Audit Report on Financial Statements
issued by an Independent Auditor

SMP AUTOMOTIVE TECHNOLOGY IBÉRICA, S.L.
(SOCIEDAD UNIPERSONAL)
Financial Statements and Management Report
for the year ended March 31, 2020

Building a better
working world

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AUDIT REPORT ON FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

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

To the Sole Shareholder of SMP Automotive Technology Ibérica, S.L., Sociedad Unipersonal:

Opinion

We have audited the financial statements of SMP Automotive Technology Ibérica, S.L., Sociedad Unipersonal (the Company), which comprise the balance sheet as at March 31, 2020, 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 March 31, 2020 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 2 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.

Most relevant audit issues

Most relevant audit issues are those matters that, in our professional judgment, were the most significant assessed risks of material misstatements in our audit of the financial statements of the current period. These risks 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 risks.

Provisions for trade transactions with customers

Description	As indicated in Note 3.11 to the accompanying financial statements, the Company records provisions for trade transactions with customers, which are recorded as a decrease in the 'Trade receivables from sales and rendering of services' balance in the assets side of the balance sheet and are charged against revenue in the income statement. The assessment of these provisions requires Company Management to make judgments and estimates, in particular regarding the probability of future cash outflows. Consequently, we have considered this matter a most relevant audit issue.
Our response	Our audit procedures consisted, among others, in: ▶ Understanding the procedures established by Company Management for estimating the provisions for trade transactions with customers. ▶ For significant provisions at year end, assessing the reasonableness of the main assumptions considered by Company Management, including the analysis of available information. ▶ Analyzing the changes in the provisions recorded with respect to the prior year.

Emphasis of matter paragraph

We draw attention to Note 2.b) to the accompanying financial statements, in which the directors describe their assessment of the impact that the global health emergency situation and the uncertainty caused by the coronavirus (COVID-19) may have on the Company. Our opinion is not qualified in respect of this matter.

Other information: management report

The other information refers exclusively the management report for the year ended March 31, 2020, 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 information contained in the management report is defined in prevailing audit regulations, which distinguish two levels of responsibility:

a. A specific level applicable to the non-financial information statement, which solely requires that we verify whether said information has been included in the management report or where applicable, that the management report includes the corresponding reference to the separate non-financial report as stipulated by prevailing regulations and if not, disclose this fact.

b. A general level applicable to the remaining information included in the management report, which requires us to evaluate and report on the consistency of said information in the financial statements, based on knowledge of the entity obtained during the audit, excluding information not obtained from evidence. Moreover, we are required to evaluate and report on whether the content and presentation of this part of the management report are in conformity with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided in the management report, and that the remaining information contained therein is consistent with that provided in the financial statements for the year ended March 31, 2020 and their content and presentation are in conformity with applicable regulations.

Responsibilities of the directors 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 2 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.

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 the directors.

- 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 Company's directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated to the Company's directors, we determine those that were of most significance in the audit of the financial statements of the current period and are therefore the most significant assessed risks.

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

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

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Xavier Pujol Pamies

May 28, 2020

SMP AUTOMOTIVE TECHNOLOGY IBÉRICA, S.L.
(Sociedad Unipersonal)

Financial statements for the year ended March 31, 2020 and
Management report for the year ended March 31, 2020

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

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SMP AUTOMOTIVE TECHNOLOGY IBÉRICA, S.L.
(Sociedad Unipersonal)
Balance at March 31, 2020 and 2019
(Thousands of euros)

ASSETS	Note	03.31.2020	03.31.2019
NON-CURRENT ASSETS			
Intangible assets	**5**	**20**	**69**
Software		20	69
Property, plant and equipment	**6**	**53,571**	**57,731**
Land and buildings		12,095	12,490
Plant and other PP&E items		41,174	45,237
Property, plant, and equipment under construction and prepayments		302	4
Investments in group companies and associates		**71,137**	**72,362**
Equity instruments	**9**	71,137	71,137
Loans to companies	**8, 10**	-	1,225
Financial investments	**8, 10**	**4,455**	**5,664**
Other financial assets		4,455	5,664
Deferred tax assets	**16**	**5,488**	**9,044**
Non-current trade receivables	**8, 10**	**13,443**	**10,359**
		148,114	**155,229**
CURRENT ASSETS			
Inventories	**11**	**38,506**	**47,388**
Raw materials and other consumables		5,740	3,893
Work in progress (short production cycle)		2,415	1,531
Work in progress (long production cycle)		29,610	41,144
Finished goods		741	820
Trade and other receivables	**8, 10**	**(3,008)**	**12,750**
Trade receivables from sales and rendering of services		(3,795)	11,363
Receivables from group companies and associates		674	1,110
Receivables from employees		64	50
Other receivables from Public Administrations		49	227
Investments in group companies and associates	**8, 10**	**24,023**	**10,287**
Loans to companies		22,555	8,500
Other financial assets		1,468	1,787
Financial investments	**8, 10**	**1,297**	**810**
Other financial assets		1,297	810
Cash and cash equivalents	**12**	**687**	**388**
Cash		687	388
		61,505	**71,623**
		209,619	**226,852**

SMP AUTOMOTIVE TECHNOLOGY IBÉRICA, S.L.
(Sociedad Unipersonal)
Balance at March 31, 2020 and 2019
(Thousands of euros)

EQUITY AND LIABILITIES	Note	03.31.2020	03.31.2019
EQUITY			
Capital and reserves	**13**	**95,580**	**69,889**
Share capital		**20,214**	**20,214**
Issued capital		20,214	20,214
Share premium		**700**	**700**
Reserves		**4,603**	**4,599**
Legal and statutory reserves		4,043	4,043
Other reserves		560	556
Retained earnings		**-**	**(513)**
Prior-year losses		-	(513)
Other owner contributions		**50,797**	**37,797**
Profit / (loss) for the year		**19,266**	**7,092**
Grants, donations and bequests received	**14**	**331**	**215**
		95,911	**70,104**
NON-CURRENT LIABILITIES			
Payables	**8, 15**	**3,918**	**4,415**
Other financial liabilities		3,918	4,415
Payables to group companies and associates	**8, 15**	**27,500**	**49,975**
Deferred tax liabilities	**16**	**133**	**135**
		31,551	**54,525**
CURRENT LIABILITIES			
Payables	**8, 15**	**2,014**	**12,312**
Bank borrowings		-	10,010
Other financial liabilities		2,014	2,302
Payables to group companies and associates	**8, 15**	**9,500**	**21,084**
Trade and other payables	**8, 15**	**70,627**	**68,809**
Suppliers		44,375	44,860
Suppliers, group companies and associates		4,816	2,688
Employee benefits payable		8,458	8,603
Current income tax liabilities	18	4,826	4,829
Other payables to Public Administrations		3,348	3,828
Customer advances		4,804	4,001
Accruals		**16**	**18**
		82,157	**102,223**
		209,619	**226,852**

SMP AUTOMOTIVE TECHNOLOGY IBÉRICA, S.L.
(Sociedad Unipersonal)
Income statement for the year
ended March 31, 2020 and 2019
(Thousands of euros)

	Note	03.31.2020	03.31.2019
CONTINUING OPERATIONS			
Revenue	**17**	**278,612**	**262,644**
Sales of goods		278,612	262,644
Changes in inventory of finished goods and work in progress		**(10,729)**	**10,663**
Cost of sales		**(159,653)**	**(164,374)**
Consumption of raw materials and other consumables	**17**	(116,388)	(126,375)
Work performed by third parties		(43,407)	(37,881)
Impairment of goods for resale, raw materials and other consumables	**11**	142	(118)
Other operating income		**165**	**2,817**
Ancillary income		99	2,771
Grants related to income	14	66	46
Employee benefits expense	**17**	**(47,253)**	**(47,248)**
Wages, salaries et al.		(38,760)	(38,265)
Social security costs, et al.		(8,493)	(8,983)
Other operating expenses		**(29,314)**	**(32,317)**
External services		(28,926)	(31,992)
Taxes		(335)	(337)
Losses on, impairment of and change in trade provisions	**10**	(53)	12
Depreciation and amortization	**5, 6**	**(8,860)**	**(8,856)**
Impairment and gains / (losses) on disposal of assets	**6**	**(36)**	**-**
Other gains and losses		**78**	**1**
OPERATING PROFIT / (LOSS)		**23,010**	**23,330**
Finance income	**19**	**21,252**	**14,179**
From equity instruments		20,241	11,500
- In group companies and associates		20,241	11,500
From marketable securities and long-term receivables		1,011	2,679
- Of group companies and associates		712	2,437
- Of third parties		299	242
Finance costs	**19**	**(1,902)**	**(5,157)**
Payables to group companies and associates		(1,479)	(4,764)
Third-party borrowings		(423)	(393)
Exchange gains (losses)	**19**	**10**	**(15)**
Impairment and gains (losses) on disposal of financial instruments	**19**	**(13,000)**	**(21,897)**
Impairment losses and losses		(13,000)	(21,897)
FINANCE RESULT	**19**	**6,360**	**(12,890)**
PROFIT / (LOSS) BEFORE TAX		**29,370**	**10,440**
Income tax	**18**	(10,104)	(3,348)
PROFIT / (LOSS) FOR THE YEAR		**19,266**	**7,092**

SMP AUTOMOTIVE TECHNOLOGY IBÉRICA, S.L.
(Sociedad Unipersonal)
Statement of changes in equity for the year
ended March 31, 2020 and 2019
(Thousands of euros)

A) STATEMENT OF RECOGNIZED INCOME AND EXPENSES

	03.31.2020	03.31.2019
PROFIT / (LOSS) FOR THE YEAR	**19,266**	**7,092**
INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY		
Grants, donations and bequests received	217	-
Tax effect	(54)	-
Total income and expenses recognized directly in equity	**163**	**-**
AMOUNTS TRANSFERRED TO INCOME STATEMENT		
Grants, donations and bequests received	(66)	(46)
Tax effect	19	13
Total amounts transferred to income statement	**(47)**	**(33)**
TOTAL RECOGNIZED INCOME AND EXPENSES	**19,382**	**7,059**

SMP AUTOMOTIVE TECHNOLOGY IBÉRICA, S.L.
(Sociedad Unipersonal)
Statement of changes in equity for the year
ended March 31, 2020 and 2019
(Thousands of euros)

B) STATEMENT OF ALL CHANGES IN EQUITY

	Share capital	Share premium	Reserves	Retained earnings	Other owner contributions	Profit / (loss) for the year	Grants	Total
Balance at March 31, 2018	**20,214**	**700**	**9,099**	**(2,770)**	**15,900**	**2,257**	**248**	**45,648**
Total recognized income and expenses	-	-	-	-	-	7,092	(33)	7,059
Transactions with shareholders and owners	-	-	(4,500)	-	21,897	-	-	17,397
- *Dividends paid*	-	-	*(4,500)*	-	-	-	-	*(4,500)*
- *Other transactions with shareholders and owners*	-	-	-	-	*21,897*	-	-	*21,897*
Appropriation of 2018 profit/(loss)	-	-	-	2,257	-	(2,257)	-	-
Balance at March 31, 2019	**20,214**	**700**	**4,599**	**(513)**	**37,797**	**7,092**	**215**	**70,104**
Total recognized income and expenses	-	-	-	-	-	19,266	116	19,382
Transactions with shareholders and owners	-	-	(6,575)	-	13,000	-	-	6,425
- *Dividends paid*	-	-	*(6,575)*	-	-	-	-	*(6,575)*
- *Other transactions with shareholders and owners*	-	-	-	-	*13,000*	-	-	*13,000*
Appropriation of 2019 profit/(loss)	-	-	6,579	513	-	(7,092)	-	-
Balance at March 31, 2020	**20,214**	**700**	**4,603**	**-**	**50,797**	**19,266**	**331**	**95,911**

SMP AUTOMOTIVE TECHNOLOGY IBÉRICA, S.L.
(Sociedad Unipersonal)
Cash flow statement for the year
ended March 31, 2020 and 2019
(Thousands of euros)

	Note	03.31.2020	03.31.2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) for the year before tax		**29,370**	**10,440**
Adjustments to profit		**2,238**	**21,777**
Depreciation and amortization	5, 6	8,860	8,856
Impairment losses	9, 10, 11	12,758	21,989
Grants released to income	14	(66)	(46)
Proceeds from disposals of fixed assets		36	-
Finance income		(21,252)	(14,179)
Finance costs		1,902	5,157
Changes in working capital		**23,892**	**(12,862)**
Inventories		9,177	(11,298)
Trade and other receivables		15,705	(1,537)
Other current assets		-	(810)
Trade and other payables		1,821	4,702
Other current liabilities		(2)	1,979
Other non-current assets and liabilities		(2,809)	(5,898)
Other cash flows from/(used in) operating activities		**13,081**	**4,414**
Interest paid		(1,902)	(6,474)
Dividends received	9	20,241	11,500
Interest received		1,011	4,132
Income tax receipts (payments)		(6,269)	(4,744)
Cash flows from operating activities		**68,581**	**23,769**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments on investments		**(30,517)**	**(38,962)**
Group companies and associates	9	(25,830)	(30,872)
Property, plant and equipment	6	(4,687)	(8,090)
Proceeds from disposals		**-**	**91,389**
Group companies and associates		-	91,389
Cash flows from/(used in) investing activities		**(30,517)**	**52,427**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from and payments on equity instruments		**13,217**	**21,897**
Contribution to equity	13	13,000	21,897
Grants, donations and bequests received	14	217	
Proceeds from and payments of financial liabilities		**(44,407)**	**(94,022)**
Issues:		-	34,205
- Payables to group companies and associates		-	34,205
Repayment and redemption of:		(44,407)	(128,227)
- Payables to group companies and associates		(34,059)	(127,889)
- Payables with financial institutions		(10,010)	-
- Other payables		(338)	(338)
Dividends paid	**13**	**(6,575)**	**(4,500)**
Cash flows from/(used in) financing activities		**(37,765)**	**(76,625)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**299**	**(429)**
Cash and cash equivalents at April 1	12	388	817
Cash and cash equivalents at March 31	12	687	388

1. General information

SMP Automotive Technology Ibérica, S.L., Sociedad Unipersonal (hereinafter the Company) was incorporated in Barcelona on February 23, 1959 for an indefinite period of time. Its registered office and tax domicile are located in Polinyà del Vallès (Barcelona). The Company's purpose and main activity consists in the transformation of plastic, semi-plastic and similar materials for the manufacture of semi-finished and finished products, industrial or consumer goods, and the performance of production and mercantile transactions that are directly or indirectly related to its main purpose, which is focused on the automotive industry. Its main industrial facilities are located in Polinyà (Barcelona), Castellbisbal (Barcelona) and Palencia.

On November 23, 2011, as a result of the acquisition of Peguform Group by Samvardhana Motherson Automotive Systems Group B.V. (formerly Samvardhana Motherson B.V.), the Company became part of Samvardhana Motherson Group. The ultimate parent of this group is the Indian company Motherson Sumi Systems Limited.

As described in Note 9, the Company holds ownership interest in subsidiaries and associates. Accordingly, the Company is the parent of a group of companies under prevailing legislation. In accordance with generally accepted accounting principles, consolidated financial statements must be prepared to present a true and fair view of the Group's financial position and the results of its operations, the changes in its equity and cash flows. The information on the ownership interest held in group companies, associates and joint ventures is disclosed in Note 9.

However, in accordance with article 43 of the Code of Commerce, the Company does not prepare consolidated financial statements since it belongs to the subgroup the parent of which is the Dutch company Samvardhana Motherson Automotive Systems Group B.V. The Dutch company Samvardhana Motherson Automotive Systems Group B.V. will file the consolidated financial statements and audit report with the Dutch registry, and the translation thereof into Spanish will duly be filed with the Barcelona mercantile registry.

2. Basis of presentation

a) True and fair view

The financial statements have been prepared based on the Company's accounting records and are presented in compliance with prevailing mercantile legislation and Spanish General Accounting Plan approved by Royal Decree 1514/2007 and the amendments incorporated therein through Royal Decree 1159/2010 and Royal Decree 602/2016, to provide a true and fair view of the Company's equity, financial position and results of its operations, as well as the veracity of the cash flows recognized in the cash flow statement.

The figures included in the accounting statements that are part of the accompanying financial statements (balance sheet, income statement, statement of changes in equity and cash flow statement) and the notes thereto are presented in thousands of euros, which is the Company's presentation and functional currency, unless otherwise indicated.

b) Critical issues concerning the assessment of uncertainty

In preparing the Company's financial statement, estimations have been made to determine the book value of some of the assets, liabilities, income and expenses. These estimations have been made based on the best information available at the end of the year. However, given the uncertainty inherent in them, future events could arise that oblige them to be modified in the coming years, which would be done, prospectively, where appropriate. This uncertainty is increased by the absence, for the time being, of an effective medical treatment against COVID-19, so the consequences for the Company's operations will largely depend on the evolution of the pandemic in the coming months, as well as the capacity of reaction and adaptation of the different national and international economic agents, and their impact on the automotive industry.

Given the current situation of uncertainty derived from COVID-19, the Company's Management has analyzed different future scenarios, concluding that none of them foresee significant impacts on the recoverability of property, plant and equipment, deferred tax assets or any another asset. Specifically, the Company's Management estimates that as of March 31, 2020, the provisions for impairment recorded in relation to inventories (including molds in progress) and accounts receivable are sufficient to face the identified risks.

The most relevant estimates and judgments to the Company's financial statements are related to the following aspects:

Impairment of the value of non-current assets

The valuation of non-current assets, other than financial assets, requires estimates to be made by the Company's Management in order to determine their recoverable value, in order to assess possible impairment. The determination of this recoverable value is based on the budgets of the next years.

Useful lives of property, plant and equipment

Company Management determines the useful lives and corresponding depreciation charges of property, plant and equipment based on the life cycles projected thereof, which may be amended as a result of technical changes, among others.

Recoverability of deferred tax assets

Deferred tax assets are recognized based on the amount that the Directors consider probable that may be recovered based on the estimates of future taxable profit to be generated by the tax group that the Company belongs to.

Consequently, the recoverability of said assets depends on the fulfillment of the expectations and forecasts on which said estimate of taxable profit generation is based.

Measurement of investments in group companies

Impairment loss is measured as the difference between the carrying amount of the financial asset and the recoverable amount, which is the greater of the asset's fair value, less costs to sell, and the present value of future cash flows derived from the investment. Unless better evidence is available, impairment of this type of asset is estimated taking into account the equity of the subsidiary, adjusted by any unrealized capital gain existing on the measurement date.

The recoverable amount is determined through the estimate of discounted future cash flows. These estimates depend, among other factors, of the future evolution of the automotive industry, the achievement of expected production efficiency objectives and the continuity in the allocation of orders to the corresponding companies by its main customers.

Measurement and recoverable amount of finished mold projects or under construction

The Company recognizes as inventories the molds under construction that will be subsequently sold to its main customers and will be used in the manufacture of parts for them (Note 3.5 and 11).

These projects are measured based on estimates which in addition to direct costs includes an estimate of indirect costs that can be allocated to them. Additionally, the recoverable value of capitalized projects is estimated at year end, based on the best information available.

Furthermore, the Company recognizes as 'Non-current trade receivables' and 'Trade receivables from sales and rendering of services' the amount receivable in the long and short term, respectively, for the molds sold to customers, whose collection is established based on the future production volume.

Provision for risks and expenses

The Company recognizes provisions for risks, for which it makes judgments and estimates regarding the probability of risk occurrence and the amounts related to those risks, and recognizes a provision when a risk is considered probable, estimating the cost that might arise from this obligation.

c) <u>Going concern principle</u>

The Company shows operating profit amounting to 23,010 thousand euros at March 31, 2020 (23,330 thousand euros at March 31, 2019).

During the year ended March 31, 2020 Samvardhana Motherson Automotive Systems Group B.V., the Sole Shareholder of the Company, has made contributions amounting to 13,000 thousand euros (21,897 thousand euros in 2019) in order to offset the impairment losses on the investments in its Brazilian subsidiary (Note 9).

At March 31, 2020, the Company shows negative working capital amounting to 20,652 thousand euros (2019: 30,600 thousand euros).

The funding structure of SMP Automotive Technology Ibérica, S.L.U. and its subsidiaries (Note 9 and 10) mainly comes from loans received from group companies.

The accompanying financial statements have been authorized for issue in accordance with general accepted accounting principles in Spain, including, among others, the going concern principle, which the Directors consider to be applicable since the aforementioned circumstances have been mitigated by the following facts:

- The Company has obtained positive profit in the current year and its business plans envisage that it will continue to generate operating profit. Additionally, the Company's activity generates positive cash flows.

- In the event that additional contingencies or funding needs arise, Samvardhana Motherson Automotive Systems Group B.V. as the Sole Shareholder of the Company has stated its commitment to support the Company and its subsidiaries in meeting the financial liabilities that may arise.

Due to COVID-19's impact on supply chains, all automotive factories in Spain have suspended their production. Because of that, the company, has suspended production from March 14 to April 27, when activity has restarted gradually as vehicle manufacturers resume production in their respective plants.

It is estimated that the global automotive industry could decrease by around 10% in 2020, Although this setback will depend on the evolution of the pandemic in the coming months, as well as on the capacity of reaction and adaptation of the different economic agents, both nationally and internationally. The productive, labor (Note 17) and financial measures adopted by the Company, as well as the good financial situation of the Company, will allow it to face this situation with a reasonable absorption of the impact derived from the drop in sales.

d) Comparison of information

In accordance with Spanish mercantile law, for comparative purposes the Directors of the Company have included, for each of the headings presented in the balance sheet, the income statement, the statement of changes in equity, the cash flow statement, and the quantitative information required in the notes there too, the figures of the year ended March 31, 2019, in addition to those of the year ended March 31, 2020.

3. Accounting principles

The most significant accounting principles applied in the preparation of the financial statements are as follows:

3.1 Intangible assets

a) Initial recognition

Intangible assets are stated at either acquisition or production cost, less accumulated amortization and any impairment loss.

b) Amortization

Intangible assets are amortized by systematically allocating the amortizable amount over their useful lives, applying the following criteria:

	Amortization method	**Years of estimated useful life**
Software	Straight-line	5

The Company reviews the residual value, useful life and amortization method of intangible assets at the end of each reporting period. Any changes in the initial criteria are accounted for prospectively as changes in accounting estimates.

3.2 Property, plant and equipment

a) Initial recognition

Property, plant and equipment items are measured at the purchase price or production cost, using the same principles as those to determine the production cost of inventories. Ancillary income obtained during the trial and implementation period are recognized as a decrease in the costs incurred. Property, plant and equipment items are carried at cost, less any accumulated depreciation and any accumulated impairment.

Property, plant and equipment items incorporated prior to December 31, 1996 are measured at acquisition cost plus the discounts made in accordance with the provisions included in the corresponding legal regulations.

b) Depreciation

Property, plant and equipment items, except for buildings, which are not depreciated, are depreciated by systematically allocating their depreciable amount over their useful lives. To this end, depreciable amount is understood as acquisition cost less residual value. The Company determines the depreciation charge separately for each component that has a significant cost in relation to the total cost of the item and a useful life different to that of the other parts of the item in question.

The depreciation of items in property, plant, and equipment is determined by applying the following criteria:

	Depreciation method	**Years of estimated useful life**
Buildings	Straight-line	33 - 40
Plant and machinery	Straight-line	5 - 12
Other plant, tools and furniture	Straight-line	5 - 10
Transport equipment	Straight-line	5 - 10
Data processing equipment	Straight-line	5

The Company reviews the assets' residual values, useful lives and depreciation methods at year end. Any changes in the initial criteria are accounted for prospectively as changes in accounting estimates.

c) Subsequent costs

After initial recognition of the asset, only costs incurred that increase the capacity or productivity or extend the useful life are capitalized. The carrying amount of items that are replaced is derecognized. Costs of daily maintenance of property, plant and equipment items are recognized in the income statement as incurred.

d) Impairment of assets

The Company evaluates and determines impairment losses on property, plant and equipment items and any reversals thereof in accordance with the criteria described in Note 3.3.

3.3 Impairment losses on non-financial assets

Depreciable assets are tested for impairment whenever an event or changes in circumstances indicate that their carrying amount may not be recoverable. The excess of the carrying amount of an asset over its recoverable amount, deemed the higher of fair value less costs to sell or value in use, is recognized as an impairment loss. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impaired non-financial assets other than goodwill are reassessed at each reporting date for potential reversal of the impairment.

3.4 Financial assets

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included under current assets, except for those whose maturities exceed 12 months from the balance sheet date, in which case they are classified as non-current assets.

These financial assets are measured initially at their 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 recognition, when the effect of not discounting cash flows is insignificant.

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 losses are recognized at the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the effective interest rate prevailing at the initial recognition date. Impairment losses and any subsequent reversals are recognized in the income statement.

Collection rights arising from insurance and the like are recognized by the Company provided that it is certain that the reimbursement will be received.

The Company has a non-recourse factoring agreement with a financial institution. Trade receivables sold are derecognized when the risks and rewards related to them are substantially transferred.

b) Investments in group companies, joint ventures and associates

These investments are valued at cost less any accumulated impairment losses. However, if the Company held an investment in these entities before they were classified as a group company, jointly controlled entity or associate, cost is deemed the carrying amount of that investment prior to the new classification. Previously recognized value adjustments are shown in equity until the investment is sold.

Impairment loss is measured as the difference between the carrying amount of the financial asset and the recoverable amount, which is the greater of the asset's fair value, less costs to sell, and the present value of future cash flows derived from the investment. Unless better evidence is available, impairment of this type of asset is estimated taking into account the equity of the subsidiary, adjusted by any unrealized capital gain existing on the measurement date.

The reversal of an impairment loss is recognized in the income statement and is limited to the carrying value of the investment that would have been recognized on the reversal date had no impairment loss been recognized.

3.5 Inventories

Stocks are valued at its acquisition price or production cost.

The acquisition cost comprises the amount invoiced by the supplier, after deduction of any discounts, rebates or other similar items, as well as interest included in the nominal value of trade payables, plus any additional costs incurred until the goods are available for sale, and other costs directly attributable to the acquisition.

Trade discounts granted by suppliers are recognized as a cost reduction of the acquired inventories as soon as it is probable that the necessary conditions to qualify for the discounts will be met, and the excess amount, if any, will be recognized by reducing provisions in the income statement.

The production cost of inventories includes the acquisition cost of raw materials and other consumables and the costs directly related to the units produced and a portion systematically calculated of the either variable or fixed indirect costs incurred during the transformation process.

The Company's inventories include construction of molds, which are ordered by the customer for the subsequent production of parts by the Company. Their measurement includes all expenses invoiced by the suppliers who are subcontracted the production plus direct and indirect manufacturing costs.

These molds are invoiced in accordance with the agreed terms and are not recognized as income until they are certified or the customer accepts the parts.

In some projects, the price of the molds is recovered through a surcharge in the selling price of the final part. In these cases, once the certification of the mold is obtained from the customer, if the amount receivable from them can be measured reliably and it is possible that future economic benefits will flow to the Company, the sale is recorded for the present value of expected future cash flows, using a discounted market interest rate, and the financial asset is recorded in the short or long term according to its maturity.

Potential losses that can be incurred in mold projects are entirely recorded when known.

When the cost of inventories exceeds net realizable value, materials are written down to net realizable value, and an expense is recognized in the income statement. Raw materials and other consumables used in production are written down if the finished products in which they are incorporated are expected to be sold above cost. If the circumstances causing the write-down disappear, the corresponding amount is reversed and recognized in the income statement.

The net realizable value is the estimated selling price in the ordinary course of business, less the costs necessary to make the sale, as well as the estimated costs of completion in the case of raw materials and work in progress.

3.6 <u>Cash and cash equivalents</u>

Cash and cash equivalents include cash on hand and demand deposits in financial institutions.

3.7. <u>Financial liabilities</u>

<u>Debits and payables</u>

This heading includes trade and non-trade payables. These borrowings 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.

These debts are initially recognized at fair value less directly attributable transaction costs, and are later recognized at their amortized cost calculated using the effective interest rate method. The effective interest rate is the discount rate that equates the carrying amount of a financial instrument to the expected flow of future payments until the maturity of the liability.

Nevertheless, trade payables which mature within 12 months and do not have a 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.

3.8 Grants received

Repayable grants are recognized as liabilities until they meet the criterion for being considered non-repayable.

Non-repayable grants are recorded as recognized income and expense in equity when, where applicable, they have been officially awarded and the conditions attached to them have been met or there is reasonable assurance that they will be received.

Monetary grants are measured at the recognition-date fair value of the amount awarded, while non-monetary grants are measured at the recognition-date fair value of the asset received.

Non-repayable grants received to acquire intangible assets and property, plant and equipment are recognized in the income statement for the reporting period in proportion with the amortization or depreciation charges for those assets or, as appropriate, when the assets are disposed of, derecognized or impaired.

Non-repayable grants awarded to fund specific expenses are recognized in the income statement in the year in which the funded expenses are incurred, except when they are allocated to offset operating losses in future years, in which case they are recognized in these years.

3.9 Current and deferred taxes

The Company files the corporate income tax under a consolidated tax scheme, to which it has availed itself by being part of the SMP Group, the parent of which is SMP Automotive Technology Ibérica, S.L.U.

Income tax expense or income is the amount of income tax accrued for the year and includes current and deferred tax expense or income.

Current and deferred income tax is recognized in the income statement except where it relates to a transaction or event which is recognized in the same or a different period in equity or arises from a business combination.

Current tax assets or liabilities are measured at the amount expected to be paid or recovered from the tax authorities, using the tax legislation in force or approved and pending publication at the reporting date.

The accrued income tax expense of group companies which file a consolidated tax return is determined taking into account the following factors in addition to the aforementioned parameters applied to their individual tax returns:

- Temporary and permanent differences arising from the elimination of results of transactions between tax group companies for determining the consolidated taxable profit.

- Deductions and rebates corresponding to each company of the tax group filing a consolidated return; to this end, deductions and rebates are allocated to the company that carried out the activity or generated the income which entitles it to the deduction or rebate.

Reciprocal debit and credit balances arise for the portion of tax losses generated by some tax group companies and the companies that offset them. Where tax losses arise that cannot be offset by other tax group companies, these tax credits for tax loss carryforwards are recognized as deferred tax assets by the company giving rise to them, following the criteria for their recognition, considering the tax group as the taxpayer.

Deferred taxes are calculated, using the liability method, on temporary differences that arise between the tax bases of the assets and liabilities and their carrying amounts. However, deferred taxes are not recognized when they arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

The deferred tax is determined in accordance with tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date, and also by applying the rates and laws expected for when the corresponding deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which these assets may be utilized.

The Company only offsets income tax assets and liabilities if it has a legally enforceable right to offset the recognized amounts and intends either to settle the resulting amounts on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are recognized in the balance sheet as non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

3.10 Employee benefits

Termination benefits

Termination benefits are paid to employees when a company decides to terminate their labor contract before they reach retirement age or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it has a demonstrable commitment to terminate labor contracts under an irrevocable, formal, and detailed plan or to provide the benefits as part of an offer to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Pension commitments

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into a separate entity with no legal or constructive obligation to pay further contributions if the separate entity does not hold sufficient assets to pay all the obligations assumed.

Under its defined contribution plans, the Company pays in to pension insurance plans managed publicly or privately on a mandatory, contractual or voluntary basis. Once these contributions have been made, the Company is not obliged to make any additional payments. The contributions are recognized as employee benefits when accrued. Contributions paid in advance are recognized as an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

The Company recognizes a liability for contributions payable (accrued expense) when at year-end it has accrued unpaid contribution obligations.

3.11 Provisions and contingent liabilities

Provisions are recognized when the Company has a legal, contractual, implicit or tacit present obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognized as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated. The discount rate is determined before taxes, considering the time value of money, as well as the specific risks that have not been considered in the future cash flows related to the provision at each reporting date.

The Company recognizes the rights and trade commitments and risks with customers that are considered probable and records them under ‘Trade receivables from sales and rendering of services’ in the assets side of the balance sheet and ‘Revenue’ in the income statement. At March 31, 2020 the provision for this concept amounts to 13,089 thousand euros (11,953 thousand euros at March 31, 2019).

The financial effect of provisions is recognized as financial expenses on the income statement.

If it is no longer probable that an outflow of resources will be required to settle an obligation, the provision is reversed.

Contingent liabilities, meanwhile, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized in the financial statements but are disclosed in the accompanying notes.

3.12 Revenue recognition

a) Revenue from sales and rendering of services

Revenue is recognized at fair value of the consideration received or receivable and represents amounts receivable for goods delivered and services rendered in the normal course of business activity, less refunds, rebates, discounts, and VAT.

Revenue is recognized when it can be reliably measured, and when economic benefits are likely to flow to the Company. Revenue cannot be measured reliably until all sales-related contingencies have been resolved. The Company makes estimates based on past experience, taking into account the type of client, type of transaction, and particular terms of each agreement.

b) Interest and dividends

Interest is recognized using the effective interest method.

Income from dividends on investments in equity instruments is recognized in the income statement when the Company's right to receive payment is established.

3.13 Leases - Company as lessee

Operating leases

Leases under which the lessor retains substantially all the risks and benefits inherent to ownership of the asset are classified as operating leases.

Lease payments under an operating lease, net of incentives received, are recognized as an expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the lease's benefit.

3.14 Related-party transactions

As a general rule, intragroup transactions are initially recognized at fair value. If the price agreed differs from fair value, the difference is recognized based on the economic substance of the transaction. Subsequent measurement follows prevailing accounting rules.

3.15 Environment

The Company carries out activities whose primary purpose is to prevent, reduce or repair damages that may be caused to the environment as a result of its operations.

Expenses from environmental activities are recognized under 'Other operating expenses' in the income statement when incurred.

Assets which may be incorporated in equity in the long term for the primary purpose of minimizing environmental impact and protecting or improving the environment, including the reduction or elimination of future contamination caused by the Company's operations, are recorded as assets based on measurement, presentation and disclosure criteria that are consistent with those described in Note 3.2.

3.16 Transactions in foreign currency

The Company's functional and presentation currency is the euro.

Transactions in foreign currency are initially translated at the spot rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are translated at the spot rate prevailing at the balance sheet date. All exchange gains or losses arising from translation as well as those resulting on settlement of balance sheet items are recognized in the income statement.

4. Financial risk management

4.1 Financial risk factors

The Company's activities are exposed to various financial risks: market risk (including interest rate risk and price risk), credit risk, and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's performance.

Within the risk management policy of the Group that it belongs to, the Company has a set of rules, procedures and systems in place aimed at identifying, measuring and managing the several categories of risk to ensure that the most relevant risks are correctly identified, assessed and managed and minimize the potential adverse effects on the Company's performance.

(i) Market risk

a. Interest rate risk

The Company grants loans to group companies. Additionally, it has financing facilities with the group and financial institutions that earn interest at floating market rates (linked to Euribor). Consequently, its income, expenses and cash flows from operating activities are affected by changes in market interest rates.

b. Price risk

The Company is exposed to raw material price risk since the price of its main raw material, polypropylene, is related to oil. The Company mitigates this risk by renegotiating customer compensation as a result of these fluctuations.

(ii) Credit risk

The Company shows significant concentration of credit risk since its sales are highly concentrated in few customers. The Company has policies in place to ensure that sales are made to customers with an appropriate credit history.

Impairment losses on bad debts, review of individual receivables based on individual customer creditworthiness, current market trends and historical analysis of aggregate bad debts involve significant judgment.

(iii) Liquidity risk

The Company applies prudent management of liquidity risk, ensuring that it has available funding through committed credit facilities. Management monitors the Company's liquidity reserve based on expected cash flows. Cash management depends on the funding granted to the group that SMP Automotive Technology Ibérica, S.L.U. belongs to, which is in turn the main direct and indirect funding source of the Company and its subsidiaries (Note 2.c).

Bank borrowings and payables to group companies are detailed in Notes 15 and 21, respectively.

(Thousands of euros)

5. Intangible assets

The movements in the items composing 'Intangible assets' are as follows:

	Software	Total
Balance at March 31, 2018		
Cost	5,039	5,039
Accumulated amortization	(4,830)	(4,830)
Net carrying amount	**209**	**209**
Amortization charge	(140)	(140)
Balance at March 31, 2019		
Cost	5,039	5,039
Accumulated amortization	(4,970)	(4,970)
Net carrying amount	**69**	**69**
Disposals	(32)	(32)
Amortization charge	(49)	(49)
Transfers accumulated amortization	32	32
Balance at March 31, 2020		
Cost	5,007	5,007
Accumulated amortization	(4,987)	(4,987)
Net carrying amount	**20**	**20**

a) Intangible assets acquired from group companies and associates

No intangible assets were acquired during 2020 and 2019 from group companies or associates.

b) Intangible assets not assigned to operations

At March 31, 2020 and 2019 there were no intangible assets that had not been assigned to operations.

c) Fully amortized intangible assets

At March 31, 2020 fully amortized intangible assets amount to 4,935 thousand euros (2019: 4,749 thousand euros).

d) Commitments

At March 31, 2020 and 2019 there are no significant firm commitments to purchase intangible assets.

(Thousands of euros)

6. Property, plant and equipment

The movements in the items composing 'Property, plant and equipment' are as follows:

	Land	Buildings	Plant and machinery	Other plant, tools and furniture	Property, plant, and equipment under construction and prepayments	Other PP&E items	Total
Balance at March 31, 2018							
Cost	3,468	18,059	122,488	478	1,399	3,033	148,925
Accumulated depreciation	-	(9,515)	(78,067)	(408)	-	(2,578)	(90,568)
Net carrying amount	**3,468**	**8,544**	**44,421**	**70**	**1,399**	**455**	**58,357**
Additions	-	1,022	6,966	17	4	81	8,090
Disposals	-	-	(73)	-	-	-	(73)
Transfers	-	-	1,399	-	(1,399)	-	-
Depreciation charge	-	(544)	(8,031)	(11)	-	(130)	(8,716)
Derecognition of acc. depreciation	-	-	73	-	-	-	73
Balance at March 31, 2019							
Cost	3,468	19,081	130,780	495	4	3,114	156,942
Accumulated depreciation	-	(10,059)	(86,025)	(419)	-	(2,708)	(99,211)
Net carrying amount	**3,468**	**9,022**	**44,755**	**76**	**4**	**406**	**57,731**
Additions	-	75	888	3	3,691	30	4.687
Disposals	-	(60)	(11,145)	(166)	-	(843)	(12.214)
Transfers	-	63	3,330	-	(3,393)	-	-
Depreciation charge	-	(533)	(8,126)	(12)	-	(140)	(8,811)
Derecognition of acc. depreciation	-	60	11,109	166	-	843	12,178
Balance at March 31, 2020							
Cost	3,468	19,159	123,853	332	302	2,301	149,415
Accumulated depreciation	-	(10,532)	(83,042)	(265)	-	(2,005)	(95,844)
Net carrying amount	**3,468**	**8,627**	**40,811**	**67**	**302**	**296**	**53,571**

The most significant additions for the year ended March 31, 2020 correspond to Polinyà plant (new 3,200 tonne injection machine, new equipment for SEAT Leon and adaptation work of the building) for an amount of 3.8 million euros, and Palencia plant (replacement of priming robots at painting line and soldering equipment for VW T Cross project) for an amount of 0.8 million euros.

The most significant additions for the year ended March 31, 2019 corresponded to Polinyà plant (equipment for VW Polo Cross and Audi A1 projects and adaptation of the JIT center in Castellbisbal and of the building) for an amount of 5.2 million euros, and Palencia plant (acquisition of a 4,000-tonne injection machine) for an amount of 2.9 million euros.

(Thousands of euros)

a) Impairment losses

In 2020 and 2019, no impairment losses were recognized or reversed for any PP&E item.

b) Assets acquired from group companies and associates

No PP&E items were acquired from group companies or associates in 2020 and 2019.

c) PP&E items not assigned to operations

During 2020 and 2019 there were no property, plant and equipment items that had not been assigned to operations.

d) PP&E disposals

During 2019 property, plant and equipment equipment items disposed amount 12,214 thousand euros at valued acquisition price which have made a negative result of 36 thousand euros included in Impairment and result by disposals of the assets in the income statement.

e) Fully depreciated assets

At March 31, 2020 fully depreciated property, plant and equipment items amount to 61,295 thousands euros (2019: 64,271 thousand euros), mainly corresponding to plant and machinery.

f) Commitments

The commitments to purchase property, plant and equipment, which at March 31, 2020 are mainly related to the adaptation of the painting line at Polinyà to Seat Leon matt bumper (2019: they were mainly related to 3,200-tonne injection machine at Polinyà premises), are as follows:

	03.31.2020	**03.31.2019**
Plant and machinery	524	1,253
	524	**1,253**

g) Insurance

The Company arranges insurance policies deemed necessary to cover potential risks which could affect property, plant and equipment. The coverage provided by these policies is considered sufficient.

(Thousands of euros)

h) Revaluations under Royal Decree Law 7/1996, of June 7

Cumulative net revaluations at March 31, 2020 amount to 924 thousand euros (927 thousand euros at March 31, 2019), with Land being the most significant item for an amount of 908 thousand euros at March 31, 2020 and 2019.

The effect of these revaluations on the depreciation charge for the year was an increase of 3 thousand euros at March 31, 2020 (3 thousand euros at March 31, 2019).

7. Operating leases

The Company has entered into operating lease arrangement on warehouses, machinery, tools, vehicles, trolleys and photocopiers.

The main lease arrangements are as follows:

- Lease on several industrial buildings located at Carretera de Sentmenat B-142 Km. 2.2 Polinyà del Vallès (Barcelona) for storage of vehicle parts.

- Lease on an industrial building located at calle Retorno s/n in Castellbisbal (Barcelona) for production of vehicle components. Arrangement signed on January 26, 2012 for a period of 15 years, 5 of which are mandatory for both parties.

- Lease on several machines; the arrangements do not provide for any additional obligations other than lease payments, including a technological update clause whereby the lessee may propose at any time during the term of the arrangement that the lease machines be upgraded or replaced with equal or better ones, adjusting lease payments to the new situation.

Operating lease payments recognized as an expense for the year ended March 31, 2020 amount to 2,063 thousand euros (2019: 2,510 thousand euros).

The future minimum payments under non-cancelable operating leases are as follows:

	03.31.2020	**03.31.2019**
Within one year	1,822	1,398
Between one and five years	2,180	2,065
	4,002	**3,463**

(Thousands of euros)

8. Analysis of financial instruments

8.1 Breakdown by categories

The carrying amount of each of the categories of financial instruments established in the standard for recognition and measurement of "Financial instruments", except for "Equity instruments" that are included in "Non-current investments in group companies and associates" (Note 9), and excluding balances with Public Administrations, is as follows:

	Non-current financial assets			
	Loans to companies		Other financial assets	
	03.31.2020	03.31.2019	03.31.2020	03.31.2019
- Trade and other receivables	-	-	13,443	10,359
- Receivables from group companies and associates	-	1,225	-	-
- Guarantees and deposits	-	-	575	578
- Other financial assets	-	-	3,880	5,086
	-	**1,225**	**17,898**	**16,023**

	Current financial assets			
	Loans to companies		Other financial assets	
	03.31.2020	03.31.2019	03.31.2020	03.31.2019
- Trade and other receivables	-	-	(3,057)	12,523
- Receivables from group companies and associates	22,555	8,500	-	-
- Investments in group companies and associates	-	-	1,468	1,787
- Other financial assets	-	-	1,297	810
	22,555	**8,500**	**(292)**	**15,120**

	Non-current financial liabilities			
	Bank borrowings		Other	
	03.31.2020	03.31.2019	03.31.2020	03.31.2019
- Payables to group companies and associates	-	-	27,500	49,975
- Other financial liabilities	-	-	3,918	4,415
	-	**-**	**31,418**	**54,390**

	Current financial liabilities			
	Bank borrowings		Other	
	03.31.2020	03.31.2019	03.31.2020	03.31.2019
- Bank borrowings	-	10,010	-	-
- Trade and other payables	-	-	62,453	60,152
- Payables to group companies and associates	-	-	9,500	21,084
- Other financial liabilities	-	-	2,014	2,302
	-	**10,010**	**73,967**	**83,538**

(Thousands of euros)

8.2 Breakdown by maturity

The amounts corresponding to financial liabilities with a fixed or determinable maturity classified by tax period of maturity are as follows:

	03/31/2020						
	Financial assets						
	Until 03.2021	**Until 03.2022**	**Until 03.2023**	**Until 03.2024**	**Until 03.2025**	**Subsequent years**	**Total**
- Receivables from group companies and associates	22,555	-	-	-	-	-	22,555
- Other financial assets	2,765	1,463	996	773	187	461	6,646
- Guarantees and deposits	-	-	-	-	-	575	575
- Trade and other receivables	(3,057)	3,962	3,482	2.598	1,692	1,709	11,386
	22,263	**5,425**	**4,478**	**3,371**	**1,879**	**2,745**	**40,161**

	03/31/2019						
	Financial assets						
	Until 03.2020	**Until 03.2021**	**Until 03.2022**	**Until 03.2023**	**Until 03.2024**	**Subsequent years**	**Total**
- Receivables from group companies and associates	8,500	1,225	-	-	-	-	9,725
- Other financial assets	2,597	1,448	1,624	1,229	192	593	7,683
- Guarantees and deposits	-	-	-	-	-	578	578
- Trade and other receivables	12,523	2,891	2,220	1,800	1,685	1,763	22,882
	23,620	**5,564**	**3,844**	**3,029**	**1,877**	**2,934**	**40,868**

	03/31/2020						
	Financial liabilities						
	Until 03.2021	**Until 03.2022**	**Until 03.2023**	**Until 03.2024**	**Until 03.2025**	**Subsequen t years**	**Total**
- Payables to group companies and associates	9,500	27,500	-	-	-	-	37,000
- Trade and other payables	62,453	-	-	-	-	-	62,453
- Other financial liabilities	2,014	3,020	338	156	156	248	5,932
	73,967	**30,520**	**338**	**156**	**156**	**248**	**105,385**

	03/31/2019						
	Financial liabilities						
	Until 03.2020	**Until 03.2021**	**Until 03.2022**	**Until 03.2023**	**Until 03.2024**	**Subsequent years**	**Total**
- Bank borrowings	10,010	-	-	-	-	-	10,010
- Payables to group companies and associates	21,084	-	49,975	-	-	-	71,059
- Trade and other payables	60,152	-	-	-	-	-	60,152
- Other financial liabilities	2,302	338	3,030	488	156	403	6,717
	93,548	**338**	**53,005**	**488**	**156**	**403**	**147,938**

8.3 Credit quality of financial assets

The credit quality of financial assets that have not yet matured and are not impaired may be evaluated through past default information.

(Thousands of euros)

9. Investments in group companies and associates

The breakdown of investments in group companies and associates is as follows:

	03.31.2020	03.31.2019
Group companies		
- Cost	295,826	282,826
- Impairment losses	(224,689)	(211,689)
	71,137	**71,137**

Ownership interest in group companies

The information on ownership interest in group companies is shown below (figures translated into euros, where appropriate, at the exchange rate prevailing at March 31, 2020 and 2019):

03.31.2020

Name	Address	Activity	% Owner-ship	Share capital	Reserves and other items	Profit / (loss)	Total equity	Operating profit / (loss)	Net carrying amount	Dividends (Note 19)
SMP Automotive Technologies Teruel, S.L.U.	Teruel	(1)	100.00	500	821	1,478	2,799	2,028	4,500	1,375
SMP Automotive Produtos Automotivos do Brasil Ltda.	Brazil	(1)	100.00	81,005	(83,818)	(21,360)	(24,173)	(14,318)	-	-
Samvardhana Motherson Peguform Barcelona, S.L.U.	Polinyà del Vallès	(2)	100.00	253	381	3,593	4,227	4,637	3,956	4,375
SMP Automotive Systems Mexico S.A. de C.V.	Mexico	(1)	100.00	57,978	4,259	5,860	68,097	12,227	53,005	-
Samvardhana Motherson Peguform Automotive Technology Portugal S.A.	Portugal	(1)	100.00	100	40	8,046	8,186	10,902	8,714	6,991
Celulosa Fabril, S.A (*)	Zaragoza	(1)	50.00	396	17,233	9,067	26,696	12,091	962	7,500
									71,137	**20,241**

(Thousands of euros)

03.31.2019

Name	Address	Activity	% Owner-ship	Share capital	Reserves and other items	Profit / (loss)	Total equity	Operating profit / (loss)	Net carrying amount	Dividends (Note 19)
SMP Automotive Technologies Teruel, S.L.U.	Teruel	(1)	100.00	500	819	1,379	2,698	1,872	4,500	1,500
SMP Automotive Produtos Automotivos do Brasil Ltda.	Brazil	(1)	100.00	92,590	(88,429)	(20,475)	(16,314)	(17,586)	-	-
Samvardhana Motherson Peguform Barcelona, S.L.U.	Polinyà del Vallès	(2)	100.00	253	370	4,386	5,009	5,678	3,956	5,000
SMP Automotive Systems Mexico S.A. de C.V.	Mexico	(1)	100.00	54,491	(2,133)	16,517	68,875	26,280	53,005	-
Samvardhana Motherson Peguform Automotive Technology Portugal S.A.	Portugal	(1)	100.00	100	1,815	5,216	7,131	9,618	8,714	2,500
Celulosa Fabril, S.A. (*)	Zaragoza	(1)	50.00	396	21,541	10,692	32,629	13,705	962	2,500
									71,137	**11,500**

(*) Although Celulosa Fabril, S.A.'s reporting date is December 31, the information included above corresponds to March 31, which is the reporting date of the Company and the other subsidiaries.
(1) Manufacture of plastic parts for the automotive industry.
(2) Assembly of parts for the automotive industry.

During the year ended March 31, 2020 the Company has increased its investment in SMP Automotive Produtos Automotivos do Brasil Ltda by 13,000 thousand euros (21,897 thousand euros in 2019) as a result of several capital increase carried out during the year. At year end, the impairment thereof has increased by the same amount, 13,000 thousand euros, in order to fully impair the investment in the subsidiary, since it is not currently expected that positive cash flows will be generated in the future that allow the Company to entirely or partially recover the investment made.

Voting rights correspond to the ownership percentage held in the companies. None of the companies above is listed on the stock exchange.

a) <u>Foreign currency</u>

The functional currencies of the investments in foreign operations are the currencies of the countries in which they are domiciled.

(Thousands of euros)

b) Impairment

Impairment losses and reversals recorded in the various ownership interest are as follows:

Ownership interest	Balance at March 31, 2019	Allowances	Transfer	Balance at March 31, 2020
SMP Automotive Produtos Automotivos do Brasil Ltda.	(211,689)	(13,000)	-	(224,689)
	(211,689)	**(13,000)**	**-**	**(224,689)**

Ownership interest	Balance at March 31, 2018	Allowances	Transfer	Balance at March 31, 2019
SMP Automotive Produtos Automotivos do Brasil Ltda.	(189,792)	(21,897)	-	(211,689)
	(189,792)	**(21,897)**	**-**	**(211,689)**

The variation in impairment losses on the ownership interest held in group companies is included in ‘Impairment and gains (losses) on disposal of financial instruments’ in the income statement (Note 19).

Where any indication of impairment exists, impairment is determined following the accounting policies described in Note 3.4.b) based on the estimated recoverable value of the investments in group companies determined through discounted cash flows expected to be generated by the investees according to the last available budgets.

10. Loans and receivables

At March 31, 2020 and 2019 the breakdown of the headings related to ‘Loans and receivables’ in the balance sheet, excluding balances with Public Administrations, is as follows:

	03.31.2020	03.31.2019
Non-current investments in group companies and associates:	**-**	**1,225**
- Loans to companies (Note 21)	-	1,225
Non-current financial investments:	**4,455**	**5,664**
- Deposits and guarantees	575	578
- Other financial assets	3,880	5,086
Non-current trade receivables	**13,443**	**10,359**
Trade and other receivables:	**(3,057)**	**12,523**
- Trade receivables from sales and rendering of services	(3,630)	11,475
- Receivables from group companies and associates (Note 21)	674	1,110
- Receivables from employees	64	50
- Provision for impairment	(165)	(112)
Current investments in group companies and associates:	**24,023**	**10,287**
- Loans to companies (Note 21)	22,555	8,500
- Other financial assets (Note 21)	1,468	1,787
Current financial investments	**1,297**	**810**
- Other financial assets	1,297	810
	40,161	**40,868**

(Thousands of euros)

a) Non-current trade receivables

At March 31, 2020 and 2019 the balance of 'Non-current trade receivables' includes a receivable amount from Company customers the maturity of which has been established based on production volume. Additionally, 'Trade receivables from sales and rendering of services' includes 6,122 thousand euros that mature in the short term (2019: 4,728 thousand euros).

At year end no uncertainty exists about the recoverability of this balance within the established periods.

b) Trade and other receivables

The fair values of loans and receivables do not significantly differ from book values.

The balance of this item is negative at the end of the period due to the lack of production and turn over since March 14, derived from the temporary closure of all automotive factories in Spain as a result of the COVID-19 health crisis, and for the provisions recorded for commercial commitments, explained in Note 3.11.

Trade receivables past due by less than 3 months are not deemed impaired. At March 31, 2020, 504 thousand euros of accounts receivable were past due (2019: 243 thousand euros). These past due accounts correspond to a series of independent customers that have no recent history of default. The ageing analysis of these past-due accounts receivables is as follows:

	03.31.2020	**03.31.2019**
Up to 3 months	339	167
More than 3 months	165	76
	504	**243**

The carrying amounts of loans and receivables are denominated in euros.

The movements in the provision for receivables impairment are as follows:

	03.31.2020	**03.31.2019**
Balance at April 1	**(112)**	**(124)**
Charge to provision for receivables impairment	(69)	(16)
Provisions utilized	16	28
Balance at March 31	**(165)**	**(112)**

Impairment losses on receivables are recognized and reversed under 'Losses on, impairment of, and change in trade provisions' in the income statement.

(Thousands of euros)

c) Financial investments – Other financial assets

This caption in the assets side of the balance sheet, both current and non-current, corresponds to amounts payable associated with new contracts won by the Company, which are recorded in profit or loss based on the volume of the estimated production of the vehicle into which the manufacture part is incorporated, as from the date the part starts to be provided.

The amounts payable are recorded in 'Other financial liabilities' in the liabilities side of the balance sheet (current or non-current based on the expected payment schedule) (Note 15).

11. Inventories

The breakdown of this heading is as follows:

	03.31.2020	03.31.2019
Raw materials and other consumables	5,870	4,165
Work in progress and semi-finished goods	2,621	1,617
Molds under construction	29,610	41,144
Finished goods	828	1,180
Impairment losses on finished and semi-finished goods	(293)	(446)
Impairment losses on raw materials and other consumables	(130)	(272)
	38,506	**47,388**

Molds under construction are included in inventories with a production cycle of more than 12 months.

a) Insurance

The Company has taken out insurance policies to cover the risks to which its inventory items are exposed. The coverage provided by these policies is considered sufficient.

b) Impairment losses

The movement in the provision for impairment losses on inventories is as follows:

	03.31.2020	03.31.2019
Balance at April 1	**(718)**	**(614)**
Utilization of/(Charge to) provision for inventories impairment	295	(104)
Balance at March 31	**(423)**	**(718)**

(Thousands of euros)

12. Cash and cash equivalents

The breakdown of 'Cash and cash equivalents' is as follows:

	03.31.2020	03.31.2019
Cash at hand	3	3
Cash at banks	684	385
Total	**687**	**388**

13. Capital and reserves

The breakdown and movements in equity are shown in the statement of changes in equity.

a) Share capital

At March 31, 2020 and 2019 the Company's share capital consists of 3,363,335 shares with a par value of 6.01 euros each. The shares were fully subscribed and paid in.

All shares bear the same voting and economic rights. There are no treasury shares.

The companies whose direct or indirect investments in the Company's share capital equal 10% or more are the following:

	03.31.2020		03.31.2019	
Company	**Number of shares**	**Ownership percentage**	**Number of shares**	**Ownership percentage**
Samvardhana Motherson Automotive Systems Group B.V.	3,363,335	100%	3,363,335	100%
	3,363,335	**100%**	**3,363,335**	**100%**

b) Reserves

The breakdown by concept is as follows:

	03.31.2020	03.31.2019
Legal and statutory reserves:		
- Legal reserve	4,043	4,043
	4,043	**4,043**
Other reserves:		
- Voluntary reserves	560	556
	560	**556**
	4,603	**4,599**

(Thousands of euros)

(i) Legal reserve

The legal reserve must be allocated in accordance with article 274 of the Spanish Corporate Enterprises Act, which stipulates that 10% of profit for the year be set aside to a legal reserve until this reserve reaches an amount at least equal to 20% of share capital.

This reserve is not distributable to the Sole Shareholder and may only be used to offset losses in the income statement provided no other reserves are available. The balance recorded in this reserve may be allocated to increase share capital.

At March 31, 2020 and 2019 the legal reserve is fully endowed.

ii) Voluntary reserves

Voluntary reserves are freely distributable. Notwithstanding the foregoing, pursuant to article 273 of the Spanish Corporate Enterprises Act dividends may only be distributed against profit or freely distributable reserves if equity is not lower than share capital or would not become lower than share capital as a result of distributing dividends.

c) Proposed appropriation of profit/(loss)

The proposed appropriation of profit to be submitted to the Sole Shareholder is as follows:

	03.31.2020	03.31.2019
Basis of appropriation		
Profit for the year	19,266	7,092
Appropriation to:		
Prior-year losses	-	513
Voluntary reserves	19,266	6,579

d) Limitations on the distribution of dividends

In accordance with article 273 of the Spanish Corporate Enterprises Act dividends may only be distributed against profit or freely distributable reserves if equity is not lower than share capital or would not become lower than share capital as a result of distributing dividends.

On September 14, 2019, the Sole Shareholder resolved to distribute dividends against freely distributable reserves for an amount of 6,575 thousand euros.

On October 18, 2018, the Sole Shareholder resolved to distribute dividends against freely distributable reserves for an amount of 4,500 thousand euros.

(Thousands of euros)

e) <u>Other owner contributions</u>

During the year ended March 31, 2020 the Sole Shareholder has made several monetary contributions to the Company's capital and reserves for an overall amount of 13,000 thousand euros (2019: 21,897 thousand euros) to strengthen its capital and reserves.

14. Grants received

The movements in non-repayable grants, net of tax effect, are as follows:

	03.31.2020	03.31.2019
Balance at April 1	**215**	**248**
Additions	217	-
Tax effects of additions	(54)	-
Amounts transferred to income statement	(66)	(46)
Tax effect of transfers	19	13
Balance at March 31	**331**	**215**

The breakdown of non-repayable grants (gross initial amount) recognized in the balance sheet under 'Grants, donations and bequests received' is as follows:

Entity awarding grant	Euros	Purpose	Awarding date
MITYC (*)	178	Sustainable increase in production processes	26/11/2010
MITYC (*)	234	Sustainable increase in production processes	26/11/2010
MITYC (*)	234	Sustainable increase in production processes	01/12/2011
MITYC (*)	217	Energy efficiency of the production process	01/04/2019
	863		

(*) Spanish Ministry of Industry, Tourism and Trade

(Thousands of euros)

15. Debits and payables

At March 31, 2020 and 2019 the breakdown of the headings related to 'Debits and payables' in the balance sheet, excluding balances with Public Administrations, is as follows:

	03.31.2020	03.31.2019
Non-current payables:	**3,918**	**4,415**
- Other financial liabilities (Note 10)	3,918	4,415
Non-current payables to group companies and associates (Note 21)	**27,500**	**49,975**
Current payables:	**2,014**	**12,312**
- Bank borrowings	-	10,010
- Other financial liabilities (Note 10)	2,014	2,302
Current payables to group companies and associates (Note 21)	**9,500**	**21,084**
Trade and other payables:	**62,453**	**60,152**
- Suppliers	44,375	44,860
- Suppliers, group companies and associates (Note 21)	4,816	2,688
- Employee benefits payable	8,458	8,603
- Customer advances	4,804	4,001
	105,385	**147,938**

a) Bank borrowings

The Company has a credit line with a limit of 10 million euros not drawn down at March 31, 2020 and fully drawn down at March 31, 2019. It accrues a floating market interest rate and expires in February 2021.Accrued interest payable at March 31, 2019 amounts to10 thousand euros.

b) Other financial liabilities

The breakdown of this heading is as follows:

	03.31.2020		03.31.2019	
Entity	**Current**	**Non-current**	**Current**	**Non-current**
MITYC	35	184	35	219
MITYC	63	324	63	387
MITYC	59	362	59	421
MITYC	181	365	181	546
Other financial liabilities (Note 10)	1,676	2,683	1,964	2,842
	2,014	**3,918**	**2,302**	**4,415**

c) Employee benefits payable

The amount recorded under 'Employee benefits payable' corresponds to the provision of the payable amounts accrued by employees at year end, including such concepts as extra pays, holidays and bonuses.

(Thousands of euros)

d) Customer advances

Customer advances relate to advances for the construction of molds corresponding to firm purchase orders from customers, included in the Inventories heading.

e) Information on late payments to suppliers. Additional Disposition Three 'Disclosure requirements' of Law 15/2010, of July 5

The total amount of payments made to suppliers during the year, providing payment terms, in accordance with the legal payment deadlines set forth in Law 15/2010 of July 5, which establishes measures to be taken in combating arrears in commercial transactions, is as follows:

	2020	2019
	Days	**Days**
Average payment period to suppliers	44	42
Ratio of transactions paid	43	43
Ratio of transactions pending payment	48	33
	Importe	**Amount**
Total payments made	256,980	250,417
Total payments outstanding	40,841	39,494

The average payment period to suppliers in 2020 was 44 days (2019: 42 days).

16. Deferred taxes

The breakdown of deferred taxes is as follows:

	03.31.2020	03.31.2019
Deferred tax assets:		
- Temporary differences	731	926
- Tax credits for tax losses	4,757	8,118
	5,488	**9,044**
Deferred tax liabilities:		
- Temporary differences	133	135
	133	**135**

The movements in deferred tax assets are as follows:

	03.31.2020	03.31.2019
Balance at April 1	**9,044**	**6,217**
Charge to the income statement (Note 18)	(3,556)	2,827
Balance at March 31	**5,488**	**9,044**

(Thousands of euros)

The movements in deferred tax liabilities are as follows:

	03.31.2020	03.31.2019
Balance at April 1	**135**	**186**
Charge to the income statement (Note 18)	(37)	(38)
Tax charge directly to equity (Grants)	35	(13)
Balance at March 31	**133**	**135**

Deferred tax assets for temporary differences at March 31, 2020 and 2019 mainly relate to temporary differences arisen as a result of the limitation on the deductibility of depreciation and amortization expenses in prior years in accordance with Royal Decree 12/2012 and to provisions recorded by the Company that are temporarily considered non-deductible for tax purposes.

At March 31, 2020 and 2019 the breakdown of unused tax loss carryforwards arisen in prior years, corresponding to the consolidated tax group that the Company belongs to and of which it is the Parent, is as follows:

	Taxable profit	
Year	**03.31.2020**	**03.31.2019**
2009	-	284
2011	-	307
2012	17,644	31,619
2014	1,383	1,383
	19,027	33,593

At March 31, 2020l total unused tax loss carryforwards indicated in the table above correspond to the Company (2019: 33,001 thousand euros).

The consolidated tax group that the Company belongs to has offset tax losses amounting to 15,907 thousand euros in 2020 (2019: 14,614 thousand euros). Of this amount, 14,566 thousand euros correspond to tax losses carry forward of the Company.

It is Company and Group policy to recognize deferred tax assets when their recoverability is reasonably guaranteed by the tax group that the Company belongs to. Consequently, the Company has recognized deferred tax assets related to temporary differences, unused deductions and tax losses arisen in prior years since based on the forecasts for the tax group's consolidated taxable profit according to the business plan prepared by the Management of the Company and the other companies for the next 5 years, it is reasonably guaranteed that these deferred tax assets will be utilized against future taxable profit.

At March 31, 2020 the Company has recognized deferred tax assets amounting to 4,757 thousand euros (8,118 thousand euros at March 31, 2019) related to unused tax loss carryforwards since it considers their future recovery to be probable considering the tax group it belongs to and pursuant to the limitation on the utilization of tax losses established by Royal Decree Law 3/2016 of December 2, 2016.

(Thousands of euros)

As of March 31, 2020 and 2019 there are no deductions pending to apply.

As of March 31, 2020, the Company has applied all the deductions generated in the year 309 thousand euros (586 thousand euros as of March 31, 2019).

17. Income and expenses

a) Revenue

The breakdown of revenue from the Company's ordinary activities by geographical market and product line is as follows:

Market	**03.31.2020**	**03.31.2019**
Spain	231,429	211,995
Rest of the European Union	45,996	46,414
Exports	1,187	4,235
	278,612	**262,644**

Product lines	**03.31.2020**	**03.31.2019**
Revenue from the sale of parts	216,519	219,751
Revenue from the sale of engineering products (molds)	62,093	42,893
	278,612	**262,644**

b) Cost of sales

The breakdown of consumption of raw materials and other consumables is as follows:

	03.31.2020	**03.31.2019**
Purchases in Spain	48,501	57,886
EU purchases	62,951	64,319
Imports	7,488	5,639
Purchase discounts and returns	(847)	(819)
Changes in raw materials and other consumables	(1,705)	(650)
	116,388	**126,375**

c) Employee benefits expense

	03.31.2020	**03.31.2019**
Wages, salaries et al.	38,384	38,056
Termination benefits	376	209
Social security costs		
- Social security paid by the company	8,135	8,737
- Other employee welfare expenses	358	246
	47,253	**47,248**

(Thousands of euros)

The average headcount during the year by category is as follows:

Professional category	03.31.2020	03.31.2019
Management	52	56
Technicians and administrative staff	176	178
Operators	595	675
	823	**909**

The breakdown of the Company's headcount by gender at year end is as follows:

	03.31.2020			03.31.2019		
	Men	Women	Total	Men	Women	Total
Management	39	10	49	41	15	56
Technicians and administrative staff	115	57	172	122	57	179
Operators	417	154	571	464	175	639
	571	**221**	**792**	**627**	**247**	**874**

During 2020 the average headcount with a disability equal to or greater than 33% is 23 people (2019: 18 people), including 1 in the "Management" category (Any in 2019), 4 in the 'Technicians and administrative staff' category (2019: 5) and 18 in the 'Operators' category (2019: 13).

Effective from March 14, 2020, the Company has presented a Temporary Employment Regulation File (ERTE) due to Force Majeure that affects the entire headcount for three months. The headcount will reinstate to their workplace as production is reactivated from the end of April.

18. Income tax and tax matters

The Company files taxes under a consolidated tax scheme with the companies SMP Automotive Technologies Teruel, S.L.U., Samvardhana Motherson Peguform Barcelona, S.L.U., SMR Automotive Systems Spain, S.A.U. and SMR Automotive Technology Valencia, S.A.U. The Parent Company of the tax group is SMP Automotive Technology Ibérica, S.L.U. The Directors of the Company plan to include the companies SMRC Automotive Interiors Spain, S.L.U. and Samvardhana Motherson Reydel Automotive Parts Holding Spain, S.L.U. in the tax consolidation group as from the year ended March 31, 2020.

(Thousands of euros)

The reconciliation of net income and expenses for the year with tax results is as follows:

Income tax (individual tax return)

03.31.2020	**Income statement**			**Income and expenses recognized directly in equity**		
	Increase	**Decrease**	**TOTAL**	**Increase**	**Decrease**	**TOTAL**
Profit/(loss) before tax	-	-	29,370	-	-	(66)
Permanent differences	33,377	(20,241)	13,136	-	-	19
Temporary differences:						
- arising during the year	587	-	587	-	-	-
- arising in prior years	-	(1,137)	(1,137)	-	47	47
Previous taxable income			41,956			-

Income tax (consolidated tax return)

03.31.2020	**Income statement**		
	Increase	**Decrease**	
Previous taxable income:			
- SMP Automotive Technology Ibérica, S.L.U.	-	-	41,956
- Samvardhana Motherson Peguform Barcelona, S.L.U.	-	-	5,207
- SMP Automotive Technologies Teurel, S.L.U.	-	-	1,923
- SMR Automotive Technology Valencia S.A.U.	-	-	74
- SMR Automotive Systems Spain S.A.U.	-	-	9,313
- SMR Automotive Interiors Spain S.A.U.	-	-	5,213
- SMR Automotive Parts Holding Spain S.A.U.			(58)
Utilization of tax losses arisen in prior years	-	-	(15,907)
Consolidated tax result			**47,721**

Of the total tax losses offset from previous years, 14,566 thousand euros correspond to tax losses of the Company.

Income tax (individual tax return)

03.31.2019	**Income statement**			**Income and expenses recognized directly in equity**		
	Increase	**Decrease**	**TOTAL**	**Increase**	**Decrease**	**TOTAL**
Profit/(loss) before tax	-	-	10,440	-	-	(46)
Permanent differences	42,291	(11,500)	30,791			13
Temporary differences:						
- arising during the year	1,101	-	1,101	-	-	-
- arising in prior years	-	(988)	(988)	-	33	33
Previous taxable income			41,344			-

(Thousands of euros)

Income tax (consolidated tax return)

03.31.2019	**Income statement**		
	Increase	**Decrease**	
Previous taxable income:			
- SMP Automotive Technology Ibérica, S.L.U.	-	-	41,344
- Samvardhana Motherson Peguform Barcelona, S.L.U.	-	-	5,604
- SMP Automotive Technologies Teurel, S.L.U.	-	-	1,778
- SMR Automotive Technology Valencia S.A.U.	-	-	67
- SMR Automotive Systems Spain S.A.U.	-	-	9,662
Utilization of tax losses arisen in prior years	-	-	(14,614)
Consolidated tax result			**43,841**

As a result of the approval of Royal Decree Law 3/2016 on December 2, 2016, whereby several amendments to the Income tax were published (including the reversal of impairment losses on ownership interest), deductible impairment in tax periods prior to 2013 shall be made on a straight-line basis at least over five years.

Pursuant to the above tax regulations, in the current year the Company has reversed a fifth of the deductible impairment losses on the investment in SMP Automotive Produtos Automotivos do Brasil Ltda. for an overall amount of 101,838 thousand euros in the taxable income in the tax periods started prior to January 1, 2013. In this regard, the Company has generated a positive permanent difference of 20,368 thousand euros (the same amount in the prior year).

Additionally, the other permanent differences mainly related to:

- The decrease in the dividends received from group companies amounting to 20,241 thousand euros (2019: 11,500 thousand euros) (Note 21).
- The increase in the result for the non-deductibility of impairment of ownership interest in group companies amounting to 13,000 thousand euros (2019: 21,897 thousand euros) (Note 9).

The reconciliation between income tax expense and the result of multiplying total recognized income and expenses by applicable tax rates is as follows:

	03.31.2020	**03.31.2019**
Income and expenses for the year before tax	29,370	10,440
Tax charge (25%)	7,343	2,610
Non-deductible expenses / (Non-taxable income)	3,284	7,698
Capitalization of deferred tax assets	(133)	(6,721)
Deductions arisen in the year	(318)	(649)
Regularization of 2018 income tax	(224)	-
Other	152	410
	10,104	**3,348**

(Thousands of euros)

The breakdown of the income tax expense is as follows:

	03.31.2020	03.31.2019
Current income tax of the Company (net of deductions applied)	7,530	6,721
Current income tax of the Company (to be paid by the tax group)	(873)	(918)
Change in deferred taxes (Note 16)	3,519	(2,865)
Regularization of 2018 income tax	(224)	-
Other	152	410
	10,104	**3,348**

The current income tax for the year ended December 31, 2020 is the result of applying 25% to the taxable profit for the year net of tax losses applied, less 337 thousand euros of deductions applied in the year (1,031 thousand euros in the prior year).

As a result of the consolidated tax return of the income tax (Note 3.9), the Company is responsible for settling the income tax of the tax group that it belongs to.

Consolidated income tax payable for the year ended March 31, 2020 and 2019 is as follows:

	03.31.2020	03.31.2019
Consolidated taxable profit	47,721	43,841
Tax liability (25%)	11,930	10,960
Deductions applied by the Company	(337)	(1,031)
Deductions applied by the other tax group companies	(501)	(177)
Withholdings and payments on account of the Company	(3,301)	(2,772)
Withholdings and payments on account of the other tax group companies	(2,965)	(2,151)
Regularization of 2018 income tax	-	-
	4,826	**4,829**

Under prevailing tax regulations, tax returns may not be considered final until they have either been inspected by tax authorities or until the inspection period has expired. The Company is open to inspection for the following taxes:

Tax	**Period**
Income tax	2017-2020
Value added tax	2017-2020
Personal Income Tax	2017-2020

As a result, amongst other things, of the varying possible interpretations of prevailing tax legislation, additional tax liabilities could arise in the event of a tax inspection. The Directors consider, however, that these liabilities, if any, would not significantly affect the financial statements.

(Thousands of euros)

19. Finance result

	03.31.2020	03.31.2019
Finance income:		
From equity instruments		
- In group companies and associates (Notes 9 and 21)	20,241	11,500
From marketable securities and other financial instruments		
- Of group companies and associates (Note 21)	712	2,437
- Third parties	299	242
	21,252	**14,179**
Finance costs:		
Payables to group companies and associates (Note 21)	(1,479)	(4,764)
Third-party borrowings	(423)	(393)
	(1,902)	**(5,157)**
Exchange gains (losses)	**10**	**(15)**
Impairment and gains/(losses) on disposal of financial instruments		
Impairment losses and losses (Note 9)	(13,000)	(21,897)
	(13,000)	**(21,897)**
Finance result	**6,360**	**(12,890)**

At March 31, 2020 impairment losses and losses on disposals of financial instruments include the impairment of the investment in the company SMP Automotive Produtos Automotivos do Brasil Ltda. for an amount of 13,000 thousand euros (21,897 thousand euros at March 31, 2019) (Note 9).

20. Board of Directors and senior management

a) Remuneration paid to members of the board of directors

During the years ended March 31, 2020 and 2019 the Directors of the Company did not receive any remuneration. At March 31, 2020 and 2019 they have not been granted any advance or loan, nor has the Company any pension plans or life insurance policies for them.

The members of the Company's Board of Directors have not received any shares or stock options during the year ended March 31, 2020 and 2019. They have not executed any options or have no options pending execution, either.

Liability insurance premiums paid by the Company on behalf of the Directors in the years ended March 31, 2020 are included in the charges received from the Group and recorded in the external services heading shown in the table transactions with the Group in Note 21.

(Thousands of euros)

b) Remuneration paid and loans granted to members of senior management

During the year ended March 31, 2020 and 2019, the members of senior management and the Board of Directors are the same. Their remuneration is included as part of the charges received from the Group and recorded in the external services heading shown in the table transactions with the Group in Note 21.

d) Conflicts of interest that the directors may have

In order to avoid situations that may represent a conflict of interest with the Company, during the year the directors who have held positions in the Board of Directors have met the obligations established in article 229 of the consolidated text of the Spanish Corporate Enterprises Act. Additionally, both they and their related parties have refrained themselves from incurring in any situations that may represent a conflict of interest as established in article 229 of the aforementioned act, except in the cases for which the corresponding authorization has been obtained.

21. Other related-party transactions

a) Sale and purchase of goods

	03.31.2020	03.31.2019
Sale of goods:		
- Group companies	8,127	7,812
	8,127	**7,812**
Purchase of goods:		
- Group companies	(12,656)	(6,653)
	(12,656)	**(6,653)**

b) Operating income and expenses

	03.31.2020	03.31.2019
Operating income:		
- Group companies	2,718	2,625
	2,718	**2,625**
Operating expenses:		
- Group companies	(5,494)	(5,023)
	(5,494)	**(5,023)**

c) Finance income and costs

	03.31.2020	03.31.2019
Dividends received:		
- Group companies (Note 9)	20,241	11,500
Interest income:		
- Group companies	712	2,437
Interest expenses:		
- Group companies	(1,479)	(4,764)

(Thousands of euros)

During the year ended March 31, 2020 the Company has incurred interest cost with its sole shareholder Samvardhana Motherson Automotive Systems Group B.V. amounting to 591 thousand euros (3,963 thousand euros at March 31, 2019).

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

	03.31.2020	03.31.2019
Accounts receivable from related parties:		
- Group companies	674	1,110
	674	**1,110**
Accounts payable to related parties:		
- Group companies	4,816	2,688
	4,816	**2,688**

e) Investments in group companies and associates

The breakdown of financial investments in group companies and associates, excluding equity instruments (Note 9), is as follows:

	03.31.2020		03.31.2019	
	Non-current	**Current**	**Non-current**	**Current**
Group				
- Loans	-	22,555	1,225	8,500
Income tax liability (tax consolidation)	-	1,468	-	1,787
	-	**24,023**	**1,225**	**10,287**

The breakdown by company 'Loans to group companies' is as follows:

	03.31.2020	03.31.2019
- SMP Automotive Technologies Teruel, S.L.U.	1.055	1,225
- Samvardhana Motherson Automotive Systems Group B.V.	21.500	8,500
	22.555	**9,725**

On December 20, 2004 the Company signed a credit line with SMP Automotive Technologies Teruel, S.L.U. with a limit of 3,000 thousand whose maximum limit was extended to 6,000 thousand euros on December 20, 2004 and maturing on December 31, 2020. At March 31, 2020 this credit line shows a debit balance of 1,055 thousand euros included in 'Short term loans to group companies' (1,225 thousand euros in 2019 included in 'Long term loans to group companies').

(Thousands of euros)

On March 26, 2019 the Company signed a credit line with its parent company, Samvardhana Motherson Automotive Systems Group, B.V., for a limit of 50,000 thousand euros which matures on June 30, 2019. At March 31, 2020 this credit line shows a debit balance of 21,500 thousand euros (8,500 thousand euros in 2019).

f) Payables to group companies and associates

	03.31.2020	03.31.2019
Non-current payables to group companies:		
- Group companies	27,500	49,975
	27,500	**49,975**
Current payables to group companies:		
- Group companies	9,500	21,084
	9,500	**21,084**

The breakdown at March 31, 2020 is as follows:

Group company	Agreement date	Maturity date	Limit	Non-current	Current
Samvardhana Motherson Peguform Barcelona, S.L.U.	09/29/2003	03/31/2022	50.000	27,500	-
Samvardhana Motherson Peguform Automotive Technology Portugal S.A.	05/16/2015	03/31/2020	15.000	-	8,500
Celulosa Fabril, S.A.	06/04/2018	05/31/2020	20.000	-	1,000
Non-current and current payables to group companies				**27,500**	**9,500**

The breakdown at March 31, 2019 is as follows:

Group company	Agreement date	Maturity date	Limit	Non-current	Current
Samvardhana Motherson Peguform Barcelona, S.L.U.	09/29/2003	03/31/2022	50,000	49,975	-
Samvardhana Motherson Peguform Automotive Technology Portugal S.A.	05/16/2015	03/31/2019	15,000	-	11,000
Celulosa Fabril, S.A.	06/04/2018	05/31/2019	20,000	-	9,500
Samvardhana Motherson Automotive Systems Group B.V. *	06/20/2016	06/30/2019	150,000	-	584
Non-current and current payables to group companies				**49,975**	**21,084**

* In US dollars

Contract with Samvardhana Motherson Peguform Barcelona, S.L.U.

Credit lit with Samvardhana Motherson Peguform Barcelona, S.L.U. arranged on September 29, 2003 with a limit of 7,000 thousand euros. On February 25, 2015 this facility was amended in order to extend its limit to 50,000 thousand euros. On January 20, 2017 the parties extended the maturity of this credit line to March 31, 2022. At March 31, 2020 the d balance amounts to 27,500 thousand euros (49,975 thousand euros at March 31, 2019).

Contract with Samvardhana Motherson Peguform Automotive Technology Portugal S.A.

On May 16, 2015 the Company signed a credit line with Samvardhana Motherson Peguform Automotive Technology Portugal S.A. for a limit of 10,000 thousand euros which matures on March 31, 2019 and can be extended each year. On March 26, 2019 the loan was extended to 15,000 thousand euros.

At March 31, 2020 the balance amounts to 8,500 thousand euros (11,000 thousand euros at March 31, 2019).

Contract with Celulosa Fabril, S.A.

On June 4, 2018 the Company signed a credit line with Celulosa Fabril, S.A. for a limit of 20,000 thousand euros which matures on May 31, 2019 and can be extended each year. At March 31, 2020 the balance amounts to 1,000 thousand euros (9,500 thousand euros at March 31,2019).

Contracts with Samvardhana Motherson Automotive Systems Group B.V. (formerly Samvardhana Motherson B.V.)

On June 20, 2016 the Company signed a credit line with its parent company for a limit of 118,000 thousand dollars (106,268 thousand euros) which matures on March 31, 2018. On June 30, 2017 the parties extended the maturity of this credit line to June 30, 2019 and modified the interest rate. On December 19, 2017 this facility was amended in order to extend its limit to 150,000 thousand dollars. At March 31, 2019, this credit line was expired and the outstanding balance corresponded to accrued interest not settled of this credit.

All financing facilities with group companies accrue market interest rates.

(Thousands of euros)

22. Information on environmental issues

The breakdown of property, plant and equipment items aimed at minimizing environmental impact is as follows:

	03.31.2020			03.31.2019		
	Cost	**Accumulated depreciation**	**Net**	**Cost**	**Accumulated depreciation**	**Net**
Polinyà	3,425	(1,380)	2,045	3,494	(1,250)	2,244
Palencia	2,202	(1,107)	1,095	2,119	(1,001)	1,118
Castellbisbal	390	(192)	198	390	(151)	239
	6,017	**(2,679)**	**3,338**	**6,003**	**(2,402)**	**3,601**

Expenses incurred by the Company for environmental activities during the year ended March 31, 2020 amounted to 1,073 thousand euros (2019: 1,191 thousand euros).

The Company's directors consider that any potential contingencies arising in connection with environmental matters are adequately covered by their third-party liability insurance policies.

No environmental grants have been received during the current year.

23. Audit fees

The fees paid during the year ended March 31, 2020 for audit services amounted to 109 thousand euros (2019: 114 thousand euros).

No fees were paid during the year ended March 31, 2020 and 2019 to other companies that use the EY brand name.

24. Foreign currency

Balances in foreign currency are not significant at March 31, 2020 (584 thousand euros at March 31, 2019 interest payable with group companies) (Note 21).

The most significant transactions in US dollars, in 2019, correspond to the interest on the loans mentioned above (Note 21).

25. Guarantees

On June 6, 2017, the company Samvardhana Motherson Automotive Systems Group B.V. (Sole Shareholder of the Company) issued Senior Secured Notes for an amount of 300 million euros maturing in 2024, of which the Company is the guarantor.

On August 17, 2018 the credit line that the company Samvardhana Motherson Automotive Systems Group, B.V. had signed on June 20, 2017 (RCF Agreement) for an amount of 450 million euros was extended by 75,000,000.00 euros. The Company is also de guarantor of said extension.

Additionally, on September 14, 2018 the company Samvardhana Motherson Automotive Systems Group, B.V. acted as the borrower of a new credit line ("New Term Facilities Agreement") amounting to 60 million USD, and the Company acted as guarantor thereof.

26. Subsequent events

The impact of COVID-19 on supply chains has caused the temporary closure of all automotive factories in Spain. Consequently, the company has suspended production from March 14 to April 27, when activity has started gradually as vehicle manufacturers resume production at their respective plants.

It has been estimated that the global automotive industry could decrease by around 10% in 2020, although this setback will depend on the evolution of the pandemic in the coming months, as well as on the capacity of reaction and adaptation of the different economic agents, both nationally and internationally. The productive, labor and financial measures adopted by the Company, as well as the good financial situation of the Company, will allow it to face this situation with a reasonable absorption of the derived impact of the drop in sales.

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SMP AUTOMOTIVE TECHNOLOGY IBÉRICA, S.L.
(Sociedad Unipersonal)
Management report for the year ended March 31, 2020
(Thousands of euros)

The Company's activity during the year comprised between April 1, 2019 and March 31, 2020 continues to be focused on the manufacture of painted bumpers, instrument panels, door panels and other components for the automotive industry.

In 2019 91.8 million vehicles were manufactured in the world, 5.2% fewer than in the prior year. By region, the largest volume was recorded in Asia-Oceania, where despite the decrease of 2.4 million units (-5.2%), 49.3 million units were manufactured. In this region, the main manufacturer was China, where 25.7 million units were produced, which means a decrease of 1.1 million units (-7.5%), followed by Japan, which decreased by 0.5% and produced a total of 9.7 million units, and India, which decreased by 12.2% and produced 4.5 million units. The European Union, which decreased by 0.9 million units (-4.7%) reached a volume of 17.7 million units. The rest of Europe reached a production volume of 3.6 million units. Americas, with 20.1 a million units produced, also showed a decreasing performance, with a decrease of 0.7 million units in South America (-3.6%) concentrated in Brazil, and a decrease in NAFTA (-3.7%), where the USA has a decrease of 0.4 million units (-3.7%), 0.1 million units were lost in Canada (-5.4%). Africa, which increased by +0.3%, reached a total volume of 1.1 million units produced.

Spain retained the second position in the European Union classification with a total volume of 2.8 million units produced, which means a 0.1% growth in comparison with the prior year. Exports have accounted for 82% of production and amount to 2.3 million units, which represents an increase of 0.2% in 2019. Germany has increased by 12.5% its Spanish vehicles importation meanwhile the United Kingdom has increased their orders by 13.6% (in despite of a decrease by 2.4% in its domestic market). Italy has increased by 1.7% their Spanish vehicle purchases. France has maintained its orders at the same level of last year. Among the four markets, they accumulate more than 64.8% of total exports. Also contributing to the recovery in exports was the growth shown by destinations such as Japan (with a growth in imports of Spanish vehicles of 121.0%), South Africa (24.9%), the United Arab Emirates (64.2%) , Israel (12.6%), Ukraine (152.7%) or Morocco (15.2%), destinations to which altogether 20,000 more vehicles were sent than a year ago.

In 2019 Spanish GDP increased by 2%, unemployment rate decreased to 14.1% and inflation was 0.8%. Registrations of passenger cars were over 1.3 million units, decreasing by 4.8% in comparison with the prior year, due to the bad behavior of the private channel, which decreased by 11.6%

During the year 2019-20 the Company made investments in property, plant and equipment for an amount of 4,6 million euros: 3,8 million euros correspond to Polinyà plant (acquisition of a 3,200 tonne injection machine, equipment for VW SEAT Leon and adaptation of the building) and 0.8 million euros correspond to Palencia plant (replacement of painting line's priming robots and solder equipment for the VW T Cross project). R&D&i activities were carried out for an amount of 2.5 million euros.

The breakdown of sales, which amounted to 278.6 million euros, by business unit was as follows: Polinyà 125.2 million euros, Palencia 91.3 million euros and Engineering 62.1 million euros. Operating profit amounted to 23.0 million euros.

Headcount at year end was 792 employees, lower than the last year (874).

During 2019-20 no transactions with treasury shares were carried out.

The cash flow generated by SMP Ibérica (defined as operating result plus depreciation and amortization charge) amounted to 31,9 million euros, which allowed the Company to fund investments, meet working capital needs and improve its financial position. The average payment period for trade transactions was 44 days.

SMP Ibérica continues providing financial support to its subsidiaries so that they can carry out its activities appropriately and fund the extension of its premises. For that purpose, it received financial support from the Group for an amount of 13.0 million euros in the form of own resources.

SMP Teruel has carried its injection and painting of parts activity for the automotive industry normally, with sales of 14.7 of million euros and operating profit of 2.0 million euros.

SMP Barcelona is engaged in the assembly of cockpit modules for the automotive industry normally, with sales of 25.4 million euros and operating profit of 4.6 million euros.

SMP Portugal, which has a factory in Palmela engaged in the injection, assembly and painting of bumpers and other components for the automotive industry, recorded sales of 90.9 million euros and operating profit of 10.9 million euros.

SMP Brasil, which has factories in Curitiba and Atibaia engaged in the injection and painting of plastic components for the automotive industry, reached sales of 92.5 million euros and operating losses of -17.8 million euros.

SMP México generated sales amounting to 215,5 million euros in their Puebla and Zitlaltepec factories engaged in the manufacture of plastic parts for the automotive industry, and recorded an operating profit of 12.0 million euros.

SMP Ibérica has continued to generate the trust of its clients and has been awarded new orders that will allow it to maintain its leading position in its sector of activity.

COVID-19's impact on supply chains has caused the temporary closure of all automotive factories in Spain. Because of that the company, has suspended production from March 14 to April 27, when activity has gradually begun as vehicle manufacturers resume production at their respective plants.

It has been estimated that the global automotive industry could decrease by 10% in 2020, although this setback will depend on the evolution of the pandemic in the coming months, as well as on the capacity of reaction and adaptation of the different economic agents, both nationally and internationally. The productive, labor and financial measures taken by the Company, as well as the good financial situation, will allow it to face this situation with a reasonable absorption of the derived impact of the drop in sales.

The purpose of the non-financial information statement required by Law 11/2018 of December 28, on non-financial information and diversity, modifying the Commercial Code, the revised text of the Spanish Corporate Enterprises Act approved by Royal Decree Law 1/2010 of July 2, and Law 22/2015 of July 20 on Auditing, is to identify risks in order to improve sustainability and increase the confidence of investors, consumers and society in general. As a result, it extends non-financial information disclosures, including, among others, information on social and environmental matters.

Pursuant to said law, the Company prepares a stand-alone non-financial information statement, which is presented separately from the 2020 management report.

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SMP AUTOMOTIVE TECHNOLOGY IBÉRICA, S.L.U.
Authorization for issue of the financial statements for the year ended March 31, 2020 and Management report for the year ended March 31, 2020

In compliance with article 253 of the Spanish Corporate Enterprises Act and article 37 of the Spanish Code of Commerce, on May 8, 2020 the Board of Directors of SMP Automotive Technology Ibérica, S.L.U. authorize for issue the financial statements and management report for the year ended March 31, 2020, consisting of the foregoing documents.

(Signature on the original in Spanish)	(Signature on the original in Spanish)	(Signature on the original in Spanish)
Andreas Heuser Chairman	Peter Vollprecht Board member	Cezary Zawadzinski Board member

(Signature on the original in Spanish)

Miguel Pelayo
Secretary, non-board member

For identification purposes, the secretary non-board member of the Board of Directors, Mr. Miguel Pelayo, hereby signs all the pages of the financial statements and management report as delegated by the Company’s directors.