



**Samvardhana Motherson  
Peguform Automotive Technology  
Portugal, S.A.**

Financial Statements  
March 31<sup>st</sup>, 2020

*Handwritten signature in blue ink*

## Index of financial statements

<b>Balance sheet</b> .....	<b>3</b>
<b>Income statement</b> .....	<b>4</b>
<b>Statement of changes in equity</b> .....	<b>5</b>
<b>Cash flow statement</b> .....	<b>6</b>
<b>Notes to the financial statements</b> .....	<b>7</b>
<b>1 INTRODUCTION</b> .....	<b>7</b>
<b>2 ACCOUNTING STANDARDS FOR THE PREPARATION OF FINANCIAL STATEMENTS</b> .....	<b>7</b>
<b>3 MAIN ACCOUNTING POLICIES</b> .....	<b>8</b>
<b>4 CASH AND CASH EQUIVALENTS</b> .....	<b>14</b>
<b>5 ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS</b> .....	<b>15</b>
<b>6 TANGIBLE FIXED ASSETS</b> .....	<b>16</b>
<b>7 INTANGIBLE ASSETS</b> .....	<b>18</b>
<b>8 OTHER FINANCIAL INVESTMENTS</b> .....	<b>19</b>
<b>9 INVENTORIES</b> .....	<b>19</b>
<b>10 CUSTOMERS</b> .....	<b>20</b>
<b>11 STATE AND OTHER PUBLIC ENTITIES</b> .....	<b>20</b>
<b>12 OTHER RECEIVABLES</b> .....	<b>21</b>
<b>13 DEFERRALS</b> .....	<b>21</b>
<b>14 SHARE CAPITAL</b> .....	<b>22</b>
<b>15 LEGAL RESERVES AND OTHER RESERVES</b> .....	<b>22</b>
<b>16 PROVISIONS</b> .....	<b>23</b>
<b>17 FINANCING</b> .....	<b>23</b>
<b>18 SUPPLIERS</b> .....	<b>24</b>
<b>19 OTHER ACCOUNTS PAYABLE</b> .....	<b>24</b>
<b>20 NET SALES AND SERVICES</b> .....	<b>24</b>
<b>21 COST OF GOODS SOLD AND MATERIALS CONSUMED</b> .....	<b>25</b>
<b>22 EXTERNAL SUPPLIES AND SERVICES</b> .....	<b>25</b>
<b>23 PERSONNEL COSTS</b> .....	<b>26</b>
<b>24 OTHER INCOME</b> .....	<b>26</b>
<b>25 OTHER EXPENSES</b> .....	<b>27</b>
<b>26 FINANCIAL EXPENSES AND INCOME</b> .....	<b>27</b>
<b>27 TAXES ON INCOME</b> .....	<b>28</b>
<b>28 DIVIDENDS</b> .....	<b>29</b>
<b>29 COMMITMENTS</b> .....	<b>29</b>
<b>30 CONTINGENCIES</b> .....	<b>30</b>
<b>31 INFORMATION REQUIRED BY LAW</b> .....	<b>30</b>
<b>32 RELATED PARTS</b> .....	<b>30</b>
<b>33 SUBSEQUENT EVENTS</b> .....	<b>33</b>

## Balance sheet

	Notes	march, 31	
		2020	2019
<b>Assets</b>			
<b>Non-current assets</b>			
Tangible fixed assets	6	11 144 899	12 519 325
Intangible assets	7	263	3 408
Other financial investments	8	47 338	25 196
		<b>11 192 501</b>	<b>12 547 929</b>
<b>Current assets</b>			
Inventories	9	2 246 121	1 584 046
Customers	10, 32	4 054 284	4 053 283
State and other public entities	11	-	-
Other receivables	12, 32	11 376 155	13 019 848
Deferred assets	13	3 173 484	377 859
Cash and cash equivalents	4	507 675	995 490
		<b>21 357 719</b>	<b>20 030 526</b>
<b>Total assets</b>		<b>32 550 219</b>	<b>32 578 455</b>
<b>Shareholders equity</b>			
Share capital	14	100 000	100 000
Legal reserves	15	40 000	40 000
Other reserves	15	-	613 589
Retained earnings	28	-	1 161 469
		<b>140 000</b>	<b>1 915 058</b>
Net Profit for the year	-	8 935 743	5 216 010
<b>Total shareholders' equity</b>		<b>9 075 743</b>	<b>7 131 068</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions	16	0	23 423
		<b>0</b>	<b>23 423</b>
<b>Current liabilities</b>			
Suppliers	18, 32	11 468 319	8 866 118
State and other public bodies	11	2 284 930	6 035 636
Financing received	17	-	-
Other accounts payable	19	7 448 687	7 800 401
Deferred liabilities	13	2 272 540	2 721 809
		<b>23 474 476</b>	<b>25 423 964</b>
<b>Total liabilities</b>		<b>23 474 477</b>	<b>25 447 387</b>
<b>Total liabilities and shareholders' equity</b>		<b>32 550 219</b>	<b>32 578 455</b>

The Board of Directors

The Certified Accountant

The notes on pages 7 to 34 are an integral part of the above-mentioned financial statements.

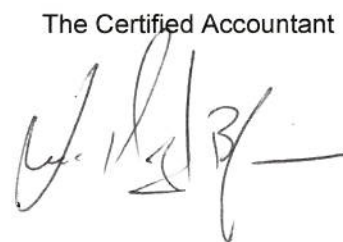
## Income statement

	Note	Period ended at march, 31	
		2020	2019
Net sales and services	20	87 522 447	82 904 028
Stock movements	21	(80 119)	232 373
Cost of goods sold and material consumed	21	(40 563 765)	(40 739 680)
External Supplies and services	22	(22 033 184)	(22 180 820)
Personnel costs	23	(11 457 837)	(9 165 464)
Impairment of inventories ( (losses) / reversals )	9	-	-
Impairment of receivables ( (losses) / reversals )	10	-	-
Provisions (increases/reductions)	16	23 423	-
Other income and earnings	24	780 622	1 004 056
Other expenses and losses	25	(1 563 370)	(541 921)
<b>Earnings before interest, tax and depreciation</b>		<b>12 628 215</b>	<b>11 512 573</b>
Expenditures / reversals of depreciation and amortisation	6,7	(1 726 394)	(1 894 948)
<b>Earnings before interest and tax</b>		<b>10 901 821</b>	<b>9 617 624</b>
Interest and similar income received	26	188 271	135 634
Interest and similar income incurred	26	(59 291)	(156 130)
<b>Earnings before tax</b>		<b>11 030 801</b>	<b>9 597 129</b>
Taxes on income	27	(2 095 058)	(4 381 119)
<b>Earnings after tax</b>		<b>8 935 743</b>	<b>5 216 010</b>
<b>Basic earnings per share</b>		89,36	52,16

The Board of Directors



The Certified Accountant



The notes on pages 7 to 34 are an integral part of the above-mentioned financial statements.

## Statement of changes in equity

	Note	Share Capital	Legal Reserves	Other reserves	Retained earnings	Profit for the year	Total Equity
<b>Equity as at 1 april 2018</b>		100 000	40 000	613 589	1 056 483	2 604 986	4 415 058
<b>Changes in period</b>							
Proposed distribution of earnings of march 2018		-	-	-	2 604 986	(2 604 986)	(0)
		-	-	-	<b>2 604 986</b>	<b>(2 604 986)</b>	<b>(0)</b>
Profit for the year		-	-	-	-	5 216 010	5 216 010
<b>Integral profit</b>		-	-	-	-	<b>5 216 010</b>	<b>5 216 010</b>
<b>Total transactions with owners</b>							
Dividends		-	-	-	(2 500 000)	-	(2 500 000)
		-	-	-	<b>(2 500 000)</b>	-	<b>(2 500 000)</b>
<b>Equity as at 31 march 2019</b>		<b>100 000</b>	<b>40 000</b>	<b>613 589</b>	<b>1 161 469</b>	<b>5 216 010</b>	<b>7 131 068</b>
<b>Changes in period</b>							
Proposed distribution of earnings of march 2019		-	-	(613 589)	5 829 599	(5 216 010)	-
		-	-	<b>(613 589)</b>	<b>5 829 599</b>	<b>(5 216 010)</b>	-
Profit for the year		-	-	-	-	8 935 743	8 935 743
<b>Integral profit</b>		-	-	-	-	<b>8 935 743</b>	<b>8 935 743</b>
<b>Total transactions with owners</b>							
Dividends	28	-	-	-	(6 991 068)	-	(6 991 068)
		-	-	-	<b>(6 991 068)</b>	-	<b>(6 991 068)</b>
<b>Equity as at 31 march 2020</b>		<b>100 000</b>	<b>40 000</b>	-	-	<b>8 935 743</b>	<b>9 075 743</b>

The Board of Directors

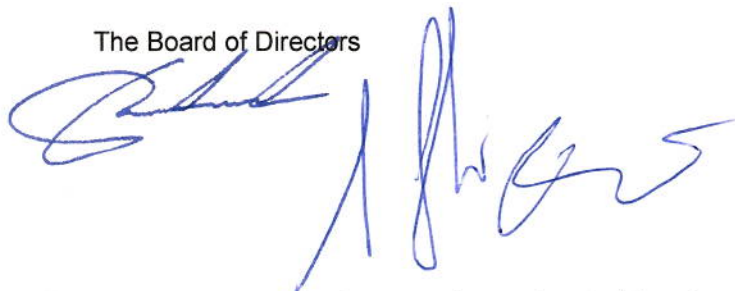
The Certified Accountant

The notes on pages 7 to 34 are an integral part of the above-mentioned financial statements.

## Cash flow statement

	Notes	Period	
		2020	2019
<b>Operating activities</b>			
Receivables from customers		101 304 822	82 692 817
Payments to suppliers		(87 910 877)	(79 897 154)
Payments to personnel		(9 534 641)	(8 831 300)
		<b>3 859 304</b>	<b>(6 035 636)</b>
<b>Cash generated from operations</b>			
Decrease/increase in corporate tax		(2 539 846)	(1 414 251)
Variation of other operating assets and liabilities		(2 892 990)	(746 568)
		<b>(1 573 532)</b>	<b>(8 196 455)</b>
<b>Operating cash flow</b>			
<b>Investing activities</b>			
Payments referring to:			
Tangible fixed assets		(551 815)	(1 584 046)
Receivables referring to:			
Loans		8 500 000	11 000 000
Interests and similar income		188 482	135 788
		<b>8 136 667</b>	<b>9 551 742</b>
<b>Investing cash flow</b>			
<b>Financing activities</b>			
Payments related to:			
Dividend paid to shareholders	28	(6 991 068)	(2 500 000)
Interests and similar expenses		(59 883)	(156 708)
Financial debt	17	-	-
		<b>(7 050 951)</b>	<b>(2 656 708)</b>
<b>Financing cash flow</b>			
<b>Cash variations and their equivalent</b>		<b>(487 815)</b>	<b>(1 301 420)</b>
<b>Cash and cash equivalent at beginning of year</b>	4	<b>995 490</b>	<b>2 296 910</b>
<b>Cash and cash equivalent at end of year</b>	4	<b>507 675</b>	<b>995 490</b>

The Board of Directors



The Certified Accountant



The notes on pages 7 to 34 are an integral part of the above-mentioned financial statements.

## Notes to the financial statements

### 1 Introduction

The Samvardhana Motherson Peguform Automotive Technology Portugal, SA (also referred to herein as SMP or Company) is a limited liability company with headquarters in the Autoeuropa Industrial Park, located at Quinta da Marquesa, in Palmela, Portugal. The Company was established on May 25, 2007, with the main activity being the manufacture of automotive components.

On November 22, 2011, 80% of the Peguform Group was acquired by the Indian group Samvardhana Motherson Group, becoming part of this worldwide. The SMP Automotive Group is operating in India, Germany, Spain, Portugal, USA, Mexico, Brazil, South Africa and China. SMP is wholly owned by SMP Ibérica, SL, headquartered in Polinya - Spain.

On December 29, 2013, the sole shareholder of both companies approved the merger by incorporation between SMP and Samvardhana Motherson Peguform Paintyes, SA (also referred to herein as SMP Paintyes), by transferring the entire assets of SMP Paintyes for SMP, with the effects of this merger being reported as of January 1, 2013.

These financial statements were approved by the Board of Directors, at the meeting of May 27, 2020, and the same are subject to approval by the shareholders. It is the opinion of the Board of Directors that these financial statements reflect, in a true and proper manner, SMP's operations, as well as its position and financial performance and cash flows.

### 2 Accounting standards for the preparation of financial statements

#### 2.1. Preparation Base

The company's financial statements were prepared in accordance with the established in the Accounting Standardization System (SNC), in accordance with Decree-Law no. 158/2009, of 13 July, with the updates resulting from Decree-Law No. 98/2015, of June 2, and in accordance with the Conceptual Framework, Accounting and Financial Reporting Standards (NCRF) and Interpretative Standards applicable to the period ended March 31, 2020.

The preparation of financial statements in accordance with SNC requires the use of estimates, assumptions and critical judgments in the process of determining the accounting policies adopted by SMP with significant impact into the book value of the assets and liabilities, as well as in the income and expenses of the reporting period.

Although these estimates are based on the best experience of the Board of Directors and its best expectations regarding current and future events and actions, current and future results may differ from these estimates. Areas that involve a greater degree of judgment or complexity, or areas in which assumptions and estimates are significant for the financial statements, are presented in Note 3.19.

#### 2.2. Derogation from the provisions of the SNC

During the period covered by these financial statements, there were no exceptional cases directly involving the waiver of any provision of the SNC.

#### 2.3. Comparability of financial statements

The items in these financial statements are, in their totality, comparable with those of the previous period.

### 3 Main accounting policies

The main accounting policies applied in the preparation of the financial statements, prepared under the assumption of continuity of operations, are as described below. These policies were consistently applied to all periods presented, unless otherwise indicated.

#### 3.1. Currency conversion

##### i) Functional and presentation currency

The financial statements of SMP and the notes thereto are presented in euros unless otherwise explicitly stated.

##### ii) Transactions and balances

Transactions in currencies other than the euro are converted into the functional currency using the exchange rates at the date of the transactions. Foreign exchange gains or losses resulting from the payment / receipt of transactions as well as the translation at the exchange rate at the balance sheet date of the monetary assets and liabilities denominated in foreign currency are recognized in the income statement under interest and similar income obtained and interest and similar expenses incurred, whether related to financing or other income or other expenses, for all other balances / transactions.

##### iii) Exchange rates used

In the periods ended March 31, 2020 and 2019 there were no transactions in currencies other than the Euro.

#### 3.2. Tangible fixed assets

Tangible assets are stated at cost less accumulated depreciation and possible impairment losses.

The cost of acquisition includes the purchase price of the asset, the expenses directly attributable to its acquisition and the costs incurred in preparing the asset to be in its condition of use.

Subsequent costs incurred in renewals and major repairs that increase the useful life or productive capacity of the assets are recognized in the cost of the asset or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated to the entity and when the cost can be measured reliably. The carrying amount of the replaced part is derecognised from the Balance Sheet.

Costs for repairs and maintenance of a current nature are recognized as an expense in the period in which they are incurred.

The costs incurred with the dismantling, dismantling or removal of assets, when translated into significant amounts, will be considered as part of the initial cost of the respective assets.

Land is not depreciated. Depreciation on the remaining assets is calculated using the straight-line method.

The estimated useful lives for the most significant tangible fixed assets are as follows:

ce

Ms  
a  
✓



	<u>Years</u>
Buildings and other structures	Between 10 and 12 years
Basic equipment	Between 4 and 5 years
Transport equipment	Between 6 and 7 years
Administrative equipment	8 years

The useful lives of the assets are reviewed on each financial reporting date so that the depreciations practiced are in accordance with the consumption patterns of the assets. Changes to useful lives are treated as a change in accounting estimates and are applied prospectively.

Whenever there is evidence of loss of value of tangible fixed assets, impairment tests are performed in order to estimate the recoverable value of the asset and, when necessary, to record an impairment loss. The recoverable amount is determined as the higher of the net selling price and the value in use of the asset, the latter being calculated based on the present value of the estimated future cash flows arising from the continued use and disposal of the asset at the end of its useful life.

Gains or losses on the disposal of assets are determined by the difference between the realizable value and the book value of the asset and are recognized in the income statement.

### 3.3. Intangible assets

Intangible assets are recognized and measured at purchase price, including intellectual property costs and taxes on non-refundable purchases, after deducting trade discounts and rebates and including any costs directly attributable to the preparation of the asset for its use required.

SMP values its intangible assets, after initial recognition, by the Cost Model, as defined by NCRF 6 - Intangible Assets, which defines that an intangible asset must be carried at cost less accumulated amortization and any accumulated impairment losses.

Intangible assets with defined useful lives are amortized on a systematic basis from the date they are available for use, over the estimated useful life, of three years. SMP does not have intangible assets with indefinite useful lives.

### 3.4. Impairment of assets

Assets with a finite useful life are tested for impairment whenever events or changes in the surrounding conditions indicate that the value in which they are recorded in the financial statements is not recoverable.

Whenever the recoverable value determined is lower than the book value of the assets, the Company evaluates whether the loss situation is permanent and definitive, and if it does so, it records its impairment loss. In cases where the loss is not considered permanent and definitive, the reasons for this conclusion shall be disclosed.

The recoverable amount is the higher of the fair value of the asset less costs to sell and its value in use. For the determination of impairment, assets are allocated at the lowest level for which there are separate identifiable cash flows (cash-generating units).

Non-financial assets, other than goodwill, for which impairment losses have been recognized are assessed at each reporting date on the possible reversal of impairment losses.

When impairment is recorded or reversed, the amortization and depreciation of the assets are recalculated prospectively according to their recoverable value.




### 3.5. Financial assets

The Board of Directors determines the classification of financial assets on the date of initial recognition in accordance with NCRF 27 - Financial Instruments.

Financial assets can be classified / measured:  
(a) At fair value with the changes in fair value to be recognized in the income statement.

SMP classifies and measures at cost or at amortized cost financial assets: i) whose term is in sight or has a defined maturity; ii) whose return is a fixed amount, fixed interest rate or variable rate corresponding to a market indexer; and (iii) that they have no contractual clause which could result in the loss of nominal value and accrued interest, such as loans granted, accounts receivable (customers, other debtors, etc.) and equity instruments, as well as any contracts derivatives that are not traded on an active market or whose fair value can not be determined reliably.

The interest income to be recognized in each period related to assets recorded at amortized cost is determined according to the effective interest rate method, which corresponds to the rate that exactly discounts the estimated future cash receipts over the expected life of the instrument financial.

Financial assets that do not comply with the conditions to be measured at cost or at amortized cost, as well as financial assets that are equity instruments quoted in active market, derivative contracts and financial assets held for trading are classified and measured at fair value. Changes in fair value are recorded in the income statement for the period, except for derivative financial instruments that qualify as a cash flow hedge, in which case they are recorded in equity.

SMP evaluates at each financial reporting date the existence of impairment indicators for financial assets that are not measured at fair value through profit or loss. If there is objective evidence of impairment, SMP recognizes an impairment loss in the Statement of Income.

Financial assets are derecognised when the rights to receive the cash flows arising from these investments expire or are transferred, as well as all the risks and benefits associated with their possession.

### 3.6. Customers and other receivables

The items of Customers and Other receivables constitute receivables for the sale of goods or services in the ordinary course of SMP's business, are initially recognized at fair value and are subsequently measured at amortized cost, net of impairment adjustments (when applicable). Where there is a formal arrangement for deferral of amounts receivable, the fair value of the consideration is determined using the effective interest rate method, which corresponds to the rate that accurately discounts future cash receipts estimated for the expected repayment term. The Board of Directors understands that there are no materially significant differences between the amortized cost and the nominal value of these assets.

Impairment losses on customers and other receivables are recorded whenever there is objective evidence that they are not recoverable under the terms of the transaction. The identified impairment losses are recorded in the income statement, in Impairment of receivables, and are subsequently reversed by results if the impairment indicators are no longer present.

### 3.7. Cash and cash equivalents

Cash and cash equivalents includes cash, bank deposits, other short-term investments, high liquidity with initial maturities of up to 3 months and overdrafts. Bank overdrafts are presented in the Balance Sheet, in current liabilities, under Financing obtained, and are considered in the preparation of the Statement of cash flows as cash and cash equivalents.



### 3.8. Share Capital

The shares are classified in equity. The costs directly attributable to the issuance of new shares are presented in shareholders' equity as a deduction, net of taxes, to the amount issued.

### 3.9. Suppliers and other payables

The items of Suppliers and Other payables are obligations to pay for the acquisition of goods or services being initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, which does not differ materially from the nominal value.

### 3.10. Financial liabilities

The Board of Directors determines the classification of financial liabilities, on the date of initial recognition in accordance with NCRF 27 - Financial instruments.

Financial liabilities can be classified / measured:  
(b) At fair value with the changes in fair value to be recognized in the income statement.

SMP classifies and measures at cost or at amortized cost financial liabilities: i) whose term is in sight or has a defined maturity; (ii) the repayment of which is a fixed amount, a fixed interest rate or a variable rate corresponding to a market indexer; and (iii) which do not contain any contractual clause which could lead to a change in the liability for reimbursement of nominal value and accrued interest payable, such as financing obtained, debts payable (suppliers, other creditors, etc.) and equity and any associated derivative contracts that are not traded on an active market or whose fair value can not be determined reliably.

The interest expense to be recognized in each period is determined according to the effective interest rate method, which corresponds to the rate that exactly discounts the estimated future cash payments during the expected life of the financial instrument.

The remaining financial liabilities are classified and measured at fair value. Changes in fair value are recorded in the income statement for the period, except for derivative financial instruments that qualify as a cash flow hedge, in which case they are recorded in equity.

Financial liabilities (or part of a financial liability) are derecognised when they are extinguished, that is, when the obligation set forth in the agreement is settled, canceled or expires.

### 3.11. Income tax

The income tax for the period comprises current and deferred taxes. Income taxes are recorded in the income statement, except when related to items that are recognized directly in shareholders' equity. The current tax amount payable is determined based on income before taxes, adjusted in accordance with current tax rules.

Deferred taxes are recognized based on the balance sheet liability, considering the temporary differences resulting from the difference between the tax base of assets and liabilities and their amounts in the financial statements.

Deferred taxes are calculated based on the tax rate in force or already officially reported at the date of the Balance Sheet, which is estimated to be applicable on the date of realization of deferred tax assets or on the date of payment of deferred tax liabilities.



Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences for which there are reasonable expectations of future taxable profits sufficient to utilize such deferred tax assets or taxable temporary differences which are reversed in the same period of reversal of the deductible temporary differences. At each reporting date, a review of the deferred tax assets is carried out, adjusted according to expectations of future use.

### 3.12. Provisions, contingent liabilities and contingent assets

Provisions are recognized when SMP has: i) a present legal or constructive obligation resulting from past events; (ii) for which it is more likely than not that domestic remedies will be required to pay that obligation; and (iii) the amount can reasonably be estimated. Whenever one of the criteria is not fulfilled or the existence of the obligation is conditional on the occurrence (or non-occurrence) of a future event, SMP discloses this as a contingent liability, unless the assessment of the even considered remote.

Provisions are measured at the present value of the estimated expenditures to settle the obligation using a pre-tax rate, which reflects the market valuation for the discount period and the risk of the provision in question.

Contingent liabilities are not recognized in the financial statements and are disclosed whenever the possibility of an outflow of resources encompassing economic benefits is not remote.

Contingent assets are not recognized in the financial statements and are disclosed when a future economic inflow of resources is probable.

### 3.13. Leases

Leases of tangible fixed assets, for which SMP holds substantially all the risks and rewards of ownership of the asset, are classified as financial leases. Agreements in which the analysis of one or more particular situations of the contract point to such nature are also classified as financial leases. All other leases are classified as operating leases.

Financial leases are capitalized at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the commencement date of the lease. Debt resulting from a finance lease contract is recorded net of financial charges, under the heading Financing obtained. The financial charges included in the income and the depreciation of the leased assets are recognized in the income statement for the period to which they relate.

Tangible assets acquired through finance leases are depreciated at the lower of the useful life of the asset and the lease period when the SMP has no option to purchase at the end of the lease or the estimated useful life when SMP intention to acquire the assets at the end of the contract.

In leases considered to be operating, the rent payable is recognized as a cost in the income statement on a straight-line basis over the period of the lease.

### 3.14. Expenses and income

Expenses and income are recorded in the period to which they relate, regardless of their payment or receipt, in accordance with the accounting principle of period specialization. The differences between the amounts received and paid and the corresponding income and expenses are recognized as assets or liabilities, if they qualify as such.

✓ <sup>62</sup> *[Handwritten signature]*

### 3.15. Revenue

The revenue corresponds to the fair value of the amount received or receivable related to the sale of goods and / or services in the normal course of SMP's activity. Revenues are presented net of any estimated actual amounts or both relating to sales refunds, trade discounts, quantity discounts, and pre or cash discounts. These amounts are estimated based on historical information, specific contractual terms or future expectations regarding the evolution of revenues, which are deducted at the time the revenue is recognized, by accounting for appropriate liabilities. Where there is a formal arrangement for deferral of amounts receivable, the fair value of the consideration is determined using the effective interest rate method, which corresponds to the rate that accurately discounts future cash receipts estimated for the expected repayment term.

Revenue from product sales is recognized when: i) the value of revenue can be estimated reliably; ii) economic benefits are likely to flow to SMP; and (iii) a significant portion of the risks and benefits have been transferred to the purchaser.

The revenue from the provision of services is recognized according to the percentage of completion or based on the period of the contract when the provision of services is not associated with the execution of specific activities but to the continuous provision of the service.

### 3.16. Distribution of dividends

The distribution of dividends to SMP's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by its general meeting.

### 3.17. Compensation balances and transactions

Assets, liabilities, income and expenses are not offset, unless required or permitted by the NCRF.

### 3.18. Environmental Matters

Provisions for Environmental Matters are recognized whenever SMP has a legal or constructive obligation as a result of past events for which it is probable that an outflow of resources will be required to settle it and a reliable estimate can be made of the amount of that allowance. obligation.

### 3.19. Main estimates and judgments presented

The estimates and judgments that have an impact on SMP's financial statements are continuously evaluated, representing at the date of each report the best estimate of the Board of Directors, taking into account historical performance, accumulated experience and expectations about future events that, in the circumstances in which reason.

The intrinsic nature of the estimates may mean that the actual reflection of the situations that have been estimated may, for financial reporting purposes, differ from the estimated amounts. Estimates and judgments that present a significant risk of causing a material adjustment in the book value of assets and liabilities during the following period are as follows:

#### Relevant accounting estimates

##### 3.19.1. Contingent Liabilities and Provisions

SMP periodically analyses any obligations arising from past events that must be recognized or disclosed.

The subjectivity inherent in determining the likelihood and amount of internal resources required for the payment of the obligations may lead to significant adjustments, either by varying the assumptions used or by the future recognition of provisions previously disclosed as contingent liabilities.

### 3.19.2. Useful Lives of Tangible and Intangible Assets

The determination of the useful lives of the assets and the depreciation / amortization method to be applied is essential to determine the amount of depreciation / amortization to be recognized in the income statement for each period.

These two parameters are defined according to the best judgment of the Board of Directors for the assets and businesses in question, considering, whenever possible, the practices adopted by companies of the sector at the international level.

### 3.19.3. Impairment

The determination of a possible impairment loss can be triggered by the occurrence of several events, many of which outside the sphere of influence of SMP, such as: i) the future availability of financing; and (ii) the cost of capital or any other changes, whether internal or external, to SMP.

The identification of impairment indicators, the estimation of future cash flows and the determination of the fair value of assets imply a high degree of judgment on the part of the Board of Directors regarding the identification and evaluation of the different indicators of impairment, cash flows expected discount rates, useful lives and residual values.

### 3.20. Events after the balance sheet date

Events after the date of the financial statements that provide additional information on conditions that existed at the date of the financial statements are reflected in the Company's financial statements. Events after the date of the financial statements that provide information on conditions occurring after the date of the financial statements are disclosed in the notes to the financial statements, if considered material.

## 4 Cash and cash equivalents

### 4.1. Cash and its equivalents that are not available for use

The SMP has no balance of cash or cash equivalent with restricted use for the periods indicated.

### 4.2. Disaggregation of amounts entered in the cash account and in bank deposits

On March 31, 2020 and on March 31, 2019, the detail of cash and bank deposits is as follows:

	<u>2020</u>	<u>2019</u>
Cash	182	77
Demand deposits	<u>507 493</u>	<u>995 412</u>
	<b><u>507 675</u></b>	<b><u>995 490</u></b>

The detail of the amount considered as final balance in the cash and cash equivalents for the preparation of the statement of cash flows, for the periods ending March 31, 2019 and March 31, 2020 is as follows:



	<u>2020</u>	<u>2019</u>
<b>Cash on demand</b>		
- Cash	182	77
	<u>182</u>	<u>77</u>
<b>Deposits</b>		
- Demand deposits	507 493	995 412
	<u>507 493</u>	<u>995 412</u>

## 5 Accounting policies, changes in accounting estimates and errors

### 5.1. Changes in norms

As mentioned in Note 2.1, changes and interpretations to existing standards were not published in the present period, with a significant impact on the Company's financial statements.

### 5.2. Changes in accounting policies

In the period, there were no changes in accounting policies considered in the preparation of these financial statements.

### 5.3. Changes in accounting estimates

In the period, there were no changes in accounting estimates made in the preparation of these financial statements.

### 5.4. Errors from previous periods

There was no correction of identified errors in the period in relation to previous periods.



## 6 Tangible fixed assets

During the period ended March 31, 2019, the movements recorded under Tangible fixed assets were as follows:

	Buildings and other structures	Basic equipment	Transport equipment	Administrative equipment	Tangible fixed assets in progress	Total
<b>April 1, 2018</b>						
Opening Balance	1 060 826	10 675 973	2 287 328	38 714	5 213 387	19 276 229
Accumulated Depreciations	(528 560)	(4 310 505)	(1 077 041)	(36 741)	-	(5 952 849)
<b>Net value</b>	<b>532 266</b>	<b>6 365 468</b>	<b>1 210 287</b>	<b>1 973</b>	<b>5 213 387</b>	<b>13 323 380</b>
Additions	126 100	738 927	162 769	15 826	-	1 043 622
Disposals	-	-	-	-	-	-
Transfers	-	3 997 002	-	-	(3 997 002)	-
Depreciation for the period	(119 655)	(1 492 032)	(270 347)	(6 887)	-	(1 888 921)
Depreciation - disposals	-	-	41 243	-	-	41 243
<b>Net value</b>	<b>538 711</b>	<b>9 609 365</b>	<b>1 143 952</b>	<b>10 912</b>	<b>1 216 385</b>	<b>12 519 325</b>
<b>March 31, 2019</b>						
Opening Balance	1 186 926	15 411 902	2 450 097	54 540	1 216 385	20 319 851
Accumulated Depreciations	(648 215)	(5 802 537)	(1 306 145)	(43 628)	-	(7 800 526)
<b>Net value</b>	<b>538 711</b>	<b>9 609 365</b>	<b>1 143 952</b>	<b>10 912</b>	<b>1 216 385</b>	<b>12 519 325</b>





During the period ended March 31, 2020, the movements recorded under Tangible fixed assets were as follows:

	Buildings and other structures	Basic equipment	Transport equipment	Administrative equipment	Tangible fixed assets in progress	Total
<b>April 1, 2019</b>						
Opening Balance	1 186 926	15 411 902	2 450 097	54 540	1 216 385	20 319 851
Accumulated Depreciations	(648 215)	(5 802 537)	(1 306 145)	(43 628)	-	(7 800 526)
<b>Net value</b>	<b>538 711</b>	<b>9 609 365</b>	<b>1 143 952</b>	<b>10 912</b>	<b>1 216 385</b>	<b>12 519 325</b>
Additions	-	-	-	-	348 825	348 825
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Depreciation for the period	(124 553)	(1 374 053)	(219 658)	(4 986)	-	(1 723 249)
Depreciation - disposals	-	-	-	-	-	-
<b>Net value</b>	<b>414 158</b>	<b>8 235 312</b>	<b>924 294</b>	<b>5 926</b>	<b>1 565 210</b>	<b>11 144 900</b>
<b>March 31, 2020</b>						
Opening Balance	1 186 926	15 411 902	2 450 097	54 540	1 565 210	20 668 675
Accumulated Depreciations	(772 768)	(7 176 589)	(1 525 802)	(48 616)	-	(9 523 776)
<b>Net value</b>	<b>414 158</b>	<b>8 235 313</b>	<b>924 294</b>	<b>5 924</b>	<b>1 565 210</b>	<b>11 144 899</b>

✓  
CS  
MB  
N

Depreciation of tangible fixed assets is recognized under the heading expenses/reversals of depreciation and amortization of the income statement in its entirety.

## 7 Intangible assets

The value of intangible assets refers to the "software" purchased for the support of the SMP activities. The evolution recorded for the periods presented is as follows:

	<u>Software</u>
<b>April 1, 2018</b>	
Opening Balance	160 161
Accumulated Depreciations	<u>(160 161)</u>
<b>Net value</b>	<u>-</u>
Additions	9 436
Disposals	-
Transfers	-
Depreciation for the period	(6 028)
Depreciation - disposals	<u>-</u>
<b>Net value at March 31, 2019</b>	<u><b>3 408</b></u>
Opening Balance	169 597
Accumulated Depreciations	<u>(166 189)</u>
<b>Net value at March 31, 2019</b>	<u><b>3 408</b></u>
<b>April 1, 2019</b>	
Opening Balance	169 597
Accumulated Depreciations	<u>(166 189)</u>
<b>Net value</b>	<u><b>3 408</b></u>
Additions	-
Disposals	-
Transfers	-
Depreciation for the period	(3 145)
Depreciation - disposals	<u>-</u>
<b>Net value at March 31, 2020</b>	<u><b>263</b></u>
Opening Balance	169 597
Accumulated Depreciations	<u>(169 334)</u>
<b>Net value at March 31, 2020</b>	<u><b>263</b></u>



## 8 Other financial investments

The Company presents the following financial investments as of March 31, 2020 and 2019:

	2020			2019		
	Current	Non-Current	Total	Current	Non-Current	Total
Workers' compensation fund		47 338	47 338	-	25 196	25 196
	-	<b>47 338</b>	<b>47 338</b>	-	<b>25 196</b>	<b>25 196</b>

The amounts presented in this caption, as non-current, refer to the application of Law No. 70/2013, which regulates the legal regime of the workers' compensation fund.

## 9 Inventories

In the periods ended on March 31, 2020 and 2019, decomposition of item inventories, net impairments are as follows:

	2020	2019
Goods	1 138 047	474 591
Raw Materials and consumables	466 424	387 686
Finished and intermediate products	641 649	721 769
	<b>2 246 121</b>	<b>1 584 046</b>
Losses by impairment	-	-
	<b>2 246 121</b>	<b>1 584 046</b>

### Impairment of inventories

In the periods ended on March 31, 2020 and 2019, decomposition of item inventories, net impairments are as follows:

	2020	2019
At April, 1	-	(337 662)
Increases		
Decreases by use	-	-
Decreases		337 662
At March, 31	-	-



## 10 Customers

In the periods ended March 31, 2020 and 2019, the detail of the category of Customers is as follow:

	2020			2019		
	Current	Non-current	Total	Current	Non-current	Total
Customers - general	4 180 199	-	4 180 199	4 131 931	-	4 131 931
Customers - Related parts (Note 32)	-	-	-	-	-	-
Doubtful debts	-	-	-	47 267	-	47 267
	<b>4 180 199</b>	<b>-</b>	<b>4 180 199</b>	<b>4 179 198</b>	<b>-</b>	<b>4 179 198</b>
Losses by impairments	(125 915)	-	(125 915)	(125 915)	-	(125 915)
	<b>4 054 284</b>	<b>-</b>	<b>4 054 284</b>	<b>4 053 283</b>	<b>-</b>	<b>4 053 283</b>

Customers - others record the accounts receivable from customers arising from the sale of goods and finished products.

For the periods presented there are no differences between the accounting values and their fair value.

### Impairment of account receivables

The movement of impairment of accounts receivable in the periods presented was as follows:

	2020	2019
At April, 1	(125 915)	(125 915)
Increases	-	-
Decreases by use	-	-
Decreases	-	-
At March, 31	<b>(125 915)</b>	<b>(125 915)</b>

## 11 State and other public entities

In the periods ended March 31, 2020 and 2019, the balances referring to State is as follows:

	2020		2019	
	Debt	Credit	Debt	Credit
Corporation tax	-	84 519	-	2 532 561
Withholding income tax	-	122 009	-	118 238
Value added tax	-	1 876 247	-	3 205 538
Social Security Contributions	-	201 824	-	178 968
Other taxes	-	331	-	331
	<b>-</b>	<b>2 284 930</b>	<b>-</b>	<b>6 035 636</b>

For the periods presented, the balance of Income Tax - IRC has the following decomposition:

~ 2



	<u>2020</u>	<u>2019</u>
Payments in advance	2 892 990	746 568
Withholding income tax		-
Insufficiency/(excess) of IRC estimate		(39 698)
Corporation tax estimate	<u>(2 977 509)</u>	<u>(3 239 431)</u>
	<u>(84 519)</u>	<u>(2 532 561)</u>

## 12 Other receivables

In the periods ended March 31, 2020 and 2019, the detail of Other credits to be received is as follows:

	<u>2020</u>			<u>2019</u>		
	<u>Current</u>	<u>Non-current</u>	<u>Total</u>	<u>Current</u>	<u>Non-current</u>	<u>Total</u>
<b>Other receivables</b>						
Outros accounts receivables - group (Note 32)	8 500 000	-	8 500 000	11 004 445	-	11 004 445
Parts delivered pending billing	178 189	-	178 189	530 537	-	530 537
Racks pending billing		-	-		-	-
Personnel	3 105	-	3 105	15 807	-	15 807
Other	2 223	-	2 223	936	-	936
	<u>8 683 517</u>	<u>-</u>	<u>8 683 517</u>	<u>11 551 726</u>	<u>-</u>	<u>11 551 726</u>
<b>Impairment</b>	-	-	-	-	-	-
	<u>8 683 517</u>	<u>-</u>	<u>8 683 517</u>	<u>11 551 726</u>	<u>-</u>	<u>11 551 726</u>
<b>Accruals of income</b>						
SMP DE - Eng. Serviço - vw 276 Polo SUV Amort	1 802 903	-	1 802 903	1 052 499	-	1 052 499
Tax receivable AT prior years	889 735	-	889 735		-	-
VW Weekend Shifts		-	-	415 624	-	415 624
	<u>11 376 155</u>	<u>0</u>	<u>11 376 155</u>	<u>13 019 848</u>	<u>0</u>	<u>13 019 848</u>

As of March 31, 2020, the item Other receivables amounts to a 11.376.155 euros (2019: 13.019.848 euros), of which 8.500.000 euros (2018: 11.000.000 euros) are related to the amounts receivable of the shareholder SMP Ibérica, 178.189 euros (2018: 530.537 euros) relate to the amounts of parts already delivered to VW Autoeuropa and VW Kassel but which are still pending auto billing and 1.802.903 euros correspond to debtors for accrued income related to SMP DE - VW276 Polo SUV Amortization, value for Tooling that will be received in part price in project TRoc Bumpers for settlement of Customer Molds.

The amount of 889.735 euros related to the claim of previously paid and claimed amounts related to the non-acceptance for tax purposes of the "Price Adjustment SPPM", with impact on the tax payable, of 2008 to 2012, is registered in debtors due to accrued income. Having had a favorable decision, in January 2019, of the CAD (Administrative Arbitration Center), for the years 2009 and 2010, these amounts were received in May 2020.

For the periods presented there are no differences between the accounting values and their fair value.

## 13 Deferrals

On March 31, 2020 and 2019, SMP recorded in the Deferrals item the following balances:

c2

<b>Assets</b>	<b>2020</b>	<b>2019</b>
Fire expenditures	125 748	106 725
T-ROC Spoiler Guarantees	2 812 501	
Rents	35 768	35 768
Other services	199 467	235 366
	<b>3 173 484</b>	<b>377 859</b>

<b>Liabilities</b>	<b>2020</b>	<b>2019</b>
Other deferred income	2 272 540	2 721 809
	<b>2 272 540</b>	<b>2 721 809</b>

The item "T\_ROC Spoiler Guarantees" includes the amount relating to the debit / credit notes of the customer VW AG (Germany) that have been accounted for and whose expenses will be supported by SMP. A claim was made to Insurance Company AXA XL Insurance Company SE, process 0004366772, and in view of the experience in similar cases, we believe that it is virtually certain that the amounts claimed will be received before the beginning of August, after reviewing the process that is in progress. Thus, and in relation to this process, the amount of actual expenses of these claims for the Company is 1.061.312 Euros (see note 25), corresponding to the amount not reimbursable by the insurance company.

Deferred income essentially includes the LAW and Price Increase values.

## 14 Share Capital

As of March 31, 2020, SMP's capital stock, in the amount of 100,000 euros, is fully realized and consists of 100,000 shares of par value of 1 euro.

The detail of the capital stock as of March 31, 2020 is as follows:

	<b>% participation</b>	<b>Equity</b>
SMP Automotive Technology Ibérica, SL.	100,00%	100 000
	<b>100,00%</b>	<b>100 000</b>

During 2013, as part of the merger by incorporation of SMP Paintyes, the share capital of the company was increased from 50,000 euros to the current 100,000 euros, continuing to be detained in its SMP Automotive Technology Ibérica, SL.

## 15 Legal reserves and other reserves

At the General Assembly meeting of June 30, 2011, and as a result of losing half the capital, the sole shareholder waived the receipt of part of the loans granted to the Company, in the amount of 613,589 euros, as well as approved the constitution of a reserve in the same amount to increase the capital of the Company, and this reserve has not seen changes in the periods ended March 31, 2020 and 2019. It is distributable.



On July 5, 2017, it was decided to apply the results for the year ended March 31, 2017, which resulted in the distribution of dividends of € 1,000,000, and the transfer of € 846,313.13 to retained earnings.

On 22 October 2018, it was decided to apply the income for the year ended 31 March 2018, which resulted in the distribution of dividends of € 2.500.000, and the transfer of € 104.986,35 to retained earnings.

In 2019, it was decided to apply the results for the year ended on March 31, 2019, which resulted in the distribution of dividends of 6.991.068 euros.

The legal reserves, which amount to 40,000 euros, are already fully (corresponding to 20% of the share capital). These reserves may only be used in the loss coverage or increase in share capital.

## 16 Provisions

For the periods ended March 31, 2020 and 2019, the provision heading presented the following movement:

	<u>Legal proceedings in progress</u>
<b>April 1, 2018</b>	12 000
Increase	
Unused amounts reversed	
Decrease by use	11 423
<b>March 31, 2018</b>	<u>23 423</u>
Current ending balance	-
Non-current ending balance	23 423
	<u>23 423</u>

	<u>Legal proceedings in progress</u>
<b>April 1, 2019</b>	23 423
Increase	
Decrease	(23 423)
Decrease by use	
<b>March 31, 2020</b>	<u>0</u>
Current balance	-
Non-current balance	0
	<u>0</u>

## 17 Financing

In the periods ended March 31, 2020 and 2019, there are no financing.

C2  


## 18 Suppliers

In the periods ended March 31, 2020 and 2019, the detail of the item "Suppliers" are as follows:

	<u>2020</u>	<u>2019</u>
Suppliers - general	9 631 092	6 706 560
Suppliers - Related parts (Nota 32)	1 657 253	1 437 367
Suppliers - invoices pending approval	179 974	722 192
	<u><b>11 468 319</b></u>	<u><b>8 866 118</b></u>

The balance payable to suppliers - other refers essentially to services rendered and inventories purchased. Includes the amount referring to debit / credit notes issued by the customer VW AG (Germany), referring to T-ROC Spoiler Guarantees, 4.073.813,42 euros.

## 19 Other Accounts payable

As of March 31, 2020 and 2019, the detail of Other accounts payable is as follows:

	<u>2020</u>			<u>2019</u>		
	<u>Current</u>	<u>Non-current</u>	<u>Total</u>	<u>Current</u>	<u>Non-current</u>	<u>Total</u>
<b>Investment Suppliers</b>						
Suppliers - others	1 067 318	-	1 067 318	1 162 463	-	1 162 463
	<u><b>1 067 318</b></u>	<u>-</u>	<u><b>1 067 318</b></u>	<u><b>1 162 463</b></u>	<u>-</u>	<u><b>1 162 463</b></u>
<b>Personnel</b>	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Creditors by accrued expenses</b>						
Commercial provision		-	-		-	-
Vacation and vacation allowance	1 947 082	-	1 947 082	1 598 807	-	1 598 807
Others	4 434 286	-	4 434 286	5 039 131	-	5 039 131
	<u><b>6 381 369</b></u>	<u>-</u>	<u><b>6 381 369</b></u>	<u><b>6 637 938</b></u>	<u>-</u>	<u><b>6 637 938</b></u>
	<u><b>7 448 687</b></u>	<u>-</u>	<u><b>7 448 687</b></u>	<u><b>7 800 401</b></u>	<u>-</u>	<u><b>7 800 401</b></u>

The item Investment Suppliers corresponds to the amount related to the investments made in 2013 in the painting line.

The heading Vacation and vacation allowance corresponds to the estimated value to be paid in 2020, referring to rights acquired in 2019.

Others includes mainly current specializations (electricity, gas) and other specializations associated with painting and injection lines.

## 20 Net sales and services

The amount of net sales and services recognized in the income statement is detailed as follows:

c2  




	2020	2019
<b>Sales</b>		
Internal Market	83 979 946	80 045 233
External Market	3 542 500	2 858 795
Cash Discounts		
	<b>87 522 447</b>	<b>82 904 028</b>

At the level of the injection and assembly business area, SMP's sales are essentially for VW Autoeuropa, although there were also sales for VW Kassel, Seat and other with smaller ones expression.

The cash discounts are those negotiated with VW AE in the context of joining the program "Skonto", which allows invoices to be paid four times a month, guaranteeing liquidity to the treasury.

At the level of the painting business area, SMP sales are essentially made for 4 national customers.

The increase recorded in sales comes mainly from VW276 T-ROC R-Model, SOP July 2019.

## 21 Cost of goods sold and materials consumed

The detail of the cost of goods sold and materials consumed is shown as follows:

	2020			2019		
	Goods	Raw materials and consumables	Total	Goods	Raw materials and consumables	Total
Opening balance	474 591	387 686	862 277	707 603	654 499	1 362 102
Acquisitions	31 128 832	10 177 127	41 305 959	30 877 490	9 746 711	40 624 201
Inventory adjustments			-	(65 161)	(319 185)	(384 346)
Ending balance	(1 138 047)	(466 424)	(1 604 471)	(474 591)	(387 686)	(862 277)
	<b>30 465 376</b>	<b>10 098 389</b>	<b>40 563 765</b>	<b>31 045 341</b>	<b>9 694 339</b>	<b>40 739 680</b>

The variation of inventories in production shows the following decomposition:

	2020	2019
Opening balance	721 769	489 395
Ending balance	641 649	721 769
	<b>(80 119)</b>	<b>232 373</b>

## 22 External supplies and services

The detail of costs with supplies and external services is as follows:

C2




	<b>2020</b>	<b>2019</b>
Subcontracts	13 049 347	12 014 402
Temporary work	1 334 822	2 517 835
Transport of goods	1 736 283	1 592 922
Electricity and gas	2 061 772	2 047 612
Rents	1 515 321	1 507 073
Specialised work	866 042	1 002 824
Maintenance and repairs	781 648	715 600
Cleanliness, hygiene and comfort	267 221	286 316
Specialised - others	137 333	238 017
Insurance	89 983	93 169
Travel and lodging	133 406	109 355
Fuels	41 079	33 353
Communication	16 814	20 034
Others (individually under 5.000 euros)	2 112	2 307
	<b>22 033 184</b>	<b>22 180 820</b>

The heaviest items are those of subcontracts (due to the painting and injection operations that are subcontracted), Temporary Work, Transport of goods, Rents and Energy.

The increase in subcontracts comes essentially from VW276 T-ROC R-Model, SOP July 2019.

## 23 Personnel costs

Personnel expenses incurred in the 2020 and 2019 periods were as follows:

	<b>2020</b>	<b>2019</b>
Remuneration		
Payroll	8 964 754	7 261 621
	<b>8 964 754</b>	<b>7 261 621</b>
Charges on remunerations	1 946 718	1 510 498
Insurance	208 604	187 352
Employment termination benefits	108 358	32 255
Others	229 404	173 737
	<b>2 493 084</b>	<b>1 903 842</b>
	<b>11 457 837</b>	<b>9 165 464</b>

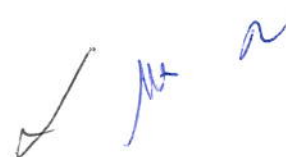
The average number of employees of SMP in 2020 was 408 (2019: 397).

Increased personnel spending comes from overtime on production Saturdays.

## 24 Other income

The caption Other income is made up as follows:

c2



	<u>2020</u>	<u>2019</u>
Additional income	777 410	1 001 831
Discounts for prompt payment granted		
Others	3 211	2 225
	<u>780 622</u>	<u>1 004 056</u>

The amount of additional income corresponds essentially to the debts issued to suppliers due to non-recurring problems due to delivery failures, non-material quality delivered and other similar situations. Remarkable is SMP's efforts in this field, leading to unsupport the inefficiencies of its suppliers, which has enabled it to improve its results and increase its credibility with customers, having reduced the sending of parts with defects of quality.

## 25 Other expenses

Other expenses are as follows:

	<u>2020</u>	<u>2019</u>
Operational expenses - insurance deductible	1 483 718	218 709
Operational expenses due to quality problems		
Other financing expenses	68 582	62 845
Ley	1 536	3 036
Penalties	8 736	23 953
Taxes		
Others	798	233 378
	<u>1 563 370</u>	<u>541 921</u>

The amount of operational expenses due to quality problems refers mostly to invoices received from VW Autoeuropa relating to quality problems and delivery failures. Such as mentioned in the previous note, whenever it is verified that these situations are not of the responsibility of the Company, these amounts are subsequently debited to the responsible suppliers.

## 26 Financial expenses and income

The detail of the expenses and financial income in the periods of 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
<b>Interest and similar income received</b>		
Interest received	188 271	135 634
	<u>188 271</u>	<u>135 634</u>
<b>Interest and similar expenses incurred</b>		
Interest incurred	59 291	156 130
	<u>59 291</u>	<u>156 130</u>

cz  




Financial income includes essentially interest earned on cash surpluses to other SMP Group companies, 188.271 euros, 135.634 euros in 2019, as evidenced in Note 32).

## 27 Taxes on income

SMP is taxed on Corporate Income Tax (IRC) at the rate of 21%, plus a surcharge of 1.5% on taxable income, thus of about 22.5%. In addition, this rate may be increased by State Spill corresponding to 3% of the part of the taxable income that exceeds 1,500,000 euros and less than 7,500,000 euros, to 5% on the part of the taxable income that exceeds 7,500,000 euros and less than 35,000,000 euros and 9% on the part of taxable income exceeding 35,000,000 euros. In the clearance of the taxable amount to which the said tax rate is applied shall be added to and deducted from the accounting results amounts not accepted for tax purposes.

These differences between the accounting and taxable income may be temporary or permanent.

In accordance with current legislation, tax returns are subject to review and correction, for part of the tax authorities for a period of four years (five years for Social Security), except when there have been tax losses (for a term of six years), benefits have been obtained inspections, complaints or challenges, on which, depending on the circumstances, the time limits are extended or suspended.

Accordingly, SMP tax returns for the years 2015 a 2020, inclusive may subject to revision. The Company understands that any revisions and corrections to these tax returns, as well as other tax contingencies, will not have a significant effect on the financial statements. financial statements as of March 31, 2020.

Pursuant to article 88 of the Corporate Income Tax Code, the Company autonomous taxation on a set of charges at referred to in the aforementioned article.

Additionally, in accordance with the legislation in force in Portugal, tax losses are reportable for a period of twelve years for the 2014 to 2016 and five years for subsequent periods, being susceptible to deduction of taxable profits generated during this period. The deduction of tax losses calculated in periods of taxation taxable income recorded in periods of taxation on or after January 1, 2012, can not exercise the amount corresponding to 70% of taxable income which is determined in each tax period.

On March 31, 2020 and 2019, the income tax for the period following detail:

	<u>2020</u>	<u>2019</u>
Current tax on the activity of the period	2 984 793	4 341 421
Tax recover AT prior years	(889 735)	-
Adjustments for current tax of prior periods		39 698
	<u>2 095 058</u>	<u>4 381 119</u>

### 27.1. Deferred taxes

The Company records deferred taxes resulting from temporary differences between the amounts of assets and liabilities for accounting and tax purposes.

As of March 31, 2020, there is no use of any amount of tax losses previous years.

As of March 31, 2020, and 2019, there are no situations that generate deferred tax liabilities.


 c2  
 Ms a

## 27.2. Reconciliation of tax rate

The reconciliation of the effective tax rate in the periods ended March 31, 2020 and 2019 is evidenced as follows:

	<u>2020</u>	<u>2019</u>
Earnings before tax	11 030 801	9 597 129
Tax Rate	25,0%	21,0%
	<u>2 757 706</u>	<u>2 015 397</u>
Losses non deductible		651 473
Reported Tax Losses		
Fiscal Benefits		
Adjustments for current tax of prior periods		
Municipal Tax Rate		526 472
Autonomous taxation	219 803	46 088
	<u>2 977 509</u>	<u>3 239 431</u>
Current tax on the activity of the period	2 977 509	3 239 431
Adjustments for current tax of prior periods	(889 735)	1 101 990
Excess of tax	7 285	39 698
Current tax on the activity of the period	<u>2 095 058</u>	<u>4 381 119</u>
<b>Effective Tax Rate</b>	<u>19,0%</u>	<u>45,7%</u>

## 28 Dividends

SMP paid dividends of 6.991.068 euros in the period ended March 31, 2019 (2018: 2.500.000 euros).

## 29 Commitments

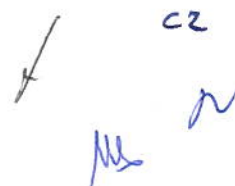
The commitments assumed by the Company at the balance sheet date for the periods ended March 31, 2020 and 2019 are essentially related to car rental.

### Commitments with operating leases and leases

On March 31, 2020 and 2019, the minimum amount of future rent payable under operating lease, non-cancelable, and leases with Autovision are as follows:

	<u>2020</u>	<u>2019</u>
Whithin one year	212 708	139 639
In the second to the fifth year	207 172	268 520
After the fifth year	-	-
	<u>419 880</u>	<u>408 159</u>

These amounts refer to contracts for the use of vehicles with Autovision, forklift trucks and Computer equipment.


  
 cz  
 n

### 30 Contingencies

On March 31, 2020 and 2019, SMP had no responsibility for bank guarantees provided.

#### Contingent liabilities

As of March 31, 2020 and 2019, SMP did not present any contingent liabilities.

#### Contingent assets

As of March 31, 2020, there is a lawsuit with the Tax Authority regarding the non-acceptance of the "Price Adjustment SPPM", with an impact on the tax payable, from 2008 to 2012. The Difference of Tax calculated, despite SMP understands that it is not due, has been paid. At this time, the SMP has already received a favourable opinion on January 31, 2019 from the Administrative Arbitration Center (CAD) for the years 2009 and 2010. In May, 2020, the amount of 889.735,14 €, was already received by SMP.

### 31 Information required by law

Pursuant to paragraph 1 of article 21 of Decree-Law no. 411/91 of 17 October, SMP confirms that it is not debtor of any contributions due to Social Security; the more you are not a debtor of any debt to the National Treasury.

### 32 Related parts

On March 31, 2020, SMP is controlled by SMP Automotive Technology Ibérica, SL. The latter shareholder of SMP is the SMP Group, headquartered in India.

#### Nature of the relationship with related parts:

##### Shareholders:

- SMP Automotive Technology Ibérica, SL.

##### Other related parts:

- SMP Brasil;
- SMP GmbH;
- SMP Terruel;
- SMRP BV;
- Motherson MATE
- SMIA.

#### 32.1. Transactions with shareholders

During the periods presented, SMP made the following transactions with its shareholder:

*Handwritten notes:*  
C2  
Ab  
N

	<u>2020</u>	<u>2019</u>
<b>Net sales</b>		
SMP Iberica	2 660	87 234
	<b>2 660</b>	<b>87 234</b>
	<u>2020</u>	<u>2019</u>
<b>Purchase of goods</b>		
SMP Iberica	874 954	166 798
	<b>874 954</b>	<b>166 798</b>
	<u>2020</u>	<u>2019</u>
<b>Purchase of services</b>		
SMP Iberica	178 340	181 375
	<b>178 340</b>	<b>181 375</b>
	<u>2020</u>	<u>2019</u>
<b>Financial income</b>		
SMP Iberica	188 271	135 634
	<b>188 271</b>	<b>135 634</b>

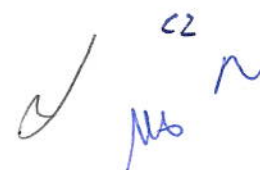
### 32.2. Debtors and creditors balances with shareholders

At the end of the 2020 and 2019 periods, the balances resulting from transactions with the are as follows:

	<u>2020</u>	<u>2019</u>
<b>Customers</b>		
SMP Iberica	-	-
	<u>2020</u>	<u>2019</u>
<b>Suppliers</b>		
SMP Iberica	2 476	87 821
	<b>2 476</b>	<b>87 821</b>
	<u>2020</u>	<u>2019</u>
<b>Other receivables</b>		
SMP Iberica	8 500 000	11 000 000
	<b>8 500 000</b>	<b>11 000 000</b>

### 32.3. Transactions with other related parts (companies belonging to SMP Group):

During the periods presented, SMP made the following transactions with the following entities:


  
 c2  
 Mb n

	<u>2020</u>	<u>2019</u>
<b>Net sales</b>		
SMP Brasil		62 376
SMP ALABAMA	135 438	
Motherson MATE	2 733	9 506
SMP GmbH	156 915	519 680
SMP TERUEL	13 230	29 887
Matec		7 174
SMP Kecskemét		9 873
	<u>308 316</u>	<u>638 495</u>

	<u>2020</u>	<u>2019</u>
<b>Purchase of goods</b>		
Motherson MATE	458 571	721 255
SMP Terruel	42 780	95 605
SMP GmbH		9 916 276
SMIA	4 000	-
	<u>505 351</u>	<u>10 733 136</u>

	<u>2020</u>	<u>2019</u>
<b>Purchase of services</b>		
SMP GmbH	5 555 086	1 524 929
MIND Infotek	62 004	67 467
MSSL GmbH	143 340	135 340
Motherson MATEC	15 528	
SM Global Fze	37 527	54 074
MATA GmbH	84 517	77 598
MothersonSumi Infotech	96 302	85 331
	<u>5 994 303</u>	<u>1 944 739</u>

#### 32.4. Debtors and creditors balances with other related parties (companies belonging to the SMP Group):

At the end of the 2020 and 2019 periods the balances resulting from transactions with other parties are as follows:

C2





	<u>2020</u>	<u>2019</u>
<b>Customers</b>		
SMP GmbH	156 915	
SMP ALABAMA	20 454	
SMP TERUEL	1 656	
SMP Kecskemét		4 445
	<u>179 025</u>	<u>4 445</u>
	<u>2020</u>	<u>2019</u>
<b>Suppliers</b>		
SMP GmbH	1 622 254	1 284 790
SMP Terruel	1 674	2 347
MSSL GmbH	(1 000)	
Motherson MATE		58 006
SMIA	4 000	
MIND Infotekk	5 167	2 941
MATA GmbH	952	
SM Global Fze		6 500
MothersonSumi Infotech	21 730	1 462
	<u>1 654 777</u>	<u>1 356 046</u>

### 32.5. Remuneration of the management team

The remuneration of key management personnel of SMP in the periods ended March 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Remunerations	1 584 770	1 493 485
	<u>1 584 770</u>	<u>1 493 485</u>

The Board of Directors of SMP is not remunerated, since it is also part of the same SMP Ibérica, sole shareholder of SMP. The table above describes the amounts paid to the management of operations in Portugal.

### 33 Subsequent events

As a result of COVID 19, the immediate impact on our company was the production stop on March 16, 2020. According to internal measures adopted by the company, about 95% of employees were confined to isolation in their homes, and for all possible functions, teleworking was adopted.

The company formalized the application for the simplified Lay-off process on April, 14, 2020.

In week 18, Volkswagen Autoeuropa initiated a plan to start production of 2 shifts in 3 working days, week 19, 2 shifts in 5 working days, week 20 to week 22, 3 shifts in 5 working days and finally the forecast of everything returning to normal in week 23, with 3 shifts in 5 working days plus 2 shifts on Saturday and Sunday.



We expect major financial impacts for the months of April and May, with a loss of revenue of around 95% and 50%, respectively. However, the company has the support of its shareholder.

The Board of Directors



The Certified Accountant

