

SMR Automotive Mirror Systems Holding
Deutschland GmbH
Stuttgart

Short-form audit report
Annual financial statements
31 March 2021

Translation from the German language

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft



Translation from the German language

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General Engagement Terms

Note:

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

If an electronic version of this document is used for disclosure in the Bundesanzeiger [German Federal Gazette], only the files containing the financial reporting and, in the case of a statutory audit, the auditor's report or the report thereon are intended for this purpose.



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

Independent auditor's report

To SMR Automotive Mirror Systems Holding Deutschland GmbH

Opinion

We have audited the annual financial statements of SMR Automotive Mirror Systems Holding Deutschland GmbH, Stuttgart, which comprise the balance sheet as at 31 March 2021, and the income statement for the fiscal year from 1 April 2020 to 31 March 2021, and notes to the financial statements, including the recognition and measurement policies presented therein.

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 March 2021 and of its financial performance for the fiscal year from 1 April 2020 to 31 March 2021 in compliance with German legally required accounting principles.

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.

Basis for the opinion

We conducted our audit of the annual financial statements 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" 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 opinion on the annual financial statements.



Responsibilities of the executive directors for the annual financial statements

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 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.

Auditor's responsibilities for the audit of the annual financial statements

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 to issue an auditor's report that includes our opinion on the annual financial statements.

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.



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, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements 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 this system 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 or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.



- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles

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, 16 July 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Göhner
Wirtschaftsprüfer
[German Public Auditor]

Filev
Wirtschaftsprüfer
[German Public Auditor]

SMR Automotive Mirror Systems Holding Deutschland GmbH, Stuttgart
Balance sheet as of 31 March 2021

Assets		31 Mar 2021 EUR	31 Mar 2020 EUR	Equity and liabilities		31 Mar 2021 EUR	31 Mar 2020 EUR
A.	Fixed assets			A.	Equity		
	Financial assets						
1.	Shares in affiliates	8.062.137,41	8.062.137,41	1.	Subscribed capital	25.400,00	25.400,00
2.	Loans to affiliates	24.601.991,93	24.407.144,86	2.	Capital reserves	49.015.215,97	53.669.222,77
3.	Equity investments	3.176.900,84	3.176.900,84	3.	Loss brought forward	-18.572.224,27	-34.931.031,09
				4.	Net income for the year	3.112.614,58	16.358.806,82
		35.841.030,18	35.646.183,11			33.581.006,28	35.122.398,50
B.	Current assets			B.	Provisions		
I.	Receivables and other assets			1.	Tax provisions	2.341.480,00	3.721.716,40
1.	Receivables from affiliates	5.717.064,11	16.673.327,59	2.	Other provisions	105.731,00	388.268,64
2.	Other assets	166,00	1.855.055,85			2.447.211,00	4.109.985,04
		5.717.230,11	18.528.383,44				
II.	Cash on hand, bank balances	2.831.383,73	349.162,39	C.	Liabilities		
				1.	Trade payables	52.516,80	5.541,31
				2.	Liabilities to affiliates	7.070.470,09	15.285.654,09
				3.	Other liabilities	1.238.439,85	150,00
						8.361.426,74	15.291.345,40
		44.389.644,02	54.523.728,94			44.389.644,02	54.523.728,94

SMR Automotive Mirror Systems Holding Deutschland GmbH, Stuttgart
Income statement for the fiscal year from 1 April 2020 to 31 March 2021

	31 Mar 2021 EUR	EUR	31 Mar 2020 EUR
1. Other operating income		256.980,49	206.916,65
2. Cost of purchased services	0,00		0,00
3. Other operating expenses	-392.085,10		-545.148,14
4. Income from equity investments	368.578,97		3.876.740,50
5. Income from profit and loss transfer agreement	3.697.289,80		13.352.433,06
6. Income from loans classified as fixed financial assets	1.026.746,51		1.029.851,18
7. Other interest and similar income	567.952,32		528.888,26
8. Interest and similar expenses	-254.299,22		-160.738,18
9. Income taxes	-2.158.549,19		-1.930.136,51
		<u>2.855.634,09</u>	<u>16.151.890,17</u>
10. Earnings after taxes = net income for the year		<u>3.112.614,58</u>	<u>16.358.806,82</u>

SMR Automotive Mirror Systems Holding Deutschland GmbH, Stuttgart

**Notes to the financial statements for the fiscal year from 1 April 2020 to
31 March 2021**

A. General

The Company is entered in the Stuttgart commercial register under HRB no. 725239.

The financial statements for the fiscal year have been prepared in accordance with the accounting principles of the HGB ["Handelsgesetzbuch": German Commercial Code]. The supplementary provisions of the GmbHG ["Gesetz betreffend die Gesellschaften mit beschränkter Haftung": German Limited Liability Companies Act] were also observed.

The Company meets the size criteria for micro-entities as defined by Sec. 267a (1) HGB. The Company made use of some exemptions from individual disclosures in the notes to the financial statements provided by Sec. 274a HGB and Sec. 288 HGB.

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

B. Accounting policies

Shares in affiliates and **equity investments** are valued at the lower of cost or net realizable value.

Shares in affiliates are valued at nominal value or the lower of net realizable value.

Receivables from and liabilities to affiliates result from clearing transactions with other affiliates, which are due in less than one year. They mainly relate to cash pooling, profit/loss transfer and trade clearing transactions.

Other assets are generally stated at nominal value. Appropriate bad debt allowances are made to cover any discernible risks that they may not be collectible; non-collectible receivables are written off.

Cash and cash equivalents were valued at nominal value.

Tax provisions and other provisions appropriately account for identifiable risks and contingent liabilities. They are recorded at the amounts required according to prudent business judgment.

Liabilities to affiliates and **other liabilities** are recorded at their settlement amount.

Receivables and liabilities in **foreign currency** are recorded using the respective exchange rate on the transaction date. Exchange losses and gains, which occur up to the cut-off date by realization or valuation with the closing rate, are recognized in profit or loss if the residual term is less than one year. If the residual term is more than one year, the realization principle applies.

C. Notes to the balance sheet

The following shares in affiliates are recorded under **financial assets**:

Name	Shares in %	Currency	Investment value in EUR	Equity	Net income/net loss for the year
SMR Automotive Beteiligungen Deutschland GmbH ¹⁾ Stuttgart	100	EUR	25,000	747,463.28	0.00 ¹⁾
SMR Automotive Mirrors Stuttgart GmbH ¹⁾ Stuttgart	100	EUR	78,500	25,000.00	0.00 ¹⁾
SMR Grundbesitz GmbH & Co. KG ²⁾ Stuttgart	93.07	EUR	51,700	3,419,521.24	494,533.90
SMR Automotive Modules Korea Ltd., Cheougwen, South Korea ³⁾	89.86 ⁵⁾	KRW	1	4,026,780,000.00	-4,050,898,131.22
SMR Automotive (Langfang) Co. Ltd., Langfang, China ⁴⁾	100	RMB	7,906,936	109,856,106.56	19,959,468.40

Ningbo SMR Huaxiang ⁵⁾ Automotive Mirrors Co. Ltd, Ningbo, China	50	RMB	3,176,901	100,000,000.00	107,579,000.00
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¹⁾ Profit and loss transfer agreement; ²⁾ As of 31 March 2021; ³⁾ As of 31 March 2021; ⁴⁾ As of 31 March 2021; ⁵⁾ As of 31 March 2021. The Company holds own shares in the amount of 10.14%.

Loans totaling EUR 24,602k (prior year: EUR 24,407k) were granted to affiliates, in particular to SMR Automotive Mirrors Parts and Holdings UK Limited, Portchester, UK, which received EUR 24,602k (prior year: EUR 24,407k).

Receivables from affiliates of EUR 5,717k (prior year: EUR 16,716k) mainly comprise receivables from profit and loss transfer.

The **subscribed capital** is fully paid in and remains unchanged at EUR 25.4k.

In the current fiscal year, payments of EUR 4,654k (prior year: EUR 17,230k) were made to the parent company SMR Automotive Mirrors Parts and Holdings UK Limited, Portchester, UK, from the **capital reserves**.

Alongside current taxes, **tax provisions** also contain valuation allowances on withholding tax.

Other provisions mainly include provisions for the costs of preparing the financial statements and outstanding invoices.

As in the prior year, all **liabilities** are due within one year.

Liabilities to affiliates of EUR 7,070k (prior year: EUR 15,286k) contain liabilities from clearing transactions and liabilities from cash pooling.

D. Notes to the income statement

Other operating income

This item contains exchange rate gains of EUR 0k (prior year: EUR 28k). In addition, provisions of EUR 256k were reversed (prior year: EUR 178k).

Other operating expenses

This item contains exchange rate losses of EUR 20k (prior year: EUR 57k), expenses for tax advisory services of EUR 47k (prior year: EUR 22k), costs of preparing and auditing the financial statements of EUR 32k (prior year: EUR 37k) and service fees from Samvardhana Motherhood Corp Management Shanghai Co Ltd in the amount of EUR 225k (prior year: EUR 387k).

Income from loans classified as fixed financial assets

This item includes interest income from affiliates of EUR 1,027k (prior year: EUR 1,030k).

Other interest and similar income

This item includes interest income related to taxes of EUR 62k (prior year: EUR 0k) and interest income from affiliates of EUR 506k (prior year: EUR 529k).

Other interest and similar expenses

This item includes interest expenses related to taxes of EUR 130k (prior year: EUR 135k) and interest expenses from affiliates of EUR 125k (prior year: EUR 25k).

Income taxes

Tax expenses include expenses for income taxes for the current year of EUR 924k (prior year: EUR 1,689k) and refunds/expenses for income taxes from prior years. In addition, this also includes the release of a foreign withholding tax receivable in the amount of EUR 1,799k.

E. Contingent liabilities

The Company is jointly and severally liable for the liabilities of Samvardhana Motherson Automotive Systems Group B.V., Amsterdam, Netherlands (SMRP B.V.), in connection with the senior secured notes (EUR 100m) concluded in June 2015, senior secured notes (USD 400m) concluded in July 2016, senior secured notes (EUR 300m) concluded in June 2017, the revolving credit facility agreement (EUR 500m) concluded in June 2017 as well as its increase in August 2018 (EUR 75m) and the term loan (USD 60m) concluded in September 2018. As of the reporting date, the liabilities from the revolving credit facility agreement were valued at EUR 62m.

Furthermore, the Company is jointly and severally liable for the liabilities of USD 63m of SMP Automotive Systems México S.A. de C.V., Puebla, Mexico, liabilities of BRL 40m of SMP Automotive Produtos Automotivos do Brasil Ltda., Brazil, of CNY 40m of SMR AUTOMOTIVE (Langfang) Co. LTD., Langfang, China and THB 0.085m of SMR Automotive Systems (Thailand) Limited, Thailand.

SMR Automotive Mirror Systems Holding Deutschland GmbH, Stuttgart, has provided the following collateral in this context:

- Pledging of all existing and future bank accounts (pursuant to account pledge agreement)

We anticipate the probability of claims being brought under the contingent liabilities to be low on account of the current business development of Samvardhana Motherson Automotive Systems Group B.V., Amsterdam, Netherlands, and its subsidiaries.

F. Other notes

The **general managers** of the Company in fiscal year 2020/2021 up until the preparation of the financial statements were:

The general manager with individual powers of representation was:

- Sehgal, Laksh Vaaman, New Delhi, India, entrepreneur, CEO/Chairman

As general manager with the right to enter into transactions on behalf of the Company acting as an agent of third parties:

- Heuser, Andreas; Bad Soden-Salmünster, attorney, Head of Chairman's Office Samvardhana Motherson Group Europe/Americas, Bruchköbel, Germany, Head of Samvardhana Motherson Reflectec GmbH, Stuttgart, Germany, executive board member Samvardhana Motherson Peguform GmbH, Freiburg i.Br.

In accordance with Sec. 286 (4) HGB, remuneration of management has not been disclosed.

Shareholder and group relationships

SMR Automotive Mirrors Parts and Holding UK Limited, Portchester, UK, is the **sole shareholder**.

The **consolidated financial statements for the largest group of companies**, in which the Company is incorporated, are prepared by Motherson Sumi Systems Ltd., Noida, India. The consolidated financial statements can be obtained from the following address: 2nd Floor, F-7, Block B-1, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi – 110044, India, or on the Group's webpage:

<https://www.motherson.com/annual-reports.html>.

The **consolidated financial statements for the smallest group of companies**, in which the Company is incorporated, are prepared by Samvardhana Motherson Automotive Systems Group B.V., Amsterdam, Netherlands.

The consolidated financial statements can be obtained from the following address: Hoogoorddreef 15, 1101 BA Amsterdam, Netherlands.

Stuttgart, 15 July 2021

Laksh Vaaman Sehgal
(General manager)

Andreas Heuser
(General manager)

SMR Automotive Mirror Systems Holding Deutschland GmbH, Stuttgart
Statement of changes in fixed assets for the fiscal year from 1 April 2020 to 31 March 2021

	Acquisition and production cost			Accumulated amortization, depreciation and impairment			Book values	
	1 Apr 2020	Additions	Disposals	31 Mar 2021	1 Apr 2020	Amortization, depreciation and impairment for the current period	31 Mar 2021	31 Mar 2020
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR k
Financial assets								
1. Shares in affiliates	8.062.137,41	0,00	0,00	8.062.137,41	0,00	0,00	0,00	8.062
2. Loans to affiliates	24.407.144,86	1.026.746,51	831.899,44	24.601.991,93	0,00	0,00	0,00	24.407
3. Equity investments	3.176.900,84	0,00	0,00	3.176.900,84	0,00	0,00	0,00	3.177
	35.646.183,11	1.026.746,51	831.899,44	35.841.030,18	0,00	0,00	0,00	35.646
	35.646.183,11	1.026.746,51	831.899,44	35.841.030,18	0,00	0,00	0,00	35.646



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.