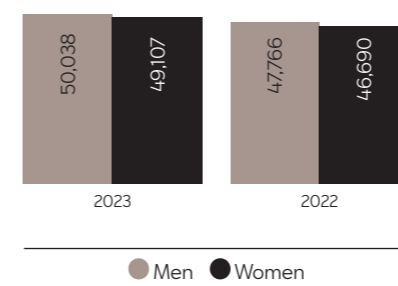
Full-time	2022	Part-time
8,656	DL	0
842	IL	0
4,951	MNCA+TA	7

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

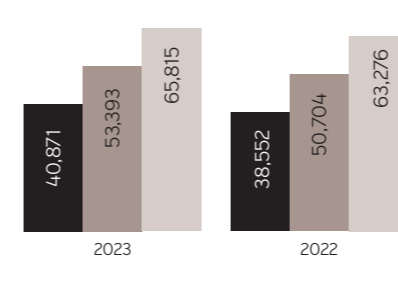
Average remuneration (€)*

Annual average

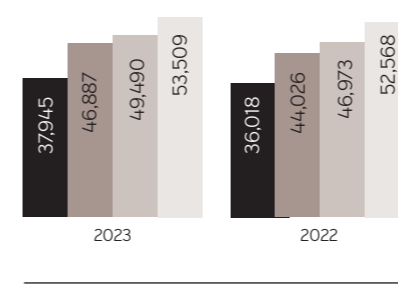
By gender



By function



By age



[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. The increase in remuneration in 2023 is the result of the new financial conditions and wage reviews signed in the 20th Collective Labour Agreement.

Staff absenteeism

Number of industrial hours

Common and occupational illness

Men	2023	Women
5.5%	1,214,316	8.4% 467,324
Total hours (men + women): 1,681,640		
Men	2022	Women
5.3%	1,216,389	9.0% 529,477
Total hours (men + women): 1,745,866		

Workplace accident*

Men	2023	Women
0.1%	30,908	0.3% 18,243
Total hours (men + women): 49,151		
Men	2022	Women
0.4%	98,891	0.6% 35,954
Total hours (men + women): 134,845		

*The figures for 2023 and 2022 include hours of absenteeism due to COVID-19.

Staff illness and accidents

Number of employees

Occupational illness

Men	2023	Women
0.1%	16	0.7% 21
Men	2022	Women
0.2%	19	0.6% 18

Workplace accident*

Men	2023	Women
0.6%	68	0.4% 11
Men	2022	Women
0.7%	78	0.9% 26

*Accidents with sick leave. The reporting systems used in 2023 have made it possible to identify accidents with no sick leave (5.7% - 631 men / 4.8% - 134 women) and accidents that occurred while commuting to or from the workplace (0.8% - 94 men / 1.6% - 44 women). In 2022, the reporting systems also identified accidents with no sick leave (6.1% - 688 men / 5.5% - 159 women) and accidents that occurred while commuting to or from the workplace (0.4% - 46 men / 0.6% - 16 women).

Frequency / severity index*

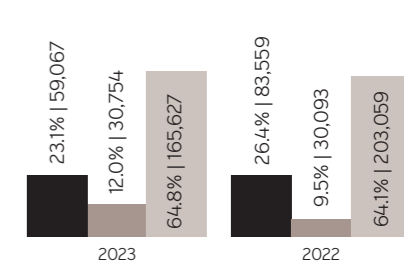
Men	2023	Women
3.1	0.1	2.0 0.1
Men	2022	Women
3.4	0.1	4.4 0.1

*Frequency index = (number of accidents with sick leave excluding those suffered while commuting / number of effective hours worked) x 10⁶. Severity index = (number of days lost due to accidents with sick leave excluding those suffered while commuting / number of effective hours) x 10³.

Hours of training

Number of hours

By function



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

In 2023 there were fewer hours of training recorded than in the prior year due, primarily, to the effect of the staff training plan associated with the ERTE furlough scheme in 2022, as well as due to the reduction in 2023 of the budget allocated to training in languages. Additionally, in a portion of the training courses offered in 2023 there was a lower participation rate.

Salary gap

SEAT, S.A. 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 (1.9% in 2023 / 2.3% in 2022) is well below the average in Spain, which, according to the latest data available from the National Statistics Institute (INE), stands at 18.4%.

All data and figures included in these tables and charts have been conditioned by the COVID-19 pandemic, 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

The current working and economic conditions of the SEAT, S.A. workforce are regulated by the 20th Collective Labour Agreement, which was approved in 2022 and is valid for five years. This agreement also reflects the joint commitment (company and staff) to ensure a framework for stability in the current context of the transition to the electric car. The commitment of the signatory parties in this regard is reflected in the first final clause, under the title of “Plan for the future”.

Adaptation of the work model

After three years conditioned to different degrees by the COVID-19 pandemic, in 2023 the Smart Working hybrid work model and the digital disconnection policy continued to be implemented. The two initiatives allow the company to promote a flexible and dynamic working environment which facilitates a better work-life balance.

SMART WORKING

Smart Working is SEAT, S.A.'s hybrid model for the organisation of work which seeks to balance work in the office and flexible work (from anywhere) in order to meet the needs of both people 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, but the deterioration in the pandemic and the exceptional conditions that were applied forced its implementation to be postponed until May 2021. This is an optional system that is compatible with teleworking, provided employees have their managers' express approval.

The model allows staff 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 those who have people under their care, are breastfeeding or are victims of gender-based violence are given priority.

To enjoy these conditions, staff must complete training in occupational risk prevention, as well as pass a medical fitness check conducted by the Health, Occupational Safety and Emergencies division. As of 31 December 2023, a total of 3,242 employees had opted for this working arrangement.

DIGITAL DISCONNECTION POLICY

The implementation of Smart Working was carried out in parallel with the practical implementation of the company's digital disconnection policy, agreed as part of the same initiative. In its first point, this regulation defines disconnection as the right of 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. A Monitoring Committee is specifically tasked with ensuring compliance with the policy by resolving any incidents or interpretation issues that arise. In 2023, it was not necessary to convene it on any occasion.

WORKING TIME IN THE COLLECTIVE LABOUR AGREEMENT

The rules concerning the organisation of working hours are set out in section 5 of the new SEAT, S.A. Collective Labour Agreement with the following distribution, depending on the role of each professional:

/ For staff involved in the production process, the basic annual working hours for 2022 and 2023 are 1,712 hours distributed across 214 working days, with the expectation to reduce this figure to 1,704 hours (213 days) in 2024 and to 1,696 hours (212 days) for 2025 and 2026.

/ For staff not involved in the production process, the agreement establishes an individual schedule of 1,744 hours (218 days) from 1 January 2023 onwards (up until then, it was also 1,712 hours and 214 days). As compensation, staff in this group can choose to take additional leave of up to 32 hours/calendar year, which must be agreed between the person in question and their corresponding managers and requested sufficiently in advance so as to mitigate any impact on the service.

In the case of staff with rotating shifts, the working day consists of eight hours on site. As a general rule, 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 person 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 staff (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, a request must be submitted 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 staff, with the exception of managerial staff and certain specific workers employed outside the agreement. The percentage of people covered by the agreement is 92% (also 92% in 2022). The company's entire workforce is located in Spain.

Social dialogue and labour law

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 on 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

SEAT, S.A.'s working conditions were affected in 2023 by the furlough (ERTE) scheme which began on 16 September 2022 and which was due to end, in theory, on 23 December of the same year. However, the persistence of the external factors limiting production led to the scheme being extended between 24 December 2022 and 30 June 2023. These factors primarily

related to the restrictions in the global supply of semiconductors, the consequences of the war in Ukraine and the geopolitical conflicts that ensued.

The furlough scheme affected a total of 10,310 staff and specifically excluded all those who turned 55 or 56 years of age during the period it was in force, as well as those aged 57 or over, who were not eligible for the new contract suspension plan included in the 20th Collective Labour Agreement because they did not meet the corresponding requirements. On the other hand, those affected by the scheme received an increase in their furlough pay and were also offered the possibility to undertake training courses and maintain 100% of their wage and, where applicable, their pension contributions. 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 corresponding period.

Finally, the improvement in the supply of semiconductors during the first quarter of 2023 made it possible to bring forward the end of the furlough scheme by two and a half months, and it was finally brought to a close on 31 March. Beginning on this date, the company was able to fully resume normal operations through to the end of the year. The needs of the SEAT Leon and CUPRA Formentor production lines even led to a total of 1,068 temporary workers being hired throughout the month of August and up until the third week of September.

VARIABLE REMUNERATION

Also in accordance with the 20th Collective Labour Agreement, in 2023 the company paid 1,559 euros to each member of staff. The payment was made as a single lump sum on 14 April, the month following the publication of the company's earnings.

The amount of this exceptional payment varies in each financial year, according to the scale set out in article 40 of the Collective Labour Agreement.

COMMITMENT TO HUMAN AND LABOUR RIGHTS

The corporate policies and standards which regulate the company's strategy and the work performed by its staff also include 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 declaration against slavery and human trafficking, which describes the actions taken to combat modern slavery.

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.

No complaints classed as human rights violations were registered through the SEAT, S.A. compliance channels during 2023 (zero cases in 2022). The Equality Committee, meanwhile, received five complaints related to sexual harassment, which were investigated in accordance with the protocol established for such cases in the company's Equality Plan and the corresponding reports were submitted to People and Organisation (one case in 2022).

SEAT, S.A. committees

Job Position Assessment and Classification Committee	Protected Jobs Committee	Health and Safety Committee	Productivity and Ergonomics Committee
Transport Committee	Training Committee	Social Affairs Committee	Canteen Committee
Equality Committee			

STAFF PARTICIPATION

The involvement of the staff in the strategic objectives and principles of SEAT, S.A. is explicitly included in the Labour Relations Charter. In order to make this right a reality, the company uses various tools to encourage people's participation in proposing and developing new projects. In this way, they act as ambassadors for the company in their daily lives and their pride of belonging to the organisation is reinforced.

SEAT Ideas programme

Each year, the company organises the SEAT Ideas programme, inviting all professionals to share proposals to optimise tasks, processes and any other aspect of their working environment. This initiative is one of the longest-running and most effective actions undertaken by the company to encourage staff participation, as well as being a clear example of its commitment to promoting innovation and internal talent.

Innovation Days+

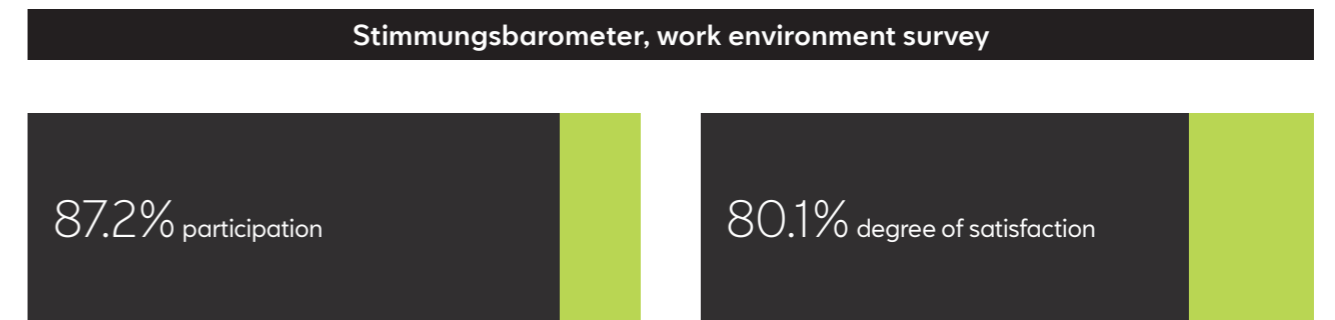
In November 2023, the fifth edition of the Innovation Days+ was held. This is another initiative linked to innovation which attracts a high level of staff participation year after year. These days, which have been held since 2019, recognise and promote a spirit of innovation through the presentation of projects, demonstrations and the organisation of inspirational discussions and talks given by experts from the company itself and from startups, among other activities.

On this occasion, the Innovation Days+ exhibition space included over 45 projects from different areas of SEAT, S.A., including proposals based on the use of data and artificial intelligence. The event also included a two-day hackathon and a virtual reality experience that allowed attendees to explore and feel part of the CUPRA brand.

Stimmungsbarometer, work environment survey

Another channel for regular staff participation is the work environment survey, known internally as the Stimmungsbarometer, which gives all SEAT, S.A. professionals an opportunity to express their opinion regarding the company.

The survey consists of a 24-point questionnaire which is completed online and serves to measure employees' degree of satisfaction with their jobs and with the company. New for the 2023 edition was the inclusion of open questions, which provide more qualitative information.



3.7 — HEALTH, OCCUPATIONAL SAFETY AND EMERGENCIES

A BENCHMARK IN HEALTH AND SAFETY

Recertification of the ISO 45001 standard

SEAT, S.A. is a benchmark company at the international level in preventive medicine and as a healthy company thanks to a model for the management of its staff's health and safety that is certified by the international standard ISO 45001. This standard specifies the requirements for a comprehensive management system in these areas, as well as providing guidelines for its use and promoting the continuous improvement of processes. In 2018, SEAT, S.A. was the first company in both the automotive sector and the Volkswagen Group to achieve this certification, which it has maintained in 2023 after successfully passing the follow-up audit. It was also the first in the sector in Spain to be awarded the Healthy Company certification, which it also continues to hold, according to the standards established by the World Health Organization.

The company's management system, based on the ISO 45001 standard, has enabled SEAT, S.A. to pass the analysis questionnaire of the new German Supply Chain Due Diligence Act (known as the LkSG) without any deviations. The Volkswagen Group has established this standard as mandatory for all its companies in terms of company conditions related to occupational health and safety.

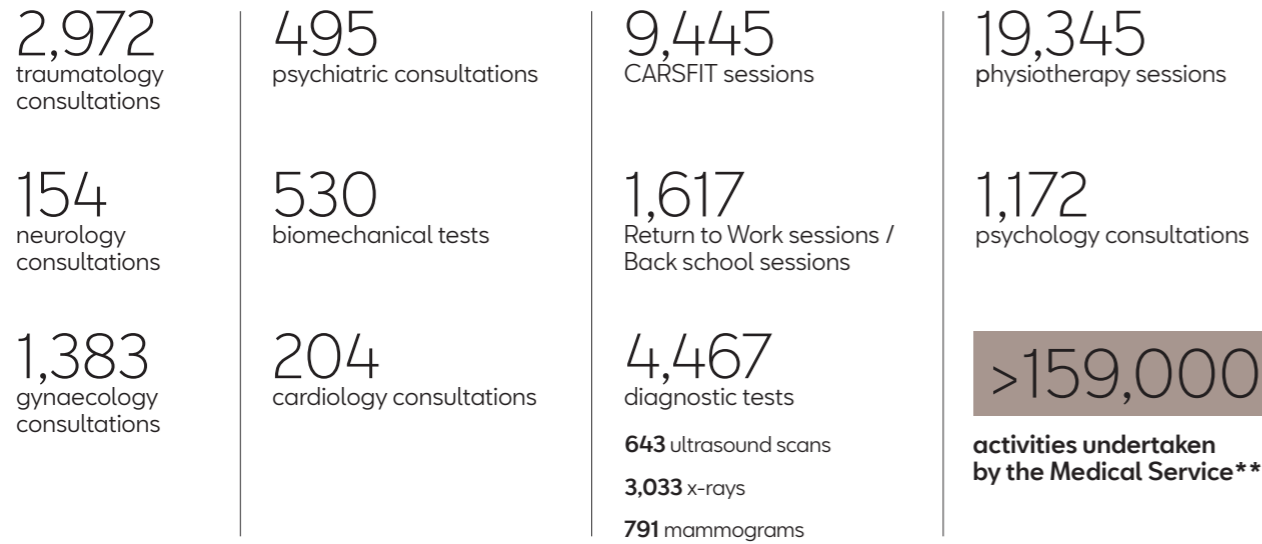
Application of the management model

The company's health management model primarily involves the following areas of action:

- / Healthcare, linked to both occupational illnesses and other conditions through the use of methods such as diagnostic imaging tests (ultrasounds, X-rays and mammograms) and gynaecology and cardiology services.
- / Annual medical reviews to check the state of people's health. In 2023, 8,891 medical reviews were conducted across the entire workforce. The results of these reviews make it possible to identify needs for the development of future health-related actions.
- / Well-being and the dissemination of healthy habits in all areas of life, with services such as fitness classes and Healthy Week, as well as specific campaigns.

In the field of health, the work of the Healthcare and Rehabilitation Centre (known as CARS) plays a particularly important role. The company has two such centres: CARS Martorell, which opened in 2017, and CARS Madrid, opened in 2020. In addition to these centres the company offers 16 services that are managed by the Joint Prevention Service for SEAT, S.A. and other Volkswagen Group companies in Spain.

A year of CARS*



* Figures for 2023.

** This total also includes services not specified, such as staff medical checks, interventions and visits to the infirmary, other medical consultations, etc.

Occupational health: prevention and best practices

In this area, the company aligns itself with the commitments assumed in the 20th 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 115 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. The same article expresses the willingness to collaborate in the detection and study of all occupational risks that have a particularly significant effect on the automotive industry, as well as in the determination of the most appropriate applicable techniques for their prevention.

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.

HEALTH, SAFETY AND EMERGENCIES OF VOLKSWAGEN IBERIA

SEAT, S.A. is also part of the joint prevention service of the Volkswagen Group companies in Spain and it chairs the intergroup committee, which brings together representatives from the various companies that make up this joint service. In 2023, the joint service was expanded to incorporate the companies Scania Hispania, which has some twenty work centres in Spain and Portugal, Scania Finance Hispania and Scania Commercial Vehicles Renting, bringing the service's total coverage to more than 29 companies and in excess of 22,036 people.

One of the functions of this service is the development of training courses in different subjects related to occupational health and safety. Throughout the year, courses were delivered to employees of Volkswagen Group Retail Spain (VGRS) and Man Energy Solutions, which included learning basic first aid concepts and techniques, as well as content on thermal stress to help combat the high summer temperatures recorded.

EUROPEAN RECOGNITION OF HEALTHCARE

SEAT, S.A.'s commitment to health and the promotion of physical activity among its staff was acknowledged with the 2022 European Sport & Healthy Company award in the Gold category, presented by the non-profit association ACES Europe and the International Organization of Human Capital Managers (DCH). The judges' panel particularly valued the company's efforts during the pandemic, as well as its initiatives related to mental health and the expansion of the CARS project.

Prevention of occupational risks

In the field of occupational risk prevention (ORP), the company is particularly committed to improving preventive practices, as set out in article 115 of the new Collective Labour Agreement. Through this commitment and the involvement of the various divisions and workforce representatives, in 2023 the lowest accident rate in the company's history was achieved. The company's activities to improve conditions in employees' job positions and at their workstations include actions such as providing training in prevention and emergencies, risk assessments, the management of preventive measures and coordination with external companies, among others. In 2023, the company pursued the following key initiatives:

/ Psychosocial Risk Assessment (PRA): data collection and analysis of the results of a questionnaire on the psychosocial conditions of the workstations, sent to the entire staff of SEAT, S.A. The conclusions of the study will help to define the necessary corrective measures.

/ Ergonomics and biomechanics: pursuing actions aimed at improving current and future workstations, based on the definition of the processes and tools used, as well as an analysis of their design. Biomechanics allows the requirements of the tasks to be clearly determined and facilitates the diagnosis and monitoring of occupational conditions. In 2023, 403 tests were carried out and 127 tasks were analysed.

/ Training in ORP. During the year, 5,292 training activities were carried out and work was performed on defining specific courses for the staff, in compliance with the measures set out in the “4th national collec-

tive labour agreement for industry, new technologies and services in the metal sector” (known as IV CEM).

/ Collaboration in the field of ORP in the electrification and circular economy processes. In 2023, work began on modifying the facilities for the manufacture of the future Small BEV, on the construction of the new Workshop 20 in Martorell for the assembly of battery systems and on the manufacture of parts for electric vehicles at the factory in El Prat. The aim of the process is to detect potential issues and propose preventive measures.

The company also participates in the Technical Standardisation Committee (known as CTN) relating to occupational health and safety (CTN 81). This committee develops technical standards for machinery and stairway safety, personal and collective protective equipment, devices for monitoring pollutants in the work environment, as well as ergonomic principles, anthropometric measurements and other factors related to the adaptation of working processes that involve both man and machine. These CTN committees fall under the remit of UNE, the Spanish standardisation body, and are responsible for drawing up the technical standards that make up the new UNE standards or for updating the existing ones.

Prevention campaigns

In January, the COVID-19 vaccination campaign was resumed, both for the company's staff at its own facilities and for the general population at CASA SEAT. This citizen vaccination campaign, which was the result of an agreement signed with the Department of Health of the Catalan regional government (Generalitat de Catalunya), ended in April 2023, with over 200,000 vaccines administered by SEAT, S.A. since May 2021.

As part of its role to develop preventive actions and to disseminate healthy habits, the Health, Occupational Safety and Emergencies division organised another edition of Healthy Week from 15 to 19 May. This was a week packed with activities related to physical and mental health, safety, nutrition and well-being aimed at all SEAT, S.A. and Volkswagen Group staff in Spain. With over 1,900 registered participants, 46 workshops were held and the week's activities scored an 87% satisfaction rate. The major new development in this year's edition was the opening up of some of the activities to the general public in sessions held at CASA SEAT.

In the final quarter of the year, the flu vaccination campaign began. This is a free and voluntary service that is offered at all of SEAT, S.A.'s medical service centres.

Mental health programme

In 2023, the company continued to develop its mental health action plan initiated several years ago with the aim of improving the well-being of all staff. Some of the main activities included the following:

/ A series of workshops and masterclasses, with 13 events held, including “Woman, man and emotional health”, “Pride and emotional health”, “Hack your attention”, “Healthy habits”, “Dealing with the digital world”, “Fitness and emotional health” and “Emotional health in the company”.

/ An emotional and psychosocial support service, with psychologists tending to consultations 24 hours a day and 7 days a week throughout the year.

/ Awareness-raising actions for the use of appropriate language relating to mental health problems, to avoid the stigmatisation of those who suffer from them, in accordance with the recommendations set out in the SEAT, S.A. Practical Guidelines for Inclusive Communication.

/ Leadership of the Volkswagen AG Mental Health Strategy Meeting, a working group led by SEAT, S.A. with the participation of leaders from all Volkswagen Group companies, which aims to develop a common global strategy relating to mental health. The first meeting was held in 2023.

/ Receiving the Top Wellbeing Company award at the 2023 Human Digital Health Summit, where the company was chosen as one of the top 30 Spanish companies with best practices in corporate well-being.

SEAT Healthy Company Scientific Committee

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), which is involved in pioneering projects with some of the leading medical institutions both in Spain and internationally. During the course of 2023, the following studies were carried out:

/ “Liverscreen”, aimed at evaluating the prevalence of hepatic fibrosis in the general population using the FibroScan® method. This study has achieved international renown after appearing in an article in the medical journal *The Lancet*.

/ “MedCARS”, which evaluates the effects of the Mediterranean lifestyle on the work environment and its impact on cardiovascular risk factors and the gut microbiome.

/ “Motoneurona”, a retrospective study of factors associated with motor neuron disease in automotive sector workers.

/ “Healthy Heart Score”, which focuses on applying a predictive model for the prevention of cardiovascular diseases to a work environment.

/ “Acromegalia”, a prospective study for the creation of a computer program that detects facial changes due to acromegaly in its early stages.

In addition, the Health, Occupational Safety and Emergencies division maintains a relationship with other entities in the medical sector with the aim of updating knowledge and reinforcing the prestige of SEAT, S.A. in this field. Some of the activities carried out in 2023 included a visit to the Martorell factory by representatives from the International Committee for Scientific Research and partners from the Clínica Planas centre in Barcelona, as well as the company's participation in the Integral Women Health congress, which focuses on prevention and new developments in this field.

3.8 — INSTITUTIONAL RELATIONS

A LEADING COMPANY

The institutional activity of SEAT, S.A. throughout 2023 included strategic meetings of the highest level, sectoral events, presentations and recognitions, all of which reinforce the company's prominence in the automotive industry.

Meeting with Pedro Sánchez (FEBRUARY)

Spanish Prime Minister Pedro Sánchez met with the CEO of the Volkswagen Group, Oliver Blume, and the SEAT, S.A. chairman, Wayne Griffiths, in Madrid. The meeting served as an opportunity to discuss the significant investment plan that will help transform Spain into an industrial hub for electric mobility and which is spearheaded by the Volkswagen Group.

Presentation of Future: Fast Forward (FEBRUARY)

The Future: Fast Forward cluster presented its project for the electrification of the Spanish automotive industry at an event held in Madrid. The opening speeches at the event were given by María Jesús Montero, minister for Treasury and Public Function, and Wayne Griffiths, chairman of SEAT, S.A.

The minister for Universities, at SEAT, S.A. (MARCH)

The minister for Universities, Joan Subirats Humet, visited the company's facilities in Martorell together with his team, where he met with representatives from the People and Organisation division and presented a plan of university courses aimed at better aligning the range of training and education on offer with the needs of companies and markets.

Jaume Collboni visited Martorell (MARCH)

Jaume Collboni, then candidate for mayor of Barcelona, visited the Martorell factory, including the CUPRA headquarters and the Design Center, before interviewing Wayne Griffiths.

The Catalan minister Roger Torrent, with CUPRA in Berlin (APRIL)

The minister for Business and Work from the Catalan regional government (Generalitat de Catalunya), Roger Torrent, attended the CUPRA Exponential Impulse event, which was held in Berlin and served as the stage for the international presentation of the CUPRA Tavascan.

Presence at the Automobile Barcelona motor show (MAY)

CUPRA and SEAT participated in the Automobile Barcelona motor show, where CUPRA revealed the name of its urban electric vehicle, the CUPRA Raval, in an event attended by personalities such as the minister for Economy and Treasury from the Catalan regional government (Generalitat de Catalunya), Natalia Mas; the Chinese consul in Barcelona, Zhu Jingyang; the deputy consul general of Germany, Patrick Heinz; the mayor of Tavascan (Lleida), Salvador Tomàs, and the vast majority of the candidates for mayor of the city of Barcelona, such as Jaume Collboni, Xavier Trias, Eva Parera and Daniel Sirera.

Wayne Griffiths, at the Cercle d'Economia (MAY)

The SEAT, S.A. chairman participated in the round table discussion "Let's talk about talent... Frankfurt, Barcelona,

NYC" as part of the 38th Cercle d'Economia Meeting.

Participation at the Miting d'Auto (JUNE)

Markus Haupt, SEAT, S.A. vice-president of Production and Logistics, spoke at one of the round table discussions at the 10th edition of the Miting d'Auto, organised each year by the CIAC (the Automotive Industry Cluster of Catalonia).

Vehicles for the European Council (JULY)

The company signed an agreement with the Coordination Office for the Spanish Presidency of the Council of the European Union through which it provided five CUPRA Formentor e-HYBRID models for events and meetings related to the presidency.

Presentation of the CUPRA DarkRebel (SEPTEMBER)

Spain's ambassador to Germany, Ricardo Martínez, and the fourth deputy mayor of Barcelona, Jordi Valls, attended the presentation of the CUPRA DarkRebel Concept car at the IAA Mobility show in Munich.

Wayne Griffiths, twice awarded (SEPTEMBER)

The publication *Automotive News Europe* awarded Wayne Griffiths, CEO of SEAT and CUPRA, the CEO of the Year award in the "Car Division" of the 2023 Eurostars Awards. The award was delivered during the IAA Mobility show in Munich. In parallel, he was recognised as Executive of the Year in the first edition of the PRISA Motor Awards, which highlighted his leadership at the helm of SEAT and his contribution to the development of CUPRA.

The King receives the SEAT, S.A. Executive Committee (SEPTEMBER)

King Felipe VI received the company's Executive Com-

mittee, led by its chairman Wayne Griffiths, at the Albeniz Palace in Barcelona. During the meeting, the executives conveyed to the monarch the advances being made in the Future: Fast Forward project.

Meeting with a Chinese delegation (SEPTEMBER)

A delegation from Hefei (China), led by the city's mayor, Ming Zao, toured the Martorell facilities and met with Markus Haupt, vice-president of Production and Logistics, and other company representatives.

Appointment with the Catalan interior minister (SEPTEMBER)

The minister for Interior from the Catalan regional government (Generalitat de Catalunya), Joan Ignasi Elena, visited the Martorell facilities, where he toured production workshop 10 and met with Wayne Griffiths.

New CUPRA City Garage in Berlin (SEPTEMBER)

The opening ceremony of the CUPRA City Garage in Berlin was attended by the delegate of the Catalan regional government (Generalitat de Catalunya), Marie Kapretz, as an institutional guest. She was received by Wayne Griffiths, CEO of SEAT and CUPRA, and Bernhard Bauer, CEO of CUPRA Germany.

Visit by the Upper Austria region (OCTOBER)

A delegation led by the minister for Economy from the Upper Austria region, and composed of entrepreneurs from various sectors, visited Martorell. The delegation was accompanied by the Catalan regional government's representative in Central Europe, Krystyna Schreiber, and was received at the CUPRA headquarters by Wolfgang Wurm, CEO of SEAT and CUPRA in Austria; Agustín Ariles, area manager for Austria, and Julian Herwig, the Institutional Relations representative.



3.9 —

FINANCE
AND IT

PRICE CRISIS

2023 was a more difficult year for the world economy than 2022 due to the simultaneous slowdown of most countries. This acted as a brake on growth, which finally stood at 3.1%.

Although the steady recovery following the COVID-19 pandemic, Russia's invasion of Ukraine and the industrial production bottlenecks continued, the pace of this recovery was very uneven from country to country. The United States exhibited some strength, but this was insufficient to improve its economic data. Most advanced economies suffered episodes of slowdown and even recession at different times of the year, and China fell short of all expectations. For emerging markets and developing economies, with considerable debt levels, the outlook was further aggravated by the high interest rates, the appreciation of the dollar and the rise in energy costs.

Combating inflation became the number one priority of governments. To a large extent, the weak growth was due to the policy of the central banks, which had to maintain a constant and continuous policy of raising interest rates and selling debt on the markets in order to tackle a persistent price crisis. This has not proven to be a very healthy remedy in the short term, as rising interest rates have a negative impact on investment, consumption and the deficit.

The cycle of hikes in the price of money carried out by the European Central Bank (ECB) was the most intense and dramatic such episode in its history. In the space of 18 months, since July 2022, the ECB raised the interest rate 10 times, from 0% to 4.5%. The fight against inflation thus became a scourge for the European economy as its economic activity cooled due to restrictions on financing, weakening consumer confidence and a fall in foreign demand. In this scenario, the average annual growth of the EU and the euro area stood at 0.5%.

In 2023, Spain showed greater buoyancy than many euro area countries. This more favourable performance was due to the rapid deployment of the EU-funded Recovery Plan, the growth of services linked to tourism and the strong performance of the foreign sector, thanks to the lower exposure of the country's industry to the fluctuations of the Chinese economy. In addition, the effectiveness of the economic policy measures adopted by the Spanish government allowed the country to maintain one of the lowest inflation rates in the EU, and this helped to boost the Spanish economy's competitiveness while also helping the annual average growth of GDP (Gross Domestic Product) to climb to 2.5%.

TRANSFORMATION

The automotive industry is in the midst of the biggest transformation in its history. Never before has it experienced such a disruptive shift, as it moves towards a new electric and digital future against a backdrop of profound sociocultural and technological change. Such a step change requires rapid adaptation to an environment in which smart cities, connectivity, transport and consumer behaviour are evolving right before our very eyes.

The majority of governments have introduced incentive plans to encourage sales of clean-energy cars and are facilitating, albeit with different intensities, the development of new charging networks in order to meet the growing demand. Thus, while sales of this type of vehicle continue to grow rapidly, the support measures that are provided by some countries for their development and production are not free of controversy and the way in which those measures are managed could lead to a possible trade war. The European Commission has announced that it will open an investigation into government subsidies granted by China to its electric vehicle manufacturers, which allow them to lower their prices in the European market and thus rapidly gain market share.

The sector remains vulnerable to the energy crisis, the slowdown in global demand and the ongoing supply chain problems. Following the impact of the semiconductor shortage, it is now once again feeling the effects of shortages of key raw materials such as nickel, palladium and aluminium, of which Russia has a high share of the global market. It is also affected by the recent global geopolitical instability, with multiple conflicts that are causing significant uncertainty about the future. Despite this challenging context, volumes improved during 2023, although for the fourth consecutive year they failed to reach the pre-pandemic levels achieved in 2019.

In the European Union sales closed the year with 10.5 million passenger car registrations, representing an increase of 13.9% over 2022. In Spain, production reached 2.45 million vehicles, 10.4% more than in the previous year; exports increased by 13.9% to 2.20 million units, and passenger car registrations grew by 17.0% to reach 0.9 million.

UNIQUE OPPORTUNITY

SEAT, S.A. is immersed in a unique transformation process that offers one of the greatest opportunities in its history on the road to electromobility. The company has accelerated its leap towards electrification through the Future: Fast Forward project, which aims to turn Spain into an electric mobility hub in Europe and represents the biggest industrial investment in the country's history.

Two of the keys to rising to the electrification challenge include increasing profitability and strengthening the business model. While the company's financial turnaround was already achieved in 2022, 2023 saw record financial results, driven by several factors: the success of CUPRA (which is consolidating its position in Europe and expanding to the rest of the world), higher sales volumes and the positive impact of efficiency improvements.

The company's turnover grew by 34.8% to 14,168.7 million euros. This marks the highest turnover in the history of SEAT, S.A. In the Spanish market, sales revenues reached 2,071.2 million euros (+11.7%), while in the foreign market they reached 12,097.5 million euros (+39.7%).

Thanks to several factors – increased volume, revenue optimisation, reduction of overheads and greater process efficiency – the company's post-tax result experienced significant growth compared to the previous year. The 548 million euros generated (67.5 million in 2022) marked an increase of 480.5 million euros and led to a 3.3-percentage-point increase in sales profitability (from +0.6% in 2022 to +3.9% in 2023).

Wholesales of new vehicles to the commercial network

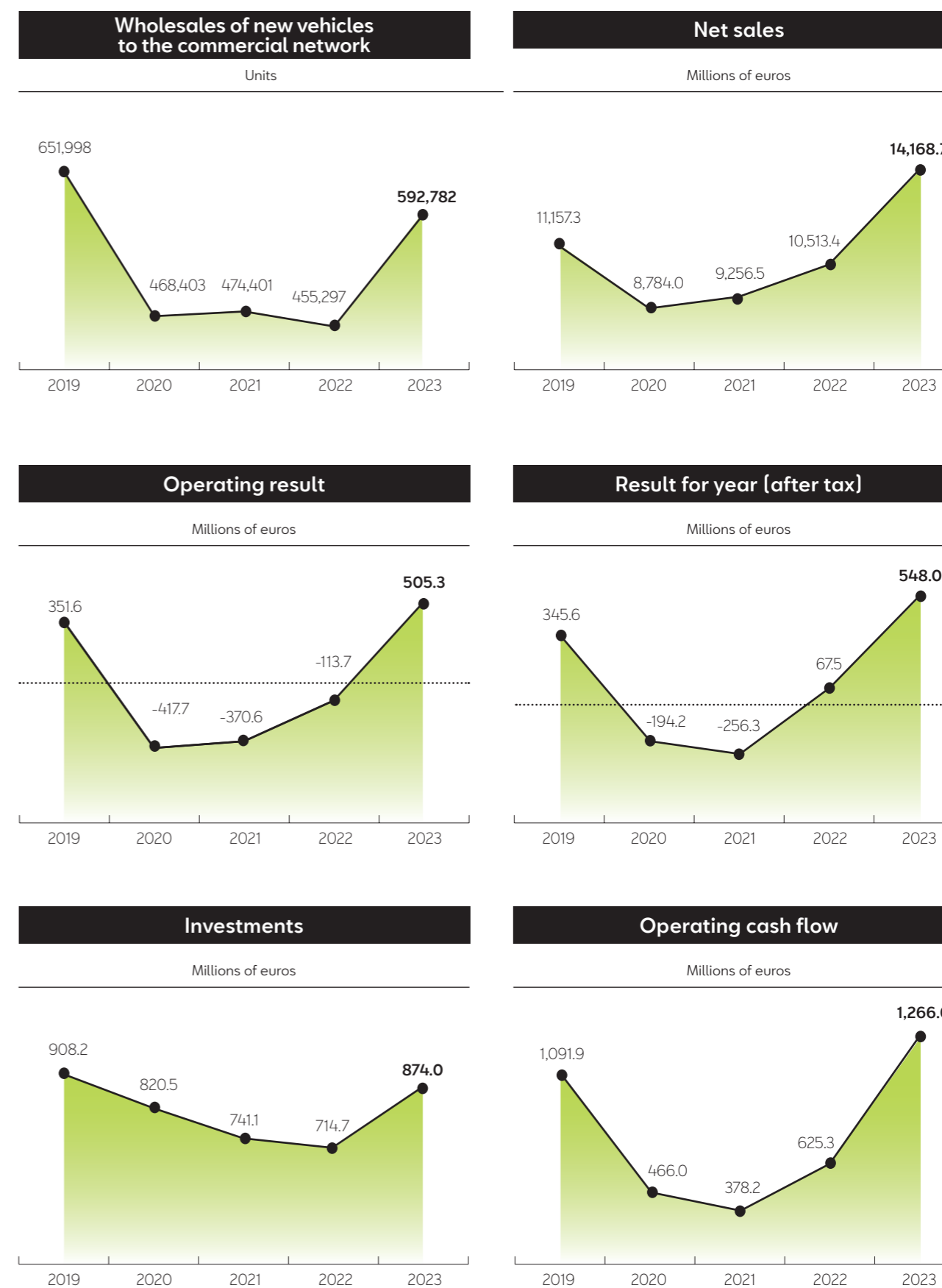
	Units		Variation	
	2023	2022	Absolute	%
SEAT models	277,061	233,971	43,090	18.4
SEAT Ibiza	72,674	56,385	16,289	28.9
SEAT Arona	73,886	77,464	(3,578)	(4.6)
SEAT Leon	39,696	35,351	4,345	12.3
SEAT Ateca	65,972	47,045	18,927	40.2
SEAT Tarraco	24,833	12,396	12,437	100.3
SEAT Alhambra	0	5,330	(5,330)	(100.0)
CUPRA models	248,583	164,843	83,740	50.8
CUPRA Leon	61,503	19,151	42,352	221.1
CUPRA Ateca	16,034	8,795	7,239	82.3
CUPRA Formentor	125,256	101,247	24,009	23.7
CUPRA Born	45,790	35,650	10,140	28.4
Audi models	67,138	56,483	10,655	18.9
Audi A1	67,138	56,483	10,655	18.9
Total sales[*]	592,782	455,297	137,485	30.2

[*] 2023 and 2022 exclude 11,943 and 12,226 used vehicles, respectively.

In addition, the operating result reached 505.3 million euros (-113.7 million in 2022), an increase of 619 million euros. This represented a 4.7-percentage-point improvement in the operating margin (going from -1.1% in 2022 to +3.6% in 2023).

Both the post-tax result (before exceptional items) and the operating result were the best in SEAT, S.A.'s history.

On the other hand, the investment strategy also remains one of the priorities for strengthening the business model and consolidating a solid financial structure that enables the generation of sufficient internal resources. In 2023, cash flows from operating activities increased by 100% over the previous year and reached 1,266.0 million euros, representing 8.9% of sales revenue. This growing funding capacity allowed 874.0 million euros to be allocated to developing new products, integrating new technologies into the vehicles and continuing to grow mobility services, as well as improving the processes, quality and productivity of the production plants.



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.

IT AND SEAT CODE

SEAT, S.A. has two locations from which its technological resources are managed: in Martorell, SEAT IT is responsible for optimising and improving the company's systems; in Barcelona, SEAT CODE acts as the driving force of the company in the design, development and launch of software.

SEAT IT

IT launched a new product-oriented organisational structure in 2023 which stands out for its efficiency, transparency and agility, as well as for the value it contributes to the business. As a result of this change, the responsibility for projects, products and services falls on the same team throughout their lifecycle. A number of actions were pursued to this end:

- / The implementation of new ways of working using the SAFe (Scaled Agile Framework) methodology, which encourages the use of agile processes to boost productivity.
- / Defining a three-year technology roadmap in conjunction with all areas of the company.
- / The definition of new decision teams to streamline decision making and ensure alignment with the business.
- / The participatory re-evaluation of internal processes in order to optimise them and adapt them to the new context.

As part of its technology strategy, the IT division standardised the architecture used for new applications and created a central data platform which serves the entire company. Also, based on a strong communications infrastructure and an increasingly demanding, smart and predictive approach to cybersecurity, the division coordinated and spearheaded the following initiatives aimed at the workforce:

- / Citizen Developers, which aims to spread an innovative digital culture among all areas of the company and democratise technology.
- / IgnitiON, a talent and innovation programme focused on artificial intelligence.
- / Various actions aimed at improving user experience through technological tools.

SEAT CODE

SEAT CODE is the digital hub of CUPRA and SEAT. Its role is to act as a driving force for transformation through the optimisation of processes and the creation of holistic digital user experiences, based on innovation and the use of data.

The centre has its own line of products such as Giravolta, a SaaS (Software as a Service) platform that allows companies and cities to operate with many different forms of mobility and to manage fleets in a 100% digital way. In 2023, Giravolta made over 2.5 million multi-modal trips possible, 26% more than the previous year, in several European cities, confirming the trend towards a shared and sustainable approach to mobility.

Since 2019, SEAT CODE has carried out more than 80 projects and has achieved an average annual growth of 30% in the volume of projects it has undertaken. It currently has a team of over 250 digital professionals which includes software engineers, data scientists, product owners and experts in mobility, UX/UI (user experience/user interface) and content.

At the end of the year, the SEAT CODE headquarters was moved from its former offices on Barcelona's Las Ramblas to the technological innovation district 22@, also in the Catalan capital. The aim of this relocation is to foster open collaboration with startups and companies in the technology sector and to ensure access to the best talent. In addition, the new facilities help to promote collaboration with all the other areas of SEAT and CUPRA.



A close-up photograph of a car seat, likely a bucket seat, featuring a dark, textured fabric with a prominent geometric pattern of white and light gray lines. The pattern consists of interconnected shapes, including triangles and polygons, creating a complex, crystalline structure. The lighting is dramatic, with strong highlights and deep shadows, emphasizing the texture and the three-dimensional quality of the pattern. The background is a solid, dark color, making the seat's pattern stand out.

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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, 2023



Ernst & Young, S.L.
Torres Sarrià A
Avda. Sarrià, 102-106
08017 Barcelona
España

Tel: 933 663 700
Fax: 934 053 784
ey.com

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, 2023, 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, 2023 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.

Domicilio Social: Calle de Raimundo Fernández Villaverde, 45, 28003 Madrid - inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, B.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª, C.I.F. B-78970506.

A member firm of Ernst & Young Global Limited.

Recoverability of non-current non-financial assets

Description At December 31, 2023 the net carrying amount of intangible assets and tangible assets amounts to 2,007.0 and 1,400.4 million euros, respectively. Additionally, at that date the Company has recognized deferred tax assets amounting to 460.9 million euros. Determining the recoverable amount of the said assets, which account for 62% 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.
- ▶ 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.
- ▶ Assessing the reasonableness of the useful lives of intangible assets and tangible assets assigned to the different vehicles, in accordance with the end of production dates considered by the Management of the Company.
- ▶ 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, 2023 the Company has recognized provisions amounting to 1,458.5 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 33% of the Company's total liabilities at that date, we have considered this issue a key audit matter.

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 2023 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 2023 financial statements and its content and presentation are in conformity with applicable regulations.

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.
- ▶ 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 19, 2024.

Term of engagement

The ordinary general shareholders' meeting held on April 11, 2023 appointed us as auditors for the fiscal year ended December 31, 2023.

Previously, we were appointed as auditors by the shareholders for 3 years and we have been carrying out the audit of the financial statements continuously since 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 19, 2024

BALANCE SHEET

At December 31 (millions of euros)

Assets	Note	2023	2022
Non-current assets		4,632.8	4,416.9
Intangible assets	6b	2,007.0	1,694.4
Tangible assets	6c	1,400.4	1,461.5
Long-term investments in Group and associate companies	6d	753.7	755.4
Long-term financial investments	8a	10.8	22.7
Deferred tax assets	18	460.9	482.9
Current assets		1,584.2	1,824.6
Inventories	9	490.7	874.2
Trade and other receivables	10	969.9	837.2
Short-term investments in Group and associate companies	11	109.2	82.5
Short-term financial investments	11	7.0	22.7
Short-term prepaid expenses		7.4	8.0
Cash and cash equivalents		0.0	0.0
Total		6,217.0	6,241.5
Equity and liabilities	Note	2023	2022
Equity		1,742.7	1,297.4
Shareholders' equity	12	1,860.7	1,312.7
Valuation adjustments		[141.3]	[22.2]
Grants	13	23.3	6.9
Non-current liabilities		1,111.7	1,026.4
Long-term provisions	14	735.2	708.2
Long-term liabilities	15	199.5	120.9
Deferred tax liabilities	18	17.0	18.5
Long-term prepaid income	5f/i	160.0	178.8
Current liabilities		3,362.6	3,917.7
Short-term provisions	14	723.3	953.0
Short-term liabilities	15	171.6	118.5
Short-term liabilities with Group and associate companies	15	80.2	532.8
Trade and other payables	16	2,157.4	2,196.1
Short-term prepaid income	5f/i	230.1	117.3
Total		6,217.0	6,241.5

PROFIT AND LOSS STATEMENT

January 1 to December 31 (millions of euros)

Continuing operations	Note	2023	2022
Net sales	19a	14,168.7	10,513.4
Change in inventories of finished goods and work in progress	19b	[249.8]	334.1
Materials, wages and overheads capitalized as assets	5a	568.4	352.1
Supplies	19c	[10,547.7]	[8,196.5]
Other operating income	19d	357.3	421.0
Personnel costs	19e	[981.5]	[1,211.2]
Other operating expenses	19f	[2,284.3]	[1,755.0]
Depreciation of fixed assets	6a	[605.7]	[621.8]
Change of grants from non-financial fixed assets and others	13	19.6	9.4
Excess of provisions		59.6	33.5
Impairment and result on disposal of fixed assets		0.7	7.3
Operating result		505.3	[113.7]
Financial income	19g	128.6	84.1
Financial expenses	19h	[36.7]	29.3
Exchange rate differences	17	10.1	[1.6]
Impairment and result on disposal of financial instruments	19i	[10.3]	[5.3]
Financial result		91.7	106.5
Result before tax		597.0	[7.2]
Corporation tax	18	[49.0]	74.7
Result for year		548.0	67.5

STATEMENT OF CHANGES IN EQUITY

At December 31 (millions of euros)

Statement of recognized income and expenses	Note	2023	2022
A) Result of Profit and Loss statement		548.0	67.5
For valuation of financial instruments		0.0	0.0
<i>Financial assets at fair value through changes in equity</i>		0.0	0.0
<i>Other income and expenses</i>		0.0	0.0
Cash flow hedges		(224.1)	(17.5)
Grants	13	41.3	16.0
For actuarial gains and losses and other adjustments		0.0	0.0
For non-current assets and linked liabilities, held for sale		0.0	0.0
Conversion differences		0.0	0.0
Taxation effect		45.7	0.4
B) Total income and expenses entered directly to equity		(137.1)	(1.1)
For valuation of financial instruments		0.0	0.0
<i>Financial assets at fair value through changes in equity</i>		0.0	0.0
<i>Other income and expenses</i>		0.0	0.0
Cash flow hedges		65.3	40.4
Grants	13	(19.6)	(9.4)
For non-current assets and linked liabilities, held for sale		0.0	0.0
Conversion differences		0.0	0.0
Taxation effect		(11.3)	(7.7)
C) Total transfers to Profit and Loss statement		34.4	23.3
D) Total recognized income and expenses (A+B+C)		445.3	89.7

Statement of total changes in equity	Subscribed capital	Share premium	Reserve	Profit/loss from prev. years	Profit/loss for year	Valuation adjustments	Grants	Total
Final balance 2021	0.1	1,008.1	687.5	(194.2)	(256.3)	(39.4)	1.9	1,207.7
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 2022	0.1	1,008.1	687.5	(194.2)	(256.3)	(39.4)	1.9	1,207.7
Total recognized income and expenses	0.0	0.0	0.0	0.0	67.5	17.2	5.0	89.7
Operations with shareholders 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 shareholders 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	0.0	256.3	(256.3)	0.0	0.0	0.0
Final balance 2022	0.1	1,008.1	687.5	(450.5)	67.5	(22.2)	6.9	1,297.4
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 2023	0.1	1,008.1	687.5	(450.5)	67.5	(22.2)	6.9	1,297.4
Total recognized income and expenses	0.0	0.0	0.0	0.0	548.0	(119.1)	16.4	445.3
Operations with shareholders 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</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 shareholders 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	0.0	67.5	(67.5)	0.0	0.0	0.0
Final balance 2023	0.1	1,008.1	687.5	(383.0)	548.0	(141.3)	23.3	1,742.7

CASH FLOW STATEMENT

January 1 to december 31 (millions of euros)

	Note	2023	2022
A) Cash flow from operating activities		1,266.0	625.3
Result before tax		597.0	(7.2)
Adjustment of result		283.0	812.3
Depreciation of fixed assets	6a	605.7	621.8
Valuation corrections due to impairment		14.0	5.0
Variation of provisions		(222.7)	319.0
Accounting entry of grants	13	(20.8)	(11.1)
Results of disposal of fixed assets		(0.7)	(7.3)
Results of disposal of financial instruments		0.0	0.0
Financial income	19g	(128.6)	(84.1)
Financial expenses	19h	36.7	(29.3)
Exchange rate differences	17	(2.4)	4.0
Valuation at fair value in financial instruments		0.0	0.0
Other income and expenses		1.8	(5.7)
Changes in working capital		292.6	(304.8)
Inventories	9	379.8	(418.9)
Trade and other receivables	10	(145.5)	(99.6)
Other current assets		0.6	(2.4)
Trade and other payables	16	(36.4)	230.7
Other current liabilities		107.1	(3.5)
Other long-term assets and liabilities		(13.0)	(11.1)
Other cash flows from operating activities		93.4	125.0
Payment of interests		(14.6)	(2.0)
Collection of dividends		118.9	83.1
Collection of interests		9.7	1.0
Collection (payment) for corporation tax		(20.6)	42.9

	Note	2023	2022
B) Cash flow from investing activities		(879.2)	(933.9)
Payments for investments		(888.1)	(948.8)
Group and associate companies		(14.9)	(4.6)
Intangible assets	6	(595.2)	(705.0)
Tangible assets	6	(277.7)	(239.0)
Other financial assets		(0.3)	(0.2)
Collection for divestments		8.9	14.9
Group and associate companies		0.4	0.0
Intangible assets	6	0.0	0.0
Tangible assets	6	8.0	14.5
Other financial assets		0.5	0.4
C) Cash flow from financing activities		(386.8)	308.6
Collection and payments for equity instruments		88.0	0.6
Acquisition of own equity instruments		0.0	0.0
Disposal of own equity instruments		0.0	0.0
Grants		88.0	0.6
Collection and payments for financial liability instruments		(474.8)	308.0
Issue		0.0	325.9
Borrowing from credit institutions		0.0	0.0
Borrowing from Group and associate companies		0.0	325.8
Other liabilities		0.0	0.1
Repayment and redemption of		(474.8)	(17.9)
Borrowing from credit institutions		0.0	0.0
Borrowing from Group and associate companies		(457.1)	0.0
Other liabilities		(17.7)	(17.9)
Payments for dividends and remuneration of other equity instruments		0.0	0.0
Dividends		0.0	0.0
Remuneration of other equity instruments		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	0.0
Cash or equivalents at beginning of year		0.0	0.0
Cash or equivalents at end of year		0.0	0.0

NOTES

Notes to the annual accounts (financial year ending december 31, 2023)

1. COMPANY ACTIVITY

a) Registered offices and legal form

SEAT, S.A. (hereinafter "the company") 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 Luxembourg S.A. (its sole shareholder, with registered offices in Luxembourg) and 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 balances 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.

/ 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.

/ 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).

e) Comparison of information

In accordance with mercantile law, for comparative purposes the Company has included the 2022 figures in addition to those of 2023 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.

4. APPLICATION OF RESULTS

At its meeting on February 28, 2024, the Board of Directors submitted a proposal to the General Shareholders' Meeting for the profits generated in 2023 (548 million euros) to be allocated as follows: 383 million to the compensation of losses from previous years and 165 million to voluntary reserves.

In compliance with the Corporate Enterprises 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 six 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 (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, 2023 amounted to 4,724.9 million euros (3,371.1 in 2022).

At December 31, 2023, the value of long-term and short-term assets recognized as derivative financial instruments amounted to 7.9 and 7.0 million euros, respectively (20.1 and 22.7 in 2022). The value of long-term and short-term liabilities, meanwhile, amounted to 134.2 and 72.1 million euros (40.5 and 33.2 in 2022).

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 measured 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 WAC method (weighted average cost).

/ 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 vehicles: at acquisition cost as per invoice (plus customs, insurance and transport costs).

/ Acquired spare parts: at acquisition cost as per invoice (plus customs, insurance and transport costs), applying the WAC 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, recording the corresponding impairment.

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 (see Note 5i). 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 recorded 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

Besides the items indicated in Note 5f, 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 temporary differences, tax losses carried forward and tax deductions.

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 based on the additional period covered by the warranty.

The company also offers digital connectivity services for periods of between 1 and 10 years. The income is recognized in the Profit and Loss Statement on a straight-line basis over the period of the service.

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, 62,500 emission rights (EUAs) were acquired for a sum of 4.9 million euros (55,803 emission rights (EUAs) for 4.1 million in 2022).

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 95g 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 2023 and 2022, 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 8.4% in 2023 (8.2% in 2022). 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 2023 the investment in intangible assets acquired from VW Group companies amounted to 400.4 million euros (196.7 in 2022). Thus, the gross and amortized value of the assets acquired from Volkswagen Group companies amounts to 2,077.2 and 825.5 million euros, respectively (1,856.7 and 847 million in 2022).

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 279.1 million euros (408 in 2022).

At the end of the financial year, the company has firm commitments for the purchase of software amounting to 0.2 million euros (0.2 in 2022).

In 2023 and 2022, no grants have been received for the acquisition of R&D assets besides those related to the Future: Fast Forward project (see Note 13).

c) Tangible assets

The estimated useful life of the items comprising in 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 2023 and 2022, 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, 5% corresponds to land, and the remaining 95% to buildings (5% and 95% respectively in 2022).

In 2023, assets unrelated to operations amount to 0.7 million euros at cost value with 0.2 million euros of accumulated depreciation (3.3 and 1.6 respectively in 2022). The value of assets fully depreciated amounts to 4,283.6 million euros (4,197.1 in 2022). Of these, 185.7 million euros relate to buildings (183.4 in 2022).

On the other hand, in 2023 investment in tangible assets acquired from VW Group companies amounted to 20.5 million euros (61 in 2022).

The principal amounts of assets (listed according to origin, utilization and location) are as follows:

Millions of euros	2023		2022	
	Gross Value	Depreciation	Gross Value	Depreciation
Tangible assets acquired from VW Group companies	610.5	452.7	604.3	429.6
Tangible assets used by VW Group companies	78.9	30.1	74.2	29.4
Tangible assets used by non-Group suppliers	1,981.4	1,813.1	2,030.1	1,788.6
Tangible assets located abroad	592.7	478.0	575.7	463.4

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 480.9 million euros (239.7 in 2022).

In 2023 and 2022, no significant grants have been received for the acquisition of tangible assets besides those related to the Future: Fast Forward project (see Note 13).

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 2023 and 2022 year ends.

b) Operating leases

The company has operating leases. The amounts paid for rent to other Group companies or third parties, comprising mainly information technology, land, buildings, fork-lift trucks, containers, fields and warehouses, total 18.6 million euros (18.3 in 2022).

Rents received, mainly for buildings, fields and warehouses, amounted to 5.6 million euros (5.2 in 2022).

The total amount of the minimum future payments under non-voidable operating leases subscribed by the company, distributed by maturity date, is as follows: 20.7 million euros in 2024, 19.2 million euros in the period 2024-2027 and 15.9 million euros in subsequent years (19.9 in 2023, 25.4 in the period 2024-2027 and 17.6 in subsequent years in 2022).

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	
	2023	2022	2023	2022	2023	2022
Long-term financial assets	753.7	755.4	0.0	0.0	10.8	22.7
Financial assets at cost	753.7	755.4	0.0	0.0	0.0	0.0
<i>Investments in Group and associate companies (Note 6d)</i>	753.7	755.4	0.0	0.0	0.0	0.0
Financial assets at amortized cost	0.0	0.0	0.0	0.0	2.9	2.6
<i>Other</i>	0.0	0.0	0.0	0.0	2.9	2.6
Hedging derivatives	0.0	0.0	0.0	0.0	7.9	20.1
Short-term financial assets	0.0	0.0	0.0	0.0	863.1	751.4
Financial assets at amortized cost	0.0	0.0	0.0	0.0	856.1	728.7
<i>Trade and other receivables (Note 10)</i>	0.0	0.0	0.0	0.0	746.9	646.2
<i>Investments in Group and associate companies (Note 11)</i>	0.0	0.0	0.0	0.0	109.2	82.5
Hedging derivatives (Note 11)	0.0	0.0	0.0	0.0	7.0	22.7

Millions of euros	Borrowing from credit institutions		Bonds and other tradable securities		Derivatives, others	
	2023	2022	2023	2022	2023	2022
Long-term financial liabilities	0.0	0.0	0.0	0.0	199.5	120.9
Financial liabilities at amortized cost	0.0	0.0	0.0	0.0	65.3	80.4
<i>Third-party liabilities (Note 15)</i>	0.0	0.0	0.0	0.0	65.3	80.4
Hedging derivatives (Note 15)	0.0	0.0	0.0	0.0	134.2	40.5
Short-term financial liabilities	0.0	0.0	0.0	0.0	2,361.7	2,784.6
Financial liabilities at amortized cost	0.0	0.0	0.0	0.0	2,289.6	2,751.4
<i>Liabilities with Group and associate companies (Note 15)</i>	0.0	0.0	0.0	0.0	80.2	532.8
<i>Third-party liabilities (Note 15)</i>	0.0	0.0	0.0	0.0	99.5	85.3
<i>Trade and other payables (Note 16)</i>	0.0	0.0	0.0	0.0	2,109.9	2,133.3
Hedging derivatives (Note 15)	0.0	0.0	0.0	0.0	72.1	33.2

The hedging derivatives measured at fair value held at December 31, 2023 and 2022 correspond to level 2 of the hierarchy. No transfers have been made between levels 1 and 2 during the 2023 and 2022 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 2022.

II. Profit and Loss Statement and equity

The net amount of corrections due to the impairment of stakes in Group companies totaled 10.3 million euros (5.3 in 2022).

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 Public Administrations, and covering third parties, to a maximum total amount of 76.7 million euros (237.1 in 2022).

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 US, Australian and Singapore dollars, pounds sterling, Swiss francs, Mexican pesos, Japanese yen, Polish zloty, Russian roubles, South Korean won, Chinese yuan, 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 contracts in place for factoring without recourse with a financial entity of the Volkswagen Group and a third-party financial entity. 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	2023	2022
Acquired products	162.1	171.5
Raw materials and other supplies	59.5	188.1
Work in progress and partly-finished goods	37.8	143.0
Finished goods	231.3	371.6
Total	490.7	874.2

At the year end the impairment of inventories amounted to 128.9 million euros (125.2 in 2022) and an expense amounting to 3.7 million euros has been recognized in the Profit and Loss Statement during the fiscal year (income of 1.4 in 2022).

Within the "Finished goods" category, the company has cars assigned for use to car rental companies that are yet to be returned at the year end, with a value net of impairments of 66.0 million euros (36.9 in 2022).

In 2022, within the category "Raw materials and other supplies", the company held a total of 78 million euros relating to CO₂ emission rights purchased from the Group which have been offset upon settlement of the company's obligations during the 2023 financial year (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	2023	2022
Trade receivables	71.8	37.5
Group company receivables	652.0	575.2
Other receivables	22.4	32.8
Personnel	0.7	0.7
Current tax assets (Note 18b)	68.3	35.8
Public Administrations	154.7	155.2
Total	969.9	837.2

Impairment of the value of receivables from commercial operations totals 1.6 million euros (1.3 in 2022). The impact on the Profit and Loss Statement of the impairment of trade receivables amounted to 0 million euros (expense of 1.1 in 2022).

Other amounts receivable from Public Administrations correspond essentially to 90.9 million euros relating to grants awarded but not yet received for the Future: Fast Forward project (see Note 13) (113.6 in 2022).

Trade receivables are short term.

11. SHORT-TERM INVESTMENTS

Millions of euros	2023	2022
Group and associate companies	109.2	82.5
Loans	0.9	1.4
Other financial assets	108.3	81.1
Third-party	7.0	22.7
Loans	0.0	0.0
Derivatives	7.0	22.7
Other financial assets	0.0	0.0
Total	116.2	105.2

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 cash pooling, 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), as well as a balance arising from the consolidated settlement of Value Added Tax.

During the fiscal year the company has maintained loans and deposits with Group companies and credit institutions at a weighted average interest rate of 3.2% (0.7% in 2022).

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, 2023 (79.2 million euros at December 31, 2022), 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 regional governments for projects in production process improvement as well as new product development. The movement is as follows:

Millions of euros	2023	2022
Initial balance	6.9	1.9
Additions	31.1	12.0
Transferred to Profit and Loss Statement	(14.7)	(7.0)
End balance	23.3	6.9

The Volkswagen Group and SEAT, S.A. spearheaded the Future: Fast Forward project, which aims to guide the electrification of the automotive industry in Spain and convert the country into an electric mobility hub for Europe. For this reason, the company obtained different grants during the 2022 and 2023 financial years.

On December 21, 2022, the Ministry of Industry and Tourism published the proposed final resolution of the Strategic Project for Economic Recovery and Transformation (PERTE) relating to the Electric and Connected Vehicle (ECV). SEAT, S.A. will receive 38.1 million euros, comprising 24.7 million in direct aid and 13.4 million in loans (not yet received at December 31, 2022). Furthermore, on the same date the Catalan regional government (Generalitat de Catalunya) issued its final resolution regarding the granting of the direct subsidy to SEAT, S.A., amounting to 88.9 million euros.

On December 4, 2023, the Ministry of Industry and Tourism gave notification of its final resolution of the 2nd ECV PERTE project (Strategic Project for Economic Recovery and Transformation relating to the Electric and Connected Vehicle). SEAT, S.A. was awarded 4.77 million euros in the form of direct aid (via non-recourse factoring of the full amount with a third-party financial entity) for the construction of a new battery cell assembly plant in Martorell.

During the 2023 financial year, 19.6 million euros were recognized in the Profit and Loss Statement relating to capital grants (9.4 in 2022), of which 19 million euros correspond to the ECV PERTE project and the grant from the Generalitat de Catalunya (8.9 in 2022), and 0.6 million euros to other projects (0.5 in 2022).

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 amount of operating grants amounts to 1.2 million euros (1.7 in 2022), of which 0 million euros correspond to the ECV PERTE project and the grant from the Generalitat de Catalunya (0.7 in 2022), and 1.2 million euros to other projects (1 in 2022).

14. PROVISIONS AND RISKS

Millions of euros	Balance 01.01.23	Addition 2023	Disposal 2023	Balance 31.12.23
Trade operations	495.9	214.2	(175.7)	534.4
Personnel benefits	322.1	82.3	(54.9)	349.5
Environmental activities	11.8	2.4	(0.4)	13.8
Other provisions	831.4	198.4	(469.0)	560.8
Total	1,661.2	497.3	(700.0)	1,458.5

At the year end, provisions amounted to 1,458.5 million euros, of which 735.2 million euros were long-term (discounted at a market interest rate) and 723.3 million euros were short-term (1,661.2, 708.2 and 953 respectively in 2022).

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 and any other factors considered relevant.

The "Personnel benefits" heading includes a future plan to ensure job stability through a voluntary Contract Suspension Plan which is available to employees who turn 61 years of age during the period it will be in force (from 2022 to 2026). The impact on the Profit and Loss Statement in the 2023 financial year amounted to 0.1 million euros (292.6 in 2022) (see Note 19e).

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	2023	2022
Group companies	80.2	532.8
Third-party	371.1	239.4
Financial institutions	0.0	0.0
Derivatives	206.3	73.7
Other financial liabilities	163.1	164.5
Official loans with granted interest	36.9	43.3
Debt convertible into grants (Note 13)	110.3	96.9
Bonds, deposits received and other liabilities	0.4	0.5
Suppliers of fixed assets	15.5	23.8
Rest	1.7	1.2
Total	451.3	772.2

At the year end, total liabilities amounted to 451.3 million euros (772.2 in 2022), comprising 80.2 million euros with Group companies (short-term) (532.8 in 2022) and 371.1 million euros with third parties (199.5 long-term and 171.6 short-term), (239.4, 120.9 and 118.5 respectively in 2022).

Liabilities are distributed according to maturity date as follows: 251.8 million euros in 2024, 194.3 million euros for 2025-2028 and 5.2 million euros in later financial years (651.3 in 2023, 120.5 for 2024-2027 and 0.4 in later financial years in 2022).

The amount of loans and credit lines granted to the company by Group companies totaled 150 million euros at December 31, 2023, of which 65 million euros were used (750 and 450 respectively in 2022).

Interest rates applied to liabilities with Group companies are subject to market conditions.

16. TRADE AND OTHER PAYABLES

Millions of euros	2023	2022
Trade payables	993.4	945.2
Group companies payables	989.3	1,027.8
Other payables	16.1	52.8
Personnel (remunerations pending)	111.0	107.3
Current tax liabilities	0.1	0.1
Public Administrations	47.5	62.7
Customers advances	0.0	0.2
Total	2,157.4	2,196.1

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.

The information required under the current regulation is set out below:

	2023	2022
	Days	Days
Average payment period to suppliers	35	39
Ratio of paid purchases	33	37
Ratio of purchases pending payment	54	57
	Amount	Amount
Payments made	14,174.1	10,753.7
Payments pending	979.9	1,180.9
Total	15,154.0	11,934.6

The table below shows the monetary volume and the number of invoices paid within the maximum legal payment period, together with the percentage they represent relative to the total volume of payments to suppliers and the total number of invoices:

	2023	2022
Total volume of payments	13,021.1	10,099.9
Percentage of total volume paid within the legal payment period	91.9%	93.9%
Number of invoices paid	267,867	232,719
Percentage of total number of invoices paid within the legal payment period	90.8%	93.9%

17. FOREIGN CURRENCY

The net value of balances in foreign currency totaled a debit balance of 272.1 million euros on December 31, 2023 (debit balance of 198.6 million euros in 2022), held mainly in US, Australian and Singapore dollars, pounds sterling, Swiss francs, Mexican pesos, Japanese yen, Polish zloty, Russian roubles, South Korean won, Chinese yuan, as well as Czech, Danish, Swedish and Norwegian crowns. Of this total, 18.1 million euros correspond to credit balances with Group companies and other suppliers, and 290.2 million euros to debit balances with Group companies and other customers (19.7 and 218.3 respectively in 2022). The amounts attributed to income and expenses due to exchange rate differences during the year total 45.9 and 35.8 million euros, respectively (61.6 and 63.2 in 2022).

Amounts (in millions of euros) of the main transactions carried out in foreign currency are as follows:

Millions of euros	2023	2022
Purchases	291.9	243.5
Sales	2,942.8	2,016.3
Services received	52.5	26.5
Services rendered	6.3	5.7

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 2023 financial year, the SEAT Group's taxable income derived from its consolidated corporation tax return amounted to 660.5 million euros, after offsetting tax losses amounting to 220.2 million euros, of which 209.3 million euros correspond to tax losses of the company itself.

The quota resulting from the consolidated corporation tax return for the 2023 financial year amounted to 99 million euros, after the application of tax deductions amounting to 66.1 million euros, of which 65.7 million euros correspond to the company. Payments on account during the 2023 financial year amounted to 167.3 million euros, resulting in a current tax asset amounting to 68.3 million euros (see Note 10).

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		
	Increase	Decrease	Total	Increase	Decrease	Total
Result for year	548.0	0.0	548.0	0.0	0.0	0.0
Corporation tax	49.0	0.0	49.0	0.0	0.0	0.0
Permanent differences	14.0	(113.0)	(99.0)	0.0	0.0	0.0
Specific to the company	14.0	(113.0)	(99.0)	0.0	0.0	0.0
From consolidation adjustments	0.0	0.0	0.0	0.0	0.0	0.0
Temporary differences	347.6	(406.1)	(58.5)	0.0	0.0	0.0
Specific to the company	343.0	(402.2)	(59.2)	0.0	0.0	0.0
Originating in the year	342.4	(0.1)	342.3	0.0	0.0	0.0
Originating in previous years	0.6	(402.1)	(401.5)	0.0	0.0	0.0
From consolidation adjustments	4.6	(3.9)	0.7	0.0	0.0	0.0
Originating in the year	0.1	(3.8)	(3.7)	0.0	0.0	0.0
Originating in previous years	4.5	(0.1)	4.4	0.0	0.0	0.0
Taxable income	958.6	(519.1)	439.5	0.0	0.0	0.0

The decreases due to permanent differences correspond mainly to the portion of dividends received from Group companies that is exempt from taxation.

The reconciliation between the corporation tax income/(expense) 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	2023	2022
Tax rate (25%) applied to the accounting result	(149.2)	1.8
Permanent differences	24.7	16.2
Capitalization of deductions	17.9	24.9
Application of deductions not recognized	58.5	30.7
Other differences	(0.9)	1.1
Corporation tax income/(expense)	(49.0)	74.7

The breakdown of the corporation tax income/(expense) is as follows:

Millions of euros	2023	2022
Current tax income	5.7	30.5
Deferred tax income/(expense)	(54.7)	44.2

As a consequence of consolidated taxation, the total reciprocal debts and loans between the Group companies amount to 107.2 million euros.

At December 31, 2023, the accumulated deferred tax assets amounted to 460.9 million euros, of which 295.3 million euros relate to timing differences, 99.1 million relate to tax deductions, 16.0 million to tax losses carried forward and 50.5 million to items classified within equity.

Deferred tax liabilities, meanwhile, amount to 17 million euros, of which 5.8 million euros arise from timing differences and 11.2 million euros relate to items classified within equity.

The variation in the financial year of the net balance of deferred tax assets and liabilities amounts to -22 and 1.5 million euros, respectively. The detailed breakdown of the net movement of the same is as follows:

Millions of euros	2023	2022
Initial balance	464.4	427.6
Deferred taxes entered directly to Profit and Loss Statement	(54.7)	44.2
Deferred taxes entered directly to equity	34.2	(7.4)
End balance	443.9	464.4

At December 31, 2023, SEAT, S.A. has unused tax losses carried forward amounting to 63.8 million euros, generated in the 2021 financial year.

Tax losses do not expire.

At December 31, 2023, SEAT, S.A. had tax credits or tax incentives for the following items and amounts yet to be applied:

Millions of euros	Maturity date					
	Balance 31.12.23	2024	2025	2026	2027	Later
R&D	142.5	0.0	0.0	0.0	0.0	142.5
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	2.2	0.0	0.0	0.0	0.0	2.2
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, 2023 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 for non-prescribed taxes for the period 2018-2023, with the exception of corporation tax which extends to the period 2017-2022.

On July 1, 2022, the company received a notification of the opening of a tax inspection process in relation to value added tax, personal income tax and income tax on non-residents for the period from July 2018 to September 2020, as well as in relation to corporation tax, for which the inspection covered the period 2017-2020.

At the date of preparation of these annual accounts, the proceedings related to the inspection process are in the information gathering stage. In addition, no risks have been identified that could have a significant impact on these annual accounts.

The Pillar II rules published by the OECD have been passed – or almost passed – into law in certain jurisdictions in which the Group operates. The corresponding German and Spanish legislation will come into force for the Group's financial year commencing 1 January 2024. The Group falls within the scope of this enacted legislation and has conducted an assessment of its potential exposure to additional taxes under Pillar II.

This assessment is based on the latest information available on the financial results of the entities that comprise the Group. According to the assessment performed, the effective tax rates under Pillar II in Spain exceed 15%. Therefore, the company does not expect to have any potential exposure to additional taxes under Pillar II.

19. INCOME AND EXPENSES

a) Net sales

The distribution of items is as follows:

Millions of euros	2023	2022
Vehicles	12,763.5	9,312.8
Spare parts	769.6	674.4
Gearboxes	198.6	176.6
Other sales	437.0	349.6
Materials	205.0	180.4
By-products and reusable waste	38.2	43.1
R&D services	165.4	103.4
Hedging	(59.6)	(43.5)
Digital services	27.4	23.3
Other services	60.6	42.9
Total	14,168.7	10,513.4

The geographical distribution by market is as follows:

Millions of euros	2023	2022
Spain	2,071.2	1,854.4
Rest of European Union	8,991.6	6,665.6
Rest of the world	3,105.9	1,993.4
Total	14,168.7	10,513.4

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	2023		2022	
	Short-term	Long-term	Short-term	Long-term
Opening balance	117.3	120.8	178.8	189.9
Collections and billing	315.9	166.8	40.0	41.9
Prepaid income recognition	(81.3)	(58.6)	0.0	0.0
Prepaid income disposal	(180.6)	(164.7)	0.0	0.0
Other movements	58.8	53.0	(58.8)	(53.0)
Closing balance	230.1	117.3	160.0	178.8

The liabilities relating to customer contracts are distributed by maturity date as follows: 230.1 million euros in 2024 and 160 million euros in the period 2025-2028 (117.3 in 2023 and 178.8 for 2024-2027 in 2022).

The heading "Prepaid income disposal" mainly includes the repurchase of vehicles previously handed over to rental companies (see Note 5f).

b) Change in inventories of finished goods and work in progress

Millions of euros	2023	2022
Decrease/increase of inventory	238.4	(325.5)
<i>Work in progress</i>	109.5	(83.5)
<i>Partly-finished goods</i>	0.2	(1.2)
<i>Finished goods</i>	128.7	(240.8)
Impairment of inventory	11.4	(8.6)
Total	249.8	(334.1)

c) Supplies

Millions of euros	2023	2022
Acquired products	3,941.0	2,808.9
<i>Purchases</i>	3,943.2	2,870.0
<i>Decrease/increase of inventory</i>	(2.2)	(61.1)
Raw materials and other supplies	6,604.1	5,372.1
<i>Purchases</i>	6,456.2	5,404.4
<i>Decrease/increase of inventory</i>	147.9	(32.3)
Other external expenses	10.3	8.3
Impairment of acquired products, raw materials and others	(7.7)	7.2
Total	10,547.7	8,196.5

The purchases managed during the year are distributed geographically as follows: Spain 55% and rest of the world 45% (60% and 40% respectively in 2022).

During the financial year, the company used an estimated total of 568,086 tons of different materials in the process of producing its vehicles at the Martorell factory. These included: 403,341 tons of metals (steel, iron, alloys, castings and others), 119,298 tons of polymers and plastics, 28,404 tons of materials intended for the vehicles' operation and 17,043 tons consisting of a mixture of various different materials (467,413, 331,863, 98,157, 23,371 and 14,022 respectively in 2022).

d) Other operating income

Millions of euros	2023	2022
Sundry income	335.8	397.8
Operating grants (see Note 13)	1.2	1.7
Discounted provisions	13.3	15.1
Other income	7.0	6.4
Total	357.3	421.0

The 'Sundry income' section includes, among others, income from the rendering of services to Group companies and personnel.

e) Personnel costs

Millions of euros	2023	2022
Wages, salaries and similar concepts	750.7	998.0
Social costs	230.8	218.9
<i>Social security</i>	207.6	203.6
<i>Others</i>	23.2	15.3
Provisions	0.0	(5.7)
Total	981.5	1,211.2

The heading "Wages, salaries and similar concepts" includes an expense of 0.1 million euros (292.6 in 2022) related to the voluntary Contract Suspension Plan (see Note 14).

f) Other operating expenses

Millions of euros	2023	2022
External services	2,134.2	1,625.8
Taxes	12.9	12.4
Losses, impairment and variation in provisions due to trade operations	135.6	82.5
Greenhouse gas emission rights (Note 14)	0.7	28.9
Other expenses	0.9	5.4
Total	2,284.3	1,755.0

g) Financial income

Millions of euros	2023	2022
For equity investments	118.9	83.1
<i>Group companies</i>	118.9	83.1
<i>Third-party</i>	0.0	0.0
For other investments and financial instruments	9.7	1.0
<i>Group companies</i>	8.7	0.1
<i>Third-party</i>	1.0	0.9
Total	128.6	84.1

h) Financial expense

Millions of euros	2023	2022
For Group company debts	11.4	3.8
For third-party debts	4.2	(1.7)
Discounted provisions and debts	21.1	(31.4)
Total	36.7	(29.3)

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).

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 271.7 million euros, and accumulated depreciation stands at 190.6 million euros (239.7 and 179.5 respectively in 2022).

In the wide-ranging investment program implemented in 2023, a sum of 37.1 million euros has been capitalized relating to capital goods which can be devoted entirely to environmental protection-related activities, with a further 23 million euros corresponding to firm commitments for the purchase of such items (10.2 and 30.2 respectively in 2022).

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	2023	2022
Control and monitoring of air pollution	5.6	5.2
Waste water treatment and management	2.7	2.8
Industrial waste treatment and management	3.4	3.9
Energy savings	1.6	1.2
Visual impact improvement	0.6	0.3
Communication management	0.0	0.0
Environmental process management	0.8	0.9
End-of-life vehicles management	0.9	0.7
Miscellaneous	1.9	1.1
Total	17.5	16.1

Expenses incurred for the financial year, regarding amortization of environment-related assets, amount to 14.1 million euros (13.5 in 2022).

The overall estimated staff costs of SEAT employees devoted to total or partial implementation of environmental protection-related activities amount to 2.9 million euros (3.2 in 2022).

d) Environment-related income

Income deriving from the sale of by-products and reusable waste totaled 38.2 million euros (43.1 in 2022).

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	2023	2022
Purchases	5,718.2	4,167.8
Net sales	10,477.0	7,534.5
Services received	1,189.5	602.9
Services rendered	152.6	156.4
Dividends paid	0.0	0.0
Accrued financial income	8.7	0.1
Dividends received	118.9	83.1
Accrued financial expenses	11.4	3.8

The breakdown of the amounts of the main transactions with related parties carried out in foreign currencies is as follows:

Millions of euros	2023	2022
Purchases	8.2	10.9
Net sales	2,477.7	1,664.9
Services received	30.6	11.7
Services rendered	4.3	4.4

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: 24.2% in materials (27.7% in 2022), 36.4% in spare parts (33% in 2022), 12.3% in vehicles (12.4% in 2022) and 36.4% in gearboxes (25.4% in 2022). 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 1,588.1 million euros (1,218 in 2022); net sales 220.8 million euros (189.1 in 2022); services received 642.3 million euros (364.1 in 2022); services rendered 66.6 million euros (62 in 2022); 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 54 million euros (61.3 in 2022), and trade and other payables 296.9 million euros (506.2 in 2022).

At December 31, 2023, SEAT, S.A. (Single Shareholder Company) and Volkswagen Finance Luxembourg 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 year of their functions during 2023 was as follows:

Millions of euros	2023	2022
Board of Directors (1 woman and 6 men)	0.5	0.7
Senior Management (1 woman and 6 men)	7.6	7.3
Total (*)	8.1	8.0

(*) The average remuneration was 0.6 million euros (0.6 million in 2022). The members of the Board of Directors with executive positions within the Group do not have a specific remuneration assigned for the performance of this function. Given that in both the Board of Directors and the Senior Management there is only one woman, the breakdown by gender is not reported for confidentiality reasons.

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 2023 and 2022 financial years.

During 2023, public liability insurance premiums amounting to 0.3 million euros (0.3 in 2022) 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, S.A. 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:

	2023	2022
Direct labor	8,432	8,656
Indirect labor	772	842
Managers and non-collective agreement staff, technicians and administrative staff	4,664	4,951
Members of the Executive Committee	7	7
Total*	13,875	14,456

* The estimated average number of people/year, calculated with the working hours undertaken during the two "ERTE" furlough schemes implemented during 2023, amounts to 430 people (1,090 in 2022).

The average number of employees with a disability greater than or equal to 33% amounts to 568 people: 486 direct labor, 12 indirect labor and 70 managers and non-collective agreement staff, technicians, and administrative staff (550, 468, 12 and 70 respectively in 2022).

The breakdown of SEAT, S.A.'s basic workforce at December 31 is as follows:

	2023			2022		
	Men	Women	Total	Men	Women	Total
Direct labor	6,680	1,635	8,315	6,881	1,686	8,567
Indirect labor	736	17	753	786	18	804
Managers and non-collective agreement staff, technicians and administrative staff	3,459	1,094	4,553	3,620	1,198	4,818
Members of the Executive Committee	6	1	7	6	1	7
Total	10,881	2,747	13,628	11,293	2,903	14,196

SEAT, S.A.'s Board of Directors comprises seven members (one woman and six men).

b) Auditors

The fees accrued by EY in the 2023 financial year for audit services provided to the company amounted to 0.3 million euros (0.3 in 2022). In addition, the fees charged in 2023 by EY as well as by other companies of the EY network for other services, basically related to the review of financial information for consolidation with the Volkswagen Group and the review of supporting accounts for grants amounted to 0.4 million euros (0.1 in 2022 primarily corresponding to the review of financial information for consolidation with the Volkswagen Group).

The non-audit services which EY has provided to the company include the following: review of financial information for consolidation with the Volkswagen Group, verification of the table of complementary non-financial information, the review of supporting accounts for grants and IT system security services.

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, verification of complementary non-financial information, review of supporting accounts for grants and advisory services rendered to dealerships relating to the use of IT systems.

c) Measures applied by the company to mitigate the effects of the semiconductor shortage and the war between Russia and Ukraine

The normalisation of the shortage of semiconductors and other essential components during 2023 allowed ordinary production to be gradually resumed. This improvement in the situation made it possible to bring forward to April 14 the end of the ERTE furlough scheme, the request for which had previously been filed with the Catalan regional government (Generalitat de Catalunya) in late 2022 agreeing an extension between December 24, 2022 and June 30, 2023.

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

2022	Cost of acquisition or manufacture						Depreciation / Impairment					Net book value		
	Initial balance 01.01.22	Additions	Disposals	Transfers	Impairment	End balance 31.12.22	Initial balance 01.01.22	Additions	Disposals	Transfers	Impairment	End balance 31.12.22	Initial balance 01.01.22	End balance 31.12.22
Millions of euros														
Intangible assets	2,690.5	512.7	[182.6]	0.0	0.0	3,020.6	1,079.8	273.6	[27.2]	0.0	0.0	1,326.2	1,610.7	1,694.4
Development	1,784.6	64.9	[16.5]	15.7	0.0	1,848.7	701.1	239.4	0.0	0.0	0.0	940.5	1,083.5	908.2
Software	72.8	13.2	0.0	0.2	0.0	86.2	64.2	8.8	0.0	0.0	0.0	73.0	8.6	13.2
Other intangible assets	431.0	13.0	[55.4]	0.0	0.0	388.6	314.5	25.4	[27.2]	0.0	0.0	312.7	116.5	75.9
Intangible assets in progress	402.1	421.6	[110.7]	[15.9]	0.0	697.1	0.0	0.0	0.0	0.0	0.0	0.0	402.1	697.1
Tangible assets	7,115.5	180.6	[268.2]	0.0	0.0	7,027.9	5,483.8	348.2	[265.6]	0.0	0.0	5,566.4	1,631.7	1,461.5
Land and buildings	899.5	12.5	[12.9]	0.0	0.0	899.1	512.7	19.7	[10.5]	0.0	0.0	521.9	386.8	377.2
Technical equipment and machinery	2,952.3	46.5	[192.4]	6.2	0.0	2,812.6	2,300.2	151.4	[192.2]	0.0	0.0	2,259.4	652.1	553.2
Other facilities, tools and office equipment	3,200.0	35.6	[62.6]	2.0	0.0	3,175.0	2,629.2	172.8	[62.7]	0.0	0.0	2,739.3	570.8	435.7
Other tangible assets	54.9	[0.9]	[0.3]	0.0	0.0	53.7	41.7	4.3	[0.2]	0.0	0.0	45.8	13.2	7.9
Tangible assets in progress	8.8	86.9	0.0	[8.2]	0.0	87.5	0.0	0.0	0.0	0.0	0.0	8.8	8.8	87.5
LT investments in Group and associate companies	774.8	4.6	[0.1]	0.0	0.0	779.3	18.6	0.0	0.0	0.0	5.3	23.9	756.2	755.4
Equity investments	774.7	4.6	0.0	0.0	0.0	779.3	18.6	0.0	0.0	0.0	5.3	23.9	756.1	755.4
Loans	0.1	0.0	[0.1]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
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	6.4	16.8	[0.1]	[0.4]	0.0	22.7	0.0	0.0	0.0	0.0	0.0	0.0	6.4	22.7
Equity investments	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	3.7	16.4	0.0	0.0	0.0	20.1	0.0	0.0	0.0	0.0	0.0	0.0	3.7	20.1
Other financial assets	1.0	0.0	[0.1]	0.0	0.0	0.9	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.9
Deferred tax assets	435.8	100.3	[53.2]	0.0	0.0	482.9	0.0	0.0	0.0	0.0	0.0	0.0	435.8	482.9
Total	11,023.0	815.0	[504.2]	[0.4]	0.0	11,333.4	6,582.2	621.8	[292.8]	0.0	5.3	6,916.5	4,440.8	4,416.9

2023

Millions of euros	Cost of acquisition or manufacture						Depreciation / Impairment					Net book value		
	Initial balance 01.01.23	Additions	Disposals	Transfers	Impairment	End balance 31.12.23	Initial balance 01.01.23	Additions	Disposals	Transfers	Impairment	End balance 31.12.23	Initial balance 01.01.23	End balance 31.12.23
Intangible assets	3,020.6	595.2	[192.3]	0.0	0.0	3,423.5	1,326.2	276.9	[186.6]	0.0	0.0	1,416.5	1,694.4	2,007.0
Development	1,848.7	274	[120.2]	32.3	0.0	1,788.2	940.5	241.5	[120.2]	0.0	0.0	1,061.8	908.2	726.4
Software	86.2	6.1	0.0	0.7	0.0	93.0	73.0	8.0	0.0	0.0	0.0	81.0	13.2	12.0
Other intangible assets	388.6	4.9	[72.1]	0.0	0.0	321.4	312.7	274	[66.4]	0.0	0.0	273.7	75.9	47.7
Intangible assets in progress	697.1	556.8	0.0	[33.0]	0.0	1,220.9	0.0	0.0	0.0	0.0	0.0	0.0	697.1	1,220.9
Tangible assets	7,027.9	269.4	[173.9]	0.0	0.0	7,123.4	5,566.4	328.8	[172.2]	0.0	0.0	5,723.0	1,461.5	1,400.4
Land and buildings	899.1	28.0	[3.1]	1.0	0.0	925.0	521.9	19.7	[1.7]	0.0	0.0	539.9	377.2	385.1
Technical equipment and machinery	2,812.6	32.9	[89.5]	4.8	0.0	2,760.8	2,259.4	164.1	[89.3]	0.0	0.0	2,334.2	553.2	426.6
Other facilities, tools and office equipment	3,175.0	30.1	[81.0]	[5.7]	0.0	3,118.4	2,739.3	141.1	[81.0]	[5.5]	0.0	2,793.9	435.7	324.5
Other tangible assets	53.7	4.1	[0.3]	8.3	0.0	65.8	45.8	3.9	[0.2]	5.5	0.0	55.0	7.9	10.8
Tangible assets in progress	87.5	174.3	0.0	[8.4]	0.0	253.4	0.0	0.0	0.0	0.0	0.0	0.0	87.5	253.4
LT investments in Group and associate companies	779.3	8.6	0.0	0.0	0.0	787.9	23.9	0.0	0.0	0.0	10.3	34.2	755.4	753.7
Equity investments	779.3	8.6	0.0	0.0	0.0	787.9	23.9	0.0	0.0	0.0	10.3	34.2	755.4	753.7
Loans	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
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	22.7	0.8	[12.7]	0.0	0.0	10.8	0.0	0.0	0.0	0.0	0.0	0.0	22.7	10.8
Equity investments	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	0.2	[0.4]	0.0	0.0	1.5	0.0	0.0	0.0	0.0	0.0	0.0	1.7	1.5
Derivatives	20.1	0.0	[12.2]	0.0	0.0	7.9	0.0	0.0	0.0	0.0	0.0	0.0	20.1	7.9
Other financial assets	0.9	0.6	[0.1]	0.0	0.0	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.9	1.4
Deferred tax assets	482.9	25.9	[47.9]	0.0	0.0	460.9	0.0	0.0	0.0	0.0	0.0	0.0	482.9	460.9
Total	11,333.4	899.9	[426.8]	0.0	0.0	11,806.5	6,916.5	605.7	[358.8]	0.0	10.3	7,173.7	4,416.9	4,632.8

APPENDIX 2. SUBSIDIARY COMPANIES

2022	Location	Holding [**]		Gross value 31.12.22	Depreciation 31.12.22	Book value 31.12.22	Equity 31.12.22	Profit/Loss for year 2022	Dividend received 2022
		Direct	Indirect						
Millions of euros									
Production									
SEAT Cupra, S.A. [*]	Martorell (Barcelona)	100		0.1		0.1	1.6	(0.8)	
Volkswagen Navarra, S.A. [*]	Arazuri (Navarre)	100		668.6		668.6	794.8	87.4	60.3
Distribution and Marketing SEAT									
SEAT Deutschland GmbH	Weiterstadt (Germany)	100		51.1		51.1	181.7	22.5	
SEAT Motor España, S.A. [*]	Barcelona		100				(2.3)	(1.0)	
Distribution and Marketing VW/Audi/Skoda									
Volkswagen Group España Distribución, S.A. [*]	Prat de Ll. (Barcelona)	100		24.4		24.4	174.4	32.4	22.8
Volkswagen Group Retail Spain, S.L. [*]	Prat de Ll. (Barcelona)		100				14.2	(5.2)	
Wagen Group Retail España, S.A. [*]	Barcelona		100				4.2	0.6	
Services									
SEAT Metropolis Lab Barcelona, S.A. [*]	Barcelona	100		5.0		5.0	9.0	2.1	
Connected Mobility Ventures, S.A. [*]	Barcelona	100		21.6	(18.0)	3.6	3.6	(2.6)	
Mobility Trader Spain, S. L. [*]	Barcelona	24.9		8.5	(5.9)	2.6	10.4	(11.2)	

[*] Companies subject to corporation tax under the consolidated tax regime.

[**] Voting rights do not differ from the percentage shareholding.

2023	Location	Holding [**]		Gross value 31.12.23	Depreciation 31.12.23	Book value 31.12.23	Equity 31.12.23	Profit/Loss for year 2023	Dividend received 2023
		Direct	Indirect						
Millions of euros									
Production									
SEAT Cupra, S.A. [*]	Martorell (Barcelona)	100		0.1		0.1	3.3	1.6	
Volkswagen Navarra, S.A. [*]	Arazuri (Navarre)	100		668.6		668.6	792.7	85.5	87.4
Distribution and Marketing SEAT									
SEAT Deutschland GmbH	Weiterstadt (Germany)	100		51.1		51.1	201.7	20.0	
SEAT Motor España, S.A. [*]	Barcelona		100				(2.5)	(0.2)	
Distribution and Marketing VW/Audi/Skoda									
Volkswagen Group España Distribución, S.A. [*]	Prat de Ll. (Barcelona)	100		24.4		24.4	177.5	34.5	31.5
Volkswagen Group Retail Spain, S.L. [*]	Prat de Ll. (Barcelona)		100				8.7	(4.9)	
Wagen Group Retail España, S.A. [*]	Barcelona		100				4.9	0.5	
Services									
SEAT Metropolis Lab Barcelona, S.A. [*]	Barcelona	100		5.0		5.0	8.6	1.4	
Connected Mobility Ventures, S.A. [*]	Barcelona	100		29.1	(25.6)	3.5	0.4	(10.8)	
Mobility Trader Spain, S. L. [*]	Barcelona	24.9		9.6	(8.6)	1.0	7.3	(7.6)	

[*] Companies subject to corporation tax under the consolidated tax regime.
 [**] Voting rights do not differ from the percentage shareholding.

TABLE OF COMPLEMENTARY NON-FINANCIAL INFORMATION

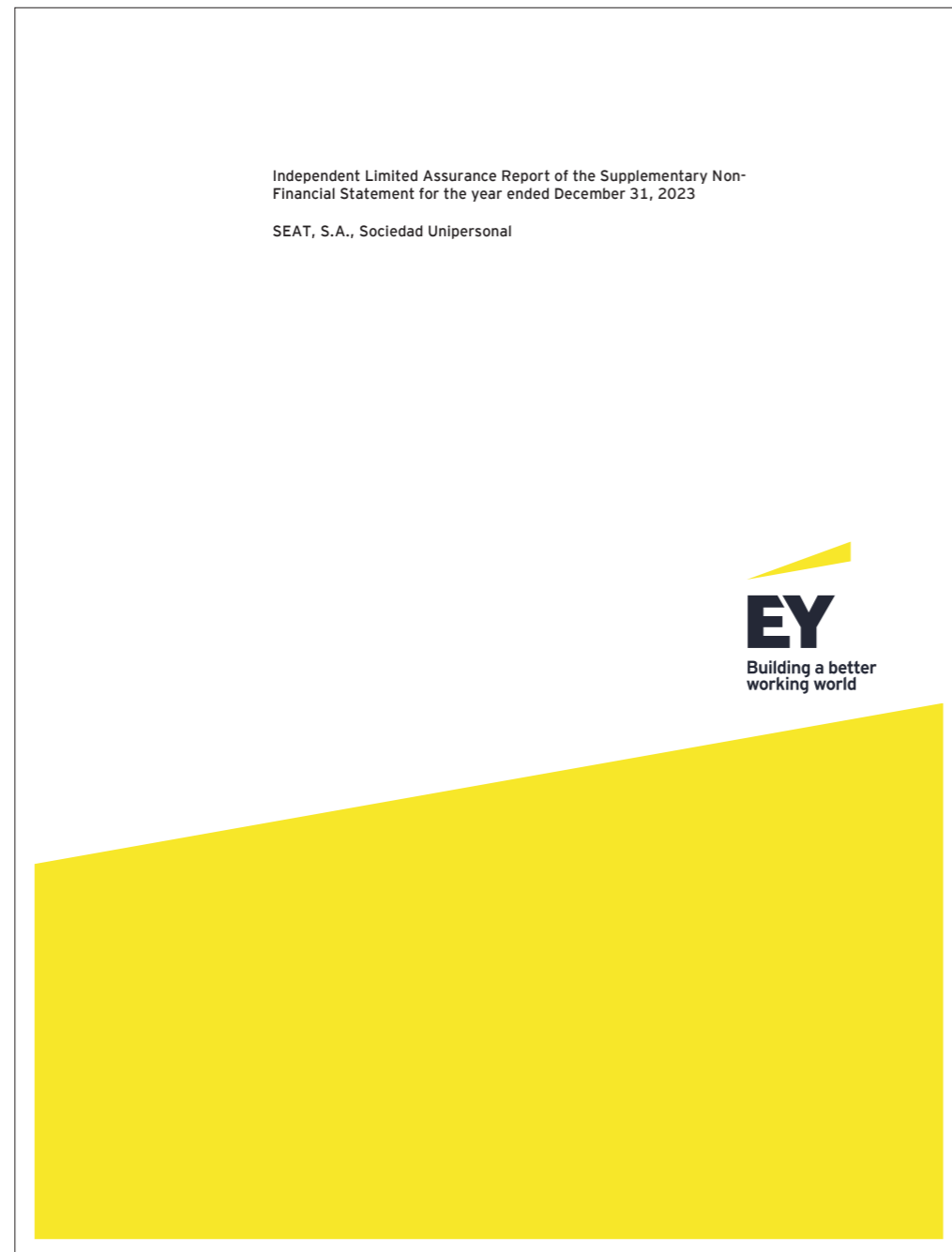
Areas	Contents	Material issue (Yes/No)	GRI Standards	Section
Environmental issues	Sustainable use of resources			
	Consumption of raw materials.	Yes	301-1	Annual Accounts / Notes / 19. Income and expenses / c) Supplies
	Actions to combat food waste.	No	---	----
Social and employee-related issues	Employment			
	Total number and distribution of employees by gender, age, country and professional classification.	Yes	2-7 / 405-1	
	Total number and distribution of types of employment contract.	Yes	2-7	
	Annual average of permanent contracts, temporary contracts and part-time contracts by gender, age and professional classification.	Yes	2-7	Management Report / People and Organisation / Structure of the workforce
	Number of dismissals by gender, age and professional classification.	Yes	401-1	Annual Accounts / Notes / 22. Other information / a) Workforce
	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	Internal criteria/ Wage gap: (Average wage women – Average wage men) / Average wage men	
	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	Internal criteria	Management Report / Management / Executive Committee: 6 men and 1 woman; Board of Directors: 6 men and 1 woman (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	3-3	Management Report / People and Organisation / Diversity and equality
	Employees with disabilities.	Yes	405-1	Annual Accounts / Notes / 22. Other information / a) Workforce
	Organization of work			
	Organization of working time.	Yes	3-3	Management Report / People and Organisation / Organisation of work and social dialogue
	Number of hours of absenteeism.	Yes	Internal criteria	Management Report / People and Organisation / Structure of the workforce
	Health and safety			
Workplace accidents, in particular their frequency and severity, occupational diseases, disaggregated by gender.	Yes	Internal criteria / 403-9 / 403-10	Management Report / People and Organisation / Structure of the workforce	
Social relations				
Organization of social dialogue, including procedures for informing and consulting staff and negotiating with them.	Yes	3-3	Management Report / People and Organisation / Organisation of work and social dialogue	
Percentage of employees covered by collective labor agreement by country.	Yes	2-30	Management Report / People and Organisation / A benchmark in health and safety	

Areas	Contents	Material issue (Yes/No)	GRI Standards	Section
Social and employee-related issues	The balance of collective agreements, particularly in the field of health and safety at work.	Yes	3-3 / 403-4	Management Report / Health, Safety and Emergencies / SEAT health and safety management model
	Mechanisms and procedures the company has established to promote staff involvement in the company's management, in terms of information, consultation and participation.	Yes	2-29	Management Report / People and Organisation / Staff participation
	Training			
	The total amount of training hours by professional category.	Yes	Internal criteria	Management Report / People 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	3-3 / 2-23	Management Report / People and Organisation / Diversity and equality
Human rights	Complaints about cases of violation of human rights.	Yes	Internal criteria	Management Report / People and Organisation / Organisation of work and social dialogue
Society	Consumers			
	Claims systems, complaints received and their resolution.	Yes	2-16 / 2-25 / Internal criteria	Management Report / Sales and Marketing / One company, two brands / Customer service
	Tax information			
	Profits obtained country by country. Taxes paid on profits.	Yes	207-4	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>.

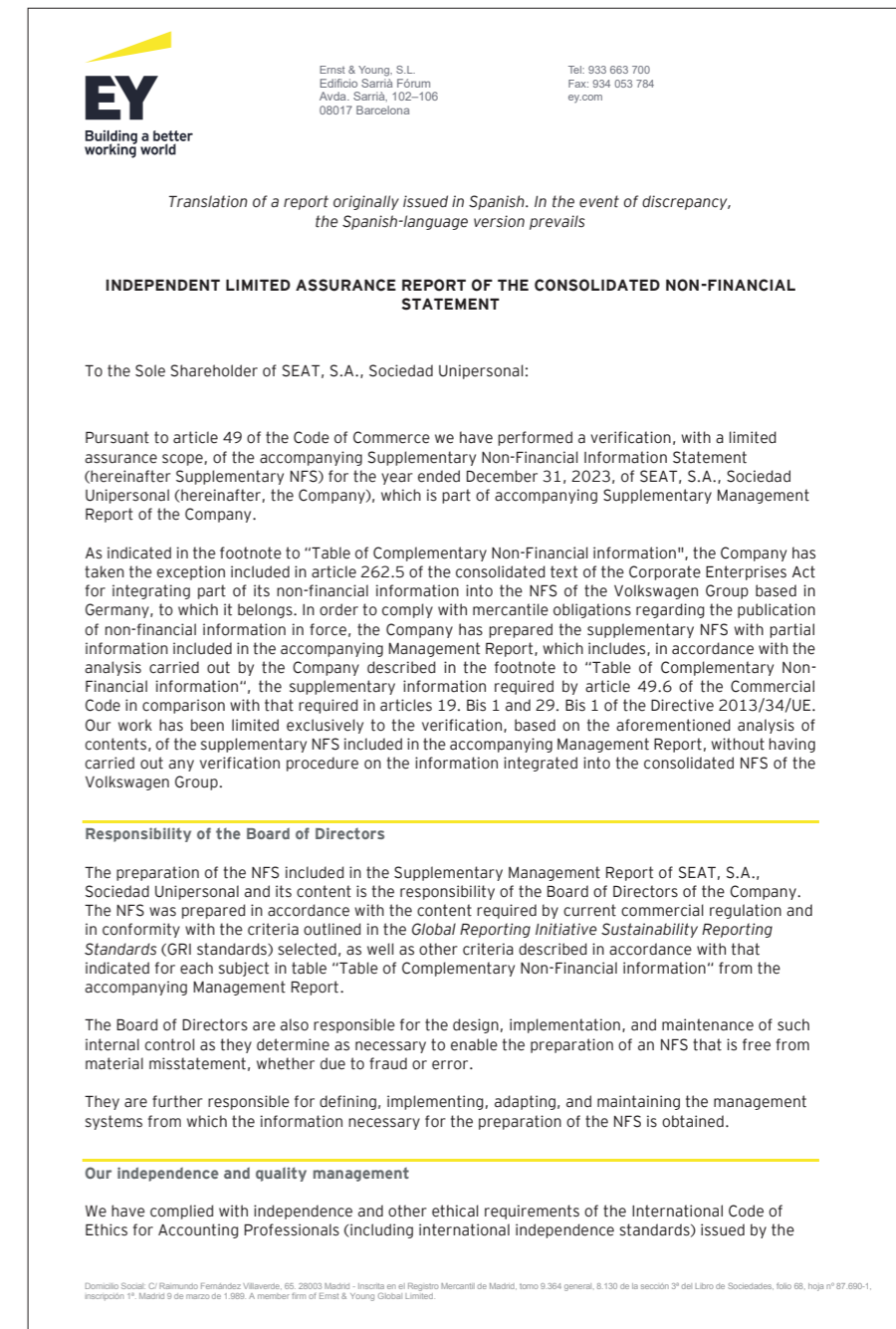
In order to comply with the commercial obligations regarding the publication of non-financial information currently in force, SEAT, S.A. has carried out an analysis to identify the additional information required by article 49.6 of the Code of Commerce. This included a comparison between the contents 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, EU taxonomy, 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 2023 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 2023 Annual Report where it is included.

INDEPENDENT VERIFICATION REPORT ON THE COMPLEMENTARY NON-FINANCIAL INFORMATION



Independent Limited Assurance Report of the Supplementary Non-Financial Statement for the year ended December 31, 2023

SEAT, S.A., Sociedad Unipersonal



Ernst & Young, S.L.
Edificio Sarrà Fórum
Avda. Sarrà, 102-106
08017 Barcelona

Tel: 933 663 700
Fax: 934 053 784
ey.com

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

INDEPENDENT LIMITED ASSURANCE REPORT OF THE CONSOLIDATED 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 Supplementary Non-Financial Information Statement (hereinafter Supplementary NFS) for the year ended December 31, 2023, of SEAT, S.A., Sociedad Unipersonal (hereinafter, the Company), which is part of accompanying Supplementary 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 supplementary 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 supplementary 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 supplementary 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 preparation of the NFS included in the Supplementary Management Report of SEAT, S.A., Sociedad Unipersonal and its content is the responsibility of the Board of Directors of the Company. The NFS was prepared in accordance with the content required by current commercial regulation and in conformity with the criteria outlined in the *Global Reporting Initiative Sustainability Reporting Standards* (GRI standards) selected, as well as other criteria described in accordance with that indicated for each subject in table "Table of Complementary Non-Financial information" from the accompanying Management Report.

The Board of Directors are also responsible for the design, implementation, and maintenance of such internal control as they determine as necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

They are further responsible for defining, implementing, adapting, and maintaining the management systems from which the information necessary for the preparation of the NFS is obtained.

Our independence and quality management

We have complied with independence and other ethical requirements of the International Code of Ethics for Accounting Professionals (including international independence standards) issued by the

Domicilio Social: C/ Raimundo Fernández Villaverde, 65, 28003 Madrid - inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª, Madrid 9 de marzo de 1.989. A member firm of Ernst & Young Global Limited.



International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

Our Firm applies International Standard on Quality Management 1 (ISQM 1), which requires us to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team consisted 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 the current International Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the guidelines for verifying Non-Financial Statement, issued by the Spanish Official Register of Auditors of Accounts (ICJCE).

The procedures carried out in a limited assurance engagement vary in nature and execution timing and are smaller in scope than reasonable assurance engagements, and therefore, the level of assurance provided is likewise lower.

Our work consisted in requesting information from Management and the various Company units participating in the preparation of the 2023 NFS, reviewing the process for gathering and validating the information included in the NFS, and applying certain analytical procedures and sampling review tests as described below:

- ▶ Meetings with Company's 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.
- ▶ Analysis of the scope, relevance and integrity of the content included in the Supplementary NFS for the year 2023 based on the materiality analysis made by the Company's and described in section "Dialogue with stakeholders", considering the content required by prevailing mercantile regulations.
- ▶ Analysis of the processes for gathering and validating the data included in the 2023 Supplementary NFS.
- ▶ Review of the information on the risks, policies and management approaches applied in relation to the material aspects included in the 2023 Supplementary NFS.
- ▶ Check, through tests, based on a selection of a sample, the information related to the content of the 2023 Supplementary NFS and its correct compilation from the data provided by the information sources.
- ▶ Obtaining a representation letter from the Board of Directors and Management



Conclusion

Based on the limited assurance procedures conducted and the evidence obtained, no matter has come to our attention that would cause us to believe that the Company's NFS for the year ended December 31, 2023 has not been prepared, in all material respects, in accordance with the contents required by current commercial regulation and the criteria of the selected GRI standards, as well as other criteria, described as explained for each subject matter in the table "Table of Complementary Non-Financial information" of the NFS.

The content of the supplementary Statement aforementioned, 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 supplementary NFS included in the accompanying Management Report does not include all the contents required in prevailing mercantile regulations.

Use and distribution

This report has been prepared as required by current commercial regulation in Spain, thus it may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Antonio Capella Elizalde

March 19th, 2024

SEAT, S.A. KEY FIGURES (2019/2023)

	2019	2020	2021	2022	2023
Retail sales (units)	574,078	426,641	470,531	385,592	519,176
Wholesales of new vehicles (units)	651,998	468,403	474,401	455,297	592,782
Wholesales of used vehicles (units)	15,911	10,889	13,468	12,226	11,943
Production in Martorell plant (units)	500,005	350,850	385,200	366,764	443,443
Production of SEAT brand and CUPRA in Group plants (units)	173,301	117,955	98,846	112,190	155,157
Basic workforce at 31.12	14,663	14,751	14,590	14,196	13,628
Martorell (includes Spare Parts Centre)	11,070	11,183	10,996	10,724	10,333
SEAT Barcelona	1,179	1,319	1,346	1,343	1,271
SEAT Componentes	1,079	1,003	990	883	807
SEAT Technical Centre	1,294	1,205	1,214	1,205	1,174
Other centres	41	41	44	41	43
Partial retirement workforce at 31.12	232	226	264	209	142
People adhered to the contract suspension plan at 31.12	0	0	0	193	231
Apprentices with labor contract at 31.12	174	168	180	112	174
Net sales (millions of euros)	11,157.3	8,784.0	9,256.5	10,513.4	14,168.7
Spain	2,143.4	1,574.4	1,703.3	1,854.4	2,071.2
<i>Vehicles</i>	1,543.0	1,123.6	1,188.3	1,240.7	1,410.2
<i>Spare parts</i>	349.2	275.6	321.7	369.7	401.2
<i>Gearboxes</i>	60.0	25.0	20.7	32.8	24.8
<i>Other sales</i>	191.2	150.2	172.6	211.2	235.0
Export	9,013.9	7,209.6	7,553.2	8,659.0	12,097.5
<i>Vehicles</i>	8,507.4	6,721.1	7,033.0	8,072.1	11,353.3
<i>Spare parts</i>	270.9	233.0	282.0	304.7	368.4
<i>Gearboxes</i>	110.1	147.7	141.8	143.8	173.8
<i>Other sales</i>	125.5	107.8	96.4	138.4	202.0
Shareholders' equity (millions of euros)	2,007.0	1,501.4	1,245.2	1,312.7	1,860.7
Operating result (millions of euros)	351.6	(417.7)	(370.6)	(113.7)	505.3
Result before tax (millions of euros)	453.4	(324.0)	(373.7)	(7.2)	597.0
Result after tax (millions of euros)	345.6	(194.2)	(256.3)	67.5	548.0
Depreciation (millions of euros)	395.1	581.4	642.5	621.8	605.7
Investments (millions of euros)	908.2	820.5	741.1	714.7	874.0

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 2023 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 28 February 2024.

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Balances y Cierres /
Comunicación
Autovía A2, km 585
E-08760 Martorell
Tel. (+34) 937 08 50 00
Fax (+34) 937 08 55 02
www.seat.com

Design: www.creapublish.com

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(*) Publication available on the internet: <http://www.seat.com>
(**) Art. 43 of the Spanish Commercial Code

