

SMP Automotive Exterior GmbH Schierling

Short-form audit report
Annual financial statements and management report
31 March 2021

Translation from the German language

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft



Translation from the German language

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Engagement Terms, Liability and Conditions of Use

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 attestation report thereon are intended for this purpose.



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 SMP Automotive Exterior GmbH

Opinions

We have audited the annual financial statements of SMP Automotive Exterior GmbH, Schierling, 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 addition, we have audited the management report of SMP Automotive Exterior GmbH for the fiscal year from 1 April 2020 to 31 March 2021. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to Sec. 289f (4) HGB ["Handelsgesetzbuch": German Commercial Code] included on the last page of the management report in section "IV. Advancement of women".

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, 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. Our opinion on the management report does not cover the content of the statement on corporate governance referred to above.
- ▶ Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.



Basis for the opinions

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

Other information

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to Sec. 289f (4) HGB on the last page of the management report in section “IV. Advancement of women”.

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- ▶ is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- ▶ otherwise appears to be materially misstated.



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.

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



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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

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

- ▶ Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ▶ Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.
- ▶ Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- ▶ Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- ▶ Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- ▶ Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a



substantial unavoidable risk that future events will differ materially from the prospective information.

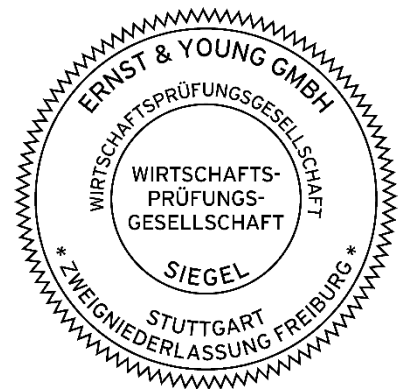
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Freiburg i. Br., 15 June 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Schmidt
Wirtschaftsprüfer
[German Public Auditor]

Schätzle
Wirtschaftsprüfer
[German Public Auditor]



Balance sheet as of 31 March 2021

Assets				31 Mar 2020	Equity and liabilities			31 Mar 2020
	EUR	EUR	EUR	EUR k		EUR	EUR	EUR k
A. Fixed assets					A. Equity			
I. Intangible assets					I. Subscribed capital	25.000,00		25
Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets					II. Capital reserves	16.700.000,00		16.700
		235.143,00		253			16.725.000,00	16.725
II. Property, plant and equipment					B. Provisions			
1. Land, land rights and buildings, including buildings on third-party land	37.263.692,85			38.820	Other provisions	31.386.650,76		32.965
2. Plant and machinery	28.267.593,00			33.453			31.386.650,76	32.965
3. Other equipment, furniture and fixtures		315.647,00		595	C. Liabilities			
4. Prepayments and assets under construction	583.828,12			263	1. Trade payables	20.740.321,53		17.345
		66.430.760,97		73.131	2. Liabilities to affiliates			
III. Financial assets						26.458.774,10		41.391
Shares in affiliates		26.544,00		27	3. Other liabilities	442.912,23		539
			66.692.447,97	73.411			47.642.007,86	59.275
B. Current assets								
I. Inventories								
1. Raw materials, consumables and supplies	5.239.282,14			6.839				
2. Work in process	1.295.049,50			1.110				
3. Finished goods	1.265.115,20			1.247				
		7.799.446,84		9.196				
II.								
Receivables and other assets								
1. Trade receivables	11.503.861,74			12.847				
2. Receivables from affiliates		270.509,07		7.078				
		786.276,60		1.042				
		12.560.647,41		20.967				
III. Cash on hand, bank balances and checks		8.674.116,40		5.388				
			29.034.210,65	35.551				
C. Prepaid expenses			27.000,00	3				
			95.753.658,62	108.965				
						95.753.658,62		108.965

SMP Automotive Exterior GmbH, Schierling
Income statement for the period from
1 April 2020 to 31 March 2021

	EUR	EUR	EUR	2019/2020 EUR k
1. Revenue		156.179.979,10		148.831
2. Increase (prior year: decrease) in finished goods and work in process		202.775,36		-147
3. Other operating income		3.048.547,04		5.270
			159.431.301,50	153.954
4. Cost of materials				
a) Cost of raw materials, consumables and supplies and of purchased merchandise	96.893.357,99			96.218
b) Cost of purchased services	9.729.195,24			10.481
		106.622.553,23		106.699
5. Personnel expenses				
a) Wages and salaries	24.731.059,62			26.047
b) Social security, pension and other benefit costs	4.703.479,04			4.868
		29.434.538,66		30.915
6. Amortization of intangible assets and depreciation of property, plant and equipment		8.121.507,82		8.201
7. Other operating expenses		11.715.531,29		12.401
			155.894.131,00	158.216
			3.537.170,50	-4.262
8. Other interest and similar income		30.440,54		55
9. Interest and similar expenses		1.339.154,78		2.290
			-1.308.714,24	-2.235
10. Earnings after taxes			2.228.456,26	-6.497
11. Other taxes			106.254,36	107
12. Income from loss absorption			0,00	6.604
13. Expenses from profit transfer			2.122.201,90	0
14. Net income for the year			<u>0,00</u>	<u>0,00</u>

Notes to the financial statements of SMP Automotive Exterior GmbH, Schierling, for the fiscal year from 1 April 2020 to 31 March 2021

General

SMP Automotive Exterior GmbH is a subsidiary of Samvardhana Motherson Peguform GmbH, Gelnhausen (SMP GmbH).

SMP Automotive Exterior GmbH is entered in the commercial register of Regensburg local court under HRB no. B 13761. These financial statements were prepared in accordance with Sec. 242 et seq. and Sec. 264 et seq. HGB ["Handelsgesetzbuch": German Commercial Code] as well as in accordance with the relevant provisions of the GmbHG ["Gesetz betreffend die Gesellschaften mit beschränkter Haftung": German Limited Liability Companies Act]. The Company is subject to the requirements for large corporations.

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

Recognition and measurement policies

These financial statements were mainly prepared unchanged on the prior year in accordance with the following uniform recognition and measurement policies.

Intangible assets are carried at acquisition cost and reduced by amortization using the straight-line method. Intangible assets contain software licenses. Impairment losses to write items down to the lower of cost or market are recognized in cases where impairment is expected to be permanent. The economic useful life applied is three years.

Items of **property, plant and equipment** are recognized at the amortized cost of the asset including incidental acquisition costs. The costs of self-constructed assets also include a proportionate share of production-related costs of materials and production overheads as well as direct materials and production costs. Borrowing costs are not capitalized. Goods subject to wear and tear are depreciated. Impairment losses to write items down to the lower of cost or market are recognized in cases where impairment is expected to be permanent.

The depreciation of property, plant and equipment has been determined according to their estimated useful lives. The following useful lives were taken into account: buildings 20 to 33 years, land improvements 5 to 20 years, operating facilities 10 to 25 years, plant and machinery 4 to 15 years, other equipment 3 to 25 years as well as furniture and fixtures 3 to 10 years.

Depreciation is calculated using the straight-line method. The assets are depreciated pro rata temporis in the year of acquisition. Low-value assets with an acquisition or production cost not exceeding EUR 250 are written off in full as operating expenses. Low-value assets with an acquisition or production cost of more than EUR 250 but no greater than EUR 1,000 are recognized in a collective item and depreciated by 20% p.a. over 5 years.

Financial assets are valued at acquisition cost including incidental acquisition costs; impairment losses to the lower of cost or market are recognized in cases where impairment is expected to be permanent.

The weighted average cost method or the lower of cost or market as of the balance sheet date are used to determine the acquisition cost of **raw materials, consumables and supplies**.

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

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

For valuation allowances of tooling cost reimbursement claims that were recognized on potentially insufficient purchase volumes, residual compensation payments that are most likely to be realizable were taken into account, because there is no default risk. Tooling cost reimbursement claims are discounted using an interest rate based on the respective customer instrument. The average interest rate lay between 0.00% and 1.625% in the reporting year (prior year: between 0.00% and 1.50%).

Cash and cash equivalents are valued at their nominal value.

Expenditures recorded before the reporting date that relate to a certain period after this date are posted as **prepaid expenses**.

Equity is recognized at nominal value.

Provisions account for all recognizable risks and liabilities of uncertain timing or amount and future cost and price increases at the time the obligation is settled. Provisions with a term of more than one year are discounted based on their residual term at the market interest rate as determined by Deutsche Bundesbank.

The provisions for death benefits and for vacation and Christmas bonuses were calculated using the 2018 G mortality tables issued by Prof. Dr. Klaus Heubeck and the projected unit credit method. An average interest rate of the last seven years of 1.51% (prior year: 1.88%) and a salary trend of 2.50% p.a. (prior year: 2.50%) were assumed for provisions for death benefits and vacation and Christmas bonuses.

The provisions for long-service bonuses were calculated using the 2018 G mortality tables by Prof. Dr. Klaus Heubeck and valued in accordance with actuarial principles (projected unit credit method) based on an interest rate of 1.88% (prior year: 1.88%) and benefit increases of 2.50% p.a. (prior year: 2.50%) were assumed. Furthermore, an increase in the measurement base used for contributions of 2.50% p.a. (prior year: 2.50%) as well as the probability of employee turnover relating to age and gender were taken into account.

Liabilities are recorded at the settlement value.

Currency translation

Foreign currency assets and liabilities were generally translated using the mean spot rate on the reporting date. If they have residual terms of more than one year, the realization principle (Sec. 252 (1) No. 4 Clause 2 HGB) and the historical cost principle (Sec. 253 (1) Sentence 1 HGB) were applied. The “thereof” currency translation items presented in the income statement include both realized and unrealized exchange differences.

Deferred taxes

The parent company recognizes deferred taxes on account of temporary differences at subsidiaries due to the profit and loss transfer agreement in place with SMP GmbH and the related tax group for income tax purposes.

Notes to the balance sheet

Intangible assets and property, plant and equipment

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

List of shareholdings

As of the balance sheet date, the Company has a 94.8% shareholding in SM Real Estate GmbH, Gelnhausen, Germany. This company's equity amounted to EUR 2,550k as of the reporting date and the net income for the year totaled EUR 611k.

Receivables and other assets

EUR k	31 Mar 2020	31 Mar 2021
Trade receivables	12,847	11,504
Receivables from affiliates	7,078	271
Other assets	1,042	786
Total receivables and other assets	20,967	12,561

Of **trade receivables**, EUR 7,998k relates to tooling amortization receivables (prior year: EUR 9,489k), EUR 4,331k of which is due in more than one year (prior year: EUR 3,928k). All other receivables and other assets are due within one year.

As of the reporting date, there were **receivables from affiliates** of EUR 271k (prior year: EUR 7,078k), which are due in less than one year. As of the reporting date 31 March 2021, receivables did not include any loss absorption by the shareholder (prior year: EUR 6,604k) and therefore entirely consist of trade receivables (prior year: EUR 474k).

Other provisions

Other provisions include sales-related provisions of EUR 24,749k (prior year: EUR 27,148k), personnel-related provisions of EUR 3,354k (prior year: EUR 2,973k) and provisions for outstanding invoices of EUR 3,284k (prior year: EUR 2,843k).

Liabilities

The residual terms of the liabilities break down as follows:

Statement of liabilities as of 31 March 2021 in EUR k	Total	due in less than one year	due in more than one year	due in more than five years
1. Trade payables	20,740	20,740	0	0
(prior year)	17,345	17,345	0	0
2. Liabilities to affiliates	26,459	5,359	21,100	0
(prior year)	41,391	4,891	36,500	0
3. Other liabilities	443	443	0	0
(prior year)	539	539	0	0
Total liabilities	47,642	26,542	21,100	0
(prior year)	59,275	22,775	36,500	0

No collateral for liabilities has been provided.

Liabilities to affiliates include liabilities from the loan granted by SMRP B.V. of EUR 21,100k (prior year: EUR 36,500k). In addition, this item includes trade payables of EUR 3,237k (prior year: EUR 4,891k) and liabilities from profit/loss transfer to SMP GmbH of EUR 2,122k (prior year: EUR 0k).

EUR 274k (prior year: EUR 184k) of **other liabilities** relates to taxes. Another EUR 4k (prior year: EUR 4k) pertains to liabilities relating to social security.

Notes to the income statement

Revenue

Revenue by division

EUR k	1 Apr 2019 - 31 Mar 2020	1 Apr 2020 - 31 Mar 2021
Automotive	146,718	155,428
Other	2,113	752
Total	148,831	156,180

Revenue by sales region

EUR k	1 Apr 2019 - 31 Mar 2020	1 Apr 2020 - 31 Mar 2021
Germany	134,870	142,811
Rest of Europe	12,879	12,767
Rest of the world	1,082	602
Total	148,831	156,180

Other operating income

EUR k	1 Apr 2019 - 31 Mar 2020	1 Apr 2020 - 31 Mar 2021
<u>Other operating income</u>		
Income from currency translation	35	88
Sundry other operating income	1,089	937
	<u>1,124</u>	<u>1,025</u>
<u>Income relating to other periods</u>		
Reversal of provisions	4,145	2,023
Total income relating to other periods	<u>4,145</u>	<u>2,023</u>
Total other operating income	<u>5,269</u>	<u>3,048</u>

Personnel expenses of the fiscal year, classified pursuant to Sec. 275 (2) No. 6 HGB

EUR k	1 Apr 2019 - 31 Mar 2020	1 Apr 2020 - 31 Mar 2021
Wages and salaries	26,047	24,731
Social security	4,353	4,219
Pension costs	515	485
Other personnel expenses	<u>30,915</u>	<u>29,435</u>

Other operating expenses

Translation from the German language

EUR k	1 Apr 2019 - 31 Mar 2020	1 Apr 2020 - 31 Mar 2021
<u>Operating expenses</u>		
Purchased services for maintenance	1,707	1,820
Purchased services and technical support	1,558	1,444
Other leasing expenses, rent and leases	1,351	1,717
	4,616	4,980
<u>Administrative expenses</u>		
Third-party IT services	229	262
Insurance premiums	221	238
Office materials	68	57
Other administrative expenses	761	246
	1,279	803
<u>Selling expenses</u>		
Freight costs	1,830	2,340
Expenses for warranties	411	209
Impairment	248	132
Other selling expenses	4	2
	2,493	2,683
<u>Out-of-period expenses</u>		
Losses on the disposal of fixed assets	17	0
	17	0
Other incidental personnel costs	190	171
Charges from SMP Deutschland GmbH	1,668	1,119
Surveillance third parties	220	183
Third-party services	1,796	982
Expenses from currency translation	65	160
Sundry other expenses	56	635
Total other operating expenses	12,401	11,716

In this year, **interest and similar income** includes interest from unwinding the discount on amortization receivables of EUR 30k (prior year: EUR 55k).

Interest and similar expenses includes the interest to SMRP B.V. of EUR 1,203k (prior year: EUR 1,959k). In addition, it includes expenses from unwinding the discount on provisions of EUR 8k (prior year: EUR 7k) and expenses from the discounting of amortization receivables of EUR 5k (prior year: EUR 115k).

Income from loss absorption/expenses from profit transfer

On 2 December 2013, a profit and loss transfer agreement was concluded with SMP GmbH in accordance with Sec. 291 (1) Sentence 1, 2nd alternative AktG ["Aktiengesetz": German Stock Corporation Act]. This agreement was approved by the shareholder meeting on 6 December 2013. Due to this profit and loss transfer agreement, the net income for the year of EUR 2,122k is to be transferred to SMP GmbH.

Other notes

Other financial obligations

The purchase obligation for investment projects comes to EUR 815k as of the reporting date (prior year: EUR 505k). We do not see a real risk of utilization because the purchase obligation relates to permanent investment projects.

Rental and lease agreements

EUR k	31 Mar 2020	31 Mar 2021
within one year	1,362	1,123
between one and five years	1,337	2,270
more than five years	1,604	2,447
Total	4,303	5,840

The total obligation arising from rental and lease agreements of EUR 5,840k consists of, among other things, obligations of EUR 4,413k from rental agreements for land and buildings (prior year: EUR 3,442k) as well as lease agreements for forklifts of EUR 1,175k (prior year: EUR 609k). The rental and lease agreements allow for the liquidity outflows to be spread across the respective term of the agreement. This contributes to reducing the amount of capital tied up and the investment risk remains with the lessor.

Furthermore, there are other financial obligations of EUR 9k relating to affiliates as in the prior year. These obligations result from IT support services and are due within one year.

Contingent liabilities

The Company is jointly and severally liable for the liabilities of Samvardhana Motiherson Automotive Systems Group B.V. (SMRP B.V.) in connection with the senior secured notes (EUR 100m) concluded in June 2015, senior secured notes (USD 400m) concluded in June 2016, senior secured notes (EUR 300m) concluded in July 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 amounted to EUR 0.0m (prior year: EUR 50.0m).

In addition, local RCF carve outs were utilized by a few SMRPBV subsidiaries, for which the Company is also jointly and severally liable. As of 31 March 2021, these included: SMP Automotive Produtos Automotivos do Brasil Ltda of BRL 88.6m (corresponds to EUR 13.4m; prior year: BRL 40.0m corresponds to EUR 7m) and SMR Automotive (Langfang) Co. LTD (China) of CNY 48.9m (corresponds to EUR 6.4m; prior year: CNY 39.5m corresponds to EUR 5m).

SMP Automotive Exterior GmbH has provided the following collateral in this context:

- Land charges of EUR 60m registered in the Schierling land register (Regensburg local court)
- Pledged assets (pursuant to share pledge agreement)
- Collateral assignment of fixed and current assets (pursuant to security transfer agreement)

In addition, the Company is jointly and severally liable for the liability of USD 16m of SMP Automotive Systems México S.A. de C.V., Puebla, Mexico (corresponds to EUR 13.6m). As of the reporting date, the liability is valued at EUR 0.0m (prior year: EUR 0.0m).

We anticipate the probability of claims being brought under the contingent liabilities to be low on account of the current business development of SMRP B.V. and its subsidiaries.

The Company concluded factoring agreements with SMP Deutschland GmbH with a total financing limit of EUR 112,000k (prior year: EUR 152,000k) and are usable by both parties. Both parties issue a validity guarantee to the extent that the receivables exist, can be transferred and do not involve pleas, reservations or rights of the debtor or others. Accordingly, there is a joint several warranty assumption. As of the reporting date, the Company sold receivables of EUR 16,940k (prior year: EUR 13,890k) and SMP Deutschland GmbH sold receivables of EUR 62,839k (prior year: EUR 69,465k) under this agreement. The risk of utilization is deemed to be low because it is assumed that the existence of the sold receivables is assured and therefore the receivables can be settled by the customer.

Notes on off-balance-sheet transactions

Factoring agreements were concluded to optimize the Company's working capital. As a result, the credit risk of the sold receivables of EUR 16,940k (prior year: EUR 13,890k) was transferred to the buyer as of the reporting date. The Company received cash and cash equivalents of the same amount from the receivables sold to the factoring banks as of the balance sheet date. A risk from the financing subject to variable interest up to the date of payment by the customer is deemed immaterial given the current negative conditions at the interest rate and capital market.

The consignment stock agreements concluded with various suppliers enable the Company to further optimize its working capital.

Employees

Average number of employees during the year:

Salaried employees:	287
Wage earners:	266
Trainees	9
Total:	562

Management

The general manager of the Company is:

Andreas Heuser, Bad Soden-Salmünster, general manager for activities in Europe and America of the Samvardhana Motherison Group.

Pursuant to Sec. 286 (4) HGB, total remuneration is not disclosed.

Auditor's fees

The total fees charged by the auditor for the fiscal year amounted to EUR 65k for audit services.

Group consolidation

Pursuant to Sec. 291 HGB, the Company is exempt from the obligation to prepare consolidated financial statements or a group management report as the Company and its subsidiaries are included in the consolidated financial statements and group management report of Samvardhana Motherison Automotive Systems Group B.V. (SMRP B.V.), Amsterdam, Netherlands (smallest group of companies). At the highest level, the Company is included in the consolidated financial statements of Motherison Sumi Systems Limited (MSSL), India (largest group of companies). The consolidated financial statements of MSSL have been published on the Company's website (www.motherison.com).

The consolidated financial statements and group management report of SMRP B.V. are prepared in accordance with International Financial Reporting Standards pursuant to the

Official Journal of the European Union, EC No. L 243 Sentence 1 in the latest version (IFRSs) and published in the *Bundesanzeiger* [German Federal Gazette].

Subsequent events

There were no significant events after the reporting date requiring consideration either in the income statement or in the balance sheet.

Schierling, 7 June 2021

SMP Automotive Exterior GmbH
General manager

.....
Andreas Heuser

SMP Automotive Exterior GmbH, Schierling**Exhibit to the notes (statement of changes in fixed assets for the period from 1 April 2020 to 31 March 2021)**

	Acquisition and production cost					Accumulated amortization, depreciation and impairment				Net book values	
	1 Apr 2020 EUR	Additions EUR	Disposals EUR	Reclassification ns EUR	31 Mar 2021 EUR	1 Apr 2020 EUR	Additions EUR	Disposals EUR	31 Mar 2021 EUR	31 Mar 2021 EUR	31 Mar 2020 EUR
I. Intangible assets											
Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	639.247,96	2.488,60	0,00	54.716,00	696.452,56	386.338,96	74.970,60	0,00	461.309,56	235.143,00	252.909,00
II. Property, plant and equipment											
1. Land, land rights and buildings, including buildings on third-party land	47.320.912,96	6.475,32	0,00	0,00	47.327.388,28	8.500.738,11	1.562.957,32	0,00	10.063.695,43	37.263.692,85	38.820.174,85
2. Plant and machinery	61.306.877,62	768.401,69	0,00	190.754,00	62.266.033,31	27.853.639,62	6.144.800,69	0,00	33.998.440,31	28.267.593,00	33.453.238,00
3. Other equipment, furniture and fixtures	2.101.993,49	42.145,21	0,00	18.004,00	2.162.142,70	1.507.716,49	338.779,21	0,00	1.846.495,70	315.647,00	594.277,00
4. Prepayments and assets under construction	263.474,00	583.828,12	0,00	-263.474,00	583.828,12	0,00	0,00	0,00	0,00	583.828,12	263.474,00
	110.993.258,07	1.400.850,34	0,00	-54.716,00	112.339.392,41	37.862.094,22	8.046.537,22	0,00	45.908.631,44	66.430.760,97	73.131.163,85
III. Financial assets											
Shares in affiliates	26.544,00	0,00	0,00	0,00	26.544,00	0,00	0,00	0,00	0,00	26.544,00	26.544,00
	111.659.050,03	1.403.338,94	0,00	0,00	113.062.388,97	38.248.433,18	8.121.507,82	0,00	46.369.941,00	66.692.447,97	73.410.616,85

**Management report for SMP Automotive Exterior GmbH,
Schierling
Fiscal year from 1 April 2020 to 31 March 2021**

I. Company background

a. Business model of the Company

The core business of SMP Automotive Exterior GmbH ("**SMP AE**" or the "**Company**") is processing plastics. SMP AE supplies plastic parts and entire system modules for vehicle exteriors. This includes producing and selling bumper systems and plastic parts for the exteriors of vehicle models produced by Germany's leading automotive manufacturers, also referred to as OEMs (**O**riginal **E**quipment **M**anufacturers). SMP AE's most important sales market is the German automotive sector.

SMP AE is incorporated in the SMP Group (SMP).

The Company supplies its products exclusively to the automotive market as a TIER 1 (system) supplier. Most of its customers are German premium manufacturers, as a result of which Germany accounts for 91.2% of its revenue (prior year: 90.6%). Other EU countries account for 8.4% of the Company's revenue (prior year: 8.7%). For the first time, 0.4% related to countries outside the EU. Increasing integration due to just-in-time and just-in-sequence deliveries of products to customers make geographical proximity to customers' production plants essential.

b. Objectives and strategies

As a key member of the Samvardhana Motherson Group, we are also in pursuit of the Group's vision "**To be a Globally Preferred Solutions Provider**".

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

Since becoming part of the Samvardhana Motherson Group SMP has been able to gain a large number of new orders that also required investment in new plants. While the new plants of the co-subsiaries in Mexico and Hungary were commissioned in 2017/18, a plant of a US-co-subsiary in Tuscaloosa (USA) started series production in 2018/19. This represents the continuation of SMP's efforts to increase its international presence with production facilities.

Despite the COVID-19 pandemic, SMP AE, which was founded in 2013, was able to significantly increase its capacity utilization at its factory at the location in Schierling (Bavaria) in fiscal year 2020/21. At the same time, measures to improve efficiency were also able to be successfully implemented.

c. Corporate governance

The objective-based governance of the Company is elementary to SMP AE's success and safeguarding its survival in the long term. The Company's management team determines the business policy framework for the divisions, monitors compliance with said framework, and manages the Company based on the specified corporate goals. The achievement of revenue, profitability and financial targets is coordinated and monitored centrally.

EBIT (Earnings Before Interest and Taxes) serves as an important management tool and key performance indicator based on internal management reporting. The company's performance is continuously measured based on this indicator. The EBIT for management reporting purposes is defined as the EBIT in accordance with the German Commercial Code plus other taxes and less interest expenses for operating lease agreements, which are treated as finance leasing agreements for the purposes of management reporting.

The EBIT margin (defined as earnings before interest and taxes in accordance with the management reporting in relation to revenue) is used as a key profitability indicator. Another increasingly important measure of profitability is ROCE (Return on Capital Employed), which shows the relationship between operating profit/EBIT and capital employed.

Compliance with ethical standards and principles is also a high priority within the Company's culture. The declarations made in 2011 by management and all of the Company's employees regarding compliance with ethical standards in business transactions still apply. These group-wide standards and principles are automatically passed on when hiring new employees and founding new entities. The General Works Agreement Governing Rules of Conduct for Business Dealings with Third Parties ("Anti-Corruption Policy") also describes the principles of constructive collaboration with customers, suppliers and other business partners. The declaration is reiterated by management and new hires each year.

d. Research and development

In order to remain competitive in the future and live up to our vision for the Group, the research and development department of SMP is an integral component of the Company's corporate policy. Innovation and development skills are elementary factors in this regard.

Lightweight construction plays a key role in our development activities. Compared to conventional energy carriers, the range of pure electric vehicles is limited and the weight is high due to the insufficient power density of the battery. The provision of solutions and concepts for reducing weight is therefore crucial for competition in the supplier industry. In this area, the developments of components which are strengthened using natural fibers or carbon fibers is worthy of mention. The challenges in this context are related to new processing methods or in the combination of processing methods. We achieved great success at combining processes for processing semi-finished goods that have been reinforced using natural fibers. After implementing the large-scale production of matrices for interior door panels, this technology was built into the new fully electric Taycan sports car for Porsche. In this way, the grammage of the supporting matrix was reduced further.

Our customers not only demand solutions for reducing weight, but also for decreasing the costs for parts due to the high costs for battery-electric drives. We were successful for instance by using recycled carbon fibers for the matrices of the console of the Porsche Taycan and for the instrument panel in the cockpit of the Porsche 911. Using carbon fiber leads to a significant weight reduction. In addition, the costs were significantly reduced because the use of carbon fiber reinforced plastic replaced the need for magnesium die casting used in the past.

Safety is a high priority, not only with regard to driver-assistance systems. The passenger airbag in the dashboard, for instance, is one of the main safety features for the front-seat passenger in the vehicle interior. What is more, the high demands on side impact protection in the interior door panels have to be fulfilled without fail regardless of design requirements. The requirements of the two-stage European Directive 2003/102/EC for vehicle exteriors, for example, include the protection of pedestrians and the fulfillment of statutory crash requirements for insurance classification purposes.

The trend towards autonomous driving requires the integration of a large number of sensor systems in the vehicle front, and automotive manufacturers wish to integrate the sensor systems for electric vehicles in closed surfaces with a new look. Our activities are therefore also focused on developing such surfaces and will lead to a completely newly developed vehicle front this calendar year, which we set up in a demonstrator for presentation to our customer.

In order to meet increasing customer requirements, innovations have been developed in all areas and are being incorporated into our products for the future. In addition, we are constantly working on further product and process innovations in ongoing research projects in order to strengthen and continuously develop the Company's key position on the market further.

The significance of SMP's position in the market is also underscored by the fact that OEMs include the Company in the decision-making phase in order to find potential solutions for problems involving interior and exterior products. This usually takes the form of participation in concept competitions. To make this possible, the engineering, advance development and sales departments collaborate very closely in order to prepare corresponding concept proposals that also include marketing of innovations from advance development projects, which is therefore a key element in winning new and additional orders.

In terms of quality planning, SMP performs the current development projects according to the customer-specific requirements. These development projects are reviewed regularly together with the customers' quality departments.

SMP has its own extensive testing facilities, which are currently being expanded. These comprise airbag testing, air conditioning testing and endurance tests. These facilities allow the Company to ensure that the high requirements are fulfilled in all respects, such as, for instance, those relating to passenger protection systems and pedestrian protection regulations.

II. Report on economic position

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 2020 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 5.3%, while economic output in France decreased by 8.2%. Countries with a strong tourism sector also suffered from reduced travel during the pandemic; thus, GDP decreased by 8.9% in Italy and by 11% in Spain.

The US economy proved to be more resilient to the COVID-19 pandemic than that of the eurozone for example. This is also partly due to the initially less restrictive measures that were put in place to contain the spread of the virus. Nevertheless,

overall economic output decreased by 3.5% in the US in 2020 – the steepest decrease seen since 1946. GDP declined by more than 31% (annualized) in the second quarter of the year and industrial production was a good 16% below the prior-year level in April. This resulted in a significant increase in unemployment; in April, the unemployment rate jumped from just over 4% to almost 15%. Although annualized GDP increased again in the following quarters, it could not compensate for the lack of dynamic in the first half of the year.

China was the first country affected by the COVID-19 pandemic. However, the government responded quickly with sometimes drastic measures to contain the virus, as a result of which China prevented a second wave unlike Europe and the US. Therefore, the recovery in economic performance was rapid and sustainable. While GDP decreased by around 7% in the first quarter compared to the prior-year period, it increased as the year progressed. GDP growth of 6.5% in the fourth quarter showed that the Chinese economy already returned to its pre-pandemic level at the end of 2020. Therefore, China was the only larger economy that recorded GDP growth in the past fiscal year (2.3%).

Other regions of the world were also partially hard hit by the spread of COVID-19. For India, the OECD forecasts a 7.4% decline in GDP for fiscal year 20/21. The Mexican economy contracted by 8.5% in the past year. Although the Brazilian and Russian economies were less affected, they also suffered significant downturns with declines in GDP of 4.4% and 3.6% respectively.

Against the backdrop of these general economic conditions, it was not surprising that the global passenger car market also suffered major losses in 2020. Overall, global demand for passenger cars decreased by 15% and all automotive hotspots recorded declines.

China, the world's biggest passenger car market, was the first automotive hotspot to combat the spread of COVID-19. Passenger car sales had already recorded a double-digit decrease in January 2020. Based on a continuous increase in new coronavirus cases, resulting in the automotive industry also being required to take restrictive measures to contain the virus, there was a significant decline in passenger car sales throughout the country in February and March 2020. However, the recovery commenced as early as April, which meant that a second wave could be prevented over the further course of the year, causing a steady and solid recovery process to take place; from May onwards, all monthly sales figures for passenger cars were above the prior-year figure. Nevertheless, this momentum could not compensate for the declines in the first quarter. China's passenger car market was thus around 6% below the prior-year level in 2020.

The US market for light vehicles made a good start to the past fiscal year, but was soon thwarted by the spread of COVID-19 across the US. Measures such as lockdowns and the closure of non-essential industries in numerous states as well as the resulting macroeconomic slump (e.g., unemployment rate at almost 15% in April) led to considerable declines in light vehicle sales toward the end of the first quarter and throughout the second quarter of the year. However, the recovery process started at the end of the year meaning that over the year 2020 as a whole, the US light vehicle market was almost 15% down on the prior year.

The Western European passenger car market was hit much harder by the COVID-19 pandemic than the Chinese and US markets. Following significant downturns in March, April and May, the number of new vehicle registrations in Western Europe only recovered slowly over the further course of the year. The overall economic decline as well as the ongoing measures to contain the spread of

the coronavirus (e.g., closures of dealerships) in various countries slowed the recovery considerably. Thus, the number of new vehicle registrations in Western Europe was 24% lower in 2020 than in the prior year. In terms of the Top 5 markets in Western Europe, Germany was still relatively robust (down 19% in 2020), as it was also supported by various state incentives (reduction of VAT, bonus program for electric vehicles). Demand for passenger cars in the UK declined by 29% and the French market recorded a decrease of around 25%. Italy (down 28%) and Spain (down 32%) also recorded significant declines despite programs initiated to support the automotive industry. In particular, the lack of new registrations in the important car hire industry contributed to this negative result due to the severe tourism restrictions.

A similar picture was seen on the other important automotive markets, with a few exceptions. In Russia, sales of light vehicles were just over 9% down on the prior year in 2020, in Mexico demand declined by 28%. In Brazil, market volume declined by around 27% in 2020. On the Indian passenger car market, sales decreased by almost 18% in the past year. After being hard hit by the COVID-19 pandemic in the first half of 2020, demand for passenger cars in India experienced a strong recovery in the last months of the year, including record growth rates. New vehicle registrations were just over 11% down on the prior-year level in Japan. The automotive markets in Turkey and South Korea bucked the trend in terms of the general development of global automotive markets in 2020. Passenger car sales in Turkey increased by almost 58% in the past year. However, it should be noted here that the Turkish market already experienced a significant downturn in 2019. In South Korea, passenger car sales increased by almost 7% in 2020.

The negative development of the global automotive markets had a corresponding impact on 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%, while revenue generated abroad declined by 14%. The headcount also decreased: Last December, the German automotive industry had 796,548 employees, around 26,000 less than at the end of 2019.

b. Significant factors in fiscal year 2020/2021

Fiscal year 2020/21 was impacted by the coronavirus pandemic to an even greater extent than the prior year. The months of April and May 2020 in particular were dominated by plant closures and government subsidized short-time work. Revenue declined by up to 90%. The first signs of a return to normality were seen at the end of Q1 2020/21. This trend continued in the summer quarter. In the second half of the fiscal year from September to March, revenue figures significantly exceeding original expectations were once again recorded, despite the ongoing coronavirus crisis. The Company achieved a positive EBIT margin for the first time (according to management reporting) of 1.3% (prior year: -0.7%) for the whole of 2020/2021.

Human resources

The Company's human capital is one of its biggest competitive advantages. That is why SMP employed 579 people across all divisions of the Company (including trainees) as of the reporting date 31 March 2021.

In order to maintain and build on this competitive advantage, the Company's HR policy will focus even more in the future on developing employees' skills, defining managers' leadership skills, implementing global HR standards and expanding the qualification matrix in all divisions of the plant. The aim is to create a new concept

particularly for the development of executives that handles a variety of specific daily issues with shorter target-oriented training.

Training future specialists is an important success factor for practicing the Company's philosophy of filling new or vacated positions internally. For this reason SMP Automotive Exterior GmbH employed 11 trainees as of the reporting date, covering a wide range of different training vocations. This means that the Schierling plant trains future specialists for the divisions in three technical and two administrative professions. One important and growing factor in this respect is also the Company's collaboration with various different educational institutions. At its Schierling plant SMP offers a range of opportunities such as theses or internships in order to give potential candidates an insight into the production facility at an early stage.

Another important contact channel is the Excellence partnership with the Eckert schools, offering a wide range of training opportunities for technician and foreperson training. SMP Schierling supports the graduates and participates by offering practical project work. Incentives are granted to the three best graduates of industrial technology.

Purchasing

The purchasing division continued to develop and was reorganized in order to offer the individual plants an even better and more direct service in the area of procurement. On account of the increased cooperation with group companies, further opportunities to make savings have arisen, while maintaining a consistently high level of quality, through joint projects and volume pooling.

Production

The business of SMP AE's significantly outperformed expectations in 2020/21. While the revenue target was more than exceeded at 16%, significant improvements were also able to be leveraged in the area of production.

Capital expenditure

A total of EUR 1.4m was invested in property, plant and equipment in fiscal year 2020/21 (prior year: EUR 1.3m). The most significant investment relates to a measuring machine in the area of quality assurance in the amount of EUR 0.4m.

IT

In the area of IT, there are also new possibilities to provide information technology and services cost-effectively within the Group with the group company, MIND. We also work with our outsourcing partner T-Systems via SMP Deutschland GmbH.

Environment

Here at SMP AE we feel a deep sense of responsibility toward the environment. Compliance with SMP's environmental standards is a high priority throughout our organization. We attach great value to using resources sparingly, reducing our impact on the environment, and the health and safety of all of our employees while they are at work. This is not just an economic matter, but to an even greater extent an obligation toward society. We are aided in this by numerous investments in protecting the environment and occupational health and safety, which ensure that SMP AE meets its customers' demands in terms of reliability and quality. SMP AE's environmental management system has been certified and validated in accordance with DIN EN ISO 14001 and EC Regulation 1221/2009 (EMAS III). The occupational health and safety management system has been certified in accordance with OHSAS 18001.

All production systems and equipment are operated in compliance with statutory requirements. This is ensured by using state-of-the-art air purification and waste water facilities that are regularly monitored and maintained, particularly in the paint lines. In order to meet both statutory and the Company's own requirements, there are trained health and safety officers (GUSi officers) at all SMP production facilities who work to achieve and maintain the requirements with respect to healthcare, protecting the environment and workplace safety. The knowledge of these GUSi officers is kept up-to-date through regular training. Compliance with the EU's end-of-life vehicles directive is ensured by monitoring the data reported by suppliers to the international materials data system, and involving SMP's suppliers in the development of new products at an early stage.

Equity investments

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

- SM Real Estate GmbH, Gelnhausen, 94.8%

c. Position of the Company and development of its business

Financial performance

In fiscal year 2020/21, **series revenue** was above the prior-year revenue, in contrast to the prior-year forecast, and came to EUR 155.7m (prior year: EUR 146.7m) due to a rise in sales volume.

Other revenue amounted to EUR 0.7m (prior year: EUR 2.1m). This primarily contains services to SMP group companies.

As of the reporting date, the Company had signed orders on its books with a total volume of EUR 1,012.9m within the next five years. This revenue is mainly distributed between Daimler, BMW and Porsche.

Other operating income amounted to EUR 3.0m (prior year: EUR 5.3m) and thus EUR 2.3m lower than in the prior year. This was largely due to lower reversals of provisions.

The **cost of materials ratio** stood at 68.2%, which is 3.6 percentage points below the prior-year level of 71.8%. This is measured at the cost of materials as a percentage of total operating performance (revenue +/- changes in inventories).

Personnel expenses totaled EUR 29.4m (prior year: EUR 30.9m). The ratio of personnel expenses to total operating performance was 18.8%, which was lower than in the prior year (20.8%). Average expenses per employee stood at EUR 50.8k.

Amortization, depreciation and impairment amounted to EUR 8.1m (prior year: EUR 8.2m).

Total **other operating expenses** amounted to EUR 11.7m (prior year: EUR 12.4m), and were lower than in the prior year. They mainly consist of maintenance and technical consultation expenses amounting to EUR 3.2m (prior year: EUR 3.3m), leasing and rental expenses amounting to EUR 1.7m (prior year: EUR 1.4m), selling expenses amounting to EUR 2.6m (prior year: EUR 2.5m) and other costs charged by SMP Deutschland GmbH amounting to EUR 1.1m (prior year: EUR 1.7m).

EBIT (Earnings Before Interest and Taxes) came to EUR 3.5m (prior year: EUR -4.3m), which represented 2.3% of the total operating performance (prior year: -2.9%).

The **financial result** came to EUR -1.3m as of the reporting date (prior year: EUR -2.2m). This improvement mainly stemmed from the partial repayment of the loan granted by Samvardhana Motherison Automotive Systems Group B.V. (SMRP BV) and a lower interest rate compared to the prior year.

Financial position

Cash flow from operating activities amounted to EUR 20.1m at the end of the year. Cash flow from investing activities came to EUR -1.4m. Cash flow from financing activities amounted to EUR -15.4m. This led to a net change in cash and cash equivalents of plus EUR 3.3m.

The refinancing of the SMP Group and thus also of SMP Automotive Exterior GmbH changed significantly due to the bonds issued in the prior years by the Dutch holding company Samvardhana Motherison Automotive Systems Group BV (SMRP BV). Land charges and collateral assignments of fixed and current assets were pledged as collateral.

The Company has no external lines of credit at banks available as of the balance sheet date.

SMP AE is currently exclusively financed by an internal loan. For this purpose, a long-term shareholder loan is available from SMRP BV (due on 31 March 2024) in the amount of EUR 36.1m (prior year: EUR 100.0m). Of this amount, EUR 15m has already been repaid meaning that EUR 21.1m (prior year: EUR 36.5m) has been utilized as of the reporting date.

Receivables amounting to EUR 16.9m (prior year: EUR 13.9m) had been sold as of the reporting date based on factoring agreements concluded in previous years.

The main aim of our financial management activities is to safeguard the Company's solvency. Particular consideration is given to opportunities for internal financing by means of actively planning, monitoring and managing cash flows.

Credit insurance companies once again underwrote business for the Company in 2020/2021.

Assets and liabilities

Total assets were down EUR 14.8m year on year and stood at EUR 95.8m (prior year: EUR 109.0m). Due to the decrease in total assets, the equity ratio increased to 17.5% (prior year: 15.4%).

Non-current assets amounted to EUR 66.7m on the reporting date (prior year: EUR 73.4m).

Current assets amounted to EUR 29.0m as of the reporting date (prior year: EUR 35.6m), which represents a year-on-year decrease of EUR 6.6m. Medium to long-term current assets amounted to EUR 4.3m (prior year: EUR 3.9m) for purchased amortization receivables from engineering orders.

Short-term current assets fell by EUR 7.0m in comparison to the prior year to EUR 24.7m (prior year: EUR 31.7m).

Other provisions decreased by a total of EUR 1.6m to EUR 31.4m (prior year: EUR 33.0m). This decrease mainly consisted of sales-related provisions amounting to EUR 2.4m. By contrast, there were increases to personnel provisions and provisions for outstanding invoices.

ROCE, a key performance indicator determined on the basis of management reporting, improved from -1.9% to 4.5% and is positive for the first time due to higher earnings before interest and taxes (EBIT) and the decrease in capital employed.

Overall statement regarding the development of business

SMP AE's business outperformed expectations in 2020/21. While the revenue target was significantly exceeded with more than 16%, a net income for the year (prior to profit/loss transfer) was also able to be generated for the first time in the amount of EUR 2.1m. This also gives us confidence for the future, because the wide range of measures implemented in order to optimize the processes in series production are sustainable and suitable for improving the efficiency of production in the long term.

III. Forecast, opportunities and risks

a. Forecast

Forecast regarding the economy and automotive market

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. China's economy, which already returned to its pre-pandemic level in the fourth quarter of 2020, is projected to grow by 7.8% in the current year according to OECD forecasts. For the Indian economy, the OECD predicts growth of 12.6% in 2021/2022. The OECD projects comparatively lower GDP growth for Mexico (4.5%), Russia (2.7%) and Brazil (3.7%) this year, although the decreases in the Russian and Brazilian economies were only moderate in 2020.

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.

For the Chinese passenger car market, the VDA forecasts an increase of 8% for 2021 and therefore a level above the volume seen before the coronavirus crisis. For light vehicle sales in the US, the VDA expects demand to increase by 9%. The VDA also sees a recovery on the European market, for 2021 it forecasts a 12% increase in the number of new registrations.

Company-specific forecast

Annual revenue will be slightly higher than expected compared to the prior year as the lockdown due to COVID-19 led to a significant slump in revenue in Q1 2020/21. We expect to generate 64% additional revenue for Q1 2021/22 compared to the same quarter in the prior year. As we are still impacted by the effects of COVID-19, we are continuing to focus on optimizing our processes and adapting our cost structure in line with revenue.

Because of our order portfolio, we anticipate employment to rise again for the fiscal years 2021/2022 to 2023/2024. Thanks to additional Porsche programs and a significant increase in the value of follow-up projects for the customer BMW, revenue is again expected to increase to more than EUR 200m starting from fiscal year 2023/2024.

For our internal key performance indicator (EBIT determined on the basis of management reporting) we expect positive EBIT of EUR 2.2m due to the increase in volume for fiscal year 2021/2022. This will also have a positive effect on the ROCE indicator. On account of the increasing capacity utilization and the associated revenue, we expect that we will also generate positive EBIT for the four following years.

In the past year, continuous improvement process (CIP) measures were again implemented in production and also in the administrative functions. The relentless pursuit of measures and ideas to continuously improve our processes helped compensate discounts granted to customers and also any price increases on the procurement side.

The Company has access to sufficient financing in the form of loans from SMRPBV, leasing contracts and factoring in order to face the challenges of 2021/22.

b. Risk report

In the course of its operations, SMP AE is exposed to a number of risks that are inseparably associated with its business activity. We use internal management and monitoring systems to spot risks at an early stage, evaluate them and consistently eliminate them.

Business activity also involves developing and exploiting opportunities in order to safeguard and enhance the Company's ability to compete.

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

Risk management

SMP AE's risk management system is integrated into all of its planning, management and monitoring processes. The Company's presence throughout Germany and its decentralized management structure make systematic risk management a necessity. Various policies specify the corresponding principles, processes and responsibilities. We take new findings into account when developing our policies and systems.

The regulations, instructions, implementation provisions and above all regular communication regarding the closed management cycle of planning, controlling and monitoring constitute the risk management system for defining, recording and minimizing operating and strategic risks.

We define risks as potential future developments or events resulting in a negative deviation from our forecast.

Successfully managing opportunities and risks is a part of business and a primary task of all managers. Opportunities, risks and optimization measures are systematically dealt with in regular management meetings at all levels of management. Fast, frank and unreserved communication between all management levels regarding risks and pending exceptional situations means that potential risks can be identified and localized at an early stage. Awareness of risk and the organizational integration of risk management into the permanent responsibilities of managers allows them to prevent negative effects on the Company's assets, liabilities, financial position and financial performance or to keep them to a minimum.

Strategic risks

An assessment of the Company's strategic risks comes to the same result. The strategic initiatives for advance product development or to improve the quality of

products and processes are reviewed regularly, and the resulting findings are discussed by SMP AE's management with the aim of enhancing the Company's competitive advantages. One important source of information is regular participation in the relevant associations (VDA/VDI), attending relevant trade fairs and events, and systematically analyzing discussions with suppliers.

The barriers to market entry in the automotive supplier sector are very high on account of the long-standing relationships between suppliers and automotive manufacturers as well as the quality requirements. That is why strategic changes become apparent in the market at an early stage.

We consider the likelihood of strategic risks occurring to be low. The potential impacts of these risks on the Company's ability to achieve our projected targets for revenue and profit are moderate.

Market risks

On account of its product structure and customer base, SMP AE is almost entirely dependent on the development of the automotive industry. The economic development of this sector exerts a decisive influence over the Company's current and future revenue as well as its financial capacity. SMP AE's reliance on a small number of important customers constitutes a risk. The focus of the sales activities on new orders from automotive manufacturers that have only made minor contributions to SMP AE's revenue in recent years is aimed at balancing out and expanding the customer portfolio and is the basis for future growth. Since the acquisition of SMP AE by the Samvardhana Motherhood Group, significant progress has been made with regard to the revenue mix.

The cycles for awarding contracts in the product divisions are long-term in nature (generally five to eight years). That is why the effects of a strategic optimization can only be reflected in the long-term corporate planning. The long contract terms are however also the foundation for a high degree of security in terms of a stable situation with respect to revenue in the years to come, also because customers are tied to SMP AE for the same periods of time.

SMP addresses the pressure on prices by initiating improvements to processes at an early stage, reducing quality-related costs (including by reducing wastage and optimizing operating and logistics processes, resulting in the improved utilization of equipment and enhanced productivity in all production units). Membership of the Samvardhana Motherhood Group also offers new potential for synergies and the vertical integration of services and component production.

The automotive industry is generally subject to market fluctuations, which can, for example, be influenced by trends in the global financial market as well as turbulence in the euro zone. The economic development of the "BRIC" countries plays an important role in the global growth of global car sales. However, social, infrastructural, economic and political developments in these regions are difficult to predict.

The coronavirus crisis has now dominated the market environment for the second year in a row and is leading to uncertainty, a lack of an ability to plan and changes to behavior by governments, consumers and businesses depending on how the situation with coronavirus manifests itself with waves of varying severity. In the current situation, this risk continues to be latent, even if the statistics such as a decline in the number of infections and a rise in the number of people vaccinated point towards a return to normality. Market demand for automobiles of course does not remain unaffected by this. In light of this situation, measures to secure the

existence of the company and liquidity are as important as maintaining the health of the workforce. In the view of SMP's management, the risk of a fresh wave of coronavirus infections with a corresponding drop in sales figures on the automotive market continues to represent a high risk for the coming fiscal year 2021/22, even if the current development points towards the situation relaxing somewhat.

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

Procurement risks

The previous fiscal year was dominated by the COVID-19 pandemic, however, despite these circumstances the Company was able to ensure production without any limitations.

Markets proved to be extremely volatile over the course of the fiscal year with a clear upward price trend within Q4 triggered by a global shortage of raw materials, which continues to persist up to present.

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

In addition, an increased number of insolvencies are expected due to the pandemic. Therefore, procurement markets have to be watched closely. The constant research of price benchmarks and global procurement markets enables us to negotiate price increases to a certain extent or stave these off and similarly identify alternatives for current and new business.

Contracts for the supply of energy and gas are generally concluded for a term of one year.

SMP AE's other purchasing volume is secured by way of long-term supply agreements with our suppliers in terms of price, quality and volume. Purchasing is working together with the plants on an ongoing basis to develop alternative suppliers and as a result realize further cost savings taking into account the financial capacity of the supplier.

Location risks

There were no changes with respect to the location of the Company's production facilities in the past fiscal year. The close logistics links with customers necessitate production in Germany in close proximity to the customer's destination plant. The close links with customers and relatively capital-intensive production equipment, for which the procurement lead times are generally very long, would lead to considerable risks if a plant were to drop out due to force majeure. This risk is exacerbated by the just-in-time and just-in-sequence delivery arrangements, which limit response times in the event of disruptions to a few hours at most. In order to minimize this risk, "alarm chains" have been installed that notify specialists for the rectification of technical problems as well as the customers affected in the event of disruptions. This results in very short response times when necessary. In

emergencies, an alternative production system is already in place to avoid interruptions to customers' production activities.

The Company's premises are not situated in an area that is subject to an above-average risk of natural disasters. Regular checks of the preventive safety facilities that have been installed ensure a high degree of reliability for production. Costly structural fire prevention measures have been implemented at the production plant. Reserve inventories are also maintained in accordance with the Company's agreements with customers.

Adequate property and loss of profit insurance has been taken out to cover this risk.

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

Personnel risks

The risk of bottlenecks (the danger that it will not be possible to fill vacant positions at the Company as planned) is addressed in the long term using internal resources by continuing the needs-based focus of training. Merely the situation regarding applicants for our apprenticeships is not satisfactory. If necessary, the qualification level of potential candidates needs to be raised by means of a stronger focus on internal training units by our training officers.

In 2020/2021, university marketing had to be redesigned due to a lack of face-to-face trade fairs. In the meantime, an online trade fair stand has been developed meaning that we are appropriately represented in the new trade fair formats. In the past, employment relationships were established regularly after the completion of a Bachelor's/Master's thesis at the Company, and most of these relationships are still in place.

The aim for 2021/2022 is to use targeted personnel marketing measures so that the Company is perceived as an employer of choice. The strategic development of an employer brand was already successfully completed in the past. The "emcruit" employee recommendation program introduced in 2016/2017 has continues to prove its value with individual vacancies.

Statutory occupational health and safety requirements are complied with. Days absent due to sickness are recorded, and employees who are sick for more than 42 days in a given calendar year are offered reintegration services. The comprehensive risk assessment required by Sec. 5 ArbSchG ["Arbeitsschutzgesetz": German Occupational Health and Safety Act] is also carried out. Our local occupational health and safety specialist provided managers various internal courses of training on how to prepare professional risk assessments. The introduction of shift patterns that are more appealing from a health perspective was also taken into account when adjusting the models for working hours at the plant.

The Company addresses the risk to health by continuing to reinforce its company health management (CHM) measures. A number of individual campaigns were planned in fiscal year 2020/21 dealing with musculoskeletal, cardiovascular and mental strain as well as potential individual responses. These measures had to be canceled due to coronavirus, however the concept will be rolled forward to the coming fiscal year. Another measure is an employee-oriented cooperation model with a local health studio and gym, which is supported by SMP.

There are currently risks related to filling individual specialist positions in the field of quality management. The applicant situation is critical in this field and requires above-average onboarding.

We consider the likelihood of the personnel risks described eventuating to be low. This process of training and onboarding new employees can be completed at additional cost based on past experience. External support might also be needed, which may entail higher costs, but does not pose a risk on supplying customers.

It is difficult to predict how the situation with coronavirus will develop. The infection rate can be significantly reduced in the business using intensive measures to implement the hygiene concept. Up to present, there has not been any infection that has been proven to have originated in the workplace. Employees are constantly trained and the requirements, e.g., mask-wearing concepts, are rigorously implemented. In parallel, it is also planned to procure test kits in order to also be able to carry out corona tests in the Company if required.

Currently, the coronavirus crisis has led to repeated short-term disruptions to production at the plant as our customers have an instable supply of semi-conductors. This downtime was able to be covered over calendar year 2021 using government-subsidized short-time work.

In the current fiscal year, capacity utilization at the Schierling plant will increase with the launch of the Porsche Macan series project.

IT risks

As a global tier-1 automotive supplier, SMP AE is integrated into automotive manufacturers' just-in-time/just-in-sequence supply chains. IT systems therefore represent a crucial component of the internal value added and logistics process. This requires a highly integrated system landscape with IT support at almost every workstation, both on the shop floor and in office areas.

Outages and disruptions in the IT environment (such as system outages, loss of data, security loopholes etc.) usually have a direct impact on the Company's ability to make deliveries to customers.

As a result, corresponding priority must be assigned to IT and IT security within the Company. It is to be assumed that this trend will be amplified in the years ahead by "Industry 4.0" and digital transformation concepts, and that IT solutions will make up a greater share of the value added process.

As part of a hosting outsourcing agreement with T-Systems, all important high-availability systems (e.g., SAP ERP) have been transferred to a T-Systems data processing center as a private cloud solution, where they are run as an IaaS solution. A corresponding ISAE 3402 Type II Report has been submitted for these services that confirms proper operation and does not identify any material risks.

An agreement dated 4 December 2014 transferred IT operations management from T-Systems to MothersonSumi Infotek and Design GmbH (MIND). Like SMP, MIND is a company of the Motherson Group. The hosting agreement with T-Systems remains unaffected by this.

The Process and Information Management (PIM) unit is SMP's internal IT function and among other things provides the interface for all of the Company's process and IT functions. This is also where all projects and change requests are channeled, prioritized, planned and implemented or forwarded to the relevant providers.

All IT projects are prioritized, evaluated and approved for implementation by means of a standardized portfolio and project management process. The risks of non-implementation are evaluated, as are the actual benefits of the project. This process also includes standardized approval and implementation.

The IT service management processes have been expanded again, and in addition to prioritization and risk evaluation also include clear specifications for testing as well as rollbacks in the event of errors. It also conducts change management and service request fulfillment. Approval is given by the "Change Advisory Board", which meets every week to discuss and evaluate all of the consequences and risks to operations before giving approval. In addition, extensive problem management was introduced in order to avoid recurring disruptions in the long term.

In order to ensure the 100% availability of the production supply chain and deal with the associated risks in the event of a system outage, manual contingency plans have been introduced and established at SMP.

We consider the likelihood of the IT risks described occurring to be normal. The potential impacts of these risks on the Company's ability to achieve our projected targets for revenue and profit could be severe.

Financial risks

The Company is exposed to a range of financial risks. These currently mainly comprise default risks in connection with receivables from customers, performance by suppliers, liquidity risks and risks relating to interest and exchange rate fluctuations.

Counterparty credit risks are all but eliminated by means of assessing the creditworthiness of all customers as a preventive measure, non-OEM customers in particular, as well as monitoring the compliance of all customers with the agreed terms of payment. Monitoring and creditworthiness assessments are also carried out regularly with respect to suppliers. Replacement suppliers are built up if critical trends are identified.

SMP AE's liquidity is monitored by means of the continuous assessment and liquidity reporting of the anticipated incoming payments and necessary cash outflows. Currency-related risks with respect to both customers and suppliers are largely avoided by concluding contracts in euros. Interest rate risks exist with the variable rate factoring agreements and the shareholder loan, however on account of the current state of the capital market we do not view these as being significant as of the reporting date. Interest and exchange rate risks are monitored by the Treasury unit in partnership with the Regional Chairman Offices of the Motherson Group, and any identified risks are hedged in a targeted manner in the event of future necessity.

Thanks to constant consultation with banks on the position of Motherson and SMP in the economically challenging fiscal year 2020/21 that was marked by COVID-19, a margin increase on the part of the factoring partners was able to be avoided. In this regard, the Treasury department continues to coordinate closely with the banks, a margin increase is also currently not foreseeable in the coming months and quarters.

We consider the probability of the aforementioned financial risks occurring and the possible effects of these risks on attaining our forecast earning targets as being low.

Liability risks

SMP AE's products can be classified as non-critical and not relevant for the purposes of vehicle safety.

The remaining risks associated with product and manufacturer liability claims are insured by liability insurance from XL Insurance Company SE. The risk of costs being passed on in the event of vehicle recalls by customers due to defects in supplied parts is insured up to an amount of EUR 10.0m. Another EUR 15.0m is available from an excess liability insurance policy with QBE Insurance Europe (Limited) within the Samvardhana Motherson Group.

SMP AE's procedures and processes are optimized by means of effective measures aimed at reinforcing process reliability and quality management. This, and to no small extent, the quality management system that has been certified in accordance with ISO/TS 16949:2009, keep liability risks to a minimum thanks to reliable procedures.

Liability risks as an employee, for example for inadequate safety precautions or accidents at the workplace, are limited by providing corresponding instruction to all employees on safe conduct in the workplace, as well as by putting the organizational preconditions required by law into place. Sufficient consideration is

given to accident prevention in particular by the prioritization of workplace safety throughout SMP AE through the work of the GUSi officers (GUSi = **G**esundheitsförderung, **U**mweltschutz und **S**icherheit (*health promotion, environmental protection and safety*), i.e., tours, information and instructions on how to avoid, assess and report accidents with efforts to ensure countermeasures in all units. The occupational health and safety management system is certified in accordance with OHSAS 18001:2007.

The liability risks relating to harm to the environment can be considered low on account of the regular checks of technical equipment, checking and certification in accordance with DIN 14001:2004 and the compliance of the environmental management system with EC Regulation 1221/2009 pursuant to EMAS registration. All facilities that are relevant for environmental purposes are covered by environmental liability insurance. Any claims against SMP AE on the basis of USchadG [*“Gesetz über die Vermeidung und Sanierung von Umweltschäden”*: German Act Governing the Prevention and Restoration of Harm to the Environment] or other national implementing laws based on the European Environmental Liability Directive (2004/35/EC) are covered by environmental damage insurance.

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

c. Opportunity report

The constant pursuit of our strategy and the vertical integration of SMP AE into the Samvardhana Motherson Group presents numerous opportunities for savings for the Company. The Company has extensive opportunities to fall back on cost-effective suppliers within the Group.

The portfolio of customers can be made more balanced thanks to the owner's customer relationships with the OEMs and various Japanese customers. Major projects received in Mexico and the US in particular emphasize SMP's strong ranking among the top automotive suppliers.

Both the North American and the Asian market are open to the SMP Group resulting in opportunities to further optimize the product range. With the Samvardhana Motherson Group opening up the future growth markets (US, India and China), great opportunities arise for SMP to be successful on the automotive supplier market, both in series production and engineering.

Further integration of the intragroup CAD service providers and tool makers will lead to a fast improvement in the projects (both from a financial and time perspective). The well-equipped machinery pool at the intragroup tool maker in India will be a significant addition to the supplier list for tools and other equipment.

Reliable supplies and pricing advantages present additional opportunities for enhancing the value added for existing products. The bundling of various different materials and purchased parts offer enormous potential for SMP and the other companies of the Samvardhana Motherson Group to reduce costs in the procurement sector. The exploitation of this potential has already begun, and is set to pick up even more in the years ahead.

The exchange and interest rate risks listed under financial risks are offset by the opportunities that the factors referred to could also change in a way that is beneficial to the Company. Exchange and interest rate risks are monitored with the help of an organization created specifically for that purpose within the Samvardhana Motherson Group.

Opportunities arising from research and development thanks to continuous innovation are an integral component of our strategy and already taken into account in our forecast. There are also opportunities relating to the market acceptance of new developments that go beyond our expectations as well as superior innovations that have not yet been taken into consideration during development.

The headquarters and engineering department have been added to the CIP program alongside the production, procurement and sales departments so that there are opportunities for further cost reductions.

The risks described under procurement risks are offset by the opportunity that the factors referred to could change in a way that is beneficial to SMP.

The Company's order backlog increased considerably year on year.

d. Overall opportunity and risk profile

Following a thorough assessment, the risks described above are manageable for SMP AE. Regular discussions of the trends for the market, business and competition have not and do not identify any risks to the Company's ability to continue as a going concern, even on aggregate.

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

Particular opportunities are seen in the Company's membership of the Samvardhana Motherson Group, order backlog and customer portfolio, and the owner's relationships with customers.

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

We continue to anticipate some employee churn to a limited extent, in particular in the first quarter of fiscal year 2021/22, due to the COVID-19 pandemic. However, as was the case in the past fiscal year, we will largely be able to absorb this using flexible working time arrangements. Government subsidized short-time work should no longer play a role in this fiscal year.

IV. Advancement of women

SMP Automotive Exterior GmbH has regularly employed more than 500 people since November 2016 and is therefore obliged to set up a supervisory board pursuant to Sec. 1 (1) No. 3 DrittelbG ["Drittelbeteiligungsgesetz": German One-Third Employee Participation Act]. A supervisory board has not yet been set up. The Company's management have not yet completed their discussions regarding the establishment of a supervisory board based on co-determination, and will continue them with a view to achieving an outcome in 2021/2022. The German Act on the Equal Participation of Women and Men in Leadership Positions within the

Private Economy and Public Service also requires SMP Automotive Exterior GmbH to define targets for the proportion of women in management as well as the first two management levels below company management, even in the absence of a supervisory board. Deadlines must also be set for achieving these targets. No targets or deadlines have been set thus far.

Schierling, 8 June 2021

SMP Automotive Exterior GmbH
The general manager

.....
Andreas Heuser

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 und 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.