

Independent auditor's report

To Samvardhana Motiherson Innovative Autosystems B.V. & Co. KG

Opinions

We have audited the annual financial statements of Samvardhana Motiherson Innovative Autosystems B.V. & Co. KG, Bruchköbel, which comprise the balance sheet as of 31 March 2020, and the income statement for the fiscal year from 1 April 2019 to 31 March 2020, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Samvardhana Motiherson Innovative Autosystems B.V. & Co. KG for the fiscal year from 1 April 2019 to 31 March 2020.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to partnerships within the meaning of Sec. 264a (1) HGB ["Handelsgesetzbuch": German Commercial Code] and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 March 2020 and of its financial performance for the fiscal year from 1 April 2019 to 31 March 2020 in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Responsibilities of the executive directors for the annual financial statements and the management report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to commercial partnerships within the meaning of Sec. 264a (1) HGB, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Translation from the German language

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, 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 opinions. 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.

Translation from the German language

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report 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 these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive 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 the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. 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 be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

Translation from the German language

We communicate with those charged with governance 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.

Freiburg i. Br., 15 June 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Wetzel
Wirtschaftsprüfer
[German Public Auditor]

Schmidt
Wirtschaftsprüfer
[German Public Auditor]

Samvardhana Motherson Innovative Autosystems B.V. & Co. KG, Bruchköbel
Balance sheet as of 31 March 2020

Assets				31 Mar 2019	Equity and liabilities				31 Mar 2019
	EUR	EUR	EUR	EUR k		EUR	EUR	EUR k	
A. Fixed assets					A. Equity				
I. Intangible assets					Share in capital				
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	541,764.09			1,133	1. Capital shares of the general partner	0.00			0
2. Prepayments	4,282,048.55			2,329	2. Capital shares of the limited partner				
		4,823,812.64		3,462	Fixed capital	500.00			1
II. Property, plant and equipment					Variable capital	28,704,594.42			36,280
1. Plant and machinery	10,624,820.84			12,415			28,705,094.42		36,281
2. Other equipment, furniture and fixtures	4,725,516.72			5,473	B. Provisions				
3. Prepayments and assets under construction	844,866.94			425	1. Tax provisions	0.00			222
		16,195,204.50		18,313	2. Other provisions	10,222,550.45			15,185
			21,019,017.14	21,775			10,222,550.45		15,407
B. Current assets					C. Liabilities				
I. Inventories					1. Trade payables	18,204,351.93			19,143
1. Raw materials, consumables and supplies	7,319,390.08			6,951	2. Liabilities to affiliates	28,296,967.02			20,512
2. Work in process	22,515,319.20			29,728	3. Other liabilities	4,854,127.71			5,493
3. Finished goods	3,481,212.23			3,114			51,355,446.66		45,148
4. Prepayments received	-270,237.50			-1,690					
		33,045,684.01		38,103					
II. Receivables and other assets									
1. Trade receivables	17,312,081.02			14,879					
2. Receivables from affiliates	6,383,443.62			13,113					
3. Other assets	2,232,774.50			1,103					
		25,928,299.14		29,095					
III. Cash on hand, bank balances and checks		9,666,589.51		7,181					
			68,640,572.66	74,379					
C. Prepaid expenses			623,501.73	682					
			90,283,091.53	96,836			90,283,091.53		96,836

Samvardhana Moterson Innovative Autosystems B.V. & Co. KG, Bruchköbel
Income statement for the period from 1 April 2019 to 31 March 2020

	EUR	EUR	EUR	2018/2019 EUR k
1. Revenue		164,134,230.13		181,311
2. Decrease (prior year: increase) in inventories of finished goods and work in process		-6,845,479.00		2,460
3. Other own work capitalized		202,372.88		506
4. Other operating income		3,511,498.71		2,159
			161,002,622.72	186,436
5. Cost of materials				
a) and supplies and of purchased merchandise	56,545,593.67			64,288
b) Cost of purchased services	19,801,961.84			29,246
		76,347,555.51		93,534
6. Personnel expenses				
a) Wages and salaries	53,314,663.84			60,695
b) Social security, pension and other benefit costs	13,043,188.57			13,673
		66,357,852.41		74,368
7. Amortization of intangible assets and depreciation of property, plant and equipment		5,479,829.01		4,600
8. Other operating expenses		19,641,118.33		22,885
			167,826,355.26	195,387
			-6,823,732.54	-8,951
9. Other interest and similar income		546,770.86		262
10. Interest and similar expenses		1,177,862.50		722
			-631,091.64	-460
11. Income taxes			-72,607.76	104
12. Earnings after taxes			-7,382,216.42	-9,515
13. Other taxes			193,895.86	147
14. Net loss for the year			-7,576,112.28	-9,662
15. Charged to variable capital of limited partner			7,576,112.28	9,662
16. Net income/loss after appropriation			0.00	0

**Notes to the financial statements of Samvardhana
Motherson Innovative
Autosystems B.V. & Co. KG, Bruchköbel,
for the fiscal year
from 1 April 2019 to 31 March 2020**

General

Samvardhana Motherson Peguform GmbH (“SMP GmbH”), Gelnhausen, as limited partner, holds 100% of the capital in Samvardhana Motherson Innovative Autosystems B.V. & Co. KG (“SMIA”) as of 31 March 2020.

SMIA is entered in the commercial register of Hanau local court under HRA no. 93284. The Company is classified as a large corporation as defined by Sec. 267 (2) HGB [“Handelsgesetzbuch”: German Commercial Code] as of the balance sheet date. The Company’s annual financial statements were prepared on the basis of the accounting provisions of the German Commercial Code pursuant to Sec. 242 et seq. and Sec. 264a in compliance with Sec. 267 HGB for large corporations.

The assets and liabilities acquired (“asset deal”) in connection with the takeover of the business operations of Kunststoff-Technik Scherer & Trier GmbH & Co. KG (“S&T”) as of 30 January 2015 were initially recorded at fair value. The fair value of fixed assets is largely based on their economic useful lives. Customer contracts and technology are valued using the discounted cash flow method and assumptions are made with regard to future business plans, discount rates, license rates and marketability. The fair value of inventories is based on the seller’s book value and the Company’s estimates with regard to the potential sale of raw materials as well as the estimated purchase prices of finished goods and work in process.

The purchase price fell short of the fair value by EUR 13,328k. This difference was distributed to assets in proportion to their fair value, so that fixed assets of EUR 6,590k were recognized after reduction.

The income statement was prepared using the nature of expense method.

Accounting policies

The following accounting and valuation methods, which essentially remained unchanged in comparison to the prior year, were used to prepare the financial statements.

Intangible assets are carried at acquisition cost and reduced by amortization using the straight-line method. Extraordinary write-downs to the lower of cost or market were carried out in cases where impairment is expected to be permanent.

Intangible assets mainly contain software licenses acquired as part of the asset deal and the customer base. The economic useful life applied ranges from 1 to 10 years.

Items of ***property, plant and equipment*** are recognized at the amortized cost of the asset including incidental acquisition costs. The costs of self-constructed assets also

include a proportionate share of production-related costs of materials and production overheads as well as direct materials and production costs. Borrowing costs are not capitalized. Goods subject to wear and tear are depreciated. Extraordinary write-downs to the lower of cost or market were carried out in cases where impairment is expected to be permanent.

The depreciation of property, plant and equipment has been determined according to their estimated useful lives. The following useful lives were taken into account: operating facilities 1 to 25 years, plant and machinery 3 to 15 years, other equipment 1 to 25 years as well as furniture and fixtures 3 to 10 years.

As a result of the asset deal, the economic useful life of individual assets are below the figures stated above due to the remaining useful life.

Write-downs are calculated using the straight-line method. The assets are depreciated pro rata temporis in the year of acquisition. Low-value assets with an acquisition or production cost not exceeding EUR 250 are written off in full as operating expenses. Low-value assets with an acquisition or production cost of more than EUR 250 but no greater than EUR 1,000 were recognized in a collective item and depreciated by 20% p.a. over five years.

Raw materials, consumables and supplies were recognized at the lower of average cost or market after considering a flat-rate cash discount. Allowances due to reduced salability were taken into account.

Finished goods and work in process are recognized at production cost. To determine the costs directly attributable to production, manufacturing costs also include production overheads and indirect material cost in an appropriate amount, as well as amortization and depreciation. Borrowing costs were not included in the production cost. Sales risks and risks resulting from reduced usability were taken into account appropriately.

Prepayments are stated at nominal value. Advance payments are deducted from inventories on the face of the balance sheet.

Receivables and other assets are stated at their nominal value. Relevant valuation allowances provide for individual foreseeable risks. The general credit risk is provided for by an appropriate general bad debt allowance.

Cash and cash equivalents are valued at their nominal value.

Expenses recorded before the balance sheet date that relate to a certain period after this date are posted as **prepaid expenses**.

Equity is recognized at nominal value.

Provisions account for all recognizable risks and all uncertain liabilities. They are recognized at the settlement value deemed necessary according to prudent business judgment and account for all future cost and price increases at the time the obligation is settled. Provisions with a term of more than one year are discounted based on their residual term at the average market interest rate of the past seven years as published by Deutsche Bundesbank.

Liabilities are recorded at the settlement value.

Foreign currency assets and liabilities were translated using the mean spot rate on the reporting date. If they had residual terms of more than one year, the realization principle (Sec. 252 (1) No. 4 Clause 2 HGB) and the historical cost principle (Sec. 253 (1) Sentence 1 HGB) were applied.

To determine **deferred taxes** arising due to temporary or quasi-permanent differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income in the statutory accounts and their tax carrying amounts or due to tax loss carryforwards, the resulting tax charge or benefit are valued using the company-specific tax rate (13.3%) at the time the differences reverse; these amounts are not discounted. Deferred tax assets and deferred tax liabilities are offset. The option to recognize net deferred tax assets arising from provisions was not exercised.

Notes to the balance sheet

Intangible assets and property, plant and equipment

The development of intangible assets and property, plant and equipment is shown in the following statement of changes in fixed assets (see attachment 1 to the notes).

Receivables and other assets

EUR k	31 Mar 2019	31 Mar 2020
Trade receivables	14,879	17,312
Receivables from affiliates	13,113	6,383
Other assets	1,103	2,233
Total receivables and other assets	29,095	25,928

Of trade receivables, EUR 13,068k relates to amortization receivables for tools (prior year: EUR 9,614k), EUR 10,277k of which is due in more than one year (prior year: EUR 6,806k).

Receivables from affiliates contain trade receivables of EUR 1,019k (prior year: EUR 3,125k) and other assets of EUR 5,364k (prior year: EUR 9,988k). Receivables of EUR 5,328k (prior year: EUR 9,986k) have a residual term of more than one year.

Equity

The limited partner's registered contribution reported as fixed capital amounts to EUR 500 and is fully paid in.

Other provisions

Other provisions primarily consist of provisions for personnel-related matters of EUR 4,747k (prior year: EUR 8,529k), for outstanding invoices of EUR 1,870k (prior year: EUR 2,050k), for potential losses of EUR 677k (prior year: EUR 781k), for sales-related matters of EUR 1,655k (prior year: EUR 1,611k) and for warranties of EUR 376k (prior year: EUR 596k).

Liabilities

Due in
(prior-year figures in brackets)

EUR k	Total	up to one year	more than one year	more than five years
Trade payables	18,204 (19,143)	15,910 (19,143)	2,294 (0)	0 (0)
Liabilities to affiliates	28,297 (20,512)	597 (712)	27,700 (19,800)	0 (0)
Other liabilities	4,854 (5,493)	4,854 (5,493)	0 (0)	0 (0)
Total liabilities	51,355 (45,148)	21,361 (25,348)	29,994 (19,800)	0 (0)

Liabilities to affiliates contains trade payables of EUR 285k (prior year: EUR 437k) and other liabilities of EUR 28,012k (prior year: EUR 20,075k). The liabilities are not secured by collateral.

Of **other liabilities**, an amount of EUR 349k (prior year: EUR 1,892k) relates to taxes and EUR 1,578k (prior year: EUR 91k) to liabilities relating to social security.

Notes to the income statement

Revenue

Revenue by division

EUR k	1 Apr 2018 to 31 Mar 2019	1 Apr 2019 to 31 Mar 2020
Automotive	138,074	123,205
Engineering	34,439	32,140
Other	8,798	8,799
Total	181,311	164,134

Revenue by sales regions

EUR k	1 Apr 2018 to 31 Mar 2019	1 Apr 2019 to 31 Mar 2020
Germany	141,886	129,700
Other EU countries	26,022	25,085
Rest of the world	13,403	9,349
Total	181,311	164,134

Other operating income

Out-of-period income results mainly from the reversal of provisions of EUR 2,284k (prior year: EUR 13k), reimbursement of employer's liability insurance contributions of EUR 225k (prior year: EUR 0k), reversal of valuation allowances on receivables of EUR 16k (prior year: EUR 22k) and derecognition of liabilities of EUR 0k (prior year: EUR 950k). Income of EUR 9k (prior year: EUR 18k) relates to currency translation.

Personnel expenses

Personnel expenses contain expenses for old-age pensions of EUR 1,330k (prior year: EUR 1,370k). Personnel expenses also include extraordinary expenses of EUR 0k (prior year: EUR 2,700k) for the social plan related to restructuring.

Other operating expenses

Out-of-period expenses of EUR 0k (prior year: EUR 170k) result from the subsequent charging of contributions to employer's liability insurance. Expenses of EUR 8k (prior year: EUR 4k) relate to currency translation.

Financial result

EUR k	1 Apr 2018 to 31 Mar 2019	1 April 2019 to 31 Mar 2020
Interest and similar income (thereof from affiliates)	262 240	547 504
Interest and similar expenses (thereof to affiliates)	722 722	1,178 1,178
Total	-460	-631

Interest and similar income contains the unwinding of the discount on amortization receivables of EUR 43k (prior year: EUR 22k).

Income taxes

Income taxes contain trade tax income of EUR 73k (prior year: expenses of EUR 104k).

Other notes

Other financial obligations

The following obligations are due in the coming fiscal years:

Rental and lease agreements

EUR k	31 Mar 2019	31 Mar 2020
within one year	721	621
between one and five years	696	403
after five years	0	0
Total	1,417	1,024

In addition, as in the prior year, there are other financial obligations of EUR 1.814k annually resulting from lease agreements with affiliates with an indefinite term.

The advantage of these agreements is that less capital is tied up than if the properties had been purchased, and there are also no risks relating to the sale of the properties. Risks could result from the contractual term if it were no longer possible to use the rented/leased assets in full. There is no indication of such a development at present.

Furthermore, binding purchase agreements totaling EUR 577k have been signed for a robotic ultrasound plant and a double-column press.

Notes on off-balance-sheet transactions

A factoring agreement with a total financing limit of EUR 25,000k was concluded to optimize the Company's working capital. As of the balance sheet date, SMIA had sold receivables of EUR 7,520k (prior year: EUR 16,576k) due to this agreement. Thus, SMIA received cash and cash equivalents of this amount from the factoring bank as of the balance sheet date and the credit risk of the sold receivables of this amount was transferred to the buyers. The risk arising from the variable interest of the financing arrangement up to the date of payment by the customers is deemed immaterial given the current conditions on the capital market for interest rates.

In addition, there are purchase obligations with a maximum volume of EUR 19.5m to suppliers resulting from agreements. However, we anticipate that our purchases will be around and sometimes above the agreed volumes due to regular calls on the standing orders. We therefore do not expect any risks of utilization.

Employees

The average headcount of the Company in the fiscal year from 1 April 2019 to 31 March 2020 breaks down as follows:

	Total
Production employees	665.75
Administrative employees	837.25
Total	1,503.00

Management

Samvardhana Motherson Innovative Autosystems Holding Company B.V., Amsterdam, Netherlands (Kamer van Koophandel no. 62518321) is the general partner of Samvardhana Motherson Innovative Autosystems B.V. & Co. KG. The capital held by the general partner amounts to EUR 0.01.

The general managers of the general partner are:

Mr. Andreas Heuser,
Managing Director and Head of Corporate, Europe & Americas-SMG, Bad-
Soden-Salmünster

Ms. Carola Jäger,
Director, Brachtal (since 5 May 2019)

Auditor's fees

The total fees charged by the auditor for the fiscal year includes EUR 118k for audit services and EUR 15k for tax services.

Exemption from the preparation of consolidated financial statements

The Company has been included in the consolidated financial statements and group management report of the Samvardhana Motherson Automotive Systems Group B.V. (SMRP B.V.), Amsterdam, Netherlands, (smallest group of companies). At the highest level, it is consolidated in the consolidated financial statements of Motherson Sumi Systems Limited (MSSL), Noida, India (largest group of companies). The consolidated financial statements of MSSL are published on the Company's website www.motherson.com.

The consolidated financial statements and group management report of SMRP B.V. are prepared in accordance with International Financial Reporting Standards pursuant to ABI. EC No. L 243 Sentence 1 in the latest version (IFRSs) and published in the Bundesanzeiger [German Federal Gazette].

Appropriation of profit

In accordance with the regulations of the partnership agreement, the net loss for the year of EUR 9,662k will be charged to the variable capital (capital account II).

Subsequent events

The outbreak of the coronavirus in the first quarter of 2020 may have negative effects on deliveries as well as on assets, liabilities, financial position and financial performance in fiscal year 2020/2021. The shutdown in April 2020 and the planned continued low acceleration curve of automotive manufacturers also led to a further loss of revenue in the month of May, however, it is expected that the level of production previously achieved will be able to be attained once again starting from June. SMIA is striving to counter these effects in the best possible manner. Further details can be found in the chapters "Outlook" and "Risk and opportunities report". There were no further significant events after the balance sheet date requiring consideration either in the income statement or in the balance sheet.

Bruchköbel, 4 June 2020

Management

.....
Samvardhana Motherson Innovative
Autosystems Holding Company B.V.
represented by Andreas Heuser

.....
Samvardhana Motherson Innovative
Autosystems Holding Company B.V.
represented by Carola Jäger

Samvardhana Motherson Innovative Autosystems B.V. & Co. KG, Bruchköbel

Attachment to the notes (Statement of changes in fixed assets for the period from 1 April 2019 to 31 March 2020)

	Acquisition and production cost				31 Mar 2020 EUR	Accumulated amortization, depreciation and impairment				Net book values	
	1 Apr 2019 EUR	Additions EUR	Disposals EUR	Reclassifications EUR		1 Apr 2019 EUR	Additions EUR	Disposals EUR	31 Mar 2020 EUR	31 Mar 2020 EUR	31 Mar 2019 EUR
I. Intangible assets											
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	4,193,910.63	187,815.44	0.00	0.00	4,381,726.07	3,060,800.54	779,161.44	0.00	3,839,961.98	541,764.09	1,133,110.09
2. Prepayments	2,328,628.03	1,953,420.52	0.00	0.00	4,282,048.55	0.00	0.00	0.00	0.00	4,282,048.55	2,328,628.03
	6,522,538.66	2,141,235.96	0.00	0.00	8,663,774.62	3,060,800.54	779,161.44	0.00	3,839,961.98	4,823,812.64	3,461,738.12
II. Property, plant and equipment											
1. Plant and machinery	19,708,609.58	1,103,126.96	1.00	0.00	20,811,735.54	7,293,168.13	2,893,746.57	0.00	10,186,914.70	10,624,820.84	12,415,441.45
2. Other equipment, furniture and fixtures	9,472,245.92	850,241.35	1.00	209,630.84	10,532,117.11	3,999,679.39	1,806,921.00	0.00	5,806,600.39	4,725,516.72	5,472,566.53
2. Prepayments and assets under construction	425,060.89	629,436.89	0.00	-209,630.84	844,866.94	0.00	0.00	0.00	0.00	844,866.94	425,060.89
	29,605,916.39	2,582,805.20	2.00	0.00	32,188,719.59	11,292,847.52	4,700,667.57	0.00	15,993,515.09	16,195,204.50	18,313,068.87
	36,128,455.05	4,724,041.16	2.00	0.00	40,852,494.21	14,353,648.06	5,479,829.01	0.00	19,833,477.07	21,019,017.14	21,774,806.99

Management report of Samvardhana Motherson Innovative Autosystems B.V. & Co. KG, Bruchköbel Fiscal year from 1 April 2019 to 31 March 2020

I. Company background

a. Business model of the Company

Samvardhana Motherson Innovative Autosystems B.V. & Co. KG (“SMIA” or the “Company”) is a plastics-processing company with a focus on the automotive supplier industry. SMIA specializes in developing, producing and selling complex, design-oriented plastic and hybrid components. These are primarily created using injection molding and extrusion, and potentially also in combination with other processing technologies such as stretch-bending and painting. SMIA offers a broad product range for vehicle exteriors, including, trimmings for roof styling and relings, pillar panels, protective and entry strips, door sills and rear spoilers. With regard to vehicle interiors, the Company mainly manufactures decorative trimming parts. The automotive industry accounts for 95% of SMIA’s revenue, with Germany being the most important sales market.

Besides product and process development, series production is preceded by construction, manufacturing and sales of customer-specific tools and equipment (engineering services). SMIA has its own tooling and plant engineering at the Mechelau location, in which the majority of the injection molds and peripheral plants used for the series production as well as all extrusion tools are manufactured internally.

The Company generated most of its revenue as a direct supplier (Tier 1) to German automotive manufacturers. It primarily delivers to their domestic production units. At 79.0% of total revenue, revenue generated in Germany is therefore accordingly high. Other EU countries account for 15.3% of the Company’s revenue. The share of non-European countries comes to 5.7%.

b. Objectives and strategies

Since January 2015, SMIA has belonged to the Indian Samvardhana Motherson Group (“SMG”).

SMG is a globally renowned supplier of high-quality components, modules and systems, primarily for customers in the automotive sector. The Group, which is based in Noida (India), boasts a diversified portfolio of products and services including electrical distribution systems, rear-view mirrors, camera systems, front-end modules, cockpits, air conditioning systems, lights, cabs for commercial vehicles, plastics processing, elastomer processing, plastic

injection molding molds, IT services and development services. The Group's vision is to be a "Globally Preferred Solutions Provider" for its customers.

SMIA is part of SMG's polymer division, which opens up possibilities to collaborate with other entities that are also involved with processing of plastics. Synergies were already generated on the purchasing side. Major efforts are also being made in engineering to bring together the development competencies and engineering know-how of individual units via innovation forums and joint preliminary development for generating additional customer value and future market success. On the sales side, there are still various opportunities to achieve success for SMIA which have not been exploited to date. SMIA's production which is focused on Germany is insufficient to fully serve German automotive manufacturers who have increasingly internationalized their production, particularly with plants in Eastern Europe, China and in the NAFTA region. Cooperation with other entities of SMG, which are already operating with their own production in the aforementioned markets can provide additional opportunities for revenue and success. Furthermore, it should be possible to tighten the intragroup supply chain and service relationships, as the product ranges of individual units of the polymer divisions often complement each other (vertical integration). Finally, there is further potential in the sales organization or in bundling sales activities and jointly using existing sales channels to generate additional mid-term market success for SMIA.

c. Corporate governance

SMIA's management team determines the business policies and goals and specifies the business divisions' scope of action and their management teams. This is used as a basis for jointly defining targets for revenue, profitability as well as financial targets, which are constantly communicated and monitored by means of an internal reporting system.

One of the most important key performance indicators is operating profit, which is calculated as EBIT (earnings before interest and taxes). The ratio between this and revenue for the reporting period results in the EBIT margin. EBIT can also be measured in relation to total operating performance. This is calculated based on revenue and changes in inventories of finished and semi-finished parts, as well as own work capitalized. Both indicators are compared with the budget or target figures (and potentially also with figures for the sector) and form a key management tool.

ROCE ("Return On Capital Employed") has become a crucial indicator since incorporation into SMG. This measures the profitability of the capital used, making it a key performance indicator for any investment decisions and the Company's success. The operating result (EBIT) is divided by capital employed

(CE) in order to calculate the ROCE, adding fixed assets, net working capital as well as cash on hand, bank balances and checks.

d. Research and development

SMIA boasts extensive research and development capacities, including its own tool and plant engineering facilities, a laboratory and a mixing plant. These facilities and the experts employed there allow the Company to develop innovative product and process concepts independently of third parties, and to implement them of its own accord. The focus is on products and process solutions that are ready for market and competitive.

The automotive manufacturers still have high demand for products that help to reduce vehicle weight. Solutions using thermoplastics appeal to customers because plastic is lighter than metal, but they also want the substitute to preserve most of the properties of the original material such as stability, perceived quality and scratch-resistance. These solutions include film-insert-molded trim parts for vehicle interiors that reproduce the appearance and feel of the real material as closely as possible. Unpainted, high-gloss and scratch-resistant pillar covers are also produced using injection molding. In the product segment that generates the most revenue (roof trim strips), metal-reinforced plastic profiles are produced by extrusion, stretch-bent in 3D to fit the curvature of the roof, and painted the colors of the vehicles frequently depending on customer demand. There is increasing use of lacquer foil to replace paint in this product group. The Company is also working on advancing plastic-metal hybrids that combine the high-quality surface feel of the metal with the benefits of plastic (lower price and weight). This “metal insert molding” is one of SMIA’s core technologies and can use either extrusion or injection molding. Metal insert molding is currently mainly used for non-illuminated door sills.

The illuminated door strip, which was developed in partnership with an associated company on the basis of the non-illuminated door strip, was successfully launched on the market. The customer interest in illuminated components is high for the vehicle interior and exterior. Marketing to the premium segment amongst automotive manufacturers still offers the best opportunities for success. SMIA has already received a series order. Applying the know-how in lighting and in other product groups in order to upgrade the existing product range offers SMIA additional marketing potential.

SMIA employed an average of 145 (prior year: 202) persons in its engineering offices and technical workshops in the fiscal year.

II. Report on economic position

a. General conditions

Global economic growth slowed notably in 2019 compared to previous years. According to calculations by the World Bank, global gross domestic product (GDP) only grew by 2.4% in the previous year – the lowest level of growth seen since the global financial crisis.

The trade dispute between the US and China also had a negative impact on global growth in 2019. Growth of global trade was significantly below the multi-year average with severely dampening effects seen on the industrial sectors of exporting economies. The uncertainty brought about by trade policy also led to subdued investment activity. Only consumption developed robustly – comparatively, growth was only slightly below the level seen in prior years.

GDP in industrialized countries increased in the past year by an estimated 1.6% and thus at a notably slower rate than in 2018. At 1.1%, economic output in the countries of the eurozone experienced much weaker growth compared to prior years. Some economies have been verging on a recession over the course of the year. The withdrawal of the United Kingdom from the European Union, which had hitherto not been settled, also had a negative impact on economic development in 2019. Industrial output in the eurozone, which was below the prior-year figure in each calendar month of 2019, had a particularly dampening impact on economic growth. Lower demand from Asia on account of growing tensions in global trade policy in particular brought about a decline in the export-oriented industrial sector. As a key industrial center in the eurozone, the German economy was particularly hard hit by these effects. GDP in Germany rose by only 0.6% in 2019.

Economic development in the US was also weaker than in 2018. GDP increased by 2.3% in 2019. While significant growth was still seen in Q1, on an annual basis GDP growth rates only just exceeded the 2% mark in the following quarters. Private consumption developed robustly, driven by tax breaks and favorable employment figures on the US labor market. The unemployment rate fell to 3.5% at year-end. A lack of trust and uncertainty triggered by the sharpened trade dispute with China had a negative impact on investing activities and the industrial sector.

Developing and emerging economies recorded estimated growth in their economic output of 3.5%. As the most important driver of the global economy, GDP in China rose by 6.1%. Momentum in the Chinese economy dropped off notably on account of the cooling off of domestic demand, increased tensions in terms of trade policy with the US, the slower pace of growth of industrial production and lower investing activities due to uncertainty. The Indian economy grew at a significantly slower pace in fiscal year 2019/20, recording estimated growth of only 5%. Economic growth in Brazil was slightly down on the prior year, recording estimated growth of 1.1%. With growth of 1.2%, the

Translation from the German language

Russian economy also demonstrated a slower pace of growth in 2019. In Mexico, economic growth came to a standstill in the past year (GDP growth: $\pm 0\%$).

Global demand for passenger cars dropped off significantly in 2019. On the whole, around 5% fewer new vehicles were sold globally than in the prior year. The US and Western Europe, which together with China make up the automotive hot spots, had a relatively robust year.

However, by contrast China, the world's biggest passenger car market, had the largest negative impact on global sales. On the whole, Chinese new vehicle sales decreased by almost 10% compared to 2018 – this corresponds to a decrease of more than 2.2m units. This was mainly due to the ongoing trade dispute with the US, which had a significant dampening effect on the economic environment and also led to uncertainty amongst consumers. Reductions to buyer's premiums for electric vehicles also had a negative impact on demand.

In the US, sales of light vehicles declined by slightly more than 1% to around 17m units. Despite the economic slowdown, the favorable situation on the labor market and rising wages bolstered demand for new vehicles. In this regard, buyers continued to focus on the light trucks segment, which saw an increase of almost 3%. By contrast, sales volume of passenger cars decreased by 10%.

On the Western European passenger car market, new registrations of passenger cars increased by almost 1% in 2019 to 14.3m units. However, this year was still affected by the distortion caused by WLTP. The purchases brought forward in 2018 led to a weak first half of the year, whilst the second half of the year sometimes saw double-digit growth rates. Many new registrations were once again brought forward in the last month of the year, as from 2020 vehicle manufacturers have to comply with the strict CO₂ targets for new vehicles sold. The German passenger car market attained strong growth of 5% to 3.6m – the highest volume seen since 2009. New registrations in France also increased by around 2%. The remaining top 5 markets in Western Europe were not able to keep pace with this. In Italy, demand was only at the prior-year level despite the eco-bonus, new vehicle registrations declined in Spain (down 5%). In the UK, new vehicle sales declined in 2019 for the third time in a row. Declining by 2%, the market reached a volume of 2.3m units.

The recovery of the Russian automotive market came to a halt in 2019. Overall, sales figures for new vehicles declined by more than 2% to around 1.8m light vehicles. With this result, the Russian automobile market remains below its potential. The light vehicles market in Mexico also has not displayed any upward trend over recent months. In 2019 as a whole, new vehicle sales declined by almost 8%. Brazil is the positive exception in emerging markets in the Group. Here demand for new vehicles increased by almost 8% in 2019 to around 2.7m units.

Looking towards Asia, positive results were also not seen outside of China. In India, demand decreased dramatically over the course of the year, while the situation stabilized somewhat again at year-end. Nevertheless, an economic slowdown as a reluctance on the part of consumers to purchase high-value goods led to a decline on the Indian passenger car market of almost 13% over the full year in 2019. The rate of VAT was raised in Japan as of 1 October. This led to purchases being brought forward, however these could not compensate for the decline in new passenger car registrations in the final quarter of the year – market volume declined by slightly more than 2%. In South Korea, the temporary tax relief did not have a long-lasting effect – new passenger car registrations declined slightly by 1% in 2019.

Revenue of Germany's automotive companies rose 2% to around EUR 435b. In this regard, both revenue generated in other countries and revenue from domestic business increased by 2%. The automotive industry employed a total of 822,535 people in Germany in December 2019.

b. Significant factors in fiscal year 2019/20

Fiscal year 2019/2020 was significantly influenced by the coronavirus crisis, although this only started in the last quarter and its negative effects were only felt in this quarter. Due to the discontinuation of automobile production at most of our customers, revenue dropped significantly in the course of the months of March and affected the business figures of the year as a whole. Revenue figures at some automotive customers were already lower than our expectations in the course of the year, while the premium brands in particular presented relatively stable calls. Overall, SMIA's series revenue decreased in this context by 10.7% compared to the prior year.

The restructuring measures relating to indirect employees, which were already planned in the prior year due to the decline in capacity utilization, were implemented at the beginning of the fiscal year following the corresponding agreement with employee representatives in June 2019. These measures will increasingly start taking effect on income toward the end of fiscal year.

Furthermore, the focus was on improving efficiency and cost cutting measures. Due to sustained weak revenue development, reduced working hours on up to three days per month were imposed from October 2019. Due to the spread of the coronavirus in March 2020, the scope of reduced working hours was extended considerably. Some parts of the operation were completely discontinued for a limited duration.

Furthermore, the new acquisition of orders gained more focus to counter underutilization and production capacity of the Company in the medium term.

Human resources

The objective of the restructuring planned in fiscal year 2019/2020 was to optimize and streamline the business organization and processes in various core operations, which resulted in opportunities to reduce indirect employees in particular. Another general objective was to adjust personnel capacity in terms of indirect employees in line with the decrease in capacity utilization, which ran counter to the original growth plan. The focus was on improving cost structures of labor overheads, thus achieving an increase in efficiency and competitiveness and safeguarding the future of the Company.

As part of the restructuring project, a total of 142 full-time equivalents (FTE) were reduced. Of these 105 employees fell under the agreed redundancy plan, from which 70 decided to join a transfer company as of 1 June 2020 and 35 were laid-off due to business slowdown.

At year-end, the number of employees stood at 1,515 FTEs, which is down 148 employees compared to 1 April 2019 (leasing/direct: up 2; indirect: down 150). The number of trainees and dual-track students stood as of 31 March 2020 stood at 70 (prior year: 87).

Due to further decreases in revenue in series production in the course of the fiscal year, reduced working hours were agreed with the works council for the period from October 2019 until March 2020, both for direct and indirect employees.

Collective bargaining with the IG BCE trade union was concluded successfully in March 2020. The new company agreement has a 24-month term until 31 March 2022. The agreement primarily contains moderate salary increases of 1.3% each as of 1 October 2020 and 1 October 2021. In this regard, employees that currently have a weekly working time of 39 hours will receive a two-step reduction of working hours to 38 hours without make-up pay.

A task force was established in response to the coronavirus crisis that started spreading in Europe in February 2020. In agreement with the works council and Chairman's Office Europe, this task force has implemented all of the necessary measures for prevention, health protection and communication. Furthermore, the existing reduced working hours were extended by a further six months and their scope was expanded in line with the sharply decreasing capacity utilization due to the crisis.

Absences due to ill health in connection with continued payment of wages developed positively in this fiscal year. At a rate of 4.7% (prior year: 5.3%), it was even lower than the target of 4.9%.

The number of employee terminations, particularly the turnover of skilled labor, was also at a low level in the current fiscal year. The total rate of employee

Translation from the German language

terminations stood at 3.0%, the rate for skilled labor at 3.8% and the rate for managers at 2.2%.

Purchasing

Integration in the Samvardhana Motherhood Group has presented SMIA with further opportunities to reduce costs on the purchasing side in fiscal year 2019/2020. The physical aluminum hedges stand out in this regard, with which SMIA used LME fluctuations during the year to its advantage. Furthermore, as in the previous two years, significant cost-saving success was reflected in income due to changes in paint suppliers. The implementation was only possible due to close and targeted cooperation between the GSP (Global Strategic Purchasing), SMIA Commodity Purchasing and SMIA paint technology department. As in the prior year, focus was also placed on optimizing the terms of payment terms, which contributed to improving working capital. Further suppliers were won for the Supply Chain Finance tool, which via a financing bank ensures payment based on previous terms of payment when offering extended terms of payment to suppliers.

It can also be mentioned that as part of restructuring, four employees from material disposition were assigned to purchasing for organizational purposes.

Investments

The Company invested EUR 4.7m (prior year: EUR 8.9m) during the reporting period, thereof EUR 2.6m were attributable to machinery and furniture and fixtures and EUR 1.9m to the SAP 4 HANA implementation project.

Engineering

SMIA develops products specifically for individual customers, working closely with their development departments under a co-designing arrangement. In addition to internal development capacities, SMIA also benefits from the product and process know-how available in the Motherhood Group. The development engineers regularly exchange information under the leadership of Motherhood Innovations. Product ideas and the latest technical solutions are generated, presented and implemented with the goal of maximizing customer value.

IT

SMIA is working hard to implement SAP 4 HANA as a substitute for the current ERP system from INFOR. SAP 4 HANA is to go "live" in fiscal year 2020/2021 and should achieve a significant improvement in efficiency in various SMIA process landscapes. The project team has successfully executed the first integration test, two other tests are planned before the "go live" in the course of the next fiscal year. A new shop floor data collection system will be implemented in parallel to the SAP introduction. The software for this system is provided by

Translation from the German language

MIND, which belongs to the Motherson Group and has its registered office in Noida, India. With the planned commissioning of these new systems at the end of fiscal year 2020/2021, SMIA has the clear aim to make the Company more efficient, faster and more competitive.

Environment

Here at SMIA we feel a deep sense of responsibility toward the environment. Compliance with environmental standards is a high priority throughout our organization. We attach great value to using resources sparingly, reducing our impact on the environment, and the health and safety of all of our employees while they are at work. This is not just an economic matter, but to an even greater extent an obligation toward society. We are aided in this by numerous investments in protecting the environment and occupational health and safety, which ensure that SMIA meets its customers' demands in terms of reliability and quality. SMIA's environmental management system has been certified in accordance with DIN EN ISO 14001. Furthermore, the energy management system has been certified in accordance with DIN EN ISO 50001 and the occupational health and safety system has been certified in accordance with DIN ISO 45001.

c. Position of the Company and development of its business

Financial performance

Revenue decreased significantly for the third year in a row and reached a relatively low level at EUR 164.1m (prior year: EUR 181.3m). There were many reasons for this weak sales trend in the existing order portfolio. Sales figures at our customers OPEL and FORD in particular remained below our expectations from an early stage in the fiscal year. Furthermore, a drop in demand for cars in Germany also started to emerge over the course of the year, which sharpened significantly at the end of the fiscal year due to the outbreak of the coronavirus and finally ended in a global sales crisis. On the whole, revenue from series production decreased by EUR 14.9m to EUR 132.0m compared to the prior year. By contrast, revenue from engineering was in line with expectations at EUR 32.1m (prior year: EUR 34.4m).

The ratio of cost of materials to total operating performance stood at 48.5% (prior year: 50.8%). This is calculated as the cost of materials as a percentage of total operating performance (revenue +/- changes in inventories + own work capitalized). The fluctuation of the ratio of cost of materials to total operating performance primarily relates to the engineering business that recorded very different material expenses depending on the project, while the volume of purchased material and services in the series business remained rather stable.

Personnel expenses amounted to EUR 66.4m (prior year: EUR 74.4m). Relative to total operating performance, this accounted for 42.1% (prior year:

Translation from the German language

40.4%). Despite the restructuring measures implemented at the beginning of fiscal year 2019/2020, the prior-year ratio could not be decreased or maintained. The personnel measures only yielded significant cost savings late in the fiscal year, which were not able to completely compensate for the decrease in revenue and sales. The restructuring measure was performed by integrating a transfer entity that was founded in June 2019 with a term of 12 months. Therefore, the measure will unfold its complete cost-saving potential only from June 2020. Average annualized expenses per employee stood at EUR 43.6k (prior year: EUR 41.1k). The average headcount fell by 286 to 1,522 employees (prior year: 1,808 employees).

Amortization, depreciation and impairment for the reporting period amounted to EUR 5.5m (prior year: EUR 4.6m), or 3.5% (prior year: 2.5%) of total operating performance.

At EUR 19.6m (prior year: EUR 22.9m), other operating expenses amounted to 12.5% (prior year: 12.4%) of total operating performance. The largest individual items were maintenance at EUR 7.4m (prior year: EUR 8.3m) and expenses for rents and leases of EUR 3.8m (prior year: EUR 4.0m).

EBIT came to EUR -6.8m (prior year: EUR -9.0m).

The financial result primarily reflects the interest expense from loans taken out within the Motherson Group as well as the interest income from loans partially granted to the entities of the SMIA Group. The expenses exceeded income by EUR 0.6m (prior year: EUR 0.5m). The financial result thus stood at -0.4% (prior year: -0.2%) of total operating performance.

Income taxes amounted to tax income of EUR -0.1m (prior year: EUR 0.1m tax expense).

Financial position

As of 31 March 2020, there were no liabilities to banks and SMIA's business account was kept in the plus. However, there were financial liabilities to group entities, which increased by EUR 7.8m to EUR 28.3m year on year. SMIA's financial receivables from affiliates amounted to EUR 6.4m as of 31 March 2020, thus decreasing by EUR 6.7m compared to the prior year. Receivables amounting to EUR 7.5m (prior year: EUR 16.6m) were sold as of the reporting date on the basis of factoring agreements.

Operating cash flow at the end of the fiscal year amounted to EUR -4.8m (prior year: EUR 3.0m). Cash outflow for investments amounted to EUR 4.7m. Cash flow from financing activities amounted to EUR 12.0m. EUR 7.9m of this amount relates to the increase in the intercompany loan that was drawn upon. Total cash and cash equivalents rose by EUR 2.5m in the reporting year.

Translation from the German language

SMIA focuses in particular on internal financing, and practices active financial management in order to remain solvent at all times. SMIA's cash flows are actively managed by means of revolving planning and permanent monitoring. SMIA's management regularly pays special attention to the reduction of commitment of capital of current assets.

Assets and liabilities

Total assets amounted to EUR 90.3m (prior year: EUR 96.8m), a decrease of EUR 6.5m on the prior year.

As of the reporting date, fixed assets stood at EUR 21.0m and were thus slightly below the prior-year figure of EUR 21.8m. EUR 4.3m thereof were attributable to prepayments made in connection with the SAP 4 HANA implementation project.

Current assets recorded a decrease of EUR 5.7m to EUR 68.6m compared to the prior year. Inventories decreased by EUR 5.1m due to a decrease in inventories of tools in engineering. Receivables and other assets decreased year-on-year by EUR 3.2m to EUR 25.9m as of the reporting date. By contrast, the development was not uniform for trade receivables (up EUR 3.3m) and receivables from affiliates (down EUR 6.7m). The development in receivables from affiliates is affected by the payment of loans granted to SMIA Mexico and SM REAL.

Other provisions amounted to EUR 10.2m as of the end of the fiscal year and were therefore EUR 5.0m below the prior-year figure. Particularly the provision in connection with restructuring decreased significantly due to the implementation of the measure. The remaining provision from the measure for severance payments only came to EUR 0.1m as of the reporting date (prior year: EUR 2.7m). Total personnel provisions amounted to EUR 4.7m (prior year: EUR 8.5m). Furthermore, there were provisions of EUR 1.9m for outstanding invoices (prior year: EUR 2.0m). EUR 0.7m was set aside for future risks in the tooling/engineering segment (prior year: EUR 0.8m) and EUR 1.7m for the sales function (prior year: EUR 1.6m).

Cash and cash equivalents increased by EUR 2.5m compared to the prior year to EUR 9.7m (please also refer to the comments regarding the Company's financial position).

Due to the negative operating result (EBIT), the KPI ROCE (return on capital employed) is also negative for the second consecutive year.

Overall statement regarding the progress of business

SMIA's fiscal year 2019/2020 was significantly characterized by restructuring measures at the beginning of the year. On the other hand, external factors dominated during the further course of the year, such as the emerging market slowdown with lower sales volumes which ended in a slump in demand and revenue in March 2020 due to the impact of the coronavirus crisis, combined with the discontinuation of production by both automotive manufacturers and their suppliers. Against this background, in the fiscal year revenue in the area of series production in particular and as a result also earnings were significantly below the prior year forecast for revenue and EBIT and thus significantly below management's expectations. The primary focus at the end of the fiscal year was on the health, safety and well-being of employees and on maintaining the Company's liquidity.

Forecast, opportunities and risks

d. Forecast

Forecast regarding the economy and automotive market

In its report dated January 2020, the World Bank forecast global economic growth for the current year of 2.5% – slightly higher than in 2019. The growth rate in industrialized countries is thus again losing steam (up 1.4%). However, the World Bank is projecting an upward trend in developing and emerging countries (up 4.1%). Amongst industrialized countries, the World Bank expects that the US economy in particular will lose momentum (GDP growth forecast 2020: up 1.8%) with the eurozone remaining on its low growth trajectory (up 1.0%). For Japan, it is expected that the pace of growth will continue to slow (up 0.7%) on account of the VAT increase in the previous year.

According to the World Bank forecasts from January 2020, China has displayed slightly lower levels of momentum in the current year amongst emerging markets than was the case in 2019 (up 5.9%). The World Bank expects that the Indian economy will once again pick up the pace in 2020/2021 (up 5.8%) and the Latin American countries will experience stronger growth than in 2019. For Russia, the World Bank expects GDP growth of 1.6% in 2020.

For the global passenger car market, the German association of the Automotive Industry (VDA) expects a further decline of 1% in 2020. As was the case in 2019, there will also be a lack of growth drivers on the major automotive markets in the current year.

For the Chinese passenger car market, the VDA forecasts a slight decline (down 2%). The market for light vehicles in the US will also not reach the level seen in 2019 (down 3%). According to the VDA, in Europe the new CO2

Translation from the German language

regulations will trigger a negative effect, consequently the VDA expects a 2% decline on the European passenger car market.

Economic impact of the coronavirus pandemic

The spread of the novel coronavirus (COVID-19), which can now be seen on all continents, led to a crisis that will significantly dampen the economic outlook for 2020. In the April edition of its World Economic Outlook Report, the International Monetary Fund (IMF) forecast a decline in global economic output in 2020 of 3.0%. For industrialized countries, the IMF forecasts a decline of 6.1%. For developing and emerging markets, the IMF forecasts a decline of 1.0%.

The increasing number of coronavirus infections in China from January 2020 made it necessary for cities and regions to shut down and additional governmental measures to be taken to quell the epidemic. This also had an impact on the automotive sector, where automotive manufacturers' factories were closed. A gradual return to normality started from April with the easing of the restrictions.

The spread on the European and American continents also made it necessary for governments to introduce social distancing and quarantine measures in order to slow the infection rate. All production locations in Germany have restarted their production after the lockdown. The month of May was primarily characterized by start-up and test phases, however, we are expecting a further normalization of the situation from June onwards, although production will not yet reach the level prior to the crisis.

It should be noted that the spread of the coronavirus will have negative effects on the global automotive sector in 2020, both in terms of demand and production. However, it is currently not possible to issue a more reliable assessment of the extent of this impact. It is currently not possible to predict for how long and to what extent the measures to subdue the virus will have to be taken and to what extent automotive demand will ultimately be impacted by economic slumps. The German Association of the Automotive Industry (VDA) has not issued an adjusted forecast in this regard.

Company-specific forecast

Samvardhana Moterson Innovative Autosystems (SMIA) expects revenue of around EUR 129m for fiscal year 2020/2021. This constitutes another decrease of more than 20% compared to 2019/2020. Our forecast particularly takes into account the market contraction due to the coronavirus crisis and the slow normalization in revenue development starting in the second quarter of 2020.

Translation from the German language

The decrease in capacity utilization requires considerable cost discipline and comprehensive use of the reduced working hours instrument. In the first few months of the new fiscal year, this instrument will be used extensively due to the sustained closure of plants on the customer's side. The number of temporary employees will be kept to a minimum. With the expected normalization of the situation in the course of the year, employees will gradually return from reduced working hours on a needs basis. Based on the current information, SMIA is authorized to use the instrument of reduced working hours beyond fiscal year 2020/2021 until 30 June 2021.

The rollout of the SAP 4 HANA system will count amongst the significant objectives and procedural improvement measures in the Company in 2020/2021. As part of the project, operational processes will be optimized, redundancies will be removed and standards will be created, thereby increasing the Company's efficiency considerably.

In addition to cost-cutting measures, sales work remains a major focus of the Company. Sales success has a stabilizing effect in the medium term, however, it scarcely impacts the revenue situation over the short term. Against this background, it is expected that costs for fiscal year 2020/2021 will exceed the revenue that can be generated and the EBIT margin will be negative. The turnaround will follow in fiscal year 2021/2022. Given the negative EBIT of EUR 11.3m forecast for fiscal year 2020/2021, the KPI ROCE is also expected to be negative. The planned capital expenditure which will lead to an increase in capital employed (CE), mainly relates to the new business already acquired and which will start in the next two years. In order to turn around revenue development and move towards renewed growth in capacity utilization, the intercompany synergy potential on the sales side is increasingly coming under focus. Closer cooperation with other entities of the Motherson Group with a market presence in Europe is being reviewed in this regard

Intragroup cash and cash equivalents will be obtained as a result of the negative EBIT forecast for fiscal year 2020/2021 and the planned capital expenditure, thereby increasing the indebtedness for a limited duration.

SMIA is currently in a difficult market environment in which it can prevail in the medium term with the measures implemented to overcome the coronavirus crisis and increase its competitiveness. The integration in the Motherson Group in particular presents new opportunities to make the Company futureproof in fiscal year 2020/2021.

Risk report

In the course of its business, SMIA is exposed to a large number of risks that are an inevitable consequence of entrepreneurial activities. We use effective

Translation from the German language

management and monitoring systems to spot risks at an early stage, evaluate them and consistently eliminate them.

However, business activity does not only imply potential risk, but also potential opportunities that need to be seized in order to prevail against competition from other companies.

According to our risk strategy, taking calculable risks is an integral part of business. Risks that jeopardize the Company's ability to continue as a going concern, on the other hand, need to be avoided.

Risk management

SMIA assesses risks on the basis of its existing risk management system, which comprises the conventional elements of planning, management and monitoring. Corresponding regulations, responsibilities and processes have been defined and integrated into daily business. These include regular analysis of budget deviations in various different units such as finance, project management, procurement etc. as well as regular, firmly established communication within the management team regarding management indicators in order to arrive at a joint assessment of operating and/or strategic risks.

We define risks as potential future developments or events resulting in a negative deviation from our forecast. All managers are responsible for identifying potential deviations such as these at an early stage and preventing or minimizing any negative effects on the Company's assets, liabilities financial position and financial performance.

Strategic risks

The foundation for a lasting and successful strategic direction is customer satisfaction with on-time delivery, the quality of the products supplied, the underlying processes and the initiatives for product innovations. Here, SMIA is in a good position. This is also the result of close collaboration with customers in the pre-development phase, targeted development of new product ideas and dialog in sector-specific networks.

Due to the rising international presence with own production plants outside Germany, our customers are also increasingly demanding that we set up production capacity in the corresponding markets. The customers prefer 'local sourcing' and thus maximization of added value close to the location. There is a risk that the preference for suppliers who are not able to offer local value added will decrease. In this regard, SMIA is reviewing the possibility of creating production capacity over the medium-term at appropriate, existing locations of Motherson Group companies.

Translation from the German language

It is also very difficult for new suppliers to enter the market in the automotive supply sector due to the extensive requirements of automotive suppliers, which means that major strategic changes in the market quickly become apparent.

We consider the risk likelihood of strategic risks as low to moderate. Any effects of such risks on the projected business trend can also be considered as mild to moderate.

Market risks

The automotive industry accounts for 95% of SMIA's business and generates more than $\frac{3}{4}$ of its revenue in Germany. Overall, SMIA is heavily dependent on the economic development of the German automotive industry. As a tier 1 supplier, at the top of the list in the supply chain, the dependency is only limited to a few automotive manufacturers. This is a fundamental risk for SMIA's business.

Irrespective of the fact that the new vehicles market is a very cyclical market, the past has proved that premium brands generally hold their ground much better than the medium or lower market segments. Daimler, BMW, Audi and Porsche belong to the premium manufacturers that have their domestic market in Germany and the majority of their production plants. The impact of cyclical market developments can be reduced by focusing on these customers with which SMIA generates the majority of its revenue.

The manufacturers in the premium segment also tend to be more loyal to location than others. Obviously, there are thoughts of preferring other European locations over Germany due to a decline in demand at Ford and Opel. After the takeover of Opel by the PSA Group, there are possibilities regarding the allocation of work to locations and consolidation of the supplier pool related to Opel's products that could be a market risk for SMIA. SMIA endeavors to develop the relationship with the PSA Group with the support of SMG and to still be considered as a preferred supplier for Ford in the interest of a balanced customer base and revenue structure. Nevertheless, SMIA's business conduct will remain focused on the less cyclical premium segment in the future.

The development partnerships between the OEMs and SMIA are of fundamental importance for maintaining the business relationships with the premium manufacturers. Innovation as well as expertise in product and process development, which have always been part of SMIA and therefore also its business model, are essential for maintaining these relationships.

Even if the focus on the premium sector does not offer any general protection against global crises affecting multiple sectors (as we experienced in 2008/2009 and are experiencing now with the coronavirus crisis), it has still proven to be a robust and forward-looking strategy.

Translation from the German language

The coronavirus crisis is currently determining the market environment and is leading to restrictions, measures and changes in behavior due to the crisis management measures put in place by governments and companies worldwide, which in turn is significantly influencing market demand, particularly for cars. This has resulted in a temporary discontinuation of production. The duration of the recovery period for production, rebounding demand for cars and a stable start-up of supply chains are the current uncertainty factors that make it difficult to carry out planned, routine operations and also involves existential risks for companies. Therefore, ensuring their continued existence and securing liquidity are top priorities for companies. The collapse of the automotive market triggered by the coronavirus poses a high risk for fiscal year 2020/2021, combined with the difficulty to reliably forecast the time when the market conditions will normalize again.

Our goal is still to expand the non-automotive business, both organically and, if required, inorganically. This is to be achieved with consideration for the group's "3CX15" target, which states that no more than 15% of revenue should be generated with a single customer or product in any one region.

In the current market environment, the aforementioned risks to the projected business are therefore to be classified as moderate to high in terms of both their likelihood of occurrence and their impact on SMIA.

Procurement risks

SMIA's procurement portfolio mainly rests on four central elements: Plastic products, paints, aluminum and metal tape, and energy.

The prices for plastic granulates and paints depend to a large extent on the price of crude oil and the capacities available at the granulate manufacturers. Changes in the price of crude oil are therefore reflected in SMIA's procurement prices, with a delay. Resulting price increases can only be passed on to customers to a limited extent. The procurement function is therefore required to constantly monitor changes in the relevant share markets and indexes such as the London Metal Exchange (LME), the C3 Index, PP/ICIS, etc., and to discuss any trends and developments both with core suppliers and management.

By global pooling of the purchasing authority, cooperative work with the GSP and other firms of the polymer division, the purchasing situation has improved further and the negotiating position of SMIA with respect to global suppliers was strengthened. Examples of this include SMIA's inclusion in centrally negotiated framework agreements, or the adoption of centrally negotiated prices. The central commodities of plastic granulates and paints/dyes play in particular, which are pooled via the GSP, play a key role in this.

Translation from the German language

The latent uncertainty due to the prolonged BREXIT negotiations between the UK and the EU required continuous risk management to prevent potential difficulties in supplies.

The global supply situation escalated in the last quarter of the fiscal year due to the COVID-19 pandemic. However, the supply for production was ensured without any restrictions thanks to the independence from China and the rest of Asia. The subsequent spread of the virus to Europe also did not lead to any noticeable risks to the supply chain.

Due to the pandemic, major fluctuations with regard to commodity prices are highly probable, but it is very difficult to forecast when and where they will bottom out.

The overall likelihood of procurement risks materializing and the potential impact on the targets for revenue and profit is considered to be moderate.

Location risks

SMIA produces its products exclusively at its facility in Michelau, Upper Franconia.

The close links with customers, existing logistical links and relatively capital-intensive production equipment, for which the procurement lead times are generally very long, would lead to considerable risks if the plant in Michelau were to drop out due to force majeure. This risk is exacerbated by the just-in-time and just-in-sequence delivery arrangements, which limit response times in the event of disruptions to a few hours at most. In order to minimize this risk, “alarm chains” have been installed that notify specialists for the rectification of technical problems as well as the customers affected in the event of disruptions. This results in very short response times when necessary.

The plant in Michelau is not situated in an area that is subject to an above-average risk of natural disasters. Regular, detailed checks of the security arrangements and the safety of production at the facility are standard.

Adequate property and loss of profit insurance has been taken out to cover the aforementioned risks that are specific to the location.

We consider the likelihood of the location risks described eventuating to be low. We consider the potential impacts of these risks on the Company’s ability to achieve our projected targets for revenue and profit to be substantial.

Personnel risks

With reference to personnel risks, the coronavirus crisis will be the primary risk factor for the Company and the entire automotive industry in the next few months.

In addition to health risks, social topics such as changes in behavior and values can have implications on future cooperation and the entire corporate culture.

In the next fiscal year, the top priority will be to make employees more aware when dealing with the coronavirus crisis and to establish and extend the protective measures introduced, if necessary. As part of the restart, a special focus should be on staffing of older employees and other employees with higher risk profiles.

In general, the Company must use the experience taken from the coronavirus crisis as 'lessons learned' for a possible second wave or for any other crisis.

Should the crisis have long-term effects on the global economy and above all on the automotive industry, which can currently be expected, there is also the additional risk of more job cuts in order to adjust the cost structures to falling capacity utilization and revenue.

No critical competitive situation on the labor market is expected due to the current general economic circumstances. Therefore, the locational disadvantage of Michelau or Oberfranken as one of the regions with weak infrastructure in Bavaria or Germany does not play any significant role. We expect that this factor will not be of any particular significance for corporate success in the coming years. The regional as well as national recruiting of highly qualified personnel and trained labor will remain challenging, however, the situation is expected to ease significantly.

As mentioned above, wage and salary increases in the past were, and will remain moderate in the coming two years. Thus, the Company continues to benefit from the regional personnel cost advantage.

Another aspect that poses a future challenge for SMIA is to remain attractive as training provider for young people. Falling birth rates lead to higher competition on the trainee market; the reduction in personnel in 2019/2020 and potential future restructuring measures may lead to SMIA and the entire automotive industry becoming less attractive with lower levels of future opportunities for students.

Efforts are still being made to act as a training provider in the region and to strengthen the cooperation with universities and higher education institutes. This is also supported by a new Employer Branding Concept of the Motherson Group. The development opportunities at SMIA can thus be showcased through internal and external events and trade fairs. Currently, SMIA offers 11 job

Translation from the German language

profiles in the dual-track training; mechanical engineering and industrial engineering are offered as part of dual-track education programs.

In addition, there are diverse long-term opportunities for the assignment and employment of existing and future employees within the Motherson Group, for instance, as part of internships abroad, secondments or even relocations in the Group. This should make SMIA more attractive as an employer.

Furthermore, SMIA will continue to value advanced training and qualification of its workforce in the future to fulfill the professional requirements (e.g., training as part of SAP introduction). An appropriate budget has been planned for this in the next fiscal year.

We currently assess the probability of occurrence of the abovementioned personnel risks with possible implications on achieving our projected revenue and earnings targets as moderate.

IT risks

As an automotive supplier, SMIA's IT systems are an important element of its value chain because almost every step in the production process is managed, supported or even secured using corresponding IT applications.

We supply our customers using highly complex logistical processes such as just-in-time and just-in-sequence, which require a highly integrated and highly available system landscape as well as a tightly scheduled supply chain. Disruptions to this environment (such as system outages, data loss, security loopholes etc.) have a direct impact on the manufacturing of our products and deliveries to SMIA's customers.

Corresponding value is attached to IT in general as well as IT security in particular. In order to do justice to this, SMIA's systems are mirrored in two separate data processing centers and protected against fire, flooding and other external factors using common safety mechanisms. The hardware in the data processing centers is regularly adapted to the growing requirements and data volumes, so bottlenecks or even the loss of data can be ruled out. There were no data processing center outages in the past fiscal year that affected operations.

SMIA is also implementing a project, which commenced in fiscal year 2017/2018, aimed at transforming and homogenizing the IT landscape. The goal of the project is to reduce the large number of different systems and accompanying interfaces. The INFOR ERP system, which has been the leading system to date, is being replaced by a modern SAP solution, which will go live in fiscal year 2020/2021. This project is another element of modernizing and securing the future of the location.

Translation from the German language

As part of the Samvardhana Motherson Group, SMIA's IT unit is also supported by a provider within the group so that system-specific synergies are implemented in a targeted manner and the integration of IT systems is carried out gradually in accordance with the group's standards.

We consider the likelihood of the IT risks described above materializing and the risks relating to the SAP rollout in particular, to be moderate. The potential impacts of these risks on the Company's ability to achieve our projected targets for revenue and profit could be severe.

Financial risks

SMIA is exposed to a range of financial risks. These currently comprise default risks in connection with trade receivables, risks in relation to supplier services, liquidity risks and the financing of future engineering projects.

Counterparty credit risks are all but eliminated by means of the preventive assessment of the creditworthiness of non-OEM customers as well as the ongoing monitoring of compliance with agreed terms of payment for all customers. The sale of part of the trade receivables without recourse also significantly reduces the counterparty credit default risk.

Monitoring and creditworthiness assessments are also carried out regularly with respect to suppliers as part of the Company's supplier development activities. Replacement suppliers are established if critical trends are identified.

SMIA's liquidity is monitored by means of a continuous assessment and rolling, constantly updated cash flow projections, which anticipate incoming payments and necessary cash outflows. In light of the coronavirus crisis, liquidity management assumes a significant role. Missing payments received due to a drop in revenue in tandem with supplier liabilities are bridged by claiming the extension for amounts due and taxes offered by various authorities (social insurance, tax authorities, etc.).

Currency-related risks with respect to both customers and suppliers are largely avoided by concluding contracts in euros. The agreement of fixed interest rates for the entire duration of the most important lease agreement as well as for any intercompany loans that are required reduces the risks of interest rate fluctuations.

We consider the likelihood of the financial risks described above eventuating to be medium. We consider the potential impacts of these risks on the Company's ability to achieve our projected targets for revenue and profit to be moderate.

Translation from the German language

Liability risks

SMIA's products are classed as non-critical for vehicle safety, which means that the risk associated with vehicle recalls and field damage is limited.

The remaining risks relating to product and producer liability claims are covered by liability insurance, or, if they are not insured, they are covered by adequate provisions.

Procedures and processes are audited regularly, and their stability and reliability are reflected among other things by certification in accordance with IATF 16949. The liability risks associated with damage to the environment are also considered to be low. Regular checks of technical equipment and strict environmental and energy management facilitated certification in accordance with ISO 14001 and DIN EN ISO 50001.

SMIA is also insured for damage to the environment as part of its group membership.

We consider the likelihood of the liability risks described above eventuating to be low. We consider the potential impacts of these risks on the Company's ability to achieve our projected targets for revenue and profit to be low to moderate.

e. Opportunity report

As a member of the Samvardhana Moterson Group, SMIA has numerous opportunities to build on its existing business while exploiting potential savings at the same time.

It can, for example, use the group to benefit from connections with British, Asian and American car manufacturers in order to expand its own client portfolio in a targeted manner.

SMIA also has access to a global network of production facilities that can be used as a launchpad for its own global expansion. SMIA is thus addressing possible options in Eastern Europe and China.

Vertical integration within the Group offers further potential. Previously implemented by a French group company of Moterson, the role of an intercompany Tier 2 supplier can be expanded further. Additional revenue can thus be generated with value added remaining within the Group and this no longer needs to be outsourced to third parties.

Translation from the German language

Development partnerships within the Group are also a possibility, allowing trending and future topics to be developed jointly for customers and offered as an overall package.

There are various synergies on the costs side that do not only result in SMIA being in a better negotiating position for the procurement of various materials, raw materials and capital goods, but is also able to offer the possibility of shifting the value added to other group companies, which in turn can lead to more cost saving potential.

SMIA can also benefit from the internal IT service provider MIND, which offers cost-related benefits for IT services while also supporting the ongoing development and homogenization of the existing IT landscape.

Further potential cost reductions lie in the consistent implementation of optimization measures in the fields of production and logistics. Despite the improvements achieved, the current measure programs still offer numerous opportunities.

f. Overall risk and opportunity profile

Following a thorough assessment, the risks described above are generally manageable for SMIA. Regular observation and analyses of the trends in the market, business and competition have not and do not identify any risks to the Company's ability to continue as a going concern, even on aggregate. The coronavirus crisis poses the biggest risk.

Translation from the German language

Nevertheless, the measures implemented are appropriate and sufficient to secure the continued existence of the Company.

Risks that are not currently classed as significant are being monitored by management in order to identify, and at best to anticipate, any negative consequences (which can never be ruled out) and take suitable measures at the appropriate time.

Opportunities are primarily perceived in SMIA's vertical integration within the Samvardhana Motherson Group, the resulting synergies, the owner's excellent relationships with customers and the existing global production platform.

We consider the opportunities and risks described above to be balanced with respect to the ability of achieving our projected targets for revenue and net profit.

Bruchköbel, 4 June 2020

Management

.....
Samvardhana Motherson Innovative
Autosystems Holding Company B.V.
represented by Andreas Heuser

.....
Samvardhana Motherson Innovative
Autosystems Holding Company B.V.
represented by Carola Jäger