

Independent auditor's report  
on the financial statements of  
**SMRC Automotive Technology RU LLC**  
for 2020

*April 2021*

**Independent auditor's report  
on the financial statements of  
SMRC Automotive Technology RU LLC**

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**Translation of the original Russian version**

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## **Independent auditor's report**

### **Translation of the original Russian version**

To the Participants of  
SMRC Automotive Technology RU LLC

#### ***Opinion***

We have audited the financial statements of SMRC Automotive Technology RU LLC (the Company), which comprise the balance sheet as at 31 December 2020, statement of income for 2020 and appendices thereto.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and its cash flows for 2020 in accordance with the rules on preparation of financial statements established in the Russian Federation.

#### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Russian Federation, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Emphasis of matter***

We draw attention to Note 3 "REVISION OF THE 2020 FINANCIAL STATEMENTS" of the explanatory notes to the balance sheet and statement of income, where it is stated that on 30 April 2021 the General Director signed the corrected financial statements for 2020 which replace the financial statements for 2020 previously signed on 31 March 2021. The financial statements have been corrected due to significant errors. Our opinion is not modified in respect of this matter.

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### ***Responsibilities of management for the financial statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the rules on preparation of financial statements established in the Russian Federation, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### ***Auditor's responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

E.E. ZLOKAZOVA  
Partner  
Ernst & Young LLC

30 April 2021

### ***Details of the audited entity***

Name: SMRC Automotive Technology RU LLC  
Record made in the State Register of Legal Entities on 26 December 2008; State Registration Number 1084027005743.  
Address: Russia 248926, Kaluga, 1st Avtomobilny proezd, 7.

### ***Details of the auditor***

Name: Ernst & Young LLC  
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.  
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.  
Ernst & Young LLC is a member of Self-regulatory organization of auditors Association "Sodruzhestvo".  
Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

**Balance sheet**at December 31 2020

Organization SMRC Automotive Technology RU LLC  
 Taxpayer identification number \_\_\_\_\_  
 Type of economic activity Production of automobile parts, accessories  
 Organizational-legal form/  
 form of ownership Limited Liability Company / Private property  
 Unit of measure: RUR thousand  
 Location (address): 248926, Russia, Kaluga, 1st Avtomobilny proezd, 7

	Form (OKUD)	CODES
Date (day, month, year)	31.12.20	0710001
OKPO	89695041	
TIN	4027091073	
OKVED 2	29.32	
OKOPF /	65 / 23	
OKEI	384	

 Financial statements subject to obligatory audit ☒ YES ☐ NO

 Name of the audit organization / surname, name, patronymic (if any)  
 of the individual auditor Ernst and Young LLC

 Taxpayer identification number of the auditing organization / surname, name, patronymic (if any) of  
 the individual auditor \_\_\_\_\_

Primary State Registration Number of audit organization / individual auditor \_\_\_\_\_

TIN	7709383532
OGRN / OGRNIP	1027739707203

Note	Indicator	Code	At December 31, 2020	At December 31, 2019	At December 31, 2018
	<b>ASSETS</b>				
	<b>I. NON-OPERATIONAL ASSETS</b>				
0	Intangible assets .....	1110	-----	-----	-----
0	Research and development results.....	1120	-----	-----	-----
0	Intangible exploration assets.....	1130	-----	-----	-----
0	Tangible exploration assets .....	1140	-----	-----	-----
0	Fixed assets .....	1150	312,153	235,287	152,420
0	Income-bearing investments in tangible assets .....	1160	-----	-----	-----
0	Financial investments .....	1170	-----	-----	-----
0	Deferred tax assets .....	1180	26,118	29,163	18,440
0	Other non-current assets .....	1190	-----	-----	-----
	TOTAL for Section I .....	1100	338,271	264,450	170,860
	<b>II. OPERATIONAL ASSETS</b>				
0	Inventory .....	1210	106,794	635,708	77,102
0	VAT on acquired assets .....	1220	4,474	75,610	12,215
0	Accounts receivable .....	1230	973,538	285,226	225,421
0	Financial investments (excluding for cash equivalents) .....	1240	-----	-----	-----
0	Cash and cash equivalents.....	1250	224,492	41,101	266,386
0	Other current assets .....	1260	948	25,381	944
	TOTAL for Section II .....	1200	1,310,246	1,063,026	582,068
	<b>BALANCE</b> .....	1600	1,648,517	1,327,476	752,928

Note	Indicator	Code	At December 31, 2020	At December 31, 2019	At December 31, 2018
	<b>CAPITAL AND LIABILITIES</b>				
	<b>III. CAPITAL AND RESERVES</b>				
0	Charter capital (pooled capital, charter fund, partners' contributions).....	1310	56	56	56
0	Treasury shares .....	1320	-----	-----	-----
0	Revaluation of non-current assets .....	1340	-----	-----	-----
0	Additional capital (without revaluation) .....	1350	1,136,853	1,136,853	1,136,853
0	Reserve capital .....	1360	-----	-----	-----
0	Retained earnings (loss) .....	1370	(658,505)	(932,290)	(782,244)
	TOTAL for Section III .....	1300	478,404	204,619	354,665
	<b>IV. LONG-TERM LIABILITIES</b>				
0	Loans and borrowings .....	1410	-----	-----	-----
0	Deferred tax liabilities .....	1420	104	622	221
0	Provisions .....	1430	-----	-----	-----
0	Other long-term liabilities .....	1450	-----	-----	-----
	TOTAL for Section IV .....	1400	104	622	221
	<b>V. SHORT-TERM LIABILITIES</b>				
0	Loans and borrowings .....	1510	572,164	486,003	-----
0	Accounts payable .....	1520	327,795	496,672	253,879
0	Deferred income .....	1530	-----	-----	-----
0	Provisions .....	1540	270,050	139,560	144,163
0	Other short-term liabilities .....	1550	-----	-----	-----
	TOTAL for Section V .....	1500	1,170,009	1,122,235	398,042
	<b>BALANCE</b> .....	1700	1,648,517	1,327,476	752,928

 Chief Executive \_\_\_\_\_ (signature) Y.B. Borisov (printed name)

 Date 30 April 2021

## Statement of income

for year 2020

Organization SMRC Automotive Technology RU LLC

Taxpayer identification number

Type of economic activity Production of automobile parts, accessoriesOrganizational-legal form/ Limited Liability Company / Private property

form of ownership

Unit of measure: RUR thousand

Form (OKUD)

Date (day, month, year)

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Notes	Indicator	Code	For 2020	For 2019
0	Revenue .....	2110	2,158,880	1,280,664
0	Cost of sales .....	2120	(1,633,793)	(1,002,632)
0	Gross profit (loss) .....	2100	525,087	278,032
0	Selling expenses .....	2210	(4,506)	(5,677)
0	Administrative expenses .....	2220	(290,785)	(236,837)
0	Profit (loss) from operations .....	2200	229,796	35,518
0	Income from participation in other organizations .....	2310	-----	-----
0	Interest receivable .....	2320	-----	2,077
0	Interest payable .....	2330	(11,771)	(1,712)
0	Other income .....	2340	654,715	76,199
0	Other expenses .....	2350	(485,180)	(272,450)
0	Profit (loss) before taxation .....	2300	387,560	(160,368)
0	Profit tax .....	2410	(44,271)	10,322
0	incl. current profit tax .....	2411	(41,744)	-----
0	deferred taxes .....	2412	(2,527)	10,322
0	Other .....	2460	(69,504)	-----
0	Net profit (loss) .....	2400	273,785	(150,046)

Notes	Indicator	Code	For 2020	For 2019
0	Result from the revaluation of non-current assets which is not included in net profit (loss) for the period .....	2510	-----	-----
0	Result from other operations which is not included in net profit (loss) for the period ...	2520	-----	-----
0	Comprehensive financial result for the period .....	2500	273,785	(150,046)
0	Income tax on operations, the result of which is not included in the net profit (loss) for period .....	-----	-----	-----
0	<b>FOR REFERENCE</b>	-----	-----	-----
0	Basic earnings (loss) per share .....	2900	-----	-----
0	Diluted earnings (loss) per share .....	2910	-----	-----

Chief Executive

(signature)

Y.B. Borisov

(printed name)

Date 30 April 2021 0

## Statement of changes in capital

for \_\_\_\_\_ year 2020 \_\_\_\_\_

Organization SMRC Automotive Technology RU LLC

Taxpayer identification number \_\_\_\_\_

Type of activity Production of automobile parts, accessoriesOrganizational-legal form/  
form of ownership Limited Liability Company / Private propertyUnit of measure: RUR thousand

Form (OKUD) \_\_\_\_\_

Date (day, month, year) 31.12.20OKPO 89695041TIN 4027091073OKVED 2 29.32OKOPF/OKFS 65 / 23OKEI 384

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## I. Change in capital

Indicator	Code	Charter capital	Treasury shares	Additional capital	Reserve capital	Retained earnings (loss)	Total
Capital at December 31, 2018	3100	56	-----	1,136,853	-----	(782,244)	354,665
<b>For 2019</b>							
Increase in Capital - total:	3210	-----	-----	-----	-----	-----	-----
incl.							
net profit.....	3211	X	X	X	X	-----	-----
income from non-current assets revaluation.....	3212	X	X	-----	X	-----	-----
income which directly increases capital	3213	X	X	-----	X	-----	-----
additional issue of shares .....	3214	-----	-----	-----	X	X	-----
increase in the par value of shares .....	3215	-----	-----	-----	X	-----	X
reorganization of the legal entity .....	3216	-----	-----	-----	-----	-----	-----
Decrease in Capital - total:	3220	-----	-----	-----	-----	(150,046)	(150,046)
incl.							
net losses.....	3221	X	X	X	X	(150,046)	(150,046)
losses from non-current assets revaluation.....	3222	X	X	-----	X	-----	-----
expenses which directly reduce	3223	X	X	-----	X	-----	-----
decrease in the par value of shares .....	3224	-----	-----	-----	X	-----	-----
decrease in the number of shares .....	3225	-----	-----	-----	X	-----	-----
reorganization of the legal entity .....	3226	-----	-----	-----	-----	-----	-----
dividends .....	3227	X	X	X	X	-----	-----
Additional capital change.....	3230	X	X	-----	-----	-----	-----
Reserve capital change.....	3240	X	X	X	-----	-----	X
Capital at December 31, 2019 .....	3200	56	-----	1,136,853	-----	(932,290)	204,619
<b>For 2020</b>							
Increase in Capital - total:	3310	-----	-----	-----	-----	273,785	273,785
incl.							
net profit.....	3311	X	X	X	X	273,785	273,785
income from non-current assets revaluation.....	3312	X	X	-----	X	-----	-----
income which directly increases capital	3313	X	X	-----	X	-----	-----
additional issue of shares .....	3314	-----	-	-----	X	X	-----
increase in the par value of shares .....	3315	-----	-----	-----	X	-----	X
reorganization of the legal entity .....	3216	-----	-----	-----	-----	-----	-----
Decrease in Capital - total:	3320	-----	-----	-----	-----	-----	-----
incl.							
net losses.....	3321	X	X	X	X	-----	-----
losses from non-current assets revaluation.....	3322	X	X	-----	X	-----	-----
expenses which directly reduce	3323	X	X	-----	X	-----	-----
decrease in the par value of shares .....	3324	-----	-----	-----	X	-----	-----
decrease in the number of shares .....	3325	-----	-----	-----	X	-----	-----
reorganization of the legal entity .....	3326	-----	-----	-----	-----	-----	-----
dividends .....	3327	X	X	X	X	-----	-----
Additional capital change.....	3330	X	X	-----	-----	-----	-----
Reserve capital change.....	3340	X	X	X	-----	-----	X
Capital at December 31, 2020.....	3300	56	-----	1,136,853	-----	(658,505)	478,404



**II. Capital adjustment due to accounting policy changes and prior year errors correction**

Indicator	Code	At December 31, 2018	Capital change for 2019		At December 31, 2019
			due to net profit/(loss)	due to other factors	
<b>Capital - total</b>					
before adjustment	3400	-----	-----	-----	-----
Adjustment incl.					
Accounting policy change	3410	-----	-----	-----	-----
errors correction	3420	-----	-----	-----	-----
after adjustment	3500	-----	-----	-----	-----
incl.:					
<b>Retained earnings</b>					
before adjustment	3401	-----	-----	-----	-----
Adjustment incl.					
Accounting policy change	3411	-----	-----	-----	-----
errors correction	3421	-----	-----	-----	-----
after adjustment	3501	-----	-----	-----	-----
<b>other items of capital for which adjustments have been made:</b>					
(by items)					
before adjustment	3402	-----	-----	-----	-----
Adjustment incl.					
Accounting policy change	3412	-----	-----	-----	-----
errors correction	3422	-----	-----	-----	-----
after adjustment	3502	-----	-----	-----	-----

**III. Net assets**

Indicator	Code	At December 31, 2020	At December 31, 2019	At December 31, 2018
Net assets .....	3600	478,404	204,619	354,665

Chief Executive

(signature)

Y.B. Borisov

(printed name)

Date 30 April 2021 , 0

## Statement of cash flows

for year 2020

Organization SMRC Automotive Technology RU LLC

Taxpayer identification number

Type of activity Production of automobile parts, accessoriesOrganizational-legal form/  
form of ownership Limited Liability Company / Private propertyUnit of measure: RUR thousandForm (OKUD)  
Date (day, month, year)

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Indicator	Code	For 2020	For 2019
<b>Cash flows from operating activities</b>			
Cash receipts from - total.....	4110	2,223,328	1,316,620
including:			
the sale of products, goods, work and services.....	4111	1,475,884	1,300,895
rental payments, license payments, royalties, comission and other similar payments.....	4112	-----	-----
the resale of financial investments.....	4113	-----	-----
other receipts.....	4119	747,444	15,725
Cash disbursements for - total.....	4120	(1,808,150)	(1,949,788)
including:			
suppliers (contractors) for raw materials, other materials, work and services.....	4121	(1,603,072)	(1,584,368)
in connection with payment to employees .....	4122	(129,899)	(123,482)
interest on debt obligations .....	4123	(11,585)	(1,084)
corporate income tax .....	4124	(31,292)	(6,533)
other payments.....	4129	(32,302)	(234,321)
Net cash flows from operating activities .....	4100	415,178	(633,168)
<b>Cash flows from investing activities</b>			
Cash receipts from - total.....	4210	-----	-----
including:			
the sale of non-current assets (except for financial investments) .....	4211	-----	-----
the sales of shares in other organizations (participating interests).....	4212	-----	-----
repayment of loans granted, from sale of debt securities (or rights of monetary claims from other parties) .....	4213	-----	-----
dividends received, interest on debt-based financial investments and similar receipts from participating interest in other organizations.....	4214	-----	-----
other receipts.....	4219	-	-----
Cash disbursements for - total.....	4220	(159,910)	(86,036)
including:			
purchase, construction, modernisation, reconstruction and preparation for use of non-current	4221	(159,910)	(86,036)
the acquisition of shares in other organizations (participating interests) .....	4222	-----	-----
the acquisition of debt securities (or rights of monetary claims from other parties), the granting of loans to other parties .....	4223	-----	-----
interest paid on debt securities, included in the cost of investment asset .....	4224	-----	-----
other payments.....	4229	-----	-----
Net cash flows from investing activities .....	4200	(159,910)	(86,036)
<b>Cash flows from financing activities</b>			
Cash proceeds received from - total.....	4310	137,090	497,080
including:			
proceed from loans and borrowings .....	4311	137,090	497,080
monetary contributions of owners (participants).....	4312	-----	-----
issue of shares and increasing of participating interests.....	4313	-----	-----
issuance of bonds, promissory notes and other debt securities and other.....	4314	-----	-----
other receipts.....	4319	-----	-----
Cash disbursements for - total.....	4320	(221,010)	-----
including:			
to owners (participants) for the repurchase of shares (participating interests) in the organization or their withdrawal from participation .....	4321	-----	-----
the payment of dividends or other distribution of earnings in favour of owners (participants) .....	4322	-----	-----
in connection with the settlement (redemption) of promissory notes and other debts securities, repayment of credits and loans...	4323	(221,010)	-----
Other payments .....	4329	-----	-----
Net cash flows from financing activities .....	4300	(83,920)	497,080
Net cash flows for the reporting period .....	4400	171,348	(222,124)
Balance of cash and cash equivalents as of the beginning of the reporting period .....	4450	41,101	266,386
Balance of cash and cash equivalents as of the end of the reporting period .....	4500	224,492	41,101
Effect of changes in the exchange rate of foreign currency to the ruble .....	4490	12,043	(3,161)

Chief Executive Y.B. Borisov  
(signature) (printed name)Date 30 April 2021, 0

## 2. Fixed assets

## 2.1. Existence and movement of fixed assets

Indicator	Code	Period	At the beginning of the year		Additions	Disposals		Changes for the period					At the end of the period	
			Cost	Accumulated depreciation		Cost	Accumulated depreciation	Depreciation charge	Revaluation		Transfers between categories (types)		Cost	Accumulated depreciation
									Cost	Accumulated depreciation	Cost	Accumulated depreciation		
Fixed assets (excluding of income-bearing investments in tangible assets) - total	5200	for 20 20	434,742	(297,882)	117,222	(428)	281	(48,583)	-----	-----	-----	-----	551,536	(346,184)
	5210	for 20 19	406,923	(258,866)	27,819	-----	(1,330)	(37,686)	-----	-----	-----	-----	434,742	(297,882)
including: (group of fixed assets)	5201	for 20 20	426,198	(292,903)	90,712	-----	-----	(45,614)	-----	-----	-----	-----	516,910	(338,517)
	5211	for 20 19	400,241	(255,217)	25,957	-----	-----	(37,686)	-----	-----	-----	-----	426,198	(292,903)
.....	5202	for 20 20	8,544	(4,979)	26,510	(428)	281	(2,969)	-----	-----	-----	-----	34,626	(7,667)
	5212	for 20 19	6,682	(3,649)	1,862	-----	(1,330)	-----	-----	-----	-----	-----	8,544	(4,979)
.....	5203	for 20 20	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	5213	for 20 19	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
.....	5204	for 20 20	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	5214	for 20 19	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
.....	5205	for 20 20	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	5215	for 20 19	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
.....	5206	for 20 20	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	5216	for 20 19	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
.....	5207	for 20 20	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	5217	for 20 19	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Recorded as income-bearing investments in tangible assets - total	5220	for 20 20	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	5230	for 20 19	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
including: (group of fixed assets)	5221	for 20 20	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	5231	for 20 19	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
.....	5222	for 20 20	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	5232	for 20 19	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
.....	5223	for 20 20	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	5233	for 20 19	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
.....	5224	for 20 20	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	5234	for 20 19	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
.....														

## 2.2. Ongoing capital expenditure

Indicator	Code	Period	At the beginning of the year	Changes for the period			At the end of the period
				Costs for the period	Expensed	Recognized as fixed assets or capitalized	
Construction in progress and ongoing acquisition, modernization, etc., of fixed assets - total	5240	for 2020	98,427	144,733	(19,137)	(117,222)	106,801
	5250	for 2019	4,363	163,373	(41,490)	(27,819)	98,427
including: (group of fixed assets)	5241	for 2020	89,174	128,834	-----	(117,222)	100,786
.....	5251	for 2019	2,790	114,203	-----	(27,819)	89,174
	5242	for 2020	9,253	15,899	(19,137)	-----	6,015
	5252	for 2019	1,573	49,170	(41,490)	-----	9,253
	5243	for 2020	-----	-----	-----	-----	-----
	5253	for 2019	-----	-----	-----	-----	-----
	5244	for 2020	-----	-----	-----	-----	-----
	5254	for 2019	-----	-----	-----	-----	-----

### 2.3. Change in the value of fixed assets as a result of additional construction, enhancement, reconstruction

Indicator	Code	For 20 20	For 20 19
Increase in the value of fixed assets as a result of additional construction, enhancement, reconstruction - total	5260	5,189	-----
including: (fixed asset)	5261	-----	-----
-----	5262	5,189	-----
-----	5263	-----	-----
-----	5264	-----	-----
Decrease in the value of fixed assets as a result of partial liquidation - total	5270	-----	-----
including: (fixed asset)	5271	-----	-----
-----	5272	-----	-----
-----	5273	-----	-----
-----	5274	-----	-----

### 2.4. Other uses of fixed assets

Indicator	Code	At 31 December 20 20	At 31 December 20 19	At 31 December 20 18
Leased-out fixed assets recorded on balance sheet	5280	-----	-----	-----
Leased-out fixed assets recorded off balance sheet	5281	-----	-----	-----
Leased-in fixed assets recorded on balance sheet	5282	-----	-----	-----
Leased-in fixed assets recorded off balance sheet	5283	1,743	1,743	1,743
Real estate accepted into operation and actually used, which are in the process of state registration	5284	-----	-----	-----
Fixed assets in conservation	5285	-----	-----	-----
Other uses of fixed assets (as collateral, etc.)	5286	-----	-----	-----

## 4. Inventory

## 4.1. Existence and movement of inventory

Indicator	Code	Period	At the beginning of the year		Changes for the period						At the end of the period	
			Cost	Provision for impairment	Additions and costs	Disposals		Impairment losses	Transfers between categories (types)		Cost	Provision for impairment
						Cost	Provision for impairment		Cost	Provision for impairment		
Inventory - total	5400	for 20 20	635,708	-----	959,324	(1,488,238)	-----	-----	x	x	106,794	-----
	5420	for 20 19	77,102	-----	1,357,823	(799,217)	-----	-----	x	x	635,708	-----
including: (group, type)												
	5401	for 20 20	76,919	-----	810,443	-----	-----	-----	(798,406)	-----	88,956	-----
	5421	for 20 19	58,030	-----	817,554	-----	-----	-----	(798,665)	-----	76,919	-----
	5402	for 20 20	18,520	-----	-----	(803,072)	-----	-----	798,406	-----	13,854	-----
	5422	for 20 19	19,072	-----	-----	(799,217)	-----	-----	798,665	-----	18,520	-----
	5403	for 20 20	540,269	-----	148,881	(685,166)	-----	-----	-----	-----	3,984	-----
	5423	for 20 19	-----	-----	540,269	-----	-----	-----	-----	-----	540,269	-----
		for 20 20	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
		for 20 19	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
		for 20 20	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
		for 20 19	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

## 4.2. Pledged inventory

Indicator	Code	At 31 December 20 20	At 31 December 20 19	At 31 December 20 18
Inventory unpaid at the reporting date - total	5440	-----	-----	-----
including: (group, type)				
	5441	-----	-----	-----
	5442	-----	-----	-----
	5443	-----	-----	-----
	5444	-----	-----	-----
Inventory pledged as collateral under contract - total	5445	-----	-----	-----
including: (group, type)				
	5446	-----	-----	-----
	5447	-----	-----	-----
	5448	-----	-----	-----
	5449	-----	-----	-----

## 5. Accounts receivable and accounts payable

## 5.1. Existence and movement of accounts receivable

Indicator	Code	Period	At the beginning of the year		Changes for the period										At the end of the period	
			Recorded under contractual terms	Provision for doubtful debts	Additions		AR settled	Disposals			Provision reversed	increase in provision for doubtful debts	Transferred from long-term to short-term		Recorded under contractual terms	Provision for doubtful debts
					As a result of business operations (outstanding amount under transaction/operation)	Interest, fines and other charges due		AR written-off to financial result	AR written-off, provision used - AR written	AR written-off - provision used - AR written			Debs recorded under contractual terms	Amount of provision for doubtful debts		
Long-term accounts receivable - total	5501	for 20 20	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	5521	for 20 19	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
including: (type)																
	5502	for 20 20	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	5522	for 20 19	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	5503	for 20 20	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	5523	for 20 19	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	5504	for 20 20	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	5524	for 20 19	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Short-term accounts receivable - total	5510	for 20 20	285,226	-----	973,537	-----	(287,352)	2,127	-----	-----	-----	-----	-----	-----	973,538	-----
	5530	for 20 19	225,421	-----	287,353	-----	(227,548)	-----	-----	-----	-----	-----	-----	-----	285,226	-----
including: (type)																
	5511	for 20 20	158,277	-----	943,075	-----	(158,277)	-----	-----	-----	-----	-----	-----	-----	943,075	-----
	5531	for 20 19	181,968	-----	158,277	-----	(181,968)	-----	-----	-----	-----	-----	-----	-----	158,277	-----
	5512	for 20 20	(2,127)	-----	-----	-----	-----	2,127	-----	-----	-----	-----	-----	-----	-----	-----
	5532	for 20 19	(2,741)	-----	-----	-----	614	-----	-----	-----	-----	-----	-----	-----	(2,127)	-----
	5513	for 20 20	53,489	-----	26,504	-----	(53,488)	-----	-----	-----	-----	-----	-----	-----	26,505	-----
	5533	for 20 19	31,983	-----	53,489	-----	(31,983)	-----	-----	-----	-----	-----	-----	-----	53,489	-----
		for 20 20	390	-----	122	-----	(390)	-----	-----	-----	-----	-----	-----	-----	122	-----
		for 20 19	44	-----	390	-----	(44)	-----	-----	-----	-----	-----	-----	-----	390	-----
		for 20 20	-----	-----	3,825	-----	-----	-----	-----	-----	-----	-----	-----	-----	3,825	-----
		for 20 19	11,166	-----	-----	-----	(11,166)	-----	-----	-----	-----	-----	-----	-----	-----	-----
		for 20 20	75,197	-----	11	-----	(75,197)	-----	-----	-----	-----	-----	-----	-----	11	-----
		for 20 19	3,001	-----	75,197	-----	(3,001)	-----	-----	-----	-----	-----	-----	-----	75,197	-----
Total	5500	for 20 20	285,226	-----	973,537	-----	(287,352)	2,127	-----	-----	-----	-----	x	x	973,538	-----
	5520	for 20 19	225,421	-----	287,353	-----	(227,548)	-----	-----	-----	-----	-----	x	x	285,226	-----

## 5.2. Overdue accounts receivable

Indicator	Code	At 31 December 20 20		At 31 December 20 19		At 31 December 20 18	
		Recorded under contractual terms	Carrying amount	Recorded under contractual terms	Carrying amount	Recorded under contractual terms	Carrying amount
Total	5540	-----	-----	-----	-----	-----	-----
including: (type)							
	5541	-----	-----	-----	-----	-----	-----
	5542	-----	-----	-----	-----	-----	-----
	5543	-----	-----	-----	-----	-----	-----
	5544	-----	-----	-----	-----	-----	-----

## 5.3. Existence and movement of accounts payable

Indicator	Koa	Period	Balance at the beginning of the year	Changes for the period			Transferred from long-term to short-term debt	Balance at the end of the period
				Additions	Interest, fines and other charges due	Disposals		
				As a result of business operations (outstanding amount under transaction/ operation)		Settled	Charged to financial result	
Long-term accounts payable - total	5551	for 20 20	-----	-----	-----	-----	-----	-----
	5571	for 20 19	-----	-----	-----	-----	-----	-----
including: (type)	5552	for 20 20	-----	-----	-----	-----	-----	-----
	5572	for 20 19	-----	-----	-----	-----	-----	-----
	5553	for 20 20	-----	-----	-----	-----	-----	-----
	5573	for 20 19	-----	-----	-----	-----	-----	-----
	5554	for 20 20	-----	-----	-----	-----	-----	-----
	5574	for 20 19	-----	-----	-----	-----	-----	-----
Short-term accounts payable - total	5560	for 20 20	496,672	327,796	-----	(496,673)	-----	327,795
	5580	for 20 19	253,879	426,406	-----	(183,613)	-----	496,672
including: (type)	5561	for 20 20	426,407	254,193	-----	(426,408)	-----	254,192
	5581	for 20 19	143,228	426,406	-----	(143,227)	-----	426,407
	5562	for 20 20	-----	73,583	-----	-----	-----	73,583
	5582	for 20 19	40,386	-----	-----	(40,386)	-----	-----
	5563	for 20 20	82,913	-----	-----	(82,913)	-----	-----
	5583	for 20 19	82,913	-----	-----	-----	-----	82,913
		for 20 20	(12,648)	-----	-----	12,648	-----	-----
		for 20 19	(12,648)	-----	-----	-----	-----	(12,648)
		for 20 20	-----	20	-----	-----	-----	20
		for 20 19	-----	-----	-----	-----	-----	-----
		for 20 20	-----	-----	-----	-----	-----	-----
		for 20 19	-----	-----	-----	-----	-----	-----
Total	5550	for 20 20	496,672	327,796	-----	(496,673)	-----	327,795
	5570	for 20 19	253,879	426,406	-----	(183,613)	-----	496,672

## 5.4. Overdue accounts payable

Indicator	Code	At 31 December 20 20	At 31 December 20 19	At 31 December 20 18
Total	5590	-----	-----	-----
including: (type)	5591	-----	-----	-----
	5592	-----	-----	-----
	5593	-----	-----	-----
	5594	-----	-----	-----

**6. Production costs**

Indicator	Code	For 20 <u>20</u>	For 20 <u>19</u>
Material costs	5610	1,483,719	798,655
Payroll	5620	100,047	97,376
Social insurance contributions	5630	28,587	27,443
Depreciation and amortization	5640	48,583	39,016
Other costs and expenses	5650	272,814	283,208
Total by type of expenses	5660	1,933,750	1,245,698
Changes in balances (increase [-]) of work in progress, finished goods, etc.	5670	-----	-----
Changes in balances (decrease [+]) of work in progress, finished goods, etc.	5680	(4,666)	(552)
Total expenses for ordinary operations	5600	1,929,084	1,245,146



**7. Provisions**

Indicator	Code	Balance at the beginning of the year	Recognized	Settled	Written off as excessive amount	Balance at the end of the period
<b>Provisions - total</b>	5700	139,560	143,109	(12,619)	-----	270,050
including:						
(type of commitment)	5701	4,556	4,891	(4,556)	-----	4,891
(type of commitment)	5702	1,893	1,959	(1,893)	-----	1,959
(type of commitment)	5703	6,170	4,011	(6,170)	-----	4,011
(type of commitment)	5704	223	-----	-----	-----	223
(type of commitment)	5705	74,978	44,070	-----	-----	119,048
(type of commitment)	0	51,740	69,504	-----	-----	121,244
(type of commitment)	0	-----	18,674	-----	-----	18,674
(type of commitment)	0	-----	-----	-----	-----	-----
(type of commitment)	0	-----	-----	-----	-----	-----

**9. Government grants**

Indicator	Code	For 20 <u>20</u>		For 20 <u>19</u>	
Government grants received - total	5900	5,675		10,403	
including:					
for current expenses	5901				
for investments in non-current assets	5905				
		At the beginning of the year	Received during the year	Repaid during the year	At the end of the year
Government loans - total	20 <u>20</u> 20 <u>19</u>	5910	-----	-----	-----
		5920	-----	-----	-----
including:					
(description of purpose)	20 <u>20</u> 20 <u>19</u>	5911	-----	-----	-----
		5921	-----	-----	-----
(description of purpose)	20 <u>20</u> 20 <u>19</u>	5912	-----	-----	-----
		5922	-----	-----	-----
(description of purpose)	20 <u>20</u> 20 <u>19</u>	5913	-----	-----	-----
		5923	-----	-----	-----

Chief Executive \_\_\_\_\_  
 (signature) (printed name)

Date 30 April 2021, 0

## EXPLANATORY NOTES TO THE BALANCE SHEET AND THE STATEMENT OF INCOME of SMRC Automotive Technology Ru LLC for 2020

These Explanatory Notes constitute an integral part of the annual financial statements of SMRC Automotive Technology Ru LLC (hereinafter, the “Company”) for the 2020 reporting year, prepared in accordance with the applicable legislation of the Russian Federation.

All amounts are presented in thousands of rubles (RUB thousand). Negative values are shown in parentheses.

### 1. GENERAL INFORMATION

*The Company’s legal address is:* Russia 248926, Kaluga, 1st Avtomobilny proezd, 7.

*The Company is engaged in the following core activities:*

- Manufacture of other components and appliances for motor vehicles (OKVED 29.32)
- Manufacture of other electric equipment (OKVED 27.90)
- Manufacture of electric and electronic equipment for motor vehicles (OKVED 29.31)
- Trade in automotive parts, components and accessories (OKVED 45.3)

In 2020, the Company employed an average of 105 employees (2019: 101 employees).

The composition of the Company’s Board of Directors and executive body is as follows:

Mandatory disclosure		Additional disclosure	
Name	Position	Total compensation paid	Details of compensation paid
Andreas Heuser	Member of the Board of Directors	None	
Eric Auzépy	Member of the Board of Directors	None	
Amit Bhakri	Member of the Board of Directors	None	
Anton Pavlovich Nechiporenko	General Director	RUB 6,790 thousand	Payroll

Motherhood Sumi Systems Limited is the beneficial owner of the Company. The Company has no individuals classified as beneficial owners for the purpose of Federal Law No. 115-FZ.

These financial statements have been prepared on paper and signed by the Company’s General Director on 30 April 2021.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

The Company’s accounting records are maintained in accordance with Federal Law No. 402-FZ, *Concerning Accounting*, dated 6 December 2011 and the Statute, *Concerning Accounting and Reporting in the Russian Federation*, approved by Order No. 34n of the Russian Ministry of Finance dated 29 July 1998 (revised on 11 April 2018), as well as applicable Accounting Statements. The Company’s financial statements for 2020 were prepared in accordance with the same Law and Accounting Statements.

Pursuant to Article 12.1 of Federal Law No. 402-FZ, accounting items are subject to monetary measurement.

### **Estimation uncertainty**

Discussed below are key assumptions concerning future events and other key sources of estimation uncertainty at the reporting date that create a significant risk that material adjustments to the carrying amounts of assets and liabilities will be required within the next reporting year:

- Provisions for legal claims
- Provision for compensations to customers

### **Fixed assets**

Pursuant to paragraphs 7 and 8 of Accounting Statement 6/01, *Accounting for Fixed Assets*, fixed assets are recognized at historical cost. The historical cost of fixed assets acquired for consideration is the total cost of acquisition, construction or production, net of value added tax and other recoverable taxes (except in instances stipulated by Russian law).

Fixed assets are depreciated using the straight-line method.

Pursuant to paragraph 20 of Accounting Statement 6/01, *Accounting for Fixed Assets*, the useful lives (months) of fixed assets used for depreciation purposes are as follows:

<b>Fixed asset group</b>	<b>Useful lives</b>
Machinery and equipment (instruments and tools)	24
Machinery and equipment (computers and office equipment)	36
Machinery and equipment (light vehicles)	60
Machinery and equipment (production machinery)	84-240

The historical cost used to record a fixed asset may only be adjusted in the event of additional construction, equipment, renovation, upgrading, partial liquidation or revaluation of fixed assets.

Pursuant to paragraph 11 of Accounting Statement 6/01, *Accounting for Fixed Assets*, fixed assets received under contracts providing for non-monetary compensation (settlement) are measured as follows:

- The historical cost of fixed assets received under contracts providing for non-monetary compensation (settlement) is deemed to be the cost of assets transferred or transferable by the Company. The cost of assets transferred or transferable by the Company is based on the price it would normally charge for similar assets under comparable circumstances.
- Where it is impossible to determine the cost of assets transferred or transferable by the Company, the cost of fixed assets received by the Company under contracts providing for non-monetary compensation (settlement) is based on the price at which the Company normally purchases similar assets under comparable circumstances.

### **Inventories**

Pursuant to paragraph 2 of Accounting Statement 5/01, *Accounting for Inventories*, the following assets are to be included in inventories:

- Assets used as raw materials, supplies etc. in the production of goods for sale (performance of work, provision of services)
- Assets held for sale
- Assets used for internal administrative purposes

Finished goods are included in inventories held for sale.

Goods are part of inventories acquired or received from other legal entities or individuals and held for sale.

Pursuant to paragraphs 5 and 6 of Accounting Statement 5/01, *Accounting for Inventories*, inventories are recognized at their actual cost. The actual cost of inventories received for consideration is deemed to be the total amount of actual expenses incurred by the Company in connection with their acquisition, net of value added tax and other recoverable taxes (except in instances stipulated by Russian law).

Inventories put into production or otherwise disposed of are measured at the weighted average cost of disposal.

Pursuant to paragraph 24 of Accounting Statement 5/01, *Accounting for Inventories*, at the end of the reporting year, inventories are carried at the value determined on the basis of the inventory measurement methods indicated above.

Pursuant to paragraph 25 of Accounting Statement, 5/01 *Accounting for Inventories*, obsolete, damaged (partially damaged) or impaired inventories are reported in the closing balance sheet net of the applicable impairment provision. This provision is charged against the Company's financial result in an amount calculated as the difference between the current market value and the actual cost of inventories if the actual cost exceeds their current market value.

### **Accounting for financial investments**

Financial investments are recognized in accordance with Accounting Statement 19/02, *Accounting for Financial Investments*.

Financial investments include the following main types of financial investments:

- Securities of other organizations
- Contributions to charter (pooled) capital of other organizations
- Loans provided to other organizations
- Deposits with credit organizations

Financial investments shall be entered in accounting records at their historical cost. The historical cost of financial investments acquired at a charge shall be deemed to be the amount actually spent by an organization on acquiring them. The historical cost of financial investments provided as a contribution to the charter (pooled) capital of an organization shall be deemed to be the monetary value of those investments as agreed upon by the founding parties (participants). The historical cost of loans provided shall be deemed to be the amount of cash disbursement.

Financial investments, for which the current market value can be determined, are recognized in the financial statements as at the end of the reporting year at their current market value by adjusting their estimated value as at the previous reporting date on a monthly basis.

Financial investments, for which the current market value is not determined, are recognized in the financial statements as at the reporting date at their historical cost.

Disposal of financial investments whose current market value cannot be determined, as well as contributions to share (pooled) capital of other entities, loans issued to other entities, deposits with credit institutions are made at historical cost of each unit of accounting for financial investments. In the event of disposal of financial investments, for which the current market value is determinable, their value shall be determined on the basis of their most recent valuation.

Impairment of financial investments is defined as a sustained material decline in the value of financial investments, for which the current market value is not determined, below the amount of economic benefits which the organization expects to receive from the investments in the normal course of business. Therefore, the Company estimates the value of financial investments which is the difference between their carrying amount and the amount of the decline.

In the event of a sustained material decline in the value of financial investments, the Company recognizes an allowance for impairment of financial investments in the amount of the difference between their carrying amount and their estimated value.

If there is any indication of impairment, financial investments are tested for impairment once a year as at 31 December of the reporting year.

Gains and losses from financial investments are recorded within other income and expenses on a gross basis. Coupon income from bonds and income associated with the provision of loans to other organizations shall be recognized as interest receivable in the statement of income.

### **Accounts receivable**

The Company recognizes doubtful debt provisions if accounts receivable are recognized as doubtful, and takes the amount of such provisions to the financial results.

Doubtful debt is an outstanding account receivable not settled or unlikely to be settled within the contractual term and not secured by proper guarantees. The amount of the provision is calculated for each doubtful debt and depends on the debtor's

financial position (solvency) and the estimated probability of a full or partial settlement. Particularly, doubtful debts are recognized based on the maturity period.

If by the end of the reporting year following the year of the doubtful debt provision any part of such provision remains unused, the unused amounts will be added to the financial results at the time of preparing the balance sheet as at the end of the reporting year.

### **Revenue**

Revenue is recognized as the cash equivalent of cash and other assets received and/or accounts receivable (pursuant to paragraph 3 of Accounting Statement 9/99, *Income of an Organization*). If actual receipts fall short of total revenue, revenue is recognized as the sum of actual receipts and outstanding accounts receivable (not covered by receipts).

Revenue is recognized if all of the following criteria are met (paragraph 12 of Accounting Statement 9/99):

- The entity is entitled to the revenue on a contractual or other basis.
- The amount of revenue is measurable.
- There is certainty that a particular transaction will result in an inflow of economic benefits.
- Ownership (possession, utilization and disposal) rights to the products (goods) have passed from the entity to the purchaser, or the work has been accepted by the customer (services have been rendered).
- The costs incurred or to be incurred in connection with the transaction are measurable.

The method for determining the value of products (goods) that were transferred by the Company under contracts providing for non-monetary compensation (settlement) is the market price method.

### **Expenses**

Administrative expenses are recognized as follows: expenses are fully expensed on a monthly basis as incurred.

Selling expenses are recognized as follows: expenses are fully expensed on a monthly basis as incurred.

### **Borrowing costs**

Costs to discharge obligations under loans and borrowings received are recognized and disclosed in accordance with Accounting Statement 15/2008, *Accounting for Borrowing Costs*.

Costs to discharge obligations under loans and borrowings received are recorded in other expenses in accounting records and financial statements in the reporting period to which they relate, except for the portion to be included in the cost of the investment asset.

An investment asset is an item of property that needs an extended period of time to be prepared for intended use and requires significant expenses to complete its purchase, construction and/or production. Investment assets consist of work-in-progress and construction-in-progress, which will subsequently be recognized as fixed assets (including land plots), intangible assets or other non-current assets.

Additional borrowing costs are included in other expenses on a straight-line basis over the loan (credit agreement) term.

Obligations under loans and borrowings received are recorded in the financial statements as long-term obligations (with contractual maturities of more than 12 months) and short-term obligations (with contractual maturities of up to 12 months). Long-term loans and borrowings are reclassified to short-term loans and borrowings if their remaining contractual maturity is less than 12 months.

### **Cash and cash equivalents, recognition of cash flows**

#### **Cash and cash equivalents**

For the purpose of the cash flow statement, the Company's cash includes cash equivalents, which are short-term, highly liquid financial investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. In particular, the Company includes in cash equivalents demand deposits with credit institutions and/or deposits maturing in three months or less, and highly liquid bank promissory notes maturing in less than three months.

### Reporting cash flows on a net basis

Cash flows are presented on a net basis in the cash flow statement when they reflect the activities of counterparties rather than those of the entity, and/or when proceeds from one party give rise to respective payments to another party. In particular, the Company presents the following cash flows on a net basis:

- a) Cash flows of a commissioner or an agent associated with the commissioning or agent services (other than fees for such services)
- b) Indirect taxes included in receipts from customers and clients, payments to suppliers and contractors and payments to the budget of the Russian Federation or compensations from the budget
- c) Receipts from a counterparty on account of utility payments and making such payments under a lease arrangement or similar relations
- d) Payments for freight transportation where equivalent compensations are received from a counterparty

Cash flows are also presented on a net basis in the cash flow statement when their turnover is quick, amounts are large, and maturities are short. In particular, the Company presents the following cash flows on a net basis:

- a) Related cash payments and receipts in connection with bank cards
- b) Purchase and resale of financial investments
- c) Short-term financial investments (usually with a maturity period of three months or less) using borrowed funds

### Foreign currency cash flows

For the purpose of the cash flow statement, foreign currency cash flows are translated into Russian rubles at the official rate of the foreign currency to the Russian ruble set by the Central Bank of the Russian Federation (the CBR) as at the date of payment or receipt. In case of insignificant changes in the official rate of the foreign currency to the Russian ruble established by the CBR, foreign currency amounts related to a large number of homogeneous transactions may be translated into Russian rubles at the average rate for a month or a shorter period.

Where the Company in the ordinary course of business exchanges foreign currency for Russian rubles immediately after receiving such foreign currency, the cash flow is presented in the cash flow statement as the amount of Russian rubles actually received, without translating the foreign currency. Where the Company in the ordinary course of business exchanges Russian rubles for a required amount in foreign currency shortly before an intended payment in foreign currency, the cash flow is presented in the cash flow statement as the amount of Russian rubles actually paid, without translating the foreign currency.

Balances of cash and cash equivalents denominated in foreign currency at the beginning and the end of the reporting period are recorded in the cash flow statement in the amount in Russian rubles determined in accordance with Accounting Statement 3/2006, *Accounting for Assets and Liabilities Whose Value is Expressed in Foreign Currency*. The difference arising on the translation of the Company's cash flows and balances of cash and cash equivalents denominated in foreign currency at exchange rates ruling at different dates is recorded in the cash flow statement separately from cash flows from operating, investing and financing activities as the effect of changes in the exchange rate between the foreign currency and the Russian ruble.

### Assets and liabilities denominated in foreign currency

Assets and liabilities denominated in foreign currency are recorded in accordance with Accounting Statement 3/2006, *Accounting for Assets and Liabilities Whose Value is Expressed in Foreign Currency*.

Exchange gains and losses are recognized in accounting records and financial statements in the reporting period in which a payment liability is settled or for which financial statements have been prepared.

Exchange gains and losses are taken to the Company's financial result as either other income or other expenses, except for exchange gains and losses arising from:

- Share (pooled) capital contributions taken to additional paid-in capital
- Use of assets and liabilities denominated in foreign currency and used to hedge foreign exchange risks
- Translation of assets and liabilities denominated in foreign currency and used in operations outside the Russian Federation

Official exchange rates of the CBR as at 31 December 2020 were as follows:

- US dollar — 73.8757 Russian rubles
- Euro — 90.6824 Russian rubles

Official exchange rates of the CBR as at 31 December 2019 were as follows:

- US dollar — 61.9057 Russian rubles
- Euro — 69.3406 Russian rubles

Official exchange rates of the CBR as at 31 December 2018 were as follows:

- US dollar — 69.4706 Russian rubles
- Euro — 79.4605 Russian rubles

### Other

Expenses related to future periods but incurred by the Company in the reporting period are recorded on the balance sheet in accordance with asset recognition criteria set by accounting regulations and are written off based on the procedure for writing off the value of the relevant asset type. In the accounting records, such expenses are recorded in Account 97, *Prepaid expenses*. If such expenses are non-current, they are included in the *Other non-current assets* line of the balance sheet. Initially short-term expenses are included in the *Other current assets* line of the balance sheet.

### Changes in accounting policies in 2020

In 2020, the Company made amendments to its accounting policy after an amended version of Accounting Statement 18/02, *Accounting for Income Tax of Organizations*, became effective on 1 January 2020. Outstanding balances as at 31 December 2019 did not change; the amended version did not significantly affect the result of operations or financial position of the Company. However, the presentation of income tax was changed, namely, income tax was presented as current income tax and deferred income tax in the statement of income for 2020.

The Company made no other significant changes to the 2020 accounting policies compared with those for 2019.

The Company does not plan any changes to the 2021 accounting policies, except as required by law.

## **3. REVISION OF THE 2020 FINANCIAL STATEMENTS**

These financial statements for 2020 signed by the General Director of the Company on 30 April 2021 were restated due to the discovery of a significant error, and replace the initial financial statements for 2020 signed on 31 March 2021. The Company restated the initial financial statements for 2020 due to the assessment of an additional provision for legal claims in the amount of RUB 65,844 thousand. Also, the Company added Explanatory Notes to the balance sheet and the statement of income.

The respective changes in the balance sheet as at 31 December 2020 are shown in the table below:

Item	Balance sheet line	At 31 December 2020 (as previously reported)	Restatements	At 31 December 2020 (after restatement)
Provisions	1540	204,206	65,844	270,050
Retained earnings (uncovered loss)	1370	(592,661)	(65,844)	(658,505)

The respective changes of the statement of income for 2020 are as follows:

Item	Line of the statement of income	For 2020 (as previously reported)	Restatements	For 2020 (as restated)
Other	2460	(3,660)	(65,844)	(69,504)
Net profit (loss)	2400	339,629	(65,844)	273,785

Based on the above, the breakdowns presented in the Explanatory Notes were adjusted accordingly.



The restated financial statements will be presented for approval of the Company's participants; the approval deadline has not been determined yet.

#### 4. FIXED ASSETS AND INCOME-BEARING INVESTMENTS IN TANGIBLE ASSETS

Fixed assets and income-bearing investments in tangible assets, their movements and accumulated depreciation are presented in Table 1.1 of the Explanatory Notes to the balance sheet and the statement of income in the table form.

As at 31 December 2020, the gross carrying amount of fully depreciated fixed assets was RUB 153,150 thousand (31 December 2019: RUB 133,773 thousand, 31 December 2018: RUB 75,481 thousand).

Changes in historical costs of fixed assets recorded on initial recognition (supplementary construction, retrofitting, refurbishment, partial liquidation or revaluation of fixed assets) are described in Table 1.3 of the Explanatory Notes to the balance sheet and the statement of income in the table form.

Information on construction in progress and movements in construction in progress as well as on uncompleted transactions to acquire or upgrade, etc., any fixed assets is presented in Table 1.2 of the Explanatory Notes to the balance sheet and the statement of income in the table form.

Information on other usage of fixed assets is presented in Table 1.4 of the Explanatory Notes to the balance sheet and the statement of income in the table form.

#### 5. INVENTORIES

Information on inventories and their movements during the reporting period is presented in Table 2.1 of the Explanatory Notes to the balance sheet and the statement of income in the table form.

#### 6. ACCOUNTS RECEIVABLE

Information on accounts receivable and their movements during the reporting period is presented in Table 3.1 of the Explanatory Notes to the balance sheet and the statement of income in the table form. Turnovers do not include accounts receivable recorded and repaid in the same reporting period.

As at 31 December 2020, trade accounts receivable of RUB 520,778 thousand (31 December 2019: RUB 6,328 thousand; 31 December 2018: RUB 2,439 thousand) were denominated in foreign currency (in euros).

#### 7. CASH AND CASH EQUIVALENTS

As at 31 December, cash and cash equivalents consisted of the following:

	2020	2019	2018
RUB-denominated cash on hand and balances with banks	224,258	40,672	2,593
Foreign currency-denominated balances with banks	234	429	3,549
Cash equivalents (deposits)	-	-	260,244
<b>Total cash included in the cash flow statement and the balance sheet</b>	<b>224,492</b>	<b>41,101</b>	<b>266,386</b>

As at 31 December, the Company has no cash in letters of credit.

#### 8. OTHER ASSETS

As at 31 December, other assets consisted of the following:

Types of assets	2020		2019		2018	
	Non-current	Current	Non-current	Current	Non-current	Current
Cash blocked by the bank due to the bank guarantee	-	-	-	23,700	-	-
Prepaid expenses	-	948	-	1,681	-	944
<b>Total</b>	<b>-</b>	<b>948</b>	<b>-</b>	<b>25,381</b>	<b>-</b>	<b>944</b>

The Company did not incur expenses on acquiring non-exclusive rights and licenses.

## 9. CHARTER CAPITAL

	<b>Charter capital (RUB'000)</b>	<b>Treasury shares</b>
<b>At 31 December 2018</b>	56	56
Increase (decrease) in charter capital	-	-
Movement in treasury shares	-	-
<b>At 31 December 2019</b>	56	56
Increase (decrease) in charter capital	-	-
Movement in treasury shares	-	-
<b>At 31 December 2020</b>	56	56

As at 31 December 2020, 31 December 2019 and 31 December 2018, the percent of shares fully paid up was 100%.

## 10. LOANS AND BORROWINGS

As at 31 December, loans and borrowings consisted of the following:

<b>Item</b>	<b>2020</b>		<b>2019</b>		<b>2018</b>	
	<b>Short-term loans and borrowings</b>	<b>Long-term loans and borrowings</b>	<b>Short-term loans and borrowings</b>	<b>Long-term loans and borrowings</b>	<b>Short-term loans and borrowings</b>	<b>Long-term loans and borrowings</b>
Borrowings	571,299	—	485,384	—	—	—
Interest payable	865	—	619	—	—	—
<b>Total loans and borrowings</b>	<b>572,164</b>	<b>—</b>	<b>486,003</b>	<b>—</b>	<b>—</b>	<b>—</b>

In 2020 and 2019, interest accrued on loans and borrowings, which was included in other expenses, amounted to RUB 11,771 thousand and RUB 1,712 thousand, respectively.

The carrying amounts of short-term loans and borrowings were denominated in the following currencies (balance in thousands of rubles as at 31 December):

	<b>2020</b>	<b>2019</b>	<b>2018</b>
EUR	572,164	486,003	—
<b>Total</b>	<b>572,164</b>	<b>486,003</b>	<b>—</b>

## 11. PROVISIONS

Movements in provisions are presented below.

	Provisions for legal claims	Provision for compensations to customers	Provision for claims from customers	Provision for unused vacations	Provision for annual bonuses and incentives	Provision for mandatory audit	Provision for risk of loss reimbursement to suppliers (Renault Fluence project (L38))	Annual maintenance	Total
<b>At 31 December 2018</b>	<b>51,740</b>	<b>76,802</b>	–	<b>3,434</b>	<b>7,772</b>	<b>2,250</b>	<b>255</b>	<b>1,910</b>	<b>144,163</b>
Recognized in the reporting period	–	74,978	–	4,556	6,170	1,893	–	–	87,597
Reversed against costs or accounts payable recognized	–	(76,802)	–	(3,434)	(7,772)	(2,250)	–	(1,910)	(92,168)
Reversed as excessive or as recognition criteria are no longer met	–	–	–	–	–	–	(32)	–	(32)
<b>At 31 December 2019</b>	<b>51,740</b>	<b>74,978</b>	–	<b>4,556</b>	<b>6,170</b>	<b>1,893</b>	<b>223</b>	–	<b>139,560</b>
Recognized in the reporting period	69,504	44,070	18,674	4,891	4,011	1,959	–	–	143,109
Reversed against costs or accounts payable recognized	–	–	–	(4,556)	(6,170)	(1,893)	–	–	(12,619)
<b>At 31 December 2020</b>	<b>121,244</b>	<b>119,048</b>	<b>18,674</b>	<b>4,891</b>	<b>4,011</b>	<b>1,959</b>	<b>223</b>	–	<b>270,050</b>

As at 31 December, provisions were as follows:

	2020	2019	2018
<b>Included in the total amount of provisions</b>			
Long-term	–	–	–
Short-term	270,050	139,560	144,163
<b>Total</b>	<b>270,050</b>	<b>139,560</b>	<b>144,163</b>

#### **Provision for unused vacations**

The Company has created a provision for employee vacations unused as at 31 December 2020. The provision balance as at 31 December 2020 is expected to be used in the first half of 2021. Management believes that the actual amount of vacation compensation expenses will not exceed the amount of the unused vacation provision disclosed in the financial statements as at 31 December 2020.

#### **Provision for mandatory audit**

In 2020, the Company created a provision for audit of financial statements based on a signed agreement.

#### **Provision for compensations to customers**

The Company made this provision in 2020, as it was probable that the Company would have to pay compensations to customers on the basis of a price reduction agreement. The compensation for 2020 will be provided to customers as lump-sum payments in 2021.

#### **Provisions for legal claims**

Management assesses provisions for legal claims at the end of each reporting period. The Company recognizes provisions for legal claims when management believes that if the governmental authorities challenge the Company's position, additional liabilities are more likely to arise than not. Such an estimate is based on interpretations of the laws enacted or substantively enacted as at the end of the reporting period, as well as on any known court ruling or other decisions on the matter. Provisions are recorded on the basis of management's best estimate of expenses to discharge the liabilities as at the end of the reporting period.

#### **Provision for claims from customers**

In 2020, the provision was created due to claims by customers which are very likely to be satisfied. The provision was made on the basis of expense reimbursement certificates agreed in 2021. As at the date of approval of these financial statements, claims for 2020 were paid to customers in full.

## **12. ACCOUNTS PAYABLE**

Accounts payable and their movements in the reporting period are disclosed in Table 3.3 of the Explanatory Notes to the balance sheet and the statement of income in the table form. Turnovers do not include accounts payable recorded and settled in the same reporting period.

As at 31 December 2020, trade accounts payable of RUB 226,716 thousand (31 December 2019: RUB 406,904 thousand; 31 December 2018: RUB 134,976 thousand) were denominated in foreign currency, mainly in euros.

#### **Accounts payable to state non-budgetary funds**

As at 31 December, the Company has no accounts payable to state non-budgetary funds.

### Taxes and levies payable

As at 31 December, taxes and levies payable consisted of the following:

	2020	2019	2018
Income tax	3,919	—	—
Value added tax	69,617	—	39,901
Property tax	47	—	485
Transport tax	—	—	—
<b>Total taxes and levies payable</b>	<b>73,583</b>	<b>—</b>	<b>40,386</b>

Interest is accrued on the principal amount of overdue tax (overdue for up to 30 calendar days) for each day of delay based on a three-hundredth of the current refinancing rate of the CBR. Interest on amounts overdue for more than 30 calendar days is accrued based on a one-hundred-and-fiftieth of the refinancing rate of the CBR, which was 4.25% as at 31 December 2020 (31 December 2019: 6.25%; 31 December 2018: 7.75%).

As at 31 December 2020, 2019 and 2018, the Company did not have any overdue insurance contributions, taxes or levies payable.

### **13. INCOME AND OPERATING EXPENSES**

The following tables present information on revenue (net) from sales of goods, products, work and services (less VAT, excise taxes and similar fiscal payments), the cost of goods, products, work and services sold, as well as selling and administrative expenses (Accounting Statement 10/99):

#### Revenue and cost of sales

Type of activity	Revenue from sales of goods, products, work and services, net (less VAT, excise taxes and other similar payments)	Cost of goods, products, work and services sold	Gross profit
Sales of plastic automobile components	1,319,808	(948,481)	371,327
Sales of specialized tools	839,072	(685,312)	153,760
<b>Total for 2020</b>	<b>2,158,880</b>	<b>(1,633,793)</b>	<b>525,087</b>

Type of activity	Revenue from sales of goods, products, work and services, net (less VAT, excise taxes and other similar payments)	Cost of goods, products, work and services sold	Gross profit
Sales of plastic automobile components	1,280,664	(1,002,632)	278,032
Sales of specialized tools	—	—	—
<b>Total for 2019</b>	<b>1,280,664</b>	<b>(1,002,632)</b>	<b>278,032</b>

Information on the cost of goods (work, services) produced and sold during the reporting period broken down by cost item is presented in Table 4 of the Explanatory Notes to the balance sheet and the statement of income in the table form.

#### Selling expenses

Selling expenses comprised the following:

Selling expenses	2020	2019
Materials	4,050	4,780
Transport	456	897
<b>Total selling expenses</b>	<b>4,506</b>	<b>5,677</b>

#### Administrative expenses

Administrative expenses consisted of the following:

<b>Administrative expenses</b>	<b>2020</b>	<b>2019</b>
Outsourcing services	146,999	104,427
Payroll	67,973	62,993
Transport	20,542	14,658
Payroll taxes	18,377	16,589
Advisory services	4,513	7,435
Other	32,381	30,735
<b>Total administrative expenses</b>	<b>290,785</b>	<b>236,837</b>

#### **14. OTHER INCOME AND EXPENSES**

In 2020 and 2019, other income and expenses consisted of the following:

<b>Other income</b>	<b>Income – 2020</b>	<b>Income – 2019</b>
Compensation of costs for a successfully launched project	636,227	-
Government grants	5,675	10,403
Income from property received free of charge	4,049	11,851
Interest receivable	-	2,077
Foreign exchange differences	-	42,951
Other	8,764	10,994
<b>Total other income</b>	<b>654,715</b>	<b>78,276</b>

In 2020, the Company received a monetary compensation from SMRC Automotive Holdings Netherlands B.V. and SMRC Automotive Modules France SAS (related parties) for the successful launch of Stage 2 of the NNA project in the amount of RUB 636,227 thousand. In 2018-2019, the costs under the project were recognized in other expenses.

<b>Other expenses</b>	<b>Expenses – 2020</b>	<b>Expenses – 2019</b>
Research and development	167,592	258,557
Foreign exchange differences	281,620	-
Interest paid by the Company for the use of funds received (loans, borrowings)	11,771	1,712
Bank fees	3,362	3,000
Losses and shortages identified in stocktaking	1,392	5,764
Non-recoverable VAT	52	204
Expenses related to tests of raw materials and finished products	1,508	2,086
Other	29,654	2,839
<b>Total other expenses</b>	<b>496,951</b>	<b>274,162</b>

#### **15. INCOME TAX**

Deferred tax is as follows:

	<b>Balance at the beginning of the period</b>	<b>Prior period adjustments</b>	<b>Changes in the current period</b>	<b>Balance at the end of the period</b>
<b>Balance of temporary differences</b>				
Compensations to customers	74,978	-	44,070	119,048
Prior year losses	57,994	-	(57,994)	-
Other	9,734	-	1,288	11,022
<b>Total temporary differences</b>	<b>142,706</b>	<b>-</b>	<b>(12,636)</b>	<b>130,070</b>
Applicable tax rate	20%	20%	20%	20%
<b>Total DTA on temporary differences</b>	<b>28,541</b>	<b>-</b>	<b>(2,527)</b>	<b>26,014</b>

The relation between income tax expense (benefit) and profit (loss) before tax is disclosed in the table below:

		2020	2019
<b>Profit (loss) before tax</b>	<b>[1]</b>	<b>387,560</b>	<b>(160,368)</b>
Income tax rate, %	[2]	20	20
Nominal income tax expense (benefit)	[3] = [1] * [2]	(77,512)	32,074
<b>Permanent tax expense:</b>	<b>[4]</b>	<b>33,301</b>	<b>(21,752)</b>
Utilization of previously written off DTA on prior years' losses		41,744	-
Risks arising from legal claims		-	(7,017)
Other non-deductible expenses		(8,443)	(14,735)
<b>Income tax (expense) benefit</b>	<b>[6] = [3] + [4]</b>	<b>(44,211)</b>	<b>10,322</b>

The deferred tax assets are expected to be realized within the following time frames:

	At 31 December 2020	At 31 December 2019	Maturity
Compensations to customers	23,810	14,996	2021
Other deferred tax assets	2,204	13,545	2021
<b>Total</b>	<b>26,014</b>	<b>28,541</b>	

## 16. RELATED PARTIES

In the course of its business, the Company enters into transactions with legal entities and individuals, which are related parties.

For the most part, transactions with related parties consist of:

- Purchase and sale of goods, work and services
- Purchase and sale of fixed and other assets
- Financial transactions, including provision of loans
- Other transactions involving the transfer (receipt) of assets, provision (consumption) of services or accrual (discharge) of liabilities (whether for payment or any other consideration)

For the purpose of these financial statements, the Company identified the following related parties in accordance with Accounting Statement 11/2008, *Related Party Disclosures*:

No.	Legal entity or related party (full name)	Registration address	Nature of relationship	Share of the related party in the Company, %
1.	SMRC Automotive Holdings Netherlands B.V.	Netherlands	Founder	99.75%
2.	SMRC Automotives Techno Minority Holdings B.V.	Netherlands	Founder	0.25%
3.	SMRC Automotive Modules France SAS	France	Company is controlled by the same group as the Company	—
4.	SMRC Automotive Solutions Slovakia, s.r.o.	Slovakia	Company is controlled by the same group as the Company	—
5.	SMRC Smart Interior Systems Germany GmbH	Germany	Company is controlled by the same group as the Company	—
6.	SMRC Automotive Interiors	Spain	Company is controlled by the same group as the Company	—
7.	SMRC Automotive Poland	Poland	Company is controlled by the same group as the Company	—
8.	SMRC Fabricacao e Comercio de Produtos Automotivos do Brasil Ltda	Brazil	Company is controlled by the same group as the Company	—
9.	SMRC India	India	Company is controlled by the same group as the Company	—



Balances, terms, conditions and form of settlements for transactions not closed as at 31 December were as follows:

Nature of relationship and type of assets/liabilities	2020	2019	2018	Settlement terms and conditions	Form of settlement
<b>Accounts receivable, including other accounts receivable</b>					
SMRC Automotive Solutions Slovakia, s.r.o.	–	–	2,439	Settlements are made on an arm's length basis usually in 45-60 days after the shipment (based on the contractual terms)	Wire transfer
Samvardhana Motherson Reydel Autotecc Morocco SAS	109	–	–	Settlements are made on an arm's length basis usually in 45-60 days after the shipment (based on the contractual terms)	Wire transfer
<b>Advances issued</b>					
SMRC Automotive Modules France SAS	5 660	81,499	–	According to the contract, the equipment will be supplied before the end of 2021	Wire transfer
<b>Accounts payable</b>					
SMRC Automotive Modules France SAS	143,949	164,178	522	Settlements are made on an arm's length basis usually in 45-60 days after the shipment (based on the contractual terms)	Wire transfer
SMRC Automotive Holdings Netherlands B.V.	6,887	34,051	61,161	Settlements are made on an arm's length basis usually in 45-60 days after the shipment (based on the contractual terms)	Wire transfer
SMRC Automotive Solutions Slovakia, s.r.o.	–	1,663	–	Settlements are made on an arm's length basis usually in 45-60 days after the shipment (based on the contractual terms)	Wire transfer
SMRC SMART INTERIOR SYSTEMS, Germany	3,788	117,314	–	Settlements are made on an arm's length basis usually in 45-60 days after the shipment (based on the contractual terms)	Wire transfer
SMRC Automotive Interiors, Spain	6,584	381	–	Settlements are made on an arm's length basis usually in 45-60 days after the shipment (based on the contractual terms)	Wire transfer
<b>Loans and borrowings, including interest accrued</b>					
SMRC Automotives Techno Minority Holdings B.V.	572,164	486,003	–	Short-term loans; all borrowed funds may be fully or partially repaid at any time, loan in euros	Wire transfer

Types and scope of the Company's transactions with related parties were as follows:

Nature of relationship and type of transaction	2020	2019
<b>Sale of goods, work and services to (excluding VAT)</b>		
SMRC Automotive Solutions Slovakia, s.r.o.	146	1,747
Samvardhana Motherson Reydel Autotecc Morocco SAS	89	–
SMRC Fabricacao e Comer	–	124
SMRC India	–	160
<b>Purchase of goods, work and services from (excluding VAT)</b>		
SMRC AUTOMOTIVE HOLDINGS NETHERLANDS B.V.	319,972	423,679
SMRC AUTOMOTIVE FRANCE SAS	38,400	188,525
SMRC AUTOMOTIVE SOLUTIONS SLOVAKIA S.R.O.	8,640	11,074
SMRC Automotive Interiors Spain, S.L.	18,349	381
SMRC SMART INTERIOR SYSTEMS GERMANY GmbH	62,904	328,110
<b>Purchase of fixed, intangible and other assets (excluding VAT)</b>		
SMRC AUTOMOTIVE FRANCE SAS	22,004	67,744
<b>Financial transactions, including loans from related parties</b>		
SMRC Automotives Techno Minority Holdings B.V.	137,090	497,080
<b>Interest on borrowings received from related parties</b>		
SMRC Automotives Techno Minority Holdings B.V.	11,771	1,712
<b>Gain on compensations received from related parties</b>		
SMRC Automotive Holdings Netherlands B.V.	521,789	–
SMRC Automotive Modules France SAS	114,438	–

Significant cash flows between the Company and its related parties were as follows:

Nature of relationship and type of transaction	2020	2019
<b>Cash proceeds from related parties (operating activities). The proceeds were recognized in line 4119 <i>Other proceeds</i> in the statement of cash flows</b>		
SMRC Automotive Holdings Netherlands B.V.	531,529	–
SMRC Automotive Modules France SAS	114,665	–
SMRC AUTOMOTIVE SOLUTIONS	159	4,054
<b>Cash transfers to related parties (operating activities)</b>		
SMRC AUTOMOTIVE HOLDINGS NETHERLANDS B.V.	360,524	382,108
SMRC Smart Interior Systems Germany GmbH	197,438	–
SMRC AUTOMOTIVE FRANCE SAS	39,664	–
SMRC AUTOMOTIVE SOLUTIONS SLOVAKIA S.R.O.	10,955	9,298
SMRC Automotive Interiors Spain S.L.U.	12,927	–
SMRC AUTOMOTIVES TECHNO MINORITY HOLDINGS B.V.	11,585	1,084
<b>Cash transfers to related parties (investing activities)</b>		
SMRC AUTOMOTIVE MODULES	55,229	45,496
SMRC AUTOMOTIVES TECHNO MINORITY HOLDINGS B.V.	–	–
<b>Cash proceeds from related parties (financing activities)</b>		
SMRC AUTOMOTIVES TECHNO MINORITY HOLDINGS B.V.	137,090	497,080
<b>Cash transfers to related parties (financing activities)</b>		
SMRC AUTOMOTIVES TECHNO MINORITY HOLDINGS B.V.	221,010	–

As at 31 December 2020, 31 December 2019 and 31 December 2018, the Company did not provide collateral to related parties to secure the Company's liabilities.

As at 31 December 2020, 31 December 2019 and 31 December 2018, the Company did not provide collateral to third parties to secure the liabilities of related parties.

As at 31 December 2020, 31 December 2019 and 31 December 2018, the Company did not issue or provide any promissory notes to related parties, which did not settle their reciprocal obligations.

As at 31 December 2020, 31 December 2019 and 31 December 2018, the Company did not receive any guarantees as collateral from related parties.

As at 31 December 2020, 31 December 2019 and 31 December 2018, the Company did not have any property pledges received from related parties as collateral for their obligations.

In 2020 and 2019, the Company paid the following compensations to key management personnel (on an aggregate basis and by type of payment):

	2020	2019
<b>Short-term benefits</b> (payroll, accrued payroll taxes and other compulsory payments, performance bonuses, vacation, medical treatment, medical care, utilities, etc.)	6,790	6,935

The composition of the Board of Directors and the executive body is disclosed in Note 1 *General information* of the Explanatory Notes.

## 17. CONTINGENCIES

### Factors affecting the Company's financial position

#### Operating environment

Russia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Russian economy is largely dependent on these reforms and the effectiveness of economic, financial and monetary measures undertaken by the government.

Due to the rapid spread of the COVID-19 pandemic in the early of 2020, many governments, including the Russian Government, have introduced various measures to combat the outbreak, including travel restrictions, quarantines, closure of business and other venues and lockdown of certain areas. These measures have affected the global supply chain, demand for goods and services, as well as the overall scale of business activity. It is expected that the pandemic itself as well as measures taken to minimize its consequences may influence the business of entities in a wide range of industries. Since March 2020, stock exchange, currency and commodity markets have been volatile, oil prices have declined and the Russian ruble has depreciated against the US dollar and the euro.

In 2020, support measures were introduced by the Government and the Central Bank of Russia to counter the economic downturn caused by the COVID-19 pandemic. These measures include, among others, subsidized lending to affected industries and individuals, payment holidays and easing of certain regulatory restrictions to help the financial sector maintain its capabilities to provide resources and to help customers avoid liquidity shortages as a result of the COVID-19 containment measures.

The COVID-19 pandemic had no negative direct effect on the Company's operations. The Company will continue to assess the effect of the pandemic and the changes in micro- and macroeconomic conditions on its business, financial position and financial performance.

#### Taxation

Russian tax, currency and customs law allows for various interpretations and is subject to frequent changes. Interpretation by the Company's management of the legislation in place when applicable to the Company's transactions and activities may be challenged by the appropriate regional or federal authorities.

In 2020, Russian tax authorities implemented mechanisms aimed at countering the use of low tax jurisdictions and aggressive tax planning structures for tax evasion. The concepts of beneficial ownership and tax residency of legal entities by place of actual business activity, permanent establishment, as well as the approach to taxation of controlled foreign companies in Russia were further elaborated.

The Russian tax authorities continue to keep a close eye on transactions of Russian companies with foreign companies of the Group and carefully analyze them for economic feasibility and transparent documentary support using various sources of information (documents received from the taxpayer, inquiries of witnesses and counterparties, public data sources, etc.).

The Russian tax authorities continue to actively cooperate with their foreign counterparts as part of the cross-border tax information exchange so that in international terms corporate activities would be more transparent and require detailed consideration to support the economic objective of the organization and operation of an international structure as part of tax control procedures.

These changes and recent trends in applying and interpreting certain provisions of Russian tax legislation indicate that the tax authorities may take a tougher stance in interpreting the law and reviewing tax returns. The tax authorities may thus challenge transactions and accounting methods that they have never challenged before. As a result, significant taxes,

penalties and interest may be assessed. It is not possible to determine amounts of potential claims or evaluate the probability of a negative outcome. Fiscal periods remain open to review by tax authorities for a period of three calendar years immediately preceding the year of review. Under certain circumstances, the tax authorities may review earlier tax periods.

According to management, they had properly construed the respective legislation as at 31 December 2020, and the probability that the Company will retain its position with regard to tax, currency and customs legislation is thus assessed as high.

### **Transfer pricing**

The Russian tax authorities have the right to impose additional tax liabilities and penalties based on the rules stipulated in the transfer pricing legislation, if the price/margin in controlled transactions differs from the market level. The list of controlled transactions mainly includes transactions between related parties.

Starting 1 January 2019, it is no longer necessary to maintain transfer pricing control over a significant part of transactions performed within Russia, and the threshold for cross-border transactions carried out with the same related counterparty and subject to tax control is RUB 60 million. In addition, some types of transactions between independent entities are subject to transfer pricing control, e.g., transactions with entities located in low-tax jurisdictions, as well as foreign transactions with global exchange-traded commodities (if the turnover threshold of RUB 60 million is exceeded). Secondary adjustment of tax liabilities can be used if additional taxes are assessed as a result of breaching transfer pricing rules; another mechanism is to apply voluntary symmetrical adjustments to transfer prices, and, consequently, to tax liabilities provided that certain legislative requirements are met and the transactions in question are deemed controlled.

Intragroup transactions, which are no longer subject to TP regulations from 2019, may nevertheless be reviewed by the regional tax authorities outside the scope of transfer pricing audits for the purpose of an unjustified tax benefit; TP methods may be applied to calculate additional taxes.

In November 2020, Article 269 of the Russian Tax Code was amended to extend the range of interest rates on debt obligations for the period from 1 January 2020 through 31 December 2021. In particular, this amendment expands the list of controlled debt obligations which do not require a separate transfer pricing analysis in accordance with Section V.1 of the Russian Tax Code. In addition, starting 2020, it is necessary to deepen and strengthen the functional analysis of controlled transactions by including intangible assets, in particular, it is required to conduct a functional analysis of transactions with intangible assets, taking into account: (1) functions to develop, enhance, maintain, protect and exploit (DEMPE) intangible assets, as well as control over these functions, (2) risks associated with these functions.

The legislation regulating the preparation of documents on multinational corporations (MNCs) applies to financial years beginning on or after 1 January 2017. The legislation sets out a three-tiered approach to preparing transfer pricing documentation (master file, local file and country-by-country report) and requires the filing of a notice on participation in an MNC. These rules apply to MNCs with consolidated revenue of RUB 50 billion or more in the financial year preceding the reporting period if the parent company is deemed to be a Russian tax resident or the MNC's consolidated revenue exceeds the statutory threshold for the preparation of country-by-country reports for the foreign state where the parent company is deemed to be a resident.

In 2020, the Company determined its tax liabilities in connection with controlled transactions based on the actual prices of those transactions.

The federal executive body in charge of the oversight and control of tax matters may review prices/margins in controlled transactions and impose additional tax liabilities if it disagrees with the prices applied by the Company in those transactions, unless the Company is able to support the arm's length pricing of the transactions by submitting relevant transfer pricing documentation that meets legislative requirements (local file).

### **Other contingencies**

Contingencies, which were identified by management as at the reporting date as contingencies arising from different interpretations of laws and regulations and which were not provided for in the financial statements of the Company may amount to RUB 0 to RUB 500 million. With respect to these contingencies, there is also an uncertainty as to when these liabilities become due because their maturity depends on the occurrence/ non-occurrence of one or more future uncertainties beyond the Company's control.

## **18. BUSINESS RISKS**

### **1. Potentially significant business risks inherent in the Company's activities**

In the course of its business operations, the Company is exposed to industry, legal and other internal and external factors (material conditions, events, circumstances, actions), giving rise to various risks that may have a material effect on the Company's financial position and financial performance.

The Company is exposed to financial, legal, country and regional, reputational and other risks.

### **2. Risk management mechanism**

The Company's management oversees the management of the above risks in order to minimize potential adverse effects on the Company's financial position and financial performance.

The General Director, the Board of Directors, representatives of the Company's parent review and agree policies for managing these risks which are summarized below.

### **3. Financial risks**

The Company is exposed to market risk, credit risk and liquidity risk.

#### **3.1 Market risk**

Market risk is the risk that movements in certain market parameters may adversely impact the Company. Market parameters comprise the following types of risk: interest rate risk, foreign currency risk, commodity price and price index risk, and other price risks, such as equity risk. The Company's balance sheet items affected by market risk include mainly loans and borrowings, trade and other receivables and payables, cash and deposits, investments and derivative financial instruments.

##### Interest rate risk

The Company's assets and liabilities mainly bear fixed interest rates. Accordingly, management believes that the Company is not exposed to interest rate risk in relation to its assets and liabilities.

##### Foreign currency risk

The Company purchases goods and raises significant borrowings denominated in foreign currencies, mainly in euros. The Company seeks to bring its financial liabilities in foreign currency in line with net sales, thus mitigating foreign currency risk. The Company is not engaged in any hedging activity to mitigate foreign currency risks of the Company's operations.

The Company's foreign currency risk exposure as at 31 December was as follows (in thousands of rubles):

	2020	2019	2018
EUR-denominated assets	521,011	6,723	7,720
EUR-denominated liabilities	(798,880)	(926,290)	(134,976)
Risk, net, EUR	(277,869)	(919,567)	(127,256)

### Foreign currency sensitivity

The following tables demonstrate the sensitivity to a possible change in the EUR exchange rate, with all other variables held constant (in particular, interest rates). The impact on the Company's profit before tax is due to gains and losses from translating assets and liabilities denominated in foreign currencies. The Company's exposure to foreign currency changes in all other currencies is not material.

	Growth/decline of foreign exchange rate, %	Effect on profit before tax
<b>2020</b>		
EUR against RUB	16.00%	+ 44,459
EUR against RUB	-16.00%	- 44,549
<b>2019</b>		
EUR against RUB	11.00%	+ 101,152
EUR against RUB	-13.00%	- 119,544
<b>2018</b>		
EUR against RUB	14.00%	+ 17,816
EUR against RUB	-14.00%	- 17,816

### 3.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under loans issued to it or an agreement with a customer (including purchases of bonds, promissory notes, deferrals and payments in installments for the goods sold, work performed or services rendered), leading to a financial loss. The Company is exposed to credit risk arising from its operating activities (primarily trade accounts receivable) and from its financing activities, including deposits with banks and financial institutions, etc.

#### Credit risk exposure

The maximum exposure to credit risk as at 31 December is the carrying amount of each type of assets presented below:

	2020	2019	2018
Other current assets (cash blocked by the bank due to the bank guarantee) (Note 8)	—	23,700	—
Settlements with customers (Note 6)	943,075	158,277	181,968
Cash and cash equivalents (Note 7)	224,492	41,101	266,386
Total	<b>1,167,567</b>	<b>223,078</b>	<b>448,354</b>

#### Impairment losses

The need to recognize impairment is analyzed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred losses. Doubtful (including overdue) receivables, impaired loans issued, the fair value of debt investments and receivables at the reporting date, where the fair value differs from the present value and can be practically determined, are presented in Notes 6 and 8 of the Explanatory Notes. The Company did not receive any collateral for accounts receivable.

#### Trade accounts receivable

Management determines risk concentration by reference to receivables from particular customers as percentage of total accounts receivable.

As at 31 December 2020, the Company had two customers (31 December 2019: two customers; 31 December 2018: two customers) that owed more than RUB 943,075 thousand in total, or approximately 97% of total accounts receivable (31 December 2019: 55%, 31 December 2018: 73%).

### 3.3 Liquidity risk

Liquidity risk is related to the Company's ability to settle in full and in due time its financial liabilities existing at the reporting date, namely, trade accounts payable, loans and borrowings payable to lenders (including bonds, promissory notes), etc.

A summary of undiscounted cash flows based on contractual maturities of financial liabilities, including estimated interest payments and excluding potential offset settlements, is presented below. Payments included in the analysis are not expected to occur significantly earlier, or in significantly different amounts.

<b>Year ended 31 December 2020</b>	<b>On demand</b>	<b>Less than 1 month</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 3 years</b>	<b>Over 3 years</b>	<b>Total</b>
Loans and borrowings (Note 10)				572,164			572,164
Accounts payable (Note 12)			73,602	254,193			327,795
Other liabilities (Note 11)				204,206			204,206
<b>Total</b>			<b>73,602</b>	<b>1,030,563</b>			<b>1,104,165</b>

<b>Year ended 31 December 2019</b>	<b>On demand</b>	<b>Less than 1 month</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 3 years</b>	<b>Over 3 years</b>	<b>Total</b>
Loans and borrowings (Note 10)				486,003			486,003
Accounts payable (Note 12)				496,672			496,672
Other liabilities (Note 11)				139,560			139,560
<b>Total</b>				<b>1,122,235</b>			<b>1,122,235</b>

<b>Year ended 31 December 2018</b>	<b>On demand</b>	<b>Less than 1 month</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 3 years</b>	<b>Over 3 years</b>	<b>Total</b>
Loans and borrowings (Note 10)							
Accounts payable (Note 12)				253,879			253,879
Other liabilities (Note 11)			40,386	103,777			144,163
<b>Total</b>			<b>40,386</b>	<b>357,656</b>			<b>398,042</b>

#### **4. Other risks**

##### **4.1 Legal risks**

##### ***Risks arising from changes in currency regulations***

###### Domestic market

The Company considers risks arising from possible changes in currency regulations as insignificant. Due to the policy of liberalizing currency regulations, risks arising from changes in currency legislation are decreasing.

###### Foreign market

Legal risks arising from changes in currency regulations in the foreign market do not have any material effect on the Company's activities due to an insignificant volume of the Company's foreign operations.

##### ***Risks arising from changes in tax legislation***

###### Domestic market

Russian tax legislation is subject to varying interpretations and changes occurring frequently. The Company regularly monitors current changes in tax legislation with due consideration given to workshops and meetings with leading experts in this field.

Recent events within the Russian Federation suggest that the tax authorities may take a more assertive position in their interpretation of tax legislation and tax calculations. The tax authorities may thus challenge transactions and accounting methods that they have never challenged before. As a result, significant additional taxes, penalties and fines may be assessed. Fiscal periods remain open to review by tax authorities for a period of three calendar years immediately preceding the year of review. Under certain circumstances, the tax authorities may review earlier accounting periods.

###### Foreign market

Legal risks arising from changes in tax legislation in the foreign market do not have any material effect on the Company's activities due to an insignificant volume of related operations.

## ***Risks from changes in customs regulations and duties***

### **Domestic market**

A part of the Company's equipment is imported and/or produced using foreign-made components. Changes in customs regulations and duties may expose the Company to risks arising from an increase in the value of purchased fixed assets and result in extended terms of delivery of required equipment and/or spare parts, which, in its turn, may lead to increased costs for the Company and make the risk of failures in the network technology infrastructure more probable.

### **Foreign market**

Legal risks arising from changes in customs regulations and duties in the foreign market do not have any material effect on the Company's activities due to an insignificant volume of the Company's foreign operations.

## **4.2 Country and regional risks**

The Company mainly operates in the Central Federal District of Russia, which is characterized by risks arising from the country's overall political and economic environment.

The future stability of the Russian economy is largely dependent upon economic reforms, development of the legal, tax and regulatory frameworks, and the effectiveness of financial and monetary measures undertaken by the government of the Russian Federation.

The current political situation in the country is relatively unstable due to sanctions imposed on Russia by certain countries, the overall geopolitical situation in Russia, as well as fluctuations in crude oil prices. This, in turn, negatively affects the Russian economy as a whole. In particular, this results in volatility of the Russian ruble and brings forth the necessity of economic, tax, political and other reforms.

While the Russian Government has introduced a range of stabilization measures to provide liquidity and support the refinancing of foreign debt owed by Russian banks and companies, there continues to be uncertainty regarding access to capital and its cost for the Company and its counterparties, which could affect the Company's financial position, results of operations and business prospects. Volatility on capital markets may result in a significant deterioration of liquidity in the banking sector, and tighter lending conditions in Russia.

Overall, the Company cannot exercise any significant impact on the local economic conditions. However, if the situation in the country or the region of the Russian Federation where the Company operates changes for the worse, the Company will make every effort to mitigate the negative implications on its financial position and financial performance.

The risks of military conflict, state of emergency or strike in the country or the region where the Company operates are deemed to be low and, therefore, should not be seen as circumstances that may have a significant effect on the Company's activities. In order to prevent strikes, the Company ensures favorable working conditions and fulfills all of its obligations to employees. In order to mitigate the risk of a terrorist attack, the Company has taken additional safety and security measures at its facilities.

Risks related to the geographical characteristics of the region where the Company operates, including an increased threat of natural calamities, possible cut of transportation due to remoteness and difficulty to reach the sites are assessed as insignificant.

## **4.3 Reputational risks**

The Company's management believes that currently there are no facts that could have a significant negative impact on the number of the Company's customers (clients) resulting from deterioration of the public opinion related to the quality of its goods (work, services) produced and sold, timelines of supplying goods, performing work (services) and the Company's price fixing practices. Accordingly, the Company estimates reputational risks as insignificant.

In the course of its business operations, the Company is exposed to industry, legal and other internal and external factors (material conditions, events, circumstances, actions), giving rise to various risks that may have a material effect on the Company's financial position and financial performance.

Yu.B. Borisov, General Director

30 April 2021