

SMR AUTOMOTIVE SYSTEMS France
AUDITOR'S REPORT ON THE ANNUAL ACCOUNTS
(Financial year ended 31 March 2020)

Auditor's report on the annual accounts

(Financial year ended 31 March 2020)

To the General Assembly of the Company,

SMR Automotive Systems France

154 avenue du Lys

77190 Dammarie-les-Lys

Opinion

In fulfilment of the mission entrusted to us by your general assembly, we have audited the annual accounts of SMR Automotive Systems France for the financial year ended 31 March 2020, as attached to this report. The Board of Directors adopted these accounts on 17 June 2020 based on the information available at that date in a changing context of health crisis linked to Covid-19.

We certify that the annual accounts are, in accordance with French accounting rules and principles, regular and sincere and give an accurate picture of the results of the operations of the previous financial year as well as the financial position and assets of the company at the end of that year.

Basis of the opinion

Audit reference system

We conducted our audit in accordance with the professional practice standards applicable in France. We believe that the information we have collected is sufficient and appropriate to form the basis of our opinion.

Our responsibilities under these standards are set out in the "Responsibilities of the auditor for the audit of the annual accounts" section of this report.

Independence

We carried out our audit mission in compliance with the independence rules that apply to us, for the period from 1 April 2019 to the date of issue of our report, and in particular, we have not provided services prohibited by the code of ethics of the profession of auditor.

Observation

Without calling into question the opinion expressed above, we draw your attention to the paragraph "Covid 19 health crisis and continuity of operations" of note 1 "Highlights of the financial year and post-closure events" from the appendix to the annual financial statements, which sets out the impacts of the Covid 19 crisis and the financial support of the Motherson Group, which conditions the continued operation of the company.

Justification of the assessments

According to the provisions of Articles L.823-9 and R.823-7 of the Commercial Code relating to the justification of our assessments, we bring to your attention the following assessments that, in our professional judgment, were the most important for the audit of the annual accounts for the financial year.

These assessments are made in the context of the audit of the annual accounts taken as a whole and stated under the above-mentioned conditions and the release of our opinion expressed above. We do not express an opinion on individual elements of these annual accounts.

Accounting estimates

Fixed assets shall be subject to an impairment test as soon as the value loss index appears by comparing the present value of the assets with their net book value as described in paragraph "2.2. Tangible fixed assets" of the Annexes. Our work has included the assessment of the data and assumptions on which the present value is based.

In making our assessments, we have ensured that these estimates are reasonable.

Specific verifications

In accordance with the professional practice standards applicable in France, we also carried out the specific checks provided for in the legal and regulatory texts.

Information given in the annual reports and in the other documents on the financial situation and the annual accounts sent to shareholders.

We have no observations to make on the sincerity and consistency with the annual accounts of the information given in the management report of the Board of Directors adopted on 17 June 2020 and in the other documents on the financial situation and the annual accounts sent to shareholders. With regard to events that have occurred and events known after the accounting

date relating to the effects of the Covid-related crisis¹⁹, the Management told us that they will be the subject of a communication to the General Assembly called to decide on the accounts.

We certify the sincerity and the concordance with the annual accounts of the information relating to the periods of payment mentioned in article D441-4 of the French Commercial Code.

Information on corporate governance

We attest the existence, in the section of the management report of the Board of Directors relative to corporate governance, of the information required by Article L.225-37-4 of the Commercial Code.

Responsibilities of the management and the persons constituting the corporate governance in relation to the annual accounts

It is up to the management to release annual accounts showing a fair picture in accordance with French accounting rules and principles and to set up internal control that it considers necessary for releasing annual accounts with no significant anomalies, whether they are the results of fraud or errors.

When releasing the annual accounts, it is the responsibility of the management to assess the company's ability to continue operating, to present in those accounts, where applicable, the necessary information relating to the continuity of operation, unless it is intended to wind up the company or to cease its activity.

The Board of Directors has adopted the annual accounts.

Responsibilities of the auditor relating to the audit of the annual accounts

It is up to us to prepare a report on the annual accounts. Our objective is to obtain reasonable certainty that the annual accounts as a whole do not contain significant anomalies.

Reasonable certainty corresponds to a high level of certainty, without however guaranteeing that an audit carried out in accordance with professional practice standards, systematically detects any significant anomalies. Anomalies may arise from fraud or errors and are considered significant where they can reasonably be expected, taken individually or cumulatively, influence the economic decisions that account users make, based on them.

As stated in article L.823-10-1 of the Commercial Code, our mission of certification of accounts is not to guarantee the viability or quality of the management of your company.

In the course of an audit carried out in accordance with the professional practice standards applicable in France, the auditor makes its professional judgment throughout the audit.

In addition:

- It shall identify and assess the risks of significant anomalies in the annual account, whether due to fraud or errors, and define and implement audit procedures to address these risks, and gathers evidence that it considers sufficient and appropriate to support its opinion. The risk of not detecting a significant anomaly arising from a fraud is higher than that of a significant anomaly resulting from an error, since fraud may involve collusion, falsification, voluntary omissions, wrong declarations or circumvention of internal control;
- It takes note of the internal control relevant to the audit in order to define appropriate audit procedures in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of internal control;
- It shall assess the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by management, as well as the information concerning them provided in the annual accounts;
- It shall assess the appropriateness of the application by the management of the accounting policy on business continuity and, depending on the information collected, whether or not there is significant uncertainty related to events or circumstances that could affect the company's ability to continue to operate. This assessment is based on the information collected up to the date of its report, although it is recalled that subsequent circumstances or events could call into question operational continuity. If it concludes that there is significant uncertainty, it draws the attention of the readers of its information provided in the annual accounts concerning this uncertainty or, if such information is not provided or is not relevant, it shall issue a certification with reservation or refusal to certify.
- It assesses the overall presentation of the annual accounts and assesses whether the annual accounts reflect the underlying transactions and events so as to give a fair picture.

Done in Neuilly-sur-Seine, on 24.06.2020

The Auditor,

PricewaterhouseCoopers Audit

Jean-Paul Collignon

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BALANCE SHEET — ASSETS

Corporate name SMR Automotive Systems France Duration of financial year in number of months: 12
 Address 154 Avenue du Lys 77191 Dammarie Les Lys Duration of previous financial year: 12
 SIRET* code: 57220384200131 N/A *

		Gross 1	Depreciation, amortization, provisions 2	Financial year Y ended: 03/31/2020	Financial year Y ended: 03/31/2019		
				Net 3	Net 4		
Uncalled subscribed capital (I)		AA		0	0		
NON-CURRENT ASSETS*	INTANGIBLE ASSETS	AB	AC				
		Start-up costs (*)					
		CX	CQ		0	0	
		Development expenses (*)					
		AF	AG	450 838	447 267	3 571	0
		Licenses, patents, and similar concessions					
	AH	AI	152		152	152	
	Goodwill (1)						
	AJ	AK					
	Other intangible assets						
	AL	AM					
	Advances and downpayments on intangible assets						
	PROPERTY, PLANT AND EQUIPMENT	AN	AO	246 937	155 468	91 469	91 469
		Land					
		AP	AQ	9 571 116	6 939 415	2 631 701	2 938 253
		Buildings					
		AR	AS	19 180 897	15 938 716	3 242 181	7 464 626
		Technical installations, equipment and industrial tools					
	AT	AU	1 459 721	1 377 341	82 380	0	
	Other property, plant and equipment						
AV	AW	264 580	73 044	191 536	346 373		
Assets in progress							
AX	AY			0	0		
Advances and downpayments							
FINANCIAL ASSETS (2)	CS	CT					
	Equity interests accounted for under the equity method						
	CU	CV					
	Other equity interests						
	BB	BC					
	Receivables from controlled entities						
BD	BE	75 791		75 791	75 791		
Other investment securities							
BF	BG						
Loans							
BH	BI	38 341		38 341	67 507		
Other financial assets (*)							
TOTAL (II)	BJ	31 288 373	BK	24 931 251	6 357 122	10 984 171	
CURRENT ASSETS	INVENTORIES*	BL	BM	2 991 903	560 448	2 431 455	3 771 597
		Raw materials and supplies					
		BN	BO	913 512		913 512	921 269
		Work in progress - goods					
		BP	BQ				
	Work in progress - services						
	BR	BS	1 082 959	77 279	1 005 680	809 766	
	Semi-finished and finished goods						
	BT	BU					
	Goods for resale						
	BV	BW					
	Advances and downpayments on orders						
	BX	BY	3 026 838	803	3 026 035	2 646 029	
	Trade receivables (3) *						
BZ	CA	2 405 222		2 405 222	3 384 165		
Other receivables (3)							
CB	CC						
Share capital subscribed, called, and unpaid							
MISC.	CD	CE					
	Marketable securities (of which, treasury stock:)						
CF	CG	385 068		385 068	1 430 678		
Cash and cash equivalents							
CH	CI	840 277		840 277	706 823		
Prepaid expenses (3) *							
TOTAL (III)	CJ	11 645 779	CK	638 530	11 007 249	13 670 327	
ACCRUALS	CW						
	Bond issuance costs to be allocated to more than one fiscal period (IV)						
	CM						
	Bond redemption premiums to be amortized (V)						
CN		546		546	137		
Unrealized translation losses* (VI)							
GRAND TOTAL (I to VI)	CO	42 934 698	IA	25 569 781	17 364 917	24 654 635	
Notes (1) Leasehold rights			CP				
Retention of title clause:*	Assets:	Inventories:	Receivables:	CR	CR		

(2) Current portion of net financial assets

(3) Long-term portion

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BALANCE SHEET - SHAREHOLDERS' EQUITY AND LIABILITIES before appropriation

Corporate name: <u>SMR Automotive Systems France</u>				N/A *		
				Financial year Y ended: 03/31/2020	Financial year Y-1 ended : 03/31/2019	
SHAREHOLDERS' EQUITY	Share capital or personal capital (1) * (of which paid-up capital:)			DA	790 000	790 000
	Additional paid-in capital					
	Revaluation reserve (2) * (o/w equity-accounting reserve)	EK)	DC	39 786	39 786
	Legal reserve (3)			DD	452 062	452 062
	Statutory or contractual reserves			DE		
	Regulated reserves (3) * (o/w special reserve for exch. rate fluctuation	B1	()	DF	1 950 468	1 950 468
	Other reserves (o/w reserve re. purch of orig. works by liv. artists	EJ)	DG		
	Retained earnings/(accumulated losses)			DH	-561 660	8 965 908
	NET INCOME (LOSS) FOR THE YEAR			DI	-5 036 918	-9 527 568
	Investment subsidies			DJ		
	Regulated provisions *			DK		
	TOTAL (I)				DL	-2 366 262
Other shareholders' equity	Income from issues of equity securities			DM		
	Conditional advances			DN		
	TOTAL (II)				DO	
Contingency and expense provisions	Provisions for contingencies			DP	419 001	650 718
	Provisions for expenses			DQ		
	TOTAL (III)				DR	419 001
LIABILITIES (4)	Convertible bonded debt			DS		
	Other bonded debt			DT		
	Bank loans and borrowings (5)			DU	11 773	22 036
	Miscellaneous loans and financial liabilities (including equity loans)	EI)	DV	2 688 092	
	Downpayments received on orders in-progress			DW	574 330	303 936
	Trade payables			DX	12 150 535	16 321 228
	Tax & social security payables			DY	3 813 617	4 474 095
	Amounts due on fixed assets			DZ		
	Other payables			EA		
	Accruals			EB	73 740	211 967
TOTAL (IV)				EC	19 312 088	21 333 262
Unrealized translation gains*		TOTAL (V)		ED	91	67
GRAND TOTAL (I to V)				EE	17 364 918	24 654 704
NOTES	(1) Revaluation reserve included in capital			IB		
	of which {	Special revaluation reserve (1959)		IC		
		Voluntary revaluation reserve		ID	39 786	39 786
		Revaluation reserve (1976)		IE		
	(3) Including special reserve for long-term capital gains*			EF	17 053	17 053
	(4) Prepaid expenses and income of less than 1 year			EG	18 737 757	21 029 325
(5) Including current bank overdraft facilities and bank and postal checking accounts with a credit balance			EH	11 773	22 036	

(*) Explanations for these items are given in instruction notice 2032

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INCOME STATEMENT (in list form)

Corporate name: SMR Automotive Systems France		N/A *							
		Financial year Y							
		France		Exports and intraCommunity deliveries		Total	Financial year Y-1 ended : 03/31/2020		
OPERATING INCOME	Sales of goods*	FA		FB		FC			
	Production sold	} goods*	FD	60 480 998	FE	20 131 039	FF	80 612 037	89 721 862
			} services*	FG	125 287	FH	1 348 621	FI	1 473 908
	Net sales	FJ		60 606 285	FK	21 479 660	FL	82 085 945	91 262 676
OPERATING EXPENSES	Finished goods and in-progress inventory*					FM	188 157	-197 140	
	In-house production*					FN			
	Operating subsidiaries					FO			
	Releases of depreciation/amortization charges and provisions, expense transfers* (9)					FP	293 930	120 669	
	Other income (1) (11)					FQ	262	188	
	Total operating income (2) (I)					FR	82 568 294	91 186 393	
	Purchases of goods (including customs tariffs and duties)*					FS	1 014 957	1 205 704	
	Change in inventories (goods)*					FT	17 323	402 887	
	Purchases of raw materials and other supplies (including customs tariffs and duties)*					FU	49 803 761	54 724 980	
	Change in inventories (raw materials and supplies)*					FV	1 329 493	109 056	
Other purchases and external charges (3) (6 bis)*					FW	14 866 163	16 986 975		
Taxes, duties and other levies*					FX	1 146 687	1 267 823		
Wages and salaries*					FY	12 411 713	14 523 036		
Social charges (10)					FZ	4 967 143	6 117 314		
OPERATING ALLOWANCES	For fixed assets	} depreciation expense*				GA	1 838 819	2 128 800	
			} additions to provisions*				GB		
	For current assets: additions to provisions					GC	12 829	117 467	
	For contingencies and expenses: additions to provisions				GD	286 403	17 418		
Other expenses (12)					GE	37 015	15 369		
Total operating expenses (4) (II)					GF	87 732 306	97 616 829		
1 - NET OPERATING INCOME (LOSS) (I - II)						GG	-5 164 012	-6 430 436	
JOINT VENTURES	Allocated income or transferred loss* (III)					GH			
	Loss incurred or transferred income* (IV)					GI			
FINANCIAL INCOME	Financial income from controlled entities (5)					GJ			
	Financial income from other securities and fixed asset receivables (5)					GK			
	Other interest and related income (5)					GL	31 212	24 337	
	Release of provisions and expense transfers					GM	137	215	
	Foreign exchange gains					GN	1 822	703	
	Net income on sales of marketable securities					GO			
Total financial income (V)					GP	33 171	25 255		
FINANCIAL EXPENSES	Financial depreciation charges and provisions*					GQ	546	137	
	Interest and related expenses (6)					GR	294 155	989 023	
	Foreign exchange losses					GS	5 026	3 154	
	Net charges on sales of marketable securities					GT			
Total financial expenses (VI)					GU	299 727	992 314		
2 - NET FINANCIAL INCOME (LOSS) (V - VI)						GV	-266 556	-967 059	
3 - RECURRING NET INCOME (LOSS) BEFORE TAX (I - II + III - IV + V - VI)						GW	-5 430 568	-7 397 495	

(Notes: see schedule 2053). (*) Explanations for these items are given in instruction notice 2032

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INCOME STATEMENT (continued)

Corporate name: SMR Automotive Systems France

N/A *

		Financial year Y ended : 03/31/2020	Financial year Y-1 ended : 03/31/2019
NON-RECURRING INCOME	Non-recurring income on management transactions	HA 260 959	227 835
	Non-recurring income on capital transactions (*)	HB 3 772 448	
	Release of provisions and expense transfers	HC 1 002 217	23 155
	Total non-recurring income (7) (VII)	HD 5 035 624	250 990
NON-RECURRING EXPENSES	Non-recurring expenses on management transactions (6 bis)	HE 369 746	269 522
	Non-recurring expenses on capital transactions (*)	HF 3 473 222	34 665
	Non-recurring charges for depreciation/amortization and provisions	HG 799 005	2 086 521
	Total non-recurring expenses (7) (VIII)	HH 4 641 973	2 390 708
4 - NET NON-RECURRING INCOME (LOSS) (VII - VIII)		HI 393 651	-2 139 718
Employee profit sharing (IX)	HJ		
Income tax* (X)	HK		-9 644
Total income (I + III + V + VII)		HL 87 637 089	91 462 638
Total expenses (II + IV + VI + VIII + IX + X)		HM 92 674 006	100 999 851
5 - INCOME OR LOSS (total income - total losses and expenses)		HN -5 036 917	-9 537 213
NOTES	(1) Accrued income on long-term contracts	HO	
	(2) Incl. - income from real property rental	HY	
		- operating income from previous periods (detailed in (8) below)	IG 255 044
	(3) Incl. - personal property leasing	HP	
		- real property leasing	HQ
	(4) Including operating expenses from previous financial years (to be detailed in (8) below)	IH 66 596	137 093
	(5) Including income relating to affiliated companies	IJ	
	(6) Including interest relating to affiliated companies	IK 90 992	744 091
	(6 bis) Including gifts to organizations of general public interest (Art. 238 bis of the French General Tax Code)	HX	
	(9) Including expense transfers	A1	
	(10) Incl. personal contributions paid by the operator (13)	A2	
	(11) Including fees for licenses and patents (income)	A3 8 764	
	(12) Including fees for licenses and patents (expenses)	A4	
(13) Additional personal premiums and contributions: optional A6 obligatory A9			
(7) Detail of non-recurring income and expenses (if there are not enough lines, copy entry (7) and attach to the notes)	PERIOD Y		
	Non-recurring expenses	Non-recurring income	
Non-recurring income expenses relating to previous periods		255 044	
Personnel litigation		353 400	
Impaired assets		648 817	
Penalties		5 915	
NBV of transfer of capital assets	3 473 222	3 772 448	
(8) Detail of income and expenses relating to previous periods:	PERIOD Y		
	Prior period expenses	Prior period income	
Non-recurring expenses relating to previous periods		178 970	
Non-recurring incomes relating to previous periods		76 074	
	66 596		

(*) Explanations for these items are given in instruction notice 2032

1. SIGNIFICANT EVENTS

Activity

Since 31 March 2019, the closing date of the previous financial year, the social affairs process has been impacted by a stabilization of our overall turnover with a positive impact for PSA products.

During the 2019-2020 financial year, SMR France also adjusted its workforce structure with the evolution of its business and, in particular, the end-of-life series of the two Renault programs.

At the same time, all costs were streamlined and revised downwards.

As a result of these changes, our contribution margin improved and enabled SMR France to ensure better management.

In addition, following the shutdown of the actuators during 2018-2019, SMR France sold all the assets and the remaining parts to the group's subsidiaries.

The internal requirements of these actuators being replaced by procurement from external suppliers.

Covid 19 health crisis and business continuity

The Covid-19 epidemic, which began in China in early 2020, has gradually spread to all continents including Europe. The health measures put in place to stop the spread of this virus in each country, and in particular in France, have affected the activity of the company and its customers since the last month. Indeed, in this context, SMR took the decision to stop its production activity from 17 March 2020.

A crisis management system was put in place to guarantee the health of employees, ensure compliance with government measures and prepare for business restart, to ensure the sustainability of the company.

In response to events, the company has taken a number of measures and continues to closely monitor the situation developments. Actions include, but are not limited to:

- Putting many of the company's employees on short-time work
- Suspension of subcontracts,
- Reduction of some operating costs

Despite these measures, the last month of the company's fiscal year was heavily impacted by the decline in activity and by keeping a portion of salaries and costs.

The company's turnover at 31 March 2020 was 82 million euros compared to 91 million euros in the previous year.

Despite the gradual reopening of our production activities from May onwards, the company's performance and cash flow will continue to be affected by events in an automotive sector that is heavily affected by the crisis.

In this context, the company continues to benefit from the support of the Motherson group, which has already shown in recent months and years its support for SMR France to keep its financial balance. This support was renewed and again formalized in a letter of financial support issued by the Group to our company for a period of more than 12 months from the closing date. This support takes the form of regular payments in the current account to meet the company's cash requirements.

On this basis, the financial statements of the company as at 31 March 2020 were adopted by the Board of Directors on 17 June 2020, using the principle of business continuity.

In addition, following the value tests implemented at the close, an exceptional impairment of tangible and intangible assets was recorded in the amount of €701k (see Note 2.2).

Events after financial year ending

Since the end of the financial year, the company has been facing the health crisis of Covid 19. The activity has been on hold since mid-March 2020. The company has in parallel made all the steps to be able to benefit from the governmental social and fiscal aids.

Thus, SMR France was able to benefit from the pre-financing of the Competitiveness and Employment Tax Credits for 2017 and 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

The main method selected to prepare the financial statements is the method of historical costs.

The financial statements were prepared and are presented in accordance with the French chart of accounts and with accounting standards generally accepted in France.

These were applied based on conservative accounting principles in accordance with the following assumptions:

- Business continuity
- Consistency
- Matching principle

The Board of Directors applied the going concern assumption in light of the following:

- the Group's financial support, mainly via advances on its current account;
- new contracts signed during the year.

The Board of Directors decided to continue the operation due to the financial support of the group (see note 1.).

2.1. INTANGIBLE ASSETS

The company brings in the asset of the balance sheet the expenses of development since the conditions of activation are fulfilled, in particular the condition of the future profitability of the projects.

Intangible assets essentially comprise development expenses (project management, design, creation and tests on new products).

They are calculated according to the number of hours spent for every developed project and valued at the real average rate of the cost of the engineering department.

These development expenses relate to signed contracts and are included in the selling prices of each of these contracts. They are calculated according to the number of hours spent on every developed project.

Development expenses are recognized as intangible assets when vehicle batch production begins and are amortized over a period of three years.

Intangible assets constituted by concessions and by software are paid off on duration of 3 years.

2.2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at purchase cost or in-house production cost, including all expenditure required to prepare the assets for use, less any volume discounts, rebates or other reductions obtained.

Items of property, plant and equipment are depreciated over their useful lives. The depreciable amount of an asset is deducted from its residual value.

However, an asset's residual value is only taken into account when it is material and can be measured.

Property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Buildings, fixtures and fittings:

- Structural components: 50 years
- Finishings: 25 years
- Technical installations: 15 years
- Fixtures and fittings: 10 years

✓ Industrial plant and machinery:

- Heavy machinery: 20 years
- Light machinery: 15 years
- Peripheral components: 5 years
- Furniture: 8 years

The present value of property, plant and equipment and intangible assets is tested whenever there is evidence that it may be impaired and at least at the end of every reporting period. Present value is the higher of fair value and value in use.

Fair value is the amount which could be obtained for the asset in an arm's length transaction at the end of the reporting period, less costs to sell.

Value in use is the present value of the future cash flows expected to be derived from the asset, calculated using the discounted cash flow method.

If an asset's present value is lower than its net carrying amount, a provision for impairment is booked for the difference.

2.3.FINANCIAL FIXED ASSETS

Equity interests – other financial fixed assets

Gross value represents purchase cost excluding any ancillary expenses. When the realizable value of these assets is lower than their gross value, a provision for impairment is booked for the difference.

Loans to bodies responsible for collecting the government housing levy ("*participation à l'effort de construction*") are not discounted and no provision is set aside in this respect.

2.4.INVENTORY

- Raw material and supplies:

These are carried at the latest known price in the month preceding the year-end, on March 31st, 2020 and are managed using the first-in-first-out (FIFO) method.

They are nevertheless adjusted to the weighted average cost according to the purchase made during the last three months before the closure.

- Goods and work in progress:

These are carried at manufacturing cost including the cost of parts, direct labor and indirect manufacturing expenses.

They are also adjusted to the weighted average cost according to the purchase made during the last three months before the closure.

- Goods for resale and maintenance (spare parts)

These are carried at the purchase price of components.

- Provisions:

A provision for impairment of inventories is booked on the basis of inventory turnover, calculated in accordance with forecast production for the three months following the inventory count.

2.5.ACCOUNTS RECEIVABLES

Accounts receivables are measured at their face amount. A provision is booked when there is a risk that part or all of a receivable will not be collected, or when the debtor is undergoing legal reorganization proceedings or has filed for bankruptcy.

All Renault and PSA accounts are subject to factoring arrangements.

The receivables outflow from the “customers and related accounts” in the balance sheet at March 31st 2020 represents a total of € 11 290 K€, shared as follows:

Renault, PSA domestic: 10 496 K€
Renault export: 794 K€

2.6.AVAILABLE FUNDS

The available funds are estimated according to their nominal value.

2.7.PREPAID EXPENSES

This amount corresponds to expenses incurred in respect of insurance, rental payments on finance leases of injection molding machines (industrial equipment), rental payments for premises and related insurance.

However, expenses relating to plastic injection molding tools are recognized on a percentage-of-completion method as tooling revenues.

2.8.RETIREMENT BENEFITS

Future payments representing benefits granted to employees are measured using an actuarial method taking into account assumptions concerning salary inflation, retirement age, and mortality. The resulting amounts are then discounted to obtain their present value. No provisions are booked for retirement benefits, which are shown in off-balance sheet commitments.

2.9.PROVISIONS FOR CONTINGENCIES AND EXPENSES

These provisions are booked in accordance with CRC regulation No. 2000-06 and are intended to cover contingencies and expenses likely to result from past or current events whose nature can be identified but which are of uncertain completion, timing or amount.

These provisions also cover the foreign exchange risk resulting from conversion losses in the balance sheet and the future cost of employees' departures.

Provisions for guaranteed returns are calculated over a three-year period taking into account the percentage of returns recorded.

2.10.FOREIGN CURRENCY TRANSACTIONS

Foreign currency income and expenses are recorded at their equivalent value in euros at the transaction date.

Receivables and payables denominated in foreign currencies at the end of the reporting period are converted into euros at the closing exchange rate. The resulting difference is shown in the balance sheet in items "conversion gains or losses", as appropriate. Foreign currency gains difference is recorded as gain and loss provision for an equivalent amount.

The assets in foreign currencies are converted to the current rates of the Banque de France.

According to the regulation ANC 2015 – 05 of 2 July 2015 and valuable from first of January 2017, gains and losses for foreign currencies recorded in receivables and payables are affected to other products and operating expenses.

2.11.REVENUE RECOGNITION

Revenue is recognized when invoices are issued on delivery to the customer or when the service provided has been validated by both parties.

Deliveries of goods and services are made on an ex-works basis and comply with the incoterms defined by third-party co-contractors.

2.12.RECURRING INCOME (LOSS) – NON-RECURRING ITEMS

Recurring income (loss) before tax includes all income and expenses arising in the ordinary course of business.

Unusual items arising within the ordinary course of business have also been included in this caption. These mainly concern transfers of operating expenses.

All exceptional items not arising from ordinary operations are included in non-recurring items.

2.13.INCOME TAX

Due to previous tax losses, the Company paid no income taxes in the period.

3. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND INCOME STATEMENT FOR THE PERIOD FROM 01/04/2019 TO 31/03/2020

3.1. INTANGIBLE ASSETS

Attached schedules 2054 N and 2055 N show movements for the period along with the amortization expense.

Considering the recent overdrawn results, the company does not immobilize any more the expenses of development.

All these expenses are recorded in the profit and loss account at the level of operating expenses.

As a reminder, the before activated expenses of development had been totally depreciated during the past financial year on March 31st 2013.

Investments in the intangible assets post amount to 152 988 € and correspond to the implementation of new software for production workshop and design department needs.

The commercial funds amount to 152 € and represent the immaterial elements of the leasehold rights.

3.2. TANGIBLE ASSETS

The attached schedule 2054 N shows movements for the period.

Movements of tangible assets	€
Buildings and layouts	27 651
Technical installations	778 566
Transport equipment	0
Office furniture and computer hardware	97 204
Current fixed assets and advances	- 142 284

Following the shutdown of the production of the actuators during 2018-2019, SMR France sold all its assets and the remaining parts stocks to the group's subsidiaries to the VNC of €3,296K. As a result of this sale, at March 31, 2020, the assets were sold at a gross value of €5,259 K.

All the tangible assets invested for year 2019 - 2020 amount to 761 K€.

The improvement in our workshop of actuators contributes up to 327 K€, essentially including the improvement of our production lines and capacities of production as well as starts of new projects.

The investment continuity for the improvement of the means of injection amounts to 166 K€.

The various investments represent 143 K€.

The company also invested 28K€ in building improvements during 2019-2020.

Finally, 97 K€ were invested in IT equipment.

Furthermore, in accordance with the accounting method described in 2.2 and taking into account the company's loss-making results, an impairment test was carried out at 31 March 2020 on tangible and intangible assets leading to an exceptional impairment of 701K€.

3.3.LONG-TERM FINANCIAL INVESTMENT

The SMR France company contracted a side bank guarantee for a 75 790.68 € total amount with the bank BNP for the following supplier:

- RANDSTAD INHOUSE SERVICES, SAS, (service provider) applying to all services provided until 14th August 2020.

This guarantee is converted into securities evaluated at the current stock exchange rate.

3.4. INVENTORY

The gross inventory value on March 31 st 2020 amounts to 4 988 K€. The depreciation is of 639 K€.

3.5. MATURITY OF RECEIVABLES AND PAYABLES

It is shown on attached schedule 2057 N.

Statement of receivables	€
Long term investment	38 341
Litigious customers	803
Other customer receivables	3 026 035
Staff and related accounts	6 750
Social insurance and other social bodies	0
Government and other local authorities: turnover tax	282 026
Government and other local authorities: added value tax	255 080
Government and other local authorities: other tax and related payments	1 847 087
Various debtors	14 280
Prepaid expenses	840 277

Statement of payables	€
Loans and debts with credit institutions	11 773
Suppliers and related accounts	12 250 535
Staff and related accounts	2 054 005
Social insurance and other social bodies	597 292
Government and other local authorities: turnover tax	199 198
Government and other local authorities: added value tax	397 452
Government and other local authorities: other tax and related	565 670
Group and related	2 688 092
Other payables	0
Prepaid income	73 640

3.6.PROVISIONS

They are shown on attached schedule 2056 N

Statement of provisions	€
Provisions for legal cases	21 045
Provisions for product guarantee	299 176
Provisions for currency change losses	546
Provisions for risk and expenses	98 233

3.7.ACCRUED EXPENSES – ACCRUED INCOME

Accrued expenses	€
Trade payables	1 206 868
Social security payables	2 017 552
Other payables	2 003 192
Diverse financial loans and debts with credit institutions.	0

Accrued income	€
Trade receivables	1 406 263
Other receivable	1 768 411

3.8.PREPAID EXPENSES – PREPAID INCOME

Prepaid expenses and prepaid income	€
Prepaid expenses	840 277
Prepaid income	73 740

The prepaid expenses being recorded for 571 K€ for all the goods and services not charged to the date of March 31st, 2020. The remaining amount of 269 K€ corresponds to the deferred expenses recorded for the development of future programs.

The prepaid income is mainly made up of advance on firm tooling order by customers on projects not yet settled.

3.9. CONVERSION ADJUSTMENTS

SMR France has recorded conversion differences resulting from the conversion of receivables and debts into foreign currencies.

3.10. LOANS

The amount of the loans contracted by SMR France represents 2 688 K€, mainly shared between the following related companies:

- Loan with SMR Jersey: 2 583 194 € at the rate of 5 %
- Loan with SMR SMR Spain: 104 897 € at the rate of 5.5 %

3.11. SHAREHOLDERS EQUITY

Equity is divided as follows:

Equities in euros	Opening Balance March 31st, 2019	Increase	Decrease	Closing Balance March 31st, 2020
Share Capital	790 000			790 000
Revaluation difference	39 786			39 786
Legal reserve	452 062			452 062
Regulatory reserve	1 950 468			1 950 468
Balance brought forward	8 965 908	-9 527 568		-561 660
Financial year profit	-9 527 568	-5 036 918	9 527 568	-5 036 918
<u>TOTAL EQUITY</u>	<u>2 670 656</u>	<u>-14 564 486</u>	<u>9 527 568</u>	<u>-2 366 262</u>
% Share capital	338,06%			-299,53%

The share capital of €790,000 consists of 31,600 shares with a nominal value of €25. As of 31 March 2020, the company's equity is less than half of its share capital.

3.12. RELATED COMPANIES AND INTERCOMPANY ACCOUNTS

Transactions with counterparties are concluded under the usual terms of the market.

3.13. SALES ANALYSIS

Sales analysis	€
France	60 606 285
Export	21 479 660

3.14. EXPENSE TRANSFERS

N.A.

3.15. ANALYSIS OF NON-RECURRING ITEMS IN THE INCOME STATEMENT

Non-recurring expenses	€
Expenses relating to prior periods	369 746
Expenses for capital operations	3 473 222
Net carrying amount of assets sold or scrapped	0
Penalties, tax and penal fines	0
Exceptional subsidies on assets	799 005

Non-recurring income	€
Income relating to prior periods	260 959
Income for capital operations	3 772 448
Penalties, tax and penal fines	0
Asset disposal gains	0
Gains on disposals of securities	0
Non-recurring income resulting from provision write-backs	1 002 217

Capital transactions are linked to the disposal of assets from the production of actuators to the subsidiaries of the SMR group.

The exceptional allocations represent 701K€ of the exceptional impairment recorded at 31 March 2020. Exceptional reversals on provision reversals correspond to the linear reversal of the provision for impairment recorded at 31 March 2020 as part of an impairment test.

3.16. RESEARCH AND DEVELOPMENT EXPENSES

The company incurred development costs for all contracts obtained. These expenses amounting to €204,897 are recorded in the deferred expense account.

4. OTHER INFORMATION

4.1.FINANCIAL COMMITMENTS

No intercompany commitments arose in the period from April 1st, 2019 to March 31st, 2020 excepting the financial support provided by the Motherson group (see section 1).

4.2.TAX POSITION

The fiscal outcome of financial year 2019/20 is a loss of (4 811 040 €).

The deficit to be carried forward on 2019/2020 is of the same amount and carries the accumulation of the deficits to be carried forward to 68 970 535 Euros.

4.3.EXECUTIVE COMPENSATION

Mr. Christophe Trémoureux, in his quality of Managing Director, perceived from April 1st 2019 to March 31st, 2020, a gross global amount of 3 109 €.

Mr. Stéphane Martin has announced his intention to resign as Managing Director of the Company as of June 28, 2019. From April 1, 2019 to July 3, 2019, Stéphane Martin received a total gross amount of €30,751 divided between the gross remuneration received, namely €28,750, and the gross benefits in kind received, namely €2,001.

No other Board director receives compensation in this respect except for reimbursement of travel expenses when such expenses are incurred.

4.4.AVERAGE HEADCOUNT 347

Managerial-grade staff	46
Supervisors and technical staff	55
Blue-collar workers	246

Subcontracting costs amount to 6 625 K€.

4.5.INDIVIDUAL TRAINING ENTITLEMENT

The individual right in training (DIF) was replaced by the personal account of training (CPF) managed by the Caisse des Dépôts et Consignations.

4.6.DETAILS OF THE CONSOLIDATING MOTHER COMPANY

The Company is fully consolidated by:

Samvardhana Motherson Reflectec Group Holdings Ltd.

Ogier House
The Esplanade St Helier
Jersey JE4 9WG

4.7. REMUNERATION OF STATUTORY AUDITORS

The auditors' fees for the 2019 – 2020 financial year amount to 149,828 euros, of which 136,090 euros are linked to the certification of the accounts.

5. OFF-BALANCE SHEET COMMITMENT AT MARCH 31st, 2020

1/ Finance lease commitment

No finance lease commitment.

2/ Discounted bills not yet due

N.A.

3/ Provision for retirement benefits

The present value of the provision for retirement benefits is estimated at 2 412 K€.

This commitment is part of information in appendix, in conformance with the commitments off balance sheet, as allowed by the French rules.

The provision was calculated using the projected unit credit method (voluntary retirement). The main actuarial hypotheses are as follows:

- ✓ Headcount turnover calculated in decreasing way, by age share and employee category
- ✓ Increase in total payroll 2%
- ✓ Discount rate 1,3 %

The current value of commitment was increased at the end of the review of the actuarial hypotheses in connection with an external expert.

4/ Other commitments off balance sheet

The BNP PARIBAS banking corporation granted to our company securities and approvals for 75 K€.

NON-CURRENT ASSETS

SECTION A

NON-CURRENT ASSETS	Gross value at beginning of period	Increases	
		Further to a revaluation in the period or as a result of equity accounting	Acquisitions, creations, contributions and inter account transfers
INTANGIBLE ASSETS			
Start-up costs and development expenses	0		
Other intangible assets	445 870		5120
TOTAL I			
TOTAL II			
PROPERTY, PLANT AND EQUIPMENT			
Land	246 937		
Buildings:			
Owner improvements o/w components	5 875 238		
Leasehold improvements o/w components			
General installations, fixtures* and fittings o/w components	3 721 918		27 651
Technical installations, equipment and industrial tools	25 300 291		778 566
Other property, plant and equipment:			
General installations, miscellaneous fixtures and fittings*			
Vehicles*	11 296		
Office and IT equipment, furniture	1 542 991		97 204
Recoverable packaging and other*			
Assets in progress	422 838		118 474
Advances and down payments			
TOTAL III	37 121 508		1 021 895
FINANCIAL ASSETS			
Equity-accounted investments			
Other equity interests			
Other long-term investments	75 791		
Loans and other financial assets	67 507		
TOTAL IV	143 298		
GRAND TOTAL (I+II+III+IV)	37 710 676		1 021 895

SECTION B	Decreases		Legal revaluation* or equity accounting	
	Inter account transfers	Sales to third parties, retirements or equity accounting	Gross value at end of period	Original amount at end of period
INTANGIBLE ASSETS				
Start-up costs and development expenses	TOTAL I		0	
Other intangible assets	TOTAL II		450 990	
PROPERTY, PLANT AND EQUIPMENT				
Land			246 937	
Buildings:				
Owner improvements			5 875 238	
Leasehold improvements				
General installations, fixtures and fittings		53 690	3 695 879	
Technical installations, equipment and industrial tools		6 897 960	19 180 897	
Other property, plant and equipment:				
General installations, miscellaneous fixtures and fittings				
Vehicles			11 296	
Office and IT equipment, furniture		191 770	1 448 425	
Recoverable packaging and other*				
Assets in progress	260 758	15 974	264 580	
Advances and down payments				
	TOTAL III	260 758	7 159 394	30 723 251
FINANCIAL ASSETS				
Equity-accounted investments				
Other equity interests				
Other long-term investments			75 791	
Loans and other financial assets		29 166	38 341	
	TOTAL IV	29 166	114 132	
	GRAND TOTAL (I+II+III+IV)	260 758	7 188 560	31 288 373

* Explanations for these items are given in instruction notice 2032.

DEPRECIATION AND AMORTIZATION

SECTION A

POSITION AND MOVEMENTS IN TECHNICAL DEPRECIATION/AMORTIZATION (OR OTHER ASSET REDUCTIONS IN THE PERIOD)*

DEPRECIABLE/AMORTIZABLE ASSETS	Opening balance	Increases: additions in the period	Decreases: depreciation/amortization relating to assets retired and written back	Closing balance
Start-up costs and development expenses TOTAL I		29 239		29 239
Other intangible assets TOTAL II	410 040			410 040
Land	155 468			155 468
Buildings:				
Owner improvements	3 862 007	100 032		3 962 039
Leasehold improvements				
General installations, fixtures and fittings	2 796 895	188 981	8 501	2 977 375
Technical installations, equipment and industrial tools	15 893 933	1 376 419	3 487 737	13 782 616
Other property, plant and equipment:				
General installations, miscellaneous fixtures and fittings	0			0
Vehicles	6 091	1 220		7 311
Office and IT equipment, furniture	1 109 049	142 927	189 935	1 062 041
Recoverable packaging and other				
TOTAL III	23 823 442	1 809 579	3 686 173	21 946 850
GRAND TOTAL (I+II+III)	24 233 482	1 838 818	3 686 173	22 386 129

SECTION B

BREAKDOWN OF MOVEMENTS AFFECTING THE PROVISION FOR ACCELERATED TAX DEPRECIATION/AMORTIZATION

Depreciable/ amortizable assets	ADDITIONS			RELEASES			Net movement at end of period
	Difference in useful life and other	Declining balance	Exceptional tax depr./amort.	Difference in useful life and other	Declining balance	Exceptional tax depr./amort.	
Start-up costs TOTAL I							
Other intangible assets TOTAL II							
Land							
Buildings:							
Owner improvements							
Leasehold improvements							
General installations, fixtures and fittings							
Technical installations, equip. and ind. tools	2 493 022			648 817			1 844 205
Other PP&E:							
General installations, misc. fixtures & fittings							
Vehicles							
Office and IT equipment, furniture							
Recoverable packaging & other							
TOTAL III	2 493 022			648 817			1 844 205
Acquisition fees regarding equity interests							
Grand total (I+II+III+IV)	2 493 022			648 817			1 844 205
Grand total (not broken down)		2 493 022		648 817			1 844 205

BALANCE SHEET PROVISIONS

Description	Opening balance	INCREASES: Additions in the period	DECREASES: Releases in the period	Closing balance
Regulated provisions:				
Provisions for reconstitution of mining and oil deposits				
Provisions for investments (Art. 237 bis A-II)				
Provisions for price increases (1)*				
Accelerated tax depreciation/amortization				
Of which exceptional 30% surtax				
Tax provisions for foreign operations set up before 1.1.1992*				
Tax provisions for foreign operations set up after 1.1.1992*				
Provisions for start-up loans (Art. 39 quinquies H of the French General Tax Code)				
TOTAL I				
Provisions for contingencies and expenses:				
Provisions for disputes	120 363	21 045	120 363	21 045
Provisions for warranties given to customers	176 818	122 358		299 176
Provisions for losses on forward markets				
Provisions for fines and penalties				
Provisions for foreign exchange losses	137	546	137	546
Provisions for pensions and similar obligations				
Provisions for taxes (1)				
Provisions for fixed asset replacement*				
Provisions for major overhauls and maintenance work				
Provisions for tax and social security payables on accrued vacation*				
Other provisions for contingencies and expenses (1)	353 400	241 089	496 456	98 033
TOTAL II	650 718	385 039	616 956	418 801
Provisions for impairment:				
On fixed assets – intangible assets	35 677		27 690	7 987
On fixed assets – property, plant and equipment	2 457 345	700 916	621 172	2 537 134
On fixed assets – equity-accounted securities				
On fixed assets – equity investments				
On fixed assets – other financial assets (1)*				
On inventories and work in progress	624 898	12 829		637 727
On trade receivables	22 550		21 747	803
Other impairment provisions (1)*				
TOTAL III	3 140 469	713 745	670 564	3 183 651
GRAND TOTAL (I+II+III)	3 791 187	1 098 784	1 287 520	3 602 451
Of which additions and releases:				
- Operating items		299 232	285 166	
- Financial items		546	137	
- Non-recurring items		799 005	1 002 217	

Equity-accounted securities: impairment at the end of the period calculated based on the rules set out in Article 39-1-5e of the French General Tax Code.

(1) To be detailed on a separate sheet based on the year in which the provision was set up or the purpose of the provision.

NB Accrued expenses are not to be reported in this schedule but broken down in the detailed accrued expenses schedule to be produced in accordance with Article 38 II of Annexe III of the French General Tax Code.

* Explanations concerning these items are given in instruction notice 2032.

MATURITIES OF RECEIVABLES AND PAYABLES AT THE END OF THE REPORTING PERIOD

SECTION A

MATURITY OF RECEIVABLES	Gross	Due within 1 year	Due in more than 1 year
NON-CURRENT ASSETS:			
Receivables from controlled entities			
Loans (1) (2)			
Other financial assets	38 341		38 341
CURRENT ASSETS:			
Doubtful or litigious accounts	803		803
Other trade receivables	3 026 035	3 026 035	
Receivables in respect of securities lent or pledged as guarantees* (Provisions for impairment previously recognized)*			
Receivable from employees	6 750	6 750	
Social security and other social bodies			
Taxes:			
Corporate income tax	282 026	282 026	
VAT	255 080	255 080	
Other taxes, duties and similar levies	1 847 087	1 847 087	
Miscellaneous			
Receivable from Group and associated companies			
Miscellaneous debtors (incl. receivables arising on repo transactions)	14 280	14 280	
Prepaid expenses	840 277	840 277	
TOTAL	6 310 678	6 271 534	39 144
NOTES:			
(1) Amount of – Loans granted in the period			
– Loans repaid in the period			
(2) Loans and advances granted to associates (natural persons)			

SECTION B

MATURITY OF PAYABLES	Gross	Due within 1 year	Due between 1 and 5 years	Due in more than 5 yrs
Convertible bonded debt (1)				
Other bonded debt (1)				
Bank loans and borrowings (1):				
- up to 1 year at inception	11 773	11 773		
- more than 1 year at inception				
Miscellaneous loans and borrowings (1) (2)				
Trade payables	12 150 535	12 150 535		
Due to employees	2 054 005	2 054 005		
Social security and other social bodies	597 292	597 292		
Taxes:				
Corporate income tax	199 198	199 198		
VAT	397 452	397 452		
Guaranteed bonds				
Other taxes, duties and similar levies	565 670	565 670		
Amounts due on fixed assets				
Due to Group and associates (2)	2 688 092	2 688 092		
Other payables (incl. payables arising on securities borrowed or pledged as guarantees*)				
Prepaid income	73 740	73 740		
TOTAL	18 737 757	18 737 757		
NOTES:				
(1) Loans taken out during the period				
Loans repaid in the period				
(2) Miscellaneous loans and payables due to associates (natural persons)				

* Explanations concerning these items are given in instruction notice 2032