



ANNUAL  
Report  
2020



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# Message from the CEO

2020 will go down in history as the year of Covid-19, a period of inaction that marks a change in the upward trend in the productive and economic activity of the Irizar Group.

Tight restrictions on public transport and general mobility to control the spread of the virus have hit this sector hard, especially medium and long-distance passenger transport, as well as international tourism.

The fall in passenger volumes had an uneven effect in the different market segments, practically 100% of discretionary transport, except for school and personal transport; around 60% in interprovincial transport and 40% in urban and commuter transport. Consequently, there has been a collapse in bus and coach registrations in Europe, over 60% in discretionary and medium and long-distance regular lines and 30% in intercity-school. In the specific case of Spain, the decreases are 90% in discretionary transport (disappeared except for school), 70% in regular lines and 50% in commuter lines, an average fall of 54%.

In this context, at Irizar we have continued to reinforce the three strategic lines for the future. Our motto "Moving Forward" continues to inspire us and reflects the spirit of those of us who make up the Irizar Group. We have therefore taken advantage of this period of inaction to further consolidate our position, customer proximity strategy and our brand, always with an eye to the future. We have redoubled efforts to create even greater customer proximity and adapt to their new situations, by committing to more sustainable and efficient solutions.

We want the Irizar Group to become a global player in urban, medium and long-distance mobility, which is why we have continued to invest in redefining our strategic plans, setting sustainability as a key value for the future. And to seek out solutions with high technological content that allow our customers, who are undoubtedly our number one targets, to deliver the services they provide more efficiently.

Also, and despite the sharp falls suffered, the employment of the people who make up the Irizar Group has been maintained and we have reinforced communication and training with the aim of continuing to prepare ourselves for the new challenges of the future.



We are also facing a difficult 2021 but with the progress in vaccinations it seems that we are starting to see signs of recovery. At the Irizar Group, we are prepared to come back strongly to target our objectives and return to the growth route. We have no doubt that the future will involve smart and sustainable public transport.

Let's go for it!!

*Rafael Sterling, CEO Irizar Group*

A handwritten signature in black ink, appearing to read 'Rafael Sterling'. The signature is stylized and fluid, written over a light background.

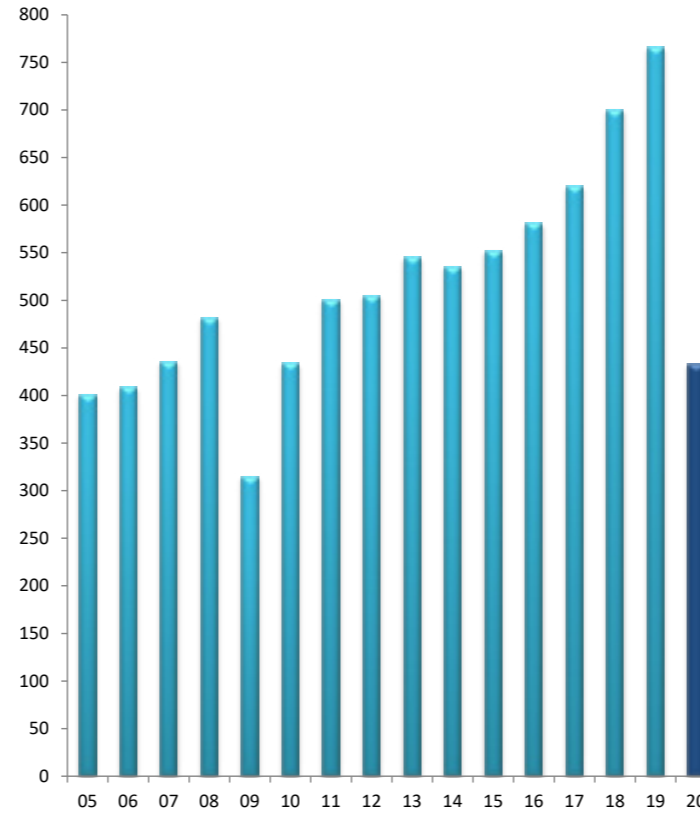
# 2020, Year of progress in the **strategic positioning of the Irizar Group**

The main focus of the Irizar Group, despite its growing diversification, is based on the manufacture and sale of buses, coaches and components. So, although in 2020 there has been a 56% drop in consolidated turnover compared to 2019 (a record year), it has also been a year of opportunities and advances at the level of strategic positioning, in which we have also reaffirmed our focus on sustainable mobility as the guideline for our future growth.

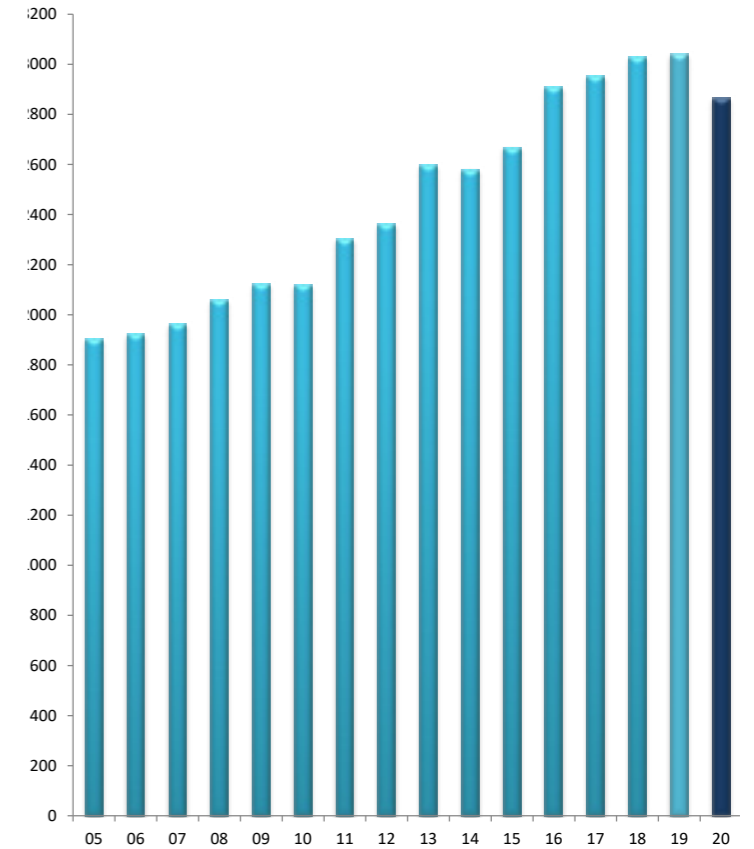
Investing in more sustainable propulsion systems has enabled us to enter new market segments and to continue to grow in zero-emission urban mobility. During 2020, we developed gas-powered bus and coach solutions, CNG and LNG, as well as new hybrid vehicles, especially on routes that converge in cities. Furthermore, the Group's commitment to electro mobility has continued to bear fruit, and Irizar e-mobility has experienced growth of 50% compared to 2019.

Regarding units, the Group's total in 2020 is 1523 buses and coaches, of which 724 were manufactured at Irizar Ormaiztegui. 230 were for the national market and 494 for export.

**Consolidated turnover (millions of euros)**



**Generation of people**



The behaviour in the different production plants has been similar, but despite the falls, **we are still in a leading position in countries such as Spain, Mexico, Morocco, Chile and Australia.**

### **Irizar Mexico**

In a very complicated macroeconomic and health environment, where transport activity has fallen by over 40%, Irizar Mexico is still strongly positioned and is the market leader in the bus and coach sector, with a market share that has increased to 66%.

### **Irizar Brazil**

The crisis has also had a severe impact, with an average drop of 40%. It should be noted that Irizar Brazil exports the vehicles it produces to the Latin American, Australian and South African markets. Its main market is Chile. The mining sector has maintained its activity despite the pandemic, so the expected forecast for 2020 has not only been maintained but has grown by almost 7%. Peru, however, suffered a large fall of 76% due to the significant and long restrictions that this country has experienced.

### **Irizar Asia Pacific**

In Australia, Irizar Asia Pacific is established as the benchmark company in the tourism, school service and medium and long-distance segments. The strong growth in the school bus market and contracts with mining companies have been paramount and represent an increase of 10%.

### **Irizar South Africa**

South Africa is another country that has suffered heavily from the health crisis. Borders with neighbouring countries have been closed for practically the entire year, causing a drop of over 80%.

### **Irizar Maroc**

In Morocco, we remain leaders in the discretionary and interprovincial transport segment. The closure of the country's borders and the perimeter lockdown of cities completely paralysed mobility and prevented positive results. We are investing to generate an important local industry, a strategy that has enabled us to become the benchmark for the manufacture of urban and commuter buses in the country. As an example of this strategy, we have been awarded an order for 200 i3 Low Entry units for the city of Casablanca, the largest order for city buses in our history.



## Irizar Group's companies

Regarding the rest of the Group's companies, they have also been affected by the crisis, although to a lesser extent

### Irizar e-mobility

Continues to establish itself as a benchmark in offering zero-emission turnkey solutions in Europe and is continuing its expansion with collaboration and distribution agreements that have made it possible to capture new orders in cities such as Madrid, Strasbourg, Burgas (Bulgaria), Hamburg, Bilbao, Orleans, Frankfurt and Genoa. 2020 has also been a year of continuous developments; new chargers, power trains and battery packs, designed both within the Irizar Group and with the participation of strategic suppliers. The Irizar ie truck electric truck is proving popular and continues to take part in demonstrations with positive results in cities such as Madrid, Barcelona, Marseille and San Sebastián.



### Jema

Jema Energy has gained important international orders in the advanced systems division and continues to evolve in the electromobility sector with new developments in chargers, cargo interoperability with different vehicle brands communication standards and with the market launch of heavy duty traction systems. In addition, in the area of Renewables, Network Quality and Storage, it continues to add projects. In this last area, it has developed turnkey solutions for islands where the quality of the electricity grid is very unstable, thus enabling the transition to renewable energy.

### masats

Masats has suffered a decline in bus accessibility systems, especially in the tourism sector, but has strengthened its position in the rail market, securing a significant order for rail platform screen doors, and also for Singapore urban train platform screen doors.

### hispacold

In Hispacold the decreases in activity and turnover in the road passenger transport sector have been partially offset by increases in activity related to the railway and electromobility sector.

### datik

Datik is growing with new public tenders in Operating Aid Systems that have set a historical record at the level of gaining orders.

### alconza

For Alconza, 2020 has been a year of growth in billing and order book.



## Important milestones

We have therefore taken advantage of this period of inaction to further consolidate our position, customer proximity strategy and our brand, always with an eye to the future. In this context, we highlight the following achievements.

**New products and new technologies.** We continue to invest in the development of new products and new technologies, setting efficiency and sustainability as key values. We have launched natural gas (CNG) technology for commuter vehicles on the market and started the development of vehicles with LNG (liquefied natural gas). We have also built new hybrid vehicles, especially on roads that converge in cities. This capacity for innovation has enabled us to obtain the first CNG orders in France, the first tender of more than 80 LNG units in Italy and the commissioning of more than 50 hybrid units for Spain.



**Customer approach strategy.** We have redoubled efforts to bring us closer than ever to our customers and adapt to their new situations, by providing **anti-Covid safety solutions** to prevent the spread of the virus and reactivate public transport. Among other innovations, protective screens for drivers and passengers, access temperature control cameras, Eco3 air purifiers, air renewal systems and passenger compartment disinfection.

We fitted more than 4,000 coaches with these systems.

**Job protection.** In spite of the sharp falls sustained, we safeguarded the posts of the people who work in the Irizar Group. The commitment of all our staff demonstrates the values that define us and that are reflected in our mission.

**Redefinition of strategic plans.** We have opened a period of reflection to put on the table the changes and trends that are coming with our eyes on the future. We are redefining the strategic plans and we have devised a range of recovery scenarios. We have also reinforced areas such as training, communication, flexibility for the customer or ability to adapt to change. We do not want to 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.

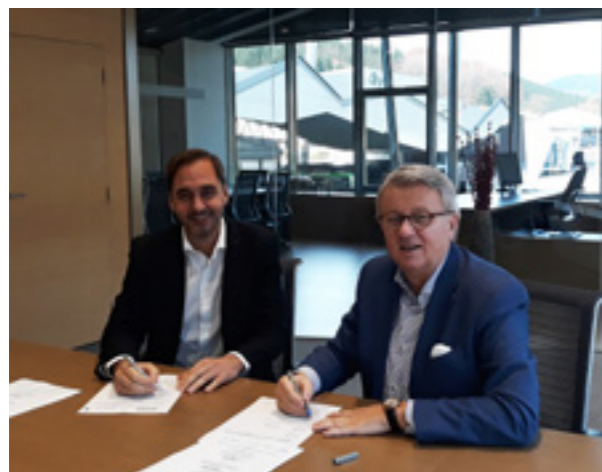
### **Social support**

We have continued to provide social support, in accordance with our principles and mission.

## Cooperation agreement in Germany

We have signed a collaboration agreement with Scania Deutschland to offer our range of Irizar-Scania coaches to the German market. Through this partnership, we intend to achieve a stronger position in the intercity bus and coach sectors, to make available a wide range of products for the premium segment, such as the Irizar i8, the Irizar i6S, the i6 and the Irizar i4 suburban.

The agreement includes the marketing of Irizar coaches exclusively through Scania's distribution network in Germany, which already has an extensive portfolio of services, 17 specialized technical centres and a network of more than 150 of its own workshops, as well as a recently created used bus hub.



## Our presence at trade fairs

### UMA 2020 - Nashville, Tennessee - January 2020

Irizar was present at the United Motorcoach America (UMA) fair, which was held in January 2020 in Nashville, Tennessee, showing American operators the values that define the brand and the products and technology developed and customized to their needs. Nothing at that time foreshadowed the great health crisis that was coming.

### IBE 2020 - Rimini - October 2020

In a situation of crisis and major uncertainty for the mobility sector generally and public transport in particular, at Irizar we decided to attend the IBE trade fair, held in Rimini, with a 650 m2 stand, with the main aim of standing side by side with our customers and giving greater visibility to the high added value of this sector for the economy and society. The chosen motto was: "Always by your side For a safer, more efficient and sustainable future".

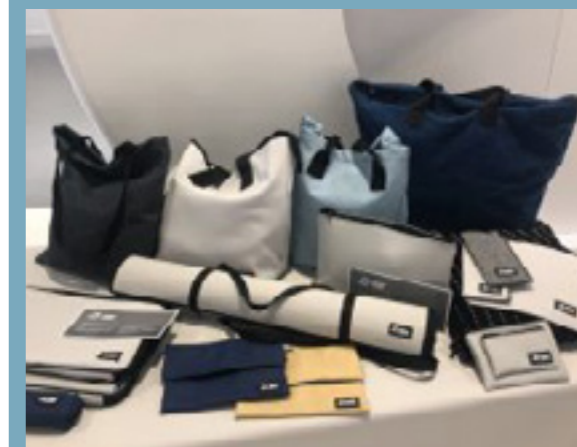
Our stand showcased the latest generation of efficient and smart buses, represented by the 12-metre Irizar i8 integral bus, the 12-metre Irizar i6S integral bus with a wheelchair lift platform for people with reduced mobility, a 12-metre Irizar i6 on a Scania chassis, and the first e-bus, a 100% electric zero-emission bus with the Irizar brand that is arriving in Italy. A wide range of solutions adapted for the Italian market.



## IZIR - Our circular economy line

Following our principles of reuse and search for a new life for surplus materials from our production that were originally destined to become waste, we created the Izir brand, with which we have continued to evolve this year.

As a result of this project, we have been awarded the Itxas Zaindari Award in the #ZeroZaborEnpresak category, which rewards sustainable and innovative proposals for minimizing waste in companies.





## The largest bus order for Irizar Maroc

We started the year with the award of the largest bus order for our plant in Morocco, 200 buses destined for Alsa Albaida for urban transport in the city of Casablanca

The Irizar i3le model buses on Scania K320 UB4X2 LB Euro6 chassis have been customized to the operating needs of the city and its passengers and incorporate the latest safety, comfort and accessibility technology. These are 12m buses with capacity for 33 seated people; they are fitted with ramps for wheelchairs and seats reserved for people with reduced mobility.

## Eco3 air purifier, Certified more than 99.7% effective against SARS-CoV-2

Coaches fitted with the Eco3 air purifier include achieve 99.7% effectiveness in the elimination of the SARS-Cov-2 virus, according to the report on testing conducted by the Biological Defence Unit of the Department of NBQ Defence Systems of the National Institute for Aerospace Technology (INTA), which reports to the Spanish Ministry of Defence.

The eco3 air purifier developed by Hispacold emits ions into the air stream during the operation of HVAC systems, which generates an environment free of viruses, including SARS-CoV-2, microorganisms, bacteria, germs, allergens and dust particles. In addition, during the ion generation process, ozone is produced in very low concentrations (<0.05 ppm), harmless to passengers, eliminating bad odours and increasing oxygen concentration in the passenger compartment, which reduces fatigue for both passengers and driver.

## Covid Manager

Development of a system for transport operators and public authorities, with the aim of helping society to limit the spread of the COVID-19 virus.

It connects to the iPanel® online platform, and thus becomes the perfect management tool for meeting the safety protocols that affect passengers and drivers.

**1-Access control:** detection of temperature and mask, and authorization of entry to each passenger.

**2-Fleet management:** warns the operator that a passenger is not authorized to enter.

**3-Facilitates action:** option to receive incidents and attend to said passengers.



Purificador de aire  
**eco<sub>3</sub>**





### The first green energy electromobility factory in Europe

Thanks to the start-up of the largest photovoltaic solar park in the Basque Country, Ekian, a public-private initiative promoted by the Basque Energy Agency and KREAN. The photovoltaic solar plant consists of 66,000 latest generation solar panels, 355 watts each, generating total installed capacity of 24 MW, thus doubling the current solar power of the Basque Country. The energy generated supplies the Irizar e-mobility facilities, making it the first factory to produce zero-emission electric buses for totally clean energy in Europe.



### The Irizar Group's driverless bus

At the beginning of the year, the Irizar Group's first driverless bus was presented in the city of Malaga, a city that is hosting the testing of this pioneering project, conducted by Avanza.

The bus developed for this test is the Irizar ie bus model, a 100% zero emissions electric vehicle with dual driving mode, manual mode and automatic mode (autopilot). It is 12 metres long and has capacity for 60 passengers. This first driverless bus is the result of the Auto-Most Project financed by the CDTI (Centre for Industrial Technological Development) of the Spanish Ministry of the Economy.



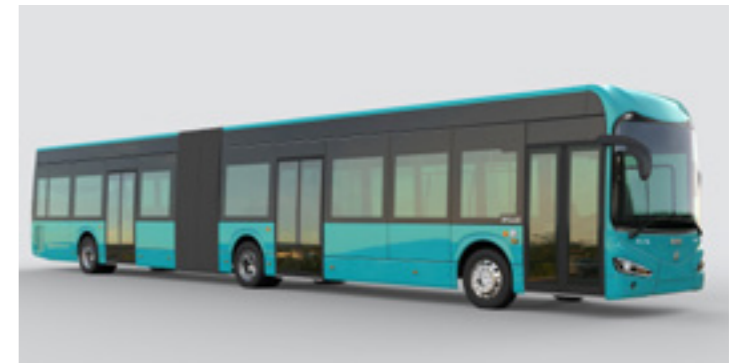
### Made in Euskadi Award

Irizar e-mobility has won the "Made in Euskadi 2020" Award, in recognition of the dissemination of the Basque Industrial seal worldwide.

Rafael Sterling, General Director of the Irizar Group, welcomed this prestigious award "It fills us with pride and great satisfaction because this award is a recognition of the major strategic and technological leap taken by Irizar in recent years, to position ourselves among the best independent European manufacturers in the sector".

### Expanding in Europe

Irizar e-mobility's expansion in Europe during 2020 includes, among others: the launch in Italy with 14 zero-emission units for the city of Genoa, articulated buses for Frankfurt, 29 buses for the implementation of a fully electric public transport system in Orleans and 49 zero-emission 100% electric buses for the Strasbourg Eurometropole public transport network.





# A future ahead

It is very well known that our strategy is always long-term, and is based on the quest to provide customer satisfaction, offering high added value to meet their needs and address the new mobility challenges of the future.

**“Sustainable mobility is a fundamental factor in the energy transition.”**

The Irizar Group will take the Sustainable Development Goals and the 2030 Agenda as a reference framework for continuing to design and manufacture turnkey solutions and services for sustainable, efficient, smart, accessible, safe and connected public transport. Our commitment to public transport is clear.

Our future projects include new generations of emission-free products and technologies that improve Total Cost of Ownership for our customers. In addition to the above-mentioned gas (CNG and LNG) and hybrid coaches, we have also started several hydrogen-powered mobility projects; one as part of the Basque hydrogen corridor and others at European level.

The Irizar Group's technological road map for the coming years includes the development of medium- and long-distance hydrogen-powered coaches that will gradually be extended to the rest of the Irizar Group's range of vehicles (buses and trucks for urban uses).

Driverless and smart driving is another of the great challenges we want to rise to. In fact, our first driverless zero emissions bus is operating in the city of Malaga within the AutoMOST Project. This is a pioneering project as it is the first high-capacity driverless bus actually commissioned in Europe.

