



ANNUAL REPORT 2019



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Message from the **General Director**

In March, when the global pandemic was declared, an enormous health crisis of unknown dimensions was confirmed and that led to an unprecedented economic crisis. We have been working on staying close to our customers these months and ensuring that the people in the Group can keep doing their jobs safely and maintain their delicate work life balance. Likewise, we have given some social support, in accordance with our principles and mission. I am very proud of the behaviour of every person in the Group and the attitude of union and solidarity with which we are facing these difficult times.

However, this annual report for 2019 should let us recognise the goal we are aspiring to.

2019 was the year we celebrated the 130th anniversary of Irizar. It has also been ten years since we had our own stand at the Busworld fair for the first time. And we are celebrating the 20th anniversary of Irizar Mexico, the 10th anniversary of Datik and it has been ten years since we became a manufacturer of integral coaches.

The Group currently has 13 production plants, 8 brands of its own, an R&D centre and 8 distribution and after-sales companies. We have activities in six different sectors, including passenger transport, electro-mobility, energy, electric engines, connectivity and electronics. And we have sales and after-sales networks around the world.

We are still growing our global presence. The acquisition of Irizar Italy, opening Irizar Benelux, consolidating Irizar USA and signing new distribution agreements in Sweden, Germany and countries including Ecuador, Argentina, Egypt and Cameroon are proof of our expansion.

We are also still launching our integral products alongside others we develop in collaboration with the primary chassis brands. And, of course, we are still benefiting from the Group's synergies and we are consolidating Irizar Emobility, our most recently created company.

That expansion has allowed us to close 2019 with a growth in billing around 20%. It has thus been the best year in our 130 years of history, breaking a record that is nothing other than a reflection of our firm commitment to a client based strategy.



Without a doubt, the success of the Group is an outcome of the strategy based on brand, technology and sustainability. That strategy provides us with great financial solidity and makes us a global player in urban and medium and long distance transport.

With the goal of recovering as soon as possible, we are still investing in new technology projects and making sustainability an indispensable value for transport in the present and future. To those ends, we are still engaging in innovation projects that make it possible for us to develop new technologies that can guarantee a future free of pollution.

Consequently, even though this year has brought very difficult personal and professional experiences, we must not lose sight of the extraordinary year the Irizar Group closed in 2019. It is that vision that should be our guiding light to come back even stronger as soon as the recovery is under way.

Rafael Sterling, CEO Irizar Group

2019: A Record Year

We are extremely satisfied to announce that the Irizar Group is still on the path of growth. With total consolidated invoicing of 766 million Euros, which is 20% more than the previous year, 2019 became a record breaking year in the history of the Group.

Insofar as units, the total is 3461 buses and coaches, of which 1351 are manufactured at Irizar Ormaiztegui and 94 correspond to those manufactured at Irizar e-mobility in Spain. 558 were for the domestic market, 47% were for discretionary transport, short and long distance routes and 23% was for the intercity and regional segment. Our market share is 40%.

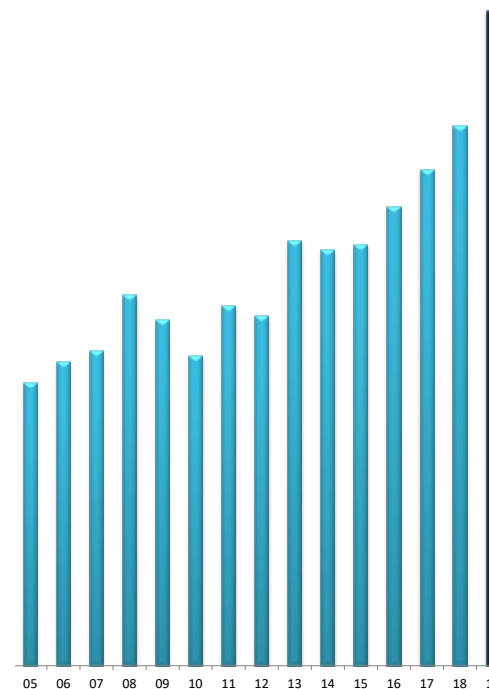
2019 was also a record year for European export markets, which accounted for 793 units. France, in particular, has attained a leadership position by multiplying the number of vehicle registrations for buses and coaches four-fold. That spectacular growth can be boiled down to 202 units registered, of which 53 were zero emissions buses and 5 were hybrid coaches. The year was also positive in Portugal, Israel, Italy, Poland and Eastern Europe.



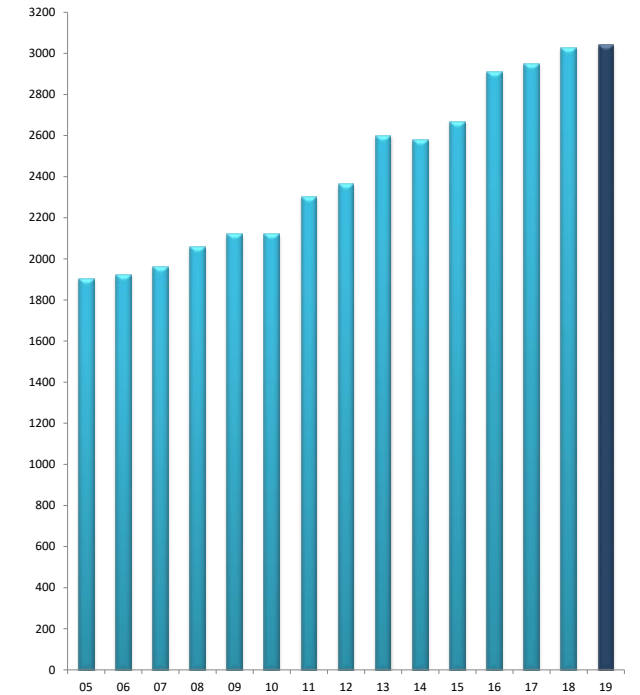
Insofar as vehicle typology, our number of integral vehicles keeps growing. Two of every six vehicles we manufacture in Ormaiztegui are integral.

We also keep growing and we are satisfied with the results we have achieved both in general and for our primary business, which is manufacturing buses and coaches.

Consolidated turnover (millions of euros)



Generation of people





Irizar Mexico, 20 Years

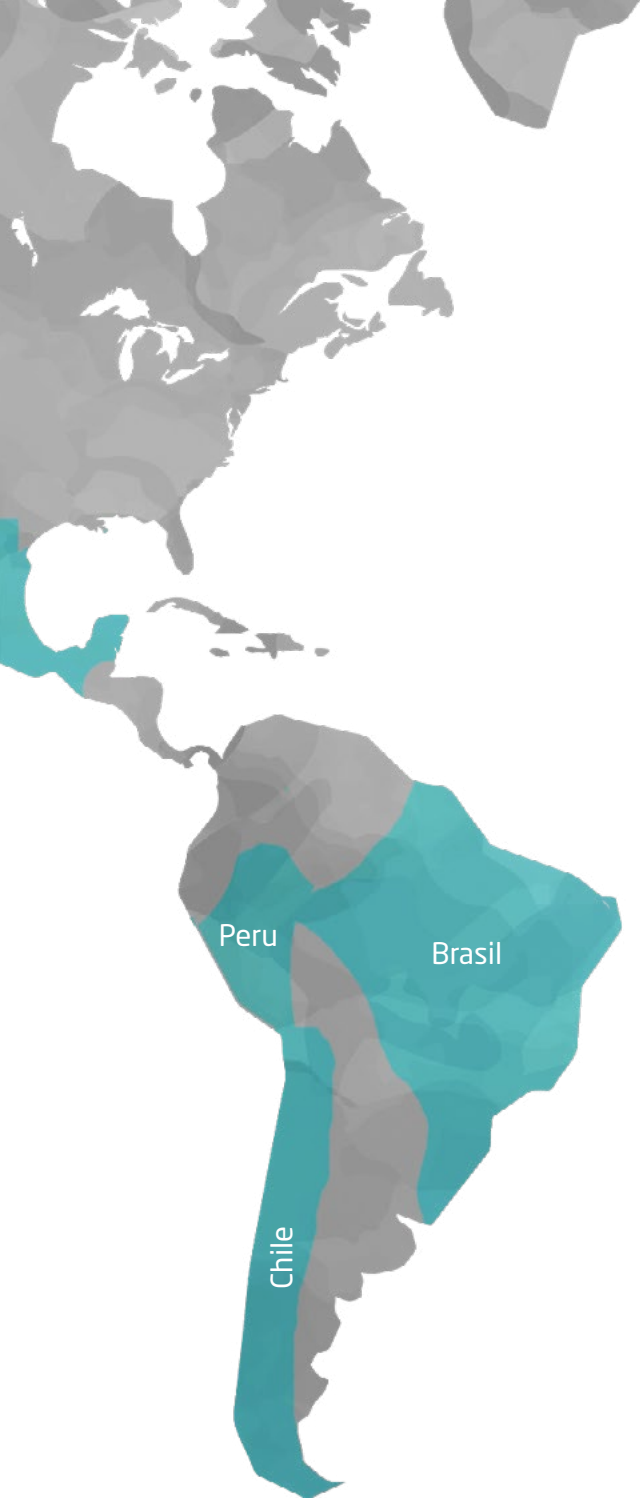
The sales in 2019 of nearly 1000 units once again confirms the strong positioning and leadership for 8 consecutive years of Irizar in the bus and coach manufacturing industry. With a share above 60%, Irizar Mexico celebrated its 20th anniversary by presenting significant innovations to the market that once again show the commitment and solidity of Irizar in Mexico.

They presented the Irizar i6S and a new generation of integral coaches that have a new Euro5 engine, in addition to active safety systems. They also delivered the first hybrid Irizar i4, which is a bus for short regional and suburban routes. They also launched the first unit of the Irizar i5 on a Scania chassis with a compressed natural gas E6 engine and a 400 km range.

Irizar Mexico has seen continuous growth during those 20 years. They have doubled the area of their production plant and made multiple investments to improve the processes and agility of their shipments to customers. They have gone from being a coachwork company to becoming a coach manufacturer with a total volume of more than 13,000 units.

Their success is fundamentally due to their efforts to adapt and personalise products and services to the needs of the country's operators, which is a key factor for penetrating the market. The strength of the Irizar brand in Mexico is nothing other than the reflection of their closeness to their clients and the hallmark of their identity, which is quality, competitiveness, the profitability of their products and their commitment to technology, innovation and sustainability, as well as their ability to recruit talent.





Irizar Brazil: An exceptional year

In Brazil, 2019 was the best year in history. It was a record breaking year. They beat the figures from the previous year (2018), which was also a record year, which makes us extremely satisfied.

It should be noted that Irizar Brazil exports the vehicles it produces to the Latin American, Australian and South African markets.

Of all the applications of the various models manufactured by Irizar Brazil, the mining sector is very special because it covers a demand that is not replicated in other parts of the world. The capacity to adapt to the adverse conditions of the mining sector and being able to supply buses with the same level of quality and the safe and reliable technologies provided by the Irizar brand have made Irizar Brazil able to consolidate itself in the segment of transporting people and subcontracted workers who provide services in the mineral deposits.



Chile

Along those lines, Chile is the forerunner market. With a considerable number of mines in its territory, currently 80% of the units delivered to Chile are for the mining sector. That country has thus become the primary market for Irizar Brazil.

Peru

The significant growth of the Peruvian market, where they have exceeded 140 units, is the most significant point to highlight this year.

Building on the base of the Chilean experience, Irizar buses can be found with the most important inter-provincial, tourism and mining clients in Peru.

We entered the markets of Ecuador and Argentina in 2019 via distributors.

Growth and Solidity for Irizar in Australia

Six years after the Irizar Group's incursion into Australia, Irizar Asia Pacific is consolidating and, in 2019, they duplicated the figures of their market share to reach a new record of 22%.

2019 and 2018 were the best years for Irizar in Australia, par excellence. Consolidated as the leading company in inter-province tourism, strong growth in the school bus market and contracts with mining companies have been fundamental for growth.

With the latest investment in after-sales and client relations, the Irizar brand is seen in Australia as the best service brand on the market.

South Africa

2019 was also a record year for units sold in South Africa and the presence in Africa has intensified with the first units sold in western and southern Africa.

The Irizar brand has become a leader in the African countries where it has a presence due, without a doubt, to the investment made for developing products and services and adapting to geographic conditions, clients and users. Solid proof of that is the development of coaches with a front mounted engine without having a decrease quality, design, comfort, safety or operating costs. Irizar is currently present in more than 20 countries in Africa and keeps expanding into new regions and territories.



Morocco

The transport situation in Morocco was complex in 2019 for a number of reasons that have affected the transport industry and, consequently, our traditional clients. That fact led to a year that was not especially good. Nevertheless, Irizar is still the indisputable leader in the luxury coach market and has consolidated as a centre for production of coaches that Irizar directs for export.



Irizar e-mobility: One year later

One year since putting our Irizar e-mobility facilities into operation in 2018, we are moving forward and innovating with the firm conviction to contribute to the transformation of cities from the point of view of transport.

In addition to seeing strong emphasis on developing and manufacturing different battery solutions and photovoltaic energy inverters, 2019 was the year in which we implemented turn key electro-mobility solutions in the cities of Bayonne, Aix en Provence and Amiens.

We have expanded the range of electric vehicles with the 12 metre Irizar ietram, presented the second generation of the 12 metre Irizar ie bus, and the first prototypes of the Irizar ie truck are already operating in cities.

New versions are currently under development regarding both zero emissions electric engines and different applications beyond waste collection.

The team has gone from 150 to 200 employees, a fact which endorses the even strides at which the company is tackling future challenges and it confirms the commitment to local employment and, in turn, the creation of wealth in the territory.



There is also growth in the Group's other activities

Jema

Jema keeps harvesting strong growth in billing in all its business units, especially in secure power supplies for its advanced systems area. Also contributing to its growth is supplying software components for electronic integration for electric coaches and buses from the Irizar Group.

Hispacold

Hispacold sees growth supported by the rail industry. 2019 was a year for launching new roof devices to enter new bus sectors - the Breeze range - in the electric bus segment and devices for new features.

Masats

Masats solidifies growth and achieves historical record billing in 2019. The trust of their clients in the bus sector in several countries, as well as the gradual establishment in the rail sector, are the main drivers behind that achievement. It was also a year of launching new developments like the swinsynco doors and validating platform doors in rail stations.

Datik

Datik also grew. Datik currently monitors more than 4000 vehicles in countries including Spain, France, England, the United States and Mexico, where offices have recently been opened with the intention of being closer to clients.

Alconza

At Alconza, the investment being made in their facilities in order to manoeuvre into a privileged position to tackle the shifting demand in marine drive trains towards sustainable technologies in every sector should be highlighted. Entering the sector of permanent magnets for electro-mobility means that Alconza can master the technology and become a leader in those products for the marine industry.



A year of celebrations and important milestones



130 years of Irizar

In 2019, we celebrated our 130 years of history in a position of strength and financial solidity that makes it possible for us to keep moving forward and developing new solutions and services so we can keep growing and guaranteeing a more sustainable future in economic, social and environmental terms.

The reality today of this family business founded in 1889 exceeds anything the founders could have imagined by leaps and bounds. Today, Irizar is a business group made up of more than 3000 people, it has more than 766 million Euros in aggregate billing, it has a commercial presence on five continents and 13 production plants, an R&D centre, eight of its own distribution and after-sales companies, sales and after-sales networks around the world, it has activities in six countries and eight brands of its own.

It is a global company that, in addition to still manufacturing electric coaches and buses, supplies systems for the rail industry and the electronics, energy, electro-mobility and connectivity sectors.

The year has been marked by major milestones, like delivering the 5000th unit of the Irizar i6 and the 2000th unit of the Irizar i6S in Europe and José Manuel Orcasitas was superseded as CEO of the Irizar Group. After 1 September, the General Director of the Group will be Rafael Sterling.

10 Years of the Irizar coach brand

Ten years have passed since the integral technology was presented at the 2009 Busworld fair. And it has been five years since we delivered the first electric buses. Currently, we have Irizar brand coaches and buses on the road in Spain, the UK, France, Italy, Poland, Benelux, Israel, the USA and Mexico, where our commercial presence is quite significant. Other highly relevant markets where we are focusing our efforts are Sweden and Israel.

The Busworld international fair, which took place in October in Brussels, was a showcase for presenting the complete range of hybrid and electric integral buses and coaches, and a long list of new technologies that are key for the future. It is the latest generation of more efficient, safer and more sustainable coaches, among which is the renewed Irizar i4, a vehicle with a metropolitan calling in inter-city, school and business transport. Among other attributes, it has innovations in interior and exterior design, weights and aerodynamics that let it save significant amounts of fuel.



10 Years of Datik

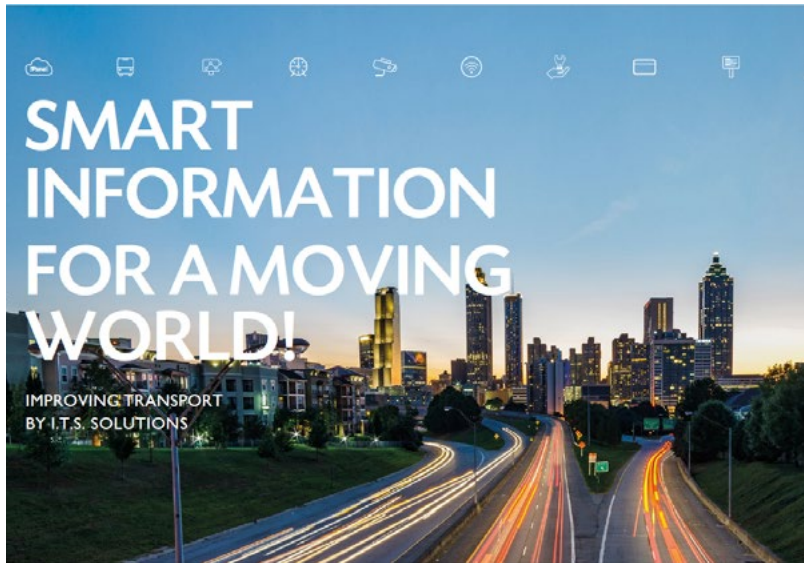
Datik is also celebrating 10 years of history. Currently, Datik is monitoring more than 4000 vehicles in countries including Spain, France, England, the United States and Mexico, where offices have recently been opened with the intention of being closer to clients.

Datik's strategic plan includes doubling the number of vehicles monitored in the next two years.

20th Anniversary of Irizar Mexico

Irizar Mexico celebrated its 20th anniversary in high style. It took the opportunity of this milestone to present major innovations to the market and new generations of integral coaches, which include:

- Coaches with Euro5 engines (based on the successful MY2017) and active safety systems (AEBS, ACC, DFD, LDW), in addition to improvements in fuel consumption efficiency tested and validated in Europe.
- The Irizar i6S is a product that meets all the needs of the Mexican market.
- The first hybrid Irizar i4, a bus for suburban and short intercity routes, is a sustainable and eco-efficient urban and intercity transport solution.
- And, it is the first Irizar unit on a Scania chassis, with a compressed natural gas E6 engine and a range of more than 400km.



At the **forefront** of technology

In addition to conceiving products with a distinctive design, our attention is currently turned to developing technology that is increasingly safer, more efficient and environmentally friendly (diesel, HVO, electrical technologies, hybrids, batteries).

Electro-mobility and smart transport solutions

We share an integral vision of the future of transport where zero emissions is combined with smart information. We are investing in technologies such as the development and manufacturing of batteries so we can provide the best solution for every requirement.

Furthermore, we are staying on a consistent path towards smart connectivity in our coaches, autonomous driving and new transport concepts. Because we see fulfilling our responsibility to society and the environment as an obligation.

Safety is first and foremost

Avoiding safety problems on the road is a requirement for our vehicles. And active and passive safety are strategic aspects of the new developments in our products and services.

In 2019, we reached a collaboration agreement with Mobileye, an Intel company, for jointly developing advanced functionalities to take on different levels of automation in the Irizar Group's buses and coaches and improve safety, efficiency and connectivity (5G) in its buses and coaches.

One of those functionalities is the accident prevention system that identifies potentially dangerous situations and gives visual and acoustic signals to help the driver avoid or mitigate a collision. It acts like a "third eye that is constantly watching the road in front of the vehicle".

This smart system warns of an imminent frontal collision with a vehicle or motorcycle on the highway or in the city up to 2.7 seconds before it happens. It helps keep the right safety distance with the vehicle in front and it uses visual and acoustic signals to warn if the safety distance becomes unsafe. It emits visual and acoustic signals up to 2 seconds before an imminent collision with a cyclist or pedestrian or when the vehicle involuntarily swerves out of its lane. It recognises traffic signals and speed limit signals and it is capable of changing high beams to low beams automatically to avoid any nuisance to traffic ahead.



Connectivity

In the Group, we also provide smart driver assistance systems and a range of optional equipment to give drivers and passengers an optimal form of transport.

With extensive experience in artificial vision and deep learning we can offer systems for fleet management, preventive and predictive maintenance and autonomous driving.

Interoperability

Depending on need and power, space or operational restrictions we carry out electrification and dimensioning studies of smart charging systems.

Currently in the Group, we are providing a new range of interoperable ECI chargers for night time in garage charging. And we have put several opportunity charging stations into service where buses can be charged in just four minutes without leaving their route.

An example of the largest interoperable BRT system in Europe can be found in Amiens. Following that project are Aix-en-Provence, Bayonne (France) and the projects in Vitoria-Gasteiz and Schaffhausen in Switzerland. In total, there are more than 250 charging systems in projects developed in Europe.

All those solutions are interoperable in accordance with the ISO 15118, DIN70121, OCPP 1.6 CE mark and EMC, 61000-6-2, 61000-6-4, IEC 61851, IEC 61000 standards.



Regarding Sustainability

The impact that CO2 emissions from transport is having on global warming is a fact. Because of that, we keep investing in creating different technologies in order to provide pioneering solutions to different future transport needs around the world. Reducing the impact of our vehicles and eliminating greenhouse gas emissions and noise pollution is our priority.

Reducing Emissions

The European Commission has a computer simulation programme (VECTO) whose goal is to provide coach and lorry manufacturers with a standard tool for measuring fuel consumption and CO2 emissions and, consequently, set goals to drastically reduce them.

Even though the current VECTO declarations are aimed at the lorry sector, Irizar is already investing significantly in a new generation of hybrid and diesel vehicles to reduce CO2 levels (fuel consumption), using the lorry goals as a reference to get ahead of future regulations.

The first and only company to obtain the Environmental Product Declaration for a Bus

For more than four years, we have been applying life cycle analysis methodologies (LCA) and making Product Category Rules (PCR) to evaluate the environmental profile of our combustion, hybrid and electric coaches. Because our aim is to make environmentally efficient and cutting edge products and technologies applied to the entire life cycle of products available to everyone. The outcome of that work is obtaining the first Environmental Product Declaration (International EPD system), which makes us the first company in the world to obtain that environmental certification.

The life cycle analysis project was carried out on the 13 metre, 55 seat integral Irizar i4 with a DAF MX11 E6 diesel engine and it will be extended to the rest of the product range of the Irizar Group.

CERTIFICATE EPD REGISTRATION

This document is to confirm that

IRIZAR, S.COOP.

has published an Environmental Product Declaration for

IRIZAR I4 INTEGRAL COACH

with registration number S-P-01571
in the International EPD® System.

The EPD has been developed in accordance with ISO 14025, the General Programme Instructions for the International EPD® System and the reference PCR 2016:04. Verification was performed by Tecnalia R&I Certificación, S.L.

This document is valid until 2024-05-17, or until the EPD is de-registered and no longer published at www.environdec.com.



Adam Lewrén
Secretariat of the International EPD® System
Gothenburg, Sweden, 2019-06-03

Optimising Logistics

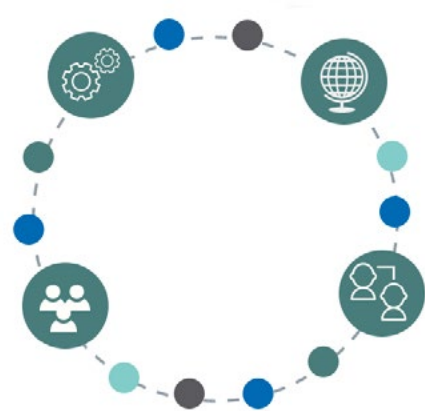
We have carried out a logistics project to adapt and reassign routes with the primary goal of optimising the resources used for transporting goods in the Irizar Group to, subsequently, make gains in efficiency and costs and reduce the environmental impact.

The project included minimising shipments, optimising container and trailer usage and finding synergies between sea, air and land routes.

Social Innovation

In 2019, we started the social innovation project whose main goal is to give new responses to the challenges and issues we are currently facing from a social point of view by promoting projects that benefit both people at Irizar and society at large.

The project tackles issues like equal opportunity, focusing on managing diversity and areas including work-life balance, gender and social inclusion. In summary, we want to reinforce the social commitment to and for people at Irizar and we have started working on seeking it out.



Circular Economy Project - IZIR

The Izir project gives life to our commitment to the circular economy and makes it possible to materialise our principles of reuse and seeking a new life for surplus materials that would otherwise be destined to become waste and end up in a landfill.

Its innovative character revolves around the fact that it deals with products made from surplus material from our own production that was going to become waste and, furthermore, we have been able to include a variable of social commitment into the project. The result is a new range of products that will let us expand our line of gifts, reducing purchases of new products. Creating the first shipment of "Izir" products has let us eliminate 1500 kg of waste. We estimate we can avoid creating 3000 kg of waste annually, in addition to cutting the economic and environmental costs associated with handling and treating it.

