

MOTHERSON TECHNO PRECISION GmbH Bad Dürkheim

Short-form audit report
Annual financial statements and management report
31 December 2020

Translation from the German language

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft



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Engagement Terms, Liability and Conditions of Use

General Engagement Terms

Note:

We have issued the audit opinion presented below in compliance with legal and professional requirements subject to the conditions described in the enclosed "Engagement Terms, Liability and Conditions of Use".



Translation of the German independent auditor's report concerning the audit of the annual financial statements and management report prepared in German

Independent auditor's report

To MOTHERSON TECHNO PRECISION GmbH

Opinions

We have audited the annual financial statements of MOTHERSON TECHNO PRECISION GmbH, Bad Dürkheim, which comprise the balance sheet as at 31 December 2020, and the income statement for the fiscal year from 1 January to 31 December 2020 and the notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of MOTHERSON TECHNO PRECISION GmbH for the fiscal year from 1 January to 31 December 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 business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its financial performance for the fiscal year from 1 January to 31 December 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 ["Handelsgesetzbuch": German Commercial Code], 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.



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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 business corporations, 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.



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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.



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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.
- 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.



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- 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.

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.

Stuttgart, 2 June 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Göhner
Wirtschaftsprüfer
[German Public Auditor]

Filev
Wirtschaftsprüfer
[German Public Auditor]

MOTHERSON TECHNO PRECISION GmbH, Bad Dür rheim
Balance sheet as of 31 December 2020

Assets			Equity and liabilities		
	31 Dec 2020	31 Dec 2019		31 Dec 2020	31 Dec 2019
	EUR	EUR		EUR	EUR
A. Fixed assets			A. Equity		
I. Intangible assets			I. Subscribed capital	1,000,000.00	1,000,000.00
Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	23,418.00	35,727.00	II. Capital reserves	4,103,793.68	4,103,793.68
II. Property, plant and equipment			III. Loss carryforward	-4,335,472.60	-4,155,269.88
1. Plant and machinery	459,928.00	576,763.00	IV. Net loss for the year	-470,034.43	-180,202.72
2. Other equipment, furniture and fixtures	182,314.00	202,178.00			
3. Prepayments and assets under construction	0.00	53,373.27			
	642,242.00	832,314.27	B. Provisions		
III. Financial assets			Other provisions	337,593.43	319,919.89
1. Shares in affiliates	2,870.87	2,870.87		337,593.43	319,919.89
2. Securities classified as fixed assets	100.00	100.00			
	2,970.87	2,970.87	C. Liabilities		
	668,630.87	871,012.14	1. Prepayments received on account of orders	275,000.00	0.00
B. Current assets			2. Trade payables	425,028.92	471,042.24
I. Inventories			3. Liabilities to affiliates	5,776,242.35	6,312,845.55
1. Raw materials, consumables and supplies	192,039.94	442,890.22	4. Other liabilities	51,049.80	33,236.83
2. Work in process	294,533.00	471,194.00		6,527,321.07	6,817,124.62
3. Finished goods	446,898.50	604,396.00			
4. Prepayments	297.43	0.00			
	933,768.87	1,518,480.22			
II. Receivables and other assets					
1. Trade receivables	941,174.01	1,130,446.86			
2. Receivables from affiliates	3,581,220.75	4,135,824.68			
3. Other assets	449,974.43	76,954.38			
	4,972,369.19	5,343,225.92			
III. Cash on hand and bank balances	553,537.22	129,289.14			
	6,459,675.28	6,990,995.28			
C. Prepaid expenses	34,895.00	43,358.17			
	7,163,201.15	7,905,365.59		7,163,201.15	7,905,365.59

MOTHERSON TECHNO PRECISION GmbH, Bad Dürkheim
Income statement for the fiscal year from 1 January to 31 December 2020

	1 Jan-31 Dec 2020	1 Jan-31 Dec 2019
	<u>EUR</u>	<u>EUR</u>
1. Revenue	6,156,069.98	8,165,723.11
2. Decrease (prior year: increase) in finished goods and work in process	<u>-334,158.50</u>	<u>311,457.91</u>
3. Total operating performance	5,821,911.48	8,477,181.02
4. Other operating income (thereof for currency translation: EUR 4k; prior year: EUR2 k)	36,232.40	26,900.17
5. Cost of materials		
a) Cost of raw materials, consumables and supplies	1,668,233.86	2,566,941.79
b) Cost of purchased services	<u>602,471.20</u>	<u>964,752.69</u>
	2,270,705.06	3,531,694.48
6. Personnel expenses		
a) Wages and salaries	1,711,059.93	2,356,965.66
b) Social security	<u>360,733.31</u>	<u>459,289.78</u>
	2,071,793.24	2,816,255.44
7. Amortization of intangible assets and depreciation of property, plant and equipment	280,142.56	268,392.31
8. Other operating expenses (thereof for currency translation: EUR 9k; prior year: EUR 8k)	1,688,704.80	2,060,082.50
9. Interest and similar income (thereof from affiliates: EUR 107k; prior year: EUR 176k)	106,709.68	175,556.90
10. Interest and similar expenses (thereof to affiliates: EUR 112k; prior year: EUR 171k)	114,138.87	173,504.16
11. Income taxes	-1.04	-2.06
12. Other taxes	9,404.50	9,913.98
13. Net loss for the year	<u><u>-470,034.43</u></u>	<u><u>-180,202.72</u></u>

**MOTHERSON TECHNO PRECISION GmbH,
Bad Dürkheim**

Notes to the financial statements for fiscal year 2020

A. General

The Company operates under the name "MOTHERSON TECHNO PRECISION GmbH". The Company's registered offices are located in Bad Dürkheim. The Company is entered in the Freiburg im Breisgau commercial register under HRB no. 702033.

The annual financial statements as of 31 December 2020 were prepared in accordance with the accounting provisions of the HGB ["Handelsgesetzbuch": German Commercial Code] and the supplementary provisions of the GmbHG ["Gesetz betreffend die Gesellschaften mit beschränkter Haftung": German Limited Liability Companies Act]. The income statement was classified using the nature of expense method, as in the prior year.

The Company is subject to the requirements for medium-sized corporations as defined by Sec. 267 (2) HGB and makes use of the size-related exemptions of Sec. 288 (2) HGB.

B. Recognition and measurement policies

The recognition and measurement policies remained unchanged on the prior year.

Intangible assets as well as **property, plant and equipment** were recognized at acquisition cost and written down over their estimated useful life using the straight-line method. Depreciation is recorded proportionately in the year of acquisition. The remaining useful lives range between 1 and 10 years. Production costs of internally constructed property, plant and equipment do not contain borrowing costs.

Low-value assets with an individual net value not exceeding EUR 800.00 are fully expensed in the year of acquisition, their immediate disposal being assumed. All other depreciation of additions to property, plant and equipment is charged pro rata temporis.

The shares in affiliates recorded under **financial assets** and securities classified as fixed assets were valued at acquisition cost. Where necessary, assets are written down to their lower net realizable value on the balance sheet date if impairment is expected to be permanent.

Raw materials, consumables and supplies were recorded at the lower of cost (moving average cost of the last 12 months) or net realizable value on the reporting date.

Work in process was valued at production cost on the basis of a simplified overhead calculation. The production costs comprise direct costs for materials and wages as well as appropriate pro rata overheads. Borrowing costs are not included in the calculation of production costs.

For the **valuation of inventories of work in process at net realizable value**, production costs determined by overhead calculations are compared with the net realizable value of products. As in the prior year, the net realizable value is measured retroactively by reducing the anticipated sales proceeds by 8% to account for pro rata costs to be incurred before the date of the sale. Future production costs are also deducted until the end of production.

Production costs of **finished goods** are calculated retroactively on the basis of the sales price of individual products. A standardized mark-down of 27% (prior year: 27%) was used to calculate the production cost of each product. Moreover, the valuation of finished goods does not include borrowing costs in the calculation of production costs.

Risks of slow-moving inventories were accounted for by writing down raw materials, consumables and supplies as well as finished goods, for which no stock movement has been recorded for 90 to 180 days, by 50% and by writing down raw materials, consumables and supplies as well as finished goods, for which no stock movement has been recorded for more than 6 months, in full.

Receivables and other assets are generally carried at their nominal value. Appropriate bad debt allowances provide for default risks attached to trade receivables.

Cash and cash equivalents (cash on hand, bank balances) were valued at nominal value. Amounts denominated in foreign currency came to EUR 3k as of the balance sheet date (prior year: EUR 24k). Foreign currency was valued using the exchange rate on the balance sheet date.

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

Other provisions take appropriate account of the recognizable risks and contingent liabilities. They were recognized at the settlement value deemed necessary according to prudent business judgment to cover future payment obligations. Other provisions with a residual term of more than one year are discounted using an interest rate suitable for instruments of an equivalent term.

Liabilities are recorded at their settlement amount.

Foreign currency translation

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

As of the balance sheet date, all long-term receivables and liabilities denominated in foreign currency related to loans denominated in USD that were taken out and passed on. As of the reporting date 31 December 2020, there is a loan of USD 1,050k (prior year: USD 1,487k) from the majority shareholder, which was passed on in the same amount to MOTHERSON TECHNO PRECISION MEXICO S.A de C.V., San Luis Potosí, Mexico. Therefore, the **hedge** included a receivable of USD 1,050k and a liability of USD 1,050k as of the balance sheet date. The hedge reduces the risk of exchange rate losses for the period from 31 December 2021, as both the loan liability and loan receivable were entered into with congruent terms. Changes in the value and cash flows of underlying transactions (liability in USD) as well as the contrasting valuation effects and changes in cash flows of underlying transactions offset each other, as hedged items and hedging instruments are exposed to the same risk (in this case: USD/EUR exchange rate). The hedge is thus fully effective. As of the reporting date, the risk hedged against came to EUR 37k, as the higher valuation of the loan receivable was compensated by a higher valuation of the loan liability.

These claims and liabilities were valued in accordance with the regulations for hedges pursuant to Sec. 254 HGB. Receivables and liabilities were valued at the year-end closing rate in the annual financial statements. Due to being combined in a designated hedge, the valuation of receivables and liabilities as of the balance sheet date had no effect on the income statement (net method).

Government grants

In Germany, subsidies for social security contributions attributable to government-subsidized short-time work in connection with the COVID-19 pandemic are recognized as income in personnel expenses.

C. Notes to the balance sheet

The classification of fixed assets items and their development in the fiscal year as well as the amortization, depreciation and write-downs recorded in the fiscal year are presented as an attachment to the notes in the **statement of changes in fixed assets**.

Information on shareholdings

MOTHERSON TECHNO PRECISION MEXICO S.A de C.V, San Luis Potosi, Mexico, was founded in fiscal year 2013. 99.998% of the shares are held by **MOTHERSON TECHNO PRECISION GmbH, Bad Dürkheim**, and 0.002% are held by MSSL GmbH, Bruchköbel. The carrying amount of the 99.998% share comes to EUR 3k.

	Currency	Share in capital	Equity	Net income/net loss
		%	31 Dec 2019	2019
Other countries				
MOTHERSON TECHNO PRECISION MEXICO S.A de C.V., San Luis Potosí, Mexico	MXN k	99.998	-31,286	23,928
<i>Prior year</i>	<i>MXN k</i>	99.998	-55,214	2,796

As on the prior-year reporting date, all **trade receivables** and **other assets** as of the reporting date 31 December 2020 are due within one year.

Receivables from affiliates of EUR 3,581k (prior year: EUR 4,136k) relate to loans extended to MOTHERSON TECHNO PRECISION MEXICO S.A de C.V. of EUR 3,410k (prior year: EUR 3,916k). EUR 0k of the total loan receivable has a residual term of less than one year (prior year: EUR 372k). EUR 3,410k of the total loan receivable has a residual term of more than one year (prior year: EUR 3,544k). As in the prior year, all remaining receivables stem from trade and have a residual term of less than one year, as on the prior year's balance sheet date.

The Company's **share capital** was increased by EUR 900k from EUR 100k to EUR 1,000k in fiscal year 2011 by MSSL GmbH, Bruchköbel, and has remained unchanged since.

The Company's **capital reserves** were last increased by EUR 1,479k from EUR 2,625k to EUR 4,104k in fiscal year 2011 due to payments by shareholders pursuant to Sec. 272 (2) No. 4 HGB.

Other provisions break down as follows:

	31 Dec 2020	31 Dec 2019
	EUR k	EUR k
Warranties/outstanding customer debts	47	41
Employee-related obligations	163	185
Other provisions	128	94
	<hr/>	<hr/>
Total	338	320

The amount recognized under item C. of the **liabilities** in the balance sheet breaks down into the following residual terms (**due in**):

Type of liability (31 December 2020)	Due in			
	Total	< 1 year	> 1 to 5 years	> 5 years
	EUR k	EUR k	EUR k	EUR k
Prepayments received on account of orders	275	275	0	0
Trade payables	425	425	0	0
Liabilities to affiliates	5,776	1,335	4,441	0
Other liabilities	51	51	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
	6,527	2,086	4,441	0

Type of liability (31 December 2019)	Due in			
	Total	< 1 year	> 1 to 5 years	> 5 years
	EUR k	EUR k	EUR k	EUR k
Trade payables	471	471	0	0
Liabilities to affiliates	6,313	458	5,855	0
Other liabilities	33	33	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
	6,817	962	5,855	0

Liabilities to affiliates (EUR 5,776k; prior year: EUR 6,313k) result from loan liabilities to the sole shareholder (EUR 5,720k; prior year: EUR 6,226k) and liabilities from clearing transactions (EUR 57k; prior year: EUR 86k). Liabilities to the sole shareholder amount to EUR 5,772k (prior year: EUR 6,311k).

Other liabilities mainly pertain to debtors with credit balances of EUR 30k (prior year: EUR 0k), wage tax liabilities of EUR 15k (prior year: EUR 25k) and to liabilities relating to social security of EUR 2k (prior year: EUR 3k).

D. Notes to the income statement

Other operating income includes income relating to other periods of EUR 28k (prior year: EUR 15k).

E. Other notes

Average headcount in fiscal year 2020:

	2020	2019
Salaried employees	9	14
Wage earners	28	45
Total	37	59

The Company's **general manager** in fiscal year 2020 was:

- Mr. Jens Cordes, commercial lawyer, Flieden.

Disclosure of management remuneration was suppressed in accordance with Sec. 286 (4) HGB.

Other financial obligations as of 31 December 2020 break down as follows:

Other financial obligations	Total	Residual terms		
		up to 1 year	1 to 5 years	> 5 years
	EUR k	EUR k	EUR k	EUR k
- from land lease agreements	1.917	275	1.072	570
<i>thereof to affiliates</i>	976	140	546	290
- from other lease and rental agreements	186	76	110	
<i>thereof to affiliates</i>	0	0	0	0
	2,103	351	1,182	570
Prior year	2,452	357	1,274	821

Apart from the other financial obligations presented, there are no off-balance sheet transactions of relevance for the Company's financial position.

Contingent liabilities

The Company is liable for MOTHERSON TECHNO PRECISION MEXICO S.A de C.V. due to a warranty agreement that has been concluded. This warranty agreement ensures that the tenancy agreement between MOTHERSON TECHNO PRECISION MEXICO S.A de C.V. and the lessor is adhered to with regard to the monthly rent payment. The monthly rent has previously amounted to USD 28k. The monthly rent from 1 March 2021 comes to USD 25k plus an annual increase of 1.5% starting from 1 January 2022. The rental agreement was prematurely extended and ends at the end of February 2026. Taking into account the remaining contractual term, the Company has a liability volume of around USD 1.5m. Based on the information currently available, a claim against the Company is not expected to be made as the subsidiary is financed via the Motherson Group and both the current and expected future cash flow situation indicate that the rent will be paid punctually.

Furthermore, the Company is also liable for MOTHERSON TECHNO PRECISION MEXICO S.A de C.V. due to a warranty agreement that has been concluded. The subsidiary's ability to continue as a going concern is formally secured by way of this warranty agreement. As of the reporting date, the subsidiary is overindebted by around MXN 14m (around EUR 600k). To avoid filing for insolvency in Mexico, the Company has issued a letter of comfort to the subsidiary in which the parent company undertakes to ensure its ability to continue as a going concern for a period of 12 months starting from 25 May 2021. It is not likely that contingent liabilities will be utilized as the Mexican subsidiary generates profits and positive cash flows; based on the current budgetary planning, the formal over indebtedness will be overcome in the year 2021 at the latest.

Auditor's fees

The auditor's fees billed for the fiscal year do not have to be disclosed because they are included in the disclosures in the consolidated financial statements of Motherson Sumi Systems Ltd., Noida, India.

Proposal for the appropriation of profit

The net loss for the current fiscal year is to be added to existing loss carryforwards as part of the **appropriation of profit**.

Shareholder and group relationships

As of the balance sheet date, the sole shareholder is MSSL GmbH, Bruchköbel.

The **consolidated financial statements for the largest and smallest group of companies** that include the Company, are prepared by Motherson Sumi Systems Ltd. with registered offices in Unit 705, C Wing, ONE BKC, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400051, India.

The consolidated financial statements are available on the website <https://www.motherson.com/annual-reports.html> as well as at the above address of the Company's registered offices and from the following address: Motherson Sumi Systems Ltd., Plot No.1, Sector-127, Noida-Greater Noida, Expressway Noida 201301, U.P., India.

Subsequent events

The Company signed a purchase agreement on 6 May 2021 with regard to the sale of the business operations in Bad Dürkheim. The agreement provides for a transfer of ownership rights, benefits, obligations and risks by the end of 31 May 2021.

Bad Dürkheim, 2 June 2021

MOTHERSON TECHNO PRECISION GmbH

Jens Cordes
(General manager)

MOTHERSON TECHNO PRECISION GmbH, Bad Dürkheim
Statement of changes in fixed assets for fiscal year 2020

	Acquisition and production cost				Accumulated amortization, depreciation and impairment				Net book values	
	1 Jan 2020	Additions	Disposals	31 Dec 2020	1 Jan 2020	Additions	Disposals	31 Dec 2020	31 Dec 2020	31 Dec 2019
I. Intangible assets										
Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	133,833.40	1,460.00	0.00	135,293.40	98,106.40	13,769.00	0.00	111,875.40	23,418.00	35,727.00
II. Property, plant and equipment										
1. Plant and machinery	1,264,076.40	89,860.16	8,235.13	1,345,701.43	687,313.40	206,692.16	8,232.13	885,773.43	459,928.00	576,763.00
2. Other equipment, furniture and fixtures	952,633.11	40,834.40	111,492.35	881,975.16	750,455.11	59,681.40	110,475.35	699,661.16	182,314.00	202,178.00
3. Prepayments and assets under construction	53,373.27	46,161.89	99,535.16	0.00	0.00	0.00	0.00	0.00	0.00	53,373.27
	2,270,082.78	176,856.45	219,262.64	2,227,676.59	1,437,768.51	266,373.56	118,707.48	1,585,434.59	642,242.00	832,314.27
III. Financial assets										
1. Shares in affiliates	2,870.87	0.00	0.00	2,870.87	0.00	0.00	0.00	0.00	2,870.87	2,870.87
2. Securities classified as fixed assets	100.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	100.00	100.00
	2,970.87	0.00	0.00	2,970.87	0.00	0.00	0.00	0.00	2,970.87	2,970.87
	2,406,887.05	178,316.45	219,262.64	2,365,940.86	1,535,874.91	280,142.56	118,707.48	1,697,309.99	668,630.87	871,012.14

MOTHERSON TECHNO PRECISION GmbH, Bad Dürkheim

Management report for fiscal year 2020

1. Background

MOTHERSON TECHNO PRECISION GmbH with registered offices in Bad Dürkheim produces high-quality precision machined parts using CNC single spindle and multiple-spindle machines, in particular for the automotive industry. Its customers comprise system suppliers (1st tier), whose worldwide locations are supplied by the Company. The products can be found in fuel and emission management for passenger cars, with products being manufactured for fuel supply, fuel preparation and fuel injection as well as for emission control systems. This is supplemented by products for brake technology in the commercial vehicle sector.

MOTHERSON TECHNO PRECISION GmbH is part of the Motherson Group, a family-run group of companies from India. The Motherson Group currently has over 135,000 employees worldwide and generated revenue of USD 8.9b in fiscal year 2019-20.

Monthly management reporting, which is implemented throughout the entire Group, serves as a steering instrument. Significant key performance indicators include revenue and earnings before taxes. Moreover, return of capital employed (ROCE) is considered when making group-wide investment decisions.

2. Economic report

a. General conditions

The COVID-19 pandemic dominated all economic activities across the world in the past year. Starting in China at the beginning of last year, the necessary countermeasures to contain the spread led to a significant decline in economic output in almost every region around the world over the course of the year. Based on information published by the OECD, real global GDP in 2020 decreased by 3.4% compared to the prior year, marking the worst global recession since the end of the Second World War in the last century.

Economic output in the eurozone countries declined by 6.8% year on year according to data published by the OECD. Due to rising uncertainty, the spread of COVID-19 in Italy starting in February and the lack of impetus from China, GDP declined sharply already in the first quarter of 2020 compared to the prior-year quarter. In the second quarter, GDP in the eurozone fell by almost 15% compared to the prior year due to the necessary lockdown measures in many eurozone countries, which impacted all economic sectors of the value chain from the industrial sector and the retail industry through to hotels and restaurants. Although the economies recovered in the following quarters, they were not able to reach their prior-year figures. GDP in Germany contracted by 4.8%, while economic output in France decreased by 8.1%. Countries with a strong tourism sector also suffered from reduced travel during the pandemic; thus, GDP decreased by 8.9% in Italy and by 10.8% in Spain.

The negative development of the global automotive markets affected the automotive industry in Germany. The revenue of automotive companies in Germany fell by 13% last year to some EUR 379b. Domestic revenue decreased by 11.8%, while revenue generated abroad declined by 14%. The headcount also decreased: Last December, the German automotive industry had 808,935 employees, around 26,000 less than at the end of 2019.

MOTHERSON TECHNO PRECISION GmbH's business must be viewed in light of this economic backdrop. The development of the automotive industry undoubtedly has the greatest impact on the Company's business development.

b. Position of the Company and development of its business

MOTHERSON TECHNO PRECISION GmbH generated revenue of EUR 6.2m in fiscal year 2020, EUR 400k above the budget target (EUR 5.8m). Revenue in the prior year came to EUR 8.2m, which corresponds to a decrease of around 24.6%. Earnings before taxes amounted to EUR -422k (prior year: EUR -170k). The Company missed the earnings target set in its planning (EUR -335k) by EUR 87k.

The Company still holds the following equity investment as of the reporting date:

- 99.998% in MOTHERSON TECHNO PRECISION MEXIKO S.A. de C. V., Mexico

Assets, liabilities and financial position

MOTHERSON TECHNO PRECISION GmbH's total assets decreased compared to the prior year from EUR 7,905k to EUR 7,163k. The equity ratio declined from 9.7% to 4.2% in 2020 as a result of the net loss for the year.

As of the reporting date, fixed assets amounted to EUR 669k (prior year: EUR 871k). Inventories (EUR 934k; prior year: EUR 1,518k) decreased by EUR 585k on the prior year. Receivables and other assets decreased by EUR 371k in total. Receivables from affiliates decreased by EUR 555k (EUR 3,581k; prior year: EUR 4,136k), primarily due to the repayment of loans by the subsidiary MOTHERSON TECHNO PRECISION MEXICO, S.A. de C.V. in Mexico. By contrast, other assets increased by EUR 77k to EUR 450k. Trade receivables decreased by EUR 189k (EUR 941k; prior year: EUR 1,130k). As of the reporting date, bank balances amounted to EUR 554k (prior year: EUR 129k).

In fiscal year 2020, the Company generated positive cash flow from operating activities of EUR 500k (prior year: EUR -164k) and a negative cash from investing activities of EUR 76k. The Company was in a position to settle due payments at all times.

a. Financial performance

The ratio of cost of materials to total operating performance of 39% decreased by 2.7 percentage points compared to the prior year. Total operating performance decreased by 31% on the prior year and gross margin is down EUR 1,394k on the prior year.

Personnel expenses decreased by EUR 744k due to the government subsidized short-time work and decrease in the number of employees.

Other income/expenses decreased by EUR 381k compared to the prior year.

	2020	Share of total operating performance	2019	Share of total operating performance	Effect on earnings
Total operating performance	5,822		8,477		
Cost of materials	-2,271	39.0%	3,532	41.7%	
Gross profit	3,551	61.0%	4,945	58.3%	-1,394
Personnel expenses	-2,072	35.6%	2,816	33.2%	-744
Amortization, depreciation and impairment	-280	4.8%	-268	3.2%	12
Other income/expenses	-1,652	28.4%	2,033	24.0%	-381
Result from ordinary activities	-453	-7.8%	-172	-2.0%	

b. Personnel

As of the reporting date, the Company has 37 employees (prior year: 60) (including part-time employees, casual staff and trainees).

c. Investments

Investments of around EUR 178k were made in property, plant and equipment in fiscal year 2020, primarily for the purchase of an automation system for a blasting unit.

d. Research and development

The Company does not carry out any research and development activities.

e. Branches

The Company does not have any branches.

3. Forecast, opportunities and risk report

According to the OECD forecasts published in March 2021, global GDP growth is projected to be 5.6% in the current year. The increasing vaccinations in numerous regions are enabling further easing of measures to contain the pandemic, due to which the service sector can generate growth impetus again. However, this is heavily dependent on the pace of the vaccination deployment and the quantity of available vaccines. As a result, the growth rates of individual regions may vary greatly. The OECD forecasts GDP growth of 3.9% for the eurozone and thus a much slower rebound compared to the US. GDP growth of 6.5% is forecast for the US due to the fast pace of vaccinations and additional fiscal stimulus of the new Biden government.

How will the recovery of the global economy affect demand for passenger cars? The VDA [“Verband der Automobilindustrie”: German Association of the Automotive Industry] forecasts year-on-year growth of 9% for the global passenger car market in 2021. Although this represents considerable growth, the global market remains significantly below its pre-pandemic level. With a few exceptions (e.g., China), the hotspot markets in the automotive industry will only reach their pre-crisis level at a slow pace according to the VDA’s forecasts.

The forecast for 2021 projects a further decrease in sales volume of EUR 4.32m with a loss of EUR 383k.

4. Subsequent events

The management board of MOTHERSON TECHNO PRECISION GmbH signed agreements for the disposal of business operations including plant and machinery at the Bad Dürkheim site on 6 May 2021. The agreements provide for a transfer with effect as of 31 May 2021.

Bad Dürkheim, 2 June 2021

Jens Cordes

General manager



Translation from the German language

Engagement Terms, Liability and Conditions of Use

We, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, conducted our audit of this financial reporting on behalf of the Company. Besides satisfying the legal disclosure requirement (Sec. 325 HGB [“Handelsgesetzbuch”: German Commercial Code]) for statutory audits, the audit opinion is addressed exclusively to the Company and was issued for internal purposes only. It is not intended for any other purpose or to serve as a decision-making basis for third parties. The result of voluntary audits summarized in the audit opinion is thus not intended to serve as a decision-making basis for third parties and must not be used for purposes other than those intended.

Our work is based on our engagement agreement for the audit of these financial statements including the General Engagement Terms for “Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften” [German Public Auditors and Public Audit Firms] as issued by the Institute of Public Auditors in Germany [“Institut der Wirtschaftsprüfer”: IDW] on 1 January 2017.

To clarify, we point out that we assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the audit opinion to reflect events or circumstances arising after it was issued, unless required to do so by law.

It is the sole responsibility of anyone taking note of the summarized result of our work contained in this audit opinion to decide whether and in what way this information is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]
as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [Translators Note: *The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of *Wirtschaftsprüfer*: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.