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MANAGEMENT REPORT

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company
Balance sheet at March 31, 2021
(In euros)

ASSETS	Notes	03.31.2021	03.31.2020
NON-CURRENT ASSETS		26.187.330	23.096.026
Intangible assets	5	233.553	275.485
Software		233.553	275.485
Property, plant, and equipment	6	14.554.281	11.819.744
Land and buildings		5.841.252	3.242.569
Technical installations, machinery, and other PP&E items		6.907.496	7.438.744
PP&E under construction and prepayments		1.805.533	1.138.431
Non-current investments in group companies and associates		10.879.939	10.388.699
Equity instruments	8	2.201.371	2.201.371
Non-current loans to group companies and associates	7, 9, 24	8.678.568	8.187.328
Non-current financial investments	7, 9	12.451	31.111
Deferred tax assets	18, 20	507.106	580.987
CURRENT ASSETS		26.675.745	19.460.606
Inventories	10	12.006.054	6.435.117
Trade and other receivables	9	4.017.537	7.196.044
Trade receivables for sales and services	7	2.791.866	4.171.058
Trade receivables from group companies and associates	7, 24	787.311	1.979.620
Other receivables from public administrations	20	438.360	1.045.366
Current investments in group companies and associates	7, 9, 24	4.705.523	4.192.165
Loans to group companies and associates		4.705.523	4.192.165
Current financial investments	7, 9	-	850.000
Loans to companies		-	850.000
Accruals	7	111.788	92.789
Cash and cash equivalents	7, 11	5.834.843	694.491
TOTAL ASSETS		52.863.075	42.556.632
EQUITY AND LIABILITIES	Notes	03.31.2021	03.31.2020
EQUITY		18.888.103	12.596.683
CAPITAL AND RESERVES		17.782.409	11.427.096
Capital	12	1.165.963	1.165.963
Issued capital		1.165.963	1.165.963
Reserves	13	10.261.133	667.451
Legal and statutory reserves		233.193	233.193
Other reserves		10.027.940	434.258
Profit (loss) for the year	14	6.355.313	9.735.147
Interim dividend	14	-	(141.465)
GRANTS, DONATIONS, AND LEGACIES	15	1.105.694	1.169.587
NON-CURRENT LIABILITIES		13.495.603	14.934.296
Non-current borrowings	7, 16	2.257.858	504.319
Debt with financial institutions		1.866.083	-
Other financial liabilities		391.775	504.319
Non-current borrowings from group companies and associates	7, 16, 24	10.792.826	13.954.872
Deferred tax liabilities	18, 20	444.919	475.105
CURRENT LIABILITIES		20.479.369	15.025.653
Current provisions	17	18.848	282.127
Current borrowings	7, 16	2.773.381	757.733
Debt with financial institutions		1.139.603	-
Other financial liabilities		1.633.778	757.733
Borrowings from group companies and associates	7, 16, 24	488.730	713.875
Trade and other payables	16	17.198.410	13.271.918
Suppliers	7	4.926.796	4.756.043
Suppliers, group companies, and associates	7, 24	2.894.191	2.193.718
Other payables	7	7.262.817	4.359.161
Employee benefits payable	7	792.728	801.940
Other payables to public administrations	20	1.321.878	1.161.056
TOTAL EQUITY AND LIABILITIES		52.863.075	42.556.632

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company
Income statement for the year ended March 31, 2021
(In euros)

	Notes	03.31.2021	03.31.2020
CONTINUING OPERATIONS			
Revenue	19	49.741.715	60.587.227
Sales		49.741.715	60.587.227
Changes in inventory of finished goods and work in progress		(507.249)	336.710
Cost of sales	19	(25.022.610)	(32.104.863)
Consumption of goods		(2.008.579)	(3.212.660)
Consumption of other supplies		(21.821.390)	(27.074.360)
Subcontracted work		(1.212.143)	(1.758.716)
Impairment of goods for resale	10	19.502	(59.127)
Other operating income		2.227.736	2.647.179
Ancillary income		2.227.736	2.647.179
Ancillary income	19	(8.669.438)	(9.946.234)
Wages, salaries, et al.		(6.593.005)	(7.525.498)
Social security costs		(2.076.433)	(2.420.736)
Other operating expenses		(9.726.365)	(10.703.397)
External services	19	(9.277.615)	(9.538.543)
Taxes	19	(76.837)	(55.933)
Losses on, impairment of, and changes in trade provisions	9	65.289	14.450
Other current operating expenses		(437.202)	(1.123.371)
Depreciation and amortization	5, 6	(1.919.117)	(1.794.425)
Grants related to non-financial assets and other grants released to income statement	15	86.664	57.166
Impairment losses and gains (losses) on disposal of assets		21.046	21.046
Impairment and losses	6	21.046	21.046
Other gains or losses		42.081	(376)
OPERATING PROFIT		6.274.463	9.100.033
Finance income	24	2.393.993	3.607.324
Dividends		1.787.769	3.049.807
Group companies and associates	8	1.787.769	3.049.807
Marketable securities and other financial instruments		606.224	557.517
Group companies and associates		606.224	557.517
Finance expenses		(765.450)	(1.008.654)
Group companies and associates	24	(625.722)	(894.291)
Other		(139.728)	(114.363)
Exchange gains (losses)		(17.239)	462
FINANCE COST		1.611.304	2.599.132
PROFIT BEFORE TAX		7.885.767	11.699.165
Corporate income tax	20	(1.530.454)	(1.964.018)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		6.355.313	9.735.147
PROFIT FOR THE YEAR	14	6.355.313	9.735.147

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A.U.

Statement of changes in equity for the year ended March 31, 2021

(In euros)

A) Statement of recognized income and expense for the year ended March 31, 2021

	Notes	03.31.2021	03.31.2020
PROFIT (LOSS) FOR THE YEAR	14	6.355.313	9.735.147
INCOME AND EXPENSE RECOGNIZED DIRECTLY IN EQUITY	15	-	1.020.245
Grants, donations, and bequests received		-	1.360.327
Tax effect		-	(340.082)
AMOUNTS TRANSFERRED TO THE INCOME STATEMENT	15	(63.893)	(41.602)
Grants, donations, and bequests received		(86.664)	(57.166)
Tax effect		22.771	15.564
TOTAL RECOGNIZED INCOME AND EXPENSE		6.291.420	10.713.790

B) Statement of total changes in equity for the year ended March 31, 2021

	Issued capital	Legal reserve	Other reserves	Profit (loss) for the year	Interim dividend	Grants	TOTAL
BALANCE AT 03.31.2019	1.165.963	233.193	434.258	7.377.548	(1.269.206)	190.944	8.132.700
Total recognized income and expense	-	-	-	9.735.147	-	978.643	10.713.790
Transactions with partners							
Dividend distribution	-	-	(6.108.342)	-	(141.465)	-	(6.249.807)
Other changes in equity	-	-	6.108.342	(7.377.548)	1.269.206	-	-
BALANCE AT 03.31.2020	1.165.963	233.193	434.258	9.735.147	(141.465)	1.169.587	12.596.683
Total recognized income and expense	-	-	-	6.355.313	-	(63.893)	6.291.420
Other changes in equity	-	-	9.593.682	(9.735.147)	141.465	-	-
BALANCE AT 03.31.2021	1.165.963	233.193	10.027.940	6.355.313	-	1.105.694	18.888.103

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company
Statement of cash flows for the year ended March 31, 2021
(In euros)

	Notes	03.31.2021	03.31.2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	20	7.885.767	11.699.165
Adjustments to profit		(144.792)	(578.134)
Depreciation and amortization	5, 6	1.919.117	1.794.425
Impairment	6, 9, 10	(102.662)	57.086
Changes in provisions (+/-)	17	(263.279)	226.653
Grants released to income (-)	15	(86.664)	(57.166)
Finance income		(2.393.993)	(3.607.324)
Finance expenses		765.450	1.008.654
Exchange gains (losses)		17.239	(462)
Change in working capital		1.008.333	(1.764.642)
Inventories		(5.551.435)	(216.892)
Trade and other receivables		2.633.615	(1.291.017)
Other current assets		(18.999)	2.387
Trade and other payables		3.926.492	(259.228)
Other non-current assets and liabilities		18.660	108
Other cash flows from operating activities		(60.590)	17.305
Interest paid		(765.450)	(1.008.654)
Interest received		2.393.993	3.607.324
Income tax receipts (payments)	20	(1.689.133)	(2.581.365)
CASH FLOWS FROM OPERATING ACTIVITIES		8.688.718	9.373.694
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments on investments		(5.675.313)	(3.743.418)
Group companies and associates		(1.004.598)	(1.652.242)
Intangible assets	5	(7.002)	(34.794)
Property, plant, and equipment	6	(4.663.713)	(1.206.382)
Other financial assets		-	(850.000)
Proceeds from sale of investments		930.039	-
Property, plant and equipment	6	80.039	-
Other financial assets		850.000	-
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		(4.745.274)	(3.743.418)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from and payments on equity instruments		607.006	314.961
Grants, donations, and bequests received	15, 20	607.006	314.961
Proceeds from and payments of financial liabilities		607.141	(1.381.769)
Issue			
Debt with financial institutions	16	3.000.000	-
Other payables		876.045	-
Repayment and redemption of:			
Borrowings from group companies and associates		(3.162.046)	(905.709)
Other debts		(106.858)	(476.060)
Dividends paid		-	(6.249.807)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		1.214.147	(7.316.615)
NET FOREIGN EXCHANGE DIFFERENCE		(17.239)	462
INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		5.140.352	(1.685.877)
Cash and cash equivalents, opening balance	11	694.491	2.380.368
Cash and cash equivalents, closing balance	11	5.834.843	694.491
		(5.140.352)	1.685.877

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A.U.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

1. GENERAL INFORMATION

SMR Automotive Systems Spain, S.A., Sole Shareholder Company ("the Company"), was incorporated on July 13, 1990 with the registered name of Alfred Engelmann, S.A. (later changed to Visiocorp España, S.A.U.), and is located in Épila, Polígono Industrial Valdemuel s/n.

The Company's corporate purpose is the production and sale of technical parts for high quality plastic materials used in the automotive industry, especially exterior and interior rear-view mirrors.

On June 9, 2009, the sole shareholder decided to change the Company's registered name from Visiocorp España, S.A.U. to SMR Automotive Systems Spain, S.A.U.

The Company belongs to the group led by Samvardhana Motherson Reflectec Group Holdings Ltd. (formerly Samvardhana Motherson Visiocorp Solution Ltd) through its sole shareholder, SMR Automotive Mirrors Stuttgart GmbH, domiciled in Germany.

The parent of the aforementioned group, Samvardhana Motherson International Limited, has its registered address in India, where it files its consolidated financial statements.

2. BASIS OF PRESENTATION

a) True and fair view

The financial statements have been prepared based on the Company's accounting records and are presented in compliance with prevailing mercantile legislation and Spanish GAAP approved by Royal Decree 1514/2007 and the modifications incorporated therein via Royal Decree 1159/2010 and Royal Decree 602/2016, to provide a true and fair view of the Company's net equity, its financial position and the results of its operations, as well as the veracity of the cash flows recognized in the cash flow statement.

These financial statements have been prepared by the directors of the Company and will be submitted for approval by the sole shareholder. They are expected to be approved without modification. The prior annual financial statements, for the year ended March 31, 2020, were approved by the sole shareholder on September 6, 2020.

The figures contained in the documents which make up these financial statements are expressed in euros without decimals.

b) Grouping of items

For purposes of clarity, the items shown on the accompanying balance sheet, income statement, statement of changes in equity, and cash flow statement have been grouped, and an analysis is provided in the notes to the financial statements where appropriate.

c) Comparison of information

In compliance with Spanish mercantile law, for comparative purposes for each of the headings presented in the balance sheet, the income statement, the statement of changes in equity, and the cash flow statement, in addition to the figures for March 31, 2021, those of the prior year have also been included. The notes to the financial statements also include quantitative information from the previous year, except when an accounting standard specifically establishes this as unnecessary.

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A. Sole Shareholder Company
Notes corresponding to the year ended March 31, 2021

However, and to establish adequate comparative information, the following reclassification has been included among the following headings of Income statement for the year ended March 31, 2020.

Income statement heading	Amount
Consumption of goods	(3.068.899)
Consumption of other supplies	2.038.760
External services	1.030.139
	-

d) Effects of the COVID-19 pandemic on the Company's operations

On March 11, 2020, the World Health Organization declared the public health emergency caused by the coronavirus outbreak (COVID-19) an international pandemic. The speed at which events are unfolding, in Spain and abroad, has caused an unprecedented health crisis that has impacted the macroeconomic environment and the Group's business performance. A series of measures were taken in 2020 to deal with the economic and social impact caused by the situation, which included mobility restrictions. Specifically, the Spanish government passed a raft of measures: it declared a state of alarm through Royal Decree 463/2020, of 14 March, which was lifted on 1 July 2020, and approved a series of extraordinary emergency measures to deal with the economic and social impact of COVID-19, including those set out in Royal Decree-Law 8/2020, of 17 March. Subsequently, a new state of alarm declared by the Spanish government began through Royal Decree 926/2020, of October 25, initially approved until November 9, 2020, and which was extended until May 9, 2021 through Royal Decree 956/2020, of November 3. At the date of formulation of these financial statements, no state of alarm is in force.

The pandemic is affecting the economy in general and the Company's operations in particular. The impacts in the coming months remain to be seen and will depend largely on the direction the pandemic takes and how much it spreads.

As a consequence of the effects of this pandemic, in the year ended March 31, 2021, the Company's sales decreased (Note 19) due to the decrease in demand as a consequence of the complete stoppage of the Company's activity during a short period of time. The administrators of the Company have adopted various measures to mitigate the effects of this reduction in the Company's activity, which have included, among others, the following:

- An ICO loan amounting 3 million of euros with the applicable interest rate conditions according to the latest aid approved by the Government
- Temporary Employment Regulation Record (ERTE) due to force majeure that affected 278 workers for a maximum of 180 days. Subsequently, a new ERTE was presented, this one for organizational reasons, which was applied at the end of the ERTE due to force majeure and may affect all workers for a maximum of 90 days. On August 16, 2020, the total resignation to the ERTE was submitted to the competent authority.

e) Critical issues concerning the measurement and assessment of uncertainty

Preparation of the financial statements requires the Company to make, and continually review, certain judgments and estimates with respect to the future, based on historical experience and other factors, including expectations with regard to future events that seem reasonable given present circumstances.

The estimates considered were made based on the best information available at the date of preparation of the accompanying financial statements, and any modifications to said estimates in the future will be applied prospectively, recognizing the effect of the changes made in the income statement of the corresponding year.

The main estimates and judgments made in the preparation of the financial statements were the following:

- The useful life of property, plant, and equipment and intangible assets (Notes 3.1 and 3.2)
- The recoverable amounts corresponding to interest held in group companies (Note 3.5)
- Calculation of provisions (Note 3.12)

3. ACCOUNTING POLICIES

3.1 Intangible assets

IT applications

Computer software licenses acquired from third parties are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of three years.

Costs associated with maintaining computer software programs are recognized as expenses when incurred.

3.2 Property, plant, and equipment

Items of property, plant, and equipment are recognized at either acquisition or production cost, less accumulated depreciation.

The amount recognized for work performed by the Company in connection with its PP&E items is calculated by adding the acquisition price of the consumables used and the related direct or indirect costs attributable to said items.

Expenses incurred for expansion, modernization or improvements to PP&E items which increase productivity and capacity, or prolong their useful life, are capitalized as an increase in the value of the assets provided that it is possible to identify or estimate the underlying book value of the assets derecognized from the inventory as a result of their replacement.

Costs incurred as a result of important repairs are capitalized and depreciated during the estimated useful life of the related assets, while recurring maintenance expenses are taken to the income statement in the year in which they are incurred.

Except for land, which is not depreciated, depreciation of PP&E items is calculated on a straight-line basis over their estimated useful lives, including effective depreciation due to functioning, use, and operation.

The annual depreciation rates applied on a straight line basis are the following:

	Rate
Buildings	3%
Plant	12 % - 15%
Machinery	12% - 21%
Tools	33%
Other installations	10%
Furniture	10%-25%
Information technology equipment	25%
Transport equipment	16%-32%
Other property, plant, and equipment	10%-15%

At each balance sheet date, residual values and useful lives are reviewed and adjusted where applicable.

When the carrying amount of an asset exceeds its estimated recoverable amount, the asset is immediately written down to its recoverable amount (Note 3.4).

Gains and losses arising from the sale of PP&E items are calculated by comparing income obtained from the sale to the carrying amount and are recognized in the income statement.

3.3 Borrowing costs

Finance expenses directly attributable to the acquisition or construction of PP&E items that need more than one year to be brought into working condition are included in the cost of the assets until they are ready for use.

3.4 Impairment of non-financial assets

Depreciable assets are tested for impairment when changes in circumstances indicate that the carrying amount might not be recoverable. Impairment losses are recognized for the excess carrying amount of an asset over its recoverable amount, which is the higher of its fair value less costs to sell or its value in use. To assess impairment losses, assets are classified into the smallest group for which separate cash flows can be identified (cash generating unit).

3.5 Financial assets

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments and are not listed on active markets. They are included under current assets, except for those whose maturities exceed 12 months from the balance sheet date, in which case they are classified as non-current assets. Loans and receivables are included in "Trade and other receivables" in the balance sheet.

These financial assets are measured initially at their fair value, including directly attributable transaction costs, and subsequently at amortized cost recognizing accrued interest at the effective rate. The effective interest rate is the rate that equates the carrying amount of the instrument with the total estimated cash flows to maturity.

Nevertheless, trade receivables which mature within less than one year are carried at nominal value both at initial and subsequent recognition, when the effect of not discounting cash flows is insignificant.

At least at year end, the necessary impairment adjustments are made when there is objective evidence that not all amounts owed will be collected.

The amount of the impairment loss is the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the effective interest rate upon initial recognition. Impairment losses and related reversions are recognized in the income statement.

b) Equity investments in group companies, jointly controlled entities, and associates

These are valued at cost less any accumulated impairment losses when applicable.

If there is objective evidence that the carrying amount is not recoverable, the appropriate value adjustments are made for the difference between the carrying amount and the recoverable amount. Unless better evidence of the recoverable amount is available, impairment losses are estimated taking into account the net equity of the investee, adjusted by any tacit capital gains existing at the valuation date. Impairment losses, as well as any related reversals, are recognized in the income statement in the year in which they occur.

3.6 Inventories

Inventories are measured at the lower of cost or net realizable value. When the net realizable value of inventories is less than their cost, they are written down and an expense is recognized in the income statement. If the circumstances causing the write-down disappear, the corresponding amount is reversed and recognized as income in the income statement.

The cost of raw materials is determined by the weighted average cost method and includes all expenses associated with the acquisition of said raw materials, mainly relating to transportation and freighting.

In addition to the cost of raw materials, the cost of finished products and products in progress includes design costs, the applicable portion of direct and indirect labor costs as well as other general production overheads (based on the normal working capacity of the production methods).

The Company's inventories include production work for molds, which are ordered by clients for subsequent production of parts by the Company. Their valuation includes all the expenses invoiced by the suppliers contracted for production plus the direct and indirect attributable production expenses.

The invoicing for said molds is conducted in accordance with the agreed upon terms and income is not recognized until the corresponding certification has been obtained or the goods have been accepted by the client.

Possible losses which the mold projects may incur are recognized as soon as they arise.

Net realizable value is the estimated selling price in the normal course of business less any estimated necessary costs to sell. In the case of raw materials and products in progress, net realizable value includes any estimated costs necessary to complete production.

3.7 Equity

Share capital is comprised of registered shares.

The cost of issuing new shares is recognized directly in equity as a reduction of reserves.

3.8 Financial liabilities

a) Trade and other payables

This heading includes trade and non-trade payables. These borrowings are classified as current liabilities, except when the Company has the unconditional right to defer their settlement for at least 12 months from the balance sheet date.

These debts are initially recognized at fair value less directly attributable transaction costs and are later recognized at their amortized cost calculated using the effective interest rate method. The effective interest rate is the rate which equates the instrument's carrying amount with the expected flow of future payments to maturity of the liability.

Nevertheless, trade payables which mature within 12 months and do not have a contractual interest rate, are carried at nominal value both at initial and subsequent measurement when the effect of not discounting cash flows is not significant.

3.9 Grants received

Repayable grants are recognized as liabilities until the conditions for them to be considered non-refundable are met, while non-repayable grants are recognized directly in equity as income systematically and rationally correlated with the expenses relating to the grant. Non-refundable grants received from the partners are recognized directly in equity.

For these purposes, a grant is considered as non-refundable when there is an individualized grant concession agreement, all stipulated conditions for the concession have been met, and there are no reasonable doubts regarding collection of the grant.

Monetary grants are valued at the fair value of the amount received and non-monetary grants at the fair value of the goods received, both measured at the date of reception.

Non-repayable grants related to the acquisition of intangible assets, PP&E items, and investment properties are recognized as income for the year in proportion to the amortization or depreciation of the corresponding assets or, if applicable, when the assets are disposed of, valuation adjustments are made to the carrying amounts due to impairment, or when the assets are derecognized. In addition, non-refundable grants relating to specific expenses are recognized in the income statement during the period in which the corresponding expenses are accrued, and those granted to offset operating deficits are recognized during the year in which they are granted, except when they are used to offset operating deficits in future periods, in which case the corresponding amounts are recognized in said years.

3.10 Current and deferred income tax

Income tax expense/(income) is the total amount accrued in the year, including expenses for both current income tax and deferred tax.

Current and deferred tax expense/(income) is recognized in the income statement. However, the tax effect related to items recognized directly in equity is likewise recognized in equity.

Current tax assets and liabilities are measured at the amounts expected to be paid to or recovered from the tax authorities, in accordance with prevailing tax legislation at the balance sheet date.

Deferred taxes are calculated based on the temporary differences that arise between the tax bases of the assets and liabilities and their carrying amounts. Deferred taxes are determined in accordance with prevailing legislation and the tax rates approved at the balance sheet date, and also by applying the rates and legislation expected for when the corresponding deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which these assets may be utilized.

Effective from April 1, 2015, the Company has been filing a consolidated corporate tax return with the parent of its tax group, SMP Automotive Technology Ibérica, S.L., together with other subsidiaries of the group. Thus, tax assets and obligations with the public administrations are reported in the financial statements of group companies when applicable.

3.11 Employee benefits

Termination benefits are paid to employees when the Company decides to terminate their labor contract before they reach retirement age or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it has a demonstrable commitment to terminate labor contracts under an irrevocable, formal, and detailed plan or to make indemnity payments as part of an offer to encourage voluntary redundancy. Benefits that will not be paid in the twelve months subsequent to the balance sheet date are discounted to their present value.

3.12 Provisions and contingent liabilities

Provisions are recognized when the Company has a present obligation (legal or implicit) as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the corresponding amounts can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the current value of the expected outflow to settle the obligation, using pre-tax discount rates that reflect current market assessments of the time value of money and the risk specific to the liability. Provision discount adjustments are recognized as a finance cost as they accrue.

Provisions due for settlement within one year from the end of the reporting period are not discounted if the financial effect is not significant.

When it is expected that part of the provision will be reimbursed by a third party, the reimbursement is recognized as a separate asset, provided that such reimbursement is practically certain. Contingent liabilities are considered to be possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not within the control of the Company. Such contingent liabilities are not recognized but are disclosed in the notes to the financial statements.

3.13 Recognition of income

Income is recognized at fair value of the consideration received or receivable and represents amounts receivable for goods delivered and services rendered in the normal course of business activity, less refunds, rebates, discounts, and VAT.

Income is recognized when it can be reliably measured and when future economic benefits are likely to flow to the Company. Income cannot be measured reliably until all sales-related contingencies have been resolved.

The main activity of the Company is the production and sale of rear-view mirrors for vehicles. Income is recognized in the income statement as soon as the risks and benefits associated with the products are transferred, which normally coincides with the date on which the purchaser can make use of the product.

The prices applied are based on agreements signed with the clients which also establish the remaining applicable commercial terms. These prices are renewed annually.

In addition, the Company internally produces or subcontracts the production of molds for the subsequent manufacture of automobile parts. Once the mold production process finalizes, the molds are sold to clients based on the agreed upon prices.

The expenses incurred by the Company in the manufacture of said molds are recognized under the current heading for inventories.

Income relating to the sale of molds is recognized as soon as the buyer has received and can make use of them, as it is at that moment that the related risks and benefits have effectively been transferred.

Interest income is recognized using the effective interest method. When an account receivable is impaired, the Company reduces the carrying amount to the recoverable amount, discounting estimated future cash flows at the original effective interest rate of the instrument, and continues carrying the discounted cash flow as a decrease in interest income. Interest income from impaired loans is recorded using the effective interest rate method.

3.14 Leases

Leases where the lessor substantially retains all the risks and benefits of ownership of the asset are classified as operating leases. Payments on operating leases (net of any incentives received from the lessor) are taken to the income statement for the year as accrued on a straight-line basis during the lease period.

3.15 Related-party disclosures

Transactions carried out between Group companies are generally measured initially at fair value. When the agreed-upon prices differ from fair value, the differences are recognized based on the economic reality of the transaction. Subsequent measurements are carried out as established in the corresponding regulations.

3.16 Environmental matters

Expenses arising from business actions taken to protect and improve the environment are recognized as an expense in the year incurred.

When these expenses constitute additions to PP&E items that will be used to minimize the environmental impact of activities as well as protect and improve the environment, they are recorded as an increase in the value of the asset.

3.17 Foreign currency transactions

(a) Functional and presentation currency

The financial statements are presented in euros, which is the Company's functional and

presentational currency.

(b) Transactions and balances

Foreign currency transactions are converted to the functional currency at the exchange rates prevailing on the respective transaction dates. Gains and losses in foreign currency arising from the settlement of transactions and from the translation of year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Company's activities are exposed to various financial risks: interest rate risk, credit risk, and liquidity risk.

Management of risk is controlled by the Company, which identifies, evaluates, and covers the financial risks in accordance with policies approved by the Group. The Group provides policies for overall risk management, as well as policies for covering specific areas, such as interest rate risk, liquidity risk, and investment of excess liquidity.

a) Interest rate risk

Since the Company does not have any significant remunerated assets, income and cash flows from operating activities are not significantly exposed to the risk of changes in market interest rates.

The Company's interest rate risk arises from long-term borrowings. Borrowings at variable interest rates expose the Company to cash flow interest rate risk.

b) Credit risk

Credit risk arises from cash and cash equivalents, and clients, including receivables pending collection and transactions to which the Company has committed itself. The credit quality of the clients is evaluated taking into account their financial position, past experience, and other factors.

The main clients of the Company are important companies active in the automotive sector which have no history of non-payments. The Company's policy is to provision all past due balances older than 6 months.

The level of credit extended is regularly monitored.

c) Liquidity risk

Prudent management of liquidity risk consists in maintaining sufficient cash and marketable securities, having sufficient financing available from committed credit facilities, and having the capacity to exit market positions.

Management monitors forecasts relating to the Company's liquidity reserves, comprising available credit as well as cash and cash equivalents, based on expected cash flows.

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The following table shows an analysis of the financial liabilities, grouped by maturities in accordance with pending installments at the balance sheet date until the maturity date established in the corresponding contracts.

Financial liabilities							
Euros	2021-22	2022-23	2023-24	2024-25	2025-26	Subsequent years	Total
Trade and other payables (Note 16)	15.876.532	-	-	-	-	-	15.876.532
Borrowings from group companies and associates (Note 24)	488.730	-	10.792.826	-	-	-	11.281.556
Debt with financial institutions (Note 16)	1.139.603	1.504.125	361.958	-	-	-	3.005.686
Other financial liabilities (Note 16)	1.633.778	141.025	114.381	62.769	62.769	62.769	2.077.491
	19.138.643	1.645.150	11.269.165	62.769	62.769	62.769	32.241.265

"Other financial liabilities" includes loans received by public bodies at subsidized interest rates, which are consequently recognized at amortized cost. The maturities shown in the above table do not take into account the effect of amortized cost on these loans, which amounts to 51,938 euros.

4.2 Fair value estimation

The fair value of financial instruments traded in active markets is based on market prices at the balance sheet date. The market price used for financial assets is the current purchase price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses the discounted cash flow method, applying hypotheses based on current market conditions at each balance sheet date.

The Company assumes that the carrying amounts of trade receivables and payables approximately agree with their fair value.

5. INTANGIBLE ASSETS

The breakdown and movements in the items recognized under "Intangible assets" are as follows:

(In euros)	Beginning balance	Additions and allowances	Derecognitions	Transfers	Balance at year end
03.31.2021					
Cost					
Software	837.802	7.002	(197.260)	1.764	649.308
	837.802	7.002	(197.260)	1.764	649.308
Accumulated amortization					
Software	(562.317)	(50.698)	197.260	-	(415.755)
	(562.317)	(50.698)	197.260	-	(415.755)
Net carrying amount	275.485				233.553
03.31.2020					
Cost					
Software	547.021	34.794	-	255.987	837.802
	547.021	34.794	-	255.987	837.802
Accumulated amortization					
Software	(522.378)	(39.939)	-	-	(562.317)
	(522.378)	(39.939)	-	-	(562.317)
Net carrying amount	24.643				275.485

The decreases for the year ended March 31, 2021 mainly correspond to items that have been largely depreciated and are no longer in use.

At March 31, 2021, fully amortized intangible assets still in use amounted to 329,130 euros (2020: 518,247 euros).

6. PROPERTY, PLANT, AND EQUIPMENT

The breakdown and movements in the items recognized under "Property, plant, and equipment" are as follows:

(In euros)	Beginning balance	Additions and allowances	Derecognitions	Transfers	Balance at year end
03.31.2021					
Cost					
Land and buildings	6.048.655	2.489.256	-	323.822	8.861.733
Plant and other PP&E items	33.394.677	543.442	(2.644.044)	558.488	31.852.563
Prepayments and PP&E under construction	1.138.431	1.631.015	(79.839)	(884.074)	1.805.533
	40.581.763	4.663.713	(2.723.883)	(1.764)	42.519.829
Accumulated depreciation					
Land and buildings	(2.806.086)	(214.395)	-	-	(3.020.481)
Plant and other PP&E items	(25.907.598)	(1.654.024)	2.643.844	-	(24.917.778)
	(28.713.684)	(1.868.419)	2.643.844	-	(27.938.259)
Impairment					
Plant and other PP&E items	(48.335)	-	21.046	-	(27.289)
	(48.335)	-	21.046	-	(27.289)
Net carrying amount	11.819.744				14.554.281
03.31.2020					
Cost					
Land and buildings	6.013.140	21.779	-	13.736	6.048.655
Plant and other PP&E items	31.657.699	319.641	(1.327)	1.418.664	33.394.677
Prepayments and PP&E under construction	1.961.856	864.962	-	(1.688.387)	1.138.431
	39.632.695	1.206.382	(1.327)	(255.987)	40.581.763
Accumulated depreciation					
Land and buildings	(2.627.467)	(178.619)	-	-	(2.806.086)
Plant and other PP&E items	(24.333.058)	(1.575.867)	1.327	-	(25.907.598)
	(26.960.525)	(1.754.486)	1.327	-	(28.713.684)
Impairment					
Plant and other PP&E items	(69.381)	-	21.046	-	(48.335)
	(69.381)	-	21.046	-	(48.335)
Net carrying amount	12.602.789				11.819.744

At March 31, 2021, the amount recognized for land and buildings totaled 707,746 euros and 5,133,506 euros, respectively (2020: 110,465 euros and 3,132,104 euros, respectively).

The most significant addition as of March 31, 2021 corresponds to the purchase of a warehouse that had been rented in previous years to carry out its activity. The rest of the additions, as well as those for the year ended March 31, 2020 correspond to investments in machinery and facilities for the manufacture of new projects.

The decreases for the year ended March 31, 2021 mainly correspond to items that have been largely depreciated and are no longer in use.

During the year, purchases of fixed assets were made from Group companies for an amount of 30,808 euros (there were no purchases from the Group in the previous year). Neither in this year nor in the previous year has there been a sale of fixed assets to Group companies.

In prior years, during a period of three months, the Company manufactured plastic parts for the Group company SMP Automotive Technology Ibérica S.L. In order to perform this activity, it was necessary to make investments in machinery amounting to 174,609 euros. Once said period had ended, Management decided to recognized impairment losses equivalent to the acquisition cost of these investments, given that said assets cannot be utilized for the production of plastic components by the Company. During the year ended March 31, 2021, said provision was reversed in the amount of 21,046 euros (2020: 21,046 euros), in line with the depreciation allowance recognized for the period.

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a) Fully depreciated assets

At March 31, 2021 fully depreciated PP&E items still in use were recognized in the amount of 17,486,232 euros (2020: 19,799,818 euros).

b) Insurance

The Company has taken out various insurance policies to cover the risks to which its PP&E items are exposed. The coverage of these policies is considered sufficient.

c) Goods under operating leases

The income statement includes expenses corresponding to operating leases in connection with the leasing of the following items:

(In euros)	03.31.2021	03.31.2020
Buildings	-	49.027
Transport equipment	133.363	152.738
Other	12.730	8.740
	146.093	210.505

In July 2014, a five-year operating lease was contracted for the rental of a warehouse next to the Company's installations, subsequently renewable annually. As indicated above, during the year 2021 this warehouse has been purchased. During 2020 expenses relating to this lease accrued in the amount of 49,027 euros.

Note 19.e) to the accompanying financial statements provides disclosure on the future minimum lease payments in connection with the aforementioned items.

d) Revaluation of assets

As described in Note 13 to the accompanying financial statements, the Company restated certain PP&E items as permitted by various legal provisions. At March 31, 2021 the amount of net revaluations accumulated and recognized as per said legal provisions and the effect on depreciation allowances for the period was as follows:

(In euros)	Beginning balance	Additions and allowances	Derecognitions	Balance at year end
03.31.2021				
Cost				
Land and buildings	177.071	-	-	177.071
Plant and other PP&E items	270.618	-	(237.147)	33.471
	447.689	-	(237.147)	210.542
Accumulated depreciation				
Land and buildings	(135.391)	(5.852)	-	(141.243)
Plant and other PP&E items	(270.618)	-	237.147	(33.471)
	(406.009)	(5.852)	237.147	(174.714)
Net carrying amount	41.680			35.828
03.31.2020				
Cost				
Land and buildings	177.071	-	-	177.071
Plant and other PP&E items	270.618	-	-	270.618
	447.689	-	-	447.689
Accumulated depreciation				
Land and buildings	(129.539)	(5.852)	-	(135.391)
Plant and other PP&E items	(270.618)	-	-	(270.618)
	(400.157)	(5.852)	-	(406.009)
Net carrying amount	47.532			41.680

7. ANALYSIS OF FINANCIAL INSTRUMENTS

7.1 Analysis by categories

The carrying amount of each of the categories of financial instruments established in the standard for recognition and measurement of "Financial instruments," excluding investments in Group companies and associates (Note 8), is as follows:

(In euros)	Loans, derivatives, and other		Total	
	03.31.2021	03.31.2020	03.31.2021	03.31.2020
Non-current financial assets				
Loans and receivables (Note 9)	8.691.019	8.218.439	8.691.019	8.218.439
Current financial assets				
Loans and receivables (Note 9)	3.579.177	6.150.678	3.579.177	6.150.678
Loans to group companies and associates (Note 9)	4.705.523	4.192.165	4.705.523	4.192.165
Loans to companies	-	850.000	-	850.000
Cash and cash equivalents (Note 11)	5.834.843	694.491	5.834.843	694.491
	22.810.562	20.105.773	22.810.562	20.105.773

The heading for short term accruals, amounting to 111,788 euros, includes anticipated expenses for services to be received in the short term (2020: 92,789 euros).

(In euros)	Debts with financial institutions		Derivatives and other		Total	
	03.31.2021	03.31.2020	03.31.2021	03.31.2020	03.31.2021	03.31.2020
Non-current financial liabilities						
Borrowings from group companies and associates (Note 16)	-	-	10.792.826	13.954.872	10.792.826	13.954.872
Trade and other payables (Note 16)	1.866.083	-	391.775	504.319	2.257.858	504.319
	1.866.083	-	11.184.601	14.459.191	13.050.684	14.459.191
Current financial liabilities						
Borrowings from group companies and associates (Note 16)	-	-	488.730	713.875	488.730	713.875
Trade and other payables (Note 16)	1.139.603	-	17.510.310	12.868.595	18.649.913	12.868.595
	1.139.603	-	17.999.040	13.582.470	19.138.643	13.582.470

7.2 Breakdown by maturity

The breakdown of financial assets classified by maturity is as follows:

(In euros)	Financial assets					Subsequent years	Total
	2021-22	2022-23	2023-24	2024-25	2025-26		
Loans to group companies and associates (Note 24)	4.705.523	-	8.678.568	-	-	-	13.384.091
Loans and receivables (Note 9)	3.579.177	-	-	-	-	-	3.579.177
Other financial assets (Note 9)	-	-	-	-	-	12.451	12.451
Loans to companies	-	-	-	-	-	-	-
Cash (Note 11)	5.834.843	-	-	-	-	-	5.834.843
	14.119.543	-	8.678.568	-	-	12.451	22.810.562

The breakdown of financial liabilities classified by maturity is as follows:

(In euros)	Financial liabilities					Subsequent years	Total
	2021-22	2022-23	2023-24	2024-25	2025-26		
Trade and other payables (Note 16)	15.876.532	-	-	-	-	-	15.876.532
Borrowings from group companies and associates (Note 24)	488.730	-	10.792.826	-	-	-	11.281.556
Debts with credit institutions (Note 16)	1.139.603	1.504.125	361.958	-	-	-	3.005.686
Other financial liabilities (Note 16)	1.633.778	119.839	109.862	53.758	56.642	51.674	2.025.553
	19.138.643	1.623.964	11.264.646	53.758	56.642	51.674	32.189.327

"Other financial liabilities" includes loans received by public bodies at subsidized interest rates, which are consequently recognized at amortized cost. The maturities shown in the above table take into account the effect of amortized cost on these loans.

7.3 Credit rating of financial assets

None of the financial assets recognized have a credit rating granted by external bodies which might serve to evaluate the credit quality of the assets. The directors consider the risk of insolvency or late payments as low for the financial assets held given the disclosure provided in Note 4 to the accompanying financial statements on credit risk.

The accounts receivable from Group companies and public administrations are considered low risk.

None of the unmatured financial assets were subject to renegotiations during the period. The amounts collected prior to the preparation of the accompanying financial statements, together with the client histories, allow the directors to consider that none of the matured balances represent a significant risk of insolvency or late payment, and thus they did not consider it necessary to recognize any impairment losses on the accounts receivable in addition to those recognized at March 31, 2021.

8. INVESTMENTS IN GROUP COMPANIES, JOINTLY CONTROLLED ENTITIES, AND ASSOCIATES

Interest held in Group companies corresponds to the 35.32% stake in SMR Automotive Vision Systems Mexico S.A. de C.V. (previously Visiocorp México S.A. de C.V.), a company which performs the same activity as the Company and whose shares are not listed on a stock exchange.

The amounts of capital, reserves, and profit (loss) for the period, as well as other relevant information, as presented in the individual financial statements of the company at December 31, are as follows:

(In euros)	Share capital	Reserves and retained earnings	Profit for the year	Total equity (*)	Dividends received
12.31.2020					
SMR Automotive Vision Systems Mexico, S.A. de C.V.	4.202.750	15.373.600	11.947.014	31.523.364	1.787.769
12.31.2019					
SMR Automotive Vision Systems Mexico, S.A. de C.V.	4.763.367	17.039.007	10.162.688	31.965.062	3.049.807

(*) Data according to financial statements translated to euros at the year-end exchange rate of the society. There is not impairment if it is considered the exchange rate at the date of the preparation of the financial statements. The financial statements as at December 31, 2019 and December 31, 2020 were audited by EY Mexico.

9. LOANS AND RECEIVABLES

The breakdown of "Loans and receivables" is as follows:

(In euros)	03.31.2021	03.31.2020
Non-current financial assets		
Borrowings from group companies and related parties (Note 24)	8.678.568	8.187.328
Other financial assets	12.451	31.111
	8.691.019	8.218.439
Current financial assets		
Clients	2.807.998	4.255.349
Receivables from group companies and related parties (Note 24)	787.311	1.979.620
Other receivables from public administrations	438.360	1.045.366
Borrowings from group companies and related parties (Note 24)	4.705.523	4.192.165
Loans to companies	-	850.000
Impairment loss provisions	(16.132)	(84.291)
	8.723.060	12.238.209
	17.414.079	20.456.648

At the closing of the period there were receivable balances amounting to 902,749 euros (2020: 751,246 euros) classified as clients who enjoy different prices and who will be compensated via future sales invoices.

At March 31, 2021, the Company had access to various non-recourse factoring lines with a total limit of 11,424,990 euros (2020: 13,425,000 euros), having drawn down 6,070,360 euros at March 31, 2021 (2020: 5,205,096 euros).

The movements in the impairment loss allowances relating to the accounts receivable from clients are as follows:

(In euros)	03.31.2021	03.31.2020
Beginning balance	(84.291)	(70.876)
Provision for impairment of receivables	-	(19.005)
Reversal of impaired receivables	62.114	-
Losses on irrecoverable trade receivables	6.045	5.590
Balance at year end	(16.132)	(84.291)

Impairment losses on accounts receivable from clients and any related reversals are recognized under "Losses on, impairment of, and change in trade provisions" in the income statement. Normally, amounts charged to impairment losses are derecognized when the possibility of recovering more cash is remote. Under this line of the income statements are recognised too the movements of the commercial provision related to clients` guarantees (Note 17). As at March 31, 2021 the net effect has been 3,175 euros (2020: 33,455 euros).

The maximum credit risk exposure at the balance sheet date corresponds to the fair value of each of the aforementioned receivable categories.

10. INVENTORIES

The breakdown for this balance sheet heading is as follows:

(In euros)	03.31.2021	03.31.2020
Goods for resale	9.852.793	3.926.684
Raw materials and other consumables	1.157.125	1.021.598
Work in progress	598.693	785.856
Finished goods	454.402	774.489
Prepayments to suppliers	-	2.951
Impairment of raw materials	(56.959)	(76.461)
Total	12.006.054	6.435.117

The goods for resale correspond both the toolings used by the Company in its production process and the activation of engineering expenses incurred by the Company for the development of the parts requested by the client in accordance with its prescriptions. The toolings are subsequently sold to the customer according to the signed contract. In the case of engineering expenses, they are transferred to income statement for the year throughout the sales cycle of the product under development, which may cover different years.

a) Insurance

The Company has taken out insurance policies to cover the risk of damage to its inventories. The coverage of these policies is considered sufficient.

b) Impairment allowances for inventories

The movements in the impairment loss allowances relating to inventories are as follows:

(In euros)	03.31.2021	03.31.2020
Beginning balance	(76.461)	(17.334)
Provisions for impairment of inventory	-	(59.127)
Reversal of provisions for impairment of inventory	19.502	-
Balance at year end	(56.959)	(76.461)

11. CASH AND CASH EQUIVALENTS

At March 31, 2021 and 2020 the balance for cash and cash equivalents is broken down as follows:

(In euros)	03.31.2021	03.31.2020
Cash in hand	1.546	3.338
Cash in foreign currency	184	188
Demand deposits in current accounts	5.833.113	690.965
	5.834.843	694.491

12. SHARE CAPITAL

Issued capital consists of 194,000 registered shares with a nominal value of 6.010121 euros each, fully subscribed and paid-in.

The entire share capital of the Company is owned by SMR Automotive Mirrors Stuttgart GmbH.

The Company is registered in the Mercantile Register as a sole shareholder company,

The Company's shares are not listed.

13. RESERVES AND RETAINED EARNINGS

The breakdown of this heading is the following:

(In euros)	03.31.2021	03.31.2020
Legal reserve	233.193	233.193
Voluntary reserves	9.593.682	-
Revaluation Reserve Royal Decree-Law 7/1996	434.258	434.258
	10.261.133	667.451

Legal reserve

The legal reserve must be allocated in accordance with Article 274 of the Spanish Corporate Enterprises Act, which states that an amount equal to 10% of the profit for each year must be earmarked for the legal reserve until it represents at least 20% of share capital.

This reserve may not be distributed and can only be used to offset losses if no other reserves are available. Any amount of the reserve used for this purpose must be restored with future profits.

Revaluation Reserve Royal Decree-Law 7/1996, dated June 7

This reserve arises from the revaluation of balances as regulated by article 5 of said Royal Decree-Law.

Given that the three-year period counted from the closing date of the balance sheet in which the revaluations were carried out elapsed without the Tax Authorities having performed any verification, the revaluations are considered to be correct and accepted by the Tax Authorities. Thus, the balance can be used to:

- Eliminate negative accounting results
- Increase share capital
- Constitute freely distributable reserves, once ten years have elapsed counted from the balance sheet date on which the revaluations were carried out

The balance of this line item cannot be distributed, directly or indirectly, unless the gains have been realized, which is understood to have occurred when the revalued items have been completely amortized/depreciated, transferred or derecognized in the accounting records.

14. PROFIT FOR THE YEAR

a) Proposed appropriation of profit

The proposed appropriation of profit and reserves to be presented to the Sole Shareholder in 2021 as well as the distribution approved by the Sole Shareholder in the prior period are as follows:

(In euros)	03.31.2021	03.31.2020
Basis of appropriation:		
Income statement balance	6.355.313	9.735.147
	6.355.313	9.735.147
Distribution to:		
Interim dividend	-	141.465
Voluntary reserves	6.355.313	9.593.682
	6.355.313	9.735.147

b) Interim dividend

The Sole Shareholder agreed upon an interim dividend distribution amounting to 141,465 euros on March 13, 2020. No interim dividends have been distributed during the year.

These amounts to be distributed did not exceed the results obtained since the end of the last fiscal year, after deducting the estimated corporate income tax payable on those results, in accordance with article 277 of the Revised Text of the Spanish Corporate Enterprises Act as per Royal Decree 1/2010 of July 2, 2010.

15. GRANTS RECEIVED

The breakdown of non-repayable grants which are reflected in the balance sheet under "Grants, donations, and legacies" is as follows:

Grantor	Grants awarded	Grant 03.31.2021 (*)	Year grant awarded
1.-Government of Aragon	5.253	5.253	1993
2.- Ministry for Industry	264.045	28.178	2011
3.- Government of Aragon	262.896	76.678	2016
4.- Government of Aragon	1.360.327	995.585	2019
	1.892.521	1.105.694	

(*) Grant net of tax effect

The grant awarded in 1993 was used for acquiring the land where the Company performs its habitual activities.

On June 2, 2011 the Ministry for Industry, Tourism, and Trade granted the Company a loan under the Competitiveness Plan for Developing Strategic Sectors. This loan totaled 632,979 euros, repayable at 0% interest over a period of 15 years with a five-year grace period. The grant associated with this loan amounts to 264,045 euros and was almost entirely used for acquiring fixed assets.

On May 17, 2016 the Regional Government of Aragon, Department of Economy, Industry, and Employment, awarded a grant to the Company meant for the realization of an investment project which had already been executed in prior years, consisting in expansion of the paint plant in Épila, Zaragoza.

On October 18, 2019 the Regional Government of Aragon awarded a grant to the Company amounting to 1,360,327 euros meant for the realization of business projects about the development of the electric vehicle. Said grant will be collected through different annual payments and at March 31, 2021 are still pending to be received 438,360 euros under the heading for "Other receivables from public administrations". It will be recognized in the income statement during the period in which the Company begins to sell the products concerned, being the first imputation period on March 31, 2021.

The movements under this heading during the year were as follows:

(In thousands of euros)	Beginning balance	Additions	Transfers to income statement	Tax effect (Note 20)	Balance at year end
03.31.2021					
Grants	1.169.587	-	(86.664)	22.771	1.105.694
Net carrying amount	1.169.587				1.105.694
03.31.2020					
Grants	190.944	1.360.327	(57.166)	(324.518)	1.169.587
Net carrying amount	190.944				1.169.587

16. TRADE AND OTHER PAYABLES

The breakdown of "Trade and other payables" at year end is as follows:

(In euros)	03.31.2021	03.31.2020
Long-term trade and other payables		
Borrowings from group companies and associates (Note 24)	10.792.826	13.954.872
Debts with credit institutions (Note 16)	1.866.083	-
Other financial liabilities	391.775	504.319
	13.050.684	14.459.191
Current trade and other payables		
Debts with credit institutions	1.139.603	-
Asset suppliers	1.492.753	616.708
Other financial liabilities	141.025	141.025
Suppliers and creditors	12.189.613	9.115.204
Borrowings from group companies and associates (Note 24)	488.730	713.875
Suppliers, group companies and associates (Note 24)	2.894.191	2.193.718
Other payables to public administrations	1.321.878	1.161.056
Employee benefits payable	792.728	801.940
	20.460.521	14.743.526

- a) Information on average payment periods for suppliers. Third additional provision, "Reporting requirement" of Law 15/2010 of July 5

The breakdown of required information relating to the average payment periods for suppliers is as follows:

	03.31.2021	03.31.2020
(Days)		
Average supplier payment period	83	64
Paid transactions ratio	92	61
Outstanding transaction payment ratio	61	76
(Euros)		
Total payments made	32.784.633	39.522.938
Total payments outstanding	12.987.129	9.478.153

- b) Debt with financial institutions

During the year, an ICO loan was formalized with a bank for an amount of 3 million euros. Said loan has a payment grace period until August 4, 2021. Its maturity is May 4, 2023 and the applicable interest rate is initially fixed for 12 months of 1.15% and subsequently Euribor twelve months plus a differential of 1.15%.

- c) Other non-current financial liabilities

In prior periods the Company received two loans from the Center for Industrial Technological Development (CITD) with a limit of 536 thousand euros and 158 thousand euros, of which at present 475 thousand and 153 thousand euros have been drawn down, respectively. Given that these loans are repayable over 10 years at 0% interest with a three-year grace period, the Company recognized the corresponding grant at a subsidized interest rate (Note 15). At March 31, 2021 the carrying amount of said loans amounts to 206,365 euros (March 31, 2020: 273,538 euros). The implicit interest accrued during the year amounted to 11,082 euros (March 31, 2020: 14,240 euros).

On June 2, 2011 the Ministry for Industry, Tourism, and Trade granted a loan under the Competitiveness Plan for Development of Strategic Sectors for a nominal amount of 632,979 euros, fully drawn down and almost entirely used to acquire fixed assets. Said loan is repayable over 15 years at 0% interest with a five-year grace period and was consequently recognized as a

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grant at a subsidized rate (Note 15). The carrying amount of said loan at March 31, 2021 totaled 326,435 euros (2020: 371,806 euros).

17. PROVISIONS

At March 31, 2021 and 2020, the heading for short-term provisions includes provisions for guarantees as well as other provisions.

The movements in this heading during the year were as follows:

(In euros)	03.31.2020	Amounts provisioned	Reversal	03.31.2021
Guarantees	22.019	4	(3.175)	18.848
Other	260.108	-	(260.108)	-
Balance at year end	282.127	4	(263.283)	18.848

(In euros)	03.31.2019	Amounts provisioned	Reversal	03.31.2020
Guarantees	55.474	-	(33.455)	22.019
Other	-	260.108	-	260.108
Balance at year end	55.474	260.108	(33.455)	282.127

Since the products manufactured by the Company have a two-year use warranty, it sets aside a provision each year to settle estimated costs relating to said warranties in effect at year end. At March 31, 2021 the provision for guarantees is recognized as a generic provision amounting to 18,848 euros, while at the 2020 closing said provision totaled 22,019 euros.

With respect to the generic provision, its calculation is determined based on revenue, historical experience of the Company, and information obtained from clients relating to deficient quality in the products sold.

On March 31, 2020, the Company recognized a provision amounting to 260,108 euros to cover the impact of the COVID-19 outbreak on the Company's operations. It considers the future expenses that the Company will have to assume as a result of the pandemic, concerning the extraordinary payments as well as the Company's contributions to Social Security of those employees covered by the Temporary Employment Regulation Record ("ERTE") which the Company approved before year end.

18. DEFERRED TAX LIABILITIES

The movement in deferred tax assets during the period was the following:

(In euros)	Beginning balance	Additions	Derecognitions	Balance at year end
03.31.2021				
Deferred tax assets				
Depreciation and amortization	114.463	-	(22.953)	91.510
Impairment	22.910	-	-	22.910
Provisions	443.614	68.546	(119.474)	392.686
	580.987	68.546	(142.427)	507.106
03.31.2020				
Deferred tax assets				
Depreciation and amortization	137.416	-	(22.953)	114.463
Impairment	22.910	-	-	22.910
Provisions	226.843	420.662	(203.891)	443.614
	387.169	420.662	(226.844)	580.987

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The movement in deferred tax liabilities during the period was the following:

(In euros)	Beginning balance	Additions	Derecognitions	Balance at year end
03.31.2021				
Deferred tax liabilities				
Amortization/depreciation D.L. 3/93	4.575	-	-	4.575
Amortization/depreciation D.L. 3/94	26.471	-	(3.263)	23.208
Amortization/depreciation D.L. 3/95	610	-	(71)	539
Accelerated depreciation/amortization (Note 20)	41.663	-	(4.081)	37.582
Grants (Note 15)	401.786	-	(22.771)	379.015
	475.105	-	(30.186)	444.919
03.31.2020				
Deferred tax liabilities				
Amortization/depreciation D.L. 3/93	4.616	-	(41)	4.575
Amortization/depreciation D.L. 3/94	29.736	-	(3.265)	26.471
Amortization/depreciation D.L. 3/95	681	-	(71)	610
Accelerated depreciation/amortization (Note 20)	45.745	-	(4.082)	41.663
Grants (Note 15)	77.268	340.082	(15.564)	401.786
	158.046	340.082	(23.023)	475.105

In 1994 and 1995 the Company availed itself of the tax benefits established in Royal Decree Law 7/94 and 2/95, respectively, which allow for accelerated depreciation of PP&E items acquired during the period based on the increase in the average employee headcount. Thus, the related difference between accounting depreciation charges and tax deductible depreciation for the year ended March 31, 2021 amounted to 13,503 euros (March 31, 2020: 13,502 euros).

In addition, the Company applied the tax regime of accelerated depreciation to all acquisitions of PP&E items which were put to use during the year ended March 31, 2012 and which were related to the Company's corporate activity. Thus, the related difference between accounting depreciation charges and tax deductible depreciation for the year ended March 31, 2021 amounted to 16,327 euros (March 31, 2020: 16,327 euros).

19. INCOME AND EXPENSES

a) Revenue

The distribution of net turnover was the following:

(In euros)	03.31.2021	03.31.2020
By business segment		
Mirror casing	9.688.007	14.009.205
External mirror	28.504.536	33.011.304
Interior mirror	3.458.108	3.060.819
Fuel cap	1.530.480	2.428.781
Molds (tooling)	2.281.856	2.986.160
Other	4.278.728	5.090.958
	49.741.715	60.587.227
By geographical market		
Spain	16.690.058	23.736.020
Eurozone	25.789.653	27.127.229
Other European countries	6.338.566	8.585.279
Rest of the world	923.438	1.138.699
	49.741.715	60.587.227

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b) Consumption of goods for resale, raw materials, and other consumables

(In euros)	03.31.2021	03.31.2020
Consumption and changes in inventories		
Purchase of goods for resale	7.934.688	3.123.436
Purchases of raw materials	14.774.562	19.346.461
Consumption of other supplies	7.200.759	7.722.220
Discount on early payment for purchases	(18.404)	(22.629)
Subcontracted work	1.212.143	1.758.716
Increase/(decrease) in inventories (Note 10)	(6.061.636)	117.532
Impairment of goods for resale, raw materials, and other consumables (Note 10)	(19.502)	59.127
	25.022.610	32.104.863

(In euros)	03.31.2021	03.31.2020
By geographical market		
Spain	7.907.290	11.081.623
Eurozone	8.807.248	10.642.339
Other European countries	522.186	1.139.463
Rest of the world	7.785.886	9.241.438
	25.022.610	32.104.863

c) Employee benefits expense

(In euros)	03.31.2021	03.31.2020
Wages, salaries, et al.	6.593.005	7.525.498
Social security costs:		
- Other welfare charges	2.076.433	2.420.736
	8.669.438	9.946.234

During the period ended March 31, 2021 there were not indemnity payments relating to dismissals (during the period ended March 31, 2020 the Company recorded indemnity payments relating to dismissals amounting to 28,144 euros).

The personnel employed by the Company by categories and gender at March 31, 2021 and 2020, as well as the average headcount for the years ended March 31, 2021 and 2020 were as follows:

	Headcount at year end			Average headcount during the year
	Men	Women	Total	
03.31.2021				
Manager	1		1	1
Production and section managers	14	1	15	12
Supervisors, technicians, and administrative personnel	45	15	60	48
Remaining employees	103	101	204	166
	163	117	280	226
03.31.2020				
Manager	1	-	1	1
Production and section managers	14	1	15	15
Supervisors, technicians, and administrative personnel	43	15	58	58
Remaining employees	99	105	204	204
	157	121	278	278

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During the period ended March 31, 2021, the Company had 4 employees under contract with disabilities greater than or equal to 33% (the same number as at March 31, 2020).

d) External services and other taxes

(In euros)	03.31.2021	03.31.2020
Leases and royalties	146.093	210.505
Repairs and maintenance	1.893.562	2.059.507
Independent professional services	4.329.623	3.726.916
Transport	779.940	764.857
Insurance premiums	100.916	102.924
Banking and similar services	14.408	2.346
Publicity, advertising, and public relations	4.024	38.378
Supplies	843.426	1.152.055
Other external services	1.165.623	1.481.055
Other taxes	76.837	55.933
	9.354.452	9.594.476

During the current period the Company was charged 2,269,437 euros by Group companies for engineering expenses (2020: 1,030,139 euros). These amounts were recognized under the heading for independent professional services received. Likewise, of the total invoicing received during the period, 2,393,156 euros correspond to charges relating directly to the designing of products, recognized as a greater amount under inventories (2020: 849,349 euros).

e) Operating lease agreements

The Company has rented vehicles and forklifts. In addition, in the previous year it had leased a warehouse next to its installations (Note 6). The future minimum payments relating to these leased items are as follows:

(in euros)	03.31.2021	03.31.2020
Up to a year	146.093	161.479
Between one to five years	584.370	645.915
More than five years	-	-
	730.463	807.394

20. CORPORATE INCOME TAX AND TAX SITUATION

The balances with public administrations were the following:

(In euros)	03.31.2021	03.31.2020
Deferred tax assets	507.106	580.987
Other receivables from public administrations		
Grants awarded	438.360	1.045.366
	945.466	1.626.353
Deferred tax liabilities	444.919	475.105
Other payables to public administrations		
Value added tax	1.028.185	968.083
Personal income tax withholdings (IRPF)	95.593	51.208
Social security	198.100	141.765
	1.766.797	1.636.161

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The reconciliation between accounting income and expense for the year and taxable income is as follows:

(In euros)	Income statement		
	Increases	Decreases	Total
03.31.2021			
Income and expenses for the year	-	-	6.355.313
Income tax	-	-	1.530.454
Income and expense for the year before tax	-	-	7.885.767
Permanent differences	135.505	(1.787.769)	(1.652.264)
Temporary differences			
Arising in prior years (Note 18)	303.849	(554.408)	(250.559)
Tax result	439.354	(2.342.177)	5.982.944
03.31.2020			
Income and expenses for the year	-	-	9.735.147
Income tax	-	-	1.964.018
Income and expense for the year before tax	-	-	11.699.165
Permanent differences	1.000	(3.049.807)	(3.048.807)
Temporary differences			
Arising in prior years (Note 18)	29.829	(892.073)	(862.244)
Arising during the year (Note 18)	1.682.650	-	1.682.650
Tax result	1.713.479	(3.941.880)	9.470.764

Current corporate income tax is calculated as the result of applying the 25% tax rate to taxable income, taking into account the deductions generated during the period in the amount of 67,335 euros (2020: 159,158 euros). Deductions generated during the period correspond to IT deductions.

Withholdings and payments on account during the period amounted to 948,862 euros (2020: 1,464,641 euros). This amount does not include the first payment on account made in 2021.

The amount payable for corporate income tax amounted to 475,508 euros (2020: 700,653 euros). The balance payable for said item is in connection with related parties given that since April 1, 2015 the Company files its corporate income tax return under a consolidated regime, with SMP Automotive Technology Ibérica, S.L. as the Parent of the tax group) (Note 24).

The reconciliation of the Company's accounting profit/(loss) and tax income/(expense) is as follows:

(In euros)	Income statement	
	03.31.2021	03.31.2020
Income and expense for the year before tax	7.885.767	11.699.165
Permanent differences	(1.652.264)	(3.048.807)
Theoretical tax expense (tax rate: 25%)	1.558.376	2.162.590
Deductions	(67.335)	(159.158)
Other	39.413	(39.414)
Expense/(income) due to tax effect	1.530.454	1.964.018

As a result, amongst other things, of the varying possible interpretations of prevailing tax legislation, additional tax contingencies could arise in the event of a tax inspection. Nonetheless, the directors do not consider that these additional liabilities, if any, would have a significant affect on the financial statements.

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The Company is open to inspection of all significant taxes to which it is liable for the past four years.

21. FOREIGN CURRENCY

As the Company did not carry out any sales transactions in currencies other than the euro during the years ended March 31, 2021 and 2020, there are no accounts receivable denominated in foreign currencies at those closing dates.

The transactions carry out during the period related purchase and services received are the following:

<i>Foreign currency transactions</i>			
(In euros)	Pounds sterling	US dollars	South African Rand
03.31.2021			
Purchases / Services received	11.127	799.892	2.238.560
03.31.2020			
Purchases / Services received	22.259	1.050.585	-

The detail of the balances in foreign currency is as follows:

<i>Foreign currency balances</i>			
(In euros)	Pounds sterling	US dollars	South African Rand
03.31.2021			
Suppliers	3.766	135.480	122.844
03.31.2020			
Suppliers	21.670	119.983	-

In addition, the investment made in SMR Automotive Vision Systems Mexico, S.A. de C.V. is denominated in Mexican pesos (MXN) (Note 8).

22. COMMITMENTS AND CONTINGENCIES

a) Purchase-sale commitments

At March 31, 2021 the Company had not signed any firm purchase or sales commitments.

b) Guarantees

At March 31, 2021 the Company had neither granted nor received any third-party guarantees (2020: 0 euros).

23. REMUNERATION FOR THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

a) Remuneration for members of the Board of Directors

During the years ended March 31, 2021 and 2020, the Board members did not receive any remuneration for wages or salaries. Neither were any civil liability insurance premiums paid. No

remuneration was received in connection with the Company's role as a member on the Boards of other companies.

The Company did not grant any advances or loans to its Board members either.

During the years ended March 31, 2021 and 2020, no contributions were made to pension plans for former or current members of the Company's Board of Directors. Likewise, no related obligations were assumed during the current year.

b) Remuneration and loans to senior management

For purposes of preparing the annual financial statements senior management was understood to comprise those who plan, direct, and control the Company's activities, directly or indirectly, and who carry out their functions independently and responsibly, only limited by the criteria and direct instructions issued by the legal owners of the Company or higher governmental and administrative bodies who represent said owners. Thus, the work of senior management is performed by the directors of the Company (except for the secretary).

c) Conflicts of interest with respect to directors

With a view to avoid situations representing a conflict of interest with the Company, the directors who held positions on the Board during the year complied with the stipulated obligations of article 228 of the Revised Text of the Spanish Corporate Enterprises Act. In addition, both the directors and related persons refrained from engaging in any activities which may represent a conflict of interest with those of the Company as established in article 229 of said law.

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24. OTHER TRANSACTIONS WITH RELATED PARTIES

a) Transactions

The breakdown of the transactions undertaken with related parties is as follows:

(In euros)	Sales	Services rendered	Finance income	Purchases	Services received	Finance expenses
03.31.2021						
<i>Group companies</i>						
SMR Group Holdings Limited, Jesey	-	-	556	-	-	-
SMR Automotive Systems France, S.A.	331.029	202.204	4.038	9.176	831.599	-
SMR Automotive Mirror Technology Hungary Bt.	627.360	175.858	-	31.363	5.540	-
SMR Automotive Mirrors UK Ltd	1.157.771	389.912	110.390	107.175	770.641	-
SMR Automotive Servicios Mexico S.A. de C.V.	1.378	-	1.787.769	-	-	-
SMR USA Inc.	-	-	-	-	-	-
SMP Automotive Technologies Teruel, S.L.	3.564	-	-	30.341	-	-
SMR Automotive Technology Valencia S.A.U.	-	29.871	-	-	-	-
SMR Automotive Australia Pty	-	200	-	131.490	133.243	-
SMR Automotive Brasil Ltda.	525	-	-	-	-	-
SMR Automotive System Thailandia, Ltd.	-	31	-	1.747.274	283.084	-
SMR Automotive Mirrors Stuttgart GmbH	-	227.610	-	-	3.558.129	-
SMR Automotive Mirror Parts and Holdings UK Ltd	-	-	491.240	-	-	-
SMR Automotive Beteiligungen Deutschland GmbH	-	-	-	-	-	625.722
SMR Automotive Systems India, Ltd.	-	-	-	-	16.800	-
Samvardhana Motherson Global (FZE)	-	-	-	107	43.220	-
Motherson Sumi Systems, LTD	-	-	-	1.819.541	-	-
MSSL Advanced Polymers s.r.o. (MSSL CZK)	-	-	-	276	-	-
Other companies	-	231	-	-	-	-
	2.121.627	1.025.917	2.393.993	3.876.743	5.642.256	625.722

(In euros)	Sales	Services rendered	Finance income	Purchases	Services received	Finance expenses
03.31.2020						
<i>Group companies</i>						
SMR Group Holdings Limited, Jesey	-	-	2.474	-	-	-
SMR Automotive Systems France, S.A.	463.207	221.484	4.897	3.487	391.876	-
SMR Automotive Mirror Technology Hungary Bt.	656.544	542.987	-	100.282	500.000	-
SMR Automotive Mirrors UK Ltd	1.260.988	369.100	86.712	-	818.703	-
SMR Automotive Servicios Mexico S.A. de C.V.	2.099	3.189	3.049.807	-	-	-
SMP Automotive Technologies Teruel, S.L.	50.652	-	-	57.171	-	-
SMR Automotive Australia Pty	8.350	-	-	275.756	-	-
SMR Automotive System Thailandia, Ltd.	-	6.483	-	1.826.216	19.994	-
SMR Automotive Mirrors Stuttgart GmbH	-	224.939	-	-	2.276.354	-
SMR Automotive Mirror Parts and Holdings UK Ltd	-	-	463.434	-	-	-
SMR Automotive Beteiligungen Deutschland GmbH	-	-	-	-	-	894.291
SMR Automotive Systems India, Ltd.	-	-	-	-	16.800	-
Samvardhana Motherson Global (FZE)	-	-	-	-	68.527	-
Motherson Sumi Systems, LTD	-	-	-	2.132.747	11.733	-
MSSL Advanced Polymers s.r.o	-	-	-	800	-	-
MSSL GmbH	-	-	-	-	89.318	-
SMP Deutschland GmbH	-	-	-	-	2.659	-
	2.441.840	1.368.182	3.607.324	4.396.459	4.195.964	894.291

The goods are sold based on prevailing price lists applicable to unrelated third parties. Services are normally negotiated with related parties based on a cost plus margin basis, and mainly relate to IT services.

The main charges relate to the following services:

(In euros)	03.31.2021	03.31.2020
Technical engineering services	2.269.437	1.030.139
General management expenses	2.319.107	1.948.345
Other	1.053.712	1.217.480
	5.642.256	4.195.964

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b) Balances with related parties

The breakdown of balances with related parties at March 31, 2021 and 2020, is as follows:

(In euros)	03.31.2021					
	Accounts receivable (Note 9)	Current Credits (Note 9)	Non-current Credits (Note 9)	Accounts payable (Note 16)	Current borrowings (Note 16)	Non-current borrowings (Note 16)
<i>Group companies</i>						
SMR Automotive Mirrors Stuttgart GmbH	19.368	-	-	(1.092.854)	(13.222)	-
SMR Automotive Mirrors UK Ltd.	517.282	4.705.523	-	(773.391)	-	-
SMR Automotive Technology Valencia S.A.U.	8.698	-	-	-	-	-
SMR Automotive Systems France, S.A.	75.297	-	-	(391.598)	-	-
SMR Automotive Mirror Technology Hungary Bt.	161.257	-	-	(9.709)	-	-
SMR Automotive Australia Pty	-	-	-	(12.294)	-	-
SMR Automotive System Thailandia, Ltd.	-	-	-	(195.838)	-	-
SMP Automotive Technologies Teruel, S.L.	5.178	-	-	-	-	-
SMR Automotive Beteiligungen Deutschland GmbH	-	-	-	-	-	(10.792.826)
SMP Automotive Technology Iberica S.L.	-	-	-	-	(475.508)	-
SMR Automotive Mirror Parts and Holdings UK Ltd	-	-	8.678.568	-	-	-
SMR Automotive Systems India, Ltd.	-	-	-	(1.400)	-	-
Samvardhana Motherson Global (FZE)	-	-	-	(2.398)	-	-
Other companies	231	-	-	(414.709)	-	-
	787.311	4.705.523	8.678.568	(2.894.191)	(488.730)	(10.792.826)

(In euros)	03.31.2020					
	Accounts receivable (Note 9)	Current Credits (Note 9)	Non-current Credits (Note 9)	Accounts payable (Note 16)	Current borrowings (Note 16)	Non-current borrowings (Note 16)
<i>Group companies</i>						
SMR Group Holdings Limited, Jersey	-	2.000.556	-	-	-	-
SMR Automotive Mirrors Stuttgart GmbH	27.812	-	-	(541.798)	(13.222)	-
SMR Automotive Mirrors UK Ltd.	1.180.180	2.086.712	-	(67.311)	-	-
SMR Automotive Systems France, S.A.	546.882	104.897	-	(348.402)	-	-
SMR Automotive Mirror Technology Hungary Bt.	154.519	-	-	(515.849)	-	-
SMR Automotive Australia Pty	8.349	-	-	(10.306)	-	-
SMR Automotive System Thailandia, Ltd.	-	-	-	(273.112)	-	-
SMP Automotive Technologies Teruel, S.L.	61.289	-	-	(19.906)	-	-
SMR Automotive Beteiligungen Deutschland GmbH	-	-	-	-	-	(13.954.872)
SMP Automotive Technology Iberica S.L.	-	-	-	-	(700.653)	-
SMR Automotive Mirror Parts and Holdings UK Ltd	-	-	8.187.328	-	-	-
SMR Automotive Vision System Mexico	589	-	-	-	-	-
SMR Automotive Systems India, Ltd.	-	-	-	(1.400)	-	-
Samvardhana Motherson Global (FZE)	-	-	-	(16.391)	-	-
Other companies	-	-	-	(399.243)	-	-
	1.979.620	4.192.165	8.187.328	(2.193.718)	(713.875)	(13.954.872)

The loan received from SMR Automotive Beteiligungen Deutschland GmbH whose balance at year end amounted to 10,792,826 euros (2020: 13,954,872 euros), entirely corresponding to a participative loan. The movements in the period have been an interest payment in the amount of 3,787,769 euros and accrued interest in the amount of 625,722 euros (2020: 894,291 euros). The interest rate accrued on the participative loan is equivalent to 10% of EBIT obtained by the Company.

In addition, borrowings from Group companies include a balance payable to SMP Automotive Technology Ibérica, S.L. arising on the tax consolidation (Note 20).

The Company had a non-current loan granted to SMR Automotive Mirror Parts and Holding UK Ltd whose balance at year end amounted to 8,678,568 euros (2020: 8,187,328 euros) with a final maturity date on April 19, 2023. The movements in the period have been accrued interests in the amount of 491,240 euros.

25. ENVIRONMENTAL DISCLOSURES

Any transaction carried out primarily to minimize the Company's impact on the environment or to protect or improve the environment is considered environmental activity.

The Company has no significant systems, equipment or installations meant for environmental activities.

The Company did not make any significant investments relating to environmental issues during 2021 or 2020.

26. SUBSEQUENT EVENTS

No events occurred after the end of the reporting period that could significantly affect these financial statements.

27. AUDITOR FEES

The fees accrued during the year for financial statement audit services amounted to 24 thousand euros (2020: 24 thousand euros).

Additionally, the fees paid in 2021 for other services provided by the auditors have amounted to 3 thousand euros (3 thousand euros in 2020).

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MANAGEMENT REPORT FOR THE YEAR ENDED MARCH 31, 2021

The Company's revenues have been reduced by the pandemic that has affected globally due to COVID-19, reducing its sales by 18%.

Despite the fact that sales in Spain have shown one of the greatest setbacks in the European market, the production of passenger cars in our country in 2020 decreased by 19.6% compared to the previous year, with 2.27 million vehicles being manufactured. This sector represents 10% of the Spanish GDP and employs 9% of the workforce, which makes it one of the most prominent in the national economy. In SMR Spain, despite the drop in sales, there have hardly been any substantial movements in the number of employees during this year. The confidence that vehicle manufacturers have in the Spanish automotive industrial fabric, assigning highly commercially successful vehicles to our factories, and the good reception that these models have in European markets position SMR Spain as a strategic investment point within the Motherson's group (investments for the year have reached 4.6 million euros).

At the engineering level, a grant for projects related to the electric vehicle (for PSA) was received at the end of 2019. This grant amounting 1,360,326.88 euros. This amount will be received in three years, having received the collection only of the justified part until December 2020 (921,966.47 euros).

The average payment period for suppliers during the year ended March 31, 2021 was 83 days. In this sense, this year we have achieved a high level of suppliers in reverse factoring, which allows our suppliers to advance the collection of their invoices. This strengthens our position in negotiating with suppliers: possibility of discounts, negotiating terms, etc.

No events occurred subsequent to the closing of the year which may significantly affect results for the year ended March 31, 2021.

Despite the fact that the first quarter of 2021 has not been very bad in terms of new vehicle registrations, the IHS defines as "weak" the situation of the automobile market in Western Europe compared to pre-pandemic volumes. There is no real rebound until 2022.

The GDP of Spain in the first quarter of 2021 has fallen by -0.5% due to the virulence of the third wave of COVID-19, which reduces the growth forecast for Spain for this year by seven tenths (to the 6.5%). Despite all this, the trust that SMR Spain has been generating in its customers has led to the awarding of new orders, which, if the market accompanies, will allow not only to maintain, but to increase, the pace of activity in the market. following fiscal year, but, above all, it will allow it to have a significant rebound for the next few years, doubling its turnover in two years.

The Company does not have its own shares.

SMR AUTOMOTIVE SYSTEMS SPAIN, S.A.U.

**PREPARATION OF THE FINANCIAL STATEMENTS AND MANAGEMENT REPORT
2021**

On May 19, 2021, the Board of Directors of SMR Automotive Systems Spain, S.A.U., in compliance with the requirements established in Article 253 of the Spanish Corporate Enterprises Act and Article 37 of the Commercial Code, prepared the financial statements and management report for the year ended March 31, 2021, consisting of the foregoing documents.

- a) Balance sheet at March 31, 2021
- b) Income statement for the year ended March 31, 2021
- c) Statement of changes in equity for the year ended March 31, 2021
- d) Cash flow statement for the year ended March 31, 2021
- e) Notes to the financial statements for the year ended March 31, 2021
- f) 2021 Management Report

The Secretary of the Board has signed all of the pages comprising the financial statements and management report as delegated by the Board of Directors.

BOARD OF DIRECTORS:

Mr. Andreas Heuser

(in representation of SMR Automotive Mirrors Stuttgart GmbH)
Chairman

SIGNATURE

Mr. Rajat Jain

Board member

SIGNATURE

Mr. Cesary Zawadzinski

Board member

SIGNATURE

Mr. Miguel Pelayo Muñoz

Secretary Non-Board member

SIGNATURE
